Interim Report
as at 31 March 2019

14 May 2019

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini - Italy
Capital stock € 33.262.560 i.v.
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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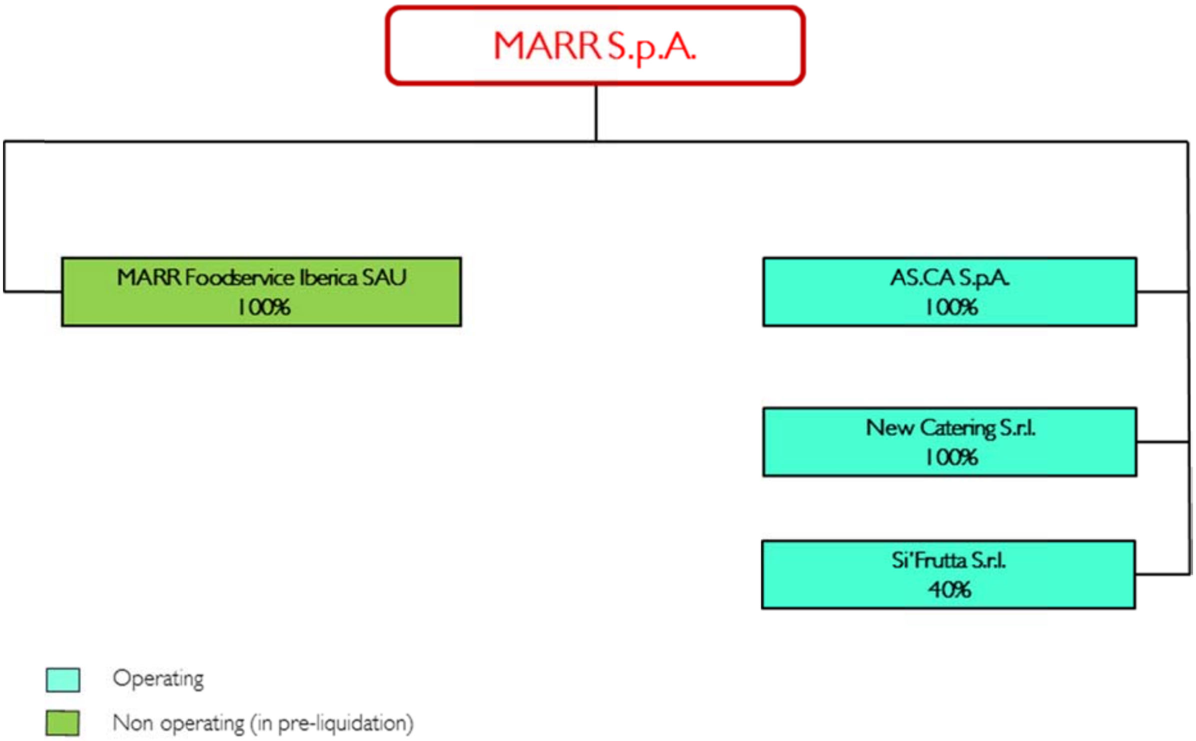
MARR GROUP ORGANISATION

as at 31 March 2019



As at 31 March 2019 the structure of the Group does not differ from that at 31 December 2018.
Comparing the structure to that one as at 31 March 2018 we recall the following operations:

- the purchase, on 31 May 2018, by the Parent Company of the 40% of the share capital of Si'Frutta S.r.l., a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities;
- the merger by incorporation of the company Griglia Doc S.r.l. in the subsidiary DE.AL – S.r.l. Depositi Alimentari (with legal effects that came into force on 25 June 2018) and subsequently the merger of the latter, together with the subsidiary Speca Alimentari S.r.l., in the Parent Company MARR S.p.A. (with legal effects that came into force on 1 December 2018); the operation aimed at achieving the rationalisation of the economic, financial and administrative management of the Group.

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.

Company	Activity
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).
Si'Frutta S.r.l. Via Lesina n. 25 – Cervia (RA)	Supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

All the controlled companies are consolidated on a line – by – line basis.
Related companies are evaluated by equity method.

CORPORATE BODIES

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	Paola Simonelli
	Andrea Foschi
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 quarter of 2019

The interim report as at 31 March 2019, not audited, 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.

Group sales in the first three months of 2019 amounted to 329.3 million Euros (332.6 million in 2018), with sales to clients in the Street Market and National Account categories amounting to 273.4 million Euros compared to 276.4 million in the first quarter of 2018.

As regards the only 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.

The Street Market category (restaurants and hotels not belonging to Groups or Chains) reached 198.4 million Euros (199.0 million in 2018) and, as stated previously, the comparison with the first three months of 2018 has been penalised because of the Easter festivities, which this year were in the second quarter.
The performance of the end reference market of Street Market clients, on the basis of the most recent report by the Confcommercio Studies Office (Survey no. 4, April 2019), recorded an increase in consumption (by quantity) of +1.4% in the first quarter for "Hotels, meals and out-of-home food consumption".

Sales to National Account clients (operators in Canteens and Chains and Groups) amounted to 74.9 million Euros (77.5 million in 2018).

Sales to clients in the Wholesale segment amounted to 56.0 million Euros in the first quarter of 2019 compared to 56.2 million in 2018.

The total consolidated revenues for the period amounted to 333.4 million Euros compared to 336.5 million in the first quarter of 2018, which had benefitted from the positive effect of Easter (on 1st April 2018 and on 21st April this year) on the sales to the main category of Street Market clients.

After the application of the accounting standard of IFRS 16, the EBITDA and EBIT amounted to 17.3 and 10.7 million Euros respectively. IFRS 16 requires the new accounting, starting on 1st January 2019, of the leases that involve the right to control the use of the asset being leased. The effects of IFRS 16 in the first quarter of 2019 amounted to +2.2 million Euros on the EBITDA and +0.1 million on the EBIT. In the first quarter of 2018, the EBITDA and EBIT, without the effects of IFRS 16, amounted to 16.4 and 11.8 million Euros respectively.

