Annual Report
as at December 31, 2016

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini – Italy
Capital stock € 33.262.560 fully paid up
Tax code and Trade Register of Rimini 01836980365
R.E.A. Ufficio di Rimini n. 276618
Subject to the management and coordination of Cremonini S.p.A. – Castelvetro (MO)

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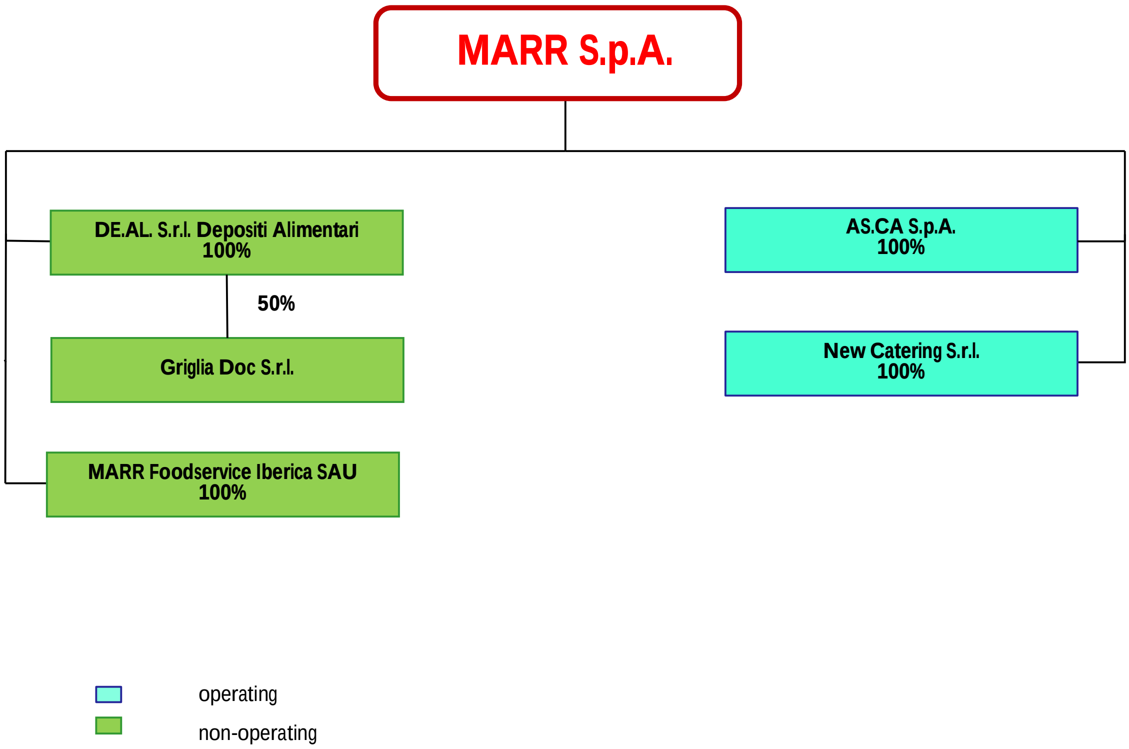
MARR GROUP ORGANISATION

Situation as at 31 December 2016



As at 31 December 2016 the structure of the Group differs from that at 31 December 2015 due to the following:

- The purchase, finalised by MARR S.p.A. on 4 April 2016, of the 100% of the shares of the company DE.AL. S.r.l. (company in Abruzzo operating in the distribution of food products to the Foodservice sector under the brand "PAC Food") that hold a quota of 50% in the company Griglia Doc S.r.l.; DE.AL. S.r.l. subsequently leased its going concern to the parent company MARR S.p.A., which as of 1 October 2016, manages it through the new MARR Adriatico Branch, and it is therefore a non-operational company;
- the cancellation from the Companies Register, on 15 November 2016, of the company Alisurgel S.r.l. (97% of the holdings in which were owned by MARR S.p.A. and 3% by Sfera S.p.A.); it must be noted that the procedure for the liquidation of the company was started on 17 October 2002, and the final financial statements for liquidation, drawn up as at 30 June 2016 and registered on 5 August 2016, were filed at the Rimini Companies Register on 28 July 2016.

In addition to the above, it must be noted that on 22 November 2016, the operation for the merger by incorporation of the fully owned companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. into MARR S.p.A. was completed. The merger carried out was aimed at achieving the rationalisation of the economic, financial and administrative management, as the activities of Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. were limited to the leasing of the going concerns to the parent company MARR S.p.A..

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

Company	**Activity**
MARR S.p.A. Via Spagna n. 20 – Rimini	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.

Company	Activity
AS.CA S.p.A. Via dell'Acero n. 1/A - Santarcangelo di Romagna. (Rn)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
NEW CATERING S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (Rn)	Marketing and distribution of foodstuff products to bars and fast food outlets.
DE.AL. S.r.l. Depositi Alimentari Via Tevere n. 125 – Elice (PE)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
MARR FOODSERVICE IBERICA S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Company no longer operational.
Griglia Doc S.r.l. Via Tevere n. 125 – Elice (PE)	Company no operational.

All the controlled companies are consolidated on a line – by – line basis.
The related company Griglia Doc S.r.l. (50% owned) is valued at net equity.

CORPORATE BODIES OF MARR S.p.A.

Board of Directors

Chairman	Paolo Ferrari(1)(2)
Deputy Chairman	Illias Aratri
Chief Executive Office	Francesco Ospitali
Chief Executive Office	Pierpaolo Rossi
Directors	Giosué Boldrini
	Claudia Cremonini
	Vincenzo Cremonini
	Lucia Serra
	Antonio Tiso
Independent Directors	Giuseppe Lusignani(1)(2)
	Marinella Monterumisi(1)(2)

(1) Members of the Remuneration and Nomination committee

(2) Member of Control and Risk Committee

Board of Statutory Auditors

Chairman	Ezio Maria Simonelli
Auditors	Davide Muratori
	Simona Muratori
Alternate Auditors	Stella Fracassi
	Marco Frassini
Independent Auditors	PricewaterhouseCoopers S.p.A.

Manager responsible for the drafting of corporate accounting documents	Antonio Tiso

DIRECTORS' REPORT

Group performance and analysis of the results for the business year 2016

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

The 2016 business year closed with total consolidated revenues of 1,544.4 million Euros, compared to 1,481.0 million in 2015.

In terms of sales the Group reached 1,516.2 million Euros in 2016 compared to 1,453.4 million Euros in 2015.
Specifically, the sales to clients in the Street Market and National Account categories amounted to 1,263.7 million Euros (1,190.0 million in 2015).

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

Sales in the main Street Market category (restaurants and hotels not belonging to Groups or Chains) reached 983.9 million Euros (900.5 million in 2015), with a contribution due to the consolidation of DE.AL. (since 4 April last) and SAMA (since 1 June 2015) which amounted to 50.9 million Euros.

As regards the trend of the final reference market of Street Market clients, on the basis of the most recent survey by the Confcommercio Studies Office (ICC no. 2, February 2017), the item "Hotels, meals and out-of-home food consumption" in 2016 recorded an increase in consumption (by quantity) of +1.2% (+0.9% in 2015 – ICC no. 2, February 2017).

Sales to National Account clients (operators of Chains and Groups and Canteens) amounted to 279.8 million Euros, compared to 289.5 million in 2015, affected also by approximately 5 million Euros of sales that related to the EXPO 2015 event.

Sales to clients in the Wholesale category amounted to 252.5 million Euros, compared to 263.4 million in 2015.

In the following table we provide reconciliation between the revenues from sales by category and the revenues from sales and services indicated in the consolidated financial statements:

MARR Consolidated (€thousand)	***31.12.16***	*31.12.15*
Revenues from sales and services by customer category		
Street market	983,868	900,508
National Account	279,799	289,521
Wholesale	252,501	263,376
Total revenues form sales in Foodservice	**1,516,168**	**1,453,405**
(1) Discount and final year bonus to the customers	(16,308)	(16,079)
(2) Other services	2,373	2,749
(3) Other	325	212
Revenues from sales and services	**1,502,558**	**1,440,287**

Note
(1) Discount and final year bonus not attributable to any specific customer category
(2) Revenues for services (mainly transport) not referring to any specific customer category
(3) Other revenues for goods or services/adjustments to revenues not referring to any specific customer category

Organisation and logistics

The organisational structure and logistics of the MARR Group as at 31 December 2016, indicating the availability of properties, is as follows:

Offices, Branches, Distribution Centres and Subsidiaries

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

Subsidiaries		
AS.CA S.p.A.	Castenaso (BO)	Property
New Catering S.r.l.	Zola Predosa (BO), Bentivoglio (BO), Forlì (FC), Perugia and Rimini (RN)	Leasehold by third party

Below are the figures re-classified according to current financial analysis procedures, with the income statement, the statement of financial position and the net financial position for 2016, compared to the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	***31.12.16***	*%*	*31.12.15*	*%*	*% Change*
Revenues from sales and services	1,502,558	*97.3%*	1,440,287	*97.2%*	*4.3*
Other earnings and proceeds	41,839	*2.7%*	40,757	*2.8%*	*2.7*
Total revenues	**1,544,397**	***100.0%***	**1,481,044**	***100.0%***	***4.3***
Cost of raw materials, consumables and goods for resale	(1,221,282)	*-79.1%*	(1,162,638)	*-78.5%*	*5.0*
Change in inventories	17,311	*1.1%*	3,199	*0.2%*	*441.1*
Services	(180,675)	*-11.7%*	(169,202)	*-11.4%*	*6.8*
Leases and rentals	(9,518)	*-0.6%*	(9,071)	*-0.6%*	*4.9*
Other operating costs	(1,612)	*-0.1%*	(1,852)	*-0.1%*	*(13.0)*
Value added	**148,621**	***9.6%***	**141,480**	***9.6%***	***5.0***
Personnel costs	(37,640)	*-2.4%*	(35,806)	*-2.5%*	*5.1*
Gross Operating result	**110,981**	***7.2%***	**105,674**	***7.1%***	***5.0***
Amortization and depreciation	(5,730)	*-0.4%*	(4,990)	*-0.3%*	*14.8*
Provisions and write-downs	(12,499)	*-0.8%*	(11,599)	*-0.8%*	*7.8*
Operating result	**92,752**	***6.0%***	**89,085**	***6.0%***	***4.1***
Financial income	2,339	*0.2%*	2,499	*0.2%*	*(6.4)*
Financial charges	(7,395)	*-0.5%*	(8,942)	*-0.6%*	*(17.3)*
Foreign exchange gains and losses	119	*0.0%*	(334)	*0.0%*	*(135.6)*
Value adjustments to financial assets	(109)	*0.0%*	0	*0.0%*	*100.0*
Result from recurrent activities	**87,706**	***5.7%***	**82,308**	***5.6%***	***6.6***
Non-recurring income	0	*0.0%*	1,742	*0.1%*	*(100.0)*
Non-recurring charges	(1,064)	*-0.1%*	0	*0.0%*	*100.0*
Profit before taxes	**86,642**	***5.6%***	**84,050**	***5.7%***	***3.1***
Income taxes	(28,128)	*-1.8%*	(26,386)	*-1.8%*	*6.6*
Taxes relating previous years	10	*0.0%*	419	*0.0%*	*(97.6)*
Total net profit	**58,524**	***3.8%***	**58,083**	***3.9%***	***0.8***
(Profit)/loss attributable to minority interests	0	*0.0%*	0	*0.0%*	*0.0*
Net profit attributable to the MARR Group	**58,524**	***3.8%***	**58,083**	***3.9%***	***0.8***

As at 31 December 2016 the consolidated operating economic results were as follows: total revenues of 1,544.4 million Euros (1,481.0 thousand Euros in 2015); EBITDA[I] of 111.0 million Euros (105.7 million Euros in 2015); EBIT of 92.8 million Euros (89.1 million Euros in 2015).

The increase in Revenues compared (+43.% compared to 2015) is a consequence of the performance of sales in the individual client categories, as analysed previously and benefits from the consolidation, effective as of 4 April 2016, of the newly acquired DE.AL. S.r.l.

[I] The EBITDA (Gross Operating Margin) is an economic indicator not defined by the IFRS adopted by MARR for the financial statements from 31 December 2005. The EBITDA is a measure used by the company's management to monitor and assess its operational performance. The management believes that the EBITDA is an important parameter for measuring the Group's performance as it is not affected by the volatility due to the effects of various types of criteria for determining taxable items, the amount and characteristics of the capital used and the relevant amortization policies. Today (following the subsequent detailing of the development of the accounting procedures) the EBITDA (Earnings before interests, taxes, depreciation and amortization) is defined as the business year Profits/Losses gross of amortizations and depreciations, write downs and financial income and charges and income tax.

The item "Other earnings and proceeds" also increased and this is mainly represented by contributions from suppliers on purchases that, as highlighted also in the Directors' Report of previous year, includes - following the centralisation of deliveries from suppliers on logistical platforms – about 3.4 million Euros (2.7 million Euros in 2015) of logistics payments charged to suppliers, since MARR has undertaken the costs for the internal distribution to the distribution centres.

As regards the operating costs, it must be noted that there was a reduction in the percentage incidence of the Cost of goods sold (Purchase cost of goods plus Changes in inventories) on the total revenues also due to the contribution of DE.AL. and its client mix (mainly in the Street Market); on the other hand, also due to the consolidation of DE.AL., there is an increase in the service costs and their percentage incidence on the total revenues.
The percentage incidence of the other operating cost items are substantially in line with those for the same period of the previous business year.
With reference to Leases and rental costs it must be highlighted that the increase in value is related to the building in Elice (PE) where, starting from 1° October 2016, due to the lease of the company "PAC Food" by the subsidiary DEAL S.r.l., the distribution centre MARR Adriatico carries out its activity.

As regards the cost of employment, there was an increase – net of the non-recurrent costs for the reorganization of the DE.AL. activities for 714 thousand Euros – in absolute value (+1.8 million Euros compared to 2015) mainly linked to the workforce of the newly-acquired DE.AL. merging into the Group and the effect of the acquisition of the Company SAMA as of 1 June 2015 and that of the remuneration increases provided by the CCNL for workers in companies in the tertiary sector of distribution and services, which was renewed in 2015 and provides for increases from April 2015 until 2017.
By effect of that described above and a careful management of the hours of leave/permits and overtime, and also seasonal employment, the percentage incidence of the Personnel cost on the total revenues remains aligned to the previous year.

The increase in depreciation is due to the investments made in the last three-year period for the expansion and modernisation of some MARR distribution centres.

The item Provisions and write-downs amounted to 12.5 million Euros (11.6 million Euros in 2015) and is represented for 11.4 million Euros by the provision for bad debts and for 0.5 million euros by the provision for supplementary client severance indemnity.

In improvement the result of financial management, which benefited of a positive trend in interest rates with a consequent reduction in cost of money).

As at 31 December 2016 the result from recurrent activities reached 87.7 million Euros, increasing of 5.4 million Euros compared to 82.3 million in 2015.

The result before taxes reached 86.6 million Euros (84.1 million in 2015) and was affected by 1.1 million Euros of non-recurrent costs for the reorganization of the DE.AL. business (with the MARR Adriatico distribution centre starting since I October 2016), while in 2015 was accounted a non–recurrent income of 1.7 million Euros relating to the price balance (plus interest) for the sale of the shareholding in Alisea.

The tax rate in 2016 is 32.5% and its variation compared to the same period of the previous business year (31.4%) is mainly related to the effect of the non-recurrent income from the sale of the holdings in Alisea, which was subject to IRES taxation for the 5% of its value, according to the methods of the so-called "Participation Exemption".

As at 31 December 2016 the consolidated net profit reached 58.5 million Euros, increasing compared to 58.1 million in 2015.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*31.12.16*	*31.12.15**
Net intangible assets	144,385	107,839
Net tangible assets	71,729	68,563
Equity investments evaluated using the Net Equity method	891	0
Equity investments in other companies	315	304
Other fixed assets	28,688	29,585
Total fixed assets (A)	**246,008**	**206,291**
Net trade receivables from customers	375,650	377,437
Inventories	142,336	119,858
Suppliers	(312,094)	(276,706)
Trade net working capital (B)	**205,892**	**220,589**
Other current assets	54,948	50,807
Other current liabilities	(26,147)	(25,676)
Total current assets/liabilities (C)	**28,801**	**25,131**
Net working capital (D) = (B+C)	**234,693**	**245,720**
Other non current liabilities (E)	(855)	(599)
Staff Severance Provision (F)	(10,621)	(9,980)
Provisions for risks and charges (G)	(6,187)	(5,075)
Net invested capital (H) = (A+D+E+F+G)	**463,038**	**436,357**
Shareholders' equity attributable to the Group	(285,565)	(271,830)
Shareholders' equity attributable to minority interests	0	0
Consolidated shareholders' equity (I)	**(285,565)**	**(271,830)**
(Net short-term financial debt)/Cash	(463)	18,207
(Net medium/long-term financial debt)	(177,010)	(182,734)
Net financial debt (L)	**(177,473)**	**(164,527)**
Net equity and net financial debt (M) = (I+L)	**(463,038)**	**(436,357)**

* With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data. The effect of balance sheet reclassification was a reduction in deferred tax assets and liabilities of 10.3 million Euros as at December 31, 2015.

Analysis of the Net Financial Position[II]

The following represents the trend in Net Financial Position.

	MARR Consolidated (€thousand)	***31.12.16***	*31.12.15*
A.	Cash	9,137	7,368
	Cheques	0	4
	Bank accounts	104,770	82,039
	Postal accounts	253	451
B.	Cash equivalent	105,023	82,494
C.	**Liquidity (A) + (B)**	**114,160**	**89,862**
	Current financial receivable due to Parent Company	2,930	2,771
	Current financial receivable due to Related Companies	0	0
	Others financial receivable	919	1,245
D.	**Current financial receivable**	**3,849**	**4,016**
E.	Current Bank debt	(53,280)	(31,503)
F.	Current portion of non current debt	(52,887)	(42,816)
	Financial debt due to Parent Company	0	0
	Financial debt due to Related Companies	0	0
	Other financial debt	(12,305)	(1,352)
G.	Other current financial debt	(12,305)	(1,352)
H.	**Current financial debt (E) + (F) + (G)**	**(118,472)**	**(75,671)**
I.	**Net current financial indebtedness (H) + (D) + (C)**	**(463)**	**18,207**
J.	Non current bank loans	(125,240)	(143,523)
K.	Other non current loans	(51,770)	(39,211)
L.	**Non current financial indebtedness (J) + (K)**	**(177,010)**	**(182,734)**
M.	**Net financial indebtedness (I) + (L)**	**(177,473)**	**(164,527)**

As at 31 December 2016, the net financial indebtedness amounted to 177.5 million Euros, compared to 164.5 million Euros of the previous year with a ratio of net financial position on EBITDA amounting to 1.6, in line with the internal management parameters and less than the financial covenants, as stated in the Explanatory Notes.

As regard the changes of 2016, in addition to the ordinary management and to the financial cash out for the investments relating to the distribution centres of the Parent Company, we highlight as follows:

- on 25 May 2016 dividends amounting to a total of 43.9 million Euros (41.2 million Euros in 2015) have been paid out;
- on 4 April 2016, the subscription by MARR S.p.A. of the contract for the purchase of the holdings in the company DE.AL. S.r.l., involved the payment of the first instalment of the price, amounting to 18 million Euros; the remaining quota has been accounted for in the financial debts: 9 million Euros as current debt with due date in April 2017 and further 9 million Euros as no-current debt, with due date in April 2018. The total price of the purchase, amounting to

[II] The Net Financial Position used as a financial indicator of debts is represented by the total of the following positive and negative components of the Statement of financial position:
Positive short term components: cash and equivalents; items of net working capital collectables; financial assets.
Negative short and long term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.

36 million Euros, as well as the net financial indebtedness of DE.AL, affected the net financial position at the closing date for about 44.7 million Euros;

- on 1st June 2016 the company New Catering S.r.l. paid the second instalment of the price for the purchase of the holdings in the company Sama S.r.l. (finalized during the year 2015) for 594 thousand Euros.
- during the business year 2016 the first three instalments for the purchase of 100% of holdings of the company Speca Alimentari S.r.l., for a total value of 3.7 million Euros, have been paid. The total price of the acquisition is stated in 7.4 million Euros and will be paid for 2.2 million Euros within December 2017 and for 1.5 million Euros within December 2018.

As regards the structure of the sources of financing, it must be highlighted that during the 2016 the Parent Company MARR signed some new no-current loan agreements as follows:
- unsecured loan, granted in the month of January by Cassa di Risparmio di Ravenna for a total amount of 10 million of Euros (with amortization plan ending in August 2018);
- unsecured loan in pool with *ICCREA Banca d'Impresa*, granted in the month of August for a total amount of 27 million Euros and with amortization plan ending in August 2019. It is pointed out that in the month of June the Parent Company reimbursed at the due date the financing in pool with *ICCREA Banca d'Impresa*, for a total amount of 22.8 million Euros.

The net financial position as at 31 December 2016 is in line with the company objectives.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	***31.12.16***	*31.12.15*
Net trade receivables from customers	375,650	377,437
Inventories	142,336	119,858
Suppliers	(312,094)	(276,706)
Trade net working capital	**205,892**	**220,589**

As at 31 December 2016 the trade net working capital amounted to 205.9 million Euros, decreasing, compared to 220.6 million Euros as at 31 December 2015, of 14.7 million Euros that is the effect of the following:

- decrease of 1.8 million Euros in accounts receivable, compared to revenues that increased by 63.4 million;
- increase in the value of the inventories of 22.5 million Euros, mainly concentrated in some families of frozen seafood and aimed to take advantage of specific commercial opportunities.
- increase of 35.4 million Euros in Suppliers that is mainly related to that one in inventories.

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

Re-classified cash-flow statement

MARR Consolidated (€thousand)	***31.12.16***	*31.12.15**
Net profit before minority interests	58,524	58,083
Amortization and depreciation	5,730	5,026
Change in Staff Severance Provision	641	(980)
Operating cash-flow	**64,895**	**62,129**
(Increase) decrease in receivables from customers	1,787	2,162
(Increase) decrease in inventories	(22,478)	(3,492)
Increase (decrease) in payables to suppliers	35,388	2,263
(Increase) decrease in other items of the working capital	(3,670)	(354)
Change in working capital	**11,027**	**579**
Net (investments) in intangible assets	(36,770)	(1,746)
Net (investments) in tangible assets	(8,678)	(4,456)
Net change in financial assets and other fixed assets	(5)	(3,817)
Net change in other non current liabilities	1,368	(5)
Investments in other fixed assets and other change in non current items	**(44,085)**	**(10,024)**
Free - cash flow before dividends	**31,837**	**52,684**
Distribution of dividends	(43,907)	(41,246)
Capital increase	0	0
Other changes, including those of minority interests	(876)	719
Cash-flow from (for) change in shareholders' equity	**(44,783)**	**(40,527)**
FREE - CASH FLOW	**(12,946)**	**12,157**
Opening net financial debt	(164,527)	(176,684)
Cash-flow for the period	(12,946)	12,157
Closing net financial debt	**(177,473)**	**(164,527)**

* With regard to the balance sheet for the year 2015 it should be noted that for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.

The Cash Flow for the period is the result of the changes in Net Financial Position, Net Working Capital and Investments, as commented in the relevant paragraphs.
The cash flow generation for the business year also improved, with a Free Cash Flow before dividends which like for like, in other words net of 43.3 million Euros for the purchase of the shareholdings in DE.AL. Srl and Speca Alimentari Srl, amounting to 75.1 million Euros compared to 54.4 million (net of 1.7 million Euros for the purchase of the shareholding in Sama Srl) in 2015.

In the following table we provide reconciliation between the “free-cash flow” above showed and the “increase/decrease in cash flow” reported in the cash flow statement (indirect method):

MARR Consolidated (€thousand)	***31.12.16***	*31.12.15*
Free - cash flow	(12,946)	12,157
Increase in current financial receivables	167	1,409
Decrease in non-current net financial debt	42,801	101,152
Increase in current financial debt	(5,724)	(62,389)
Increase (decrease) in cash-flow	**24,298**	**52,329**

Investments

As regards the investments in 2016 it is highlighted the purchase of the holdings of DE.AL. S.r.l. finalised by MARR on 4 April 2016; this operation implied the accounting of a goodwill amounting to 36,184 thousand Euros and the entry of tangible assets for a total net value of 617 thousand Euros and mainly concentrated in the categories “Industrial and business equipment” (for 313 thousand Euros) and “Other assets” (for 298 thousand Euros). Furthermore should be noted the entry of intangible assets (net of Patens then conferred in Griglia Doc S.r.l.) for 74 thousand Euros (in the category “Patents and intellectual property rights”).

The other investments mainly concern the plan of expansion and modernisation of some distribution centres started in the year 2014.
Among these it should be noted that the increases in the items “Land and building”, “Plant and machinery” and “Industrial and business equipment” include the works carried out at the distribution centre MARR Urbe in Rome (former MARR Cater distribution centre, operating since 1st June 2016) for a total amount of 1,442 thousand Euros.
Also works for the expansion of the building in Anzola dell’Emilia, where is located the MARR Bologna distribution centre, for 1,426 thousand Euros are included.
Finally, in addition to the investments for the building of MARR Roma distribution centre (located in Capena – Roma) for total 251 thousand Euros, investments for the MARR Adriatico distribution centre were carried out for a total value of 308 thousand Euros; to these have to be added investments in plant and machinery for 91 thousand Euros of the subsidiary AS.CA and in industrial and business equipment for 140 thousand Euros of the subsidiary New Catering.

As regard the item “other assets” it should be noted, in addition to the purchase of electronic machines for about 934 thousand Euros, the purchase through financial lease contract of a new hardware infrastructure for the Group’s ERP for a total value of 1,112 thousand Euros; the decreases mainly refer to motor vehicles.

The following is a summary of the net investments made in 2016:

(€thousand)	***31.12.16***
Intangible assets	
Patents and intellectual property rights	356
Concessions, licenses, trademarks and similar rights	2
Fixed assets under development and advances	228
Other intangible assets	0
Goodwill	36,184
Total intangible assets	**36,770**
Tangible assets	
Land and buildings	3,096
Plant and machinery	2,217
Industrial and business equipment	604
Other assets	2,752
Fixed assets under development and advances	9
Total tangible assets	**8,678**
Total	**45,448**

Research and development activities

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

Transactions with subsidiary, associated, holding and affiliated companies

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

(€ thousand)	*Annual report*	*Value of production*	*Cost of production*	*Profit (loss) for the year*	*Net Investments*	*Employees (number)*	*Net Equity*
Foodservice Companies							
AS.CA S.p.A.	31/12/2016	53,446	49,752	2,475	131	37	6,061
New Catering S.r.l.	31/12/2016	33,703	31,368	1,514	122	29	4,306
Marr Foodservice Ibérica S.A.U.	31/12/2016	0	9	(4)	0	0	406
DE.AL. S.r.l. Depositi Alimentari*	31/12/2016	59,603	60,663	(1,468)	(9,085)	0	1,961
Associated Companies							
Griglia Doc S.r.l.	31/12/2016	17	279	(214)	0	0	1,786

* It should be noted that: (i) economic data indicated refer to the full year; (ii) net investments of DE.AL. indicated include a decrease of about 8,940 thousand Euros related to land and buldings and to the company split finalised during the business year.

It must be pointed out that the value of MARR's consolidated purchase and sales of goods by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented approximately 5.8% of the total consolidated purchases and sales of the Group. All the commercial transactions and supply of services occurred at market value.

The economic and financial data for the 2016 business year is showed in the following table, classified by nature and by company:

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS									
	RECEIVEBLES			PAYABLES			REVENUES				COSTS					
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	461	1,011	2,930	210			5			22		1,170			1
Total	461	1,011	2,930	210	0	0	5	0	0	22	0	1,170	0	0	1
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia DOC S.r.l.	22			19				21				18			
Total	22	0	0	19	0	0	0	21	0	0	0	18	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,246	6		22			8,100					50			
Fiorani & C. S.p.a.		41		235					39		1,947				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				422								882		1	
Guardamiglio S.r.l.	7			6			108								
Inalca Algerie S.a.r.l.	12														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	842	2			9		5,416	137							
Inalca Kinshasa S.p.r.l.	315														
Inalca S.p.a.	73	29		5,523			378		231		65,241	23			
Inter Inalca Angola Ltda	197														
Interjet S.r.l.															
Italia Alimentari S.p.a.	4	71		362					130		3,962				
Marr Russia L.l.c.															
Pappabuona.com S.r.l.	78						97								
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	668						1,900								
Roadhouse S.p.A.	7,156			2	21		26,217	26			26	2			
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		23							23						
From Affiliated Companies															
Farmservice S.r.l.	21						75								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	11,621	172	0	6,572	30	0	42,291	163	423	0	71,176	957	668	1	0

(*) The items in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. and its subsidiaries within the scope of the National Consolidated tax base, for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 and for the net balance of Ires of the year.
Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.
(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

Other information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently during the year 2016 the company never purchased or sold the above-mentioned shares and/or quotas.
As at 31 December 2016 the company no longer owns own shares.
During the year, the Group did not carry out atypical or unusual operations.
As regards to the report on the reconciliation between the result for the period and the net Equity of the group, and the same values for the parent company, refer to Appendix 3 of the consolidated financial statements.

Report on corporate governance and the ownership structure

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

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

Significant events during 2016

On 4 April 2016 MARR S.p.A. signed for the acquisition of 100% of the holdings of DE.AL. S.r.l., a company in Abruzzo operating in the distribution of food products to the Foodservice sector under the brand "PAC Food".
The transaction, which has been cleared by the Antitrust Authority and which will be valid with effect as of 4 April, provides for a price for the purchase of 100% of DE.AL. S.r.l. of 36 million Euros – 50% of which will be paid on closing and the balance in two instalments of an equal amount after 12 and 24 months – and for the availability of the distribution centre in Elice, through a specific lease contract with a duration of 6 years plus an additional 6, with the option of renewal for an additional 6 years.
Subsequently, on 1st October 2016, DEAL leased its own going concern to the Parent company MARR S.p.A., which started-up the new distribution centre of MARR Adriatico in Elice (PE).

On 28 April 2016 the Shareholders' Meeting approved the financial statements for the business year as at 31 December 2015 and the distribution of a gross dividend of 0.66 Euros per share (0.62 Euros the previous year) with "ex coupon" (no. 12) on 23 May, record date on 24 May and payment on 25 May.

The Shareholders' Meeting approved to confirm the appointment of Antonio Tiso (who has been co-opted by the Board of Directors meeting on 13 November 2015) to the post of Director which will remain in office until the date of the Shareholders' meeting called for the approval of the financial statements as at 31 December 2016.

Finally, as the mandate conferred upon Reconta Ernst & Young S.p.A. on 20 April 2007 came to an end with the approval of the financial statements as at 31 December 2015, the Shareholders' Meeting conferred the duty of auditing the accounts to the independent auditing firm PricewaterhouseCoopers S.p.A. for the business years from 2016 to 2024.

The final financial statements for the liquidation of the subsidiary Alisurgel S.r.l., and the relevant repartition plan, were filed on 28 July 2016, completing the liquidation procedure started on 17 October 2002.

On 4 August 2016 the Board of Directors approved the planned merger by incorporation into MARR S.p.A. of the fully owned companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. filed the same day for registration in the Rimini Companies Register and was made available to the public at the company's legal headquarters, on the MARR website www.marr.it and on the authorised storage mechanism www.emarketstorage.com, together with the balance sheet of the companies involved in the merger operation updated to 30 June 2016.

On 19 September 2016 the minutes of the Board of Directors meeting on 12 September 2016 which approved, pursuant to art. 2505, second paragraph of the Civil Code, the merger by incorporation into MARR S.p.A. of the fully owned companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. has been registered in the Rimini Companies Register and has been made available to the public at the legal headquarters, on the Company's website, www.marr.it, and on the authorised storage mechanism www.emarketstorage.com.

The merger, aimed at achieving rationalisation in terms of economic, financial and administrative management (given that Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. are companies whose activities are limited to the leasing of going concerns to the parent company MARR S.p.A.), was finalised on 22 November 2016 by act of the notary Stefania di Mauro; the juridical effects of the operation were valid as of 1 December 2016, while the accounting and fiscal effects are backdated to 1 January 2016.

Events occurred after the closing of the year

On 1 January 2017, the acquisition by MARR S.p.A. of 100% of the shareholding in the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector, became effective. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1 January 2017. The transaction involves a purchase price of 7.3 million Euros, 50% of which was paid as of 31 December 2016, with the balance to be paid in two instalments after 12 and 24 months, to which an adjustment may be added to be paid by the end of the first half of 2017, the amount of which can be assumed not to be in excess of 10% of the price set on closing.

Again as of 1 January 2017, Speca Alimentari S.r.l. leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Speca Alimentari distribution center.

