LEADERS

INNOVAT

Annual Financial Report 2018

CFT Group

Courtesy translation for the convenience of international readers.

The Italian text shall prevail over the English version.

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CFT S.p.a. Company Details

Registered and administrative office

CFT S.p.A

Via Paradigna 94/A

43122 Parma

Legal information

Share capital: Euro 98,300,000

No. of ordinary shares with no par value: 16,026,357

No. of multiple voting right shares with no par value: 3,000,000

No. of special shares with no par value: 133,334

Tax code and companies register no. 09935170960

Parma C.C.I.A.A economic administrative register no. 274277

SDI code IVV78YO

Corporate website: www.cft-group.com

CFT S.p.A Corporate Bodies

Board of Directors[1]

Roberto Catelli	Chairman of the Board of Directors
Alessandro Merusi	Chief Executive Officer
Livia Catelli	Director
Adele Catelli	Director
Martino Pozzi	Director
Gino Lugli	Director
Stefano Malagoli	Director
Stefano Rossi[2]	Director
Daniele Raynaud[2]	Director

Board of Statutory Auditors[3]

Guido Riccardi	Chairman of the Board of Statutory Auditors
Andrea Foschi	Statutory Auditor
Angelo Anedda	Statutory Auditor
Giovanni Tedeschi	Alternate Auditor
Cesare Giunipero	Alternate Auditor

[1] The Board of Directors was appointed by a resolution of the shareholders' meeting of the then Glenalta S.p.A on 19th April 2018, effective from the date of the merger on 30 July 2018, and will remain in office until approval of the financial statements as at 31 December 2020.
[2] Independent Director pursuant to the provisions of Article 174 of the Consolidated Law on Finance (TUF)
[3] The Board of Stautory Auditors will remain in office until approval of the financial statements as at 31 December 2020.

Related Parties Committee

Gino Lugli	Chairman
Daniele Raynaud	Member
Stefano Rossi	Member

Remuneration Committee

Stefano Malagoli	Chairman
Daniele Raynaud	Member
Stefano Rossi	Member

Extraordinary Transactions Committee

Alessandro Merusi	Chairman
Daniele Raynaud	Member
Stefano Malagoli	Member

Independent External Auditor[4]

PricewaterhouseCoopers S.p.A.

[4] The external auditor was appointed for the period 2018/2020

CFT Group Summary Information

(Thousands of Euros)	31.12.2018 Pro-forma	31.12.2018	31.12.2017
Revenue	248.589	223.759	205.615
Ebitda	20.854	17.016	21.184
Ebitda %	8,39%	7,60%	10,30%
Profit	6.104	3.195	7.527
NFD	14.238	14.238	40.147
Group Equity	45.533	45.712	13.893

CFT Group makes use of certain alternative performance measures that, while not recognised or defined as accounting measures under IAS/IFRS, enable a better assessment of the Group's performance. Such measures are used to comment on performance in accordance with the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob Communication no. 9543 of December 3, 2015. The alternative performance measures used are described below:

EBITDA: defined as net profit (or loss) for the year adjusted for:

(i) Income taxes;
(ii) Finance income and expenses;
(iii) Depreciation and amortization
(iv) Impairment of financial assets
(v) Provisions
(vi) Non-monetary costs;
(vii) Investment acquisition transaction costs;
(viii) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.

Net Financial Debt (NFD): defined as the sum of the following:

(-) Cash and cash equivalents
(+) Current and non-current loans
(-) Financial receivables
(+) Financial payables
(+) Current and non-current lease liabilities and right of use

Pro forma data as at 31 December 2018 represent CFT Group's financial and economic position as it would have been at that date if the companies acquired during 2018 had been consolidated with effect from 1 January 2018.

During 2018, CFT Group extended its scope of consolidation and reinforced its global market presence through the acquisition of 61.72% of Co.Mac Srl, a company based in Bergamo active in the design and installation of bottling and kegging plant, as well as the acquisition of a majority shareholding in Packaging del Sur, a company specialised in packaging and palletisation, based in Cordoba. During the year, the Company also strengthened its internal production capability through the acquisition of 75% of the share capital of ADR Srl, a long-standing group supplier based in Parma.

CFT Group consolidated revenues for the year ended 31 December 2018 amounted to Euro 223,759 thousand, an increase of 9% with respect to the previous year; on a pro forma basis, revenues for the period increased by around 21 percentage points (to Euro 248,589 thousand).

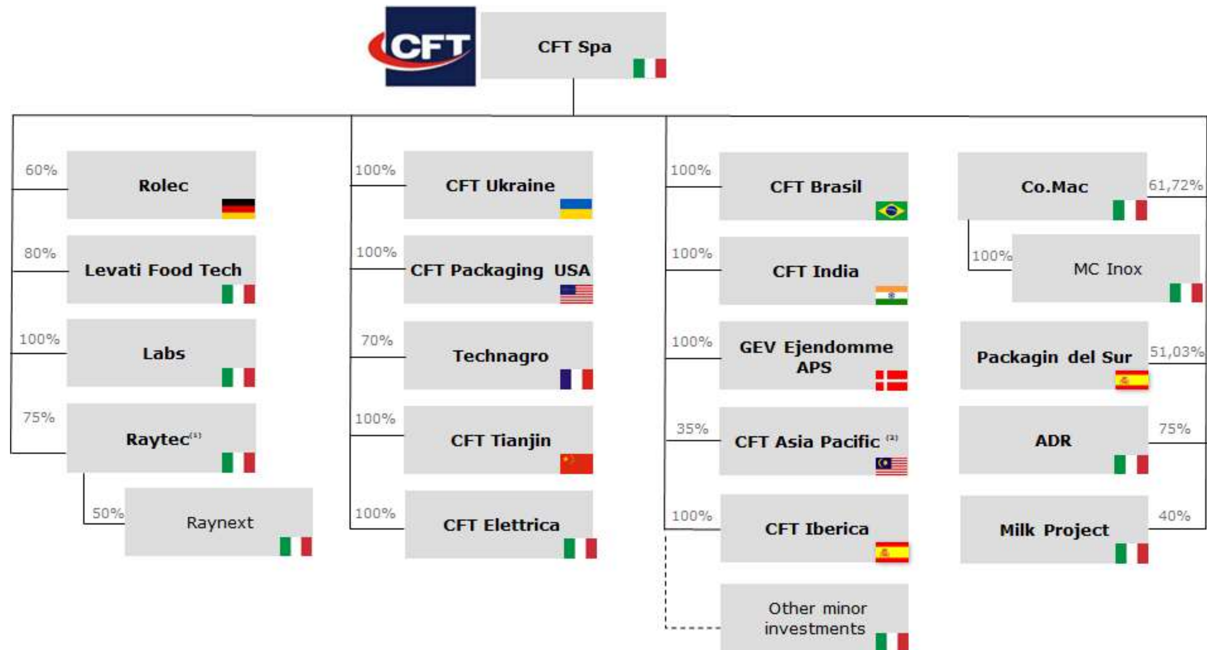
EBITDA for the year ended 31 December 2018 amounted to Euro 17,016 thousand, a decrease of 19% with respect to the previous year; on a pro forma basis, EBITDA for the period decreased by around 2 percentage points (to 8.39% of pro forma consolidated revenues).

Profit for the year ended 31 December 2018 amounted to Euro 3,195 thousand (compared to Euro 7,527 thousand in the previous year); on a pro forma basis, profit for the year amounted to Euro 6,104 thousand.

Group net equity and net financial debt as at 31 December 2018 were impacted by the effects of the business combination in July (see the notes to the consolidated financial statements) as well as the method of accounting for the put option in accordance with IAS 32; specifically, net financial debt decreased from Euro 40,147 thousand to Euro 14,238 thousand, and Equity increased from Euro 13,893 thousand to Euro 45,712 thousand.

CFT Group Structure

As at 31 December 2018, the CFT S.p.A. group included CFT S.p.A. (the Parent), its consolidated subsidiaries in which it held the majority of voting shares and its associates.



1)Raytec also holds 49% of Gemini, 5% of DNA Phone and 1,08% of Xnext;
2) CFT Asia Pacific holds 100% of CFT Vietnam

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholders

We hereby submit the separate financial statements of CFT S.p.A. and the consolidated financial statements of CFT Group (hereafter ''**CFT**'', the ''**Company**'' or the ''**Parent**'' and together with its subsidiaries and associates the ''**Group**'' or the "**CFT Group**"), a company incorporated and domiciled in Italy, with registered offices in Parma (PR), Via Paradigna 94/A, organised under the laws of the Republic of Italy.

A reverse takeover transaction pursuant to Article 14 of the AIM Italia Issuers' Regulation was completed in June 2018 and, with effect from 30 July 2018, CFT S.p.A. was merged by incorporation into the Special Purpose Acquisition Company (SPAC), Glenalta S.p.A., which at the same time changed its name to CFT S.p.A and established its registered offices in Parma.

Completion of the Significant Transaction resulted in CFT Spa shares being traded on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana Spa.

The financial statements for the year ended 31 December 2018 include the 12-month income statement of Glenalta S.p.A., the company that legally incorporated CFT S.p.A., while the income statement of the latter for the period from 1 January 2018 to 30 July 2018 (the effective merger date) is reflected in brought forward earnings recognised in the financial statement prepared by the company in accounting for the merger.

In the context of the consolidated financial statements for the year ended 31 December 2018 on the other hand, the merger is represented as a transaction through which CFT (the "accounting acquirer") acquired Glenalta (the "accounting acquiree") including its net assets and its status as a listed company. Such representation is in accordance with IAS/IFRS as, based on the characteristics of the company acquired, the transaction should not be treated as a business combination, but rather as a share-based purchase and, therefore, IFRS 2 rather than IFRS 3 is applied. Accordingly, in terms of the temporal and economic scope of consolidation, the consolidated financial statements as at 31.12.2018 have been prepared as a continuation of the consolidated financial statements of CFT S.p.A. as at and for the year ended 31 December 2017.

Both sets of financial statements have been prepared in accordance with international financial reporting standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, pursuant to Regulation No. 1606/2002 of the European Parliament and of the Council and adopted by Legislative Decree No. 38/2005.

Introduction

As permitted by Legislative Decree 32/2007 regarding companies required to prepare consolidated financial statements, the Parent company CFT S.p.a. has opted to present a single Directors' Report on Operations to accompany both its annual financial statements and consolidated financial statements and, therefore, this Report on operations provides details regarding the entire consolidation.