The net result for the period reached 6.6 million Euros, with -0.2 million Euros being due to the effect of IFRS 16. The net result for the first quarter of 2018 was 7.4 million Euros.

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

MARR Consolidated (€thousand)	31 March 2019	31 March 2018
Revenues from sales and services by customer category		
Street market	198,450	198,960
National Account	74,912	77,478
Wholesale	55,983	56,204
Total revenues form sales in Foodservice	329,345	332,642
(1) Discount and final year bonus to the customers	(4,696)	(4,841)
(2) Other services	622	656
(3) Other	63	86
Revenues from sales and services	325,334	328,543

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 quarter of 2019, compared to the same period of the previous year.

Analysis of the re-classified income statement[1]

MARR Consolidated (€thousand)	1st quarter 2019	%	1st quarter 2018	%	% Change
Revenues from sales and services	325,334	97.6%	328,543	97.6%	(1.0)
Other earnings and proceeds	8,061	2.4%	7,919	2.4%	1.8
Total revenues	**333,395**	**100.0%**	**336,462**	**100.0%**	**(0.9)**
Cost of raw and secondary materials, consumables and goods sold	(281,608)	-84.4%	(282,749)	-84.0%	(0.4)
Change in inventories	14,732	4.4%	13,931	4.1%	5.7
Services	(39,225)	-11.8%	(39,232)	-11.7%	(0.0)
Leases and rentals	(219)	-0.1%	(2,410)	-0.7%	(90.9)
Other operating costs	(386)	-0.1%	(410)	-0.1%	(5.9)
Value added	**26,689**	**8.0%**	**25,592**	**7.6%**	**4.3**
Personnel costs	(9,400)	-2.8%	(9,186)	-2.7%	2.3
Gross Operating result	**17,289**	**5.2%**	**16,406**	**4.9%**	**5.4**
Amortization and depreciation	(3,728)	-1.1%	(1,654)	-0.5%	125.4
Provisions and write-downs	(2,834)	-0.9%	(2,925)	-0.9%	(3.1)
Operating result	**10,727**	**3.2%**	**11,827**	**3.5%**	**(9.3)**
Financial income	149	0.1%	232	0.1%	(35.8)
Financial charges	(1,599)	-0.5%	(1,309)	-0.4%	22.2
Foreign exchange gains and losses	111	0.0%	(22)	0.0%	(604.5)
Value adjustments to financial assets	0	0.0%	0	0.0%	0.0
Result from recurrent activities	**9,388**	**2.8%**	**10,728**	**3.2%**	**(12.5)**
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	**9,388**	**2.8%**	**10,728**	**3.2%**	**(12.5)**
Income taxes	(2,814)	-0.8%	(3,276)	-1.0%	(14.1)
Net profit attributable to the MARR Group	**6,574**	**2.0%**	**7,452**	**2.2%**	**(11.8)**

As already highlighted in the Explanatory notes to the financial statements as at 31 December 2018, with reference to the values stated above, it must be highlighted that the new accounting principle IFRS16 became effective on 1st January 2019. This 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.

For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use, classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It should be noted that the first quarter 2018 has not been restated in compliance with the new standard so the effects of its application will be explained in the following notes with reference to each item involved.

The application of the new accounting principle implied an improvement in the EBITDA of total 2.2 million Euros (equal to the value of rental fees that previously were accounted in the item "Leases and rentals costs") and in the EBIT for 0.1 million Euros; on the other hands the impact on the result before taxes has been negative for 0.3 million Euros by the effect of the accrued interests related to the amortization plans of the financial liabilities recorded in the statement of the financial position.

[1] It is specified that the reclassified income statement does not show the item "Other Profits/Losses net of the effect of taxation" reported in the "Comprehensive income statement", as required by IAS 1 revised applicable from 1st January 2009 onwards.

In view of the above, the consolidated operating economics at 31 March 2019 are as follows: total revenues for 333.4 million Euros (336.5 in the same period of the previous year); EBITDA[2] 17.3 million Euros (16.4 million Euros as at 31 March 2018); EBIT for 10.7 million Euros (11.8 million Euros at 31 March 2018).

The variation in revenues from sales and services (-1.0% compared to the same period in the previous year) is a consequence of the performance of sales in each client category, as previously analyzed.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); their trend is related to that one of the cost of raw.
About this, we recall that, following the centralization of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centers.

As regard operative costs, it must be highlighted that the incidence percentage of Services and Other Operating Costs on the total revenues remains substantially in line with those at first quarter 2018. Leases and Rentals cost is significant reduced due to the application of the new accounting principle as explain in the previous paragraphs.

As concern the Personnel cost, as already highlighted in the Financial statements as 31 December 2018, starting from the last part of the previous year an increase of employees mainly due to new recruitments for the development of some business functions and also for the start of new projects has been registered. This implied an increase of the item compared to the first quarter of 2018, both in absolute value and as % incidence on the total revenues.

The increase in absolute value of depreciation is attributable for 2,044 thousand Euros to the depreciation of the right of use accounted for according to IFRS16 in the financial statements for the lease contracts; for the remaining part it is related to the plan of investments made in the years for the expansion and modernisation of some MARR distribution centres.

The item Provisions and write-downs amounted to 2.8 million Euros (2.9 million in the first quarter of 2018) and consists for 2.7 million Euros by the provision for bad debts and for 0.1 million Euros by the provision for supplementary client severance indemnity.

The net financial costs, net of those deriving from the application of IFRS 16 that amount to 413 thousand Euros, showed a decrease for some 173 thousand Euros, mainly linked to a positive effect generated by the management of the balances in foreign currency, mainly related to the performance of the Euro compared to the US dollar.

By effect of that illustrated above the result of recurrent activities at the end of the quarter was 9.4 million Euros (10.7 million Euros at 31 March 2018).

The tax rate of the period is 30.0%, in line with that one at first quarter 2018.

As at 31 March 2019 the total net result reached 6.6 million Euros (7.4 million Euros at 31 March 2018).

