HALF-YEAR FINANCIAL REPORT
as at 30 June 2017

4 August 2017

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

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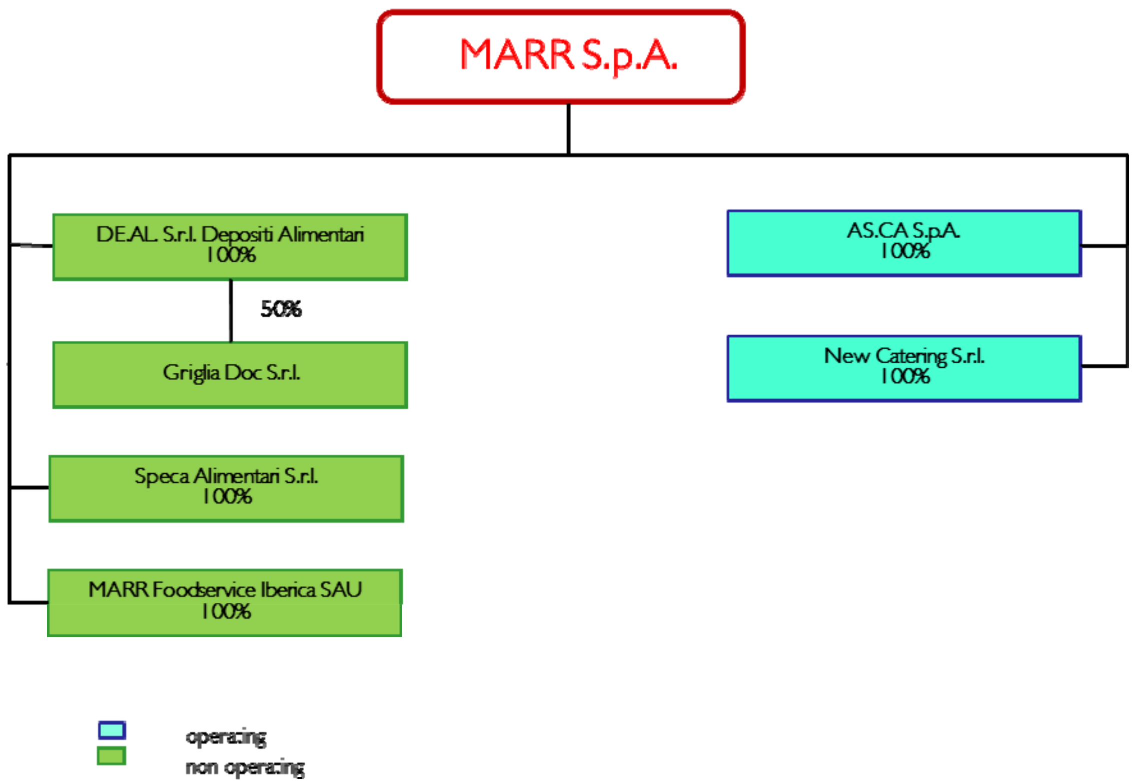
MARR GROUP ORGANISATION

as at 30 June 2017



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

Compared to the situation as at 30 June 2016, it should be noted the following:

- on date 1st October 2016 the company DE.AL. S.r.l. (acquired on 4 April 2016) leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Adriatico Branch and it is therefore a non-operational company;
- 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 deleted 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;
- 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., which activities were limited to the leasing of the going concerns to the parent company, was completed. in order to achieve the rationalisation of the economic, financial and administrative management of the two companies.

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

Company	Activity
MARR S.p.A. Via Spagna n. 20 – Rimini	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
AS.CA S.p.A. Via dell'Acero n. 1/A - Santarcangelo di Romagna (Rn)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (Rn)	Marketing and distribution of foodstuff products to bars and fast food outlets.
DE.AL. S.r.l. Depositi Alimentari Via Tevere n. 125 – Elice (PE)	Company no operational, leased its going concern to the parent company.
Speca Alimentari S.r.l. Via dell'Acero n. 1/A – Santarcangelo di Romagna (Rn)	Company no operational, leased its going concern to the parent company..
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company.
Griglia Doc S.r.l. Via Tevere n. 125 – Elice (PE)	Non-operating company.

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

(1) Member of Control and Risk Committee

(2) Members of the Remuneration and Nomination committee

Board of Statutory Auditors

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

Independent Auditors	PricewaterhouseCoopers S.p.A.

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the first half of 2017

The interim report as at 30 June 2017 has 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, while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

At the end of the first six months, the sales of the MARR Group amounted to 755.2 million Euros (711.4 million at the end of 2016), while those in the second quarter reached 431.9 million (410.9 million in 2016).

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

Specifically, the sales in the first half year to clients in the Street Market and National Account categories reached 624.4 million Euros (586.1 million in 2016), while those in the second quarter amounted to 366.5 million Euros (347.5 million in 2016), with Easter falling in April (March in 2016), which had a positive effect on Street Market sales, but penalised those in the National Account category.

In the main "Street Market" category (restaurants and hotels not belonging to Groups or Chains), sales in the first six months reached 481.7 million Euros (443.0 million in 2016), with a contribution of 12.5 million Euros from the acquisitions of DE.AL. (4 April 2016) and Speca (effective from 1 January 2017).
In the second quarter, Street Market sales amounted to 294.9 million Euros (274.0 million in 2016), with a contribution from Speca of 3.2 million.
The trend in the reference market of Street Market clients, on the basis of the most recent survey by the Confcommercio Studies Office (July 2017) remains positive, recording an increase in consumption (by quantity) of +2.6% in the second quarter for the item "Hotels, meals and out-of-home food consumption"; this increase was +2.5% in the first quarter.

"National Account" sales (operators in Canteens and Chains and Groups) in the six months amounted to 142.7 million Euros (143.0 million in 2016), while those in the second quarter amounted to 71.6 million Euros (73.6 million in 2016).

Sales to clients in the "Wholesale" category in the six months amounted to 130.9 million Euros (125.3 million in 2016), while those in the second quarter amounted to 65.4 million compared to 63.4 million in 2016.

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

MARR Consolidated (€thousand)	*30.06.17 (6 months)*	*30.06.16 (6 months)*
Revenues from sales and services by customer category		
Street market	481,688	443,041
National Account	142,670	143,017
Wholesale	130,870	125,343
Total revenues form sales in Foodservice	755,228	711,401
(1) Discount and final year bonus to the customers	(8,700)	(8,807)
(2) Other services	1,138	1,312
(3) Other	241	81
Revenues from sales and services	747,907	703,987

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

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 the first half year of 2017, compared to the same period of the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	*30.06.17 (6 months)*	*%*	*30.06.16 (6 months)*	*%*	*% Change*
Revenues from sales and services	747,907	*97.3%*	703,987	*97.4%*	*6.2*
Other earnings and proceeds	20,651	*2.7%*	18,772	*2.6%*	*10.0*
Total revenues	**768,558**	***100.0%***	**722,759**	***100.0%***	***6.3***
Cost of raw and secondary materials, consumables and goods sold	(644,343)	*-83.8%*	(595,828)	*-82.4%*	*8.1*
Change in inventories	37,098	*4.8%*	30,621	*4.2%*	*21.2*
Services	(85,738)	*-11.2%*	(83,820)	*-11.6%*	*2.3*
Leases and rentals	(4,877)	*-0.6%*	(4,664)	*-0.7%*	*4.6*
Other operating costs	(789)	*-0.1%*	(802)	*-0.1%*	*(1.6)*
Value added	**69,909**	***9.1%***	**68,266**	***9.4%***	***2.4***
Personnel costs	(19,074)	*-2.5%*	(18,713)	*-2.5%*	*1.9*
Gross Operating result	**50,835**	***6.6%***	**49,553**	***6.9%***	***2.6***
Amortization and depreciation	(3,203)	*-0.4%*	(2,684)	*-0.5%*	*19.3*
Provisions and write-downs	(5,963)	*-0.8%*	(5,332)	*-0.7%*	*11.8*
Operating result	**41,669**	***5.4%***	**41,537**	***5.7%***	***0.3***
Financial income	747	*0.1%*	730	*0.1%*	*2.3*
Financial charges	(3,764)	*-0.5%*	(3,976)	*-0.5%*	*(5.3)*
Foreign exchange gains and losses	(56)	*0.0%*	(54)	*0.0%*	*3.7*
Value adjustments to financial assets	(81)	*0.0%*	(40)	*0.0%*	*102.5*
Result from recurrent activities	**38,515**	***5.0%***	**38,197**	***5.3%***	***0.8***
Non-recurring income	0	*0.0%*	0	*0.0%*	*0.0*
Non-recurring charges	0	*0.0%*	0	*0.0%*	*0.0*
Profit before taxes	**38,515**	***5.0%***	**38,197**	***5.3%***	***0.8***
Income taxes	(11,207)	*-1.4%*	(12,759)	*-1.8%*	*(12.2)*
Net profit attributable to the MARR Group	**27,308**	***3.6%***	**25,438**	***3.5%***	***7.4***

The consolidated results in the first half of 2017 are the followings: total revenues for an amount of 768.6 million Euros (722.8 million Euros in 2016); EBITDA[1] of 50.8 million Euros Euro (49.5 million Euros in 2016) end EBIT of a 41.7 million Euros (41.5 million Euros in 2016).

The trend in Revenues (+6.3% compared with the same period last year) is a consequence of the performance of sales in the individual client categories, as analysed previously.

The percentage incidence of the first margin (Total revenues, less Cost of purchase of goods plus variations in inventories) decreased slightly, given the inflationary dynamics that mainly affected the category of frozen seafood products.