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

Outlook

The outlook for 2017 is that out-of-home food consumption in Italy will remain at the same levels as in the previous year.
In this context, the MARR Group will keep focusing on process and product innovation, oriented towards the specialisation of its commercial offer to clients. This approach is once again aimed at taking advantage of all the market opportunities, consolidating the Group's leadership, while confirming the levels of profitability achieved and focusing on keeping the working capital under control.

Main risks and uncertainties

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

The difficulties in accessing credit by clients – also confirmed in 2016 – have led the management team to keep a strong focus on credit management. The policies of cost containment aimed at maintaining the trade margin were also confirmed.
As regards the development of the financial situation of the Group, this depends upon numerous conditions, including the performance of the banking and monetary segments, which are also affected by the current economic situation, in addition to the achievement of the pre-established objectives in terms of management of the trade net working capital.

As regards the specific risks and uncertainties involved in the activities of MARR and the Group, please refer to what described in detail in the paragraph entitled "provision for non-current risks and charges" in the Explanatory notes to the financial statements.

Human Resources

There were 845 employees of the MARR Group at the end of December 2016 (8 Executives, 34 Managers, 512 Employees and 291 Labourers), an increase compared to the end of 2015 (803 employees) due to the opening of the new MARR Urbe branch (+11 excluding secondments) and the acquisition of DEAL (35 as at 31 December 2016), partly offset by the effect of the outsourcing of some operating activities.
The average number of employees in 2016 (863) is, for the same reason, higher compared to the average for 2015 (845) and higher compared to the figure for December 2016, as a result of that described above and by effect of the dynamics of the employment (aimed at dealing with peaks in activity) of workers under contracts of a seasonal nature. However, employment under such contracts had a lesser impact compared to the previous year as a result of management increasingly focused on resources.
In addition to dependent employees, the Group also uses over 800 trade experts and a network of transporters with about 800 vehicles, through agency and service contracts.

Training
The principal characteristics constituting the basis of the competitive advantage of MARR are a wide range of products (MARR commercialises a range of over 10,000 food products), the skills of the commercial department, efficiency of the logistics system and goods innovation skills.
This is why the MARR Group focuses strongly on the valorisation and training of its human resources, through periodical training programmes (ForMARR) oriented towards the training of internal personnel and the sales workforce.
There was also significant focus in 2016 on the training of new sales agents.
Specific training meetings were also held for the Branch Managers and the Sales Management team.
Specific effort is also made in terms of the training of personnel performing activities which influence the quality of products, services and processes, to such an extent that in 2016, the training initiatives for employees on food health and safety attracted over 600 participants.
The focus on training in terms of safety in the workplace (Legislative Decree 81/08 and subsequent amendments and integrations) was also of great significance, with over 200 employees being trained, as provided by the State-Regions Agreement of 21/12/2011, in addition to training for first aid personnel and firefighting personnel, training in the use of the load raising devices and the vertical overhead platforms and periodical training for the Workers Safety Representatives.

Safety in the Workplace
The number of injuries is decreasing with respect to 2015, and is therefore still contained (it must also be specified that there were no fatal injuries), which is witness to the constant commitment of MARR in terms of continuously enhancing safety in the workplace through training and informative initiatives, structural enhancements and the dynamic management of the documental supports for the prevention of situations at risk.

Cost of employment
A confirmed policy of careful resource management, also in terms of limiting the recourse to overtime work, the employment of seasonal personnel and favouring the use of leave, in addition to the impact of the completion of the outsourcing of some operating activities, has implied an increase of about three percentage point in the 2016 cost of employment compared to 2015, mainly related to the impact of the remuneration increases provided by the national collective labour contract for the tertiary sector of distribution and services, renewed in 2015, but with fixed rates of increase until 2017 (approximately +5% in overall terms).

Environmental information

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

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

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

MARR S.p.A. – Parent Company

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

Re-classified Income Statement of the Parent Company MARR

MARR S.p.A. (€thousand)	31.12.16	%	31.12.15	%	% Change
Revenues from sales and services	1,382,444	97.3%	1,347,716	97.2%	2.6
Other earnings and proceeds	38,839	2.7%	38,298	2.8%	1.4
Total revenues	**1,421,283**	**100.0%**	**1,386,014**	**100.0%**	**2.5**
Raw and secondary materials, consumables and goods for resale	(1,137,640)	-80.0%	(1,090,287)	-78.7%	4.3
Change in inventories	22,732	1.6%	2,224	0.2%	922.1
Services	(162,374)	-11.4%	(156,675)	-11.4%	3.6
Leases and rentals	(9,512)	-0.7%	(10,154)	-0.7%	(6.3)
Other operating costs	(1,415)	-0.1%	(1,687)	-0.1%	(16.1)
Value added	**133,074**	**9.4%**	**129,435**	**9.3%**	**2.8**
Personnel costs	(33,747)	-2.4%	(32,423)	-2.3%	4.1
Gross Operating result	**99,327**	**7.0%**	**97,012**	**7.0%**	**2.4**
Amortization and depreciation	(5,196)	-0.4%	(4,416)	-0.3%	17.7
Provisions and write-downs	(11,212)	-0.8%	(10,711)	-0.8%	4.7
Operating result	**82,919**	**5.8%**	**81,885**	**5.9%**	**1.3**
Financial income	6,047	0.5%	5,757	0.4%	5.0
Financial charges	(7,346)	-0.5%	(8,868)	-0.6%	(17.2)
Foreign exchange gains and losses	116	0.0%	(319)	0.0%	(136.4)
Value adjustments to financial assets	(4)	0.0%	432	0.0%	(100.9)
Result from recurrent activities	**81,732**	**5.8%**	**78,887**	**5.7%**	**3.6**
Non-recurring income	17	0.0%	1,742	0.1%	(99.0)
Non-recurring charges	(1,064)	-0.1%	0	0.0%	100.0
Profit before taxes	**80,685**	**5.7%**	**80,629**	**5.8%**	**0.1**
Income taxes	(24,882)	-1.8%	(24,550)	-1.7%	1.4
Taxes relating previous years	0	0.0%	405	0.0%	(100.0)
Total net profit	**55,803**	**3.9%**	**56,484**	**4.1%**	**(1.2)**

Re-classified Balance Sheet of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.16*	*31.12.15**
Net intangible assets	95,302	73,684
Net tangible assets	65,899	61,516
Equity investments in other companies	57,836	33,739
Other fixed assets	28,410	29,919
Total fixed assets (A)	**247,447**	**198,858**
Net trade receivables from customers	356,843	360,481
Inventories	134,757	112,025
Suppliers	(295,696)	(261,496)
Trade net working capital (B)	**195,904**	**211,010**
Other current assets	54,786	49,450
Other current liabilities	(23,536)	(23,303)
Total current assets/liabilities (C)	**31,250**	**26,147**
Net working capital (D) = (B+C)	**227,154**	**237,157**
Other non current liabilities (E)	(854)	(598)
Staff Severance Provision (F)	(9,433)	(8,952)
Provisions for risks and charges (G)	(5,744)	(3,385)
Net invested capital (H) = (A+D+E+F+G)	**458,570**	**423,080**
Shareholders' equity	(280,623)	(266,773)
Shareholders' equity (I)	**(280,623)**	**(266,773)**
(Net short-term financial debt)/Cash	(1,029)	26,341
(Net medium/long-term financial debt)	(176,918)	(182,648)
Net financial debt (L)	**(177,947)**	**(156,307)**
Net equity and net financial debt (M) = (I+L)	**(458,570)**	**(423,080)**

* With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data. The effect of balance sheet reclassification on the financial statement of MARR S.p.A. was a reduction in deferred tax assets and liabilities of 9.4 million Euros as at December 31, 2015.

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

MARR S.p.A. (€thousand)		***31.12.16***	*31.12.15*
A.	Cash	8,595	7,276
	Bank accounts	97,657	78,192
	Postal accounts	254	450
B.	Cash equivalent	97,911	78,642
C.	**Liquidity (A) + (B)**	**106,506**	**85,918**
	Current financial receivable due to Subsidiaries	3,977	8,916
	Current financial receivable due to Parent Company	2,930	2,771
	Others financial receivable	917	1,244
D.	**Current financial receivable**	**7,824**	**12,931**
E.	Current Bank debt	(48,941)	(28,075)
F.	Current portion of non current debt	(52,485)	(42,816)
	Financial debt due to Parent Company	0	0
	Financial debt due to Subsidiaries	(1,763)	(859)
	Financial debt due to Related Companies	0	0
	Other financial debt	(12,170)	(758)
G	Other current financial debt	(13,933)	(1,617)
H.	**Current financial debt (E) + (F) + (G)**	**(115,359)**	**(72,508)**
I.	**Net current financial indebtedness (H) + (D) + (C)**	**(1,029)**	**26,341**
J.	Non current bank loans	(125,240)	(143,523)
K.	Other non current loans	(51,678)	(39,125)
L.	**Non current financial indebtedness (J) + (K)**	**(176,918)**	**(182,648)**
M.	**Net financial indebtedness (I) + (L)**	**(177,947)**	**(156,307)**

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

MARR S.p.A. (€thousand)	***31.12.16***	*31.12.15**
Net profit before minority interests	55,803	56,484
Amortization and depreciation	5,196	4,417
Change in Staff Severance Provision	481	(485)
Operating cash-flow	**61,480**	**60,416**
(Increase) decrease in receivables from customers	3,638	1,252
(Increase) decrease in inventories	(22,732)	(2,224)
Increase (decrease) in payables to suppliers	34,200	3,323
(Increase) decrease in other items of the working capital	(5,103)	(1,470)
Change in working capital	**10,003**	**881**
Net (investments) in intangible assets	(21,805)	(366)
Net (investments) in tangible assets	(9,398)	(3,150)
Net change in financial assets and other fixed assets	(22,588)	(3,596)
Net change in other non current liabilities	2,615	117
Investments in other fixed assets and other change in non current items	**(51,176)**	**(6,995)**
Free - cash flow before dividends	**20,307**	**54,302**
Distribution of dividends	(43,907)	(41,246)
Capital increase	2,779	0
Other changes, including those of minority interests	(819)	664
Cash-flow from (for) change in shareholders' equity	**(41,947)**	**(40,582)**
FREE - CASH FLOW	**(21,640)**	**13,720**
Opening net financial debt	(156,307)	(170,027)
Cash-flow for the period	(21,640)	13,720
Closing net financial debt	**(177,947)**	**(156,307)**

* With regard to the balance sheet for the year 2015 it should be noted that for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.

Nature of proxies conferred on Directors

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

- the Chairman has powers of legal representation as per art. 20 of the by Laws,
- the Executive Officers, in addition to the powers of legal representation as per art. 20 of the By Laws, have been conferred the necessary powers for the completion of the deeds concerning business activities, to be exercised in the framework of the proxies attributed by deliberation of the Board of Directors on 28 April 2014.

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

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

Transactions with subsidiary, associated, parent and affiliated companies

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

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

It must be pointed out that the value of the purchase and sales of goods of MARR S.p.A. by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 6.6% of the total purchases and 3.2% of the total sales made by MARR itself. All the commercial transactions and supply of services, etc. occurred at market value.

The following table reports economical and financial data of the 2016 business year, classified by nature and by company

COMPANY	FINANCIAL RELATION						ECONOMIC RELATIONS								
	RECEIVABLES			PAYABLES			REVENUES				COSTS				
	Trade	Other*	Financial	Trade	Other*	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini Spa (*)	373	1,194	2,930				5			22		1,164			1
Total	373	1,194	2,930	0	0	0	5	0	0	22	0	1,164	0	0	1
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia Doc S.r.l. (***)	8			3				7				3			
Total	8	0	0	3	0	0	0	7	0	0	0	3	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,246	6		22			8,100					50			
Fiorani & C. S.p.a.		41		235					39		1,945				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				422								882		1	
Guardamiglio S.r.l.															
Inalca Algerie S.a.r.l.	12														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	842	2			9		5,416	138							
Inalca Kinshasa S.p.r.l.	315														
Inalca S.p.a.	74	29		5,348			378		232		64,357	23			
Inter Inalca Angola Ltda	197														
Interjet S.r.l.															
Italia Alimentari S.p.a.		71		334					125		3,808				
Marr Russia L.l.c.															
Pappabuona.com S.r.l.	78						97								
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	668						1,900								
Roadhouse S.p.A.	7,156			2	21		26,216	26			27	2			
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		23							23						
From not Affiliated Companies															
Farmservice S.r.l.	21						75								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	11,611	172	0	6,363	30	0	42,182	164	419	0	70,137	957	668	1	0

(*) The items in the Other Receivables and Other Payables columns relate to the IRES benefit and cost transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 and for the payable for the Ires of the year respectively. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

(***) It is highlighted thta Griglia is indicated as an associated company, because it is an indirect associated company (50% owned by DE.AL S.r.l. that is 100% owned by MARR S.p.A.)

From Affiliated Companies															
Asca S.p.a.	233		3,592	36			910	105	3	68	396	3			
Alisurgel S.r.l. (deleted by the Company Register on 15 November 2016)								2							2
De.Al. S.r.l.	377	1,834		1,441		1,462	101	373	1	34	4,814	89	869	4	1
Marr Foodservice Iberica S.a.U.				104		301									5
New Catering S.r.l.	276		385	28			659	243	- 2	2	3			13	2
Total	886	1,834	3,977	1,609	0	1,763	1,670	723	2	104	5,213	92	869	17	10

Proposal for the distribution of the 2016 profits and distribution of dividends

Dear Shareholders,

before concluding and deciding on this matter, we would like to confirm that the draft financial statements closed on 31 December 2016 submitted for your examination and approval in this meeting, have been drafted in respect of the legislation in force.

In submitting the 2016 financial statements for approval, we propose to:

a) distribute the profits amounting to 55,802,666 Euros as follows:

- to dividend of 0.70 Euros for each ordinary share with rights;

- allocation of the remaining amount to the extraordinary reserve.

b) to pay the dividend on 24 May 2017 with ex coupon (No. 13) on 22 May 2016 (*record date* on 23 May 2017), in accordance with the Italian Stock Exchange regulations.

The Board of Directors would like to express its sincere thanks to all employees and collaborators who contributed in 2016 to the achievement of the Company's objectives through their commitment.

Rimini, 14 March 2017

The Chairman of the Board of Directors
Paolo Ferrari

MARR GROUP

Consolidated Financial Statements

as at December 31, 2016

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	Notes	**31.12.16**	31.12.15*
ASSETS			
Non-current assets			
Tangible assets	1	71,729	68,563
Goodwill	2	143,280	107,096
Other intangible assets	3	1,105	743
Investments valued at equity	4	891	0
Investments in other companies		315	304
Non-current financial receivables	5	2,153	2,674
Non current derivative/financial instruments	6	5,401	5,095
Deferred tax assets		0	0
Other non-current assets	7	30,833	30,695
Total non-current assets		**255,707**	**215,170**
Current assets			
Inventories	8	142,336	119,858
Financial receivables	9	3,848	3,950
relating to related parties		*2,930*	*2,771*
Financial instruments / derivative	10	1	66
Trade receivables	11	365,950	368,558
relating to related parties		*12,106*	*4,607*
Tax assets	12	8,530	9,130
relating to related parties		*1,011*	*1,409*
Cash and cash equivalents	13	114,160	89,862
Other current assets	14	46,418	41,677
relating to related parties		*172*	*173*
Total current assets		**681,243**	**633,101**
TOTAL ASSETS		***936,950***	***848,271***
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	15	285,565	271,830
Share capital		*33,263*	*33,263*
Reserves		*184,141*	*172,449*
Retained Earnings		*0*	*0*
Profit for the period attributable to the Group		*68,161*	*66,118*
Shareholders' Equity attributable to minority interests		0	0
Minority interests' capital and reserves		*0*	*0*
Profit for the period attributable to minority interests		*0*	*0*
Total Shareholders' Equity		**285,565**	**271,830**
Non-current liabilities			
Non-current financial payables	16	176,923	182,629
Non current derivative/financial instruments	17	87	105
Employee benefits	18	10,621	9,980
Provisions for risks and costs	19	5,861	4,259
Deferred tax liabilities	20	326	816
Other non-current liabilities	21	855	599
Total non-current liabilities		**194,673**	**198,388**
Current liabilities			
Current financial payables	22	118,472	75,671
relating to related parties		*0*	*0*
Current derivative/financial instruments		0	0
Current tax liabilities	23	2,438	2,365
relating to related parties		*0*	*824*
Current trade liabilities	24	312,094	276,706
relating to related parties		*6,942*	*3,205*
Other current liabilities	25	23,708	23,311
relating to related parties		*30*	*47*
Total current liabilities		**456,712**	**378,053**
TOTAL LIABILITIES		***936,950***	***848,271***

* With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data. The effect of balance sheet reclassification was a reduction in deferred tax assets and liabilities of 10.3 million Euros as at December 31, 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	*Notes*	**31.12.16**	31.12.15
Revenues	26	1,502,558	1,440,287
relating to related parties		*42,491*	*29,494*
Other revenues	27	41,839	40,757
relating to related parties		*423*	*374*
Changes in inventories	8	17,311	3,199
Purchase of goods for resale and consumables	28	(1,221,282)	(1,162,638)
relating to related parties		*(71,176)*	*(62,928)*
Personnel costs	29	(38,354)	(35,806)
Amortization, depreciation and write-downs	30	(18,579)	(16,589)
Other operating costs	31	(191,805)	(180,125)
relating to related parties		*(2,955)*	*(2,713)*
Financial income and charges	32	(4,937)	(6,777)
relating to related parties		*21*	*48*
Income (cost) from associated companies		0	1,742
Revenues/(Losses) form investments evaluated using the Net Equity method	33	(109)	0
Pre-tax profits		**86,642**	**84,050**
Taxes	34	(28,118)	(25,967)
Profits for the period		**58,524**	**58,083**
Atributable to:			
Shareholders of the parent company		58,524	58,083
Minority interests		0	0
		58,524	***58,083***
basic Earnings Per Share (euro)	35	0.88	0.87
diluted Earnings Per Share (euro)	35	0.88	0.87

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Notes*	**31.12.16**	31.12.15
Profits for the period (A)		**58,524**	**58,083**
Items to be reclassified to profit or loss in subsequent periods:			
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		(785)	548
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		(95)	171
Total Other Profits/Losses, net of taxes (B)	***36***	**(880)**	**719**
Comprehensive Income (A + B)		**57,644**	**58,802**
Atributable to:			
Shareholders of the parent company		57,644	58,802
Minority interests		0	0
		57,644	***58,802***

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

(Note 15)

Description	Share Capital	Other Reserves: Share premium reserve	Legal reserve	Revaluation reserve	Shareholders ontributions of capital account	Extraordinary reserve	Reserve for residual stock options	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Reserve IAS 19	Total reserves	Trading on share reserve	Reserve for profit (losses) on own share	Total own shares	Profits carried over from consolidated	Business year profits (losses)	Total Group net equity	Total third party net equity
Balance at 1st January 2015	**33,263**	**63,348**	**6,652**	**13**	**36,496**	**46,406**		**1,475**	**7,290**	**(1,664)**	**1,486**	**(902)**	**160,600**				**60,417**		**254,280**	
Allocation of 2014 profit						11,136							**11,136**				(11,136)			
Distribution of parent company dividends																	(41,246)		**(41,246)**	
Distribution of subsidiaries company dividends																				
Sale quote of the company Alisea																				
Other minor variations											(6)		**(6)**						**(6)**	
Consolidated comprehensive income 2015:																				
- Profit for the period																	58,083		**58,083**	
- Other Profits/Losses, net of taxes										548		171	**719**						**719**	
Balance at 31 December 2015	**33,263**	**63,348**	**6,652**	**13**	**36,496**	**57,542**		**1,475**	**7,290**	**(1,116)**	**1,480**	**(731)**	**172,449**				**66,118**		**271,830**	
Allocation of 2015 profit						12577							**12,577**				(12,577)			
Distribution of parent company dividends																	(43,907)		**(43,907)**	
Other minor variations											(6)		**(6)**				4		**(2)**	
Consolidated comprehensive income 2016:																				
- Profit for the period																	58,524		**58,524**	
- Other Profits/Losses, net of taxes										(785)		(95)	**(880)**						**(880)**	
Balance at 31 December 2016	**33,263**	**63,348**	**6,652**	**13**	**36,496**	**70,119**		**1,475**	**7,290**	**(1,901)**	**1,474**	**(826)**	**184,141**				**68,161**		**285,565**	

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	**31.12.16**	31.12.15
Profit for the Period	58,524	58,083
Adjustment:		
Amortization / Depreciation	5,736	5,032
Allocation of provison for bad debts	11,373	11,299
Allocation of provision for risks and losses	950	0
Write-downs of investments non consolidated on a line – by – line basis	109	0
Capital profit/losses on disposal of assets	(76)	(11)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	5,056	6,443
relating to related parties	*(21)*	*(48)*
Foreign exchange evaluated (gains)/losses	(76)	167
Profit from sale of investement in other companies	0	(1,742)
	23,072	21,188
Net change in Staff Severance Provision	(433)	(1,049)
(Increase) decrease in trade receivables	6,823	(13,236)
relating to related parties	*(7,499)*	*1,434*
(Increase) decrease in inventories	(17,311)	(3,199)
Increase (decrease) in trade payables	22,192	2,263
relating to related parties	*3,737*	*(5,260)*
(Increase) decrease in other assets	(958)	3,901
relating to related parties	*1*	*(79)*
Increase (decrease) in other liabilities	548	2,741
relating to related parties	*(17)*	*0*
Net change in tax assets / liabilities	28,420	26,995
relating to related parties	*22,304*	*21,865*
Interest paid	(7,395)	(8,942)
relating to related parties	*(1)*	*(2)*
Interest received	2,339	2,499
relating to related parties	*22*	*50*
Foreign exchange gains	617	611
Foreign exchange losses	(541)	(778)
Income tax paid	(27,400)	(28,383)
relating to related parties	*(22,730)*	*(22,797)*
Cash-flow from operating activities	**88,497**	**62,694**
(Investments) in other intangible assets	(512)	(370)
Net disposal in other intangible assets	1,000	0
(Investments) in tangible assets	(8,540)	(5,697)
Net disposal of tangible assets	555	1,457
Net (investments) non consolidated on a line – by – line basis	(1,000)	0
Net (investments) in equity investments in other companies	51	0
Outgoing for acquisition of subsidiaries or going concerns during the year (net of the cash acquired)	(22,268)	(1,020)
Ingoing for divestments of subsidiaries during the year	0	1,742
Cash-flow from investment activities	**(30,714)**	**(3,888)**
Distribution of dividends	(43,907)	(41,246)
Other changes, including those of third parties	(884)	714
Net change in financial payables (excluding the new non-current loans received)	(27,078)	(64,716)
relating to related parties	*0*	*0*
New non-current loans received	38,002	102,800
relating to related parties	*0*	*0*
Net change in current financial receivables	167	1,409
relating to related parties	*(159)*	*1,330*
Net change in non-current financial receivables	215	(5,438)
relating to related parties	*0*	*0*
Cash-flow from financing activities	**(33,485)**	**(6,477)**
Increase (decrease) in cash-flow	**24,298**	**52,329**
Opening cash and equivalents	89,862	37,533
Closing cash and equivalents	**114,160**	**89,862**

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

MARR Group operates entirely in the commercialisation and distribution of food products to the Foodservice sector.

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

The consolidated financial statements for the business year closing as at 31 December 2016 were authorised for publication by the Board of Directors on 14 March 2017.

Structure and contents of the consolidated financial statements

The consolidated financial statements as at 31 December 2016 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

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

Reference to the international accounting standards, adopted in the preparation of the consolidated financial statements as at 31 December 2016, is indicated in the “Accounting policies” section.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the “Distribution of food products to the Foodservice” sector only; as regards performance levels in 2016, see that described in the Directors’ Report on management performance.

The consolidated financial statements as at 31 December 2016 include, for comparative purposes, the figures for the year ended on 31 December 2015.

With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.
The effect of the reclassification on the data as at 31 December 2015 is described in paragraph 20 “Deferred tax assets and deferred tax liabilities”

The following classifications have been used:

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

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

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

(€thousand)	31.12.16 MARR Consolidated	31.12.16 MARR S.p.A.	Impact %
Revenues from sales and services	1,502,558	1,382,444	92.0%
Total assets	936,950	908,164	96.9%
Net profit for the period	58,524	55,803	95.4%

All amounts are shown in Euros.

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

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

Consolidation method

Consolidation is made by using the line-by-line method, which consists in recognizing all the items in the assets and liabilities in their entirety. The main consolidation criteria adopted to apply this method are the following:

- Subsidiaries have been consolidated as from the date when control was actually transferred to the Group, and are no longer consolidated as from the date when control was transferred outside the Group.
- Assets and liabilities, charges and income of the companies consolidated on a line-by-line basis, have been fully entered in the consolidated financial statements; the book value of equity investments has been written off against the corresponding portion of shareholders' equity of the related concerns, by assigning to each single item of the statement of financial position's assets and liabilities, the current value as at the date of acquisition of control (purchase method as defined by IFRS 3, "Business combinations"). Any residual difference, if positive, is entered under "*Goodwill*" in the assets; if negative, in the income statement.
- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been written off.
- The portions of shareholders' equity and of the results for the period of minority shareholders have been shown separately in the consolidated shareholders' equity and income statement: this holding is determined on the basis of the percentage held in the fair value of the assets and liabilities recorded at the date of original takeover and in the changes in shareholders' equity after this date.
- Subsequently, the profits and losses are attributed to the minority shareholders on the basis of the percentage they hold and the losses are attributed to minorities even if this implies that the minority holdings have a negative balance.
- Changes in the shareholding of the parent company in a subsidiary which do not imply loss of control are accounted as equity transactions.
- If the parent company loses control over a subsidiary, it:
    - derecognises the assets (including any goodwill) and liabilities of the subsidiary,
    - derecognises the carrying amount of any non-controlling interest,
    - derecognises the cumulative translation differences recorded in equity,
    - recognises the fair value of the consideration received,
    - recognises the fair value of any investment retained,
    - recognises any surplus or deficit in the profit and loss,
    - re-classifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Scope of consolidation

The consolidated financial statements as at 31 December 2016 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;

· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:

· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 31 December 2016, with an indication of the method of consolidation, are attached in Appendix 1.
The consolidated financial statements have been prepared on the basis of the financial statements as at 31 December 2016 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 31 December 2016 the scope of consolidation structure of the Group differs from that at 31 December 2015 due to the following:

- on 4 April 2016 the purchase of the 100% of the holdings of the company DE.AL. S.r.l. (company operating in Abruzzi in the distribution of food products to the Foodservice sector under the brand "PAC Food") which holds a quota of 50% in the company Griglia Doc S.r.l (consolidated using the equity method) was finalised by MARR S.p.A..; the effects of this acquisition are exposed in the following paragraph "Business combinations realised during the year" and commented in the commentary paragraphs on the items of balance sheet.
- Since 1 October 2016, DE.AL. has become a non-operational company, having leased its going concern operating under the "PAC Food" brand to the parent company MARR S.p.A., which manages it through the new MARR Adriatico branch.
- On 15 November 2016, the company Alisurgel S.r.l. (97% of the holdings in which were owned by MARR S.p.A. and 3% by Sfera S.p.A.) was cancelled from the Companies Register; it must be noted that the procedure for the liquidation of the company was started on 17 October 2002, and the final financial statements for liquidation, drawn up as at 30 June 2016 and registered on 5 August 2016, were filed at the Rimini Companies Register on 28 July 2016.

In addition to the above, it must be noted that on 22 November 2016, the operation for the merger by incorporation of the fully owned companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. into MARR S.p.A. was completed. The merger carried out is aimed at achieving the rationalisation of the economic, financial and administrative management, as the activities of Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. were limited to the leasing of the respective going concerns to the parent company MARR S.p.A. and did not have an impact on these consolidated financial statements.

Accounting policies

The most significant Accounting policies adopted for the preparation of the consolidated financial statements as at 31 December 2016 are indicated below:

Tangible assets

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As permitted by IFRS 1, in the context of the first time adoption of the International Accounting Standards, the Company has measured certain land and buildings owned at fair value, and has adopted such fair value as the new cost subject to depreciation.
No revaluations are permitted, even if pursuant to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor, and depreciated in accordance with the criteria below.
Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if material and reasonably determinable. Land is not depreciated, even if purchased together with a building, and neither are tangible assets

held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing tangible assets are entered in the statement of financial position, in compliance with the requirements of the IAS 16.
The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
The rates applied are the following:

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

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

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a financial consideration.
Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets. No revaluations are permitted, even if pursuant to specific laws.
Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
Goodwill and other intangible assets, if any, with an indefinite useful life are not subject to amortization; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss of value. As far as goodwill is concerned, verification is made on the smallest aggregate upon which Management, either directly or indirectly, assesses the return on the investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.
Other intangible assets have been amortized by adopting the following criteria:

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

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

Investments in related companies and other companies

A related company is a company over which the Group exercises significant influence. Significant influence is intended as the power to participate in the determination of financial and management policies of the related party without having control or joint control.
Investments in related companies are evaluated using the Net Equity method and the shareholdings in other companies are evaluated as the purchase, subscription or conferment cost, as indicated in Appendix 1 and the following explanatory notes.
In the net equity method, the participation in a related company is initially recorded at cost. The accountable value of the holding is increased or decreased in order to record the quota of pertinence of the holder in the profits and losses of the related party achieved after the date of acquisition. The goodwill concerning the related party is included in the accountable value of the holding and is not subjected to amortization, or

to an individual evaluation of loss of value (impairment).
The consolidated statement of profits or loss reflects the quota of pertinence of the Group of the business year result of the related company. All changes to the other components in the overall profits and loss account concerning these related parties are presented as part of the overall income statement of the Group. Also, in the case of a related company recording a change directly attributable to the net equity, the Group records the quota of pertinence, when applicable, in the statement of changes in the net equity. The unrealised profits and losses deriving from transactions between the Group and related companies or joint ventures are eliminated in proportion to the quota of the holding in the related companies or joint ventures.
The recoverable nature of their recorded value is verified adopting the criteria described in the point "Losses in value of non-financial assets" as regards the holdings in related parties and the point "Losses in value of financial assets" as regards the holdings in other companies.
Whenever significant influence over a related company or joint control over a joint venture ceases, the Group assesses and records the remaining holding at fair value. The difference between the recorded value of the holding on the date of the termination of significant influence or joint control and the fair value of the remaining holding and the incoming payments received is recorded in the income statement.

Inventories

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

Receivables and other current assets

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

Financial assets

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

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

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

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

Derivatives

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

Losses in value of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employee benefits

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

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

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

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

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

Provisions for risks and charges

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

Financial liabilities

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

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

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

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Derivatives

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

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

Income taxes

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

- the deferred tax liabilities deriving from the initial recording of the start-up of either an asset or a liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;

- the repayment of the taxable temporary differences associated to holdings in subsidiaries, related companies and joint ventures can be controlled, and it is probable that this will not occur in the foreseeable future.

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

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

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

Criteria for conversion of items in foreign currency

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

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as “Business combinations”). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.
The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.
Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in

accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.
If the contingent consideration is classified as equity, it should not remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Revenue and cost recognition

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

Accounting treatment of financial assets/instruments

The Group uses derivative financial instruments to hedge its exposure to foreign currency risks on purchases and loans in currency other than the functional one.
These derivative financial instruments are initially recognised at their fair value on stipulation; subsequently, this fair value is remeasured periodically; they are carried as assets when the fair value is positive and liabilities when the fair value is negative.
Fair value is the price that would be received for the sale of an asset, or would be paid for the transfer of a liability, in a standard transaction between market operators on the date of valuation.
The fair value of the derivative financial instruments used is determined on the basis of market value when it is possible to identify the market to which they actively belong. However, if the market value of a financial instrument is not easily calculable, but its components or those of a similar instrument are calculable, the market value is determined through the evaluation of the individual components of the instrument or of the similar instrument. Furthermore, for those instruments for which an active market is not easily identifiable, the evaluation is carried out by using the value resulting from generally accepted evaluation models and techniques which ensure a reasonable approximation of the market value. All the assets and liabilities for which the fair value is valued or recorded in the financial statements are categorised on the basis of the fair value hierarchy, as described below:

- Level 1 – the quoted (not adjusted) prices on active markets for identical assets and liabilities which the entity may access on the date of valuation;
- Level 2 – Input other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability in question;
- Level 3 – valuation techniques for which the input data is not observable for the asset or liability in question.

Derivatives are classified as coverage instruments when the relation between the derivative and the object of the coverage is formally documented and the coverage, assessed periodically, is highly effective. If derivatives cover a risk concerning the cash flow variations of the instruments covered (cash flow hedge; for example coverage of cash

flow variability of assets/liabilities by effect of oscillations in exchange rates), the variations in the fair value of derivatives are initially recorded at net equity and subsequently attributed to the income statement coherently with the economic effect produced by the operation covered. Should the derivatives cover the fair value risk, the change in fair value of the covering derivatives is recorded in the statement of profit or loss among the financial costs. The change in fair value of the element covered attributable to the risk covered is recorded as part of the load value of the element covered and is also recorded in the statement of profit or loss among the financial costs.
The variations in fair value of the derivatives which do not satisfy the conditions required in order to be classified as coverage are recorded in the income statement for the business year.