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

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*31.03.19*	*31.12.18*	*31.03.18*
Net intangible assets	152,005	152,097	152,055
Net tangible assets	68,677	68,168	68,991
Right of use assets	57,539	0	0
Equity investments evaluated using the Net Equity method	516	516	0
Equity investments in other companies	304	304	315
Other fixed assets	26,798	25,516	24,794
Total fixed assets (A)	**305,839**	**246,601**	**246,155**
Net trade receivables from customers	368,771	378,489	371,028
Inventories	173,610	158,878	161,483
Suppliers	(289,586)	(323,227)	(282,493)
Trade net working capital (B)	**252,795**	**214,140**	**250,018**
Other current assets	45,275	61,468	42,593
Other current liabilities	(28,531)	(23,678)	(24,309)
Total current assets/liabilities (C)	**16,744**	**37,790**	**18,284**
Net working capital (D) = (B+C)	**269,539**	**251,930**	**268,302**
Other non current liabilities (E)	(1,093)	(1,116)	(1,185)
Staff Severance Provision (F)	(8,370)	(8,418)	(9,049)
Provisions for risks and charges (G)	(7,853)	(8,069)	(5,793)
Net invested capital (H) = (A+D+E+F+G)	**558,062**	**480,928**	**498,430**
Shareholders' equity attributable to the Group	(331,082)	(324,272)	(311,732)
Consolidated shareholders' equity (I)	**(331,082)**	**(324,272)**	**(311,732)**
(Net short-term financial debt)/Cash	38,477	61,701	51,959
(Net medium/long-term financial debt)	(207,904)	(218,357)	(238,657)
Net financial debt - before IFRS 16 (L)	(169,427)	(156,656)	(186,698)
Current lease liabilities (IFRS16)	(7,567)	0	0
Non-current lease liabilities (IFRS16)	(49,986)	0	0
IFRS 16 effect on Net financial debt (M)	(57,553)	0	0
Net financial debt (N) = (L+M)	**(226,980)**	**(156,656)**	**(186,698)**
Net equity and net financial debt (O) = (I+N)	**(558,062)**	**(480,928)**	**(498,430)**

With reference to the statement of the financial position it should be noted the accounting - according to IFRS16 and as described in the previous paragraph - in the total fixed assets of the Right of use, the net book value of which as at 31 March 2019 was 57.5 million Euros and which is mainly related to the long-term lease contracts for the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering are located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 57.6 million Euros at 31 March 2019.

It is highlighted that the Group applied a modified retrospective approach which does not require that the comparative data be restated.

Analysis of the Net Financial Position[3]

The following represents the trend in Net Financial Position.

	MARR Consolidated (€thousand)	*31.03.19*	*31.12.18*	*31.03.18*
A.	Cash	13,350	9,345	6,219
	Cheques	0	0	0
	Bank accounts	139,044	168,804	150,493
	Postal accounts	313	261	55
B.	Cash equivalent	139,357	169,065	150,548
C.	Liquidity (A) + (B)	152,707	178,410	156,767
	Current financial receivable due to Parent company	4,628	1,956	703
	Current financial receivable due to related companies	0	0	0
	Others financial receivable	1,079	923	823
D.	Current financial receivable	5,707	2,879	1,526
E.	Current Bank debt	(37,924)	(41,043)	(45,879)
F.	Current portion of non current debt	(81,264)	(77,196)	(49,349)
	Financial debt due to Parent company	0	0	0
	Financial debt due to related company	0	0	0
	Other financial debt	(749)	(1,349)	(11,106)
G.	Other current financial debt	(749)	(1,349)	(11,106)
H.	Current lease liabilities (IFRS16)	(7,567)	0	0
I.	Current financial debt (E) + (F) + (G) + (H)	(127,504)	(119,588)	(106,334)
J.	Net current financial indebtedness (C) + (D) + (I)	30,910	61,701	51,959
K.	Non current bank loans	(169,578)	(180,707)	(203,542)
L.	Other non current loans	(38,326)	(37,650)	(35,115)
M.	Non-current lease liabilities (IFRS16)	(49,986)	0	0
N.	Non current financial indebtedness (K) + (L) + (M)	(257,890)	(218,357)	(238,657)
O.	Net financial indebtedness (J) + (N)	(226,980)	(156,656)	(186,698)

The MARR's Group financial debt is affected by the business seasonality, that requires higher net working capital during the summer period. Historically, the indebtedness reaches its peak during the first half of the year, and then decreases at the end of the business year.

At the end of the first quarter net financial indebtedness reached 227.0 million Euros.
The value is affected by the application from 1st January 2019 of the new IFRS16 which implied the accounting of a financial liability for total 57.6 million Euros (of which 50.0 million with a maturity over one year) related to the long-term lease contracts. As already explained above the comparative data were not been restated.

Net of the above mentioned impact, by the effect of the ordinary operating management and of the cash-out related to the investments to the distribution centers of the Parent Company, the net financial indebtedness of the Group amounts to 169.4 million Euros, increasing of 12.7 million Euros compared to 156.7 million Euros as at 31 December 2018 (+29.1

[3] 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.

million Euros in the same period of the previous year) but in improvement compared to 186.7 million of the same period of the previous year.

The net financial position as at 31 March 2019 is in line with the company objectives.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*31.03.19*	*31.12.18*	*31.03.18*
Net trade receivables from customers	368,771	378,489	371,028
Inventories	173,610	158,878	161,483
Suppliers	(289,586)	(323,227)	(282,493)
Trade net working capital	252,795	214,140	250,018

As at 31 March 2019, the net trade working capital amounted to 252.8 million Euros, an increase of 38.7 million Euros compared to 31 December 2018 (+54.6 million Euros in the first quarter 2018) and of 2.8 million compared to 250.0 million Euros at the end of the first quarter of 2018.

In particular it is highlighted a decrease in net trade receivables from customers (- 9.7 million compared to 31 December 2018 and – 2.3 million compared to 31 March 2018), thanks to the maintenance of a policy of the entire Organization focusing on the management of receivables.
Inventories showed an increase for 12.1 million Euros compared to the same period of the previous year, mainly due to specific supply policies in the frozen seafood market and also to Easter Holidays which, compared to the previous year, were postponed in second ten-day period of April 2019.