[1] L'EBITDA (Margine Operativo Lordo) è un indicatore economico non definito negli IFRS, adottati da MARR a partire dal bilancio d'esercizio al 31 dicembre 2005. L'EBITDA è una misura utilizzata dal management della società per monitorare e valutare l'andamento operativo della stessa. Il management ritiene che l'EBITDA sia un importante parametro per la misurazione della performance del Gruppo in quanto non è influenzato dalla volatilità dovuta agli effetti dei diversi criteri di determinazione degli imponibili fiscali, dall'ammontare e caratteristiche del capitale impiegato nonché dalle relative politiche di ammortamento. Alla data odierna (previo approfondimento successivo connesso all'evoluzione della prassi contabile IFRS) l'EBITDA (*Earnings before interests, taxes, depreciation and amortization*) è definito da MARR come Utile/Perdita d'esercizio al lordo degli ammortamenti di immobilizzazioni materiali e immateriali, accantonamenti e svalutazioni, degli oneri e proventi finanziari e delle imposte sul reddito.

Increasing the item "Other earnings and proceeds" that is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); on the other hand, following the centralisation of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centres.
As had already emerged at 31 December 2016 as regards the operating costs, a reduction in their incidence on the total revenues, has led to an increase in the absolute value of services costs, mainly correlated to the acquisition of the companies DE.AL and Speca Alimentari (effective from 3 April 2016 and 1 January 2017 respectively), in addition to an increase in the costs of dispatching and handling goods, correlated to the process of centralisation of deliveries to suppliers to the logistical platforms.
Also with reference to Leases and rental costs it must be highlighted that their increase in absolute value, compared to the same period of the previous year, is related to the rent fees for the building in Elice (PE) and Baveno (VB) where, as consequence of the purchase of the two subsidiaries, respectively the distribution centres MARR Adriatico and MARR Speca Alimentari carry out their activity, as highlighted in the previous paragraph.

The percentage incidence of the other operating cost items is in line with those for the same period of the previous business year.

As regards the cost of employment, the increase in absolute value compared to the same period of the previous year is mainly linked to the entry into the Group of the workforce of the companies DE.AL. and Speca Alimentari, in addition to 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 the percentage incidence of the Personnel cost on the total revenues remains substantially aligned whit that one of the first half-year of 2016.

The increase in depreciation is mainly 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 6.0 million Euros (5.3 million in the first half of 2016) and consists for 5,6 million Euros by the provision for bad debts and for 0.3 million Euros by the provision for supplementary client severance indemnity.

The result from recurrent activities, that at the end of the half-year amounts to 38.5 million Euros, has taken advantage of a decrease of the net financial charges (-0.2 million Euros), related partially to the reduction of interest rates which resulted in a lower cost of money.

The tax rate of the period is 29.1% (33.4% in the same period of the previous year) and benefits from the reduction in the Ires tax rate from 27.5% to 24%, approved by the 2016 stability law with effect from business years starting after 31 December 2016.

As at 30 June 2017 the total net result reached 27.3 million Euros, increasing by 7.4% compared to the same period of the previous year.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*30.06.17*	*31.12.16*	*30.06.16*
Net intangible assets	151,476	144,385	143,920
Net tangible assets	71,818	71,729	71,708
Equity Investments evaluated using the Net Equity method	811	891	960
Equity investments in other companies	315	315	367
Other fixed assets	25,235	28,688	28,467
Total fixed assets (A)	249,655	246,008	245,422
Net trade receivables from customers	441,975	375,650	434,539
Inventories	180,074	142,336	155,646
Suppliers	(390,277)	(312,094)	(370,627)
Trade net working capital (B)	231,772	205,892	219,558
Other current assets	50,959	54,948	45,625
Other current liabilities	(39,240)	(26,147)	(39,247)
Total current assets/liabilities (C)	11,719	28,801	6,378
Net working capital (D) = (B+C)	243,491	234,693	225,936
Other non current liabilities (E)	(981)	(855)	(563)
Staff Severance Provision (F)	(9,534)	(10,621)	(10,739)
Provisions for risks and charges (G)	(6,034)	(6,187)	(4,553)
Net invested capital (H) = (A+D+E+F+G)	476,597	463,038	455,503
Shareholders' equity attributable to the Group	(267,627)	(285,565)	(253,701)
Consolidated shareholders' equity (I)	(267,627)	(285,565)	(253,701)
(Net short-term financial debt)/Cash	(16,743)	(463)	(29,347)
(Net medium/long-term financial debt)	(192,227)	(177,010)	(172,455)
Net financial debt (L)	(208,970)	(177,473)	(201,802)
Net equity and net financial debt (M) = (I+L)	(476,597)	(463,038)	(455,503)

Analysis of the Net Financial Position[ii]

The following represents the trend in Net Financial Position

MARR Consolidated (€thousand)		30.06.17	31.12.16	30.06.16
A.	Cash	7,467	9,137	8,263
	Cheques	0	0	0
	Bank accounts	121,458	104,770	68,582
	Postal accounts	106	253	88
B.	Cash equivalent	121,564	105,023	68,670
C.	Liquidity (A) + (B)	129,031	114,160	76,933
	Current financial receivable due to parent comany	1,926	2,930	838
	Current financial receivable due to related companies	0	0	0
	Others financial receivable	969	919	1,531
D.	Current financial receivable	2,895	3,849	2,369
E.	Current Bank debt	(65,853)	(53,280)	(54,566)
F.	Current portion of non current debt	(69,523)	(52,887)	(43,981)
	Financial debt due to parent company	0	0	0
	Financial debt due to related company	0	0	0
	Other financial debt	(13,293)	(12,305)	(10,102)
G.	Other current financial debt	(13,293)	(12,305)	(10,102)
H.	Current financial debt (E) + (F) + (G)	(148,669)	(118,472)	(108,649)
I.	Net current financial indebtedness (H) + (D) + (C)	(16,743)	(463)	(29,347)
J.	Non current bank loans	(152,738)	(125,240)	(124,112)
K.	Other non current loans	(39,489)	(51,770)	(48,343)
L.	Non current financial indebtedness (J) + (K)	(192,227)	(177,010)	(172,455)
M.	Net financial indebtedness (I) + (L)	(208,970)	(177,473)	(201,802)

The MARR's Group financial debt is affected by the business seasonality, that requires higher net working capital during the summer period.

The increase compared to the first half of the previous year is also due to the effect of the acquisitions of the company Speca Alimentari S.r.l., which have had an overall impact on the net financial position of the Group, net of the cash and cash equivalents acquired, amounting to a total of 8.1 million Euros.

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

- dividends amounting to a total of 46.6 million Euros (43.9 million Euros in 2016) have been paid out in May;

[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..

- on 4 April 2017 MARR S.p.A.. paid the second instalment of the price for the purchase of the holdings in the company DE.AL Depositi Alimentari S.r.l. (finalized during the year 2016) for 9.0 million Euros;
- on 30 May 2017 the company New Catering S.r.l. paid the third and the last instalment of the price for the purchase of the holdings in the company Sama S.r.l. (finalized during the year 2015) for 85 thousand Euros.

As regards the structure of the sources of financing, it must be highlighted that during the course of the first half of 2017, the Parent Company finalised some new loans as follows:

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

It must be highlighted that in the month of June three loans granted by Ubi Banca has been reimbursed in advance for a total amount of 9.1 million of Euros (as at 31 December 2016 the value of these loans was of 11.6 million Euros, of which 6.2 was classified as financial payables beyond the year).

The net financial position as at 30 June 2017 remains in line with the company objectives and with the financial covenants required by the ongoing loans, for the details of which see that illustrated in the Explanatory Notes to this Half-Year Financial Report.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*30.06.17*	*31.12.16*	*30.06.16*
Net trade receivables from customers	441,975	375,650	434,539
Inventories	180,074	142,336	155,646
Suppliers	(390,277)	(312,094)	(370,627)
Trade net working capital	231,772	205,892	219,558

As at 30 June 2017 the trade net working capital amounts to 231.8 million Euros, an increment compared to 219.6 million Euros of the same period of the previous year, as results of the increase in revenues and in inventories due to specific storage policies mainly in the market of frozen seafood products.
In particular it must be noted the increase of the item "Total Revenues" for about 46 million of Euros, the increase of the Trace receivables from customers for about 7 million of Euros, thanks to the continuous focus of the Company on credit management.

The maintenance of a careful management of the Payables to suppliers has been confirmed.

The trade net working capital remains in line with the company objectives.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	*30.06.17*	*30.06.16*
Net profit before minority interests	27,308	25,438
Amortization and depreciation	3,203	2,684
Change in Staff Severance Provision	(1,087)	759
Operating cash-flow	29,424	28,881
(Increase) decrease in receivables from customers	(66,325)	(57,102)
(Increase) decrease in inventories	(37,738)	(35,788)
Increase (decrease) in payables to suppliers	78,183	93,921
(Increase) decrease in other items of the working capital	17,082	18,753
Change in working capital	(8,798)	19,784
Net (investments) in intangible assets	(7,191)	(36,178)
Net (investments) in tangible assets	(3,194)	(5,736)
Net change in financial assets and other fixed assets	3,533	95
Net change in other non current liabilities	(27)	(558)
Investments in other fixed assets	(6,879)	(42,377)
Free - cash flow before dividends	13,747	6,288
Distribution of dividends	(46,568)	(43,907)
Capital and reserves increase	0	0
Other changes, including those of minority interests	1,324	344
Casf-flow from (for) change in shareholders' equity	(45,244)	(43,563)
FREE - CASH FLOW	(31,497)	(37,275)
Opening net financial debt	(177,473)	(164,527)
Cash-flow for the period	(31,497)	(37,275)
Closing net financial debt	(208,970)	(201,802)

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 flows statement (indirect method):

MARR Consolidated (€thousand)	*30.06.17*	*30.06.16*
Free - cash flow	(31,497)	(37,275)
(Increase) / decrease in current financial receivables	954	1,647
Increase / (decrease) in non-current net financial debt	15,217	(10,279)
Increase / (decrease) in current financial debt	30,197	32,978
Increase (decrease) in cash-flow	14,871	(12,929)

Investments

Net investments made in the first half of 2017 are exposed in the various categories as follow:

(€thousand)	30.06.17 (6 months)
Intangible assets	
Patents and intellectual property rights	124
Intangible assets under development and advances	426
Goodwill	6,641
Total intangible assets	7,191
Tangible assets	
Land and buildings	734
Plant and machinery	1,076
Industrial and business equipment	171
Other assets	1,045
Fixed assets under development and advances	170
Total tangible assets	3,196
Total	10,387

In particular it must be noted the purchase of the holdings of the company Speca Alimentari S.r.l. by MARR with effect since 1st January 2017: this operation implied the accounting of a goodwill, provisionally determined in 6,641 thousand Euros and the entry of tangible assets for a total net value of 214 thousand Euros, mainly concentrated in the categories "Industrial and business equipment" (for 107 thousand Euros) and "Other assets" (for 99 thousand Euros).