Significant events during the year

The key steps in the Business Combination transaction were as follows:

- On 27 February 2018, the respective Boards of Directors of CFT S.p.a. and Glenalta Spa approved the Business Combination transaction;
- On 26 March 2018, the extraordinary shareholders' meeting of CFT S.p.a. sanctioned the Business Combination as approved by the Board of Directors on 27 February 2018;
- On 19 April 2019, the extraordinary shareholders' meeting of Glenalta S.p.a. sanctioned the Business Combination as approved by the Board of Directors on 27 February 2018;
- On 4 July 2018, the Parent company completed the carve-out of certain real estate assets as well as 100% of the share capital of its subsidiary RAL Immobiliare S.r.l.;
- On 30 July 2018 CFT S.p.a. shares were listed on the AIM Italia/Alternative Investment Market.

The year just ended was characterised by an expansion of the CFT Group, which extended the scope of its consolidation for the year 2018 through:

- the acquisition on 30 May 2018 of 51.03% of the share capital of Packaging Del Sur S.L., a company based in Villafranca di Cordoba (Spain) operating in the secondary packaging sector;
- the acquisition on 31 May 2018 of 75% of the share capital of ADR S.r.l., a company based in Sala Baganza (Parma - Italy) operating in the mechanical engineering and structural work sector, in the production of mechanical fittings and the assembly and installation of plant, machinery and equipment;
- the acquisition on 2 August 2018 of 61.72% of the share capital of Co.Mac S.r.l., a company based in Bonate di Sotto (Bergamo- Italy), active in the design, construction, maintenance and trade of machinery for wrapping, packaging and distribution of food products, with particular focus on the beer-kegging plant sector;

– the acquisition on 10 September 2018 of 40% of the share capital of Milk Project S.r.l., a company based in Erba (Como-Italy) operating in the design and sale of machinery and equipment for the dairy industry.

In addition, with a view to supporting the Group's development and growth, on 16 November 2018, the Company entered into a new medium/long-term credit line facility agreement (capex line) with a syndicate of seven financial institutions, for a total amount of Euro 100 million (of which Euro 40 million currently utilised) and with maturity of 6 years. The credit line facility will provide group companies with a more solid base to support their ongoing development and market growth. For further details see the explanatory notes to the financial statements.

Macroeconomic context

Fiscal year 2018 was characterised by continuing global growth albeit at lower rates than in the past, fuelled by ongoing political turbulence. The Eurozone grew by only 1.2% falling behind more dynamic and flexible economies such as the USA and China. The only exception in the Eurozone was Spain which achieved a growth rate around 3%. At a global level, the USA recorded its best GDP results in the last ten years due to implementation of its corporate tax reform and increase in public expenditure. In China, the economy continued to grow albeit more slowly than expected as a result of ongoing trade tensions with the USA and the implications for trade policy.

The macroeconomic outlook for 2019 shows signs of a slowdown, in particular in the Eurozone and China, while the USA economy will continue to grow, even if more slowly, as a result of the policies implemented in the previous year.

Alternative performance measures

In addition to references to recognised IFRS financial measures, this report also makes reference to certain non-GAAP measures, which although derived from IFRS are not defined under IFRS.

Such measures are presented to aid understanding of the Group's financial performance and should not be considered as alternatives to recognised IFRS measures. Specifically, the non-GAAP measures used are the following:

- EBITDA: defined as profit (or loss) for the year adjusted for: (i) Income taxes; (ii) Finance income and expenses; (iii) Depreciation and amortization; (iv) Impairment of financial assets; (v) Provisions; (vi) Non-monetary costs; (vii) Investment acquisition transaction costs; (viii) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.

- Net Financial Debt (NFD): defined as the sum of the following: (-) Cash and cash equivalents; (+) Current and non-current loans; (-/+) Financial receivables/(payables); (+) Current and non-current lease and right of use liabilities.

The following table shows a breakdown of how Ebitda is calculated:

(Thousands of Euros)	31.12.2018 Pro-forma	31.12.2018	31.12.2017
Profit for the year	6.104	3.195	7.527
Income Taxes	2.256	1.687	4.221
Profit / (loss) from foreign exchange	1.573	1.414	(369)
Profit / (loss) from investments accounted for using the equity method	(80)	(80)	(41)
Financial expenses	1.722	1.718	1.240
Financial Income	(860)	(183)	(10)
Depreciation of financial assets	833	800	832
Other net provisions	(1.019)	(1.019)	1.041
Depreciation and amortization of property, plant and equipment and intangibles assets	9.423	8.582	6.743
Other non monetary movements	134	134	0
Other costs for equity investments	768	768	0
Non recurrent income or expenses	0	0	0
EBITDA	**20.854**	**17.016**	**21.184**

Pro forma figures have been prepared to show the effect of consolidating the results of the acquisitions made during 2018 for the entire year. Such pro forma results have not been audited in accordance with International Standards on Auditing (Italy) or any other auditing standards

Operating segments

IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker; and iii) for which discrete financial information is available.

The Company's operating segments are reflected in the internal reporting used by the Board of Directors to make decisions about strategy and resource allocation and assess performance.

For the purposes of IFRS 8, the Group organises and manages its business activities in terms of the following operating segments:

- the design, planning and production of turnkey solutions, including both individual machines and complete lines, for the transformation and processing of a wide range of food products, including the transformation of raw materials into semi-finished and/or finished products and the design and realisation of innovative solutions for the bottling and packaging of food and non-food products (lube oil) ("**Processing & Packaging**");

- development of a wide range of quality control and optical selection and inspection systems for fruit and vegetables ("**Sorting**").

(Thousands of Euros)	*31.12.2018 Pro-forma*				*31.12.2018*				*31.12.2017*			
	Processing & Packaging	*Sorting*	*Elimination*	*Total*	*Processing & Packaging*	*Sorting*	*Elimination*	*Total*	*Processing & Packaging*	*Sorting*	*Elimination*	*Total*
Revenue towards third parties	223.435	25.154	0	248.589	198.605	25.154	0	223.759	182.049	23.566	0	205.615
Revenue between segment	1.078	686	(1.764)	0	623	686	(1.309)	0	127	531	(658)	0
Total Revenue	**224.513**	**25.840**	**(1.764)**	**248.589**	**199.228**	**25.840**	**(1.309)**	**223.759**	**182.176**	**24.097**	**(658)**	**205.615**
EBITDA	**16.622**	**4.232**	**0**	**20.854**	**12.784**	**4.232**	**0**	**17.016**	**15.478**	**5.706**		**21.184**

Processing & Packaging revenues continued to increase, as already seen in prior years, aided by the acquisitions made by the Parent company during 2018. Total segment revenues increased by Euro 17,052 thousand, an increase of 9% with respect to the previous year (pro forma revenues increased by 23% or Euro 42,337 thousand).

Results were also positive in the "Sorting" segment which saw sales volumes increase by more than 7% or Euro 1,743 thousand.

Review of Group results

CFT Group closed 2018 with pro forma consolidated revenues of around Euro 249 million as compared to Euro 206 million in the previous year. The Group's pro forma operating result as at 31 December 2018 decreased by around 1.8 percentage points due to the significant contraction in the tomato processing plant business; bearing in mind that the average profitability of tomato processing plants, in which the company is the recognised market leader, is significantly higher than that of the Group's other businesses in which it is a more recent market entrant, product sales mix had a negative impact on the operating result.

(Thousands of Euros)	**31.12.2018 Pro-forma**	**31.12.2018**	**31.12.2017**
Revenue	248.589	223.759	205.615
Other Revenue	2.895	2.569	3.748
Total Revenue	**251.484**	**226.328**	**209.363**
Cost of services	(72.936)	(65.842)	(66.748)
Cost of raw material, ancillary and goods for resale	(106.811)	(97.772)	(84.797)
Personnel costs	(49.050)	(44.402)	(34.643)
Other operating costs	(2.735)	(2.198)	(1.991)
Depreciation and amortization of property, plant and equipment and intangible assets	(9.423)	(8.582)	(6.743)
Depreciation of financial assets	(833)	(800)	(832)
Other net provisions	1.019	1.019	(1.041)
Operating profit	**10.715**	**7.751**	**12.568**
Financial income	860	183	10
Financial expenses	(1.722)	(1.718)	(1.240)
Profit / (Loss) from investments accounted for using the equity method	80	80	41
Profit / (loss) from foreign exchange	(1.573)	(1.414)	369
Profit before tax	**8.360**	**4.882**	**11.748**
Income taxes	(2.256)	(1.687)	(4.221)
Profit for the year	**6.104**	**3.195**	**7.527**
Profit for the year attributable to non-controlling interests	3.106	2.238	2.041
Profit for the year attributable to equity holders of the Parent	**2.998**	**957**	**5.486**

Group statement of financial position

The following table shows the Group's reclassified statement of financial position as at 31 December 2018 and 31 December 2017

(Thousands of Euros)	31.12.2018	31.12.2017	Change
Trade and other receivables	61.737	47.089	14.648
Inventories	88.039	74.434	13.605
Trade and other payables	(75.966)	(62.199)	(13.767)
Income tax receivables	2.834	117	2.717
Other current assets	11.085	6.869	4.216
Other current liabilities (excluding Put Option)	(52.026)	(53.496)	1.470
Net working capital	35.703	12.814	22.889
Property, plant and equipment	34.129	40.367	(6.238)
Intangible Assets	44.609	12.397	32.212
Financial assets	6.334	3.593	2.741
Total non-current assets	85.072	56.357	28.715
Employee funds	(4.799)	(3.716)	(1.083)
Current and non-current Put Option debt	(31.451)	(2.814)	(28.637)
Other assets / (liabilities)	(2.549)	(4.648)	2.099
NET CAPITAL EMPLOYED	81.976	57.993	23.983
Cash and cash equivalent	41.798	15.873	25.925
Current bank borrowings	(489)	(18.793)	18.304
Non current bank borrowings	(40.236)	(27.620)	(12.616)
NET FINANCIAL BANK INDEBTEDNESS	1.073	(30.540)	31.613
Financial receivables	0	889	(889)
Current lease liabilities	(3.512)	(1.961)	(1.551)
Non-current lease liabilities	(10.151)	(8.535)	(1.616)
Financial payables	(1.648)	0	(1.648)
NET FINANCIAL INDEBTEDNESS	(14.238)	(40.147)	25.909
Group Equity	(45.712)	(13.893)	(31.819)
Third parties Equity	(22.026)	(3.953)	(18.073)
Total Equity	(67.738)	(17.846)	(49.892)
TOTAL CASH FLOW	(81.976)	(57.993)	(23.983)

Net working capital amounted to Euro 32,855 thousand compared to Euro 12,814 thousand at the prior year end, with the increase being due to the change in the scope of consolidation, which resulted not only in an increase in trade receivables, but also to increases in inventories and current assets.