Suppliers, decreasing of 33.6 million Euros compared to 31 December 2018, show an increase of 7.1 million Euro compared to the same period of the previous year.

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

Re-classified cash-flow statement

MARR Consolidated (€thousand)	*31.03.19*	*31.03.18*
Net profit before minority interests	6,574	7,452
Amortization and depreciation	3,728	1,654
Change in Staff Severance Provision	(48)	(215)
Operating cash-flow	10,254	8,891
(Increase) decrease in receivables from customers	9,718	5,662
(Increase) decrease in inventories	(14,732)	(13,931)
Increase (decrease) in payables to suppliers	(33,641)	(46,367)
(Increase) decrease in other items of the working capital	21,046	16,427
Change in working capital	(17,609)	(38,209)
Net (investments) in intangible assets	(79)	(437)
Net (investments) in tangible assets	(2,024)	(420)
Net (investments) in right of use	(59,583)	0
Net change in financial assets and other fixed assets	(1,282)	2,117
Net change in other non current liabilities	(239)	(592)
Investments in other fixed assets	(63,207)	668
Free - cash flow before dividends	(70,562)	(28,650)
Distribution of dividends	0	0
Capital increase	0	0
Other changes, including those of minority interests	238	(445)
Casf-flow from (for) change in shareholders' equity	238	(445)
FREE - CASH FLOW	(70,324)	(29,095)
Opening net financial debt	(156,656)	(157,603)
Cash-flow for the period	(70,324)	(29,095)
Closing net financial debt	(226,980)	(186,698)

Compared to the same period of the previous year, net of the effect deriving from the IFRS 16, the ordinary management has generated an improvement of the free-cash flow before dividends for some 17.7 million Euros.

Investments

As regards the investments made in the first quarter 2019, it is recalled the continuation of the expansion and modernisation works in some distribution centres of the Parent Company and also of the subsidiary New Catering.

In particular, as concern the item fixed assets under development and advances it is highlighted the construction work for the new headquarters' building located in Santarcangelo di Romagna (for a total investment in the period amounting to 958 thousand Euros) and the works in the distribution centre MARR Adriatico and in the warehouse in Rimini of the subsidiary New Catering (amounting to total 462 thousand Euros).

The following is a summary of the net investments made in the first quarter of 2019:

(€thousand)	*31.03.19*
Intangible assets	
Patents and intellectual property rights	28
Fixed assets under development and advances	51
Total intangible assets	79
Tangible assets	
Land and buildings	130
Plant and machinery	280
Industrial and business equipment	67
Other assets	120
Fixed assets under development and advances	1,427
Total tangible assets	2,024
Total	2,103

It is highlighted that the amount of investment exposed does not consider the amounts recorded as Right of use following the application of new IFRS 16.

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 first quarter of 2019 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 31 March 2019 the company does not own own shares.

During the quarter, the Group did not carry out atypical or unusual operations.

Significant events during the first quarter 2019

On 1st March 2019 the Alternate Statutory Auditor Simona Muratori, pursuant to art. 23 paragraph 9 of the By Laws of MARR S.p.A, replaced the Statutory Auditor Ezio Maria Simonelli, who notified his resignation for limits to the cumulation of offices, according to the limits provided by Article 144 terdecies of the Issuers' Regulation.

Subsequent events after the closing of the quarter

On 18 April 2019 the Shareholders' meeting approved the financial statement as at 31 December 2018 and the distribution to the Shareholders of a gross dividend per share of 0.78 Euros (0.74 Euros the previous year) with "ex-coupon" (no. 15) on 27 May 2019, record date on 28 May 2019 and payment on 29 May. The non-distributed profits will be allocated to the Reserves.

On the same date, in fulfilment of art. 2401, paragraph 1 of the Civil Code, the Shareholders' Meeting integrated the Board of Statutory Auditors by appointing one Standing Statutory Auditor and one Alternate Auditor, in compliance with art. 148 of Legislative Decree 58/1998.
Andrea Foschi and Simona Muratori were appointed respectively as Standing Statutory Auditor and as Alternate Statutory Auditor. Auditors thus appointed will step down from office together with the other members of the Board, and thus on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2019.

Outlook

Sales to the main category of Street Market clients recorded an increase of +4.0% in the first four months of the year and reposition the sales to the Street Market and National Account categories at the end of the first four months in line with the growth objectives for the year.

Interim Consolidated Financial Statements

MARR Group

Interim Report

as at 31 March 2019

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	*31.03.19*	*31.12.18*	*31.03.18*
ASSETS			
Non-current assets			
Tangible assets	68,677	68,168	68,991
Right of use assets	57,539	0	0
Goodwill	149,921	149,921	149,921
Other intangible assets	2,084	2,176	2,134
Investments valued at equity	516	516	0
Investments in other companies	304	304	315
Non-current financial receivables	636	723	956
Financial instruments/derivatives	3,565	2,513	0
Deferred tax assets	0	0	59
Other non-current assets	30,485	30,880	32,187
Total non-current assets	313,727	255,201	254,563
Current assets			
Inventories	173,610	158,878	161,483
Financial receivables	5,707	2,878	1,521
relating to related parties	*4,628*	*1,957*	*703*
Financial instruments / derivative	0	1	5
Trade receivables	360,883	369,889	362,620
relating to related parties	*13,822*	*16,101*	*13,939*
Tax assets	4,653	3,312	8,445
relating to related parties	*12*	*109*	*12*
Cash and cash equivalents	152,707	178,410	156,767
Other current assets	40,622	58,156	34,148
relating to related parties	*150*	*457*	*120*
Total current assets	738,182	771,524	724,989
TOTAL ASSETS	*1,051,909*	*1,026,725*	*979,552*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	331,082	324,272	311,732
Share capital	*33,263*	*33,263*	*33,263*
Reserves	*208,103*	*207,868*	*193,154*
Retained Earnings	*0*	*0*	*0*
Profit for the period attributable to the Group	*89,716*	*83,141*	*85,315*
Total Shareholders' Equity	331,082	324,272	311,732
Non-current liabilities			
Non-current financial payables	207,904	218,357	237,702
Non-current lease liabilities (IFRS16)	49,986	0	0
relating to related parties	*995*	*0*	*0*
Financial instruments/derivatives	0	0	955
Employee benefits	8,370	8,418	9,049
Provisions for risks and costs	6,070	5,981	5,793
Deferred tax liabilities	1,783	2,088	0
Other non-current liabilities	1,093	1,116	1,185
Total non-current liabilities	275,206	235,960	254,684
Current liabilities			
Current financial payables	119,905	119,578	106,334
relating to related parties	*0*	*0*	*0*
Current lease liabilities (IFRS16)	7,567	0	0
relating to related parties	*655*	*0*	*0*
Financial instruments/derivatives	32	10	0
Current tax liabilities	4,683	1,953	3,641
relating to related parties	*2,503*	*0*	*1,528*
Current trade liabilities	289,586	323,227	282,493
relating to related parties	*8,880*	*8,829*	*11,450*
Other current liabilities	23,848	21,725	20,668
relating to related parties	*63*	*144*	*70*
Total current liabilities	445,621	466,493	413,136
TOTAL LIABILITIES	*1,051,909*	*1,026,725*	*979,552*