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

- 645 thousand Euros at the new distribution centre "Marr Battistini" in the new location in Rimini, Via Spagna,
- 255 thousand Euros at the distribution centre "Marr Adriatico" in Elice,
- 199 thousand Euros at the distribution centre "Marr Supercash",
- 187 thousand Euros at the distribution centre "Marr Bologna".

The fixed assets under development also include 170 thousand Euros in investments mainly for works in progress at the MARR distribution centres.

Lastly, it should be noted that the intangible assets under development include new software which is currently being implemented.

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 2017 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 30 June 2017 the company don't owns own shares.

During the half-year, the Group did not carry out atypical or unusual operations.

Main events in the first half-year of 2017

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, also in addition to the adjustment to be paid in instalments by 31 December 2017.

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

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

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

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

Paolo Ferrari (Chairman), Francesco Ospitali, Pierpaolo Rossi, Claudia Cremonini, Vincenzo Cremonini, Marinella Monterumisi, Alessandro Nova, Ugo Ravanelli and Rossella Schiavini were appointed members of the Board of Directors.

Massimo Gatto (Chairman), Ezio Maria Simonelli, Paola Simonelli, standing members, and Alvise Deganello and Simona Muratori, alternate members, were also appointed members of the Board of Statutory Auditors.

As at 28 April the meeting of the Board of Directors held after the Shareholders' Meeting appointed as Chief Executive Officer Francesco Ospitali.
According to the law and the Borsa Italiana Corporate Governance Code, the Board of Directors also assessed the possession of the independence requirements for the Directors: Marinella Monterumisi, Alessandro Nova, Ugo Ravanelli and Rossella Schiavini. Specifically, the Director Ugo Ravanelli in declaring their possession of the independence requirements, submitted the assessment of the requirements in Art. 3.C.1 sub. b), d) and e) of the Borsa Italiana Corporate Governance Code to the Board of Directors, which deemed that the independence requirements do exist in concrete terms and that it is a priority to guarantee their contribution to the Company in terms of knowledge and skills.
The Board of Directors also acknowledged the independence assessment conducted by the Board of Statutory Auditors for its members.
The Board of Directors confirmed the set-up of the Remuneration and Nomination Committee composed by: Marinella Monterumisi (Chairman of the Committee), Alessandro Nova e Ugo Ravanelli and of the Control and Risk Committee composed by: Marinella Monterumisi, Ugo Ravanelli (Chairman of the Committee) e Rossella Schiavini.

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

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

Events occurred after the closing of the half year

There were no significant events.

Transactions with subsidiaries, associates, parent companies and affiliates

The following is some information on the shareholdings held, to supplement that already outlined in the introduction to this Directors' report.

With regard to the transactions with subsidiaries, associates, parents companies and affiliates, for which reference is made to the analyses contained in the explanatory notes to the interim condensed consolidated financial statements, it is pointed out that they are not atypical or unusual, being part of the normal course of activities of the companies in the Group. The following is a list of the types of ongoing relations:

Companies	Nature of Transactions
Subsidiaries	Trade and general services
Parent Company	Trade and general services
Associated Companies	General Services
Associated Companies - Cremonini Group's companies	Trade and general services

It must be pointed out that the value of the purchase and sales of goods of the MARR Group by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 5.2% of the total purchases and 3.3% 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 first half of 2017, classified by nature and by company.

	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
COMPANY	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. (*)	65	527	1,926	2,542	9,376		1		1	9		602			
Total	65	527	1,926	2,542	9,376	0	1	0	1	9	0	602	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia DOC S.r.l.	40			22			3	10	1			4			
Total	40	0	0	22	0	0	3	10	1	0	0	4	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,624	9		6	2		4,571					33			
Fiorani & C. S.p.a.		24		194					23		1,119				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				266								489		1	
Guardamiglio S.r.l.	7						18								
Inalca Algerie S.a.r.l.	11														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	676			49	9		3,099	64			49				
Inalca Kinshasa S.p.r.l.	291														
Inalca S.p.a.	126	35		7,784			220		122		30,085	13			
Inter Inalca Angola Ltda	182														
Interjet S.r.l.															
Italia Alimentari S.p.a.	41	18		570			1		49		2,141				
Marr Russia L.l.c.															
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	667						1,272								
Roadhouse S.p.A.	7,212			1	16		15,613	10							
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		11							11						
From Affiliated Companies															
Farmservice S.r.l.	21						57								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													334		
Prometex Sam															
Total	11,860	97	0	8,870	27	0	24,851	74	205	0	33,394	535	334	1	0

(*) The items in the Other Receivables from Parent Companies 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. The amount indicated in the Other payables from Parent Companies represents the banlance for the Ires of the year 2016 and for the first half of 2017. 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.

Outlook

The sales performance in July to clients in the Street Market and National Account categories has put the sales in the first seven months in line with the growth objectives for the year.
The contribution from the acquisition of Speca remains positive and in line with the objectives.

With regard to the risks and uncertainties there were no significant events during the course of the first six months such as to imply a different assessment with respect to that already highlighted in the Directors' Report on the financial statements as at 31 December 2016, which should be referred to for more details.

Interim Condensed Consolidated Financial Statements

MARR Group

30 June 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	*Note*	30.06.17	31.12.16
ASSETS			
Non-current assets			
Tangible assets	1	71,818	71,729
Goodwill	2	149,921	143,280
Other intangible assets	3	1,555	1,105
Equity Investments evaluated using the Net Equity method	4	811	891
Investments in other companies		315	315
Non-current financial receivables	5	1,411	2,153
Financial instruments/derivatives	6	4,018	5,401
Deferred tax assets	19	0	0
Other non-current assets	7	28,864	30,833
Total non-current assets		258,713	255,707
Current assets			
Inventories	8	180,074	142,336
Financial receivables	9	2,895	3,848
relating to related parties		*1,926*	*2,930*
Financial instruments / derivative		0	1
Trade receivables	10	432,917	365,950
relating to related parties		*11,970*	*12,106*
Tax assets	11	8,086	8,530
relating to related parties		*525*	*1,011*
Cash and cash equivalents	12	129,031	114,160
Other current assets	13	42,873	46,418
relating to related parties		*99*	*172*
Total current assets		795,876	681,243
TOTAL ASSETS		*1,054,589*	*936,950*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	14	267,627	285,565
Share capital		*33,263*	*33,263*
Reserves		*194,697*	*184,141*
Retained Earnings		*0*	*0*
Profit for the period attributable to the Group		*39,667*	*68,161*
Total Shareholders' Equity		267,627	285,565
Non-current liabilities			
Non-current financial payables	15	192,161	176,923
Financial instruments / derivative	16	66	87
Employee benefits	17	9,534	10,621
Provisions for risks and costs	18	5,889	5,861
Deferred tax liabilities	19	145	326
Other non-current liabilities	20	981	855
Total non-current liabilities		208,776	194,673
Current liabilities			
Current financial payables	21	148,595	118,472
relating to related parties		*0*	*0*
Financial instruments/derivatives	22	74	0
Current tax liabilities	23	13,881	2,438
relating to related parties		*9,376*	*0*
Current trade liabilities	24	390,277	312,094
relating to related parties		*11,646*	*6,942*
Other current liabilities	25	25,359	23,708
relating to related parties		*27*	*30*
Total current liabilities		578,186	456,712
TOTAL LIABILITIES		*1,054,589*	*936,950*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	*Note*	*30.06.17 (6 months)*	*30.06.16 (6 months)*
Revenues	26	747,907	703,987
relating to related parties		*24,945*	*19,228*
Other revenues	27	20,651	18,772
relating to related parties		*207*	*186*
Changes in inventories	8	37,098	30,621
Purchase of goods for resale and consumables	28	(644,343)	(595,828)
relating to related parties		*(33,394)*	*(35,156)*
Personnel costs	29	(19,074)	(18,713)
Amortization, depreciation and write-downs	30	(9,166)	(8,016)
Other operating costs	31	(91,404)	(89,286)
relating to related parties		*(1,547)*	*(1,484)*
Financial income and charges	32	(3,073)	(3,300)
relating to related parties		*9*	*13*
Revenues/(Losses) from investments evaluated using the Net Equity method	33	(81)	(40)
Pre-tax profits		***38,515***	***38,197***
Taxes	34	(11,207)	(12,759)
Profits for the period		***27,308***	***25,438***
Profit for the period atributable to:			
Shareholders of the parent company		27,308	25,438
Minority interests		0	0
		27,308	***25,438***
basic Earnings per Share (euro)	35	0.41	0.38
diluted Earnings per Share (euro)	35	0.41	0.38