Fixed assets were impacted by the combined net effect of the carve out of real estate assets amounting to around Euro 20 million and the acquisition of companies during 2018.

Shareholders' equity increased by Euro 49,892 thousand as a result of the Business Combination with Glenalta S.p.a, (for details of which, see the relevant explanatory note).

Net financial debt as at 31 December 2018 amounted to Euro 14,238 thousand, representing an improvement of around Euro 26 million with respect to the previous year end, the determining factors of which are detailed in the consolidated statement of cash flows.

Key financial indicators

Further information on the Group's results and financial position is shown in the following table, which provides details of certain key financial indices.

(Thousands of Euros)	31.12.2018 Pro-forma	31.12.2018	31.12.2017
Ebitda	20.854	17.016	21.184
Ebitda/Revenue	8,39%	7,60%	10,30%
NFD/Ebitda	0,68	0,84	1,90
NFD/Group Equity	0,31	0,31	2,89

Related party transactions

As required by the AIM Italia Issuers' Regulation, the Company has a procedure governing related party transactions, the "Related Parties Procedure", which is published in the "Investor Relations" section of the corporate website www.cft-group.com.

In accordance with Article 2428 of the Italian Civil Code, details of receivables and payables and income and expenditure with subsidiaries, associates, controlling entities and entities under the control of the latter are disclosed in the information on related party transactions in the Notes to the Consolidated Financial Statements.

Human resources

During the year under review, there were no fatalities or serious accidents in the workplace that entailed serious injuries to employees. Nor were any charges reported in respect of occupational illness, regarding employees or ex-employees, or mobbing for which the company has been found to be liable.

Environment

During the year under review, no sanctions or penalties were imposed on the Parent company or its subsidiaries for environmental offences or damages and there are no pending lawsuits in this respect.

Research and development

During 2018, CFT Group continued its research and development activities, employing both internal and external resources in the realisation of projects aimed at the modernisation of machinery with a view to achieving performance optimisation and technological improvement. CFT Group considers research and development to be fundamental to its being competitive and able to customise and improve the various products offered. For further details see the explanatory note in the "Notes to the consolidated statement of comprehensive income"

Treasury shares

As at 31 December 2018, the Company held 868,065 treasury shares, obtained through the Business Combination.

Risk factors

In conducting its business, CFT Group is exposed to the following risks that may have an impact on its financial position and operations:

Risks related to general market conditions

Market risk is linked to trends for processed products in the reference market segment. Such risk is mitigated through diversification of the product portfolio and the importance of technical assistance and original spare parts support.

Credit risk

The Group is exposed to risks related to delays in receiving customer payments and more generally to difficulties in cashing receivables. The Group manages such risk by monitoring receivables on an ongoing basis and applying various levels of follow up action, depending on the specific knowledge held regarding individual customers and the length of time that payment is overdue. In view of the measures in place to monitor such risk, the allowance for doubtful receivables is considered to be adequate with respect to existing credit risk.

Liquidity risk with respect to financial requirements

The Group manages liquidity risk with respect to its financial requirements through financial planning based on the monitoring of liquidity and both short and medium-term cash flows.

Risks related to fluctuations in exchange rates and interest rates

The Group operates globally and in certain cases trades in foreign currencies; in such cases, risks linked to exchange rate fluctuations are managed by entering into currency hedge transactions when customer orders are accepted. The Parent company is also exposed to the risk associated with translating the financial statements of certain Group companies that are prepared in currencies other than the Euro.

Reconciliation between the Group's net profit (loss) for the year and total shareholders' equity as at December 31, 2018 with those of the Parent company

The following table shows details of the reconciliation between Parent company shareholders' equity and the related consolidated financial statement Group balances as at 31 December 2018.

Thousands of Euro	Shareholders' Equity 31.12.2018	Net profit (loss) for the year 31.12.2018
Parent Company Shareholders' Equity and net profit (loss)	78.204	1.596
- subsidiary company put option liabilities	(31.263)	(205)
- effect of IAS 19 on employee severance indemnity	107	121
- effect of adopting IFRS 16	–	(124)
- profit / (loss) from investments accounted for using the equity method	–	80
- other differences	(1.336)	(511)
Group Shareholders' Equity and net profit (loss) at 31.12.2018	45.712	957
Equity and net profit (loss) attributable to Minority Interests	22.026	2.238
Total consolidated Shareholders' Equity and net profit (loss) at 31.12.2018	67.738	3.195

Significant events occurring after the reporting period

There have been no significant events since the end of the reporting period.

Outlook

CFT Group focuses its attention on growth and strengthening its position in the global market, through both the optimisation of available resources and the continuous and ongoing search for new business acquisition and partnership opportunities.

Proposed allocation of the Parent company's profit for the year

Dear Shareholders,

Following your review of the financial statements for the year ended 31 December 2018, it is proposed that you:

- approve CFT S.p.A's annual financial statements as at and for the year ended 31 December 2018; and
- allocate 5% of profit for the year to the statutory reserve and the remainder to non-distributable extraordinary reserves.

Chairman of the Board of Directors

Roberto Catelli

Parma, 29 March 2019

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Financial Position

(Thousands of Euros)	Note	As at December 31,		As at January 1,
		2018	2017	2017
ASSETS				
Non-current assets:				
Right of use assets	8.1	13,490	13,891	17,408
Property, plant and equipment	8.2	20,639	26,476	20,623
Intangible assets	8.3	44,609	12,397	11,370
Investments accounted for using the equity method	8.4	426	62	354
Deferred tax assets	8.5	4,117	2,428	1,754
Non-current financial assets	8.6	1,791	1,046	1,111
Other non-current assets		-	57	685
Total non-current assets		85,072	56,357	53,305
Current assets:				
Inventory	8.7	88,039	74,434	65,761
Derivative financial instruments		97	-	-
Trade and other receivables	8.8	61,737	47,089	29,622
Income tax receivables	8.9	2,834	117	-
Cash and cash equivalents	8.10	41,798	15,873	12,991
Current financial assets	8.11	-	889	325
Other current assets	8.12	11,085	6,869	7,747
Total current assets		205,590	145,271	116,446
TOTAL ASSETS		290,662	201,628	169,751
EQUITY				
Share capital	8.13	98,300	7,500	7,500
Statutory reserve	8.13	71	388	151
Share premium reserve	8.13	(8,300)	-	-
Other reserves	8.13	(47,311)	6,157	5,796
Retained earnings	8.13	2,952	(152)	843
Equity attributable to equity holders of the Parent		45,712	13,893	14,290
Non-controlling interests	8.13	22,026	3,953	3,356
TOTAL EQUITY		67,738	17,846	17,646
LABILITIES				
Non-current liabilities				
Non-current bank borrowings	8.14	40,236	27,620	13,977
Non-current lease liabilities	8.1	10,151	8,535	9,757
Non-current put option liabilities	8.15	28,603	2,814	2,781
Employee defined benefit payables	8.16	4,799	3,716	4,004
Non-current trade payables	8.17	1,151	1,760	-
Provisions for risks and charges	8.19	1,375	2,577	2,114
Other non-current liabilities	8.20	1,548	-	-
Total non-current liabilities		87,863	47,022	32,633
Current liabilities:				
Current bank borrowings	8.14	489	18,793	9,442
Current lease liabilities	8.1	3,512	1,961	1,647
Current put option liabilities	8.15	2,848		
Income tax payables	8.9	-	-	1,858
Derivative financial instruments	8.18	120	311	646
Current trade payables	8.17	75,966	62,199	56,844
Other current liabilities	8.20	52,126	53,496	49,035
Total current liabilities		135,061	136,760	119,472
TOTAL EQUITY AND LIABILITIES		290,662	201,628	169,751

Consolidated Statement of Profit or Loss

(Thousands of Euros)	*Note*	For the year ended December 31,	
		2018	2017
Revenue	9.1	223,759	205,615
Other revenue	9.2	2,569	3,748
Total revenue		**226,328**	**209,363**
Cost of services	9.3	(65,842)	(66,748)
Cost of raw material, ancillary and goods for resale	9.4	(97,772)	(84,797)
Personnel costs	9.5	(44,402)	(34,643)
Other operating costs	9.6	(2,198)	(1,991)
Depreciation and amortization of property, plant and equipment and intangible assets	9.7	(8,582)	(6,743)
Depreciation of financial assets	9.8	(800)	(832)
Other net provisions	9.8	1,019	(1,041)
Operating profit		**7,751**	**12,568**
Financial income	9.9	183	10
Financial expenses	9.9	(1,718)	(1,240)
Profit / (loss) from investments accounted for using the equity method	9.10	80	41
Profit / (loss) from foreign exchange	9.9	(1,414)	369
Profit before tax		**4,882**	**11,748**
Income taxes	9.11	(1,687)	(4,221)
Profit for the year		**3,195**	**7,527**
Profit for the year attributable to non-controlling interests		2,238	2,041
Profit for the year attributable to equity holders of the Parent		**957**	**5,486**
Earnings per share	9.12	0.07	0.56
Diluted earnings per share	9.12	0.07	0.56

Consolidated Statement of Comprehensive Income

(Thousands of Euros)	*Note*	For the year ended December 31,	
		2018	2017
Profit for the year		**3,195**	**7,527**
Actuarial gains / (losses) on post-employment benefit obligations	8.16	86	(19)
Tax effect	8.16	(21)	5
Net other comprehensive income not being recla ssified to profit or loss in subsequent year		**65**	**(14)**
Exchange rate gains / (losses) on the translation of foreign currency financial statements	8.13	173	(335)
Net other comprehensive income to be reclassified to profit or loss in subsequent year		**173**	**(335)**
Total comprehensive income		**3,433**	**7,178**
Total comprehensive income attributable to non-controlling interest		2,238	2,041
Total comprehensive income attributable to the equity holders of the Parent		**1,195**	**5,137**