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(€thousand)	Note	1st quarter 2019	1st quarter 2018
Revenues	1	325,334	328,543
relating to related parties		*15,510*	*15,484*
Other revenues	2	8,061	7,919
relating to related parties		*164*	*112*
Changes in inventories		14,732	13,931
Purchase of goods for resale and consumables	3	(281,608)	(282,749)
relating to related parties		*(20,040)*	*(20,404)*
Personnel costs	4	(9,400)	(9,186)
Amortization, depreciation and write-downs	5	(6,562)	(4,579)
Other operating costs	6	(39,830)	(42,052)
relating to related parties		*(781)*	*(751)*
Financial income and charges	7	(1,339)	(1,099)
relating to related parties		*246*	*0*
Revenues/(Losses) form investments evaluated using the Net Equity method		0	0
Pre-tax profits		***9,388***	***10,728***
Taxes	8	(2,814)	(3,276)
Profits for the period		***6,574***	***7,452***
Profit for the period atributable to:			
Shareholders of the parent company		6,574	7,452
Minority interests		0	0
		6,574	***7,452***
basic Earnings per Share (euro)	9	0.10	0.11
diluted Earnings per Share (euro)	9	0.10	0.11

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Note*	1st quarter 2019	1st quarter 2018
Profits for the period (A)		*6,574*	*7,452*
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		237	(445)
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)	*10*	*237*	*(445)*
Comprehensive Income (A + B)		*6,811*	*7,007*
Comprehensive Income attributable to:			
Shareholders of the parent company		6,811	7,007
Minority interests		0	0
		6,811	*7,007*

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 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 1st January 2018	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726
Other minor variations										(1)		(1)		(1)
Consolidated comprehensive income (1/1 -31/03/18):														
- Profit for the period													7,452	7,452
- Other Profits/Losses, net of taxes									(445)			(445)		(445)
Balance at 31 March 2018	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(2,185)	1,467	(758)	193,154	85,315	311,732
Allocation of 2017 profit						13,998						13,998	(13,998)	
Distribution of MAAR S.p.A. dividends													(49,229)	(49,229)
Other minor variations										(5)		(5)		(5)
Consolidated comprehensive income (1/04-31/12/18):														
- Profit for the period													61,053	61,053
- Other Profits/Losses, net of taxes									607		114	721		721
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,578)	1,463	(644)	207,868	83,141	324,272
Other minor variations										(1)		(2)	1	(1)
Consolidated comprehensive income (1/1 -31/03/2019):														
- Profit for the period													6,574	6,574
- Other Profits/Losses, net of taxes									237			237		237
Balance at 31 March 2019	33,263	63,348	6,652	13	36,496	93,352	1,475	7,290	(1,341)	1,462	(644)	208,103	89,716	331,082

CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	31.03.19	31.03.18
Profit for the Period	6.574	7.452
Adjustment:		
Amortization / Depreciation	1.685	1.655
IFRS 16 depreciation	2.044	0
Change in deferred tax	(380)	(318)
Allocation of provison for bad debts	2.728	2.731
Provision for supplementary clientele severance indemnity	105	194
Capital profit/losses on disposal of assets	(120)	6
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	1.450	1.076
relating to related parties	*3*	*0*
Foreign exchange evaluated (gains)/losses	(111)	17
Total	7.401	5.361
Net change in Staff Severance Provision	(48)	(215)
(Increase) decrease in trade receivables	6.278	4.663
relating to related parties	*2.279*	*81*
(Increase) decrease in inventories	(14.732)	(13.931)
Increase (decrease) in trade payables	(33.641)	(46.447)
relating to related parties	*51*	*2.439*
(Increase) decrease in other assets	17.930	14.671
relating to related parties	*307*	*184*
Increase (decrease) in other liabilities	2.084	(2.201)
relating to related parties	*(81)*	*(181)*
Net change in tax assets / liabilities	1.464	2.724
relating to related parties	*2.600*	*2.740*
Interest paid	(1.599)	(1.309)
relating to related parties	*(4)*	*0*
Interest received	149	233
relating to related parties	*1*	*0*
Foreign exchange gains	(2)	5
Foreign exchange losses	113	(22)
Cash-flow from operating activities	(8.029)	(29.016)
(Investments) in other intangible assets	(79)	(70)
(Investments) in tangible assets	(2.069)	(800)
Net disposal of tangible assets	167	374
Outgoing for acquisition of subsidiaries or going concerns during the year (net of the cash acquired)	(180)	67
Cash-flow from investment activities	(2.161)	(429)
Other changes, including those of third parties	235	(451)
Net change lease liabilities (IFRS16)	(2.030)	0
relating to related parties	*(163)*	*0*
Net change in financial payables (excluding the new non-current loans received)	(2.819)	(18.467)
relating to related parties	*0*	*0*
New non-current loans received	0	50.894
relating to related parties	*0*	*0*
Repayment of other long - term debt	(7.105)	(3.299)
relating to related parties	*0*	*0*
Net change in current financial receivables	(2.829)	449
relating to related parties	*(2.671)*	*556*
Net change in non-current financial receivables	(965)	801
relating to related parties	*0*	*0*
Cash-flow from financing activities	(15.513)	29.927
Increase (decrease) in cash-flow	(25.703)	482
Opening cash and equivalents	178.410	156.285
Closing cash and equivalents	152.707	156.767

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 1 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 report as at 31 March 2019 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.