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Note*	*30.06.17 (6 months)*	*30.06.16 (6 months)*
Profits for the period (A)		*27,308*	*25,438*
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		1,324	343
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		0	0
Total Other Profits/Losses, net of taxes (B)	36	*1,324*	*343*
Comprehensive Income (A) + (B)		*28,632*	*25,781*
Comprehensive Income attributable to:			
Shareholders of the parent company		28,632	25,781
Minority interests		0	0
		28,632	*25,781*

(note 14)

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDER'S EQUITY

Description	Share Capital	Other reserves												Profits carried over from consolidated	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital	Extraordinary reserve	Reserve for residual stock options	Reserve for exercised stock options	Reserve for transition to Ias/Ifrs	Cash-flow hedge reserve	Reserve ex art. 55 (dpr 597-917)	Reserve IAS 19	Total Reserves		
Balance at 1 January 2016	33,263	63,348	6,652	13	36,496	57,542		1,475	7,290	(1,116)	1,480	(731)	172,449	66,118	271,830
Allocation of 2015 profit						12,577							12,577	(12,577)	
Distribution of MARR S.p.A. dividends														(43,907)	(43,907)
Other minor variations											(3)		(3)		(3)
Consolidated comprehensive income (1/1 - 30/06/2016):															
- Profit for the period														25,438	25,438
- Other Profits/Losses, net of taxes										343			343		343
Balance at 30 June 2016	33,263	63,348	6,652	13	36,496	70,119		1,475	7,290	(773)	1,477	(731)	185,366	35,072	253,701
Other minor variations											(3)		(3)	3	
Consolidated comprehensive income (1/07-31/12/2016):															
- Profit for the period														33,086	33,086
- Other Profits/Losses, net of taxes										(1,128)		(95)	(1,222)		(1,222)
Balance at 31 December 2016	33,263	63,348	6,652	13	36,496	70,119		1,475	7,290	(1,901)	1,474	(826)	184,141	68,161	285,565
Allocation of 2016 profit						9,235							9,235	(9,235)	
Distribution of MARR S.p.A. dividends														(46,568)	(46,568)
Other minor variations											(3)		(3)	1	(2)
Consolidated comprehensive income (1/1 - 30/06/2017):															
- Profit for the period														27,308	27,308
- Other Profits/Losses, net of taxes										1,324			1,324		1,324
Balance at 30 June 2017	33,263	63,348	6,652	13	36,496	79,354		1,475	7,290	(577)	1,472	(826)	194,697	39,667	267,627

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	*30.06.17*	*30.06.16**
Result for the Period	27,308	25,438
Adjustment:		
Amortization and write-downs	3,206	2,684
Allocation of provison for bad debts	5,628	5,190
Capital profit/losses on disposal of assets	(42)	30
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	(3,017)	3,245
relating to related parties	*(9)*	*(13)*
Foreign exchange evaluated (gains)/losses	16	(535)
	5,791	10,614
Net change in Staff Severance Provision	(1,293)	(315)
(Increase) decrease in trade receivables	(70,559)	(47,696)
relating to related parties	*136*	*(6,028)*
(Increase) decrease in inventories	(37,098)	(30,621)
Increase (decrease) in trade payables	77,147	80,743
relating to related parties	*4,704*	*9,848*
(Increase) decrease in other assets	(1,711)	8,054
relating to related parties	*73*	*102*
Increase (decrease) in other liabilities	1,507	(970)
relating to related parties	*(3)*	*(46)*
Net change in tax assets / liabilities	11,706	13,063
relating to related parties	*9,862*	*10,755*
Interest paid	3,764	(3,976)
relating to related parties	*0*	*(1)*
Interest received	(747)	731
relating to related parties	*9*	*14*
Foreign exchange gains	153	1,163
Foreign exchange losses	(169)	(627)
Cash-flow form operating activities	15,799	55,601
(Investments) in other intangible assets	(549)	(231)
(Investments) in tangible assets	(3,261)	(5,399)
Net disposal of tangible assets	321	254
Net (investments) in equity investments no consolidated on a line-by-line basis	81	30
Net (investments) in equity investments in other companies	4	(1)
Outgoing for (acquisition)/divestment of subsiaries or going concerns during the year (net of liquidity purchased)	(8,620)	(18,594)
Cash-flow from investment activities	(12,024)	(23,941)
Distribution of dividends	(46,568)	(43,907)
Other changes, including those of third parties	1,322	341
Other changes in financial payables	8,932	14,815
relating to related parties	*0*	*0*
New non-current loans received	80,000	11,002
relating to related parties	*0*	*0*
Non current loans repayment	(35,669)	(29,265)
relating to related parties	*0*	*0*
Net change in current financial receivables	954	1,647
relating to related parties	*1,004*	*1,933*
Net change in non-current financial receivables	2,125	778
Cash-flow from financing activities	11,096	(44,589)
Increase (decrease) in cash-flow	14,871	(12,929)
Opening cash and equivalents	114,160	89,862
Closing cash and equivalents	129,031	76,933

* It must be pointed out that the figures as at 30 June 2016 have been restated for comparative purposes where necessary to acknowledge the new aspects introduced by the changes to IAS 7 in force from 1 January 2017.

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 3 to the following explanatory notes.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Structure and contents of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements at 30 June 2017 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002. In this case, IAS 34 (interim financial reporting) has been applied in the preparation of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.
The interim condensed consolidated financial statements for the half-year closing as at 30 June 2017 were authorised for publication by the Board of Directors on 4 August 2017.

The section entitled "Accounting policies" contains the reference to international accounting principles used.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to non-domestic catering" sector only.

This sector is subject to seasonal dynamics mainly linked to the flows of the tourist season, which are more concentrated in the summer months and during which the increase in activities, and therefore in net working capital, historically implies greater cash flows and the consequent increase in the financial requirements.

With regard to performance levels in the first half of 2017, see what described in the Directors' Report.

The interim condensed consolidated financial statements as at 30 June 2017 have been prepared on the basis of the cost method except for the derivative financial instruments, which are recorded at fair value.

In observance of that provided by Consob, the figures in the Statement of profit or loss are provided for the 2017 half-year and the period between the start of the business year and the half-year end closing date (progressive); they are compared with the figures for the same periods of the previous business year. The figures in the Statement of financial position concerning the half-year end closing date are compared with the figures at the closing date of the previous business year. Therefore, the comments on the items on the Income Statement are made with reference to the same period for the previous year (30 June 2016) while those for the Statement of financial position are made comparing to the previous business year (31 December 2016).

The following classifications have been used:

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

These classifications are deemed to provide information which is better suited to represent the economic and financial situation of the Group.

The figures are expressed in Euros.

The statements and tables contained in this interim condensed consolidated financial statements are shown in thousand Euros

This report has 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 interim condensed consolidated financial statements as at 30 June 2017 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.

Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 30 June 2017, with an indication of the method of consolidation, is reported in the Marr Group organisation. The consolidated financial statements have been prepared on the basis of the financial statements as at 30 June 2017 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 30 June 2017 the structure of the Group differs both from that at 31 December 2016 due to the purchase of the 100% of the shares of the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1 January 2017.

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.

Compared to the situation as at 30 June 2016, it should be noted the following:

- On 1 October 2016, DE.AL. (purchased on 4 April 2016) has become a non-operational company, having leased its going concern 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;
- 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. – which activities were limited to the leasing of the respective going concerns to the parent company MARR S.p.A. - was completed in order to achieve the rationalisation of the economic, financial and administrative management.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the half-year closed on 30 June 2017 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2016. It should be highlighted that the new Accounting Standards, changes and interpretations to the Accounting Standards applicable from 1 January 2017 and listed above did not affected the equity, economic and financial situation of the present interim statement of the Group:

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

Please note below accounting principles, amendments and interpretations applicable in the further business years.

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting. IFRS 9 is effective for business years starting on 1st January 2018 or later. The Group is evaluating the impact of this new principle on its own consolidated financial statements.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues. IFRS 15 is effective for business years starting on 1st January 2018 or later, with full or modified retrospective application. Advance application is also allowed. The Group is evaluating the impact of this new principle on its own consolidated financial statements but it does not expect any significant impact on its economic and financial position.
- IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The

Group is evaluating the impacts of this new standard on its own consolidated financial statements and is gearing up to quantify impacts of the application on its own economic and financial position.

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

As of the date of this half-year financial report, the Accounting Standards, interpretations and changes to the Accounting Standards listed should have potentially significant impacts on the equity, economic and financial situation of the Group, as commented above.

Main estimates adopted by management and discretional assessments

The preparation of the half-year condensed consolidated 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

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 interim condensed consolidated 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 income statement.

- 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;
- 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, 7% for AS.CA, 5% for New Catering.;
  - The rate of corporate turnover is expected to be 2% for MARR. 10% for AS.CA, 7% for New Catering;
  - 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 taxes 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 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.

The non-financial instruments with an indefinite useful life are not amortized but subjected to impairment tests annually or whenever there is an indication of impairment. As at 30 June 2017, there was no indication of impairment of any of these instruments.

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.

It is noted that at the time of drafting of this half-year financial report, no significant variations had occurred with regard to the management of these risks, with respect to that already illustrated in the financial statements as at 31 December 2016.

[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).