Consolidated Statement of Changes in Equity

(Thousands of Euros)	Share capital	Statutory reserve	Share premium reserve	Other reserves	Retained earnings	Total Equity attributable to the equity holders of the Parent	Total Equity attributable to non-controlling interests	Total Equity
Balance at of 1 January 2017	7,500	151	-	5,796	843	14,290	3,356	17,646
Total comprehensive income:								
Allocation of earnings	-	-	-	-	5,486	5,486	2,041	7,527
Changes of the translation reserve	-	-	-	(335)	-	(335)	-	(335)
Actuarial gains on post-employment benefit obligations	-	-	-	-	(14)	(14)	--	(14)
Total comprehensive income	-	-	-	(335)	5,472	5,137	2,041	7,178
Transactions with shareholders:								
Allocation earnings for the prior year	-	237		4,479	(4,716)	-	-	-
Distribution of dividends	-	-	-	(2,500)	-	(2,500)	(2,340)	(4,840)
Change in scope of consolidation	-	-	-	(273)	-	(273)	896	623
Lease carve-out	-	-	-	(1,010)	(1,751)	(2,761)	-	(2,761)
Balance as at 31 December 2017	7,500	388	-	6,157	(152)	13,893	3,953	17,846
Application of paragraph B21 IFRS 3	4,300	-	-	(4,300)	-	-	-	-
Balance as at 31 December 2017	11,800	388	-	1,857	(152)	13,893	3,953	17,846
Transactions with shareholders:								
Allocation of earnings	-	-	-	-	957	957	2,238	3,195
Changes of the translation reserve	-	-	-	173	-	173	-	173
Actuarial gains on post-employment benefit obligations	-	-	-	-	65	65	-	65
Total comprehensive income	-	-	-	173	1,022	1,195	2,238	3,433
Transactions with shareholders:								
Allocation earnings for the prior year	-	233	-	4,419	(4,652)	-		-
Lease carve-out	-	-	-	(19,034)	1,109	(17,925)		(17,925)
Glenalta contribution	86,500	(550)	(8,300)	1,759	981	80,390		80,390
Put option	-	-	-	(28,432)	-	(28,432)		(28,432)
Business combinations	-	-	-	-	-	-	15,985	15,985
Dividends	-	-	-	-	-	-	(150)	(150)
Other movements								
Stock Grant	-	-	-	134	-	134		134
CFT IPO's costs	-	-	-	(3,253)	-	(3,253)		(3,253)
Other movements and adjustments	-	-	-	(4,934)	4,644	(290)		(290)
Balance as at 31 December 2018	98,300	71	(8,300)	(47,311)	2,952	45,712	22,026	67,738

For further details, see Note 8.13 "Equity"

Consolidated Statement of Cash Flows

(Thousands of Euros)	*Note*	For the year ended December 31, 2018	2017
Profit before tax		4,882	11,748
Adjustments:			
Depreciation and amortization of property, plant and equipment and intangible assets	9.7	8,582	6,743
Depreciation of financial assets and other net provisions	9.8	(219)	1,873
Profit / (loss) from investments accounted for using the equity method	9.10	(80)	(41)
Net financial expenses and Profit / (loss) on foreign exchange	9.9	2,949	861
Capital gain / (loss) from disposal of assets		-	220
Other non-monetary movements		247	1,156
Cash flow from operating activities before changes in net working capital		16,361	22,560
Changes in net working capital:			
- Inventory	8.7	(4,212)	(7,330)
- Trade receivables	8.8	(1,493)	(4,514)
- Trade payables	8.17	4,261	2,989
- Other changes in net working capital	8.12 - 8.20	(10,486)	(13,924)
Net cash flow from changes in net working capital		(11,930)	(22,779)
Income tax paid	8.9 - 9.11	(3,614)	(2,227)
Employee defined benefit payables and provisions for risks and charges	8.16 - 8.19	(287)	(873)
Net cash flow provided by / (use d in) operating activities		530	(3,319)
Net cash flow provided by / (used in) financing activities:			
Investments in:			
-Intangible assets	8.2	(5,198)	(4,560)
-Property, plant and equipment	8.3	(11,360)	(5,578)
-Equity investments	8.6	(284)	(62)
Changes in current and non-current financial assets	8.6	-	(499)
Disposal of assets	8.2 - 8.3	1,277	796
Deferred price of equity investments	8.20	(100)	-
Net assets acquired	7	(19,338)	305
Net cash flow provided by / (used in) investing activities		(35,003)	(9,598)
Net cash flow provided by / (used in) financing activities:			
Current bank borrowings	8.14	(18,943)	9,423
Non-current bank borrowings	8.14	6,206	13,643
Financing from shareholders	8.20	1,548	
Changes of lease liabilities	8.1	(2,579)	(1,779)
Net financial expenses paid		(2,479)	(817)
Dividends received		-	102
Dividends paid	8.13	(150)	(4,840)
Glenalta contribution	1.2	80,035	-
CFT IPO's costs paid	8.13	(3,253)	-
Other		13	66
Net cash flow provided by / (used in) financing activities		60,398	15,799
Total cash flow provided / (used) in the year		25,925	2,882
Cash and cash equivalents at the beginning of the period	8.10	15,873	12,991
Cash and cash equivalents at the end of the period	8.10	41,798	15,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

1. General information

1.1 Introduction

CFT S.p.A. (hereafter ''**CFT**'', the ''**Company**'' or the ''**Parent**'' and together with its subsidiaries and associates ''**CFT Group**'' or the "**Group**") is the company resulting from the merger by incorporation of CFT S.p.A. into Glenalta S.p.A., a company established on 22 May 2017 under Italian law, as a Special Purpose Acquisition Company (SPAC), and admitted to trading on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana S.p.A., on 17 July 2017. The merger became effective on 30 July 2018, following which Glenalta S.p.A. changed its name to CFT S.p.A.

CFT S.p.A. is a company incorporated and domiciled in Italy, with registered offices in Parma (PR), Via Paradigna 94/A, organised under the laws of the Republic of Italy. The Company is jointly controlled by **RPC S.r.l., A.E.A. S.r.l., Ma.Li. S.r.l. and F&B Capital Investments S.r.l.**, which together hold 61,37% of the voting share capital.

CFT Group operates internationally in the design and installation of plant and machinery, mainly for the food industry: it designs, manufactures and sells turnkey plant, both individual machines and complete lines, for the processing of food products, for the packaging of food and non-food (e.g. lube oil) products and for quality control and inspection purposes. Operations are carried out by the Parent CFT, together with a network of subsidiaries and associates, both in Italy and overseas, involved in both commercial and production activities.
The Group operates mainly in the following areas:

- the design, planning and production of turnkey solutions, including both individual machines and complete lines, for the transformation and processing of a wide range of food products, including the transformation of raw materials into semi-finished and/or finished products and the design and realisation of innovative solutions for the bottling and packaging of food and non-food products ("**Processing & Packaging**");
- development of a wide range of quality control and optical selection and inspection systems for fruit and vegetables (**"Sorting")**.

1.2 Merger by incorporation of CFT S.p.A. into Glenalta S.p.A.

As described above, during 2018 CFT was merged by incorporation into Glenalta S.p.A. (hereafter "**Glenalta**"), whose shares were admitted to trading on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana S.p.A (hereafter, the "**Significant Transaction**"). The merger became effective on 30 July 2018 and at the same time Glenalta S.p.A. changed its name to CFT S.p.A and established its registered offices in Parma (PR), Via Paradigna 94/A.

Following the merger by incorporation of CFT (an unlisted operating company) into Glenalta (a listed holding company), the pre-merger majority shareholders of CFT became the post-merger majority shareholders of Glenalta, now CFT S.p.A.

While the merger was a transaction between two legal entities, from an accounting viewpoint it did not constitute a business combination as defined in IFRS 3, as Glenalta (the "incorporating company") was not an operating company and did not therefore autonomously constitute a business. Indeed, the merger transaction, involving Glenalta's incorporation of CFT, was carried out for the purpose of accelerating the Group's growth through the listing of CFT and the contribution of additional financial resources to the company. The merger therefore involved an exchange of shares through which the pre-merger shareholders of CFT gave up their unlisted shares in exchange for listed shares in Glenalta, based on a pre-determined share exchange rate. From an accounting and consolidated financial statement preparation viewpoint, the merger by incorporation of CFT into Glenalta is a transaction through which CFT (the "acquirer") acquires Glenalta (the "acquiree") including its net assets and its status as a listed company. Given that the acquiree (Glenalta) may not be considered a business for the reasons explained above, the whole transaction has been recognised in the consolidated financial statements of the acquirer (CFT) not as a business combination, but rather as a share-based purchase and, therefore, IFRS 2 (Share-based Payment) rather than IFRS 3 (Business Combinations) has been applied. The application of IFRS 2 would normally entail that any goodwill arising in relation to the merger, representing the difference between the net equity of the acquiree at the merger date and its fair value at the same date, would not be recognised as an asset but, rather, would be charged to the income statement as a financial expense. In this particular case, however, the merger of CFT into Glenalta did not give rise to any such goodwill or to any related financial expense being considered in determining the consolidated results for the year ended 31 December 2018, as the net equity of Glenalta as at 30 July 2018 was substantially in line with its related fair value at the same date. Indeed, Glenalta's only assets, with the exception of a non-significant amount of working capital, comprised: (i) cash and cash equivalents, the fair value of which was equal to the related carrying value; and (ii) its investment in the pre-merger CFT, which had already been acquired during the year prior to the merger for an amount consistent with the share exchange rate applied in the context of the merger and, therefore, in line with market value.

In conclusion, therefore, accounting for the merger as described above resulted in the equity of CFT Group being increased by Euro 80,390 thousand, mainly representing the cash and cash equivalents held by Glenalta on 30 July 2018, the only assets "transferred" to the acquirer. The effects of the merger are clearly reported in the consolidated statement of changes in equity.

The financial effects of the merger are summarised in the following table:

(Thousands of Euros)

Effects of the merger on cash flows	As at July 30, 2018
Cash and cash equivalent	80,035

Effects of the business combination on the financial position	As at July 30, 2018
Cash and cash equivalents	80,035
Deferred Tax	251
Other Receivables	658
Trade Payables	(554)
Total Effect on the financial position	80,390

1.3 Real estate (lease) carve-out

In the context of and contributing to the aims of the Significant Transaction, prior to the merger CFT arranged the carve-out of certain real estate assets as well as 100% of the share capital of its subsidiary RAL Immobiliare S.r.l. (hereafter "RAL"), though a partial spin-off of a share of CFT in favour of four newly established companies (hereafter, the "**Real estate Carve-out**").