Own shares

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

Main estimates adopted by management and discretional assessments

The preparation of the Group financial statements requires that the directors carry out discretional assessments, estimates and hypotheses that influence the value of revenues, costs, assets and liabilities, and the indication of potential liabilities at the time of the financial statements. However, uncertainty as to these hypotheses and estimates may lead to outcomes that will require future significant adjustments on the accounting value of these assets and/or liabilities.

Estimates and hypotheses used

Below is an outline of the key hypotheses concerning the future and other significant sources of uncertainty in estimates at the date of closure of the financial statements that could be the cause of significant adjustment to the value of assets and liabilities in coming business years. The results achieved could differ from these estimates. The estimates and assumptions made are periodically revised and the effects of all changes are immediately reflected in the profit and loss account.

- Estimates adopted to evaluate the impairment of non-financial assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on “Losses in value of non-financial assets”.
The recoverable value has been determined on the value in use basis.
For 2017 cash-flows generating units attributable to each goodwill/consolidation derive from the Budget approved by the Board of Directors; for subsequent years, an extremely prudent conduct was maintained, estimating a substantially flat performance in terms of revenues for 2018 and an increase of 1% for 2019 and 2020; for 2021 and for the calculation of the terminal value, an increase rate of 1% was hypothesised.
The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 5.18% (6.44% in the previous year) calculated punctually in coherence with previous years and with a strong focus on the risk and uncertainty factors of the current market. Sensitivity analyses have also been conducted on this rate, consequently to the variation manly of interest rates and of the other financial parameters used and the sustainability of the goodwill value recorded in the financial statements has been verified with WACC values more prudential and, as in the past years, with a comparison with those used by financial analysts. Lastly, we would point out that there has been specific focus on the expected growth factors for future years which may be considered as mainly prudential in relation to the results achieved and the specific market context.
The measurement of any impairment of assets (Goodwill) - for the results of which refer to the paragraph 2 “*Goodwill*” - was made by referring to the situation as at 31 December 2016.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment obligations:

  – The expected inflation rate is equal to 1.5%;
  – The discounting rate[iii] used is equal to 0.86% for the companies MARR and AS.CA while is equal to 1.31% for the company New Catering;

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

- The annual rate of increase of the severance plan is expected to be equal to 2.625%;
- A 6.5% turnover of employees is expected.

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:

  - The rate of voluntary turnover is expected to be 13% for MARR S.p.A., 7% for AS.CA S.p.A., 5% for New Catering S.r.l.;
  - The rate of corporate turnover is expected to be 2% for MARR. S.p.A., 10% for AS.CA S.p.A., 7% for New Catering S.r.l.;
  - The discounting rate used is 0.39%.

- Estimates used in calculating deferred taxes

A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax assets to be accounted. They must estimate the probable occurrence in time and the total value of future fiscally chargeable profits.

- Other

Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down, the determination of amortizations and evaluation of receivables and other assets.
These estimates, although supported by well-defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting in receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Accounting principles, amendments and interpretations applicable as at 1 January 2016

The criteria for assessment used for drafting the consolidated accounts do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2015, with the exception of the accounting principles, amendments and interpretations applicable as at from 1st January 2016, , listed below, that in any case are not affecting the current interim report of the Group.

- Improvements to the International Financial Reporting Standards (2010-2012): the majority of the modifications are clarifications or corrections to the existing IFRS, or modifications consequent to changes previously made to the IFRS.
- Improvements to the International Financial Reporting Standards (2012-2014), including modifications to the following existing International Accounting Standards:
  - IFRS 5 – Non-current assets owned for sale and operating assets terminated: changes to the disposal schedules. The change establishes guidelines to be followed in the event in which an entity reclassifies an asset (or a group being disposed of) in the held for sale category to the held for distribution category (or vice-versa), or when the requirements for the classification of an asset as held for distribution are no longer in place.
  - IFRS 7 – Financial instruments: additional information. The document disciplines the introduction of additional guidelines to clarify whether a so-called servicing contract constitutes a residual involvement of an asset transferred for the purposes of the required information. Also, as regards the compensation between financial assets and liabilities, the document clarifies that the information is not explicitly required for all interim financial statements. However, this information could be required to respect the requirements laid down by IAS 34, should it constitute significant information.
  - IAS 19 – Employee benefits: problems concerning the discount rate. The document introduces some changes to IAS 19 in order to clarify that the high quality corporate bonds, used to determine the discount rate for subsequent benefits, should be issued in the same currency as that use for the payment of the benefits. The changes specify that the range of the market of high quality corporate bonds to be considered is that at a currency level.

- Changes to IAS 19 – *Employee Contributions*. These changes are aimed at providing more details on the accounting of the pension funds which involve the payment of contributions on the part of those involved in the plan.
- Modifications to IFRS 11 - Joint control agreements: Purchase of a holding. These modifications require that a joint operator which records the acquisition of a holding in a joint control agreement in the accounts, the activities of which represent a business, must apply the significant principles of IFRS 3 concerning the accounting of corporate aggregations. The modifications also clarify that, in the case of joint control being maintained, the holding previously held in a joint control agreement shall not be the subject of re-measurement at the time at which an additional holding is purchased. Furthermore, an exclusion to the scope of IFRS 11 has been added, in order to clarify that the modifications shall not be applicable when all the parties sharing control, including the entity which draws up the financial statements, are subjected to the common control of the same controlling entity. The modifications are applicable to both the purchase of the initial holding in a joint control agreement and the purchase of any additional holdings in the same joint control agreement and must be applied prospectively.
- Modifications to IAS 16 and IAS 38: Clarification on the admissible methods of amortization. These modifications clarify the principle contained in IAS 16 and in IAS 38: the revenues reflect a model of economic benefits generated by the management of a business (of which the activity is part), rather than the economic benefits consumed by using the asset in question. It follows that a method based on revenues cannot be used for the amortization of buildings, plant and machinery and could only be used in very limited circumstances for the amortization of intangible assets. The modifications must be applied prospectively.
- Modifications to IAS 27: Net equity method in the separate financial statements. The modifications will enable the entity to use the net equity method to record the holdings in subsidiaries, joint ventures and associates in its own separate financial statements. The entities which are already applying the IFRS and decide to modify the criterion for recording in the accounts by changing to the net equity method in their own separate financial statements must apply the change retrospectively.
- Modifications to IAS 1: Initiative on the informative note to the financial statements. The modifications are aimed at introducing clarifications into IAS 1 in order to deal with some elements that are perceived as limitations to the use of judgement by those who draw up the financial statements. The amendments clarify that the indications on material nature apply to the overall financial statements and that this disclosure is only required if it is material. If there is additional information that, although not required by the international accounting standards, is required for the reader to understand the financial statements in overall terms, these must be included in the informative note itself.
- Modifications to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception: The modifications deal with the problems arising in the application of the exception concerning investment entities provided by IFRS 10. The modifications to IFRS 10 clarify that the exception to submitting consolidated financial statements is applicable to the Group leader which is a subsidiary of an investment entity, when the investment entity values all of its subsidiaries at fair value.

Accounting principles, amendments and interpretations applicable subsequently

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

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting. IFRS 9 is effective for business years starting on 1st January 2018 or later.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues. IFRS 15 is effective for business years starting on 1st January 2018 or later, with full or modified retrospective application. Advance application is also allowed. The Group does not expect any significant impact from the application of this principle.
- IFRS 16 – *Leases*. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of

leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Group is evaluating the impacts of this new standard on its own consolidated financial statements.

- Changes to IAS 12 – *Income taxes*. The IASB clarifies how the deferred tax assets concerning losses not realised on debt instruments measured at fair value that lead to the creation of a temporary deductible difference should the owner of the instrument expect to maintain it until expiry are to be recorded in the accounts.
- Changes to IAS 7 – Statement of cash flows. The improvements regard the information to be provided on the variations in the loans payable which derive from both financial cash flows and from variations that are not due to cash flows (for example profits/losses on exchange rates). The changes will be effective from 1 January 2017.
- Changes to IFRS 2 – *Clarifications of classification and measurement of share based payment transactions*. This amendment will be applicable from 1 January 2018 and deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable as of 1 January 2018 and deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January 2018) deals with transactions in foreign currency in the event that an entity recognises a non-monetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts.
- Changes to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January 2018) provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes concern:
  - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place
  - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
  - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording.

The endorsement process at an EU level for the following standards and interpretations has been suspended until further notice:

- IFRS 14 – Regulatory deferral accounts. The standard enables only those who are adopting the IFRS for the first time to continue to record the amounts concerning the rate regulation according to the previous Accounting Standards adopted.

- Changes to IFRS 10 and IAS 28 – Sales or contribution of assets between an investor and its associate or joint venture. Document published by the IASB on 11 September 2014 in order to resolve a conflict between the two above standards in relation to the sale of an asset or of a subsidiary company to an associate company or joint venture.

As of the date of this interim financial report, the Accounting Standards, interpretations and changes to the Accounting Standards listed above should not have potentially significant impacts on the equity, economic and financial situation of the Group.

Capital management policy

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

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").
Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Group is exposed in the performance of its business activities are as follows:

- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

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

Market risk

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

As at 31 December 2016, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to an increase in pre-tax profit of 230 thousand Euros (435 thousand Euros in 2015), due to exchange rate gains (losses) on trade payables and receivables denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown a decrease of about 246 thousand Euros (328 thousand Euros in 2015) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of forward contracts on exchange rates).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit decrease of 254 thousand Euros (480 thousand Euros in 2015).
The other equity items would have shown an upward variation of 178 thousand Euros (271 thousand Euros in 2015) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of forward contracts on exchange rates).

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long terms loans from banks are floating and variable rate financing exposes the Group to the risk of cash flow variations due to interest rates. To cover this risk, the company stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans. Fixed rate financing exposes the Group to the risk of changes to the fair value of the finances themselves.

In 2015 business year, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding equity variation) of approximately 215 thousand Euros on a yearly basis (4251 thousand Euros as at 31 December 2015).

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

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

Credit risk

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

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

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

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted, an IT control blocks the supply to the non-performing customer. For credits in the "over 90 days" band, legal actions are taken when necessary.
Receivables comprised in the "not yet due" band, which total 201,503 thousand Euros as at 31 December 2016, represent about 55.06% of the receivable accounts reported in the financial statements.

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

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

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Current trade receivables	365,950	368,557
Other non-current receivables	30,833	30,695
Other current receivables	46,418	41,677
Total	**443,201**	**440,929**

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

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

As at 31 December 2016, overdue trade receivables, net of bad debt provision, amounted to 164,447 thousand Euros (167,319 thousand Euros in 2015). The breakdown of these receivables by due date is as follows:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Overdue:		
Less than 30 days	52,121	57,753
betweeen 31 and 60 days	26,746	21,811
betweeen 61 and 90 days	19,911	19,450
Over 90 days	65,669	68,305
Total overdue trade receivables	**164,447**	**167,319**

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[IV] with the customer at the time of first assessment. This table also includes the “overdue” exposure of the particularly important customers most closely loyal to the Group, with whom special terms of payment are agreed. As at 31 December 2016, this particular category of customers accounted for 19,844 thousand Euros in the “Over 90 days” band (15,220 thousand Euros at 31 December 2015).

At 31 December 2016, the nominal amount of the disputed trade receivables (all classified in the category of expired “over 90 days”), which had undergone a write-down, amounted to 39,694 thousand Euros (31,727 thousand Euros in 2015). Those receivables were mainly related to clients in economic difficulties.
The quota of these receivables that is not recoverable is specifically covered by the bad debt reserve, which amounts to a total of 36,387 thousand Euros (32,550 thousand Euros in 2015).

Liquidity risk

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

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

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows. Given the high volatility of the reference rates, the financial flows of variable rate loans have been estimated consistently with that already done in previous years, using a rate determined by the IRS at five years increased by the average spread applied to our medium and long-term loans. In this regard, it must be recalled that the trend of reduction in interest rates recorded last year continued in 2016, with a forecast for 2017 of a slow recovery, which is reflected in the IRS in five years, which is the basis of calculation.

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

(€ thousand)

At 31 december 2016	Less than 1 year	between 1 and 2 years	between 2 and 5 years	Over 5 years
Borrowings	110,237	69,425	72,261	27,784
Payables for the purchase of quotas or shares	11,290	10,470	0	0
Derivative financial instruments	0	0	87	0
Trade and other payables	312,094	0	0	0
	433,621	**79,895**	**72,348**	**27,784**
At 31 december 2015				
Borrowings	79,656	48,214	112,965	29,050
Payables for the purchase of quotas or shares	0	85	0	0
Derivative financial instruments	0	0	105	0
Trade and other payables	276,706	0	0	0
	356,362	**48,299**	**113,070**	**29,050**

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

Classes of financial instruments

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

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

(€thousand)	31 December 2015		
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
Non current derivative/financial instruments	0	5,095	5,095
Non Current financial receivables	2,674	0	2,674
Other non-current assets	30,695	0	30,695
Current financial receivables	3,950	0	3,950
Current derivative/financial instruments	0	66	66
Current trade receivables	368,558	0	368,558
Cash and cash equivalents	89,862	0	89,862
Other current receivables	41,677	0	41,677
Total	**537,416**	**5,161**	**542,577**
Liabilities as per balance sheet	**Other financial liabilities**	**Derivatives used for hedging**	**Total**
Non Current financial payables	182,629	0	182,629
Non current derivative/financial instruments	0	105	105
Current financial payables	75,671	0	75,671
Current derivative financial instruments	0	0	0
Total	**258,300**	**105**	**258,405**

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[V] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.

As regards the other noncurrent and current assets, see that stated in paragraphs 7 and 14 of these explanatory notes.

[V] The Group identifies as "Level 1" financial assets and liabilities those for which the input which has a significant effect on the fair value registered are represented by prices listed on an active market for similar assets or liabilities and as "Level 3" financial assets and liabilities those for which the input is not based on observable market figures.

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

ASSETS

Non-current assets

1. Tangible assets

The movements in the item in the year 2016 is the following:

(€thousand)	**Balance at 31.12.15**	Purchases / other movements	Sama acquisition	Net decreases for divestments	Depreciation	Balance at 31.12.14
Land and buildings	55,278	1,171	0	0	(1,749)	55,856
Plant and machinery	8,775	2,074	0	(28)	(2,046)	8,775
Industrial and business equipment	1,468	353	161	(23)	(291)	1,268
Other assets	2,319	1,932	45	(1,395)	(770)	2,507
Fixed assets under development and advances	723	167	0	0	0	556
Total tangible assets	**68,563**	**5,697**	**206**	**(1,446)**	**(4,856)**	**68,962**

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

With regard to the variation in the year we point out that the purchase of the 100% of the holdings of the company DE.AL Depositi Alimentari S.r.l. by the Parent company on 4 April 2016 implied the entry of tangible fixed assets 617 thousand Euros, mainly concentrated in the categories "Industrial and business equipment" and "Other assets".

With regard to the other movements during the year, it should be noted that the plan for the expansion and modernisation of come branches started by the Parent Company in 2014 continued in 2016.

Among these, it should be noted that the increases in the items "Land and buildings", "Plant and machinery" and "Industrial and business equipment" include the expansion works made in the distribution centre MARR Urbe, located in Rome (the former MARR Cater distribution centre, re-starting operations from 1st June 2016), for a total amount of 1,442 thousand Euro.
Also the expansion work for the building located in Anzola dell'Emilia at the MARR Bologna distribution centre for 1,426 thousand Euros are included.

In addition to investments for the building of the MARR Roma distribution centre (located in Capena – Roma) for total 251 thousand Euros, also investments for 308 thousand Euros, were carried out at the new distribution centre MARR Adriatico – that started in Elice (PE) since 1st October 2016 because of the lease, finalised by the Parent Company, of the going concern "PAC Food" from the new subsidiary DE.AL.

Investments were made by the subsidiary AS.CA for 91 thousand Euros in plants and machineries and by the subsidiary New Catering for 140 thousand Euros in industrial and business equipment.

As regard the item "Other assets", in addition to the purchase of electronic machines for about 934 thousand Euros, it should be noted the purchase through a financial lease of a new hardware infrastructure for the Group's ERP for a total amount of 1,112 thousand Euros; the decreases mainly refers to industrial vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgages are due for a total of 40,000 thousand Euros in favour of credit institutes registered to hedge the mortgages granted on the properties in Uta (CA) – Macchiareddu locality, Santarcangelo di Romagna (RN) – Via dell'Acero 2 and 4 and Via del Carpino 4, San Michele al Tagliamento (VE) - Via Plerote 6, Bottegone (PT) – Via Francesco Toni 285 and 297, Portoferraio (LI)- Via Degli Altiforni 29 and 31 and Bologna (BO) – Via Fantoni 31 (the value of which in the item Land and Buildings totally amounts to 29.9 million of Euros as at December 31, 2016).

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

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

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

Tangible Asset Leasing:

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

- Start of the financial lease: 1 March 2016
- Duration of the contract: 5 years
- Number of instalments: 20
- Value of the asset financed: 1.1 million Euros
- Amount of the quarterly instalments: 60 thousand Euros
- Annual periodical rate: 3.35%
- Redemption price: 11 thousand Euros (plus VAT)
- Total of the instalments paid during the year 2016: 238 thousand Euros
- Net book value of the asset at 31 December 2016: 926 thousand Euros
- Remainder of leases at 31 December 2016: 953 thousand Euros.

2. Goodwill

Below is the detail of the item "Goodwill":

(€thousand)	**Balance at 31.12.16**	Purchases	Reclassification / other movements	Balance at 31.12.15
Marr S.p.A.	93,380	0	21,485	71,895
Sfera S.p.A. (merged in MARR)	0	0	(18,915)	18,915
Baldini Adriatica Pesca S.r.l. (merged in MARR)	0	0	(2,570)	2,570
Marr S.p.A. (*)	93,380	0	0	93,380
AS.CA S.p.a.	8,634	0	0	8,634
New Catering S.r.l.	5,082	0	0	5,082
DE.AL. S.r.l. Depositi Alimentari	36,184	36,184	0	0
Total Goodwill	**143,280**	**36,184**	**0**	**107,096**

(*) As at 31 December 2015 goodwill related to the subsidiaries Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. (equal to 18.9 million Euros and 2.6 million respectively) were shown jointly to that of MARR S.p.A., since those subsidiaries rent to the Parent company the going concerns generating the goodwill. It should be highlighted that in 2016 the merger of the subsidiaries Sfera and Baldini in MARR S.p.A. was finalised; the respective goodwill were incorporated in the assets of MARR S.p.A. itself.

In addition to that highlighted above as regards the merger of the subsidiary companies Sfera S.p.A. and Baldini Adriatica Pesca S.r.l., the details of which are described in the Directors' Report and in the paragraph entitled "Scope of consolidation" in these explanatory notes, it must be noted that the variation in the business year is linked to the acquisition, finalised on 4 April, by the Parent Company of 100% of the holdings in DE.AL. S.r.l., a company in Abruzzo operating in the distribution of food products to foodservice under the "PAC Foods" brand.

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

We would highlight that on the basis of the impairment test conducted according to the principles and hypotheses described analytically in the section "Principal estimates made by management and discretional assessments", the goodwill items listed above, with a total value of 143,280 thousand Euros, are completely recoverable.
As regards this evaluation, management believes that, also given the prudential viewpoint used in the definition of the key hypotheses used, is not be reasonable to expect to be changes in them such as to determine a recoverable value in unit terms less than their accounting value.

Business combinations closed during the year

As indicated in the previous paragraph, on 4 April 2016 the 100% of the holdings of DE.AL. S.r.l. Depositi Alimentari, a company in Abruzzo operating in the distribution of food products to the Foodservice sector under the brand "PAC Food", located in Elice (PE) has been purchased by MARR S.p.A..

The cost of aggregation, has been determined on the basis of the accounting values as at 3 April of the classes of assets, liabilities and potential liabilities acquired determined in compliance with the IFRS.

The goodwill attributed to the purchase is justified by the strategic importance of DE.AL S.r.l., in as much as it will enable MARR to strengthen its presence in the mid-Adriatic area.
The operation implied the following effects:

Purchase consideration	*(€thousand)*
Total purchase consideration	36,000
- Fair value of the net assets identifiable	(184)
Goodwill	**36,184**

The accounting values, determined provisionally in compliance with the IFRS on the basis of the financial statements as at 3 April 2016 of the company acquired, and the amounts at the same date for each class of assets, liabilities and potential liabilities of the acquisition are illustrated below:

(€thousand)	*Book value of acquired company*	*Fair value of the acquired assets and liabilities*
Tangible and intangible assets	511	1,691
Investments in other companies	62	62
Other non-current assets	1,175	1,175
Inventories	5,166	5,166
Trade receivables	15,588	15,588
Other current assets	260	245
Employee benefits	(974)	(1,074)
Provision for risks and costs	(493)	(188)
Net financial indebtedbess	(8,566)	(8,747)
Current trade liabilities	(13,195)	(13,195)
Other current liabilities	(595)	(907)
Fair value of net identifiable assets acquired	**(1,061)**	**(184)**

The cash out generated by the acquisition during the half-years amounted to 26,747 thousand Euros, as specified below:

	(€thousand)
Price of the acquisition paid	(18,000)
Net financial indebtedness of the acquired company	(8,747)
Cash out of the buiness combination	**(26,747)**

Business combinations realised after the closing of the year

As indicated in the Directors' Report, on 1 January 2017, the acquisition by MARR S.p.A. of 100% of the shareholding in the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector, became effective. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1 January 2017. The transaction involves a purchase price of 7.3 million Euros, 50% of which was paid as of 31 December 2016, with the balance to be paid in two instalments after 12 and 24 months, to which an adjustment may be added to be paid by the end of the first half of 2017, the amount of which can be assumed not to be in excess of 10% of the price set on closing.

Again as of 1 January 2017, Speca Alimentari S.r.l. leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Speca Alimentari distribution center.

The definition of the values concerning the business acquired, which will be agreed between the parties, is still being discussed, as per the contractual deadlines defined, and the relevant numerical figures are not available for inclusion in this financial report.

3. Other intangible assets

Below there are the movements of the item in 2016 and in the previous year:

(€thousand)	**Balance at 31.12.15**	Purchases / other	Net decreases	Depreciation	Balance at 31.12.14
Patents	447	138	0	(176)	485
Concessions, licenses, trademarks and similar rights	18	11	0	(1)	8
Intangible assets under development and advances	278	221	0	0	57
Other intangible assets	0	0	0	0	0
Total Other Intangible Assets	**743**	**370**	**0**	**(177)**	**550**

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

The increases in the year are related to the purchase of new software, in addition to the consolidation of DE.AL., still partly being implemented as at 30 June 2016 and therefore recorded under the item "Intangible assets under development and advances".
The decrease in the item "Industrial patent rights" is correlated to the conferment made by the subsidiary DE.AL. S.r.l. to the company Griglia Doc S.r.l. on 4 April, as described in more detail in the following paragraph.

For details of the changes in intangible assets please refer to the information provided in Appendix 4.

4. Equity investments evaluated using the Net Equity Method

As at 31 December 2016, the item represent the evaluation to Net Equity of the investment in the company Griglia Doc S.r.l.. The company was incorporated on 4 April 2016 and is 50% owned by the subsidiary DE.AL. S.r.l., which subscribed its own holding in the share capital through patent conferment.

5. Non-current financial receivables

As at 31 December 2016, this item amounted to 2,153 thousand Euros (2,674 thousand Euros as at 31 December 2015) and includes 558 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and other trade partners and the quota beyond the year (totalling 1,595 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

6. Financial instruments / derivatives

The amount as at 31 December 2016, amounting to 5,401 thousand Euros (5.095 thousand Euros as at 31 December 2015), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.

The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. It should be noted that this amount, for 3,852 thousand Euros, expires beyond 5 years.

7. Other non-current assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Non-current trade receivables	9,700	8,879
Accrued income and prepaid expenses	1,579	2,025
Other non-current receivables	19,554	19,791
Total Other non-current assets	**30,833**	**30,695**

The "Non-current trade receivables", amounting to 9,700 thousand Euros (of which 2,836 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature and have an expiry date within 5 years.
The item "Other non-current receivables" includes, in addition to receivables from State coffers for loss of clients of 6,614 thousand Euros, receivables from suppliers for 12,217 thousand Euros (12,991 thousand Euros as at 31 December 2015), the total amount of which expires within 5 years.

Current assets

8. Inventories

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Finished goods and goods for resale		
Foodstuff	34,654	32,173
Meat	13,805	12,428
Seafood	84,315	66,814
Fruit and vegetables	29	47
Hotel equipment	1,933	1,775
	134,736	113,237
provision for write-down of inventories	(630)	(762)
Goods in transit	6,702	6,328
Packaging	1,528	1,055
Total Inventories	**142,336**	**119,858**

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

As commented in the Directors' Report, the increase in inventories compared to 31 December 2015 is the effect – in addition to the goods merged into the Group due to the acquisition of the holdings in DE.AL., the value of which amounted to 5.2 million Euros as at 3 April 2016 – of stocking policies aimed at benefitting from specific trade opportunities on the market of frozen seafood products.

The movements during the business year is the following:

(€thousand)	**Balance at 31.12.16**	Change of the year	Consolidation change	Balance at 31.12.15
Finished goods and goods for resale	134,736	16,359	5,140	113,237
Goods in transit	6,702	374	0	6,328
Packaging	1,528	446	27	1,055
	142,966	17,179	5,167	120,620
Provision for write-down of inventories	(630)	132	0	(762)
Total Inventories	**142,336**	**17,311**	**5,167**	**119,858**

9. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Financial receivables from Parent companies	2,930	2,771
Receivables from loans granted to third parties	918	1,179
Total Current financial receivables	**3,848**	**3,950**

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables towards truck drivers (amounting to 791 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (55 thousand Euros).

It must be noted that the receivables from parent companies are interest-bearing (at rates in line with market rates).

10. Financial instruments / derivatives

The total as at 31 December 2016, amounting to 1 thousand Euros (66 thousand Euros as at 31 December 2015), concerns term exchange purchase transactions undertaken by the subsidiary AS.CA to hedge the purchases of goods. These operations were recorded in the accounts as the hedging of financial flows.
It must be noted that, contrarily to last year, the Parent Company does not have foreign exchange forward contracts on the purchase of goods effective at 31 December 2016.

11. Current trade receivables

This item is composed of::

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Trade receivables from customers	401,876	400,901
Trade receivables from Parent companies	461	207
Total current receivables	**402,337**	**401,108**
Provision for write-down of receivables from customers	(36,387)	(32,550)
Total current net receivables	**365,950**	**368,558**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Trade receivables from customers	390,233	396,501
Receivables from Associated Companies	22	0
Receivables from Associated Companies Consolidated by the Cremonini Group	11,599	4,391
Receivables from Associated Companies not Consolidated by the Cremonini Group	23	9
Total current trade receivables from customers	**401,876**	**400,901**

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 36,387 thousand Euros, as highlighted in the table below.

The receivables "from associated companies consolidated by the Cremonini Group" (11,599 thousand Euros), "from associated companies not consolidated by the Cremonini Group" (23 thousand Euros) and "from associated companies" (22 thousand Euros), are analytically outlined, together with the corresponding payable items, in the Appendix 8 of the these Explanatory Notes. These receivables are all of a commercial nature.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2016.

In 2016, the provision for the write-down of receivables recorded the following movements, and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	**Balance at 31.12.16**	Increases	Other movements	Decreases	Consolidation change	Balance at 31.12.15
- Tax-deductible provision	2,107	2,105	0	(2,190)	98	2,094
- Taxed provision	33,450	9,260	0	(9,665)	4,231	29,624
- Provision for interest for late payments	830	0	0	(2)	0	832
Total Provision for write-down of Receivables from customers	**36,387**	**11,365**	**0**	**(11,857)**	**4,329**	**32,550**

12. Tax assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Ires/Irap tax advances /withholdings on interest	12	17
VAT carried forward	38	60
Irpeg litigation	6,040	6,061
Ires transferred to the Parent Company	1,011	1,409
Receivable for Irap	37	629
Other	1,392	954
Total Tax assets	**8,530**	**9,130**

As regard the item “Irpeg litigation”, refer to that contained in the paragraph 19 “Provisions for non-current risks and charges”.

As regards the receivable for “Ires transferred to Parent Company” amounting to 1,011 thousand Euros, it is composed as follows:

- for 1,010 thousand Euros it is represented by the receivable for reimbursement of Ires on the Irap paid for the cost of employment and collaborators not deducted for said purpose, as per reimbursement claims sent in February 2013 for the years from 2007 to 2011; the decrease compared to the last year is due to the collection of receivables related to the year 2007;
- for about 1 thousand Euros is represented by the net balance of Ires 2016 of the companies of the Group in the scope of adhesion to the National Consolidated Fiscal system (it should be pointed out that as at 31 December 2015 the net balance of Ires of the year was equal to a liability of 824 thousand Euros, classified among the tax liabilities).

The item “Other” is represented almost entirely (1,142 thousand Euros as at 31 December 2016) by VAT receivables accrued by the Parent Company abroad (Spain) and to be repaid by the competent authority.

13. Cash and cash equivalents

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Cash and Cheques	9,137	7,372
Bank and postal accounts	105,023	82,490
Total Cash and cash equivalents	**114,160**	**89,862**

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

In regard to the changes of the net financial position, refer to the cash flows statement of 2016, and for its composition, refer to the comments in the paragraph “Analysis of the Net Financial Position” in Directors’ Report.

14. Other current assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Accrued income and prepaid expenses	915	720
Other receivables	45,503	40,957
Total Other current assets	**46,418**	**41,677**

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Other accrued income (from loans)	1	0
Prepaid expenses		
Leases on buildings and other assets	538	180
Maintenance fees	100	112
Insurance costs/Administration services	64	189
Commercial and advertising costs	28	4
Other prepaid expenses	184	235
Other prepaid expenses from Parent Companies	0	0
	914	720
Totale Current accrued income and prepaid expenses	**915**	**720**

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Guarantee deposits	147	137
Other sundry receivables	815	990
Provision for write-down of receivables from others	(4,877)	(4,228)
Receivables from social security institutions	240	169
Receivables from agents	2,540	2,254
Receivables from employees	121	24
Receivables from insurance companies	457	362
Advances and deposits	3,706	66
Advances to suppliers and supplier credit balances	42,182	41,010
Advances to suppliers and supplier credit balances from Associates	172	173
Total Other current receivables	**45,503**	**40,957**

The item *Advances to suppliers and supplier credit balances* includes, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 15,603 thousand Euros; 19,495 thousand Euros in 2015), also receivables for contributions to be received from suppliers totalling 24.0 million Euros (see the comments made in paragraph 27 "Other revenues"), that amounted to 23.2 thousand Euros as at 31 December 2015.

Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2016.

The item Advances and Deposits includes mainly, for 3,674 thousand Euros (equal to 50% of the overall price) that paid for the acquisition of 100% of the holdings in Speca Alimentari S.r.l., valid from 1 January 2017.

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

(€thousand)	Balance at 31.12.16	Increases	Decreases	Consolidation change	Balance at 31.12.15
- Provision for Receivables from Others	4,877	8	(22)	663	4,228
Total Provision for write-down of Receivables from Others	**4,877**	**8**	**(22)**	**663**	**4,228**

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	2,153	0	0	2,153
Non current derivative/financial instruments	5,401	0	0	5,401
Deferred tax assets	0	0	0	0
Other non-current assets	18,616	700	11,517	30,833
Financial receivables	3,848	0	0	3,848
Current derivative/financial instruments	1	0	0	1
Trade receivables	342,179	17,222	6,549	365,950
Tax assets	7,387	1,143	0	8,530
Other current assets	31,270	3,690	11,458	46,418
Total receivables by geographical area	**410,855**	**22,755**	**29,524**	**463,134**

LIABILITIES

15. Shareholders' Equity

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

Share Capital
The Share Capital as at 31 December 2016, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros.

Share premium reserve
As at 31 December 2016 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2015.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2015.

Shareholders' contributions on account of capital
This Reserve did not change in 2016 and amounts to 36,496 thousand Euros.

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

Extraordinary Reserve
As at 31 December 2016, the increase of 12,577 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2015, as per shareholder meeting's decision made on 28 April 2016.

Cash flow hedge reserve
As at 31 December 2016, this item amounted to a negative value of 1,901 thousand Euros and is linked to the stipulation of hedging contracts for interest and exchange rates undertaken for the specific hedging of certain loans, with variable rates and in foreign currency respectively.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 36 "Other profits/losses" in these explanatory notes.

Reserve for exercised stock option
This reserve has not changed during the course of the year, as the plan was concluded in April 2007 and amounted to 1,475 thousand Euros.