Classes of financial instruments

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

(€thousand)	30 June 2017		
Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Total
Non current derivative/financial instruments	0	4,018	4,018
Non Current financial receivables	1,411	0	1,411
Other non-current assets	28,864	0	28,864
Current financial receivables	2,895	0	2,895
Current derivative/financial instruments	0	0	0
Current trade receivables	432,917	0	432,917
Cash and cash equivalents	129,031	0	129,031
Other current receivables	42,873	0	42,873
Total	637,991	4,018	642,009
Liabilities as per balance sheet	Other financial liabilities	Derivatives used for hedging	Total
Non-current financial payables	192,161	0	192,161
Non current derivative/financial instruments	0	66	66
Current financial payables	148,595	0	148,595
Current derivative financial instruments	0	74	74
Total	340,756	140	340,896

(€thousand)	30 June 2016		
Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Total
Non current derivative/financial instruments	0	4,736	4,736
Non Current financial receivables	2,255	0	2,255
Other non-current assets	28,588	0	28,588
Current financial receivables	2,247	0	2,247
Current derivative/financial instruments	0	122	122
Current trade receivables	426,846	0	426,846
Cash and cash equivalents	76,933	0	76,933
Other current receivables	36,207	0	36,207
Total	573,076	4,858	577,934
Liabilities as per balance sheet	Other financial liabilities	Derivatives used for hedging	Total
Non-current financial payables	172,341	0	172,341
Non current derivative/financial instruments	0	114	114
Current financial payables	108,649	0	108,649
Current derivative financial instruments	0	0	0
Total	280,990	114	281,104

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchange 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).[IV]
Similarly, as regards the non-current financial debts, 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 current and non-current assets, see that stated in paragraphs 7 and 13 of these explanatory notes.

[IV] 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.

Transactions with subsidiaries, associates, parent companies and affiliates

With regard to the nature of relationship with subsidiary, associated, holding and affiliated companies, refer to that illustrated in the following Appendix 2.
It is noted that the operations with related parties were conducted in respect of the dispositions of the laws in force, on the basis of reciprocal economic convenience.

Significant events in the first half of 2017 and events subsequent to the closing of the first half of 2017

With regard to the significant events which occurred during the half-year and events subsequent to the closing of the first half of 2017, refer to that illustrated in the Directors' report.

Comments to the main items included in the consolidated statement of financial position

ASSETS

Non-current assets

1. Tangible assets

(€thousand)	Balance at 30.06.17	Purchases / other movements	Net decreases	Depreciation	Change in consolidation	Balance at 31.12.16
Land and buildings	56,797	734	0	(1,102)	0	57,165
Plant and machinery	8,759	1,077	0	(1,159)	8	8,833
Industrial and business equipment	1,713	149	(85)	(184)	107	1,726
Other assets	4,379	1,140	(194)	(662)	99	3,996
Fixed assets under development and advances	170	161	0	0	0	9
Total tangible assets	71,818	3,261	(279)	(3,107)	214	71,729

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

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

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

- 645 thousand Euros at the new distribution centre "Marr Battistini" in the new location in Rimini, Via Spagna,
- 255 thousand Euros at the distribution centre "Marr Adriatico" in Elice,
- 199 thousand Euros at the distribution centre "Marr Supercash",
- 187 thousand Euros at the distribution centre "Marr Bologna".

The amount highlighted in the item "Fixed assets under development and advances" equal to 170 thousand Euros represents investments for works carried out in certain MARR distribution centres.

With reference to the increases in the item "Other assets", we point out that they mainly refer to the purchase of industrial vehicles (for total 612 thousand Euros) and to the purchase of electronic machines (for 376 thousand Euros); the decreases, amounting to 194 thousand Euros, refers almost totally to the sales of vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, 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 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 29.5 million of Euros as at June 30, 2017).
In this regard, it must be pointed out that, following the advance extinction of the ongoing loans with UBI Banca in June (see that described in paragraph 15), the procedures have been started for the cancellation of the relevant mortgages totalling 30 million Euros for the buildings in Santarcangelo (RN), Portoferraio (LI), Uta (CA) and Bologna.

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 monthly instalments: 60 thousand Euros
- Annual periodical rate: 3.31%
- Redemption price: 11 thousand Euros (plus VAT)
- Total of the instalments paid during the first half year 2017: 119 thousand Euros
- Net book value of the asset at 30 June 2017: 814 thousand Euros
- Remainder of leases at 30 June 2017: 834 thousand Euros.

2. Goodwill

(€thousand)	Balance at 30.06.17	Purchases / other movements	Balance at 31.12.16
Marr S.p.A.	93,380	0	93,380
AS.CA S.p.a.	8,634	0	8,634
New Catering s.r.l. e Sama S.r.l.	5,082	0	5,082
DE.AL. S.r.l. Depositi Alimentari	36,184	0	36,184
Speca S.r.l.	6,641	6,641	0
Total Goodwill	149,921	6,641	143,280

Goodwill is not subject to amortization; the recoverability of its book value is determined at least each year and, in any case, whenever in the presence of events implying an impairment. 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*); as concern the main hypothesis used for the determination of the recoverable value, refer to that explained in the notes to the financial statements as at 31 December 2016.

On the basis of the stability of the results of the MARR Group in the first half-year of 2017 there are no indications of loss of value of the assets.

With regard to the increase in the period, it is noted that it is related to the purchase, finalized by the Parent Company of 100% of the shares of Speca Alimentari S.r.l., with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice.

Business combinations realised during the first half-year

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

The cost of aggregation has been determined on the basis of the accounting values as at 31 December 2016 of the classes of assets, liabilities (including potential ones) acquired in compliance with the IFRS
The goodwill provisionally attributed to the purchase is justified by the strategic importance of the company given that, thanks to Speca Alimentari, which has a consolidated trading network and a distribution centre of more than 2,000 m^2 well localised for serving the western shares of Lake Maggiore, MARR will be able to improve the service level in an area which currently has annual returns of just over 3 million Euros and will be able to benefit more from the expansion opportunities in distribution to the foodservice segment (especially Street Market) offered by the Lake Maggiore area.

The operation implied the following effects:

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

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

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

It must be noted that the first instalments of the price were paid on the date of signature of the deed, and therefore on 30 December 2016.
The financial impact generated by the acquisition during the first half of 2017 amounted to a positive cash of 284 thousand Euros, as specified below:

	(€thousand)
Price of the acquisition paid	0
Costs directly related to the business combination	(42)
Net financial indebtedness of the acquired company	284
Cash out of the buiness combination	242

3. Other intangible assets

Below there are the movements of the item in the half year:

(€thousand)	Balance at 30.06.17	Purchases / other movements	Net decreases	Depreciation	Change in consolidation	Balance at 31.12.16
Patents	632	149	0	(99)	1	581
Concessions, licenses, trademarks and similar rights	17	0	0	(1)	0	18
Intangible assets under development and advances	906	400	0	0	0	506
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Fixed Assets	1,555	549	0	(100)	1	1,105

The increases in the half-year are related to the purchase of new software, still partly being implemented as at 30 June 2017 and therefore recorded under the item "Intangible assets under development and advances".

4. Equity investments evaluated using the Net Equity Method

The item represents the evaluation to Net Equity of the investment in the company Griglia Doc S.r.l..
It is recalled that the company, incorporated on 4 April 2016, 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 30 June 2017, this item amounted to 1,411 thousand Euros 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 853 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 30 June 2017, amounting to 4,018 thousand Euros (5,401 thousand Euros as at 31 December 2016), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate.
It should be noted that this amount, for 3,139 thousand Euros, expires beyond 5 years.

7. Other non-current assets

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Non-current trade receivables	9,057	9,700
Accrued income and prepaid expenses	1,261	1,579
Other non-current receivables	18,546	19,554
Total Other non-current assets	28,864	30,833

The "Non-current trade receivables", amounting to 9,057 thousand Euros (of which 2,390 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 6,733 thousand Euros, also receivables from suppliers for 11,409 thousand Euros (12,217 thousand Euros as at 31 December 2016) of which 1,214 thousand Euros was with an expiry date of over 5 years (176 thousand Euros as at 31 December 2016).
There are no other assets with expiry dates over 5 years.

Current assets

8. Inventories

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Finished goods and goods for resale		
Foodstuff	44,271	34,654
Meat	15,893	13,805
Seafood	111,831	84,315
Fruit and vegetables	72	29
Hotel equipment	2,002	1,933
	174,069	134,736
provision for write-down of inventories	(630)	(630)
Goods in transit	4,849	6,702
Packaging	1,786	1,528
Total Inventories	180,074	142,336

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

The increase in inventories compared to 31 December 2016 is the effect, in addition to the business seasonality and to the consolidation of Speca Alimentari, of stocking policies aimed at making the most of specific trade opportunities in the market of frozen seafood products.

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

(€thousand)	Balance at 30.06.17	Change in consolidation	Other Change	Balance at 31.12.16
Finished goods and goods for resale	174,069	639	38,693	134,736
Goods in transit	4,849	0	(1,853)	6,702
Packaging	1,786	0	258	1,528
	180,704	639	37,098	142,966
Provision for write-down of inventories	(630)	0	0	(630)
Total Inventories	180,074	639	37,098	142,336

9. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Financial receivables from Parent Companies	1,926	2,930
Receivables from loans granted to third parties	969	918
Total Current financial receivables	2,895	3,848

The Receivables for loans granted to third parties, all of which are interest-bearing, refer mainly to receivables towards truck drivers (amounting to 914 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).

10. Current trade receivables

This item is composed of:

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Receivables from customers	471,745	401,876
Trade receivables from parent companies	65	461
Total current trade receivables from customers	471,810	402,337
Bad debt provision	(38,893)	(36,387)
Total current trade receivables from customers	432,917	365,950

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Trade receivables from customers	459,841	390,233
Receivables from Associated Companies	40	22
Receivables from Affiliated Consolidated Companies by the Cremonini Group	11,836	11,599
Receivables from Affiliated not Consolidated Companies by the Cremonini Group	23	23
Receivables from Correlated Companies	5	0
Total current trade receivables	471,745	401,877

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 38,893 thousand Euros which, as result of uses for 3.9 million Euros, reflects the adjustment of the receivables at their presumable realisation value.

The receivables "from affiliated companies consolidated by the Cremonini Group" (11,836 thousand Euros), "from affiliated companies not consolidated by the Cremonini Group" (23 thousand Euros) and "from assocociatd companies" (40 thousand Euros) are analytically outlined, together with the corresponding payable items, in the table exposed in the Directors' Report and in the Appendix 2 oh these Explanatory Notes. These receivables are all of a commercial nature.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 30 June 2017.