The real estate assets held by the CFT Group and involved in the Real estate Carve-out were (i) partly owned by and/or under the control of RAL (though leasing contracts), (ii) partly owned directly by CFT and (iii) partly under the control of CFT (though leasing contracts).

The Real estate Carve-out is part of a project aimed at enabling CFT to concentrate on development of its business activities and rationalise its real estate management activities by separating its real estate management from the company's core business. The effects of the carve-out are clearly reported in the consolidated statement of changes in equity and in the related tables in the explanatory notes to the consolidated financial statements as at and for the year ended 31 December 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

In line with the options foreseen by Legislative Decree No. 38 of February 28, 2005 as subsequently modified by Law Decree 91 of June 24, 2014, which regulates the exercise of options foreseen by Article 5 of Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, the Company has voluntarily adopted to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("**International Accounting Standards**").

In accordance with Paragraph B21 of Appendix B of IFRS 3, "Business Combinations", consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary (accounting acquirer). Accordingly, with regard to periods prior to the effective date of the merger, these consolidated financial statements include income statement, balance sheet and cash flow information relating to the pre-merger CFT Group, as CFT was identified as the acquirer.

It is noted that these consolidated financial statements as at and for the year ended 31 December 2018 (the "**Consolidated Financial Statements**") are the first financial statements prepared by the Company in accordance with International Accounting Standards (hereafter, "**EU-IFRS**") as, previously, the Company prepared its consolidated financial statements in accordance with the laws applicable in Italy and the accounting standards promulgated by the Italian National Council of Certified Accountants and Accounting Professionals, as interpreted by the Italian GAAP setter, the Organismo Italiano di Contabilità (hereafter, "**Italian GAAP**"). It has therefore been necessary to undertake a process of transition from Italian GAAP to EU-IFRS in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"); to this end, the date of transition to EU-IFRS is deemed to be 1 January 2017 (the "**Transition Date**"). Disclosure required by IFRS 1 in relation to the transition process is reported in Note 15 - First-time Adoption of EU-IFRS.

The most significant accounting policies and measurement criteria used in the preparation of the Consolidated Financial Statements are described below.

2.2 Declaration of conformity with international accounting standards

CFT Group's Consolidated Financial Statements as at 31 December 2018 have been prepared in accordance with the International Accounting Standards adopted by the European Union, in force as at 31 December 2018. The designation ''EU-IFRS'' includes all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (''IFRIC''), formerly the Standing Interpretations Committee (''SIC'').

In preparing these Consolidated Financial Statements, the Company has chosen to make use of the option to adopt IFRS 16 - Leases in advance of its effective date of 1 January 2019, adopting the "modified retrospective approach". IFRS 16 replaces IAS 17 – Leases as well as IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC15 - Operating Leases-Incentives and SIC27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Consolidated Financial Statements were approved by the Company's Board of Directors on 29 March 2019 and are audited by PricewaterhouseCoopers S.p.A., the Company's independent auditors.

2.3 General principles applied

In accordance with IAS 1, the Consolidated Financial Statements comprise a statement of financial position, a statement of profit or loss and other comprehensive income; a statement of changes in equity and a statement of cash flows, as well as explanatory notes; they are presented together with the Directors' Report on Operations.

The Group has elected to present the income statement with costs and revenues classified according to their nature, while assets and liabilities included in the statement of financial position are classified in terms of whether they are current or non-current. The statement of cash flows is prepared using the indirect method. The formats used are those considered to provide the best representation of the Group's results and financial position.

An asset is classified as current when:

- it is expected that it will be realised, or it is held for sale or consumption, during the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected that the asset will be realised within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

All other assets are classified as non-current. Specifically, IAS 1 uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature.

A liability is classified as current when:
- it is expected that it will be settled during normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there exists no unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

The Consolidated Financial Statements are prepared in Euro, the Company's functional currency. Financial amounts, explanatory notes and tables are presented in thousands of Euro.

The Consolidated Financial Statements have been prepared

- on the basis of existing EU-IFRS. Potential future developments and updates in interpretations will be reflected in future years, in accordance with guidance provided on a case by case basis by the relevant accounting standards;
- on a going concern basis, using the accrual basis of accounting, respecting the principle of materiality and significance, ensuring the prevalence of substance over form and with a view to facilitating consistency with future financial statements. Neither assets and liabilities nor income and expenses are offset, unless required or permitted by an IFRS;
- on a historical cost basis, except in relation to the measurement of financial assets and liabilities that under IFRS must be recognised at fair value.

2.4 Basis and principles of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries as approved by the respective boards of directors and prepared based on the accounting records of the individual companies, adjusted as necessary to align them with EU-IFRS.

The closing date of consolidated entities is aligned with that of the Parent company; where this is not the case, the companies in question prepare dedicated statements for use by the controlling entity.

The following table provides, for each of the subsidiaries and associates, a summary of the company name, location of registered office, percentage share capital held directly or indirectly by the Company and consolidation method used.

	Registered Office	Share capital in € Thousands	% Shareholding	Consolidation method	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Parent company							
CFT S.p.A. (*)	Parma	98,300	n.a.	n.a.	x	x	x
Subsidiaries:							
RAL Immobiliare S.r.l. (**)	Italy	n.a.	n.a.	n.a.		x	x
Raytec Vision Spa	Italy	1,000	75	Full consolidation	x	x	x
GEV Enjedomme A.p.s.	Denmark	731	100	Full consolidation	x	x	x
CFT Ukraine L.L.C.	Ukraine	3,582	100	Full consolidation	x	x	x
Catelli Food Technology Limited (CFT India)	India	61	100	Full consolidation	x	x	x
CFT Food Equipment Co. L.t.d. (CFT Tianjin)	China	1,096	100	Full consolidation	x	x	x
CFT Brasile	Brazil	81	99.86	Full consolidation	x	x	x
CFT Packaging USA Inc	Usa	101	100	Full consolidation	x	x	x
Labs Srl	Italy	188	100	Full consolidation	x	x	x
Rolec Prozess GMBH	Germany	50	60	Full consolidation	x	x	x
Levati Food Tech Srl	Italy	222	80	Full consolidation	x	x	
Techn'Agro Sas	France	350	70	Full consolidation	x	x	
CFT Elettrica Srl	Italy	50	100	Full consolidation	x	x	
Raynext Srl (***)	Italy	50	38.25	Full consolidation	x	x	
Packaging Del Sur S.L.	Spain	3	51.03	Full consolidation	x		
ADR S.r.l.	Italy	119	75	Full consolidation	x		
Catelli Food Technology Iberica S.L.	Spain	100	100	Full consolidation	x		
Co.Mac S.r.l.	Italy	1,000	61.72	Full consolidation	x		
Mc Inox S.r.l.	Italy	50	61.72	Full consolidation	x		
Associates:							
PE Labellers & CFT Asia Pacific Sdn Bhd	Malaysia	89	35	Equity method	x	x	
Gemini S.r.l.	Italy	300	37	Equity method	x	x	
Milk Project S.r.l.	Italy	102	40	Equity method	x		

(*) For further details, see Note 1.2 – "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A" and Note 2.1 – "Basis of preparation".
(**) See Note 1.3 – "Real estate (lease) carve-out", as at 31 December 2017 and 01 January 2017 the company was 100% owned
(***) 51% held directly by Raytec Vision S.p.a.

The reporting date for companies included within the scope of the consolidation is 31 December, the same as the reporting date of the Parent Company.

The main changes in the scope of consolidation are briefly described below (for details of the accounting effects, see Note 8 – Business combinations).

The following transactions took place during the year ended 31 December 2017:

- the acquisition on 22 June 2017 of 75% of the share capital of Levati Food Tech S.r.l., a company specialised in the design and manufacturing of sterilization and pasteurization systems;

- the acquisition on 5 July 2017 of 36% of the share capital of the French company Techn'Agro S.a.s. As a result of the acquisition, the Parent Company increased its shareholding in Techn'Agro S.a.s. from 34% to 70% as at 31 December 2017.

The following transactions took place during the year ended 31 December 2018:

- the acquisition on 30 May 2018 of 51.03% of the share capital of Packaging Del Sur S.L., a company operating in the secondary packaging sector;
- the acquisition on 31 May 2018 of 75% of the share capital of ADR S.r.l., a company operating in the mechanical engineering and structural work sector, in the production of mechanical fittings and the assembly and installation of plant, machinery and equipment;
- the incorporation on 12 June 2018 of Catelli Food Technology Iberica S.L., a trading company operating in Spain;
- the acquisition on 2 August 2018 of 61.72% of the share capital of Co.Mac S.r.l., a company active in the design, construction, repair, maintenance, technical assistance and trade of machinery for wrapping, packaging and distribution of food products, with particular focus on the beer-kegging plant sector;
- the acquisition on 10 September 2018 of 40% of the share capital of Milk Project S.r.l., a company operating in the design and sale of machinery and equipment for the dairy industry.

This section describes the criteria followed to define the basis of consolidation and the related consolidation principles adopted.

Subsidiaries

An investor controls an investee when: i) it is exposed, or has rights, to variable returns from its involvement with the investee; and ii) it has the ability to affect those returns through its control over the investee. The existence of control is verified each time that facts or circumstances indicate a change in one of the aforementioned control criteria. Subsidiaries are consolidated using the line-by-line method, from the date that control is obtained until the date that such control ceases when it is transferred to third parties. The principles adopted for line-by-line consolidation are as follows:

- the assets, liabilities, revenues and expenses of the subsidiaries are consolidated on a line-by-line basis, attributing to the minority interests, where applicable, their share of equity and profit or loss for the year which are shown separately in equity and in the consolidated statement of comprehensive income;

- gains and losses including any tax effects resulting from transactions between fully consolidated Group companies, which have not been realised with third parties at the end of the reporting period, are eliminated, other than losses that result from transactions involving a reduction in value of the asset transferred. Receivables and payables, costs and revenues and finance income and expenses between companies included in the scope of consolidation are also eliminated;

- if the Parent increases its shareholding in a subsidiary subsequent to assuming control, any difference between the acquisition cost and the corresponding share of equity acquired is recognised in equity attributable to owners of the parent. In the same way, if the Parent reduces its shareholding in a subsidiary without a loss of control of the subsidiary, the effects are recognised in equity. If, on the other hand, as a result of the sale of shares in a subsidiary the Parent loses control, the following are recognised in profit or loss:

  (i) any gains/losses, calculated as the difference between the consideration received and the corresponding share of net equity sold;
  (ii) the effects of remeasuring any remaining investment to its fair value;
  (iii) all amounts previously recognised in other comprehensive income in relation to the subsidiary over which control was lost. If, however, it is not foreseen that such amounts would be subsequently reclassified to the income statement, they are reclassified to "Retained earnings".