Reserve IAS19
As at 31 December 2016, this reserve amounts to a negative value of 826 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits", effective for the business years starting on 1st January 2013. According to the IFRS these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Whit regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,474 thousand Euros as at 31 December 2016, the relevant deferred tax liabilities have been accounted for.

On 28 April 2016 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2015 and consequently decided upon allocation of the business year profits, and the approval of a dividend of 0.66 Euros for each ordinary share with the right to vote.

Non-current liabilities

16. Non-current financial payables

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to banks - non-current portion	125,153	143,418
Payables to other financial institutions - non-current portion	41,300	39,126
Payables for the purchase of quotas or shares (1-5 years)	10,470	85
Total non-current financial payables	**176,923**	**182,629**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to banks (1-5 years)	125,153	143,418
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	**125,153**	**143,418**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to other financial institutions (1-5 years)	10,074	9,029
Payables to other financisl institutions (over 5 years)	31,226	30,097
Total payables to other financial institutions - Non current portion	**41,300**	**39,126**

The variation in non-current payables to banks is the effect, net of the payment of the overdue instalment and of the classification of the expiring instalments among the current payables, of the following transactions finalised during the business year:
- unsecured loan, granted in the month of January by Cassa di Risparmio di Ravenna for a total amount of 10 million of Euros (with amortization plan ending in August 2018);
- unsecured loan in pool with *ICCREA Banca d'Impresa*, granted in the month of August for a total amount of 27 million Euros and with amortization plan ending in August 2019. It is pointed out that in the month of June the Parent Company reimbursed to the due date the ongoing financing in pool with *ICCREA Banca d'Impresa*, for a total amount of 22.8 million Euros.

Lastly, it must be pointed out that, to fully hedge the interest rate risk on the loan from the Banca Popolare Commercio e Industria, MARR has a derivative Interest Rate Swap contract ongoing, with a notional value of 3.0 million Euros as at 31 December 2016, for the effects of which see paragraph 17 "Financial instruments / derivatives".

The value of the payables to other financial institutions is represented for 40,480 thousand Euros (39,126 thousand Euros as at 31 December 2015) by the bond private placement in US dollars, finalised in July 2013. The bond placement amounts to 43 million dollars (originally 30.6 million Euros), of which 10 million dollars expires in 2020 and the remaining 33 million dollars in 2023 and involves an average coupon of about 5.1%. The increase in its value is attributable to variations in the Dollar/Euro exchange rate.

It must be pointed out that to hedge the risk of oscillations in the Euro-Dollar exchange rate as regards the above-mentioned bond private placement, the Parent Company has stipulated specific Cross Currency Swap contracts, for the effects of which see paragraph 6 "Financial instruments / derivatives".

It should be noted that, as at 31 December 2016, the item includes also, for 820 thousand Euros, the payable accounted due to the ongoing financial leasing contracts; in particular it should be highlighted the new financial leasing contract finalized in the month of January by MARR S.p.A. for the purchase of hardware infrastructure for the Group ERP, in addition to the leasing contracts entered in the Group subsequently to the purchase of the holdings of DE.AL.

The item “Payables for the purchase of quotas or shares” refers for 9,000 thousand Euros to the debt for the purchase by the Parent Company of the holdings of the company DE.AL. S.r.l., which have maturity date in the month of April 2018 and for 1,470 thousand Euros to the debt for the purchase of the holdings (with effect starting since 1° January 2017) of Speca Alimentari S.r.l., which have maturity date in the month of December 2018.

It must be highlighted that the quota as at 31 December 2015 was represented by the debt of the subsidiary New Catering for the acquisition of the holdings in SAMA (then merged by incorporation into New Catering itself) and classified among the short-term financial liabilities as at 31 December 2016.

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

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.16
Carisp Pistoia	Euribor 6m+0,48%	31/01/2020	1,301	0	1,301
Centrobanca	Euribor 3m+1,4%	31/12/2019	2,220	0	2,220
Popolare Commercio e Industria	Euribor 6m+2,5%	04/12/2020	2,303	0	2,303
Pool Financing with BNP Paribas	Euribor 6m+1,25%	31/03/2020	46,996	0	46,996
Intesa San Paolo	Euribor 6m+1,3%	31/12/2018	8,005	0	8,005
Carige	Euribor 3m+0,8%	30/06/2019	15,028	0	15,028
Popolare del Commercio e Industria	Euribor 3m+1,3%	20/05/2018	1,664	0	1,664
Pool Financing with ICCREA Banca d'Impresa	Euribor 3m+0,75%	04/08/2019	23,643	0	23,643
Cassa di Risparmio di Ravenna	Euribor 6m+0,95%	07/08/2018	3,026	0	3,026
Unicredit	Euribor 6m+1,25%	15/05/2019	20,967	0	20,967
			125,153	**0**	**125,153**

The following is the breakdown of the mortgage guarantees on the real estate properties of the Parent company, which are unchanged compared to the last year.

Credit institutes	Guarantee	Amount	Property
Cassa di Risparmio di Pescia e Pistoia	mortgage	10,000	Via Francesco Toni 285/297 - Bottegone (PT)
Centrobanca	mortgage	20,000	Via dell'Acero 2/4 e Via dell'Acero 1/A - Santarcangelo di R. (RN); Via Degli Altiforni n.29/31 - Portoferraio (LI); Località Macchiareddu - Uta (CA)
Popolare del Commercio e dell'Industria	mortgage	10,000	Via Fantoni, n. 31 - Bologna (BO)
Total		**40,000**	

Lastly, it must be pointed out that:

- the ongoing loans with Centrobanca S.p.A. (signed in January 2010), provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.6
  Non-respect of the limits of the financial covenants will constitute a cause for the termination of the contractual rights.

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

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

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

- the ongoing financing with Banca Popolare Commercio e Industria (signed in May 2015) provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- the ongoing financing with Banca ICCREA Banca d'Impresa as Agent Bank (signed in August 2016) provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

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

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

(€thousand)	**Book Value**		**Fair Value**	
	2016	2015	**2016**	2015
Payables to banks - non-current portion	125,153	143,418	123,874	142,078
Payables to other financial institutions - non-current portion*	51,770	39,211	50,827	38,463
	176,923	**182,629**	**174,701**	**180,541**

* Payables to other financial institutions also include the debt for the purchase of quotas or shares

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

17. Financial instruments / derivatives

The amount as at 31 December 2016, amounting to 87 thousand Euros (105 thousand Euros as at 31 December 2015), represents fair value of the Interest Rate Swap contracts stipulated by the Parent Company to specifically hedge the interest rate risk on the variable rate loan with Banca Popolare Commercio e Industria.

18. Employee benefits

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

(€thousand)	
Opening balance at 31.12.15	**9,980**
employees entered from DE.AL. S.r.l.	1,073
payments of the period	(867)
provision for the period	603
other changes	(168)
Closing balance at 31.12.16	**10,621**

As highlighted in the above table, the movement during the year is linked, in addition to the quota accrued during the period net of ordinary movements in the item, to the personal merging into the Group due to the operation finalised by the Parent Company for the acquisition of the holdings in DE.AL. S.r.l.. It should be recalled that subsequently, as of 1 October 2016, the Parent Company leased the "PAC Food" going concern from the subsidiary DE.AL. S.r.l., taking over the employment contracts of its employees.
It must be highlighted that the allocation for the period includes actuarial losses totalling 125 thousand Euros recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 15 of these Explanatory Notes).
The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.

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

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect on the final liability	(54)	59	112	(110)	(171)	177

It should also be noted that the contribution expected for the following business year is about 132 thousand Euros; future payments expected in the next five years can be estimated as totalling 5.1 million Euros.

19. Provisions for non-current risks and charges

(€thousand)	**Balance at 31.12.16**	Provisions/Other movements	Uses	Consolidation change	Balance at 31.12.15
Provision for supplementary clients severance indemnity	4,026	526	0	126	3,374
Provision for specific risks	1,835	950	0	0	885
Total Provisions for non-current risks and charges	**5,861**	**1,476**	**0**	**126**	**4,259**

The provision for supplementary clients severance indemnity has been allocated on the basis of a reasonable estimate of probable future liabilities, considering the available elements. The variation in the business year includes in the item "Consolidation change" the provision for supplementary clients severance indemnity entered in the Group due to the purchase of the 100% of the holdings of the company DE.AL. S.r.l. by the Parent Company.

The *Provision for specific risks* was allocated mainly to cover probable liabilities linked to certain ongoing legal disputes and its increase is partly linked to the forecast of future charges to be incurred for the reorganization of the DE.AL. activities (with start-up of the MARR Adriatico branch on 1 October 2016).

In relation to the fiscal dispute currently ongoing deriving from the verification carried out by the "Guardia di Finanza", IV Group Section in San Lazzaro di Savena (BO), because of presumed breaches in terms of direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) finalised in the month of July of the year 2000, it should be pointed out that on 28 February 2004, the recourses for direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) were discussed in a public hearing. The amount involved in the dispute concerning taxes and the relevant sanctions, for the main inspection known as "C.R.C." (the other inspections concerning insignificant amounts or others that were abandoned) amounts to approximately 4.7 million Euros plus interest.

In its sentence no. 73/2/04, the Rimini Provincial Tributary Commission, Section II, accepted the recourse presented for IRAP referring to the main inspection, while it partly rejected, with reference to the other inspections, the recourses presented, confirming the conclusions of the Inland Revenue.
On 20 December 2004, MARR S.p.A. impugned the aforementioned sentence, presenting an appeal to the Rimini Section of the Bologna Regional Tributary Commission.
The matter was discussed before Section 24 of the Emilia Romagna Regional Tributary Commission on 16 January 2006.
As regards the reasons put forward by the company in the documentation for the second stage of the proceedings, the Bologna Tributary Commission disposed in Order 13/24/06 on 3 April 2006, that a technical consultancy be carried out, assigning the duty to a board of three professionals to provide an opinion, among other things, on the disputed matter, and asked them to ascertain, on the basis of contractual agreements and economic and financial relations effectively ongoing between the parties involved in the complex operation, whether the cost sustained by MARR S.p.A. and being disputed concerns the business of the company or not.
On 18 November 2006, the board of consultants deposited its report, concluding that: “in summary, it can be stated that these capital losses are relevant in as much as they are objectively referable to the business of the company”.
On 15 January 2007, the dispute was again discussed in a public hearing during which the findings in the report of the board of consultants were again presented. In sentence 23/10/07, the Bologna Tributary Commission reviewed its first phase sentence in favour of MARR S.p.A. as regards the four findings subject of the dispute but, without providing any motivation, it completely rejected the conclusions drawn by the technical consultants it itself appointed with reference to the principal inspection known as “CRC”, thus confirming that established by the judges in the first phase of the proceedings.
By reason of this, a recourse was presented on 22 April 2008 before the Supreme Court of Cassation. The State Bar met to discuss the matter on 3 June 2008.
Although the outcome of the appeal was negative, although it must be pointed out that there were two technical consultancies in perfect agreement with each other during this phase, comprising four undoubtedly authoritative professionals, three of them appointed by the Tributary Commission itself, the opinions expressed being undoubtedly fully in favour of MARR Spa, and on the basis of the opinion expressed by the defence lawyers representing the Company, we believe it reasonable to hypothesise the successful outcome of the dispute.

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

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

As at 31 December 2016, MARR S.p.A. had paid 6,040 thousand Euros as payment of taxes while awaiting judgment; this amount was classified under tax receivables.

20. Deferred tax assets and deferred tax liabilities

As outlined in the premises of these Explanatory Notes, it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered to be appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.
As at 31 December 2016, this item amounted to 326 thousand Euros classified in the item “Deferred tax liabilities” (816 thousand Euros as at 31 December 2015, amount restated in the column “31.12.2015” to the item “Deferred tax liabilities”). The table below shows the details of the items and the reclassification effects:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
On taxed provisions	10,288	9,320
On costs deductible in cash	73	87
On costs deductible in subsequent years	755	856
On other changes	0	4
Deferred tax assets	**11,116**	**10,267**
On goodwill amortisation reversal	(7,078)	(6,353)
On funds subject to suspended taxation	(411)	(413)
On leasing recalculation as per IAS 17	(446)	(449)
On actuarial calc. of severance provision fund	228	176
On fair value revaluation of land and buildings	(3,526)	(3,541)
On allocation of acquired companies' goodwill	(701)	(708)
On cash flow hedge	601	350
Others	(109)	(145)
Deferred tax liabilities	**(11,442)**	**(11,083)**
Deferred tax assets / (liabilities)	**(326)**	**(816)**

21. Other non-current payables

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Other liabilities	761	389
Other non-current accrued expenses and deferred income	94	210
Total other non-current payables	**855**	**599**

This item "Other non-current accrued expenses and deferred income" represents the quota over the year for deferred financial income from customers.
The item "other liabilities" is represented by security deposits paid by transporters.
There is no accrued income and prepaid expenses or other liabilities with expiry date over 5 years.

Current liabilities

22. Current financial payables

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to banks	106,167	74,319
Payables to other financial institutions	1,015	758
Payables for the purchase of quotas / shares / going concern	11,290	594
Total Current financial payables	**118,472**	**75,671**

Current payables to banks:

(€thousand)		**Balance at 31.12.16**		Balance at 31.12.15
Current accounts		7,157		6,282
Loans/Advances		46,123		25,175
Loans:				
- Cassa di Risp.di Pescia e Pistoia	517		513	
- Centrobanca	1,385		1,107	
- Popolare del Commercio e dell'Industria	703		675	
- Popolare del Commercio e dell'Industria	3,310		3,317	
- Pool Financing with BNP Paribas	18,667		9,169	
- ICCREA	3,347		22,785	
- Intesa San Paolo	6,628		5,296	
- Carige	4,967		0	
- Unicredit	8,960		0	
- Cassa di Risparmio di Ravenna	4,001		0	
- Unicredit 4788683	402		0	
		52,887		42,862
		106,167		**74,319**

With reference to the ongoing loans it must be highlighted as shown below

- in the month of June the Parent Company reimbursed to the due date the financing in pool with *ICCREA Banca d'Impresa*, for a total amount of 22.8 million Euros. It must be noted that the balance at 31 December 2016 shown in the table for this loan refers to a new loan subscribed by the Company in August for a total of 27 million Euros, as described in detail in paragraph 16 "Non-current financial payables", which see for a description of the new loans started during the course of 2016.
- The increase in the short-term quota of the in Pool loan with BNP Paribas as Arranger bank is correlated to the quotas expiring in 2017, considering that the loan began to be amortised in September 2016..
- The Unicredit loan of 402 thousand Euros represents the residual debt of a chirographic mortgage paid out in 2015 to the subsidiary DE.AL. S.r.l., acquired in April 2016.

Lastly, it should be noted that the item "Loans/Advances" includes, in addition to 18,500 thousand Euros for "hot money " loans and 9,568 thousand Euros for sbf advances, the 18,055 thousand Euros in payables to Banca IMI due to the securitization operation started in the business year 2014.

The balance of payables to other financiers includes:
- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 809 thousand Euros.
- the current quota of the payables for the ongoing financial leasing contracts signed by the Parent Company (as detailed in the paragraphs 1 and 16 of these Explanatory Notes), amounting to total 212 thousand Euros and to the current quota of the leasing contracts for vehicles signed by the subsidiary DE.AL. in the last years.

As regards the payables for the acquisition of quotas and holdings, 9,000 thousand Euros of this concerns the payables for the acquisition of the holdings in DE.AL. S.r.l. and 2,205 thousand Euros the payables for the acquisition of the holdings (effective as of 1 January 2017) in Speca Alimentari S.r.l.. It also includes payables of 85 thousand Euros for the acquisition of the holdings in Sama S.r.l. by New Catering S.r.l.; this item was classified under the non-current financial payables as at 31 December 2015
With regard to this latter operation, it must be noted that on 1 June 2016, New Catering S.r.l. paid the second tranche of the price, amounting to 594 thousand Euros.

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

23. Current tax liabilities

The breakdown of this item is as follows::

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Irap/Ires	508	0
Ires trasferred to Parent Company	0	824
Other taxes payables	320	163
Irpef for employees	1,350	1,168
Irpef for external assistants	260	210
Total current tributary payables	**2,438**	**2,365**

This item relates to taxes payable of a determined and certain amount.

As regards MARR S.p.A., the 2012 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

The decrease in this item is mainly attributable to the closure of the IRES balance receivables, mainly correlated to the tax deposits paid during the course of the year by the companies that merged into MARR, Sfera S.p.A. and Baldini Adriatica Pesca S.r.l..
See the comments in the Directors' Report concerning the tax rate for more details in this regard.
It must be noted that the balance of 508 thousand Euros in the item "Irap/Ires" is entirely represented by the 2016 Ires balance of the newly-controlled DE.AL. S.r.l., which is not part of the National Consolidated Fiscal system.

24. Current trade liabilities

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to suppliers	305,152	273,501
Trade payables to Parent Company	210	295
Payables to Associated companies consolidated by the Cremonini Group	6,572	2,774
Payables to Associated companies	19	0
Payables to other correlated companies	141	136
Total current trade liabilities	**312,094**	**276,706**

The liabilities refer mainly to payables for the purchase of goods for sale and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 6,572 thousand Euros, "Payables to Parent Companies" for 210 thousand Euros and "Payables to Associated Companies" for 19 thousand Euros the details and analysis of which are reported in the Appendix 8 of these Explanatory Notes and "Payables to other Correlated Companies" for 141 thousand Euros.

25. Other current liabilities

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Current accrued income and prepaid expenses	1,393	1,426
Other payables	22,315	21,885
Total other current liabilities	**23,708**	**23,311**

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Other accrued expenses	66	49
Amounts due for remuneration of employees/directors	1,083	1,020
Other deferred income	5	3
Deferred income for interest from clients	239	354
Total current accrued expenses and deferred income	**1,393**	**1,426**

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Inps/Inail and other social security institutes	2,016	1,609
Enasarco/ FIRR	860	736
Payables to personnel for emoluments	4,755	4,613
Advances from customers, customers credit balances	13,274	13,850
Payables to insurance companies	198	154
Other sundry payables	1,212	923
Total other payables	**22,315**	**21,885**

The item "payables to personnel for emolument" and "accrual for remuneration of employees/directors" includes current salaries not yet paid as at 31 December 2016 and allocations for leave accrued but not taken, with relevant charges.
The item "*Advances from customers, customers credit balances"* includes the credit notes to be issued to customers for end of year premiums and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	113,787	22,342	40,793	176,922
Non current derivative/financial instruments	87	0	0	87
Employee benefits	10,621	0	0	10,621
Provisions for risks and charges	5,861	0	0	5,861
Deferred tax liabilities	326	0	0	326
Other non-current liabilities	855	0	0	855
Current financial payables	108,726	8,937	809	118,472
Current derivative/financial instruments	0	0	0	0
Current tax liabilities	2,404	0	34	2,438
Current trade liabilities	255,015	48,195	8,884	312,094
Other current liabilities	23,553	120	36	23,709
Total payables by geographic area	**521,235**	**79,594**	**50,556**	**651,385**

Guarantees, securities and commitments

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

Guarantees (totalling 41,082 thousand Euros).

These refer to:
- guarantees issued on behalf of MARR in favour of third parties (amounting to 26,880 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR S.p.A. in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 14,202 thousand Euros as at 31 December 2016 and refers to credit lines granted to subsidiaries. Compared to the closure of the previous year, the closure of the guarantees previously given in favour of Sfera and Baldini Adriatica Pesca, now merged into MARR; must be noted; on the other hand, new guarantees were subscribed in favour of financial institutes with which the new subsidiary, DE.AL., works.
  On closure of the period, the following guarantees had been granted in favour of the following subsidiary companies:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Guarantees		
Sfera S.p.a	0	5,900
AS.CA S.p.A.	5,600	5,600
Baldini Adriatica Pesca S.r.l.	0	4,070
DE.AL. S.r.l.	8,602	0
Total Guarantees	**14,202**	**15,570**

Collaterals
Collaterals in favour of third parties refer mainly to mortgages on properties owned and are analysed in detail in the comment on the items “Non-current financial payables” and “Tangible Assets”.

Other risks and commitments
This item, amounting to 20,374 thousand Euros, refers to credit letters issued by certain credit institutes to guarantee obligations undertaken by the Parent Company and by AS.CA with certain foreign suppliers.

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

26. Revenues

Revenues are composed of:

(€thousand)	**31.12.2016**	31.12.2015
Revenues from sales - Goods	1,499,903	1,437,355
Revenues from Services	241	238
Other revenues from sales	15	7
Advisory services to third parties	201	93
Manufacturing on behalf of third parties	31	35
Rent income (typical management)	36	47
Other services	2,131	2,512
Total revenues	**1,502,558**	**1,440,287**

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

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

(€thousand)	**31.12.2016**	31.12.2015
Italy	1,406,474	1,329,373
European Union	59,327	79,673
Extra-EU countries	36,757	31,241
Total	**1,502,558**	**1,440,287**

27. Other revenues

The Other revenues are broken down as follows:

(€thousand)	**31.12.2016**	31.12.2015
Contributions from suppliers and others	37,927	38,056
Other Sundry earnings and proceeds	1,899	915
Reimbursement for damages suffered	946	889
Reimbursement of expenses incurred	864	765
Recovery of legal taxes	61	55
Capital gains on disposal of assets	142	77
Total other revenues	**41,839**	**40,757**

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers. It should be noted that, in 2016, following the centralisation of supplier deliveries on logistical platforms rather than at the single MARR branches, the contributions from suppliers also included approximately 3.4 million Euros (2.7 million Euros in 2015) in logistical payments charged to suppliers, as MARR has undertaken the costs of internal distribution from the logistical platforms to the branches.

28. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2016	31.12.2015
Purchase of goods	1,215,489	1,157,226
Purchase of packages and packing material	4,298	4,014
Purchase of stationery and printed paper	803	812
Purchase of promotional and sales materials and catalogues	158	179
Purchase of various materials	772	613
Discounts and rebates from suppliers	(534)	(510)
Fuel for industrial motor vehicles and cars	296	304
Total purchase of goods for resale and consumables	**1,221,282**	**1,162,638**

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.

29. Personnel costs

This item includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

(€thousand)	31.12.2016	31.12.2015
Salaries and wages	27,424	25,925
Social security contributions	8,509	7,904
Staff Severance Provision	2,032	1,904
Other Costs	389	73
Total personnel costs	**38,354**	**35,806**

The personnel costs, although retaining a careful resource management policy, with specific reference to the management of seasonal employment, leave and absences and overtime work, amounted to 38,354 thousand Euros as at 31 December 2016, an increase compared to 35,086 thousand Euros in the previous year. This change is partly linked to the opening of the new MARR Urbe branch (operating since 1 June 2016) and partly to the merger as of 4 April 2016 of new personnel into the Group as a result of the acquisition of the holdings in DE.AL. S.r.l..
As described in more detail in the Directors' Report, it must be noted that this item includes non-recurrent costs of 714 thousand Euros concerning the process of integration and start-up of the new subsidiary DE.AL. (MARR leased the going concern as of 1 October 2016).

Breakdown of employees by category is as follows:

	Workers	Employees	Managers	Total
Employees at 31.12.15	307	489	7	803
Net increases and decreases	*(16)*	*57*	*1*	*42*
Employees at 31.12.16	**291**	**546**	**8**	**845**
Average employees at 31.12.16	**320.5**	**534.7**	**7.8**	**863.0**

30. Amortizations and write-downs

(€thousand)	**31.12.2016**	31.12.2015
Depreciation of tangible assets	5,506	4,813
Amortization of intangible assets	224	177
Provisions and write-downs	12,849	11,599
Total amortization and depreciation	**18,579**	**16,589**

(€thousand)	**31.12.2016**	31.12.2015
Allocation of taxable provisions for bad debts	9,268	9,210
Allocation of non-taxable provisions for bad debts	2,105	2,089
Provision for risk and loss fund	950	1
Provision for supplementary clientele severance indemnity	526	263
Other fixed assets depreciation	0	36
Total provisions and write-downs	**12,849**	**11,599**

For more details on provisions, reference is made to the relevant movements highlighted in notes 11 "Current trade receivables", 19 "Provisions for non-current risks and charges" in addition to that commented in the paragraph "Credit risk".

31. Other operating costs

(€thousand)	**31.12.2016**	31.12.2015
Operating costs for services	180,674	169,202
Operating costs for leases and rentals	9,518	9,071
Operating costs for other operating charges	1,613	1,852
Total other operating costs	**191,805**	**180,125**

(€thousand)	**31.12.2016**	31.12.2015
Sale expenses, distribution and logistic costs for our products	150,204	141,421
Energy consumption and utilities	10,021	9,651
Third-party production	3,460	2,714
Maintenance costs	4,421	4,060
Porterage and movement of goods	3,806	3,333
Advertising, promotion, exhibitions, sales (sundry items)	747	477
Directors' and statutory auditors' fees	892	919
Insurance costs	1,003	839
Reimbursement of expenses, travel costs and sundry personnel costs	359	296
General and other services	5,761	5,492
Total operating costs for services	**180,674**	**169,202**

The increase in operating costs for "sale, movement and distribution" is also correlated, in addition to the increase in revenues, to the increasing centralisation of deliveries by suppliers onto logistical platforms (to which the logistical payments charged to the suppliers relate), with the consequent undertaking by the Company of the costs for distribution from the logistical platforms to the commercial branches. See the Directors' Report and that stated as regards the operating costs for more details.

(€thousand)	**31.12.2016**	31.12.2015
Lease of industrial buildings	9,035	8,469
Lease of processors and other personal property	233	411
Lease of industrial vehicles	12	5
Lease of cars	13	3
Lease of plants, machinery and equipment	82	56
Rent fees and other charges paid on other personal property	143	127
Total operating costs for leases and rentals	**9,518**	**9,071**

It should be pointed out that the rental fees for industrial buildings include the fees of 668 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in which the branch MARR Uno carries out its activities (Via Spagna 20 – Rimini).
The increase compared to the previous year is related to the lease, starting since 4 April 2016, of the building located in Elice (PE) – Via Tevere, initially held by the subsidiary DE.AL and since 1° October 2016 held by the Parent Company that started the new distribution centre MARR Adriatico, following the lease of the going concern "PAC Food" by DE.AL to MARR .

(€thousand)	**31.12.2016**	31.12.2015
Other indirect taxes, duties and similar charges	655	898
Expenses for recovery of debts	357	286
Other sundry charges	205	237
Capital losses on disposal of assets	66	66
IMU	276	310
Contributions and membership fees	54	55
Total operating costs for other operating charges	**1,613**	**1,852**

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

32. Financial income and charges

(€thousand)	**31.12.2016**	31.12.2015
Financial charges	7,395	8,942
Financial income	(2,339)	(2,499)
Foreign exchange (gains)/losses	(119)	334
Total financial (income) and charges	**4,937**	**6,777**

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

The detail of financial charges and income is as follows:

(€thousand)	**31.12.2016**	31.12.2015
Interest paid on other loans, bills discount, hot money, imports	3,698	4,748
Interest payable on loans	304	213
Interest payable on discounted bills, advances, exports	105	291
Other financial interest and charges	3,287	3,688
Interest and Other financial charges for Consolidated Parent Companies	1	2
Total financial charges	**7,395**	**8,942**

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

(€thousand)	**31.12.2016**	31.12.2015
Other sundry financial income (interest from customers, etc.)	(2,276)	(2,384)
Interests and financial income from Parent Companies	(22)	(50)
Positive interest from bank accounts	(41)	(65)
Total Financial Income	**(2,339)**	**(2,499)**

The other financial income concerns the interests due from clients for payment delays.

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

This item, that shows a loss of 109 thousand Euros, represent the evaluation of the investment in the company Griglia Doc S.r.l., that is 50% owned by DE.AL. S.r.l.. For further details refer to paragraph 4.

34. Taxes

(€thousand)	**31.12.2016**	31.12.2015
Ires-Ires charge transferred to Parent Company	22,542	21,813
Irap	4,679	4,523
Net provision for deferred tax liabilities	907	50
Previous years tax	(10)	(419)
Total taxes	**28,118**	**25,967**

Reconciliation between theoretical and effective fiscal charges

(€thousand)	***Year 2016***		*Year 2015*	
	Taxable amount	*Tax*	*Taxable amount*	*Tax*
I.R.E.S.				
Profit before taxation	90,224		87,010	
Taxation rate	27.50%		27.50%	
Theoretical tax burden		24,812		23,928
Permanent differences				
Non-deductible depreciation	360		164	
Write-down of financial assets	0		0	
Other	960		885	
	1,320		1,049	
Deductible depreciation	(2,571)		(1,869)	
Dividends from Italian companies (95%)	(3,465)		(2,953)	
Income from subsidiaries disposal (95%)	0		(1,655)	
Personel cost not deducted to Irap	(131)		(256)	
Other	(4,462)		(2,610)	
	(10,629)		(9,343)	
Temporary differences deductible in future years				
Allocation of taxed provision for bad debts	10,337		9,336	
Maintenance costs excess 5%	0		23	
Other	739		1,061	
Deductible entertainment expenses	0		0	
	11,076		10,420	
Reversal of temporary differences from previous years				
Surplus value deductible in future years	0		0	
	0		0	
Use of taxed provision for bad debts	(8,438)		(8,134)	
Use of others taxed provisions	(335)		(752)	
Amount deductible entertainment expenses	0		0	
Amount of Write-down of financial assets	0		0	
Amount of maintenance cost excess 5%	(20)		(55)	
Other	(677)		(893)	
	(9,470)		(9,834)	
Taxable income	82,521		79,302	
Taxation rate	27.50%		27.50%	
Actual tax burden		**22,693**		**21,808**
Balance of IRES for past business years and roundings		(151)		5
Reimbursements of previous business years		0		(449)
Actual Tax burden of Period		**22,542**		**21,364**
I.R.A.P.				
Profit before taxation	90,224		87,010	
Cost not relevant for I.R.A.P.				
Income and expense from investments	(3,660)		(2,174)	
Financial income and expense	1,292		6,783	
Personnel costs	38,795		36,060	
Theorical taxable	126,651		127,679	
Taxation rate	3.95%		3.94%	
theoretical tax burden		4,998		5,037
Other	(9,740)		(13,756)	
Taxable income	116,911		113,923	
Taxation rate	4.00%		3.95%	
Actual tax burden		**4,674**		**4,499**
Balance of IRAP for past business years		5		24
Actual Tax burden of Period		**4,679**		**4,523**

35. Earnings per share

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

(in Euro)	**2016**	2015
EPS base	0.88	0.87
EPS diluted	0.88	0.87

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

Earnings:

(€thousand)	**31.12.2016**	31.12.2015
Profit for the period	58,524	58,083
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	**58,524**	**58,083**

Number of shares:

(number of shares)	**31.12.2016**	31.12.2015
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	**66,525,120**	**66,525,120**

36. Other profits/losses

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars signed with an operation of private placement in July 2013; effective part of the exchange purchase transactions to hedge the purchases of goods. The value indicated amounted to a total loss of 785 thousand Euros (+548 thousand Euros in the year 2015) and is shown net of the taxation effect (that amounts to approximately +201 thousand Euros as at 31 December 2016).
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 “Employee Benefits”; the value indicated, amounting to a total loss of 95 thousand Euros (a profit of 171 thousand Euros in 2015), is shown net of the taxation effect (that amount to about 30 thousand Euros as at 31 December 2016).

According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated statement of other comprehensive income.

Net financial position

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

	MARR Consolidated (€thousand)	***31.12.16***	*31.12.15*
A.	Cash	9,137	7,368
	Cheques	0	4
	Bank accounts	104,770	82,039
	Postal accounts	253	451
B.	Cash equivalent	105,023	82,494
C.	**Liquidity (A) + (B)**	**114,160**	**89,862**
	Current financial receivable due to Parent Company	2,930	2,771
	Current financial receivable due to Related Companies	0	0
	Others financial receivable	919	1,245
D.	**Current financial receivable**	**3,849**	**4,016**
E.	Current Bank debt	(53,280)	(31,503)
F.	Current portion of non current debt	(52,887)	(42,816)
	Financial debt due to Parent Company	0	0
	Financial debt due to Related Companies	0	0
	Other financial debt	(12,305)	(1,352)
G.	Other current financial debt	(12,305)	(1,352)
H.	**Current financial debt (E) + (F) + (G)**	**(118,472)**	**(75,671)**
I.	**Net current financial indebtedness (H) + (D) + (C)**	**(463)**	**18,207**
J.	Non current bank loans	(125,240)	(143,523)
K.	Other non current loans	(51,770)	(39,211)
L.	**Non current financial indebtedness (J) + (K)**	**(177,010)**	**(182,734)**
M.	**Net financial indebtedness (I) + (L)**	**(177,473)**	**(164,527)**

Events after the closing of the year

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

° ° °

Rimini, 14 March 2017

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

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

- **Appendix 1** – List of equity investments, including those falling within the scope of consolidation as at 31 December 2016.
- **Appendix 2** – Statement of financial position, Income statement, Statement of comprehensive income, Cash-flows statement and Changes in net equity of the Parent Company MARR S.p.A. as at 31 December 2016.
- **Appendix 3** – Table showing reconciliation as at 31 December 2016 between the Parent Company's Net Equity and the consolidated Net Equity.
- **Appendix 4** – Table showing variations in Intangible Assets for the year ending 31 December 2016.
- **Appendix 5** – Table showing variations in Tangible Assets for the year ending 31 December 2016.
- **Appendix 6** – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2015.
- **Appendix 7** – Information as per art. 149-duodecies of the Consob Issuers Regulations.
- **Appendix 8** – Table summarising the relations with parent companies, subsidiaries, related parties and associates.