In the "Accounting policies" section, the international accounting principles adopted in the drawing up of the quarterly report as at 31 March 2019 do not differ from those used in the drawing up of the consolidated financial statements as at 31 December 2018, excepted for the amendments and interpretations effective from the 1st January 2019.

In particular, as already explained in the Directors' Report, it is highlighted that the international standard IFRS 16 is effective from 1st January 2019.
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.
For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It is highlighted that the Group adopted a modified retrospective approach, without the restatement of the comparative figures.

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; as regards performance levels in the first quarter of 2019, see that described in the Directors' Report on management performance.

The consolidated financial statements as at 31 March 2019 show, for comparison purposes, for the statement of profit or loss the figures for the first quarter of 2018 and for the statement of financial position the figures as at 31 December 2018 and at 31 March 2018.

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

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

The figures are expressed in Euros.

The statements and tables contained in this quarterly report are shown in thousands Euros.

The interim report is not subject to auditing.

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 31 March 2019 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity.
Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 31 March 2019, with an indication of the method of consolidation, is included in the Group Organisation section.
The interim condensed consolidated financial statements have been prepared on the basis of the financial statements as at 31 March 2019 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 31 March 2019 the structure of the Group does not differ from that at 31 December 2018.
Compared to the structure at 31 March 2018 we recall the following operations:

- the purchase, on 31 May 2018, by the Parent Company of the 40% of the share capital of Si'Frutta S.r.l., a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities;
- the merger by incorporation of the company Griglia Doc S.r.l. in the subsidiary DE.AL – S.r.l. Depositi Alimentari (with legal effects that came into force on 25 June 2018) and subsequently the merger of the latter, together with the subsidiary Speca Alimentari S.r.l., in the Parent Company MARR S.p.A. (with legal effects that came into force

on 1st December 2018); the operation aimed at achieving the rationalisation of the economic, financial and administrative management of the Group.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the quarter closed on 31 March 2019 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2018, excepted for new Accounting Standards, interpretations and changes to the Accounting Standards effective from 1st January 2019.

In particular, as reported in the introduction of these Explanatory notes, it should be highlighted the application of the new IFRS 16.
This 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.
From 1st January 2019 it involved the accounting in the fixed assets of a Right of use the net book value of which was equal to 57.5 million Euros at 31 March 2019, mainly related to the long-term lease contracts of the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering were located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 57.6 million Euros at 31 March 2019.
With regard to the Statement of profit or loss the new principle implied the allocation of depreciations for 2.0 million Euros, financial charges for 0.4 million Euros and lower rental fees for total 2.2 million Euros with an overall impact represented by a lower profit of 0.2 million Euros.

The new Accounting Standards, interpretations and changes to the Accounting Standards applicable from 1st January 2019, but which did not have an impact on the financial and economic position of the Group, are mentioned below:

- IFRIC 23 - Uncertainty over Income Tax Treatments. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon.
- Changes to IFRS 9 - Financial Instruments. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or fair value through other comprehensive income (OCI) for the financial assets with the option of advance extinction ("negative compensation").
- Changes to IAS 28 "Long-term Interests in Associates and Joint Ventures". On 12 October 2017, the IASB emanated these changes to clarify the application of IFRS 9 "Financial Instruments" as regards the long-term interest in subsidiary companies or joint ventures, for which the net equity method is not applicable.
- Changes to IAS 19, "Employee benefits'- Plan amendment, curtailment or settlement". This amendment, issued by the IASB on 7 February 2018, clarifies how pension costs are to be determined when changes are made to the defined benefits plan.
- Improvements to the International Financial Reporting Standards (2015-2017). The changes, published in December 2017, mainly concern the following IFRS: a) IAS 12 "Income Taxes". The proposed changes clarify that an entity should recognise all of the fiscal effects to the distribution of the dividends; b) IAS 23 "Borrowing Costs": the proposed changes clarify that, in the event that the specific finances required for the purchase and/or construction of an asset remain ongoing even after the asset in question is ready for use or sale, such loans shall cease to be considered as specific, and are therefore included in the general loans of the entity, in order for the rate of capitalisation of the loans to be determined; c) IAS 28 "Investments in Associates and joint ventures – Long-term interests in an associate or joint venture". The proposed changes clarify that standard IFRS 9 "Financial Instruments", including the impairment requirements, is also applicable to other financial instruments held in the long-term issued for an associate company or joint venture.

The new accounting standards, amendments and interpretations applicable from subsequent financial years are mentioned below:

- IFRS 17 - "Insurance Contracts". This standard, issued on 18 May 2017, establishes the standards for the recognition, measurement, presentation and representation of insurance contracts included in the standard. The objective of IFRS 17 is to guarantee that an entity provides relevant information which truthfully represents such contracts in order to represent a basis for evaluation by the reader of the financial statements of the effects of such contracts on the equity and financial situation, on the economic results and on the cash flows of the entity. On 21 June 2018, the IASB decided to issue clarifications concerning IFRS 17 "Insurance Contracts", in order to ensure that the interpretation of the standard reflects the decisions taken by the Board, with specific reference to certain points in the contracts subject to variable fees and aspects correlated to IFRS 3 "Business combination". The dispositions of IFRS 17 will be effective as of business years starting from 1st January 2021 or subsequently.