The new book value of any remaining investment is the fair value at the date of loss of control and this becomes the reference value for future measurement of the investment in accordance with relevant accounting standards.

Business combinations

Business combinations in which control is acquired are recorded as set out in IFRS 3, applying the acquisition method of accounting. Identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at their fair value at the acquisition date (the "**Acquisition Date**"), except for deferred tax assets and liabilities, assets and liabilities relating to employee benefits and assets held for sale, which are recognised on the basis of the relevant accounting principles. If positive, the difference between the acquisition cost and the fair value of the assets and liabilities acquired is recognised in intangible assets as goodwill; if negative, after reviewing the fair value measurements of the assets and liabilities acquired, it is recognised directly in the consolidated statement of comprehensive income as a gain. Present ownership interests at the acquisition date may be measured at fair value or as proportionate share in the recognised amounts of the acquiree's identifiable net assets. In the event that the values of the acquired assets and liabilities are initially determined on a provisional basis, they must be confirmed within a maximum period of twelve months from the acquisition date, based solely on information relating to facts and circumstances existing at the Acquisition Date. In the period when such values are finally determined, the provisional values are adjusted retrospectively. Transaction costs are recorded in the consolidated statement of comprehensive income when incurred.

In addition to the fair value at the Acquisition Date of the assets transferred, the liabilities, and any capital instruments issued for the purposes of the acquisition, the acquisition cost also includes contingent consideration, or that share of the cost, the amount and timing of

which are contingent on future events. Contingent consideration is measured at fair value at the Acquisition Date; subsequent changes in fair value are recognised in the statement of comprehensive income if the contingent consideration is a financial asset or liability while, if the contingent consideration is classified as equity, the original amount is not remeasured and is recorded directly in equity when settled.

If the business combination is achieved in stages, the acquisition cost is determined by adding the fair value of the previously held equity interest and the consideration for the additional investment. Any difference between the fair value of the previously held equity interest and its acquisition-date fair value is recognised in profit or loss. On assuming control, any amounts previously recognised in other components of comprehensive income are reclassified to the income statement or recognised under another heading in equity in the event they are not reclassified to the income statement.

Business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the transaction, are known as business combinations under common control. Such combinations are not governed by IFRS 3 nor by any other EU-IFRS. In the absence of an applicable accounting standard, an accounting policy meeting the requirements of IAS 8 regarding the provision of relevant and reliable information must be applied. Moreover, the accounting policy chosen to represent combinations under common control must reflect the economic substance of the arrangement independently of its legal form. Economic substance, therefore, is the key driver in choosing the most appropriate method to account for such combinations. Economic substance must be considered in terms of the generation of added value and significant variations in cash flows relating to the net assets transferred. It is also important to consider existing interpretations and guidance and reference is made to the Preliminary Guidance on IFRS of the Association of Italian Auditors (OPI 1 - Revised) in relation to how to account for business combination of entities under common control in separate and consolidated financial statements. The net assets transferred must, therefore, be recognised at the same values as their carrying amounts in the financial statements of the acquired companies or, if available, at the values reported in the consolidated financial statements of the common controlling company. In this regard, in such cases, the Company has chosen to refer to carrying amounts in the financial statements of the acquired companies.

Transactions with minority shareholders

Transactions between minority shareholders are accounted for as equity transactions. Accordingly, in the event of the acquisition or disposal of further shareholdings once control has been obtained, the difference between the acquisition cost and the carrying value of the minority shares acquired is recognised in equity attributable to the Group.

Associates

Associates are those companies over which the Group exercises significant influence, which is presumed to exist when the Group holds between 20% and 50% of the voting rights. Associates are accounted for using the equity method and are initially recorded at cost. The equity method is described as follows:

- the carrying amount of such investments is aligned to the adjusted equity, where necessary, to reflect the application of EU IFRS and includes recognition of the higher values attributed to the assets and liabilities and goodwill, if any, identified at the date of acquisition, following a process similar to that previously described for business combinations;
- the Group's share of the investee's profit or loss is recorded starting from the date that significant control commences until the date that control ceases. If, as a result of losses, the investee shows negative equity, the carrying amount of the investment is reduced to zero and any additional losses are provided for and a liability is recognised only to the extent that the Group has legal or constructive obligations or is otherwise required to settle the losses. Changes unrelated to profit or loss in the equity of investees valued using the equity method are recognised directly in the consolidated statement of comprehensive income;
- unrealised gains and losses, generated on transactions between the Company/its subsidiaries and the investee valued using the equity method are eliminated to the extent of the Group's investment in the investee, except for losses, in the case in which they represent impairment of the underlying asset, and dividends, which are eliminated in full.

When indicators of impairment exist, recoverability is considered by comparing the book value of investments with their related recoverable value calculated in accordance with the criteria indicated at "Impairment of Goodwill and tangible, intangible and investment property assets". If the reasons for the impairment cease to exist, the value of the investments is reinstated up to the amount that would have been recognised had no impairment occurred, with the effect being reflected in the income statement.

The partial disposal of investments that result in loss of control or loss of significant influence over the investee are reflected in the consolidated statement of comprehensive income by:

- any gains/losses, calculated as the difference between the consideration received and the corresponding share of net equity sold;
- the effect of realigning the remaining investment to its fair value;
- all amounts previously recognised in other comprehensive income in relation to the investment to be reclassified to the income statement.

The fair value of any remaining investment, as of the date of loss of control or loss of significant influence, becomes the new book value and therefore the reference for subsequent measurement in accordance with applicable criteria.

If an investment, or share of investment, accounted for using the equity method is classified as available for sale, such investment or share of investment is no longer measured using the equity method.

Translation of financial statements expressed in foreign currencies

The financial statements of subsidiaries are prepared in the currency of the country in which the respective registered office is located. The rules for the translation of financial statements expressed in currencies other than the Euro are as follows:

- assets and liabilities are translated at the exchange rate in force on the reporting date;
- income statement items are translated at the average exchange rate for the year;
- exchange differences generated by the translation of balances at exchange rates other than those in force at the reporting date, as well as differences reflecting the translation of opening equity at rates other than year-end exchange rates, are taken to "Exchange rate gains / (losses) on the translation of foreign currency financial statements" included in other comprehensive income;
- goodwill and fair value adjustments relating to the acquisition of overseas entities are recognised as assets and liabilities of the overseas entity and translated at the year-end exchange rate.

The following table shows the exchange rates used for the respective periods to translate the financial statement balances of companies expressed in currencies other than the Euro.

	Exchange rate as at December 31,			Average exchange rate for the period ended December 31,		
Currency	2018	2017	2016	2018	2017	2016
US Dollar	1.1450	1.1993	1.0541	1.1810	1.1297	1.1069
Brazilian Real	4.4440	3.9729	3.4305	4.3085	3.6054	3.8561
Indian Rupee	79.7298	76.6055	71.5935	80.7332	73.5324	74.3717
Chinese Yuan	7.8751	7.8044	7.3202	7.8081	7.6290	7.3522
Ukrainian Hryvnia	31.7362	33.7318	28.7386	31.1091	30.0197	28.2849
Danish Krone	7.4673	7.4449	7.4344	7.4532	7.4386	7.4452

Translation of foreign currency balances

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in force on the reporting date. Foreign exchange differences are shown in the income statement under "Exchange rate gains/(losses)".

Treatment of put options on the shares of subsidiaries

The Group has issued put options to minorities that give such minorities the right to sell their shares to the Group at a future date.

The treatment of put options granted to minorities is not fully governed by EU IFRS. Indeed, while the issuance of a put option to minorities gives rise to a liability, the corresponding entry is not defined. In this regard, in accordance with Paragraph 23 of IAS 32, a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability. Such financial liability is recognised initially at the present value of the redemption amount. Subsequent adjustments to the financial liability are recognised in profit or loss.

In order to determine the corresponding entry to reflect the aforementioned financial liability, it is first necessary to consider whether, as part of the conditions regarding exercise of the puttable financial instrument, the risks and benefits deriving from ownership of the minority interest are transferred to the controlling company or remain with the owners of the minority interest, as this will determine whether the minority interests subject to the put option are required to be reported. If the risks and benefits are not transferred to the controlling company by the puttable option, the minority interests subject to the put option require reporting: if, on the other hand, such risks and benefits are transferred, the minority interests need not be recognised in the consolidated financial statements.

Given the above:

- if the minority interests do not need to be recognised in the financial statements as the related risks and benefits have transferred to the controlling company, the liability relating to the put option will be reflected:
  - (i) against goodwill, if the put option was granted to the seller in the context of a business combination; or
  - (ii) against equity attributable to the minorities, in the case in which the contract was entered into outside such context; on the other hand
- if the risks and benefits have not transferred, the corresponding entry will be to equity attributable to the owners of the Parent.

2.5 Accounting policies and measurement criteria

The following paragraphs describe the criteria adopted regarding the classification, recognition, measurement and derecognition of assets and liabilities as well as the criteria used to recognise income statement items.

Property, plant and equipment

Items of property, plant and equipment are capitalised and accounted for as tangible fixed assets only when both of the following conditions are satisfied:

- it is likely that the future economic benefits generated by the asset will be enjoyed by the company; and

- the cost of the asset can be determined reliably.

Items of property, plant and equipment are initially recorded at cost, defined as the monetary amount or equivalent consideration paid or the fair value of other consideration paid to acquire an asset on the date of its purchase or substitution. Subsequently. property, plant and equipment is carried at **cost** less any accumulated **depreciation** and any accumulated **impairment losses**.

Cost includes amounts directly attributable to enabling the asset to be used as well as any expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the income statement in the year incurred. The capitalization of costs inherent to the expansion, modernization or improvement of facilities owned or used by third parties is recorded solely to the extent that they meet the conditions for being classified separately as an asset or part of an asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the individual assets.

The estimated useful life by class of property, plant and equipment is as follows:

	Expected useful life
Buildings	33 years
Plant and machinery	10 years
Automatic machinery	6 years
Industrial and commercial equipment	4 years
Company canteen equipment	8 years
Furniture	8 years
Computers and other electronic machineries	5 years
Commercial vehicles	4 years
Vehicles	5 years
Modules and molds	4 years

At the end of each year, the company determines whether there have been any significant changes in the expected economic benefits to be derived from capitalised property, plant and equipment and, in such case, makes appropriate changes to the relevant depreciation rate, which is considered a change in accounting estimate as described in IAS 8.