Appendix 1

MARR GROUP S.p.A.
LIST OF EQUITY INVESTMENTS
AT 31 DECEMBER 2016

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control Company	Indirect control Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
De.Al. S.r.l.	Elice (PE)	3,000	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Griglia Doc S.r.l.	Elice (PE)	2,000		De.Al. S.r.l.	50.0%
EQUITY INVESTMENTS VALUED AT COST:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

Appendix 2

MARR S.p.A. STATEMENT OF FINANCIAL POSITION

(€)	***31.12.16***	*31.12.15**
ASSETS		
Non-current assets		
Tangible assets	65,898,767	61,515,681
Goodwill	94,260,786	73,072,161
Other intangible assets	1,041,637	611,933
Investments in subsidiaries and associated	57,535,945	33,440,608
Investments in other companies	299,812	298,521
Non-current financial receivables	2,153,029	2,673,609
Non current derivative/financial instruments	5,401,347	5,095,197
Deferred tax assets	0	527,727
Other non-current assets	30,555,602	30,501,829
Total non-current Assets	**257,146,925**	**207,737,266**
Current assets		
Inventories	134,757,540	112,025,265
Financial receivables	7,824,567	12,866,811
relating to related parties	*6,907,053*	*11,687,971*
Current derivative/financial instruments	0	64,107
Trade receivables	347,143,031	351,601,847
relating to related parties	*12,879,929*	*5,627,166*
Tax assets	8,647,479	8,995,474
relating to related parties	*1,193,952*	*1,301,293*
Cash and cash equivalents	106,505,788	85,918,424
Other current assets	46,138,270	40,454,277
relating to related parties	*2,006,443*	*1,492,251*
Total current Assets	**651,016,675**	**611,926,205**
TOTAL ASSETS	***908,163,600***	***819,663,471***
LIABILITIES		
Shareholders' Equity	280,623,013	266,773,224
Share capital	*33,262,560*	*33,262,560*
Reserves	*189,101,019*	*174,569,853*
Retained Earnings	*0*	*0*
Profit for the period	*58,259,434*	*58,940,811*
Total Shareholders' Equity	**280,623,013**	**266,773,224**
Non-current liabilities		
Non-current financial payables	176,830,993	182,543,650
Non current derivative/financial instruments	86,936	105,162
Employee benefits	9,432,620	8,951,674
Provisions for risks and charges	4,847,388	3,384,790
Deferred tax liabilities	896,801	0
Other non-current liabilities	854,131	598,586
Total non-current Liabilities	**192,948,869**	**195,583,862**
Current liabilities		
Current financial payables	115,359,081	72,508,001
relating to related parties	*1,763,093*	*859,151*
Current derivative/financial instruments	0	0
Current tax liabilities	1,625,010	1,959,695
relating to related parties	*0*	*548,887*
Current trade liabilities	295,696,419	261,495,686
relating to related parties	*8,116,320*	*3,437,860*
Other current liabilities	21,911,208	21,343,003
relating to related parties	*30,482*	*60,473*
Total current Liabilities	**434,591,718**	**357,306,385**
TOTAL LIABILITIES	***908,163,600***	***819,663,471***

* With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Group considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data. The effect of balance sheet reclassification was a reduction in deferred tax assets and liabilities of 9.4 million Euros as at December 31, 2015.

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

(€)	***31.12.2016***	*31.12.2015*
Revenues	1,382,444,012	1,347,715,687
concerning related parties	*44,761,763*	*32,767,462*
Other revenues	38,839,233	38,298,496
relating to related parties	*420,926*	*383,421*
Changes in inventories	22,732,275	2,224,544
Purchase of goods for resale and consumables	(1,137,640,476)	(1,090,287,254)
relating to related parties	*(75,349,860)*	*(64,370,587)*
Personnel costs	(34,460,604)	(32,422,646)
relating to related parties	*(13,462)*	*(9,958)*
Amortization, depreciation and write-downs	(16,757,886)	(15,127,567)
Other operating costs	(173,301,159)	(168,516,202)
relating to related parties	*(3,898,356)*	*(5,576,909)*
Financial income and charges	(4,830,466)	(6,537,767)
relating to related parties	*115,377*	*205,290*
Income (charge) from associated companies	3,659,954	5,281,834
Profit before taxes	***80,684,883***	***80,629,125***
Taxes	(24,882,217)	(24,145,082)
Profit for the period	***55,802,666***	***56,484,043***

EPS base (euros)	0.84	0.85
EPS diluted (euros)	0.84	0.85

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

(€)	***31.12.2016***	*31.12.2015*
Profits for the period (A)	***55,802,666***	***56,484,043***
Items to be reclassified to profit or loss in subsequent periods:		
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect	(785,250)	559,188
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect	(34,305)	122,808
Total Other Profits/Losses, net of taxes (B)	***(819,555)***	***681,996***
Comprehensive Income (A + B)	***54,983,111***	***57,166,039***

CASH FLOWS STATEMENT (INDIRECT METHOD)

(€thousand)	***31.12.16***	*31.12.15*
Profit for the Period	55,803	56,484
Adjustment:		
Amortization / Depreciation	5,202	4,423
Allocation of provison for bad debts	10,200	10,500
Allocation of provision for investments in subsidiaries	4	(432)
Allocation of provision for risks and losses	950	0
Capital profit/losses on disposal of assets	(43)	(7)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,946	6,218
relating to related parties	*(115)*	*(205)*
Foreign exchange evaluated (gains)/losses	(68)	153
Income from subsidiaries disposal	0	(1,742)
Dividends Received	(3,647)	(3,107)
	17,544	16,006
Net change in Staff Severance Provision	481	(485)
(Increase) decrease in trade receivables	(3,187)	(13,348)
relating to related parties	*(7,253)*	*1,478*
(Increase) decrease in inventories	(22,733)	(2,224)
Increase (decrease) in trade payables	32,143	3,323
relating to related parties	*4,678*	*(4,661)*
(Increase) decrease in other assets	(1,461)	3,207
relating to related parties	*(514)*	*(821)*
Increase (decrease) in other liabilities	(953)	3,342
relating to related parties	*(30)*	*(31)*
Net change in tax assets / liabilities	25,500	25,099
relating to related parties	*20,002*	*20,231*
Interest paid	(7,346)	(8,868)
relating to related parties	*(12)*	*(23)*
Interest received	2,400	2,650
relating to related parties	*127*	*228*
Foreign exchange gains	576	(712)
Foreign exchange losses	(508)	559
Income tax paid	(23,992)	(26,786)
relating to related parties	*(20,444)*	*(21,517)*
Cash-flow from operating activities	**74,267**	**58,247**
(Investments) in other intangible assets	(489)	(367)
(Investments) in tangible assets	(8,230)	(4,522)
Net disposal of tangible assets	287	1,379
Net (investments) in equity investments (subsidiaries and associated)	(36,000)	0
Net (investments) in equity investments in other companies	5	0
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(21,674)	0
Ingoing for divestments of subsidiaries during the year	0	1,902
Dividends Received	3,647	3,107
Cash-flow from investment activities	**(62,454)**	**1,499**
Distribution of dividends	(43,907)	(41,246)
Other changes	(825)	659
Net change in financial payables (excluding the new non-current loans received)	17,264	(62,996)
relating to related parties	*7,233*	*(231)*
New non-current loans received	37,000	102,800
relating to related parties	*0*	*0*
Net change in current financial receivables	(972)	(1)
relating to related parties	*(1,548)*	*(61)*
Net change in non-current financial receivables	215	(5,438)
Cash-flow from financing activities	**8,775**	**(6,222)**
Increase (decrease) in cash-flow	**20,588**	**53,524**
Opening cash and equivalents	85,918	32,394
Closing cash and equivalents	**106,506**	**85,918**

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

Description	Share Capital	Other Reserves															Profits carried over	Total net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	Trading on share reserve	Reserve for profit (losses) on own share	Total own shares		
Balance at 1st January 2015	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**46,406**	**1,475**	**7,516**	**(1,676)**	**1,485**	**1,823**	**(761)**	**162,776**				**54,838**	**250,877**
Allocation of 2014 profit						11,136							**11,136**				(11,136)	
Distribution dividends Marr S.p.A.																	(41,246)	(41,246)
Other minor variations										(6)		(18)	**(24)**					(24)
Consolidated comprehensive income 2015:																		
- Profit for the period																	56,484	56,484
- Other Profits/Losses, net of taxes									559			123	**682**					682
Balance at 31 December 2015	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**57,542**	**1,475**	**7,516**	**(1,117)**	**1,479**	**1,823**	**(656)**	**174,570**				**58,940**	**266,773**
Allocation of 2015 profit						12,577							**12,577**				(12,577)	
Distribution dividends Marr S.p.A.																	(43,907)	(43,907)
Merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. in MARR S.p.A.											2,779		**2,779**					2,779
Other minor variations										(6)			**(6)**					(6)
Consolidated comprehensive income 2016:																		
- Profit for the period																	55,803	55,803
- Other Profits/Losses, net of taxes									(785)			(34)	**(819)**					(819)
Balance at 31 December 2016	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**70,119**	**1,475**	**7,516**	**(1,902)**	**1,473**	**4,602**	**(690)**	**189,101**				**58,259**	**280,623**

Reconciliation between the Parent Company's Net Equity and the consolidated Net Equity as at 31 December 2016

	Increase/(Decrease) Shareholders' Equity	Increase/(Decrease) of which Net Profit for the period
Parent Company's shareholders' equity and profit/(loss) for the year	280,623	55,803
Effect of the consolidation on a line-by-line basis:		
-- Difference between the book value of the consolidated subsidiaries and the relevant portion of shareholders' equity	(51,137)	0
-- Allocation of the surplus of the purchase price paid for the acquisition of equity investments consolidated on a line-by-line basis, to lands, buildings and consolidation difference	50,152	(24)
-- Pro rata subsidiary profits (losses)	6,335	6,335
Allocation of the consolidation differences caused by the company amalgamations	2,718	0
Write-off of the goodwill caused by company merged	(2,053)	0
Effect of the elimination of profits not yet realised from transactions between Group companies, net of the applicable tax effect	(1,584)	(3,641)
Adjustments to adapt the financial statements of some consolidated companies to Group Accounting Standards	511	51
Group's share of net equity and profit/(loss)	285,565	58,524
Minorities' share of net equity and profit/(loss)	0	0
Shareholders' equity and profit/(loss) for the year	285,565	58,524

Appendix 4

Intangible fixed assets (in thousand of Euros)	OPENING BALANCE			MOVEMENTS DURING THE YEAR				CLOSING BALANCE		
	Original Cost	Provision for amortization	Balance 01/01/2016	Purchases/ reclassification	Consolidation Change	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2016
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	5,600	(5,153)	447	282	1,074	(1,000)	(222)	5,956	(5,375)	581
Concessions, licences, brand names, and similar rights	174	(156)	18	2			(2)	176	(158)	18
Goodwill	107,096		107,096	36,184				143,280		143,280
Intangible fixed assets under development and advances	278		278	228				506		506
Other intangible fixed assets	436	(436)						436	(436)	
Total	**113,584**	**(5,745)**	**107,839**	**36,696**	**1,074**	**(1,000)**	**(224)**	**150,354**	**(5,969)**	**144,385**

Appendix 5

Tangible fixed assets	Opening balance			Movements during the year								Closing balance		
(in thousand of Euros)	Original Cost	Provision for amortization	Balance 01/01/2016	Purchases/ other movements	DEAL Acquisition Original cost	DEAL Acquisition Prov. for am.	Decreases Original cost	Decreases Prov. for am.	Reclassification Original cost	Reclassification Prov. for am.	Amortization/ write down	Original Cost	Provision for amortization	Balance 31/12/2016
Land and buildings	78,886	(23,608)	55,278	3,130	3	(3)	(11)		670		(1,902)	82,678	(25,513)	57,165
Plant and machinery	32,271	(23,496)	8,775	2,202	363	(357)	(104)	98	53		(2,197)	34,785	(25,952)	8,833
Industrial and commercial equipment	4,745	(3,277)	1,468	411	1,629	(1,316)	(208)	80			(338)	6,577	(4,851)	1,726
Other tangible assets	13,672	(11,352)	2,319	2,788	891	(593)	(997)	663			(1,075)	16,354	(12,357)	3,996
Tangible fixed assets under development and advances	723		723	9					(723)			9		9
Total	**130,297**	**(61,733)**	**68,563**	**8,540**	**2,886**	**(2,269)**	**(1,320)**	**841**			**(5,512)**	**140,403**	**(68,673)**	**71,729**

Appendix 6

Cremonini S.p.A.	Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company - **Financial Statements as of December 31, 2015** in thousands of Euros			Consolidated
		BALANCE SHEET		
		ASSETS		
83,629		Tangible assets		810,651
6		Goodwill and other intangible assets		165,451
256,937		Investments		14,399
4,878		Non-current assets		72,240
345,450		*Total non-current assets*		*1,062,741*
0		Inventories		390,975
12,697		Receivables and other current assets		608,020
406		Cash and cash equivalents		183,416
13,103		*Total current assets*		*1,182,411*
358,553		**Total assets**		**2,245,152**
		LIABILITIES		
221,712		Shareholders' equity:		*711,178*
	67,074	Share capital	67,074	
	122,213	Reserves	321,630	
	32,425	Net profit (loss)	55,129	
	0	Minority interest	267,345	
84,167		Non-current financial payables		510,492
418		Employee benefits		25,386
200		Provisions for risks and charges		18,027
5,364		Other non-current liabilities		66,338
90,149		*Total non-current liabilities*		*620,243*
33,931		Current financial payables		287,412
12,761		Current liabilities		626,319
46,692		*Total current liabilities*		*913,731*
358,553		**Total Liabilities**		**2,245,152**
		INCOME STATEMENT		
5,004		Revenues		3,293,865
1,129		Other revenues		80,140
		Changes in inventories		14,347
		Internal works performed		3,144
(42)		Purchase of goods		(2,274,988)
(5,645)		Other operating costs		(560,041)
(2,606)		Personnel costs		(290,596)
(1,290)		Amortization		(63,728)
(65)		Depreciation and Allocations		(33,025)
37,524		Income from investments		(679)
(3,492)		Financial income and charges		(33,132)
0		Profit from business aggregations		0
30,517		*Profit before taxes*		*135,307*
1,908		Taxes		(41,817)
32,425		Net profit (loss) before consolidation		93,490
0		Minority interest's profit (loss)		(38,361)
32,425		**Consolidated Net profit (loss)**		**55,129**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2015. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2015, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

Appendix 7

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulations, shows the fees pertinent to business year 2016 for services rendered to the Group companies by Auditing Firms[VI] or entities belonging to the auditing firms' network:

(€thousand)	Service Company	Client	Fees pertinent to business year 2016
Auditing	Reconta Ernst & Young S.p.A.	MARR S.p.A.	93
	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	48
	PricewaterhouseCoopers S.p.A.	As.Ca S.p.a.	19
Certification service			0
Other services			0
Total			**160**

[VI] It should be noted that, since the mandate conferred upon Reconta Ernst & Young S.p.A. on 20 April 2007 ended, the Shareholders' Meeting on 28 April 2016 conferred the duty of auditing the accounts to the independent auditing firm PricewaterhouseCoopers S.p.A. for the business years from 2016 to 2024.

Appendix 8

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	461	1,011	2,930	210			5			22		1,170			1
Total	461	1,011	2,930	210	0	0	5	0	0	22	0	1,170	0	0	1
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia DOC S.r.l.	22			19				21				18			
Total	22	0	0	19	0	0	0	21	0	0	0	18	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,246	6		22			8,100					50			
Fiorani & C. S.p.a.		41		235					39		1,947				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				422								882		1	
Guardamiglio S.r.l.	7			6			108								
Inalca Algerie S.a.r.l.	12														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	842	2			9		5,416	137							
Inalca Kinshasa S.p.r.l.	315														
Inalca S.p.a.	73	29		5,523			378		231		65,241	23			
Inter Inalca Angola Ltda	197														
Interjet S.r.l.															
Italia Alimentari S.p.a.	4	71		362					130		3,962				
Marr Russia L.l.c.															
Pappabuona.com S.r.l.	78						97								
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	668						1,900								
Roadhouse S.p.A.	7,156			2	21		26,217	26			26	2			
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		23							23						
From Affiliated Companies															
Farmservice S.r.l.	21						75								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	11,621	172	0	6,572	30	0	42,291	163	423	0	71,176	957	668	1	0

(*) The items in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. and its subsidiaries within the scope of the National Consolidated tax base, for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 and for the net balance of Ires of the year.
Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.
(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

STATEMENT OF CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58 DATED 24 FEBRUARY 1998

1. The undersigned Pierpaolo Rossi in the quality of Chief Executive Officer, and Antonio Tiso, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:
    - the adequacy in relation to the characteristics of the company and
    - the effective application,

    of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement, during the year 2016.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2016 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

    3.1 The consolidated financial statements:
    a. are drafted in conformity with the internationally applicable accounting principles recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
    b. correspond to the findings in the accounts books and documents;
    c. are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author and the group of companies included in the scope of consolidation.

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

Rimini, 14 March 2017

Pierpaolo Rossi	Antonio Tiso
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
MARR SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the MARR Group, which comprise the consolidated statement of financial position as of December 31, 2016, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flows statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of MARR SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree N° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the MARR Group as of December 31, 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/2005.

Other aspects

The consolidated financial statements as of December 31, 2015 were audited and reviewed by other auditors, who on March 29, 2016 expressed an unqualified opinion on the consolidated financial statements.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, which are the responsibility of the directors of MARR SpA, with the consolidated financial statements of the MARR Group as of December 31, 2016. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the MARR Group as of December 31, 2016.

Bologna, 30 march 2017

PricewaterhouseCoopers S.p.A.

Signed by

Edoardo Orlandoni
(Partner)

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

MARR SpA

Report by the Board of Statutory Auditors on the Consolidated Financial Statements as at 31 December 2016

Dear Shareholders,

The MARR S.p.A. consolidated financial statements for 2016, which have been made available to you, show an annual profit of 58,524 thousand Euros (58,083 thousand Euros last year), which corresponds to the profit attributable to the Group.

The annual profit and that attributable to the Group are the same for 2016 as well, given that the scope of consolidation is constituted solely by companies entirely owned.

The document in question has been prepared in compliance with that required by the International Financial Reporting Standards (IFRS).

The statement of financial position and income statement contain the values from last year's consolidated financial statements for comparative purposes.

In the report on operations by the Directors, the explanatory notes and relevant annexes, which supplement and provide a commentary on the consolidated financial statements, the Board of Directors provides information on the situation of all of the companies in the scope of consolidation and events that characterised the year, in addition to the method of consolidation and the criteria for assessment.

In its report pursuant to arts. 14 and 16 of Legislative Decree 39/2010, the independent auditing firm PricewaterhouseCoopers S.p.a. did not highlight any informative findings and/or recalls, or make observations or limitations.

For the matters of our competence:

- we have verified the formation of the scope of consolidation, the principles of consolidation used and the general compliance of these with the dispositions of the law;
- we have observed that the explanatory notes and the report on operations, which are to be considered consistent with the findings highlighted in the consolidated financial statements, provide the information required respectively by arts. 38 and 40 of Legislative Decree 127/1991 , as recalled in the Consob consultation paper dated 10 March 2006.

The above holding firm, the Board of Statutory Auditors believes that the consolidated financial statements as at 31 December 2016 of the MARR Group properly represent the equity, economic and financial situation of the Parent Company and the companies in the scope of consolidation.

Rimini, 30 March 2017

The Board of Statutory Auditors
Mr. E. Simonelli
Mrs. S. Muratori
Mr. D. Muratori

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

MARR S.p.A.

Financial Statements

as at December 31, 2016

STATEMENT OF FINANCIAL POSITION

(€)	*Notes*	*31.12.16*	31.12.15*
ASSETS			
Non-current assets			
Tangible assets	1	65,898,767	61,515,681
Goodwill	2	94,260,786	73,072,161
Other intangible assets	3	1,041,637	611,933
Investments in subsidiaries and associated	4	57,535,945	33,440,608
Investments in other companies	5	299,812	298,521
Non-current financial receivables	6	2,153,029	2,673,609
Non current derivative/financial instruments	7	5,401,347	5,095,197
Deferred tax assets	20	0	527,727
Other non-current assets	8	30,555,602	30,501,829
Total non-current Assets		**257,146,925**	**207,737,266**
Current assets			
Inventories	9	134,757,540	112,025,265
Financial receivables	10	7,824,567	12,866,811
relating to related parties		*6,907,053*	*11,687,971*
Current derivative/financial instruments		0	64,107
Trade receivables	11	347,143,031	351,601,847
relating to related parties		*12,879,929*	*5,627,166*
Tax assets	12	8,647,479	8,995,474
relating to related parties		*1,193,952*	*1,301,293*
Cash and cash equivalents	13	106,505,788	85,918,424
Other current assets	14	46,138,270	40,454,277
relating to related parties		*2,006,443*	*1,492,251*
Total current Assets		**651,016,675**	**611,926,205**
TOTAL ASSETS		***908,163,600***	***819,663,471***
LIABILITIES			
Shareholders' Equity	15	280,623,013	266,773,224
Share capital		*33,262,560*	*33,262,560*
Reserves		*189,101,019*	*174,569,853*
Retained Earnings		*0*	*0*
Profit for the period		*58,259,434*	*58,940,811*
Total Shareholders' Equity		**280,623,013**	**266,773,224**
Non-current liabilities			
Non-current financial payables	16	176,830,993	182,543,650
Non current derivative/financial instruments	17	86,936	105,162
Employee benefits	18	9,432,620	8,951,674
Provisions for risks and charges	19	4,847,388	3,384,790
Deferred tax liabilities	20	896,801	0
Other non-current liabilities	21	854,131	598,586
Total non-current Liabilities		**192,948,869**	**195,583,862**
Current liabilities			
Current financial payables	22	115,359,081	72,508,001
relating to related parties		*1,763,093*	*859,151*
Current derivative/financial instruments		0	0
Current tax liabilities	23	1,625,010	1,959,695
relating to related parties		*0*	*548,887*
Current trade liabilities	24	295,696,419	261,495,686
relating to related parties		*8,116,320*	*3,437,860*
Other current liabilities	25	21,911,208	21,343,003
relating to related parties		*30,482*	*60,473*
Total current Liabilities		**434,591,718**	**357,306,385**
TOTAL LIABILITIES		***908,163,600***	***819,663,471***

* With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Company considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data. The effect of balance sheet reclassification was a reduction in deferred tax assets and liabilities of 9.4 million Euros as at December 31, 2015.

STATEMENT OF PROFIT OR LOSS

(€)	*Notes*	***31.12.2016***	*31.12.2015*
Revenues	26	1,382,444,012	1,347,715,687
concerning related parties		*44,761,763*	*32,767,462*
Other revenues	27	38,839,233	38,298,496
relating to related parties		*420,926*	*383,421*
Changes in inventories	9	22,732,275	2,224,544
Purchase of goods for resale and consumables	28	(1,137,640,476)	(1,090,287,254)
relating to related parties		*(75,349,860)*	*(64,370,587)*
Personnel costs	29	(34,460,604)	(32,422,646)
relating to related parties		*(13,462)*	*(9,958)*
Amortization, depreciation and write-downs	30	(16,757,886)	(15,127,567)
Other operating costs	31	(173,301,159)	(168,516,202)
relating to related parties		*(3,898,356)*	*(5,576,909)*
Financial income and charges	32	(4,830,466)	(6,537,767)
relating to related parties		*115,377*	*205,290*
Income (charge) from associated companies	33	3,659,954	5,281,834
Profit before taxes		***80,684,883***	***80,629,125***
Taxes	34	(24,882,217)	(24,145,082)
Profit for the period		***55,802,666***	***56,484,043***
EPS base (euros)	35	0.84	0.85
EPS diluted (euros)	35	0.84	0.85

STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*Notes*	*31.12.2016*	*31.12.2015*
Profits for the period (A)		***55,802,666***	***56,484,043***
Items to be reclassified to profit or loss in subsequent periods:			
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		(785,250)	559,188
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		(34,305)	122,808
Total Other Profits/Losses, net of taxes (B)	**36**	***(819,555)***	***681,996***
Comprehensive Income (A + B)		***54,983,111***	***57,166,039***

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(note 15)

Description	Share Capital	Other Reserves															Profits carried over	Total net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	Trading on share reserve	Reserve for profit (losses) on own share	Total own shares		
Balance at 1st January 2015	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**46,406**	**1,475**	**7,516**	**(1,676)**	**1,485**	**1,823**	**(761)**	**162,776**				**54,838**	**250,877**
Allocation of 2014 profit						11,136							**11,136**				(11,136)	
Distribution dividends Marr S.p.A.																	(41,246)	(41,246)
Other minor variations										(6)		(18)	**(24)**					(24)
Consolidated comprehensive income 2015:																		
- Profit for the period																	56,484	56,484
- Other Profits/Losses, net of taxes									559			123	**682**					682
Balance at 31 December 2015	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**57,542**	**1,475**	**7,516**	**(1,117)**	**1,479**	**1,823**	**(656)**	**174,570**				**58,940**	**266,773**
Allocation of 2015 profit						12,577							**12,577**				(12,577)	
Distribution dividends Marr S.p.A.																	(43,907)	(43,907)
Merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. in MARR S.p.A.											2,779		**2,779**					2,779
Other minor variations										(6)			**(6)**					(6)
Consolidated comprehensive income 2016:																		
- Profit for the period																	55,803	55,803
- Other Profits/Losses, net of taxes									(785)			(34)	**(819)**					(819)
Balance at 31 December 2016	**33,263**	**63,348**	**6,652**	**12**	**36,496**	**70,119**	**1,475**	**7,516**	**(1,902)**	**1,473**	**4,602**	**(690)**	**189,101**				**58,259**	**280,623**

CASH FLOWS STATEMENT (INDIRECT METHOD)

(€thousand)	***31.12.16***	*31.12.15*
Profit for the Period	55,803	56,484
Adjustment:		
Amortization / Depreciation	5,202	4,423
Allocation of provison for bad debts	10,200	10,500
Allocation of provision for investments in subsidiaries	4	(432)
Allocation of provision for risks and losses	950	0
Capital profit/losses on disposal of assets	(43)	(7)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,946	6,218
relating to related parties	*(115)*	*(205)*
Foreign exchange evaluated (gains)/losses	(68)	153
Income from subsidiaries disposal	0	(1,742)
Dividends Received	(3,647)	(3,107)
	17,544	16,006
Net change in Staff Severance Provision	481	(485)
(Increase) decrease in trade receivables	(3,187)	(13,348)
relating to related parties	*(7,253)*	*1,478*
(Increase) decrease in inventories	(22,733)	(2,224)
Increase (decrease) in trade payables	32,143	3,323
relating to related parties	*4,678*	*(4,661)*
(Increase) decrease in other assets	(1,461)	3,207
relating to related parties	*(514)*	*(821)*
Increase (decrease) in other liabilities	(953)	3,342
relating to related parties	*(30)*	*(31)*
Net change in tax assets / liabilities	25,500	25,099
relating to related parties	*20,002*	*20,231*
Interest paid	(7,346)	(8,868)
relating to related parties	*(12)*	*(23)*
Interest received	2,400	2,650
relating to related parties	*127*	*228*
Foreign exchange gains	576	(712)
Foreign exchange losses	(508)	559
Income tax paid	(23,992)	(26,786)
relating to related parties	*(20,444)*	*(21,517)*
Cash-flow from operating activities	**74,267**	**58,247**
(Investments) in other intangible assets	(489)	(367)
(Investments) in tangible assets	(8,230)	(4,522)
Net disposal of tangible assets	287	1,379
Net (investments) in equity investments (subsidiaries and associated)	(36,000)	0
Net (investments) in equity investments in other companies	5	0
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(21,674)	0
Ingoing for divestments of subsidiaries during the year	0	1,902
Dividends Received	3,647	3,107
Cash-flow from investment activities	**(62,454)**	**1,499**
Distribution of dividends	(43,907)	(41,246)
Other changes	(825)	659
Net change in financial payables (excluding the new non-current loans received)	17,264	(62,996)
relating to related parties	*7,233*	*(231)*
New non-current loans received	37,000	102,800
relating to related parties	*0*	*0*
Net change in current financial receivables	(972)	(1)
relating to related parties	*(1,548)*	*(61)*
Net change in non-current financial receivables	215	(5,438)
Cash-flow from financing activities	**8,775**	**(6,222)**
Increase (decrease) in cash-flow	**20,588**	**53,524**
Opening cash and equivalents	85,918	32,394
Closing cash and equivalents	**106,506**	**85,918**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Corporate information

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

The financial statements for the business year closing as at 31 December 2016 were authorised for publication by the Board of Directors on 14 March 2017.

Structure and contents of the consolidated financial statements

The financial statements as at 31 December 2016 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent amendments and CONSOB communications and decisions.

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

Reference to the international accounting standards, adopted in the preparation of the financial statements as at 31 December 2016, is indicated in the "Accounting policies" section.

For the purposes of the application of IFRS 8 it is noted that the Company operates in the "Distribution of food products to the Foodservice" sector only; as regards the performance levels in 2016, see that described in the Directors' Report on management performance.

The financial statements as at 31 December 2016 include, for comparative purposes, the figures for the year ended on 31 December 2015.

With regard to the balance sheet for the year 2015 it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Company considered it appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.
The effect of the reclassification on the data as at 31 December 2015 is described in paragraph 20 "Deferred tax assets and deferred tax liabilities".

In addition to the above, it must be noted, as also stated in the Directors' Report, that on 22 November 2016, the operation for the merger by incorporation of the fully owned companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. into MARR S.p.A. was completed. The merger carried out is aimed at achieving the rationalisation of the economic, financial and administrative management, as the activities of Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. were limited to the leasing of the respective going concerns to the Parent Company . The operation also had accounting and fiscal effects backdated to 1 January 2016 and was accounted consistently with that established by OPI (Assirevi Preliminary Orientations on the IFRS) no. 2R (October 2016). The impact of the operation on the equity and financial situation at the start of the year and the economic situation of MARR S.p.A. are described in the following paragraphs in the Explanatory Notes and summarised in Appendix 7.

The following classifications have been used:
- "Statement of financial position" by current/non-current items
- "Statement of profit or loss" for nature
- "Cash flows statement" (indirect method)

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

All amounts are indicated in Euros.

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

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

Accounting policies

The most significant Accounting policies adopted for the preparation of the MARR S.p.A. financial statements as at 31 December 2016 are indicated below:

Tangible assets

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

The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
The rates applied are the following:

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

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

Goodwill and other intangible assets

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

life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
Goodwill and other intangible assets, if any, with an indefinite useful life are not subject to amortization; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss of value. As far as goodwill is concerned, verification is made on the smallest aggregate upon which Management, either directly or indirectly, assesses the return on the investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.
Other intangible assets have been amortized by adopting the following criteria:

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

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

Investments in subsidiaries, associated and other companies

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

Inventories

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

Receivables and other current assets

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

Financial assets

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

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

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

Loans and receivables

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

Derivatives

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

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

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

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

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

Losses in value of financial assets

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

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

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

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

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

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

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

Losses in value of non-financial assets

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

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

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

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

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

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

Employee benefits

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

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

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

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

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

Provisions for risks and charges

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

Financial liabilities

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

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

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

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

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

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

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

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

Derivatives

Subsequently to their initial recording, derivatives are valued again at their fair value and are accounted as financial liabilities when their fair value is negative. Eventual profits or losses deriving from changes in the fair value of the derivatives are recorded directly in the income statement, except for the effective part of the hedging of cash flows, which is recorded among the components of other comprehensive income and subsequently reclassified in the statement of profit or loss if the hedging instrument influences the profits or losses.

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

Income taxes

Current income taxes are calculated on the basis of the estimated taxable income. Tax assets and liabilities for current taxes are recognized at the value expected to be paid/recovered to/from the Tax Authorities, by applying the rates and tax regulations in force or basically approved as at the end of the period, and considering the involvement

of some companies to the national consolidated tax base.
Deferred tax liabilities and assets are calculated on the temporary differences between the values of the assets and liabilities recorded in the financial statements and the corresponding values recognised for fiscal purposes.
Deferred taxes are recorded on all the taxable temporary differences, with the following exceptions:

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

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

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

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

Criteria for conversion of items in foreign currency

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

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as “Business combinations”). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.
The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred

are expensed and included in administrative expenses.
If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.
Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.
If the contingent consideration is classified as equity, it should not remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Revenue and cost recognition

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

Accounting treatment of financial assets/instruments

MARR S.p.A. uses derivative financial instruments to hedge its exposure to foreign currency risks on purchases and loans in currency other than the functional one in addition to its exposure to rate interest risk on certain variable rate loans.