- IFRS 14 - "Regulatory deferral accounts"". The standard, published by the IASB on 30 January 2014, enables only those who are adopting the IFRS for the first time to continue to record the amounts concerning the rate regulation according to the accounting standards previously adopted.
- Changes to IAS 1 and to IAS 8. These changes, published by the IASB on 31 October 2018, provide a different definition of "material", in other words: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". These changes will be applicable for business years starting on 1st January 2020 or subsequently. Advance application is allowed.
- Changes to IFRS 10 and to IAS 28: this change, published on 11 September 2014, provided the 1st January 2016 as the date of entry into force; application was subsequently postponed to an unspecified date. These amendments were issued because of the conflict between the requirements of IAS 28 and IFRS 10. The IASB and the committee for interpretations determined that a complete gain or loss must be recognised on the loss of control of a business, independently of the whether the business is part of a subsidiary or not.
- Changes to IFRS3 "Business Combination". These changes, issued by the IASB on 22 October 2018, are aimed at resolving the difficulties that arise when an entity determines whether it has purchased a business ot group of assets. The changes are effective for business combinations for which the date of acquisition is in force on or subsequent to 1st January 2020. Advance application is allowed.

Lastly, it must be noted that on 29 March 2018, the IASB published the reviewed version of the Conceptual Framework for Financial Reporting. The main changes compared to the 2010 version concern: i) a new chapter concerning evaluation; ii) better definitions and guidance, especially with regard to the definition of liabilities; iii) clarifications concerning important concepts, such as stewardship, prudence and uncertainty in evaluations. The amendments, where they are effective updates, will be applicable for business years starting on 1st January 2020 or subsequently.

Main estimates adopted by management and discretional assessments

The figures herein are partly derived from estimates and assumptions made by the top Management, variations in which are currently unpredictable and could affect the economic and equity situation of the Group.
These estimates do not differ significantly from those usually used in the drafting of annual and consolidated accounts.

Comments on the main items of the consolidated income statement

1. Revenues

(€thousand)	1st quarter 2019	1st quarter 2018
Net revenues from sales - Goods	324,648	327,802
Revenues from Services	41	51
Manufacturing on behalf of third parties	5	4
Rent income (typical management)	7	13
Other services	633	673
Total revenues	325,334	328,543

For a comment on the trend of the revenues from sales of goods 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)	1st quarter 2019	1st quarter 2018
Italy	299,474	310,121
European Union	15,274	12,668
Extra-EU countries	10,586	5,754
Total	325,334	328,543

2. Other revenues

The Other revenues are broken down as follows:

(€thousand)	1st quarter 2019	1st quarter 2018
Contributions from suppliers and others	7,584	7,548
Other Sundry earnings and proceeds	114	109
Reimbursement for damages suffered	114	73
Reimbursement of expenses incurred	120	164
Recovery of legal taxes	7	8
Capital gains on disposal of assets	122	17
Total other revenues	8,061	7,919

The item "Contributions from suppliers and others" mainly consists of contributions obtained from suppliers for the commercial promotion of their products with our customers; their value is in line compared to that one previously and to the trend of cost of purchase of goods. Finally it should be recalled that a part of the contribution from suppliers, related contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

3. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	1st quarter 2019	1st quarter 2018
Purchase of goods	282,261	282,422
Purchase of packages and packing material	971	1,002
Purchase of stationery and printed paper	200	147
Purchase of promotional and sales materials and catalogues	81	77
Purchase of various materials	93	107
Discounts and rebates from suppliers	(2,067)	(1,055)
Fuel for industrial motor vehicles and cars	69	49
Total purchase of goods for resale and consumables	281,608	282,749

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.
As highlighted in the previous paragraph, the item "Purchases of goods" benefit for 2,008 thousand Euros (962 thousand Euros in the first quarter 2018), of the part of contribution from suppliers identifiable as end-of year bonuses.

4. Personnel costs

As at 31 March 2019 the item amounts to 9,400 thousand Euros (9,186 thousand Euros as at 31 March 2018) 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 item shows an increase mainly related to the increase in the number of employees starting from the last part of the previous year, mainly by the effect of the new recruitments for the development of some business functions and also for the start of new projects.
The average number of the Group's employees in the quarter was 832 (825.3 in the same period of the previous year).

The maintenance of a careful resource management policy has been confirmed, with specific reference to the management of leave and permits and of overtime work.

5. Amortizations, depreciations and write-downs

(€thousand)	1st quarter 2019	1st quarter 2018
Depreciation of tangible assets	1,594	1,577
Depreciation of right of use assets	2,044	0
Amortization of intangible assets	90	77
Provisions and write-downs	2,834	2,925
Total amortization and depreciation	6,562	4,579

It should be highlighted that, by the application of the new IFRS 16, the Items "Depreciation" includes the depreciation of Right of use (for 2,044 thousand Euros) as listed above.
The item "Provision and write-downs" refers for 2,728 thousand Euros to the provision for bad debts and for 106 thousand Euros to the provision for supplementary clientele severance indemnity.

6. Other operating costs

The details of the "Other operating costs" are as follows:

(€thousand)	1st quarter 2019	1st quarter 2018
Operating costs for services	39,225	39,232
Operating costs for leases and rentals	219	2,410
Operating costs for other operating charges	386	410
Total other operating costs	39,830	42,052

The operating costs for services mainly include the following items: sale expenses, distribution and logistics costs for our products for 31,073 thousand Euros (31,663 thousand Euros in the first quarter of 2018), utility costs for 2,265 thousand Euros (2,219 thousand Euros in the first quarter of 2018), handling costs for 1,124 thousand Euros (1,060 thousand Euros in the first quarter of 2018), third party works for 971 thousand Euros (917 thousand Euros in the first quarter of 2018) and maintenance costs amounting to 1,256 thousand Euros (1,230 thousand Euros in the first quarter of 2018).

Costs for leases and rentals amount to a total of 219 thousand Euros and their decrease compared to the same period of the previous year is related to the application of the IFRS 16; the balance at 31 March 2019 represents short-term lease contracts not included in the scope of the new standard account.