Property, plant and equipment is derecognised when it is sold or otherwise disposed of or when it is expected that no economic benefit can be derived from its sale.

Capital grants are recognised when there is reasonable certainty that they will be received and that all of the conditions relating to them have been satisfied. Grants are therefore accounted for as liabilities and credited to the income statement over the useful economic lives of the related assets.

Intangible assets

An intangible asset is an asset that meets the following conditions:

- it can be identified;
- it is non-monetary;
- it is without physical substance;
- it is under the control of the company that prepares the financial statements; and
- it is expected to produce future economic benefits for the company.

If an asset does not meet all of the above requirements to be considered an intangible asset, the amount incurred to acquire or produce the item internally, is expensed when it is incurred.

Intangible assets are initially recognised at cost. The cost of assets acquired externally includes both the purchase price and any cost that may be directly attributed.

Internally generated goodwill is not recognised as an asset, nor are intangible assets recognised in relation to research (or the research phase of an internal project).

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits: among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured using the cost model, one of the two methods (the cost model and the revaluation model) permitted by IAS 38. The cost model provides that after initial recognition, an intangible asset shall be carried at its cost less any accumulated amortization and impairment losses.

The estimated useful life for the various classes of intangible assets is as follows:

	Expected useful life
Development costs	5 years
Industrial patents	10 years
Intellectual property rights	3 years
Concessions and licences	3 years
Trademarks	5 years

The most significant intangible assets held by the Group are as follows:

(a) Goodwill

Goodwill is recognised as an intangible asset with an indefinite useful life. It is initially measured at cost, as previously described, and subsequently tested for impairment at least annually to identify if goodwill is impaired (see the following paragraph "Impairment of Goodwill and Tangible, Intangible and right of use assets"). Impairment losses recognised for goodwill may not be reversed in subsequent periods.

(b) Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, net of accumulated amortization and impairment losses, if any.

Amortization starts when the asset is available for use and is charged systematically over the residual estimated useful life; for details regarding amounts to be amortised and the recoverability of the recognised values of such assets, see the paragraphs on "Property, plant and equipment" and "Impairment of goodwill and tangible, intangible and right of use assets" respectively.

Right of use assets and lease liabilities

The company has elected for early adoption of the new accounting standard IFRS 16 "Leases", which replaces IAS 17 "Leasing" and its related interpretations.

In accordance with IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contract is then reassessed to determine whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component within the contract is accounted for as a lease separately from non-lease components of the contract, unless the Group applies the practical expedient in paragraph 15 of IFRS 16. Under such practical expedient, the lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The lease term is the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The lessee shall revise the lease term if there is a change in the non-cancellable period of a lease.

At the commencement date, the Group recognises a right-of-use asset and a lease liability.

At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the lessee;
d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the lessee under residual value guarantees;
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted to their present value using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate (the rate of interest it would have to pay to borrow a similar sum over a similar term as the lease contract).

Following initial recognition, the right-of-use asset is measured applying a cost model:

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

Following initial recognition, the lease liability is measured by:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications , or to reflect revised in-substance fixed lease payments.

For a lease modification that is not accounted for as a separate lease, the right of use asset is remeasured (up or down) in line with the change in the lease liability at the modification date. The lease liability is remeasured based on the new contract conditions, using the discount date at the effective date of the modification.

The Group has elected to exploit two exceptions permitted by IFRS 16, regarding short-term leases (leases that, at the commencement date, have lease terms of 12 months or less) and leases for which the underlying asset is of low value (leases for which the underlying asset value, when new, is less than USD 5,000). In such cases the right of use assets and related lease liabilities are not recognised, and lease payments are charged directly to the income statement.

Impairment of goodwill and tangible, intangible and right of use assets

(a) Goodwill

As noted above, goodwill is tested for impairment annually or more frequently, whenever events or changes in circumstances indicate that goodwill may be impaired, in accordance with IAS 36 (Impairment of assets). Impairment tests are normally performed at each year end and therefore the reference date for such tests is the financial reporting date.

Impairment tests are carried out for each cash-generating unit (''CGU'') to which goodwill has been allocated. An impairment loss on goodwill is recognised when the CGU's carrying amount exceeds its recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use, being the present value of estimated future cash flows; in calculating the value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate, that reflects current market assessments of the time value of money and the risks specific to the asset. If the impairment loss is higher than the carrying amount of goodwill allocated to the CGU, the excess is applied to the other assets of the CGU in proportion to their carrying amount. The carrying amount of an asset should not be reduced below the highest of:

- the fair value of the assets less costs of disposal;
- the value in use;
- zero.

Impairment losses recognised for goodwill may not be reversed in subsequent periods even if the conditions that gave rise to such impairment loss cease to exist.

(b) Tangible, intangible and right of use assets with a finite useful life and equity investments

At each balance sheet date, the Group assesses whether there are any indications of impairment of tangible, intangible and/or investment property assets with a finite useful life. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include the market value of the asset, changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments.

When indicators of impairment exist, the recoverable amount is estimated and the carrying amount of the asset reduced accordingly, with the impairment loss being charged to the statement of comprehensive income. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, where value in use is determined by discounting the asset's estimated future cash flows including, if materially significant and reasonably certain, those relating to disposal of the asset at the end of its useful economic life, less any costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset or the CGU to which it belongs exceeds the recoverable amount, an impairment loss is recognised in the statement of comprehensive income. Such impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the unit in proportion to their carrying amounts, while respecting their relative recoverable amounts. If the conditions that gave rise to an impairment loss no longer exist, the asset is revalued to the revised estimate of its recoverable amount, up to the value that would have been recorded, net of amortization, had no impairment loss been recognised, with the increase being recognised in the income statement.

Financial assets

On initial recognition, financial assets are classified in one of the three categories described below based on:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets are derecognised when, and only when, disposal involves the substantial transfer of all the risks and rewards of ownership of the financial asset. If, on the other hand, the company retains substantially all the risks and rewards of ownership of the financial asset, it must continue to recognise the financial asset, even if legal ownership has effectively been transferred.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a "Hold to collect" business model, the objective of which is to hold financial assets in order to collect contractual cash; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test).

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, such financial assets are measured at amortised cost, calculated using the effective interest method. The amortised cost method is not used for those assets (measured at historical cost) whose short-term nature means there is no requirement to discount to present value, assets with no set maturity date or revocable credit lines.

b) Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a "Hold to collect and sell" business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test).

This category includes equity instruments (other than investments in subsidiaries, associates or joint ventures) not held for sale, for which the option has been exercised to designate the asset at fair value through other comprehensive income.
At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, equity interests (other than investments in subsidiaries, associates or joint ventures) are measured at fair value, with the offsetting amounts recognised in equity (Statement of comprehensive income) and not subsequently reclassified to profit or loss, even in the event of sale. Related dividends represent the only relevant component recognised in the income statement.

For securities included in this category not quoted in an active market, cost is used as an estimate for fair value under certain limited circumstances, such as when recent information to measure fair value is insufficient or there exists a broad range of possible measures of fair value and cost is considered to be the best estimate of these.

c) Financial assets measured at fair value through profit or loss

This category includes all financial assets other than those measured at amortised cost or at fair value through other comprehensive income.

It includes financial assets available for sale and derivatives not classified as hedges (which are recognised as assets if the fair value is positive and liabilities if fair value is negative).

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, excluding transaction costs or income that are directly attributable to the instrument in question. Subsequently, they are measured at fair value with related gains and losses being recognised in the income statement.

Derivative financial instruments and hedging relationships

Derivative financial instruments are accounted for in accordance with IFRS 9.

At the inception of the contract, derivative instruments are initially recognised at fair value as financial assets at fair value through profit or loss when the fair value is positive, or financial liabilities at fair value through profit or loss when the fair value is negative.

If the financial instruments are not designated as hedging instruments, any changes in fair value after initial recognition are treated as components of profit or loss for the year. If the derivative instruments meet the requirements to qualify as hedging instruments, subsequent changes in fair value are recognised according to the specific criteria described below.

A derivative financial instrument is classified as a hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the hedging strategy and the methods that will be used to verify perspective and retrospective effectiveness. The effectiveness of each hedge is assessed

both at the inception of the contract and during its life, specifically at each year-end and interim reporting date. A hedge is considered to be highly effective if at the start of the hedge and during subsequent periods, changes in the fair value (in the case of a fair value hedge) or expected future cash flows (in the case of a cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

IFRS 9 provides for the following three types of hedging relationship:

a) fair value hedge: when the hedge relates to exposure to changes in the fair value of a recognised asset or liability, changes in the fair value of the hedging instrument as well as changes in the fair value of the hedged item are recognised in profit or loss.
b) cash flow hedge: in the case of hedges intended to neutralise exposure to variability in cash flows attributable to future execution of commitments in place as at the reporting date, changes in the fair value of the hedging instrument relating to the portion determined to be an effective hedge are recognised in other comprehensive income, and therefore in an equity reserve. When the economic effects of the hedged item crystallise, the amounts recognised in other comprehensive income are then reclassified to profit or loss. Changes in the fair value of the hedging instrument relating to the portion not determined to be an effective hedge are recognised immediately in profit or loss.
c) hedge of a net investment in a foreign operation (net investment hedge)

If the checks do not confirm the effectiveness of the hedge, the hedge accounting is interrupted with immediate effect and the hedging derivative reclassified as a financial asset at fair value through profit or loss, or financial liability at fair value through profit or loss. Moreover, the hedging relationship shall cease when:

- the derivative matures, is sold, rescinded or exercised;
- the hedged item is sold, expires or is refunded;
- it is no longer highly probable that the future hedged transaction will take place.

Trade receivables

In accordance with IFRS 15, trade receivables for the transfer of goods and provision of services are recognised based on the terms of the relevant customer contract and classified according to the nature of the counterparty and/or the due date of the receivable (such definition includes invoices still to be issued for services already provided).

As trade receivables are typically short-term in nature and do not involve payment of interest, amortised cost is not calculated and they are accounted for at the nominal value stated on the invoice or in the customer contract: such arrangement is followed even for those receivables due after more than 12 months, so long as the effect is not greatly significant. This is due to the fact that the value of short-term receivables is very similar

whether the historical cost method or amortised cost method is adopted, and the impact of discounting is insignificant.