11. Tax assets

This item amount to 8,086 thousand Euros (8.530 thousand Euros as at 31 December 2016) and include mainly the following:

- *Irpeg litigation* (for 6,040 thousand Euros): with regard to this item, refer to what contained in the paragraph "Provisions for non-current risks and charges".
- *Receivables from the parent company for transferred Ires benefits* for 525 thousand Euros for the years from 2008 to 2011 calculated on the Irap paid for the cost of employment and collaborators not deducted for said purpose (as per reimbursement claims sent in February 2013). The decrease compared to 31 December 2016 (1,010 thousand Euros) is correlated to the receipt in May of the quotas due for 2009 and 2010.
- *Receivables from State coffers for tax reimbursement claims* for a total amount of 232 thousand Euros.
- *Receivables for VAT* for 113 thousand Euros.

12. 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 30.06.17	Balance at 31.12.16
Cash and Cheques	7,467	9,137
Bank and postal accounts	121,564	105,023
Total Cash and cash equivalents	129,031	114,160

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

13. Other current assets

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Accrued income and prepaid expenses	1,986	915
Other receivables	40,887	45,503
Total Other current assets	42,873	46,418

The item "Other receivables" is composed as follow.

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Guarantee deposits	139	147
Other sundry receivables	832	815
Provision for write-down of receivables from others	(5,354)	(4,877)
Receivables from social security institutions	297	240
Receivables from agents	2,999	2,540
Receivables from employees	180	121
Receivables from insurance companies	306	457
Advances and deposits	0	3,706
Advances to suppliers and supplier credit balances	41,391	42,182
Advances to suppliers and supplier credit balances from Associates	97	172
Total Other current receivables	40,887	45,503

The item *Advances to suppliers and supplier credit balances* includes, in addition to the payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (22.2 million Euros; 15.6 million Euros as at 31 December 2016), also receivables for contributions to be received from suppliers totalling 14.9 million Euros (see the comments made in paragraph 27 "Other revenues") and that amounted to 24.0 million Euros as at 31 December 2016.
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 30 June 2017.

The decrease of the item Advances and deposits is related to the purchase of the holdings of the company 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 30.06.17	Increases	Decreases	Consolidation change	Balance at 31.12.16
- Provision for Receivables from Others	5,354	409	0	68	4,877
Total Provision for write-down of Receivables from Others	5,354	409	0	68	4,877

LIABILITIES

14. 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 30 June 2017, amounting to 33,262,560 Euros, 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 30 June 2017 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2016.

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

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

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

Extraordinary Reserve
As at 30 June 2017, the increase of 9,235 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2016, as per shareholder meeting's decision made on 28 April 2017.

Cash flow hedge reserve
As at 30 June 2017, this item amounted to a negative value of 577 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, in addition to those for trade payables due to purchase of goods in foreign currency.
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", as well as in paragraph 6, 16 and 22 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 30 June 2017, 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 1,472 thousand Euros as at 30 June 2017, the relevant deferred tax liabilities have been accounted for.

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

Non-current liabilities

15. Non-current financial payables

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Payables to banks - non-current portion	152,672	125,153
Payables to other financial institutions - non-current portion	38,019	41,300
Payables for the purchase of quotas or shares	1,470	10,470
Total non-current financial payables	192,161	176,923

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Payables to banks (1-5 years)	152,672	125,153
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	152,672	125,153

The difference in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the transactions finalised during the first half-year.
In particular it should be noted that the Parent Company signed new loans as shown below:

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

In addition, in the month of June, three ongoing loans with UBI Banca have been reimbursed in advance for a total amount of 9.1 million of Euros, wich was exposed in this item for 6.2 million Euros as at 31 December 2016.

Below is the break-down of the security on mortgages on the Group's real estate:

Credit institutes	Guarantee	Amount	Property
Cassa di Risparmio di Pescia e Pistoia	mortgage	10,000	Via Francesco Toni 285/297 - Bottegone (PT)
UBI Banca (former Centrobanca)	mortgage	20,000	Via dell'Acero 2/4 e Voa del Carpino 4 - Sanatarcangelo di R. (RN); Via Degli Altifomi n. 29/31 - Portoferraio (LI); locality Macchiareddu - Uta (CA)
UBI Banca (former Banca Popolare del Commericio e Industria)	mortgage	10,000	Via Fantoni n. 31 - Bologna (BO)
Total		40,000	

As already mentioned in paragraph 1, it should be noted that following the advance extinction of the ongoing loans with UBI Banca in June, the procedures have been started for the cancellation of the relevant mortgages totalling 30 million Euros.

It is pointed out that the ongoing loans with Banca Intesa San Paolo S.p.A., with Unicredit, with ICCREA Banca D'Impresa, the loan in pool with BNP Paribas and the private placement in bond, provide for financial covenants that are calculated punctually on the basis of the MARR Group consolidated figures at the end of each business year (or half-yearly on the figures for the previous twelve months). For a detailed description of these covenants, please refer to the financial statement as at 31 December 2016.
As regards the new loans finalised during the first half of the year, it is pointed out the following:

- the ongoing loans with BNL (signed in March 2017), provides the following covenants to be verified as at 31 December and 30 June of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0
  Non-respect of the limits of the financial covenants will constitute a cause for the termination of the contractual rights.

- the ongoing loans with UBI Banca (signed in March 2017), provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- the ongoing loans with Crèdit Agricole Cariparma S.p.A. (signed in May 2017), provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 4.0

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

- the ongoing loans with UBI Banca (signed in June 2017), provides the following covenants to be verified on a yearly basis with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Payables to other financial institution (1-5 years)	9,157	10,074
Payables to other financial institution (over 5 years)	28,862	31,226
Total payables to other financial institutions - non-current portion	**38,019**	**41,300**

The value of payables to other financial institution is represented, for 37,397 thousand Euros (40,480 thousand Euro as at 31 December 2016) 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; the loan involves an average coupon of about 5.1%. Compared to the end of the previous year, the decrease is attributable to variations in the Dollar/Euro exchange rate.

It is recalled that, to hedge the risk of oscillations in the Euro-Dollar exchange rate, specific Cross Currency Swap contracts are ongoing, for the effects of which see paragraph 6 "Financial instruments / derivatives".

It is noted that, as at 30 June 2017, the item includes also, for 620 thousand Euros (1-5 years) the payable accounted due to the ongoing financial leasing contracts; in particular the financial leasing for the hardware infrastructure for the Group ERP.

The item "Payables for the purchase of quotas or shares", amounting to 1,470 thousand Euros, refers to the debt for the purchase of the holding of the company Speca Alimentari S.r.l., with effect since 1st January 2017 and which have maturity date in the month of December 2018.
The decrease during the year is related to the payable for the purchase of the quotas of DE.AL; the second instalment of the price, amounting to 9 million of Euros, was paid in the month of April 2017 and the last instalment is scheduled for expiration in April 2018.

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

(€thousand)	Book Value		Fair Value	
	2017	2016	2017	2016
Payables to banks - non-current portion	152,672	125,153	150,447	123,874
Payables to other financial institutions - non-current portion	39,489	51,770	37,889	50,827
	192,161	176,923	188,336	174,701

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.

16. Financial instruments / derivatives

The amount as at 30 June 2017, equal to 66 thousand Euros (87 thousand Euros as at 31 December 2016), represents fair value of the Interest Rate Swap contracts stipulated by the Parent Company. With regard to this contract, it should be noted that in June, the ongoing loan contract with UBI Banca underlying the derivative contract itself was extinguished in advance, and the derivative contract is therefore no longer considered to be a financial instrument for hedging cash flows and its value, which was previously included under the cash flow hedge reserve, has been reclassified in the income statement.

17. Employee benefits

The employment contract applied is that of companies operating in the "Tertiary, Distribution and Services" sector.
As at 30 June 2017 this item amounts to 9,534 thousand Euros (10,621 thousand Euros as at 31 December 2016) and its variation is due to the reorganization process of the activities related to the distribution centres Marr Adriatico in Elice (PE) and Marr Battistini in Rimini.

18. Provisions for non-current risks and charges

(€thousand)	Balance at 30.06.17	Provisions	Uses	Consolidation change	Balance at 31.12.16
Provision for supplementary clients severance indemnity	4,369	333	(9)	19	4,026
Provision for specific risk	1,520	1	(316)	0	1,835
Total Provisions for non-current risks and charges	5,889	334	(325)	19	5,861

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 movements of the period include in the item "Consolidation change" the provision for supplementary clients severance indemnity due to the purchase by the Parent company of the holdings of the company Speca Alimentari S.r.l..

The "Provision for specific risks" covers probable liabilities connected to certain ongoing legal disputes and the decrease is related to the costs incurred for the riorganization of the DE.AL activities (started since the month of October 2016 with the start-up of the MARR Adriatico distribution centre).

With regard to the ongoing fiscal dispute following from the assessment by the Guardia di Finanza IV Group of San Lazzaro di Savena – BO (because of presumed breaches in terms of direct tax for the fiscal years 1993-1999 and VAT for the fiscal years 1998 and 1999; verification finalised in the month of June of the year 2000 and which main inspection is known as "C.R.C.") highlighted in the financial statement as of 31 December 2015, it should be pointed out that no developments occurred in the first half of the year.
In this regard it should be pointed that, on 10 February 2014, the Supreme Court of Cassation, in sentence 20055/14 (filed on 24 September 2014), accepted the appeal by the Company, repealing the impugned sentence no. 23/2007 by the Regional Taxation Commission for Emilia Romagna, submitting for the second degree judge (in another proceeding) the decision regarding the claim, stating the need for the decision to be taken by proceeding with an "adequate assessment of the expert findings", consistently described by the same Court as "extremely favourable to the taxpayer".