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 166 thousand Euros, expenses for credit recovery for 100 thousand Euros and "local council duties and taxes" for 74 thousand Euros.

7. Financial income and charges

Details of primarily "Financial income and charges" are as follows:

(€thousand)	1st quarter 2019	1st quarter 2018
Financial charges	1,599	1,310
Financial income	(149)	(233)
Foreign exchange (gains)/losses	(111)	22
Total financial (income) and charges	1,339	1,099

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.

It is specified that the financial charges included interest expenses for 413 thousand Euros (of which 4 thousand Euros related to lease contract with the related Company Le Cupole of Castelvetro (MO), for the lease of the buildings located in Via Spagna, 20 – Rimini) as a result of the application of IFRS 16; net of this amount financial charges showed a decrease compared to the same period of the previous year primarily due to the renegotiation of some loans finalized in the first half year of 2018.

8. Taxes

(€thousand)	1st quarter 2019	1st quarter 2018
Ires / Ires charge transferred to Parent Company	2,600	2,952
Irap	578	642
Net provision for deferred taxes	(380)	(318)
Previous years tax	16	0
Total taxes	2,814	3,276

9. Earning per shares

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

(Euros)	1st quarter 2019	1st quarter 2018
Basic Earnings Per Share	0.10	0.11
Diluted Earnings Per Share	0.10	0.11

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

Earnings:

(€thousand)	1st quarter 2019	1st quarter 2018
Profit for the period	6,574	7,452
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	6,574	7,452

Number of shares:

(number of shares)	1st quarter 2019	1st quarter 2018
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

10. 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 by the Group to hedge the underlying goods purchasing operations. The value indicated, amounting to a total profit of 237 thousand Euros in the first quarter of 2019 (-445 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to a negative effect for some 75 thousand Euros as at 31 March 2019).

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.

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Rimini, 14 May 2019

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 a complete part.

- Appendix I – Reconciliation of liabilities deriving from financing activities as at 31 March 2019 and 31 March 2018.

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 31 MARCH 2019 AND 31 MARCH 2018

			Non-financial changes				
	31/03/2019	Cash flows	Other changes/ reclassifications	Purchases/ IFRS 16	Exchange rates variations	Fair value variation	31/12/2018
Current payables to bank	37,924	(3,119)	0	0	0	0	41,043
Current portion of non current debt	81,264	(7,061)	11,129	0	0	0	77,196
Current financial payables for bond private placement in US dollars	309	(752)	309	0	0	0	752
Current financial payables for IFRS 16 lease contracts	7,566	(2,030)	9,596	0	0	0	0
Current financial payables for leasing contracts	228	(55)	57	0	0	0	226
Current financial payables for purchase of quotas or shares	181	(180)	0	0	0	0	361
Total current financial payables	127,472	(13,197)	21,091	0	0	0	119,578
Current payables/(receivables) for hedging financial instruments	31	21	0	0	0	0	10
Total current financial instruments	31	21	0	0	0	0	10
Non-current payables to bank	169,578	0	(11,129)	0	0	0	180,707
Non-current financial payables for bond private placement in US dollars	38,100	0	14	0	719	0	37,367
Non-current financial payables for IFRS 16 lease contracts	49,986	0	(9,596)	59,582	0	0	0
Non-current financial payables for leasing contracts	226	0	(57)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	257,890	0	(20,768)	59,582	719	0	218,357
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	385,393	(13,176)	323	59,582	719	0	337,945

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries or merger)	(12,996)
Other changes/ reclassifications	323
Exchange rates variations	719
Fair value variation	0
Total detailed variations in the table	(11,954)
Other changes in financial liabilities	(4,849)
New non-current loans received	0
Non current loans repayment	(7,105)
Total changes shown between financing activities in the Cash Flows Statement	(11,954)

	31/03/2018	Cash flows	Non-financial changes: Other changes/ reclassifications	Purchases	Exchange rates variations	Fair value variation	31/12/2017
Current payables to bank	45,879	(17,866)	0	0	0	0	63,745
Current portion of non current debt	49,349	(921)	5,402	0	0	0	44,868
Current financial payables for bond private placement in US dollars	311	(755)	311	0	0	0	755
Current financial payables for leasing contracts	221	(53)	55	0	0	0	219
Current financial payables for purchase of quotas or shares	10,574	0	0	0	0	0	10,574
Total current financial payables	106,334	(19,595)	5,768	0	0	0	120,161
Current payables/(receivables) for hedging financial instruments	0	(7)	0	0	0	0	7
Total current financial instruments	0	(7)	0	0	0	0	7
Non-current payables to bank	202,587	48,406	(5,402)	0	0	0	159,583
Non-current financial payables for bond private placement in US dollars	34,662	0	13	0	(954)	0	35,603
Non-current financial payables for leasing contracts	453	0	(56)	0	0	0	509
Non-current financial payables for purchase of quotas or shares	0	0	0	0	0	0	0
Total non-current financial payables	237,702	48,406	(5,445)	0	(954)	0	195,695
Non-current payables/(receivables) for hedging financial instruments	955	0	0	0	955	0	0
Total non-current financial instruments	955	0	0	0	955	0	0
Total liabilities arising from financial activities	344,991	28,804	323	0	1	0	315,863

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries or merger)	28,804
Other changes/ reclassifications	323
Exchange rates variations	1
Fair value variation	0
Total detailed variations in the table	29,128
Other changes in financial liabilities	(18,467)
New non-current loans received	50,894
Non current loans repayment	(3,299)
Total changes shown between financing activities in the Cash Flows Statement	29,128

STATEMENT BY THE RESPONSIBLE FOR THE DRAFTING OF CORPORATE ACCOUNTING DOCUMENTS PURSUANT TO ART. 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE 58 DATED 24 FEBRUARY 1998

The manager responsible for preparing the company's financial reports, Pierpaolo Rossi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim report corresponds to the document results, books and accounting records.

Rimini, 14 May 2019

Pierpaolo Rossi
Manager responsible for the drafting
of corporate accounting documents