These derivative financial instruments are initially recognised at their fair value on stipulation; subsequently, this fair value is remeasured periodically; they are carried as assets when the fair value is positive and liabilities when the fair value is negative.
Fair value is the price that would be received for the sale of an asset, or would be paid for the transfer of a liability, in a standard transaction between market operators on the date of valuation.
The fair value of the derivative financial instruments used is determined on the basis of market value when it is possible to identify the market to which they actively belong. However, if the market value of a financial instrument is not easily calculable, but its components or those of a similar instrument are calculable, the market value is determined through the evaluation of the individual components of the instrument or of the similar instrument. Furthermore, for those instruments for which an active market is not easily identifiable, the evaluation is carried out by using the value resulting from generally accepted evaluation models and techniques which ensure a reasonable approximation of the market value. All the assets and liabilities for which the fair value is valued or recorded in the financial statements are categorised on the basis of the fair value hierarchy, as described below:

- Level 1 – the quoted (not adjusted) prices on active markets for identical assets and liabilities which the entity may access on the date of valuation;

- Level 2 – Input other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability in question;
- Level 3 – valuation techniques for which the input data is not observable for the asset or liability in question.

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

Own shares

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

Main estimates adopted by management and discretional assessments

The preparation of the Company financial statements requires that the directors carry out discretional assessments, estimates and hypotheses that influence the value of revenues, costs, assets and liabilities, and the indication of potential liabilities at the time of the financial statements. However, uncertainty as to these hypotheses and estimates may lead to outcomes that will require future significant adjustments on the accounting value of these assets and/or liabilities.

Estimates and hypotheses used

Below is an outline of the key hypotheses concerning the future and other significant sources of uncertainty in estimates at the date of closure of the financial statements that could be the cause of significant adjustment to the value of assets and liabilities in coming business years. The results achieved could differ from these estimates. The estimates and assumptions made are periodically revised and the effects of all changes are immediately reflected in the profit and loss account.

- Estimates adopted to evaluate the impairment of non-financial assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on “Losses in value of non-financial assets”.
The recoverable value has been determined on the value in use basis.
For 2017 cash-flows generating units attributable to each goodwill derive from the Budget approved by the Board of Directors; for subsequent years, an extremely prudent conduct was maintained, estimating a substantially flat performance in terms of revenues for 2018 and an increase of 1% for 2019 and 2020; for 2021 and for the calculation of the terminal value, an increase rate of 1% was hypothesised.
The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 5.18% (6.44% in the previous year) calculated punctually in coherence with previous years and with significant focus on the risk and uncertainty factors of the current market. Sensitivity analyses have also been conducted on this rate, consequently to the variation manly of interest rates and of the other financial parameters used and the sustainability of the goodwill value recorded in the financial statements has been verified with WACC values more prudential and, as in the past years, with a comparison with those used by financial analysts. Lastly, we would point out that specific focus has also been given to the growth factors expected in coming years, which can be considered as mainly prudential in relation to the results achieved and the specific market context.
The measurement of any impairment of assets (Goodwill), for the results of which refer to the paragraph 2 “*Goodwill*”, was made by referring to the situation as at 31 December 2016.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment obligations:

  – The expected inflation rate is equal to 1.5%;
  – The discounting rate used is equal to 0.86%[VII];
  – The annual rate of increase of the severance plan is expected to be equal to 2.625%;
  – A 6.5% turnover of employees is expected.

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:

  – The rate of voluntary turnover is expected to be 13%;
  – The rate of corporate turnover is expected to be 2%;
  – The discounting rate used is 0.39%.

- Estimates used in calculating deferred taxes

A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax assets to be accounted. They must estimate the probable occurrence in time and the total value of future fiscally chargeable profits.

- Other

Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down, the determination of amortizations and evaluation of receivables and other assets.
These estimates, although supported by well defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting in receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

Accounting principles, amendments and interpretations applicable as at 1 January 2016

The criteria for assessment used for drafting the accounts do not differ from those used for the drafting of the financial statements as at 31 December 2015, with the exception of the accounting principles, amendments and interpretations applicable as at from 1st January 2016, , listed below, that in any case are not affecting the current interim report of the Company.

- Improvements to the International Financial Reporting Standards (2010-2012): the majority of the modifications are clarifications or corrections to the existing IFRS, or modifications consequent to changes previously made to the IFRS.
- Improvements to the International Financial Reporting Standards (2012-2014), including modifications to the following existing International Accounting Standards:
  – IFRS 5 – Non-current assets owned for sale and operating assets terminated: changes to the disposal schedules. The change establishes guidelines to be followed in the event in which an entity reclassifies an asset (or a group being disposed of) in the held for sale category to the held for distribution category (or vice-versa), or when the requirements for the classification of an asset as held for distribution are no longer in place.
  – IFRS 7 – Financial instruments: additional information. The document disciplines the introduction of additional guidelines to clarify whether a so-called servicing contract constitutes a residual involvement of an asset transferred for the purposes of the required information. Also, as regards the compensation between financial assets and liabilities, the document clarifies that the information is not explicitly required for all interim financial statements. However, this information could be required to respect the requirements laid down by IAS 34, should it constitute significant information.
  – IAS 19 – Employee benefits: problems concerning the discount rate. The document introduces some changes to IAS 19 in order to clarify that the high quality corporate bonds, used to determine the discount rate for subsequent benefits, should be issued in the same currency as that use for the payment

[VII] Average performance curve deriving from the IBOXX Eurozone Corporates AA (7 – 10 years).

of the benefits. The changes specify that the range of the market of high quality corporate bonds to be considered is that at a currency level.

- Changes to IAS 19 – *Employee Contributions*. These changes are aimed at providing more details on the accounting of the pension funds which involve the payment of contributions on the part of those involved in the plan.
- Modifications to IFRS 11 - Joint control agreements: Purchase of a holding. These modifications require that a joint operator which records the acquisition of a holding in a joint control agreement in the accounts, the activities of which represent a business, must apply the significant principles of IFRS 3 concerning the accounting of corporate aggregations. The modifications also clarify that, in the case of joint control being maintained, the holding previously held in a joint control agreement shall not be the subject of re-measurement at the time at which an additional holding is purchased. Furthermore, an exclusion to the scope of IFRS 11 has been added, in order to clarify that the modifications shall not be applicable when all the parties sharing control, including the entity which draws up the financial statements, are subjected to the common control of the same controlling entity. The modifications are applicable to both the purchase of the initial holding in a joint control agreement and the purchase of any additional holdings in the same joint control agreement and must be applied prospectively.
- Modifications to IAS 16 and IAS 38: Clarification on the admissible methods of amortization. These modifications clarify the principle contained in IAS 16 and in IAS 38: the revenues reflect a model of economic benefits generated by the management of a business (of which the activity is part), rather than the economic benefits consumed by using the asset in question. It follows that a method based on revenues cannot be used for the amortization of buildings, plant and machinery and could only be used in very limited circumstances for the amortization of intangible assets. The modifications must be applied prospectively.
- Modifications to IAS 27: Net equity method in the separate financial statements. The modifications will enable the entity to use the net equity method to record the holdings in subsidiaries, joint ventures and associates in its own separate financial statements. The entities which are already applying the IFRS and decide to modify the criterion for recording in the accounts by changing to the net equity method in their own separate financial statements must apply the change retrospectively.
- Modifications to IAS 1: Initiative on the informative note to the financial statements. The modifications are aimed at introducing clarifications into IAS 1 in order to deal with some elements that are perceived as limitations to the use of judgement by those who draw up the financial statements. The amendments clarify that the indications on material nature apply to the overall financial statements and that this disclosure is only required if it is material. If there is additional information that, although not required by the international accounting standards, is required for the reader to understand the financial statements in overall terms, these must be included in the informative note itself.
- Modifications to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception: The modifications deal with the problems arising in the application of the exception concerning investment entities provided by IFRS 10. The modifications to IFRS 10 clarify that the exception to submitting consolidated financial statements is applicable to the Group leader which is a subsidiary of an investment entity, when the investment entity values all of its subsidiaries at fair value.

Accounting principles, amendments and interpretations applicable subsequently

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

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting. IFRS 9 is effective for business years starting on 1st January 2018 or later.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues. IFRS 15 is effective for business years starting on 1st January 2018 or later, with full or modified retrospective application. Advance application is also allowed. The Company does not expect any significant impact from the application of this principle.

- IFRS 16 – *Leases*. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Company is evaluating the impacts of this new standard on its own financial statements.
- Changes to IAS 12 – *Income taxes*. The IASB clarifies how the deferred tax assets concerning losses not realised on debt instruments measured at fair value that lead to the creation of a temporary deductible difference should the owner of the instrument expect to maintain it until expiry are to be recorded in the accounts.
- Changes to IAS 7 – Statement of cash flows. The improvements regard the information to be provided on the variations in the loans payable which derive from both financial cash flows and from variations that are not due to cash flows (for example profits/losses on exchange rates). The changes will be effective from 1 January 2017.
- Changes to IFRS 2 – *Clarifications of classification and measurement of share based payment transactions*. This amendment will be applicable from 1 January 2018 and deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable as of 1 January 2018 and deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January 2018) deals with transactions in foreign currency in the event that an entity recognises a non-monetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts.
- Changes to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January 2018) provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes concern:
  - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place;
  - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
  - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording.

The endorsement process at an EU level for the following standards and interpretations has been suspended until further notice:

- IFRS 14 – Regulatory deferral accounts. The standard enables only those who are adopting the IFRS for the first time to continue to record the amounts concerning the rate regulation according to the previous Accounting Standards adopted.

- Changes to IFRS 10 and IAS 28 – Sales or contribution of assets between an investor and its associate or joint venture. Document published by the IASB on 11 September 2014 in order to resolve a conflict between the two above standards in relation to the sale of an asset or of a subsidiary company to an associate company or joint venture.

As of the date of this Financial report, the Accounting Standards, interpretations and changes to the Accounting Standards listed above should not have potentially significant impacts on the equity, economic and financial situation of the Company.

Capital management policy

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

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").
Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice, such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Company is exposed in the performance of its business activities are as follows:

- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

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

Market risk

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

As at 31 December 2016, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to an increase in pre-tax profit of 230 thousand Euros (428 thousand Euros in 2015), due to exchange rate gains (losses) on trade payables and receivables denominated in dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown a downward variation of 223 thousand Euros (318 thousand Euros as at 31 December 2015) ascribable to variation in the amount of the *cash flow hedge* fund (due to the variation in the fair value of forward contracts on exchange rates).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have been reflected by a pre-tax profit decrease of 254 thousand Euros (473 thousand Euros in 2015).
The other equity items would have shown an upward variation of 153 thousand Euros (260 thousand Euros as at 31 December 2015) ascribable to variation in the amount of the *cash flow hedge* fund, due to the variation in the fair value of forward contracts on exchange rates).

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long term loans from banks are floating and variable rate financing exposes the Company to the risk of cash flow variations due to interest rates. To cover this risk, the company stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans. Fixed rate financing exposes the MARR to the risk of changes to the fair value of the finances themselves.

In 2016 business year, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding equity variation) of approximately 203 thousand Euros on an yearly basis (237 thousand Euros as at 31 December 2015).

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

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

Credit risk

MARR only deals with known and reliable clients. It is the Company's policy that clients who request delayed payment conditions are subject to verification procedures for their class of client. Furthermore, the credit collection is monitored during the course of the year so that the impact of overdue is not significant.

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

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

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For the overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted a personal IT control blocks the supply to non-performing customer. For debts in the "over 90 days" band, legal actions is taken when necessary.
Receivables comprised in the "not yet due" band, which total 191,960 thousand Euros as at 31 December 2016, represent 55.30% of the receivables reported in the financial statements.

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

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

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Current trade receivables	347,143	351,602
Other non-current receivables	30,556	30,502
Other current receivables	46,138	40,454
Total	**423,837**	**422,558**

For the comments on the various categories, please refer to note 8 on "Other non-current receivables", note 11 on "Trade receivables" and note 14 on "Other current receivables". The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.

The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the same.

As at 31 December 2015, overdue trade receivables, net of bad debt reserve, amounted to 155,183 thousand Euros (160,032 thousand Euros in 2015). The breakdown of these receivables by due date is as follows:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Overdue:		
Less than 30 days	49,593	54,867
betweeen 31 and 60 days	25,048	21,060
betweeen 61 and 90 days	18,759	18,883
Over 90 days	61,783	65,222
Total overdue trade receivables	**155,183**	**160,032**

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[VIII] with the customer at the time of first assessment. This table also includes the "overdue" exposure of the particularly important customers most closely loyal to the Company, with whom special terms of payment are agreed. As at 31 December 2016, this particular category of customers has been accounted for 19,844 thousand Euros in the "Over 90 days" band (15,220 thousand Euros as at 31 December 2015).

As at 31 December 2016, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had undergone a write-down, amounted to 33,726 thousand Euros (30,172 thousand Euros in 2015).
Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the bad debt reserve, which amounts to a total of 31,956 thousand Euros (31,748 thousand Euros in 2015).

Liquidity risk

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

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

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows.
In this regard, it must be recalled that the trend of reduction in interest rates recorded last year continued in 2016, with a forecast for 2017 of a slow recovery, which is reflected in the IRS in five years, which is the basis of calculation.

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

(€thousand)

	Less than 1 year	between 1 and 2 years	between 2 and 5 years	Over 5 years
At 31 december 2016				
Borrowings	107,203	69,385	72,205	27,784
Payables for the purchase of quotas or shares	11,205	10,470	0	0
Derivative financial instruments	0	0	87	0
Trade and other payables	295,696	0	0	0
	414,104	**79,855**	**72,292**	**27,784**
At 31 december 2015				
Borrowings	76,511	48,214	112,965	29,050
Derivative financial instruments	0	0	105	0
Trade and other payables	261,496	0	0	0
	338,007	**48,214**	**113,070**	**29,050**

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

Classes of financial instruments

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

(€thousands)	31 December 2016		
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
Non current derivative/financial instruments	0	5,401	5,401
Non Current financial receivables	2,153	0	2,153
Other non-current assets	30,556	0	30,556
Current financial receivables	7,825	0	7,825
Current derivative/financial instruments	0	0	0
Current trade receivables	347,143	0	347,143
Cash and cash equivalents	106,506	0	106,506
Other current receivables	46,138	0	46,138
Total	**540,321**	**5,401**	**545,722**
Liabilities as per balance sheet	**Other financial liabilities**	**Derivatives used for hedging**	**Total**
Non Current financial payables	176,831	0	176,831
Non current derivative/financial instruments	0	87	87
Current financial payables	115,359	0	115,359
Current derivative financial instruments	0	0	0
Total	**292,190**	**87**	**292,277**

(€thousands)	31 December 2015		
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
Non current derivative/financial instruments	0	5,095	5,095
Non Current financial receivables	2,674	0	2,674
Other non-current assets	30,502	0	30,502
Current financial receivables	12,867	0	12,867
Current derivative/financial instruments	0	64	64
Current trade receivables	351,602	0	351,602
Cash and cash equivalents	85,918	0	85,918
Other current receivables	40,454	0	40,454
Total	**524,017**	**5,159**	**529,176**
Liabilities as per balance sheet	**Other financial liabilities**	**Derivatives used for hedging**	**Total**
Non Current financial payables	182,544	0	182,544
Non current derivative/financial instruments	0	105	105
Current financial payables	72,508	0	72,508
Current derivative financial instruments	0	0	0
Total	**255,052**	**105**	**255,157**

In compliance with that required by the modifications introduced to IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[IX] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 18 of these explanatory notes, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.
As regards the other non-current and current assets items, see that stated in paragraphs 8 and 14 of these explanatory notes.

[IX] The Group identifies as "Level 1" financial assets and liabilities those for which the input which has a significant effect on the fair value registered are represented by prices listed on an active market for similar assets or liabilities and as "Level 3" financial assets and liabilities those for which the input is not based on observable market figures.

Comments to the main items included in the statement of financial position of MARR S.p.A.

ASSETS

Non-current assets

1. Tangible assets

The changes in this item in 2016 and previous year is as follows:

(€thousand)	**Balance at 31.12.15**	Purchases / other movements	Net decreases for divestments	Depreciation	Balance at 31.12.14
Land and buildings	49,976	619	0	(1,579)	50,936
Plant and machinery	8,243	1,875	(7)	(1,922)	8,297
Industrial and business equipment	805	193	(3)	(137)	752
Other assets	2,056	1,904	(1,362)	(647)	2,161
Fixed assets under development and advances	436	(69)	0	0	505
Total tangible assets	**61,516**	**4,522**	**(1,372)**	**(4,285)**	**62,651**

(€thousand)	**Balance at 31.12.16**	Purchases / other movements	Net decreases for divestments	Depreciation	Variation for merger	Balance at 31.12.15
Land and buildings	52,579	3,749	0	(1,739)	593	49,976
Plant and machinery	8,596	2,182	(6)	(2,153)	330	8,243
Industrial and business equipment	983	248	(3)	(160)	93	805
Other assets	3,732	2,766	(235)	(963)	108	2,056
Fixed assets under development and advances	9	(715)	0	0	288	436
Total tangible assets	**65,899**	**8,230**	**(244)**	**(5,015)**	**1,412**	**61,516**

With regard to the changes in the business year should be noted that in the column "variation for merger" are indicated the values as at 31 December 2015 (restated according to IAS as estabilished by OPI n. 2R) of tangible assets of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l., posted in MARR S.p.A. due to the merger operation finalized on 22 November 2016.

With regard to the other movements during the year, it should be noted that the plan for the expansion and modernisation of come distribution centres started by the Parent Company in 2014 continued in 2016.

Among these, it should be noted that the increases in the items "Land and buildings", "Plant and machinery" and "Industrial and business equipment" include the expansion works carried out in the distribution centre MARR Urbe, located in Rome (the former MARR Cater distribution centre, re-starting operations from 1st June 2016), for a total amount of 1,442 thousand Euro.
Also the expansion works for the building located in Anzola dell'Emilia at the MARR Bologna distribution centre (formerly held by the subsidiary Sfera S.p.A. which had leased the going concern "Lelli" to MARR S.p.A.) for 1,426 thousand Euros are included.

In addition to investments for the building of the MARR Roma distribution centre (located in Capena – Roma) for total 251 thousand Euros, also investments for 308 thousand Euros were carried out at the new distribution centre MARR Adriatico that started in Elice (PE) since 1 October 2016.

As regard the item "Other assets", in addition to the purchase of electronic machines for about 926 thousand Euros, it should be highlighted the purchase through a financial lease of a new hardware infrastructure for the Group's ERP for a total amount of 1,112 thousand Euros; the decreases mainly refers to industrial vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgages are due for a total of 40,000 thousand Euros in favour of credit institutes registered to hedge the mortgages granted on the properties in Uta (CA) – Macchiareddu locality, Santarcangelo di Romagna (RN) – Via dell'Acero 2 and 4 and Via del Carpino 4, San Michele al Tagliamento (VE) - Via Plerote 6, Bottegone (PT) – Via Francesco Toni 285 and 297, Portoferraio (LI)- Via Degli Altiforni 29 and 31 and Bologna (BO) – Via Fantoni 31 (the value of which in the item Land and Buildings totally amounts to 29.9 million of Euros as at December 31, 2016).

For details of the changes in tangible assets please refer to the information provided in Appendix 3.

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

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

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

Tangible Asset Leasing:

Below are the summary details of the operation concerning the purchase of an hardware infrastructure for the Group ERP, ongoing as at 31 December 2016:

- Start of the financial lease: 1 March 2016
- Duration of the contract: 5 years
- Number of instalments: 20
- Value of the asset financed: 1.1 million Euros
- Amount of the quarterly instalments: 60 thousand Euros
- Annual periodical rate: 3.35%
- Redemption price: 11 thousand Euros (plus VAT)
- Total of the instalments paid during the year 2016: 238 thousand Euros
- Net book value of the asset at 31 December 2016: 926 thousand Euros
- Remainder of leases at 31 December 2016: 953 thousand Euros.

2. Goodwill

(€thousand)	Original figure	Balance at 31.12.16	Balance at 31.12.15
Goodwill	101,193	94,261	73,072
Total Goodwill	**101,193**	**94,261**	**73,072**

The increase during the year of 21,189 thousand Euros is related exclusively to the merger of the subsidiary companies Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. into MARR S.p.A.. The operation was accounted consistently with that indicated in OPI no. 2R (October 2016) by Assirevi and, given that it was a “mother-daughter” merger operations with a 100% holding owned by the incorporating company in both of the incorporated companies, involved the allocation of the original purchase price at the current values of the assets and liabilities of the incorporated companies and goodwill, as determined in the consolidated financial statements of the MARR Group as at 31 December 2015.

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

We would highlight that on the basis of the impairment test conducted according to the principles and hypotheses described analytically in the section “Principal estimates made by management and discretional assessments”, the goodwill amounting to 94,261 thousand Euros, is completely recoverable.
As regards this evaluation, management believes that, also given the prudential viewpoint used in the definition of the key hypotheses used, is not be reasonable to expect to be changes in them such as to determine a recoverable value in unit terms less than their accounting value.

Corporate aggregations realised during the year

No further aggregations combinations occurred during the year.

Corporate aggregations realised after closure of the financial statements

No further aggregations combinations occurred after closure of the financial statements.

3. Other intangible assets

The following are the movements in this item in 2016 and the previous year:

(€thousand)	Balance at 31.12.15	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.14
Patents	317	135	0	(137)	319
Concessions, licenses, trademarks and similar rights	17	11	0	(1)	7
Intangible assets under development and advances	278	221	0	0	57
Other intangible assets	0	0	0	0	0
Total Other intangible assets	**612**	**367**	**0**	**(138)**	**383**

(€thousand)	Balance at 31.12.16	Purchases/ other movements	Net decreases	Depreciation	Variation for merger	Balance at 31.12.15
Patents	519	261	0	(186)	127	317
Concessions, licenses, trademarks and similar rights	17	0	0	(1)	1	17
Intangible assets under development and advances	506	228	0	0	0	278
Other intangible assets	0	0	0	0	0	0
Total Other intangible assets	**1,042**	**489**	**0**	**(187)**	**128**	**612**

In addition to the inclusion deriving from the merger of Sfera S.p.A. totalling 128 thousand Euros, this item also highlights investments in patent rights correlated to the purchase of new software, some still being implemented as at 31 December and therefore included under the item "Intangible assets under development and advances".

4. Investments in subsidiaries and associated companies

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
- Investment in subsidiaries		
Marr Foodservice Ibérica S.A.U.	406	410
Sfera S.p.A.	0	11,440
As.ca S.p.A.	13,691	13,691
Alisurgel S.r.l. in liq.	0	445
New Catering S.r.l.	7,439	7,439
Baldini Adriatica Pesca S.r.l.	0	16
De.Al. S.r.l. Depositi Alimentari	36,000	0
Total Investments in subsidiaries and associated companies	**57,536**	**33,441**

With regard to the variation of this item in the business year should be highlighted as follows:

- On 4 April 2016 MARR S.p.A. signed for the acquisition of 100% of the holdings of DE.AL. S.r.l., a company in Abruzzo operating in the distribution of food products to the Foodservice sector under the brand "PAC Food".
  The transaction provides for a price for the purchase of 100% of DE.AL. S.r.l. of 36 million Euros – 50% of which will be paid on closing and the balance in two instalments of an equal amount after 12 and 24 months – and for the availability of the distribution centre in Elice, through a specific lease contract with a duration of 6 years plus an additional 6, with the option of renewal for an additional 6 years.
  Subsequently, on 1st October 2016, the company leased its own going concern to the Parent Company MARR S.p.A., which started-up the new distribution centre of MARR Adriatico in Elice (PE).

- On 28 July 2016, to complete the liquidation procedure started on 17 October 2002, the final liquidation financial statements of the subsidiary Alisurgel S.r.l. were filed with the relevant distribution plan. Subsequently, the company was cancelled from the Companies Register on 15 November last.

- On 22 November 2016, the merger by incorporation of the companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. was finalised (the activity of the latter was limited to the lease of the going concerns to the parent company MARR S.p.A.), which therefore ceased to exist in legal terms as of 1 December 2016.

- Finally the shareholding depreciation fund of the subsidiary Marr Foodservice Iberica S.A.U. has been adjusted.

A suitable list has been prepared (Appendix 5), indicating the information required by point 5 of Civil Code art. 2427 for each subsidiary company. This list also indicates the differences resulting between the book value in the statement of financial position and the corresponding fraction of the Shareholders' Equity resulting from the last financial statements or draft financial statements of the controlled company. We would explain that the positive differences are attributable to the future profit estimates, as follows:

- 7,630 thousand Euros attributable to the subsidiary company AS.CA S.p.A., as MARR, on acquiring the company, strengthened its own presence in the Bologna area, in coherence with a strategy aimed at increasing its presence in the major Italian cities.
- 3,133 thousand Euros attributable to the subsidiary company New Catering S.r.l.. and partly deriving from the company Emigel, incorporated during the course of 2014. As mentioned above, in 2015, was finalised the merger by incorporation of Sama S.r.l. into New Catering (a company acquired by the subsidiary itself during the year), which enabled MARR to strengthen its offer in the bar and quick restaurants segment.
- 34,039 thousand Euros attributable to the newly-acquired DE.AL. S.r.l. Depositi Alimentari (leader in its area in the distribution of food products to independent operators in non-domestic catering – customers classified in the Street Market segment of the MARR Group) which, with over 60 million Euros in sales in 2015, strengthens the presence of MARR in the mid-Adriatic area.

5. Investments in other companies

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
- Other companies		
Centro Agro-Al. Riminese S.p.A.	280	280
Conai - Cons. Naz. Imball. - Roma	1	1
Idroenergia Scrl	1	1
Banca Malatestiana Cr.Coop.vo	2	1
Consorzio Assindustria Energia	1	1
Caf dell'Industria dell'Em. Romagna S.p.A.	2	2
Veneto Banca S.c.ar.l.	8	8
Banca Popolare di Bari S.p.A.	4	4
Total Other companies	**299**	**298**

6. Non-current financial receivables

As at 31 December 2016, this item amounted to 2,153 thousand Euros (2,674 thousand Euros as at 31 December 2015) and includes 558 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and other trade partners and the quota beyond the year (totalling 1,595 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

7. Financial instruments / derivatives

The amount as at 31 December 2016, amounting to 5,401 thousand Euros (5.095 thousand Euros as at 31 December 2015), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. It should be noted that this amount, for 3,852 thousand Euros, expires beyond 5 years.

8. Other non-current assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Non-current trade receivables	9,700	8,879
Accrued income and prepaid expenses	1,579	2,025
Other non-current receivables	19,277	19,598
Total Other non-current assets	**30,556**	**30,502**

The “Non-current trade receivables”, amounting to 9,700 thousand Euros (of which 2,836 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature and have an expiry date within 5 years.
The item “Other non-current receivables” includes, in addition to receivables from State coffers for loss of clients of 6,337 thousand Euros, receivables from suppliers for 12,217 thousand Euros (12,991 thousand Euros as at 31 December 2015), of which 176 thousand Euros expiring over 5 years).

There are no other assets with expiry dates over 5 years.

Current assets

9. Inventories

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Finished goods and goods for resale		
Foodstuffs	32,609	30,040
Meat	12,396	10,906
Fish products	80,209	62,635
Fruit and vegetable products	29	47
Hotel equipment	1,918	1,770
	127,161	105,398
provision for write-down of inventories: to be deducted	(618)	(750)
Goods in transit	6,702	6,327
Packing	1,513	1,050
Total Inventories	**134,758**	**112,025**

The inventories are not conditioned by obligations or other property rights restrictions.
As commented in the Directors' Report, the increase in inventories compared to 31 December 2015 is the effect of stocking policies aimed at benefitting from specific trade opportunities on the market of frozen seafood products.

The movements during the business year is the following:

(€thousand)	**Balance at 31.12.16**	Change of the year	Balance at 31.12.15
Finished goods and goods for resale	127,161	21,763	105,398
Goods in transit	6,702	375	6,327
Packing	1,513	463	1,050
	135,376	22,601	112,775
Provision for write-down of inventories	(618)	132	(750)
Total Inventories	**134,758**	**22,733**	**112,025**

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Financial receivables from Parent companies	2,930	2,771
Financial receivables from Subsidiaries	3,977	8,916
Receivables from loans granted to third parties	918	1,180
Total Current financial receivables	**7,825**	**12,867**

As regards the items "Financial receivables from subsidiaries" and "Financial receivables from Parent companies" (all of which interest bearing), the detailed analysis is indicated in the Appendix 8 of these Explanatory Notes.

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables towards truck drivers (amounting to 791 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (55 thousand Euros).

11. Current trade receivables

This item is composed of:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Trade receivables from customers	377,840	382,084
Trade receivables from Subsidiaries	886	1,171
Trade receivables from Parent companies	373	95
Total Current trade receivables	**379,099**	**383,350**
Provision for write-down of receivables from customers	(31,956)	(31,748)
Total current net receivables	**347,143**	**351,602**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Trade receivables from customers	366,221	377,723
Receivables from Associated companies	8	0
Receivables from Associated companies consolidated by the Cremonini Group	11,589	4,352
Receivables from Associated companies not consolidated by the Cremonini Group	22	9
Total current trade receivables from customers	**377,840**	**382,084**

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 31,956 thousand Euros, as highlighted in the table below.

The receivables "from subsidiaries" (886 thousand Euros), "from parent companies" (373 thousand Euros), "from associated companies consolidated by the Cremonini Group" (11,589 thousand Euros) and "from associated companies not consolidated by the Cremonini Group" (22 thousand Euros), are analytically outlined, together with the corresponding payable items, in the Appendix 8 of the these Explanatory Notes. These receivables are all of a commercial nature.
It should be pointed out that receivables "from associated companies" (8 thousand Euros) are receivables towards the company Griglia DOC, indirectly associated of MARR, being 50% hold by the subsidiary DE.AL.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2016.

(€thousand)	**Balance at 31.12.16**	Increases	Decreases	Other movements	Variation for merger	Balance at 31.12.15
- Tax-deductible provision	1,980	1,980	(2,005)	0	15	1,990
- Taxed provision	29,145	8,220	(8,000)	0	0	28,925
- Provision for default interest	831	0	(2)	0	0	833
Total Provision for write-down of Receivables from customers	**31,956**	**10,200**	**(10,007)**	**0**	**15**	**31,748**

12. Tax assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Ires/Irap tax advances /withholdings on interest	9	16
VAT carried forward	36	45
Irpeg litigation	6,040	6,061
Ires transferred to the Parent Company	1,194	1,301
Receivable for Irap	81	625
Other	1,287	947
Total Tax assets	**8,647**	**8,995**

As regard the item "Irpeg litigation", refer to that contained in the paragraph 19 "Provisions for non-current risks and charges".

The receivable for "Ires transferred to Parent Company" amounting to 1,194 thousand Euros is composed as follows:
- for 948 thousand Euros it is represented by the receivable for reimbursement of Ires on Irap paid for the cost of employment and collaborators not deducted for said purpose, as per reimbursement claims sent in February 2013 for the years from 2007 to 2011; the decrease compared to the last year is due to the collection of receivables related to the year 2007;
- for 246 thousand Euros is represented by the net balance of Ires 2016 of the companies of the Group in the scope of adhesion to the National Consolidated Fiscal system (it should be pointed out that as at 31 December 2015 the net balance of Ires of the year was equal to a liability of 549 thousand Euros, classified among the tax liabilities).

Con riferimento a tale voce si evidenzia che sono confluiti in MARR, per effetto della fusione gli acconti Ires e Irap versati dalle società incorporate, per complessivi 285 migliaia di Euro.

With regard to this item, it must be noted that as a result of the merger, the Ires and Irap advances paid by the incorporated companies, totalling 285 thousand Euros, were merged in MARR.

The item "Other" is represented almost entirely (1,142 thousand Euros as at 31 December 2016) by VAT receivables accrued abroad (Spain) and to be repaid by the competent authority.

13. Cash and cash equivalents

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

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Cash and Cheques	8,595	7,276
Bank and postal accounts	97,911	78,642
Total Cash and cash equivalents	**106,506**	**85,918**

In regard to the changes of the net financial position, refer to the cash flows statement of 2016.