On 16 December 2014, the Company filed the claim again with the above-mentioned Taxation Commission; the date for the discussion of the dispute has yet to be established.
As concerns the ongoing dispute with Customs and Excise Office (arose during the course of 2007, concerning the payment of preferential customs duties on certain imports of fish products and for which, despite the appeals made by the Company being rejected, the judges in the initial proceedings ascertained the complete extraneousness of the Company as regards the claimed irregularities, as they are exclusively attributable to its own suppliers), it should be noted that in May 2013, the Company submitted an appeal to the Supreme Court of Cassation.

For more details regarding these disputes, refer to that disclosed in the explanatory notes to the financial statements as at 31 December 2016.

Lastly, it must be pointed out that on 29 June 2017, the Taxation Police Department of the Guardia di Finanza of Rimini began tax inspections of a general nature (IRES, IRAP, VAT and other Taxes) against MARR concerning the 2015 and following fiscal years. The inspections are currently being conducted.

As at 30 June 2017 MARR S.p.A. had paid out 6,040 thousand Euros as redemption while awaiting judgement for taxes; the amount was classified as tax assets.

19. Deferred tax assets and deferred tax liabilities

As at 30 June 2017, this item amounted to 145 thousand Euros (326 thousand Euros as at 31 December 2016). The table below shows the details of the items:

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
On taxed provisions	11,113	10,288
On costs deductible in cash	72	73
On costs deductible in subsequent years	872	755
On other changes	2	0
Deferred tax assets	12,059	11,116
On goodwill amortisation reversal	(7,391)	(7,078)
On funds subject to suspended taxation	(410)	(411)
On leasing recalculation as per IAS 17	(394)	(446)
On actuarial calc. of customers supplementary indemnity fund	180	228
On fair value revaluation of land and buildings	(3,625)	(3,526)
On allocation of acquired companies' goodwill	(697)	(701)
On Cash Flow Hedge	197	601
Others	(64)	(109)
Deferred tax liabilities	(12,204)	(11,442)
Deferred Tax Assets/(Liabilities)	(145)	(326)

20. Other non-current liabilities

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Other liabilities	891	761
Other non-current accrued expenses and deferred income	90	94
Total other non-current payables	981	855

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

Current liabilities

21. Current financial payables

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Payables to banks	135,376	106,167
Payables to other financial institutions	960	1,015
Payables for the purchase of quotas or shares	12,259	11,290
Total Current financial payables	148,595	118,472

For more details regarding the variation compared to the previous business year, see that outlined in the Directors' Report on management performance and on paragraph 15 "Non current financial payables".

The balance of the payables to other financial institutions includes:
- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 735 thousand Euros,
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraph 15), amounting to total 215 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.

With reference to the payables for the purchase of quotas or shares, we point out that the item relates for 9,000 thousand Euros to the payables for the purchase of the quotas of the company DE.AL. S.r.l. and for 3,259 thousand Euros to the outstanding payable for the purchase of the quotas of the company Speca Alimentari S.r.l..
With reference to this first half year, it should be noted that on 4 April 2017 the Parent Company paid the second instalment of the price, amounting to 9,000 thousand Euros, for the purchase of the quotas of the company Deal S.r.l. and that on 30 May 2017 the subsidiary New Catering paid the last instalment for the price, amounting to 85 thousand Euros, for the purchase of the quotas of the company Sama S.r.l..

22. Financial instruments / derivatives

The amount at 30 June 2017, amounting to 74 thousand Euros, concerns forward and spot exchange transactions to hedge the underlying purchases of goods by the Parent Company and the subsidiary AS.CA. These operations were recorded in the accounts as the hedging of financial flows.

23. Current tax liabilities

The item, amounting to 13,881 thousand Euros (2,438 thousand Euros as at 31 December 2016) and mainly refers to the calculation of current taxes as at 30 June.

As regards MARR S.p.A., the 2013 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

The items includes the following:
- net payables for Ires and Irap accrued taxes for 2015 and first half-year 2016 for total 12,180 thousand Euros (of which, 9,376 thousand Euros to the parent company Cremonini in the scope of adhesion to the National Consolidated Fiscal system);
- payables for IRPEF for dependent employees and external collaborators, for a total amount of 1,259 thousand Euros.
- VAT payables of the subsidiaries DE.AL. and Speca that are not included in the Group VAT, totalling 136 thousand Euros.

24. Current trade liabilities

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Payables to suppliers	378,631	305,152
Trade payables to Parent Companies	2,542	210
Payables to Associated Companies consolidated by the Cremonini Group	8,870	6,572
Payables to other Associated Companies	22	19
Payables to other Correlated Companies	212	141
Total current trade liabilities	390,277	312,094

The liabilities refer mainly to payables for the purchase of goods for sale and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 8,870 thousand Euros, "Payables to Parent Companies" for 2.542 thousand Euros and "Payables to other Associated Companies" for 22 thousand Euros the details and analysis of which are reported in the Appendix 2 of these Explanatory Notes, in addition to "Payables to other Correlated Companies" for 212 thousand Euros.

25. Other current liabilities

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Accrued income and prepaid expenses due	1,501	1,393
Other payables	23,858	22,315
Total other current liabilities	25,359	23,708

The item "*Accrued income and prepaid expenses due*" mainly includes, in addition to the item "Deferred income for interests from clients" for 185 thousand Euros, the item "*Accrued income for emoluments to employees*" including the allocations concerning leave accrued and not taken and the relevant costs amounting to 1,072 thousand Euros.

The item "Other payables" mainly includes the following items:
- advance payments from clients amounting to 11,069 thousand Euros;
- payables to personnel for emoluments amounting to 6,279 thousand Euros, including the current remuneration to be paid as at 30 June 2017;
- payables to social security institutes for 2,882 thousand Euros;
- cautionary deposits for 2,543 thousand Euros.

Guarantees, securities and commitments

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

Guarantees (totalling 25,905 thousand Euros).

These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 11,703 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 30 June 2017 and refers to credit lines granted to subsidiaries.

(€thousand)	Balance at 30.06.17	Balance at 31.12.16
Guarantees		
AS.Ca S.p.A.	5,600	5,600
DEAL S.r.l.	8,602	8,602
Total Guarantees	14,202	14,202

Collaterals

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

Other risks and commitments

This item includes for 10,786 thousand Euros the value of credit letters issued by certain credit institutes to guarantee obligations undertaken by the Parent Company and the subsidiary AS.CA with some foreign suppliers.

Comments to the main items included in the consolidated statement of profit or loss

26. Revenues

Revenues are composed of:

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Net revenues from sales - Goods	746,528	702,595
Revenues from Services	147	92
Other revenues from sales	39	5
Advisory services to third parties	114	48
Manufacturing on behalf of third parties	12	12
Rent income (typical management)	75	15
Other services	992	1,220
Total revenues	747,907	703,987

For a comment on the trend of the revenues from sales see the Directors' Report on management performance.

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

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Italy	692,189	655,165
European Union	35,581	30,740
Extra-EU countries	20,137	18,082
Total	747,907	703,987

27. Other revenues

The Other revenues are broken down as follows:

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Contributions from suppliers and others	18,407	17,519
Other Sundry earnings and proceeds	1,462	307
Reimbursement for damages suffered	237	286
Reimbursement of expenses incurred	457	562
Recovery of legal taxes	32	17
Capital gains on disposal of assets	56	81
Total other revenues	20,651	18,772

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers.
Their increase in the half-year is also linked, in addition to the entry of DE.AL. and Speca into the Group, to the reconfirmed capacity of the company in managing relations with its suppliers.
It should be noted that, in 2017, following the centralisation of supplier deliveries on logistical platforms rather than at the single MARR branches, the contributions from suppliers also included approximately 1.8 million Euros (1.7 million Euros in 2016) 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)	30.06.17 (6 months)	30.06.16 (6 months)
Purchase of goods	641,259	593,073
Purchase of packages and packing material	2,296	2,025
Purchase of stationery and printed paper	391	425
Purchase of promotional and sales materials and catalogues	174	105
Purchase of various materials	297	299
Discounts and rebates from suppliers	(235)	(238)
Fuel for industrial motor vehicles and cars	161	139
Total purchase of goods for resale and consumables	644,343	595,828

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

As at 30 June 2017 the item amounts to 19,074 thousand Euros (18,713 thousand Euros as at 30 June 2016) and 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.

The increase in absolute value of the personnel cost is mainly the effect of the purchase of the companies DE.AL – Depositi Alimentari S.r.l. and Speca Alimentari S.r.l., with effect respectively as of 3 April 2016 and 1 January 2017, in addition to the effect deriving from the remuneration increases provided by the CCNL for employees of companies in the tertiary sector of distribution and services, which was renewed in 2015 and which provides for increases starting from April 2015 and until 2017.

Furthermore, the maintenance of a careful management of leave, permits and overtime work has been confirmed.

30. Amortizations, depreciations and write-downs

The Provisions and write-downs can be broken down as follows:

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Depreciation of tangible assets	3,103	2,587
Amortization of intangible assets	100	97
Provisions and write-downs	5,963	5,332
Total amortization and depreciation and write-downs	9,166	8,016

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Taxable provisions for bad debts	4,447	3,978
Non-taxable provisions for bad debts	1,181	1,212
Provision for risk and loss fund	0	300
Provision for / (uses of) supplementary clientele severance indemnity	335	(158)
Total provisions and write-downs	5,963	5,332

31. Other operating costs

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Operating costs for services	85,738	83,820
Operating costs for leases and rentals	4,877	4,664
Operating costs for other operating charges	789	802
Total other operating costs	91,404	89,286

The operating costs for services mainly include the following items: sale expenses, distribution and logistic costs of our products for 70,650 thousand Euros (69,735 thousand Euros in the first half of 2016), costs for utilities for 4,710 thousand Euros (4,592 thousand Euros in the first half of 2016), porterage fees and other charges for handling goods for 2,273 thousand Euros (1,744 thousand Euros in the first half of 2016), processing by third parties for 1,807 thousand Euros (1,616 thousand Euros in the first half of 2016) and maintenance costs for 2,464 thousand Euros (2,038 thousand Euros in the first half of 2016).
Their increase is mainly related to the acquisition of the companies DE.AL and Speca Alimentari (effective from 3 April 2016 and 1 January 2017 respectively), in addition to the increased cost of handling and transporting goods correlated to the process of centralising deliveries from suppliers on logistical platforms.