14. Other current assets

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Accrued income and prepaid expenses	885	641
Other receivables	45,253	39,813
Total Other current assets	**46,138**	**40,454**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Other accrued income (from loans)	0	0
Prepaid expenses		
Leases on buildings and other assets	538	178
Maintenance fees	100	112
Commercial and advertising costs	28	4
Insurance costs/Administration services	6	189
Other prepaid expenses	213	158
	885	641
Total Current accrued income and prepaid expenses	**885**	**641**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Guarantee deposits	119	119
Other sundry receivables	790	851
Other sundry receivables from Subsidiaries Company	1,834	1,320
Other sundry receivables from Associated Company	2	0
Provision for write-down of receivables from others	(4,206)	(4,228)
Receivables from social security institutions	203	130
Receivables from agents	1,789	2,129
Receivables from employees	120	24
Receivables from insurance companies	455	361
Advances and deposits	3,706	66
Advances to suppliers and supplier credit balances	40,271	38,868
Advances to suppliers and supplier credit balances from Associates	170	173
Total Other current receivables	**45,253**	**39,813**

The item *Advances to suppliers and supplier credit balances* includes, in addition to payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (for 15,603 thousand Euros; 19,495 thousand Euros in 2015), also receivables for contributions to be received from suppliers totalling 22.4 million Euros (see the comments made in paragraph 27 "Other revenues").

Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2016.

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

(€thousand)	**Balance at 31.12.16**	Increases	Decreases	Other movements	Consolidation change	Balance at 31.12.15
- Provision for Receivables from Others	4,206	0	(22)	0	0	4,228
Total Provision for write-down of Receivables from others	**4,206**	**0**	**(22)**	**0**	**0**	**4,228**

The item *Other sundry receivables from subsidiary companies* includes receivables from DE.AL. S.r.l. as a result of the lease of the relevant going concerns to the Parent company as of 1 October 2016. The balance is mainly constituted by the value of the value of the employee severance fund, leave/absences due and monthly bonuses (totalling 1,309 thousand Euros) and that of the supplementary clients severance indemnity (amounting to 146 thousand Euros), accrued prior to the lease of the subsidiary and subsequently taken on by MARR S.p.A., in addition to the 379 thousand Euros in receivables from the subsidiary for receivables from MARR customers received by same following the above-mentioned lease.

The item Advances and Deposits includes mainly, for 3,674 thousand Euros (equal to 50% of the overall price) that paid for the acquisition of 100% of the holdings in Speca Alimentari S.r.l., valid from 1 January 2017.

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	2,153	0	0	2,153
Non current derivative financial instruments	5,401	0	0	5,401
Deferred tax assets	0	0	0	0
Other non-current assets	18,339	700	11,517	30,556
Financial receivables	7,825	0	0	7,825
Current derivative financial instruments	0	0	0	0
Trade receivables	323,415	17,217	6,511	347,143
Tax assets	7,505	1,142	0	8,647
Other current assets	31,352	3,500	11,286	46,138
Total receivables by geographical area	**395,990**	**22,559**	**29,314**	**447,863**

LIABILITIES

15. Shareholders' Equity

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

Share Capital
The Share Capital as at 31 December 2016, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros.

Share premium reserve
As at 31 December 2016 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2015.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2015.

Shareholders' contributions on account of capital
This Reserve did not change in 2016 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,516 thousand Euros) set up following the first time adoption of the international accounting standards.

Extraordinary Reserve
As at 31 December 2016, the increase of 12,577 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2015, as per shareholder meeting's decision made on 28 April 2016.

Reserve for surplus for mergers
As at 31 December 2016 the increase of 2,779 thousand Euros is due to the transaction of merger of the companies totally participated Sfera S.p.A and Baldini Adriatrica Pesca S.r.l. in MARR, finalised during the year.
The accounting of the operation and valorisation of the relevant reserve was done consistently with that indicated in OPI no. 2R (October 2016) of Assirevi.

Cash flow hedge reserve
As at 31 December 2016, this item amounted to a negative value of 1,902 thousand Euros and is linked to the stipulation of hedging contracts for interest and exchange rates undertaken for the specific hedging of certain loans, with variable rates and in foreign currency respectively.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 37 "Other profits/losses" in these explanatory notes.

Reserve for exercised stock option
This reserve has not changed during the course of the year, as the plan was concluded in April 2007 and amounted to 1,475 thousand Euros.

Reserve IAS19
As at 31 December 2016, this reserve amounts to a negative value of 690 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits", effective for the business years starting on 1st January 2013. According to the IFRS these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Whit regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,473 thousand Euros as at 31 December 2016, the relevant deferred tax liabilities have been accounted for.

On 28 April 2016 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2015 and consequently decided upon allocation of the business year profits, and the approval of a dividend of 0.66 Euros for each ordinary share with the right to vote.

In addition of the commentary on the items in the Net Equity, it should be pointed out:

(€thousands)	*at 31 December 2016*	Possible utilization	Available quota
Share Capital	**33,263**		
Reserves:			
Share premium reserve	63,348	A,B,C	63,348
Legal reserve	6,652	B	
Revaluation reserve	12	A,B,C	12
Shareholders contributions or capital account	36,496	A,B,C	36,496
Extraordinary reserve	70,119	A,B,C	70,119
Reserve for exercised stock options	1,475	-	
Cash-flow hedge reserve	(1,902)	-	
Reserve for transition to the Ias/Ifrs	7,516	-	
Reserve ex art. 55 (DPR 597-917)	1,473	A,B,C	1,473
Surplus for mergers	4,602	A,B,C	4,602
Reserve IAS19	(690)	-	
Total Reserves	**189,101**		
Profits carried over	58,259	A,B,C	

Notes:
A: for increase of share capital
B: for covering losses
C: for distribution to shareholders

Non-current liabilities

16. Non-current financial payables

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to banks - non-current portion	125,153	143,418
Payables to other financial institutions - non-current portion	41,208	39,126
Payables for the purchase of quotas / shares / going concerne	10,470	0
Total non-current financial payables	**176,831**	**182,544**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to banks (1-5 years)	125,153	143,418
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	**125,153**	**143,418**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Payables to other financial institutions (1-5 years)	9,982	8,944
Payables to other financisl institutions (over 5 years)	31,226	30,182
Total payables to other financial institutions - Non current portion	**41,208**	**39,126**

The variation in non-current payables to banks is the effect, net of the payment of the overdue instalment and of the classification of the expiring instalments among the current payables, of the following transactions finalised during the business year:
- disbursement, in the month of January, of an unsecured loan by Cassa di Risparmio di Ravenna for a total amount of 10 million of Euros (with amortization plan ending in August 2018);
- disbursement, in the month of August, of an unsecured loan in pool with *ICCREA Banca d'Impresa* for a total amount of 27 million Euros and with amortization plan ending in August 2019. It is pointed out that in the month of June the Parent Company reimbursed to the due date the ongoing financing in pool with *ICCREA Banca d'Impresa*, for a total amount of 22.8 million Euros.

Lastly, it must be pointed out that, to fully hedge the interest rate risk on the loan from the Banca Popolare Commercio e Industria, MARR has a derivative Interest Rate Swap contract ongoing, with a notional value of 3.0 million Euros as at 31 December 2016, for the effects of which see paragraph 17 "Financial instruments / derivatives".

The value of the payables to other financial institutions is represented for 40,480 thousand Euros (39,126 thousand Euros as at 31 December 2015) by the bond private placement in US dollars, finalised in July 2013. The bond placement amounts to 43 million dollars (originally 30.6 million Euros), of which 10 million dollars expires in 2020 and the remaining 33 million dollars in 2023 and involves an average coupon of about 5.1%. The increase in its value is attributable to variations in the Dollar/Euro exchange rate.

It must be pointed out that to hedge the risk of oscillations in the Euro-Dollar exchange rate specific Cross Currency Swap contracts are ongoing, for the effects of which see paragraph 7 "Financial instruments / derivatives".

It should be noted that, as at 31 December 2016, the item includes also, for 728 thousand Euros, the payable accounted due to the ongoing financial leasing contract for the purchase of a new financial leasing contract finalized in the month of January by the Company (for more details on this contract, see that described in paragraph 1 "Tangible assets" in these Explanatory Notes).

The item "Payables for the purchase of quotas or shares" refers for 9,000 thousand Euros to the debt for the purchase of the holdings of the company DE.AL. S.r.l., which have maturity date in the month of April 2018 and for 1,470 thousand

Euros to the debt for the purchase of the holdings (with effect starting since 1° January 2017) of Speca Alimentari S.r.l., which have maturity date in the month of December 2018.

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

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.16
Carisp Pistoia	Euribor 6m+0,48%	31/01/2020	1,301	0	1,301
Centrobanca	Euribor 3m+1,4%	31/12/2019	2,220	0	2,220
Popolare Commercio e Industria	Euribor 6m+2,5%	04/12/2020	2,303	0	2,303
Pool Financing with BNP Paribas	Euribor 6m+1,25%	31/03/2020	46,996	0	46,996
Intesa San Paolo	Euribor 6m+1,3%	31/12/2018	8,005	0	8,005
Carige	Euribor 3m+0,8%	30/06/2019	15,028	0	15,028
Popolare del Commercio e Industria	Euribor 3m+1,3%	20/05/2018	1,664	0	1,664
Pool Financing with ICCREA Banca d'Impresa	Euribor 3m+0,75%	04/08/2019	23,643	0	23,643
Cassa di Risparmio di Ravenna	Euribor 6m+0,95%	07/08/2018	3,026	0	3,026
Unicredit	Euribor 6m+1,25%	15/05/2019	20,967	0	20,967
			125,153	**0**	**125,153**

The following is the breakdown of the mortgage guarantees on the real estate properties of the Parent company.

Credit institutes	Guarantee	Amount	Property
Cassa di Risparmio di Pescia e Pistoia	mortgage	10,000	Via Francesco Toni 285/297 - Bottegone (PT)
Centrobanca	mortgage	20,000	Via dell'Acero 2/4 e Via dell'Acero 1/A - Santarcangelo di R. (RN); Via Degli Altiforni n.29/31 - Portoferraio (LI); Località Macchiareddu - Uta
Popolare del Commercio e dell'Industria	mortgage	10,000	Via Fantoni, n. 31 - Bologna (BO)
Total		**40,000**	

Lastly, it must be pointed out that:

- the ongoing loans with Centrobanca S.p.A. (signed in January 2010), provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.6
  Non-respect of the limits of the financial covenants will constitute a cause for the termination of the contractual rights.

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

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

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

- the ongoing financing with Banca Popolare Commercio e Industria (signed in May 2015) provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- the ongoing financing with Banca ICCREA Banca d'Impresa as Agent Bank (signed in August 2016) provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

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

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

(€thousand)	**Book Value**		**Fair Value**	
	2016	2015	**2016**	2015
Payables to banks - non-current portion	125,153	143,418	123,874	140,078
Payables to other financial institutions - non-current portion*	51,678	39,126	50,735	38,378
	176,831	**182,544**	**174,609**	**178,456**

* Payables to other financial institutions also include the debt for the purchase of quotas or shares

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

17. Financial instruments / derivatives

The amount as at 31 December 2016, amounting to 87 thousand Euros (105 thousand Euros as at 31 December 2015), represents fair value of the Interest Rate Swap contracts stipulated by the Company to specifically hedge the interest rate risk on the variable rate loan with Banca Popolare Commercio e Industria.

18. Employee benefits

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

(€thousand)	
Opening balance at 31.12.15	***8,952***
effect of lease of going concern	1,011
payments of the period	(703)
provision for the period	317
other changes	(144)
Closing balance at 31.12.16	**9,433**

The movement during the year is linked, in addition to the quota accrued during the period net of ordinary movements in the item, to the personal entered into the Company due to the operation of lease of the going concern of the subsidiary DE.AL., starting since 1 October 2016.

It must be noted that the merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. did not involve any change in this item, as their employees had already merged into MARR following the lease of the respective going concerns, and MARR had thus taken over the payables as of 1 November 2014 and 1 December 2015 respectively.

It is highlighted that the allocation for the period includes actuarial losses totalling 45 thousand Euros recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 15 of these Explanatory Notes).
The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.

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

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect on the finaly liability	(45)	50	95	(94)	(150)	155

It should also be noted that the contribution expected for the following business year is zero and the average financial duration of the debenture is 7. The future payments expected in the next five years can be estimated as totalling 4.5 million Euros.

19. Provisions for non-current risks and charges

(€thousand)	**Balance at 31.12.16**	Allocations	Other movements	Uses	Balance at 31.12.15
Provision for supplementary clients severance indemnity	3,014	412	100	0	2,502
Provision for specific risks	1,833	950	0	0	883
Total Provisions for non-current risks and charges	**4,847**	**1,362**	**100**	**0**	**3,385**

The provision for supplementary clients severance indemnity has been allocated on the basis of a reasonable estimate of probable future liabilities, considering the available elements, in addition to the allocation of the period totalling 412 thousand Euros. The variation in the business year includes in the item "Other movements" the provision for supplementary clients severance indemnity entered in the Group due to the lease of the going concern of the subsidiary DE.AL. S.r.l. for about 100 thousand Euros.

It must be pointed out that the merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. did not involve any change to this item, as the agents of Sfera had merged into MARR following the lease of the "Lelli" going concern on 1 November 2014 (the subsidiary Baldini Adriatica Pesca, contrarily, had no agents).

The *Provision for specific risks* was allocated mainly to cover probable liabilities linked to certain ongoing legal disputes and its increase is partly linked to the forecast of future charges to be incurred for the reorganization of the DE.AL. activities (with start-up of the MARR Adriatico branch on 1 October 2016).

In relation to the fiscal dispute currently ongoing deriving from the verification carried out by the "Guardia di Finanza", IV Group Section in San Lazzaro di Savena (BO), because of presumed breaches in terms of direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) finalised in the month of July of the year 2000, it should be pointed out that on 28 February 2004, the recourses for direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) were discussed in a public hearing. The amount involved in the dispute concerning taxes and the relevant sanctions, for the main inspection known as "C.R.C." (the other inspections concerning insignificant amounts or others that were abandoned) amounts to approximately 4.7 million Euros plus interest.
In its sentence no. 73/2/04, the Rimini Provincial Tributary Commission, Section II, accepted the recourse presented for IRAP referring to the main inspection, while it partly rejected, with reference to the other inspections, the recourses presented, confirming the conclusions of the Inland Revenue.
On 20 December 2004, MARR S.p.A. impugned the aforementioned sentence, presenting an appeal to the Rimini Section of the Bologna Regional Tributary Commission.
The matter was discussed before Section 24 of the Emilia Romagna Regional Tributary Commission on 16 January 2006.
As regards the reasons put forward by the company in the documentation for the second stage of the proceedings, the Bologna Tributary Commission disposed in Order 13/24/06 on 3 April 2006, that a technical consultancy be carried out, assigning the duty to a board of three professionals to provide an opinion, among other things, on the disputed matter,

and asked them to ascertain, on the basis of contractual agreements and economic and financial relations effectively ongoing between the parties involved in the complex operation, whether the cost sustained by MARR S.p.A. and being disputed concerns the business of the company or not.
On 18 November 2006, the board of consultants deposited its report, concluding that: “in summary, it can be stated that these capital losses are relevant in as much as they are objectively referable to the business of the company”.
On 15 January 2007, the dispute was again discussed in a public hearing during which the findings in the report of the board of consultants were again presented. In sentence 23/10/07, the Bologna Tributary Commission reviewed its first phase sentence in favour of MARR S.p.A. as regards the four findings subject of the dispute but, without providing any motivation, it completely rejected the conclusions drawn by the technical consultants it itself appointed with reference to the principal inspection known as “CRC”, thus confirming that established by the judges in the first phase of the proceedings.
By reason of this, a recourse was presented on 22 April 2008 before the Supreme Court of Cassation. The State Bar met to discuss the matter on 3 June 2008.
Although the outcome of the appeal was negative, although it must be pointed out that there were two technical consultancies in perfect agreement with each other during this phase, comprising four undoubtedly authoritative professionals, three of them appointed by the Tributary Commission itself, the opinions expressed being undoubtedly fully in favour of MARR Spa, and on the basis of the opinion expressed by the defence lawyers representing the Company, we believe it reasonable to hypothesise the successful outcome of the dispute.

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

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

As at 31 December 2016, MARR S.p.A. had paid 6,040 thousand Euros as payment of taxes while awaiting judgment; this amount was classified under tax receivables.

20. Deferred tax assets and deferred tax liabilities

As outlined in the premises of these Explanatory Notes, it should be noted that, for a better representation of the dictates of IAS 12 "Income tax" in relation to the compensation of deferred taxes, the Company considered to be appropriate to reclassify quotas of deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets with corresponding current tax liabilities, reclassifying consequently the comparative data.
As at 31 December 2016, this item amounted to 897 thousand Euros classified in the item “Deferred tax liabilities” (528 thousand Euros as at 31 December 2015, amount restated in the column “31.12.2015”on the item “Deferred tax assets”). The table below shows the details of the items and the reclassification effects:

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
On taxed provisions	9,016	9,026
On costs deductible in cash	72	87
On costs deductible in subsequent years	750	828
Deferred tax assets	**9,838**	**9,941**
On goodwill amortisation reversal	(7,078)	(5,460)
On funds subject to suspended taxation	(411)	(413)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	171	160
On fair value revaluation of land and buildings	(3,526)	(3,541)
On cash flow hedge	601	350
Others	(43)	(60)
Deferred tax liabilities	**(10,735)**	**(9,413)**
Deferred tax assets / (liabilities)	**(897)**	**528**

21. Other non-current payables

(€thousand)	Balance at 31.12.16	Balance at 31.12.15
Accrued expensed and prepaid income	93	210
Others non current liabilities	761	389
Total other non-current payables	**854**	**599**

This item “Other non-current accrued expenses and deferred income” represents the quota over the year for deferred financial income from customers.
The item “other liabilities” is represented by security deposits paid by transporters.
There is no accrued income and prepaid expenses or other liabilities with expiry date over 5 years.

Current liabilities

22. Current financial payables

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Financial payables to subsidiaries	1,763	859
Payables to banks	101,426	70,891
Payables to other financial institutions	965	758
Payables for the purchase of quotas / shares / going concerne	11,205	0
Total Current financial payables	**115,359**	**72,508**

Debiti verso banche quota corrente:

(€thousand)		**Balance at 31.12.16**		Balance at 31.12.15
Current accounts		6,555		4,329
Loans/Advances		42,386		23,700
Loans :				
- Cassa di Risparmio dii Pescia e Pistoia	517		513	
- Centrobanca	1,385		1,107	
- Popolare del Commercio e dell'Industria	703		675	
- Popolare del Commercio e dell'Industria	3,310		3,317	
- Pool Financing with BNP Paribas	18,667		9,169	
- ICCREA	3,347		22,785	
- Intesa San Paolo	6,628		5,296	
- Carige	4,967		0	
- Unicredit	8,960		0	
- Cassa di Risparmio di Ravenna	4,001		0	
		52,485		42,862
		101,426		**70,891**

With reference to the ongoing loans it must be highlighted as shown below.

In the month of June MARR reimbursed to the due date the financing in pool with *ICCREA Banca d'Impresa*, for a total amount of 22.8 million Euros.
It must be noted that the balance at 31 December 2016 shown in the table for this loan refers to a new loan subscribed by the Company in August for a total of 27 million Euros, as described in detail in paragraph 16 "Non-current financial payables", which see for a description of the new loans started during the course of 2016.

Lastly, it should be noted that the item "Loans/Advances" includes, in addition to 16,500 thousand Euros for "hot money " loans and 7,831 thousand Euros for sbf advances, the 18,055 thousand Euros in payables to Banca IMI due to the securitization operation started in the business year 2014.

As regards the breakdown of the *Financial payables to subsidiary companies (accruing interest at market rates)*, see that described in Appendix 8 to these Explanatory Notes.

The balance of payables to other financiers includes:

- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 809 thousand Euros.
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraphs 1 and 16 of these Explanatory Notes), amounting to total 212 thousand Euros.

As regards the payables for the acquisition of quotas and holdings, 9,000 thousand Euros of this concerns the payables for the acquisition of the holdings in DE.AL. S.r.l. and 2,205 thousand Euros the payables for the acquisition of the holdings (effective as of 1 January 2017) in Speca Alimentari S.r.l..

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

23. Current tax liabilities

The breakdown of this item is as follows

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Ires transferred to the Parent Company	0	549
Other taxes payable	149	159
Irpef for employees	1,268	1,080
Irpef for external assistants	208	172
Total Current taxes payable	**1,625**	**1,960**

This item relates to taxes payable of a determined and certain amount.

As regards MARR S.p.A., the 2012 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

The decrease in this item is mainly attributable to the closure of the IRES balance receivables, mainly correlated to the tax deposits paid during the course of the year by the companies that merged into MARR, Sfera S.p.A. and Baldini Adriatica Pesca S.r.l.. See the comments in the Directors' Report concerning the tax rate for more details in this regard.

24. Current trade liabilities

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Suppliers	287,580	258,058
Payables to Associated companies	3	0
Payables to Associated companies consolidated by the Cremonini Group	6,363	2,655
Payables to Subsidiaries	1,609	647
Payables to Correlated Companies	141	136
Trade payables to Parent Companies	0	0
Total Current trade liabilities	**295,696**	**261,496**

The liabilities refer mainly to payables for the purchase of goods for sale and also to payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 6.363 thousand Euros, "Payables to subsidiaries" for 1,609 thousand Euros the details and analysis of which are reported in the following Appendix 8, in addition to "Payables to other Correlated Companies" for 141 thousand Euros.
It is highlighted that the item "Payables to associated companies" represents the payable to the company Griglia DOC, undirected associated to MARR, being 50% owned by the subsidiary DE.AL.

25. Other current liabilities

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Current accrued expenses and deferred income	1,246	1,299
Other payables	20,665	20,044
Total Other current liabilities	**21,911**	**21,343**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Accruals for emoluments to employees/directors	1,003	944
Other deferred income	4	1
Deferred income for interests from clients	239	354
Total Current accrued expenses and deferred income	**1,246**	**1,299**

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Inps/Inail and Other social security institutions	1,885	1,485
Enasarco/ FIRR	743	604
Payables to personnel for emoluments	4,512	4,385
Advances from customers, customers credit balances	12,499	12,906
Payables to insurance companies	198	154
Other sundry payables	828	510
Total Other payables	**20,665**	**20,044**

The item "payables to personnel for emolument" and "accrual for remuneration of employees/directors" includes current salaries not yet paid as at 31 December 2016 and allocations for leave accrued but not taken, with relevant charges. In this regard it must be noted that the merged companies had no employees as at 31 December 2015.

The item "*Advances from customers, customers credit balances"* includes the credit notes to be issued to customers for end of year premiums and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	113,696	22,342	40,793	176,831
Non current derivative financial instruments	87	0	0	87
Employee benefits	9,433	0	0	9,433
Provisions for risks and charges	4,847	0	0	4,847
Deferred tax liabilities	897	0	0	897
Other non-current liabilities	854	0	0	854
Current financial payables	105,312	9,238	809	115,359
Current tax liabilities	1,591	0	34	1,625
Current trade liabilities	241,156	45,849	8,691	295,696
Other current liabilities	21,755	120	36	21,911
Total payables by geographical area	**499,628**	**77,549**	**50,363**	**627,540**

Guarantees, securities and commitments

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

Guarantees (totalling 41,082 thousand Euros).

These refer to:

- guarantees issued on behalf of MARR in favour of third parties (amounting to 26,880 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR S.p.A. in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 14,202 thousand Euros as at 31 December 2016 and refers to credit lines granted to subsidiaries. Compared to the previous year the closure of the guarantees previously given in favour of Sfera and Baldini Adriatica Pesca, now merged into MARR; must be noted, on the other hand, that new guarantees were subscribed in favour of financial institutes with which the new subsidiary, DE.AL., works.
  On closure of the period, the following guarantees had been granted in favour of the following subsidiary companies:

(€thousand)	**Balance at 31.12.16**	Balance at 31.12.15
Guarantees		
Sfera S.p.a.	0	5,900
As.ca S.p.A.	5,600	5,600
Baldini Adriatica Pesca S.r.l.	0	4,070
DE.AL. S.r.l.	8,602	0
Total Guarantees	**14,202**	**15,570**

Collaterals
Collaterals in favour of third parties refer mainly to mortgages on properties owned and are analysed in detail in the comment on the items “Non-current financial payables” and “Tangible Assets”.

Other risks and commitments
This item, amounting to 19,488 thousand Euros, refers to credit letters issued by certain credit institutes to guarantee obligations undertaken with our foreign suppliers.

Comments on the main items of the statement of profit or loss of MARR S.p.A.

26. Revenues

Revenues are composed of:

(€thousand)	**31.12.2016**	31.12.2015
- Net Revenues from sales of goods	1,379,336	1,344,378
- Revenues from services		
Advisory services to third parties	913	746
Manufacturing on behalf of third parties	31	35
Rent income (typical management)	46	47
Other services	2,118	2,510
Total	3,108	3,338
Total Revenues	**1,382,444**	**1,347,716**

See that described in the Directors' Report with regard to comments on the performance of revenues.
Neither Sfera nor Baldini Adriatica Pesca were operational companies, as they had leased their respective going concerns to MARR in previous years. The revenues from these companies were thus constituted almost entirely by leases invoiced to the parent company (following the merger, which had civil and fiscal effects from 1 January 2016, the revenues invoiced by the incorporated companies prior to the subscription of the deed of merger and flowing into the incorporating company were replaced by the costs of the Lease of the business units).

The revenues from services mainly include revenues from companies in the group for insurance consultancies and assistance, technical consultancies, administrative management of personnel, administrative, legal and commercial assistance, processing, transport and handling and revenues from transport and similar costs from clients.
The increase in advisory services compared to the previous year is due, for 379 thousand Euros, to the new subsidiary DE.AL., while there were revenues from the subsidiaries Sfera and Baldini Adriatica Pesca totalling 47 thousand Euros in 2015.

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

(€thousand)	**31.12.2016**	31.12.2015
Italy	1,286,949	1,237,573
European Union	59,314	79,673
Extra-EU countries	36,181	30,470
Total	**1,382,444**	**1,347,716**

The breakdown by category of activity of the revenues from sales of goods is as follows:

(€thousand)	**31.12.2016**	31.12.2015
Foodstuff	581,611	570,577
Meat	249,264	249,097
Seafood	510,590	486,824
Fruit and vegetables	45,163	44,858
Hotel equipment	7,334	7,064
Sias Division	942	918
Trade discounts / year-end bonuses	(15,568)	(14,960)
Total Revenues from sales of goods	**1,379,336**	**1,344,378**

The revenues have been achieved within national territory, including the islands. Below is a list of the total revenues (in million of Euros) realised during 2016 by the Rimini Head Office and each unit (branches and divisions):

(million Euros)	**31.12.2016**	31.12.2015
Head Branch of Rimini (Marr Uno)	103	149
Branch: Marr Napoli	46	42
Branch: Marr Milano	81	80
Branch: Marr Roma	74	98
Branch: Marr Venezia	50	48
Branch: Marr Supercash&carry - Rimini	32	30
Branch: Marr Sardegna	58	56
Branch: Marr Romagna - Rimini	56	54
Emiliani Division - Rimini	222	230
Carnemilia Division - Bologna	6	7
Branch: Marr Sicilia	46	46
Branch: Marr Sanremo	16	14
Branch: Marr Elba	8	8
Branch: Marr Genova	23	23
Branch: Marr Dolomiti	10	9
Warehouse: Santarcangelo	1	1
Branch: Marr Puglia	40	38
Branch: Marr Battistini	23	23
Branch: Marr Torino	50	51
Branch: Marr Calabria	45	44
Branch: Marr Sfera	46	44
Branch: Marr Arco	17	18
Branch: Marr Toscana	42	40
Branch: Marr Urbe (già Marr Cater)	33	20
Branch: Marr Valdagno	9	7
Branch: Marr Scapa	178	154
Branch: Marr Bologna	56	22
Branch: Marr Baldini	15	2
Branch: Marr Adriatico	8	0
Sias Division	1	1
Others (trade discounts / year-end bonuses)	(16)	(15)
Total Revenues from sales of goods	**1,379**	**1,344**

As regards the above table, the full year of management of the MARR Baldini branch should be noted (started last year on 1 December 2015); as regard MARR Urbe it must be pointed out that it rstarted operations since 1 June 2016 after the maintenance and expansion works commented in the previous paragraphs.
Finally should be highlighted the new distribution centre MARR Adriatico, located in Elice, operating since 1 October 2016 due to the lease of the going concern "PAC Food" from the subsidiary DE.AL.

27. Other revenues

The Other revenues are broken down as follows:

(€thousand)	**31.12.2016**	31.12.2015
Contributions from suppliers and others	35,314	35,893
Other sundry earnings	1,776	748
Reimbursements for damages suffered	874	850
Reimbursement of expenses incurred	719	705
Recovery of legal fees	61	55
Capital gains on disposal of assets	95	47
Total Other revenues	**38,839**	**38,298**

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers. It should be noted that, in 2016, following the centralisation of supplier deliveries on logistical platforms rather than at the single MARR branches, the contributions from suppliers also included approximately 3.4 million Euros (2.7 million Euros in 2015) in logistical payments charged to suppliers, as MARR has undertaken the costs of internal distribution from the logistical platforms to the branches.

28. Purchase of goods for resale and consumables

This item is composed of::

(€thousand)	**31.12.2016**	31.12.2015
Purchases of goods	1,132,144	1,085,168
Purchases of packages and packing material	4,179	3,881
Purchase of stationery and printed paper	719	721
Purchase of promotional and sales materials, and catalogues	157	177
Purchase of various materials	700	589
Discounts and rebates from suppliers	(485)	(464)
Fuel for industrial motor vehicles and cars	226	215
Total Purchase of goods for resale and consumables	**1,137,640**	**1,090,287**

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
By effect of the lease of the going concern of the subsidiary DE.AL., this item includes the purchase of the inventories and packaging stored in the warehouse in Elice (PE) – Via Tevere since 1 October 2016 (date of validity of the lease), for an amount totalling 3,649 thousand Euros.

29. Personnel costs

This item includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

(€thousand)	31.12.2016	31.12.2015
Salaries and wages	24,593	23,442
Social security contributions	7,637	7,168
Staff Severance Provision	1,827	1,731
Other Costs	404	82
Total Personnel Costs	**34,461**	**32,423**

The personnel costs, although retaining a careful resource management policy, with specific reference to the management of seasonal employment, leave and absences and overtime work, amounted to 34,461 thousand Euros as at 31 December 2016, an increase compared to 32,423 thousand Euros in the previous year. This change is partly linked to the opening of the new MARR Urbe branch (operational since 1 June 2016) and partly to the management of the new MARR Adriatico branch (operational since 1 October 2016, following the lease of the "PAC Food" going concern of the subsidiary DE.AL. S.r.l. and the consequent takeover of the employment contracts of its employees).
As described in more detail in the Directors' Report, it must be noted that this item includes non-recurrent costs of 714 thousand Euros concerning the process of integration and start-up of the new subsidiary DE.AL. (MARR leased the business unit as of 1 October 2016).

Breakdown of employees by category is as follows:

	Workers	Employees	Managers	**Total**
Employees as of 31.12.15	285	449	7	741
Net increases and decreases	*(17)*	*54*	*1*	*38*
Employees as of 31.12.16	**268**	**503**	**8**	**779**
Average number of employees as of 31.12.16	**292.4**	**472.6**	**7.8**	**772.9**

It is pointed out that the variation of the year, as commented above, includes the influx of new employees due to the lease of the going concern of the subsidiary DE.AL; it must also be noted that, as already mentioned in the preceding paragraphs, the incorporated companies Sfera S.p.A. and Baldini Adriatrica Pesca S.r.l. had no employees as at 31 December 2015, as they had already leased their business unites to the parent company in previous years.

30. Amortizations and write-downs

(€thousand)	31.12.2016	31.12.2015
Depreciation of tangible assets	5,009	4,279
Amortization of intangible assets	187	138
Provisions and write-downs	11,562	10,711
Total Amortizations and Depreciations and Write-downs	**16,758**	**15,128**

(€thousand)	31.12.2016	31.12.2015
Allocation of taxed provision for bad debts	8,220	8,510
Allocation of non-taxed provision for bad debts	1,980	1,990
Allocation of future risks and losses	950	0
Adjustment for supplementary clientele severance	412	211
Total Provisions and write-downs	**11,562**	**10,711**

For more details on provisions, reference is made to the relevant movements highlighted in notes 11 “Current trade receivables”, 19 “Provisions for non-current risks and charges” in addition to that commented in the paragraph “Credit risk”.

31. Other operating costs

(€thousand)	31.12.2016	31.12.2015
Operating costs for services	162,374	156,674
Operating costs for leases and rentals	9,512	10,154
Operating costs for other operating charges	1,415	1,688
Total Other operating costs	**173,301**	**168,516**

(€thousand)	31.12.2016	31.12.2015
Sale expenses, distribution and logistic costs for our products	134,293	130,933
Energy consumption and utilities	9,241	8,910
Third-party production	3,187	2,714
Maintenance costs	4,113	3,750
Porterage and movement of goods	3,346	2,815
Advertising, promotion, exhibitions, sales (sundry items)	668	428
Directors' fees	784	818
Statutory auditors' fees	89	76
Insurance costs	907	761
Reimbursement of expenses, travels and sundry costs for personnel	336	279
General and other services	5,410	5,190
Total Operating costs for services	**162,374**	**156,674**

The increase in operating “sale, movement and distribution” costs is also correlated, in addition to the increase in revenues, to the increasing centralisation of deliveries by suppliers onto logistical platforms (to which the logistical payments charged to the suppliers relate), with the consequent undertaking by the Company of the costs for distribution from the logistical platforms to the commercial branches. See the Directors’ Report and that stated as regards the operating costs for more details.

(€thousand)	31.12.2016	31.12.2015
Lease of industrial buildings	8,220	6,820
Lease of processors and other personal property	225	411
Lease of industrial vehicles	17	0
Rentals for lease of business premises	850	2,767
Lease of cars	13	3
Lease of plant, machinery and equipment	55	36
Rentals and other charges paid on other personal property	132	117
Total Operating costs for leases and rentals	**9,512**	**10,154**

It should be pointed out that the rental fees for industrial buildings include the fees of 668 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in which the branch MARR Uno carries out its activities (Via Spagna 20 – Rimini).
The increase compared to the previous year is related, in addition to the lease, starting since 1 October 2016, of the building located in Elice (PE) – Via Tevere, in which the new distribution centre MARR Adriatico carries out its activity (165 thousand Euros), to the rentals for the lease of the buildings in Torino and Bologna whose contracts was formerly

held by the merged Sfera S.p.A (1.159 thousand Euros) and to the building in Riccione whose contract was formerly held by the incorporated Baldini Adriatica Pesca S.r.l. (101 thousand Euros).

As regards the leasing fees for buildings, see that described in the paragraph entitled “Organisation and logistics” in the Directors’ Report on Management, with the specification that the relevant ongoing contracts are subjected to Law 392/78 Chapter II (Leasing contracts for uses other than habitation).
Rentals for lease of business premises (going concern) totally refers to the rentals billed by the subsidiary DE.AL. The decrease compared to the previous year is due to the merger of the company Sfera S.p.A. and Baldini Adriatica Pesca S.r.l., which has accounting and tax effects starting since 1° January 2016.

(€thousand)	**31.12.2016**	31.12.2015
Other indirect taxes, duties and similar charges	591	845
Expenses for collection of debts	277	252
Other sundry charges	185	207
Capital losses on disposal of assets	52	40
IMU	259	293
Contributions and membership fees	51	51
Total Operating costs for other operating charges	**1,415**	**1,688**

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

32. Financial income and charges

(€thousand)	**31.12.2016**	31.12.2015
Financial charges	7,346	8,868
Financial income	(2,400)	(2,650)
Foreign exchange (gains)/losses	(116)	319
Total Financial income and charges	**4,830**	**6,537**

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

Below the detail of financial charges and income:

(€thousand)	**31.12.2016**	31.12.2015
Interest payable on other loans, bills discount, hot money, import	3,693	4,709
Interest payable on loans	290	213
Interest payable on discounted bills, advances, export	104	291
Other financial interest and charges	3,248	3,633
Interest and Other financial charges for Parent Companies	0	1
Interest and Other financial charges for Subsidiaries	11	21
Total Financial charges	**7,346**	**8,868**

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

(€thousand)	**31.12.2016**	31.12.2015
Other sundry financial income (interest from customers, etc)	2,237	2,362
Positve interest from bank accounts	36	60
Other sundry financial income for Parent Companies	22	50
Other sundry financial income for Subsidiaries	105	178
Total Financial income	**2,400**	**2,650**

The other financial income concerns the interests due from clients for payment delays.

33. Income and charge from associated companies

This item is detailed as indicated in the following table:

(€thousand)	**31.12.2016**	31.12.2015
Dividends by Subsidiaries	3,647	3,108
Income from investments disposal	0	1,742
Profit from subsidiary liquidation	17	0
Readjustment investments in subsidiaries	0	435
Write off investments in subsidiaries	(4)	(3)
Total Income (charge) from associated companies	**3,660**	**5,282**

The item “Dividends by subsidiaries” as at 31 December 2016 (equal to 3,647 thousand Euros) consists mainly of the dividends distributed in 2016 by the subsidiary AS.CA. S.p.A. in the amount of 2,395 thousand Euros and by the subsidiary New Catering S.r.l. in the amount of 1,252 thousand Euros.

The item “Profit from subsidiary liquidation”, amounting to 17 thousand Euros, is correlated to the end of the liquidation procedure (started on 17 October 2002) of the subsidiary Alisurgel and the cancellation of the company from the Companies Register (done on 15 November 2016), with the consequent distribution to the shareholders of the liquidation assets and liabilities, as per the distribution plan in the final liquidation financial statements as at 30 June 2016. 97% of the holdings were owned by MARR and 3% by the subsidiary Sfera S.p.A., which subsequently merged into MARR.

As regard the cost for the write-off of the investment in subsidiaries (equal to 4 thousand Euros), this is attributable to the Spanish subsidiary MARR Foodservice Iberica S.A.U..

34. Taxes

(€thousand)	**31.12.2016**	31.12.2015
Ires - Ires charge transferred to the Parent Company	19,892	20,234
Irap	4,176	4,202
Net provision for deferred tax liabilities	814	114
Reimbursement for taxes of previous years	0	(405)
Total taxes	**24,882**	**24,145**

Reconciliation between theoretical and effective fiscal charges

(€thousand)	Year 2016		Year 2015	
	Taxable amount	Tax	Taxable amount	Tax
I.R.E.S.				
Profit before taxation	80,685		80,629	
Taxation rate	27.50%		27.50%	
theoretical tax burden		22,188		22,173
Permanent differences				
Non-deductible depreciation	287		122	
Write-down of financial assets	0		0	
Other	667		808	
	954		*930*	
Deductible depreciation	(2,566)		(1,869)	
Dividends from Italian companies (95%)	(3,465)		(2,953)	
Income from investments disposal (95%)	0		(1,655)	
Personel cost not deducted to Irap	(131)		(192)	
Other	(3,364)		(2,610)	
	(9,526)		*(9,279)*	
Temporary differences deductible in future years				
Allocation of taxed provision for bad debts	9,174		8,635	
Maintenance cost excess 5%	0		0	
Other	614		1,055	
Deductible entertainment expenses	0		0	
	9,788		*9,690*	
Reversal of temporary differences from previous years				
Surplus value deductible in future years	0		0	
	0		0	
Use of taxed provision for bad debts	(8,022)		(7,400)	
Use of others taxed provisions	(335)		(89)	
Amount of taxed entertainment expenses	0		0	
Write down of financial assets	0		0	
Amount of maintenance cost excess 5%	0		0	
Other	(677)		(859)	
	(9,034)		*(8,348)*	
Taxable income	72,867		73,622	
Taxation rate	27.50%		27.50%	
Actual tax burden		**20,038**		**20,246**
Balance of IRES for past business years and roundings		(146)		(12)
Recovery for Ires relating years 2004-2007		0		(431)
Actual Tax burden of Period		**19,892**		**19,803**
I.R.A.P.				
Profit before taxation	80,685		80,629	
Cost not relevant for I.R.A.P.				
Income and expense from investments	(3,660)		(5,282)	
Financial income and expense	4,830		6,538	
Personnel costs	34,461		32,423	
Theorical taxable	116,316		114,308	
Taxation rate	3.95%		3.95%	
theoretical tax burden		4,594		4,515
Other	(11,234)		(8,495)	
Taxable income	105,082		105,813	
Taxation rate	3.97%		3.95%	
Actual tax burden		**4,172**		**4,180**
Balance of IRAP for past business years and roundings		4		22
Actual Tax burden of Period		**4,176**		**4,202**

35. Earnings per share

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

(in Euro)	**2016**	2015
EPS base	0.84	0.85
EPS diluted	0.84	0.85

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

Earnings:

(€thousand)	**31.12.2016**	31.12.2015
Profit for the period	55,803	56,484
Profit used to determine basic and diluted earnings per share	**55,803**	**56,484**

Number of shares:

(number of shares)	**31.12.2016**	31.12.2015
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	**66,525,120**	**66,525,120**

36. Other profits/losses

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for: hedging interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars signed with an operation of private placement in July 2013; term exchange purchase transactions to hedge the underlying goods purchasing operations. The values indicated amounted to a total loss of 785 thousand Euros in the year 2016 (+559 thousand Euros in the year 2015) and are shown net of the taxation effect (that amounts to approximately -251 thousand Euros as at 31 December 2016).
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to a total loss of 34 thousand Euros, is shown net of the taxation effect (that amount to about 11 thousand Euros as at 31 December 2016).

According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated statement of other comprehensive.

Net financial position

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

MARR S.p.A. (€thousand)		***31.12.16***	*31.12.15*
A.	Cash	8,595	7,276
	Bank accounts	97,657	78,192
	Postal accounts	254	450
B.	Cash equivalent	97,911	78,642
C.	**Liquidity (A) + (B)**	**106,506**	**85,918**
	Current financial receivable due to Subsidiaries	3,977	8,916
	Current financial receivable due to Parent Company	2,930	2,771
	Others financial receivable	917	1,244
D.	**Current financial receivable**	**7,824**	**12,931**
E.	Current Bank debt	(48,941)	(28,075)
F.	Current portion of non current debt	(52,485)	(42,816)
	Financial debt due to Parent Company	0	0
	Financial debt due to Subsidiaries	(1,763)	(859)
	Financial debt due to Related Companies	0	0
	Other financial debt	(12,170)	(758)
G	Other current financial debt	(13,933)	(1,617)
H.	**Current financial debt (E) + (F) + (G)**	**(115,359)**	**(72,508)**
I.	**Net current financial indebtedness (H) + (D) + (C)**	**(1,029)**	**26,341**
J.	Non current bank loans	(125,240)	(143,523)
K.	Other non current loans	(51,678)	(39,125)
L.	**Non current financial indebtedness (J) + (K)**	**(176,918)**	**(182,648)**
M.	**Net financial indebtedness (I) + (L)**	**(177,947)**	**(156,307)**

Events after the closing of the year

With regard to the events subsequent to the year-end closing, refer to the Directors' Report on management performance.

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Rimini, 14 March 2017

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

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

- **Appendix 1** – List of relevant equity investments in subsidiaries, associated companies and other companies as at 31 December 2016, indicating the criteria adopted for accounting.
- **Appendix 2** – Table showing variations in Intangible Assets for the year ending 31 December 2016.
- **Appendix 3** – Table showing variations in Tangible Assets for the year ending 31 December 2016.
- **Appendix 4 –** Table showing the essential data from the Cremonini S.p.A. financial and consolidated financial statements as at 31 December 2015.
- **Appendix 5** – List of stockholdings in subsidiaries and associated companies as at 31 December 2016 (Civil Code art. 2427, paragraph 5).
- **Appendix 6** – Information as per art. 149-duodecies of the Consob Issuers Regulations.
- **Appendix 7** – Statement of the financial position of (MARR S.p.A.) and of the merged companies (Sfera S.p.A. and Baldini Adriatica Pesca S.r.l.) as at 31 December 2015.
- **Appendix 8** – Table summarising the relations with parent companies, subsidiaries, related parties and associates.

MARR GROUP S.p.A.
LIST OF EQUITY INVESTMENTS
AT 31 DECEMBER 2016

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control Company	Indirect control Share held
COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS					
- Parent Company:					
MARR S.p.A.	Rimini	33,263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100.0%		
Marr Foodservice Iberica S.A.u	Madrid (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
De.Al. S.r.l.	Elice (PE)	3,000	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Griglia Doc S.r.l.	Elice (PE)	2,000		De.Al. S.r.l.	50.0%
EQUITY INVESTMENTS VALUED AT COST:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

Appendix 2

Intangible fixed assets (in thousand of Euros)	OPENING BALANCE			MOVEMENTS DURING THE YEAR						CLOSING BALANCE		
	Original Cost	Provision for amortization	Balance 01/01/2016	Merger		Purchases/ reclassification	Other changes	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2016
				Original cost	Prov. for am.							
Start-Up and expansion costs												
Cost of research, development and advertising												
Cost of industrial patents and rights for the use of intellectual property	3,656	(3,339)	317	234	(107)	261			(186)	4,151	(3,632)	519
Concessions, licences, brand names, and similar rights	48	(31)	17	125	(124)				(1)	173	(156)	17
Goodwill	73,072		73,072	21,189						94,261		94,261
Intangible fixed assets under development and advances	278		278			228				506		506
Other intangible fixed assets	70	(70)								70	(70)	
Total	**77,124**	**(3,440)**	**73,684**	**21,548**	**(231)**	**489**			**(187)**	**99,161**	**(3,858)**	**95,303**

Tangible fixed assets (in thousand of Euros)	Opening balance			Movements during the year						Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2016	Merger		Purchases/ reclassification	Decreases		Amortization	Original Cost	Provision for amortization	Balance 31/12/2016
				Original cost	Prov. for am.		Original cost	Prov. for am.				
Land and buildings	70,715	(20,739)	49,976	660	(67)	3,749			(1,739)	75,124	(22,545)	52,579
Plant and machinery	30,197	(21,954)	8,243	918	(588)	2,182	(45)	39	(2,153)	33,252	(24,656)	8,596
Industrial and commercial equipment	2,618	(1,813)	805	758	(665)	248	(10)	7	(160)	3,614	(2,631)	983
Other tangible assets	12,087	(10,031)	2,056	563	(455)	2,766	(708)	473	(963)	14,708	(10,976)	3,732
Tangible fixed assets under development and advances	436		436	288		(715)				9		9
Total	**116,053**	**(54,537)**	**61,516**	**3,187**	**(1,775)**	**8,230**	**(763)**	**519**	**(5,015)**	**126,707**	**(60,808)**	**65,899**

Appendix 4

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -				
		Financial Statements as of December 31, 2015		
Cremonini S.p.A.		in thousands of Euros		Consolidated
		BALANCE SHEET		
		ASSETS		
83,629		Tangible assets		810,651
6		Goodwill and other intangible assets		165,451
256,937		Investments		14,399
4,878		Non-current assets		72,240
345,450		*Total non-current assets*		*1,062,741*
0		Inventories		390,975
12,697		Receivables and other current assets		608,020
406		Cash and cash equivalents		183,416
13,103		*Total current assets*		*1,182,411*
358,553		**Total assets**		**2,245,152**
		LIABILITIES		
221,712		Shareholders' equity:		711,178
	67,074	Share capital	67,074	
	122,213	Reserves	321,630	
	32,425	Net profit (loss)	55,129	
	0	Minority interest	267,345	
84,167		Non-current financial payables		510,492
418		Employee benefits		25,386
200		Provisions for risks and charges		18,027
5,364		Other non-current liabilities		66,338
90,149		*Total non-current liabilities*		*620,243*
33,931		Current financial payables		287,412
12,761		Current liabilities		626,319
46,692		*Total current liabilities*		*913,731*
358,553		**Total Liabilities**		**2,245,152**
		INCOME STATEMENT		
5,004		Revenues		3,293,865
1,129		Other revenues		80,140
		Changes in inventories		14,347
		Internal works performed		3,144
(42)		Purchase of goods		(2,274,988)
(5,645)		Other operating costs		(560,041)
(2,606)		Personnel costs		(290,596)
(1,290)		Amortization		(63,728)
(65)		Depreciation and Allocations		(33,025)
37,524		Income from investments		(679)
(3,492)		Financial income and charges		(33,132)
0		Profit from business aggregations		0
30,517		*Profit before taxes*		*135,307*
1,908		Taxes		(41,817)
32,425		Net profit (loss) before consolidation		93,490
0		Minority interest's profit (loss)		(38,361)
32,425		**Consolidated Net profit (loss)**		**55,129**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2015. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2015, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

Appendix 5

List of stockholdings in subsidiaries and associated companies as at December 31, 2016 (art. 2427 n.5 c.c.) (€/thousands)														
			Shareholder's equity		Net Profit (loss)									
Company	Corporate Domicile	Capital Stock	Total Amount	Pro-rata Amount (A)	Total Amount	Pro-rata Amount	Percentage Held	Carrying Value (B)	Difference (B) - (A)		Last Financial Statements approved/ preliminary financial statements approved	Shareholders' equity pro-rata amount in accordance with art. 2426 n. 3 cc (C)	Difference (B) - (C)
- In subsidiares:													
Marr Foodservice Iberica S.A.U.	Madrid (Spagna)	600	406	406	(4)	(4)	100.00%	406	0		31/12/2016	406	0
AS.CA. S.p.a.	Santarcangelo di R.(RN)	518	6,061	6,061	2,475	2,475	100.00%	13,691	7,630	*	31/12/2016	14,745	(1,054)
New Catering S.r.l.	Santarcangelo di R.(RN)	34	4,306	4,306	1,514	1,514	100.00%	7,439	3,133	*	31/12/2016	8,231	(792)
De.Al. S.r.l. Depositi Alimentari	Elice (PE)	3,000	1,961	1,961	(1,468)	(1,468)	100.00%	36,000	34,039	*	31/12/2016	38,343	(2,343)

* See comment in the note to the financial statements

Appendix 6

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulations, shows the fees pertinent to business year 2015 for services rendered to the Company by Auditing Firms[X] or entities belonging to the auditing firms' network:

(€thousands)	Service Company	Client	Fees pertinent to business year 2016
Auditing	Reconta Ernst & Young S.p.A.	MARR S.p.A.	93
	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	48
Certification service			0
Other services			0
Total			**141**

[X] It should be noted that, since the mandate conferred upon Reconta Ernst & Young S.p.A. on 20 April 2007 ended, the Shareholders' Meeting on 28 April 2016 conferred the duty of auditing the accounts to the independent auditing firm PricewaterhouseCoopers S.p.A. for the business years from 2016 to 2024

Appendix 7

Statements of finantial position of the Incorporating Company (MARR S.p.A.) and of the Merged Companyies (Sfera S.p.A. and Baldini Adriatica Pesca S.r.l.) as at 31 December 2015			
(€)	**Absorbing Company MARR S.p.A.**	**Merged Company Sfera S.p.A.***	**Merged Company Baldini Adriatica Pesca S.r.l.***
ASSETS			
Non-current assets			
Tangible assets	61,515,681	1,342,489	69,491
Goodwill	73,072,161	7,695,487	2,563,680
Other intangible assets	611,933	127,709	1
Investments in Subsidiaries and Associated	33,440,608	0	0
Investments in other companies	298,521	4,600	1,184
Non-current financial receivables	2,673,609	0	0
Non current derivative/financial instruments	5,095,197	0	0
Deferred tax assets	527,727	0	0
Other non-current assets	30,501,829	0	52,687
Total non-current Assets	**207,737,266**	**9,170,285**	**2,687,043**
Current assets			
Inventories	112,025,265	0	0
Financial receivables	12,866,811	0	0
Current derivative/financial instruments	64,107	0	0
Trade receivables	351,601,847	78,987	2,475,486
Tax assets	8,995,474	4	133,880
Cash and cash equivalents	85,918,424	20,407	10,584
Other current assets	40,454,277	238,772	304,768
Total current Assets	**611,926,205**	**338,170**	**2,924,718**
TOTAL ASSETS	***819,663,471***	***9,508,455***	***5,611,761***
LIABILITIES			
Shareholders' Equity	266,773,224	2,642,478	722,586
Share capital	*33,262,560*	*220,000*	*10,000*
Reserves	*174,569,853*	*261,545*	*12,246*
Retained Earnings	*0*	*0*	*0*
Profit for the period	*58,940,811*	*2,160,933*	*700,340*
Total Shareholders' Equity	**266,773,224**	**2,642,478**	**722,586**
Non-current liabilities			
Non-current financial payables	182,543,650	0	0
Non current derivative/financial instruments	105,162	0	0
Employee benefits	8,951,674	0	0
Provisions for risks and charges	3,384,790	1	0
Deferred tax liabilities	0	620,692	192,535
Other non-current liabilities	598,586	0	0
Total non-current Liabilities	**195,583,862**	**620,693**	**192,535**
Current liabilities			
Current financial payables	72,508,001	4,333,809	2,882,200
Current derivative/financial instruments	0	0	0
Current tax liabilities	1,959,695	247,011	5,701
Current trade liabilities	261,495,686	743,051	1,314,928
Other current liabilities	21,343,003	921,413	493,811
Total current Liabilities	**357,306,385**	**6,245,284**	**4,696,640**
TOTAL LIABILITIES	***819,663,471***	***9,508,455***	***5,611,761***

* It is highlighted thta the statements of the finantial position as at 31 December 2015 of the merged companies have been adjusted and restated consistently with IFRS and in line with the consolidated finantial statement of MARR S.p.A. as at 31 December 2015, as provided by OPI n. 2R of Assirevi.

Appendix 8

COMPANY	FINANCIAL RELATION - RECEIVABLES - Trade	RECEIVABLES - Other*	RECEIVABLES - Financial	PAYABLES - Trade	PAYABLES - Other*	PAYABLES - Financial	ECONOMIC RELATIONS - REVENUES - Sale of goods	REVENUES - Performance of services	REVENUES - Other revenues	REVENUES - Financial Income	COSTS - Purchase of goods	COSTS - Services	COSTS - Leases and rental	COSTS - Other operating charges	COSTS - Financial charges
From Parent Companies:															
Cremonini Spa (*)	373	1,194	2,930				5			22		1,164			1
Total	373	1,194	2,930	0	0	0	5	0	0	22	0	1,164	0	0	1
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia Doc S.r.l. (***)	8			3				7				3			
Total	8	0	0	3	0	0	0	7	0	0	0	3	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,246	6		22			8,100					50			
Fiorani & C. S.p.a.		41		235					39		1,945				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				422								882		1	
Guardamiglio S.r.l.															
Inalca Algerie S.a.r.l.	12														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	842	2			9		5,416	138							
Inalca Kinshasa S.p.r.l.	315														
Inalca S.p.a.	74	29		5,348			378		232		64,357	23			
Inter Inalca Angola Ltda	197														
Interjet S.r.l.															
Italia Alimentari S.p.a.		71		334					125		3,808				
Marr Russia L.l.c.															
Pappabuona.com S.r.l.	78						97								
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	668						1,900								
Roadhouse S.p.A.	7,156			2	21		26,216	26			27	2			
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		23							23						
From not Affiliated Companies															
Farmservice S.r.l.	21						75								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	11,611	172	0	6,363	30	0	42,182	164	419	0	70,137	957	668	1	0
From Affiliated Companies															
Asca S.p.a.	233		3,592	36			910	105	3	68	396	3			
Alisurgel S.r.l. (deleted by the Company Register on 15 November 2016)								2							2
De.Al. S.r.l.	377	1,834		1,441		1,462	101	373	1	34	4,814	89	869	4	1
Marr Foodservice Iberica S.a.U.				104		301									5
New Catering S.r.l.	276		385	28			659	243	- 2	2	3			13	2
Total	886	1,834	3,977	1,609	0	1,763	1,670	723	2	104	5,213	92	869	17	10

(*) The items in the Other Receivables and Other Payables columns relate to the IRES benefit and cost transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 and for the payable for the Ires of the year respectively. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.

(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

(***) It is highlighted thta Griglia is indicated as an associated company, because it is an indirect associated company (50% owned by DE.AL S.r.l. that is 100% owned by MARR S.p.A.)

STATEMENT OF FINANCIAL STATEMENTS OF MARR S.p.A. PURSUANT TO ART. 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58 DATED 24 FEBRUARY 1998

1. The undersigned Pierpaolo Rossi in the quality of Chief Executive Officer, and Antonio Tiso, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application,

   of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement, during the year 2016.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2016 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

3.1 the financial statements:

a) are drafted in conformity with the internationally applicable accounting principles recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

b) correspond to the findings in the accounts books and documents;

c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author.

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

Rimini, 14 March 2017

Pierpaolo Rossi	Antonio Tiso
Chief Executive Officer	Manager responsible for the drafting of corporate accounts documents

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the shareholders of
MARR SpA

Report on the financial statements

We have audited the accompanying financial statements of MARR SpA, which comprise the statement of financial position as of December 31, 2016, statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and cash flows statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of MARR SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree N° 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MARR SpA as of December 31, 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree N° 38/2005.

Other aspects

The financial statements as of December 31, 2015 were audited and reviewed by other auditors, who on March 29, 2016 expressed an unqualified opinion on the financial statements.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) N° 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree N° 58/98, which are the responsibility of the directors of MARR SpA, with the financial statements of MARR SpA as of December 31, 2016. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of MARR SpA as of December 31, 2016.

Bologna, 30 march 2017

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

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

MARR SpA

“Report by the Board of Statutory Auditors to the Shareholders’ Meeting pursuant to art. 153 of the TUF and art. 2429, paragraph 3 of the Civil Code”

Dear Shareholders,

This report refers to the supervisory activities carried out by the Board of Statutory Auditors of the Company provided by the law, specifically by art. 149 of the TUF and art. 2429 of the Civil Code, the Code of Conduct of the Boards of Statutory Auditors of listed companies emanated by the National Board of Chartered Accountants and Auditors, the Consob recommendations on company audits and activities of the Board of Statutory Auditors (in particular Communication no. DEM/1025564 dated 6-4-2011) and the indications given in the Rules of Self-Discipline.

It should be recalled that the Board of Statutory Auditors in office was appointed by the Shareholders’ Meeting on 28 April 2014 on the basis of the provisions of the law and Statutes and its term of office will end with the Shareholders’ Meeting for the approval of the financial statements as at 31 December 2016.

During the year, we carried out the activities required of us, stated by article 149 of the aforementioned Legislative Decree 58, following which we can state the following:

- during the course of the meetings of the Board of Directors, which we always attended, the Directors provided us with information concerning the activities carried out and reported on the economic, equity and financial effects of the main operations carried out by the Company and/or its subsidiaries;
- the operations authorised and undertaken were always in compliance with the law and the company By-laws, based on principles of correct administrative conduct not contrasting with the deliberations of the Shareholders’ Meeting or in conflict of interest;
- the organizational structure of the Company is suited to its dimensions. The meetings held with the heads of department and representatives of the independent auditing firm have enabled us to collect the required information on the principles of diligence and proper administrative conduct;
- the internal audit procedure, intended as the rules, procedures and organizational structures aimed at enabling the healthy and roper management of the company, consistently with the pre-set targets, is substantially suited to the dimensions of the Company and contributes safeguarding the company equity and the respect of the laws and regulations in force.

The Chairman, or in their absence a standing member of the Board of Statutory Auditors, always attended the meetings of the Control and Risks Committee, which met five times during the course of the year. Attending the meetings of the Committee has enabled us to acquire information on the effectiveness of the financial and operating risk management systems and, more generally, those manging the non-fulfilment of the laws in force.

The Board of Directors met seven times, and during one meeting, requested and obtained the opinion of the Board of Directors as provided by the laws and By-laws in force.

The Board of Directors made available to us within the terms of the law both the interim and annual report on operations and also prepared the quarterly reports, on the basis of that indicated by the Italian Stock Exchange by notification dated 21/04/2016.

The disclosure required by article 150 of Legislative Decree 58/98 and article 21 of the Company By-laws in force and was made with the due periodicity.

We believe that the administration and accounting system, as checked by us and also ascertained in previous years, is capable of properly representing the management events.

The Board of Auditors supervised over the adequacy of the instructions given by the Company to its subsidiaries pursuant to art. 114 of Legislative Decree 58/98 in order for them to provide the information necessary to fulfil the communication obligations laid down by the law, without raising any exceptions.

Furthermore, for the matters of our competence, we can also state that:

- the annual financial statements, which show a profit of 55,083 thousand Euros (56,484 last year), have been drawn up in compliance with the laws in force concerning their layout and formation;
- the notes to the financial statements provide the information deemed opportune in representing the economic, equity and financial situation of the Company, in addition to the specific instructions given by the laws in force for their preparation;
- the report prepared by the Board of Directors contains detailed information on the management and situation of the company and described the main risks and uncertainties to which it is exposed. The report contains the attestation of the non-applicability of the conditions preventing quotation required by article 37 of Market Regulation no. 16191/2007 in the event of companies subjected to the management and coordination of others;
- there were no atypical or unusual operations with companies in the Group, third parties or related parties. The following is a brief illustration of the economic effects of the intra-company operations and those of an ordinary nature with related parties:

Economic relations	**Amount**
Revenues from sales of goods	43,852
Supply of services	887
Other revenues	421
Financial income	104
Purchases of goods	(75,350)
Procurement of services	(1,049)
Costs for using third party assets	(1,537)
Other operating costs	(18)
Financial charges	(10)

  As illustrated by the Directors, the intra-company operations for the exchange of goods and/or services occurred under normal market conditions, taking into account the characteristics of the assets sold and services supplied. In this regard, there were no conflicts of interests reported or encountered, no blatantly imprudent or risky operations carried out, or operations capable of prejudicing the economic, equity and financial situation of the Company and/or Group;

- As regards Consob Communication no. DEM/1025564 dated 6/4/2001, it must be reported that during the year, the entire capital of "DE.AL. S.r.l." was acquired, a company in the

Abruzzi operating in the distribution of food products to foodservice under the “PAC Food” brand, for 36 million Euros. The operation, described in detail in the report on operations by the Directors, does not appear to be blatantly risky or imprudent or such as to compromise the integrity of the shareholders’ equity, in potential conflict of interest or contrary to the law or the articles of association;

- it must also be noted that on 1 January 2017, the acquisition by MARR S.p.a. of 100% of the holdings in Speca Alimentari S.r.l., with headquarters in Baveno (BV), the owner of the company of the same name operating in the foodservice sector, became effective. By express agreement between the parties, the active and passive effects of the deed stipulated on 30 December 2016 became effective on 1 January 2017;
- the meetings with the Statutory Auditors of the subsidiaries did not highlight ant aspects and/or events worthy of mention;
- we have viewed and obtained information on the activities of an organizational and procedural nature undertaken pursuant to and by effect of Legislative Decree 231/2001 and subsequent integrations. During the year, the Organizational Model of the Company was integrated to include new criminal circumstances. The report by the person responsible for the Organizational Model on the activities carried out in 2016 and the information obtained autonomously by the Board of Statutory Auditors does not include criticalities;
- during the course of the business year, the Board of Statutory Auditors held five meetings and periodically exchanged information with the independent auditing firm. The exchanges of information with the independent auditors pursuant to article 150 of Legislative Decree 58/98 did not highlight any criticalities;
- in its report pursuant to article 14 of Legislative Decree 39/2010, the independent auditing firm PricewaterhouseCoopers S.p.a. did not highlight any disclosure findings and/or recalls or related observations or limitations;
- in its report ex art. 19 of Legislative Decree 39/2010, the independent auditing firm stated that no fundamental questions arose during the audit, and neither did significant shortcomings in the internal audit system as regards the process of financial disclosure;
- in relation to the conferment of additional duties to the independent auditing firm and other subjects linked to it, the following remuneration for 2016 should be noted, recognised for part of the business year to the independent auditing firm Reconta Ernst & Young S.p.a. and for part of the business year to the independent auditing firm PricewaterhouseCoopers S.p.a. or to entities belonging to them in relation to the duties specified hereafter:

MARR GROUP

(payments in thousands of Euros)

TYPE OF SERVICE	SUBJECT PROVIDING THE SERVICE	BENEFICIARY	REMUNERATION
Auditing the accounts	Reconta Ernst & Young S.p.a.	MARR S.p.a.	93
Auditing the accounts	PricewaterhouseCoopers S.p.a.	MARR S.p.a.	48
Auditing the accounts	PricewaterhouseCoopers S.p.a.	As.Ca S.p.a.	19
TOTAL			**160**

Taking into account the above and the declaration of the non-existence of causes of incompatibility issued by the independent auditing firm, the Board of Statutory Auditors believes that there were no critical aspects as regards the independence of the auditing firm;

- in observance of the dispositions contained in article 149, no. 1, sub. c)-bis of Legislative Decree 58/98, we hereby acknowledge that the company adheres to and is consistent with the Code of Self-governance for quoted Italian companies. Adhesion to the regulations of the above code was acknowledged and is the scope of the report on Corporate Governance prepared by the Board of Directors;
- as provided by article 3.2 of the aforementioned Rules of Self-discipline, the Board of Directors verified during the course of the year the effective independence of the independent Directors and the Board of Statutory Auditors verified the correct application of the criteria and procedures applied. Consistently with the dispositions of article 9.1 of the same code, we also verified that our independence was retained;
- The Board of Statutory Auditors was updated as regards the evolution of the sector of activity in which the company operates and the reference regulatory framework, both during the periodical meetings of the Board and in communications in this regard pursuant to article 2.7 of the Rules of Self-discipline;
- we did not receive any report or complaints ex art. 2408 of the Civil Code.

On the basis of the auditing activities carried out during the course of the year, the Board of Statutory Auditors hereby gives its favourable opinion on the approval of the financial statements as at 31 December 2016 and the deliberation proposals made by the Board of Directors.

Rimini, 30 March 2017

The Board of Statutory Auditors
(Mr. E. Simonelli)
(Mrs. S.Muratori)
(Mr. D.Muratori)

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