Costs for leases and rentals mainly concern the rental fees for industrial buildings that amount to a total of 4,654 thousand Euros (4,433 thousand Euros as at 30 June 2016). Their increase compared to the same period of the previous year is related to the rent fees for the buildings in Elice (PE) and Baveno (VB), where the distribution centres MARR Adriatico and MARR Speca Alimentari carry out their activities, following the acquisition by the Parent Company of the quotas of the new subsidiaries with effect from 3 April 2016 and 1 January 2017.

It should be noted out that the rental fees for industrial buildings include the fees of 334 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in Via Spagna 20 - Rimini in which the new branch MARR Uno (former MARR Uno) carries out its activities.

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 380 thousand Euros, "expenses for credit recovery" for 181 thousand Euros and "local council duties and taxes" for 138 thousand Euros.

32. Financial income and charges

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Financial charges	3,764	3,976
Financial income	(747)	(731)
Foreign exchange (gains)/losses	56	55
Total financial (income) and charges	3,073	3,300

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.

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

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

This item, that shows a loss of 81 thousand Euros, represents the evaluation of the investment in the company Griglia Doc S.r.l., that is 50% owned by DE.AL. S.r.l..

34. Taxes

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Ires-Ires charge transferred to Parent Company	9,716	11,132
Irap	2,006	2,024
Taxes of previous years	(2)	(15)
Net provision for deferred tax liabilities	(513)	(382)
Total taxes	11,207	12,759

35. Earnings per share

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

(Euros)	30.06.17 (6 months)	30.06.16 (6 months)
Basic Earnings Per Share	0.41	0.38
Diluted Earnings Per Share	0.41	0.38

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

Earnings:

(€thousand)	30.06.17 (6 months)	30.06.16 (6 months)
Profit for the period	27,308	25,438
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	27,308	25,438

Number of shares:

(number of shares)	30.06.17 (6 months)	30.06.16 (6 months)
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 closed with an operation of private placement in the month of July 2013; effective part of the term exchange purchase transactions carried out to hedge the underlying goods purchasing operations. The value indicated, amounting to a total profit of 1,324 thousand Euros in the first half of 2017 (+343 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to approximately -402 thousand Euros as at 30 June 2017).
According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Net financial position

The following table represents the trend in Net Financial Position:

MARR Consolidated (€thousand)	30.06.17	31.12.16	30.06.16
A. Cash	7,467	9,137	8,263
Cheques	0	0	0
Bank accounts	121,458	104,770	68,582
Postal accounts	106	253	88
B. Cash equivalent	121,564	105,023	68,670
C. Liquidity (A) + (B)	129,031	114,160	76,933
Current financial receivable due to parent comany	1,926	2,930	838
Current financial receivable due to related companies	0	0	0
Others financial receivable	969	919	1,531
D. Current financial receivable	2,895	3,849	2,369
E. Current Bank debt	(65,853)	(53,280)	(54,566)
F. Current portion of non current debt	(69,523)	(52,887)	(43,981)
Financial debt due to parent company	0	0	0
Financial debt due to related company	0	0	0
Other financial debt	(13,293)	(12,305)	(10,102)
G. Other current financial debt	(13,293)	(12,305)	(10,102)
H. Current financial debt (E) + (F) + (G)	(148,669)	(118,472)	(108,649)
I. Net current financial indebtedness (H) + (D) + (C)	(16,743)	(463)	(29,347)
J. Non current bank loans	(152,738)	(125,240)	(124,112)
K. Other non current loans	(39,489)	(51,770)	(48,343)
L. Non current financial indebtedness (J) + (K)	(192,227)	(177,010)	(172,455)
M. Net financial indebtedness (I) + (L)	(208,970)	(177,473)	(201,802)

The net financial position as at 30 June 2017 remained in line with the company objectives.

° ° °

Rimini, 4 August 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 30 June 2017.
- Appendix 2 – List of receivables/payables and revenues/costs to correlated companies as at 30 June 2017.
- Appendix 3 – Reconciliation of liabilities deriving from financing activities as at 30 June 2017.

MARR S.p.A. GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN THE SCOPE OF CONSOLIDATION AT 30 JUNE 2017

Company	Headquarters	Share capital (€thousand)	Direct control Marr S.p.A.	Indirect control Company	Indirect control Share held
COMPANIES 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 (Spain)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
De.Al. S.r.l. Depositi Alimentari	Elice (PE)	3,000	100.0%		
Speca Alimentari S.r.l.	Baveno (VB)	100	100.0%		
INVESTMENTS VALUED AT EQUITY:					
Griglia DOC S.r.l.	Elice (PE)	2,000	50.0%	De.Al. S.r.l. Depositi Alimentari	50.0%
EQUITY INVESTMENTS VALUED AT COST:					
- Other companies:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

RELATIONS WITH PARENT COMPANIES, SUBSIDIARIES, REALATED PARTIES AND ASSOCIATES

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. (*)	65	527	1,926	2,542	9,376		1		1	9		602			
Total	65	527	1,926	2,542	9,376	0	1	0	1	9	0	602	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Griglia DOC S.r.l.	40			22			3	10	1			4			
Total	40	0	0	22	0	0	3	10	1	0	0	4	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,624	9		6	2		4,571					33			
Fiorani & C. S.p.a.		24		194					23		1,119				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.				266								489		1	
Guardamiglio S.r.l.	7						18								
Inalca Algerie S.a.r.l.	11														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	676			49	9		3,099	64			49				
Inalca Kinshasa S.p.r.l.	291														
Inalca S.p.a.	126	35		7,784			220		122		30,085	13			
Inter Inalca Angola Ltda	182														
Interjet S.r.l.															
Italia Alimentari S.p.a.	41	18		570			1		49		2,141				
Marr Russia L.l.c.															
Realbeef S.r.l.															
Roadhouse Grill Roma S.r.l.	667						1,272								
Roadhouse S.p.A.	7,212			1	16		15,613	10							
Tecno-Star Due S.r.l.															
Time Vending S.r.l.		11							11						
From Affiliated Companies															
Farmservice S.r.l.	21						57								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													334		
Prometex Sam															
Total	11,860	97	0	8,870	27	0	24,851	74	205	0	33,394	535	334	1	0

(*) The items in the Other Receivables from Parent Companies 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. The amount indicated in the Other payables from Parent Companies represents the banlance for the Ires of the year 2016 and for the first half of 2017. 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.

Appendix 3

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 30 JUNE 2017*

	30 June 2017	Cash flows	Purchases	Non-financial changes: Other changes/ reclassifications	Non-financial changes: Exchange rates variations	Non-financial changes: Fair value variation	31 December 2016
Current payables to bank	65,853	12,573					53,280
Current portion of non current debt	69,523	(19,880)	126	36,390			52,887
Current financial payables for bond private placement in US dollars	738	(753)		738			753
Current financial payables for leasing contracts	222	(88)	47				263
Current financial payables for purchase of quotas or shares	12,259	(9,085)	1,054	9,000			11,290
Total current financial payables	148,595	(17,233)	1,227	46,128	0	0	118,473
Current payables/(receivables) for hedging financial instruments	74					75	(1)
Total current financial instruments	74	0	0	0	0	75	(1)
Non-current payables to bank	152,673	63,909		(36,390)			125,154
Non-current financial payables for bond private placement in US dollars	37,396			30	(3,114)		40,480
Non-current financial payables for leasing contracts	622	(206)	8				820
Non-current financial payables for purchase of quotas or shares	1,470			(9,000)			10,470
Total non-current financial payables	192,161	63,703	8	(45,360)	(3,114)	0	176,924
Non-current payables/(receivables) for hedging financial instruments	66					(21)	87
Total non-current financial instruments	66	0	0	0	0	(21)	87
Total liabilities arising from financial activities	340,896	46,470	1,235	768	(3,114)	54	295,483

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows	46,470
Other changes/ reclassifications	768
Exchange rates variations	(3,114)
Fair value variation	54
- Outgoing for acquisition subsiaries or going concerns	9,085
Total detailed variations in the table	53,263
Other changes in financial liabilities	8,932
New non-current loans received	80,000
Non current loans repayment	(35,669)
Total changes shown between financing activities in the Cash Flows Statement	53,263

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

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

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

of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement, during the first half-year 2017.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement as at 30 June 2017 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

a) the interim condensed consolidated financial statements:
- are prepared 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;
- correspond to the findings in the accounts books and documents;
- 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;

b) the interim directors' report on management includes a reliable analysis of the significant events occurred in the first half of 2017 business year and of their effect on the interim condensed consolidated financial statement, together with a description of the main risks and uncertainties to which they are exposed for the remaining six months of the business year. The intermediate report on management also includes a credible analysis of the information on the significant operations with related parties.

Rimini, 4 August 2017

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

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REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
MARR SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of MARR SpA and its subsidiaries (the "MARR Group") as of 30 June 2017, comprising the consolidated statement of financial position, consolidated statement of profit or loss , consolidated statement of other comprehensive income, consolidated statement of changes in the shareholder's equity, consolidated cash flows statement and related notes. The directors of MARR SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of MARR Groupas of 30 June

PricewaterhouseCoopers SpA

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2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 4, 2017

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

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