Trade receivables are tested for impairment in accordance with the requirements of IFRS 9. For measurement purposes, trade receivables are categorised by due date. Performing receivables are measured collectively, grouping individual exposures based on similar credit risk. The measurement process involves reviewing losses suffered on assets with similar credit risk based on past experience and considers expected losses.

Inventories

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are recognised and measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs, and other costs incurred to bring the inventories to their current location and condition; inventory costs do not include exchange rate differences in the case of inventories invoiced in foreign currency. In compliance with the provisions of IAS 2, the cost of inventories is calculated using the weighted average cost method.

If net realisable value is lower than cost, the difference is immediately recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortised cost. Other cash equivalents represent highly liquid short-term financial assets that can be easily converted to known cash amounts and are subject to negligible risk of change in their value, and which have an original maturity, on purchase, of less than three months.

Payables

Trade payables and other payables are initially recognised at fair value and subsequently measured using the amortised cost method.
Payables to banks and other lenders are initially recognised at fair value, net of directly attributable accessory costs, and later are measured at amortised cost, using the effective interest rate method. If there is a change in the estimate of the expected cash flows, the value of the liability is recalculated to reflect such change based on the present value of the new expected cash flows and the internal effective interest rate as calculated initially. Payables to banks and other lenders are classified as current liabilities, unless the Group has an unconditional right to postpone payment for at least twelve months after the reference date.
Payables are derecognised when settled and when the Group has transferred all risks and the charges related to the instrument.

Employee benefits

Employee benefits are benefits granted to employees or their dependants, settled through cash payments (or through the supply of goods and services) directly to the employees, their spouses, children or other dependants, or to third parties, such as insurance companies. They include short-term benefits, benefits due to employees on termination of their employment contract and post-employment benefit plans.

Short-term employee benefits include incentive schemes such as annual bonuses, the MBO and the one-off renewals of the national collective labour agreements and are recognised as liabilities (accrued expenses) after deducting any advances paid, and costs, unless a given IFRS requires or allows the inclusion of such benefits in the cost of a capitalised asset (such as, for example, staff costs relating to the development of internally generated intangible assets).

Benefits relating to the termination of employment include voluntary redundancy incentive schemes, which in the case of voluntary redundancy provide for the employee or group of employees taking part in trade union agreements involving the use of so-called solidarity funds, and (non-voluntary) redundancy arrangements, which apply in the case of termination of employment as a result of a unilateral decision by the company. The company recognises the cost of such benefits as a liability due as at the earlier between the date the company can no longer withdraw the offer of such benefits and the time when

the company recognises the costs of a corporate restructuring exercise that falls within the provisions of IAS 37. The provisions for voluntary redundancies are reviewed at least every six months.

Post-employment benefit plans may be split into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans mainly include:

- complementary pension funds that involve a defined contribution being made by the company;
- the share of the employee severance indemnity fund accruing since 1 January 2007, for companies with more than 50 employees, whatever the allocation option chosen by the employee;
- the share of the employee severance indemnity fund accruing since 1 January 2007 allocated to complementary pension funds, in the case of companies with less than 50 employees;
- complementary healthcare plans.

Defined-benefit plans on the other hand include:

- the employee severance indemnity accrued until 31 December 2006 for all companies, as well as the share accrued since 1 January 2007 and not allocated to complementary pension funds, for companies with less than 50 employees;
- complementary pension funds, which provide for the payment a defined benefit to members;
- seniority payments, which provide for a one-off payment to employees who reach a given seniority level.

With defined-contribution plans, the company's obligation is calculated based on the contributions due for the year in question and, therefore, the valuation of the obligation does not require actuarial assumptions and there are no actuarial profits or losses.

The accounting for defined-benefit schemes involves the use of actuarial assumptions to calculate the value of the obligation. Measurement of the obligation is performed by an independent actuary on an annual basis.

The projected unit credit method is used to calculate the present value of future cash flows, based on historical/statistical analyses, demographic assumptions and the discounting of such cash flows at a market interest rate. In accordance with IAS 19, actuarial gains and losses are recognised in equity (under "Actuarial gains/(losses) on post-employment benefit obligations").

Provisions for risks and charges, contingent assets and liabilities

Contingent assets and liabilities may be split into different categories according to their nature and accounting implications. Specifically:

- provisions are effective obligations of uncertain amount and timing arising from past events and for which it is likely that there will be an outlay of financial resources and a reliable estimate of the amount is possible;
- contingent liabilities are possible obligations for which the likelihood of an outlay of financial resources is not remote;
- remote liabilities are those for which the outlay of financial resources is not likely;
- contingent assets are assets that do not meet the certainty requirement and as a result are not recognised in financial statements;
- an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
- a restructuring is a programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

For cost recognition purposes, provisions are recognised when there is uncertainty about the timing or amount of the future expenditure required to settle the obligation or other liabilities, and in particular trade payables or accruals.

Provisions differ from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement. Given their different nature, provisions are shown separately from trade payables and accruals.

A liability or provision is recognised when:

- there is a current legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions require the use of estimates. In extremely rare cases, when a reliable estimate cannot be made, this results in a liability that cannot be reliably estimated and is therefore considered a contingent liability.

The allocation to the provisions for risks and charges is made for an amount that represents the best estimate of the expenditure required to settle the obligation existing at the reporting date and takes into account the risk and uncertainty that inevitably surround many events and circumstances. The amount of the provision reflects the potential future events that may affect the amount required to settle an obligation if there is a sufficient objective evidence that these will take place.

Once the best estimate of the expenditure required to settle the existing obligation has been determined, the present value of the provision is calculated in the case in which the time value of money is material.

Treasury shares

Treasury shares are recognised at cost and recorded as a negative reserve in equity. The effects of any subsequent sale of treasury shares are recognised in equity.

Warrants

The company has issued warrants, which are financial instruments that grant the holder the right to buy (warrant call) a given number of ordinary shares (underlying securities) at a pre-determined strike price within a given timeframe. The terms and conditions of such financial instruments may differ, as a result of which they may be treated: (i) like financial assets and measured at fair value on issue with subsequent changes being recognised directly in profit or loss in accordance with IFRS 9; or (ii) like equity instruments and, therefore, classified in a dedicated equity reserve from which they are released only when exercised or on expiration, in accordance with IAS 32. The warrants issued by the company are treated like equity instruments as they may be exercised at a pre-determined strike price, in turn based on a pre-determined formula. For further details regarding such instruments, see Note 8.13 on equity.

Share based payments

With regard to the company's stock grant plans in favour of directors and employees, as required by IFRS 2, the fair value of equity instruments granted is measured at the grant date. Such fair value amount is recognised as a cost in the income statement during the vesting period, together with a corresponding increase in a dedicated equity reserve. For further details regarding such instruments, see Note 8.13 on equity.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations in the contract; and
- when the related performance obligation contained in the contract is satisfied.

The Group recognises revenue from contracts with customers when (or as) it satisfies its performance obligations, by transferring the promised goods or services (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, it is satisfied at a point in time. In such case, the Group recognises revenue at the moment the customer acquires control of the promised asset.

The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. If the consideration promised in a contract includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar items), the Group estimates the amount of consideration to which it is entitled in exchange for transferring the promised goods or services to a customer. The Group includes a variable consideration in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Incremental costs of obtaining a contract with a customer are recognised as assets and, to the extent the Group expects to recover them, amortised over the duration of the underlying contract. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group recognises an asset from the costs incurred to fulfil a contract with a customer only if the costs incurred in fulfilling such contract are not within the scope of another Standard (for example, IAS 2 – Inventories, IAS 16 – Property, Plant and Equipment or IAS 38 – Intangible Assets), and if such costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Cost recognition

Costs are recognised in the income statement on an accruals basis.

Dividends

Dividend income is recognised in the income statement on an accruals basis, when the right to receive such dividends is created following approval of the dividend distribution resolution of the relevant investee company shareholders' meeting.

Dividends distributed are recorded as movements in equity in the year in which they are approved by the company's shareholders' meeting.

Income tax

Current income taxes are calculated based on taxable income for the year, applying tax rates in force at the reporting date. Taxes due for the current year and for previous years, to the extent as yet unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current and previous years, represent the amounts that are likely to be recovered from/paid to the tax authorities, applying the tax rates and the tax laws in force, or effectively issued, at the reporting date.

Deferred taxes include:

- deferred tax liabilities: these represent income taxes due in the future years in respect of the tax effects of temporary differences;
- deferred tax assets: these represent income taxes amounts that may be recovered in future years in respect of deductible temporary differences, carry forward of unused tax losses, and carry forward of unused tax credits.

To calculate deferred tax liabilities and assets, the tax rate is applied to the temporary differences identified, whether taxable or deductible, unused tax losses or unused tax credits.

At each reporting date, both unrecognised and recognised deferred tax assets are remeasured to confirm the likelihood of recovery of such deferred tax assets.

Earnings per share

Basic earnings per share is calculated by dividing the result for the year attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted earnings per share is calculated by dividing the result for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming that rights having potential dilutive effects are exercised by all the grantees of such rights, and the result attributable to the owners of the parent is adjusted to take into account the effects, if any, net of tax, of the exercise of those rights.

Options and warrants have no diluting effect in the case in which the average market price of the company’s ordinary shares during the year remains below the option and warrant strike prices.

3. Recently issued accounting standards

Accounting standards not yet applicable as not yet endorsed by the European Union

As at the date of approving these Consolidated Financial Statements, the following standards and amendments had not yet been endorsed by the EU.

Standard/amendment	Approved by EU	Effective date
IFRS 17 Insurance Contracts	NO	Years beginning on or after 1 January 2021
Annual Improvements to IFRS Standards 2015-2017 Cycle	NO	Years beginning on or after 1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	NO	Years beginning on or after 1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards	NO	Years beginning on or after 1 January 2020
Amendment to IFRS 3 Business Combinations	NO	Years beginning on or after 1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	NO	Years beginning on or after 1 January 2020

Accounting standards, amendments and interpretations endorsed by the European Union but not yet adopted by the Group

As at the date of approving these Consolidated Financial Statements, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Group:

Standard/amendment	Description	Effective date
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	On 12 October 2017, the IASB published the amendment to IAS 28 to clarify that an entity applies IFRS 9 " Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	On 7 June 2017, the IASB published IFRC 23 "*Uncertainty over Income Tax Treatments*". The interpretation clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. In such case an entity should recognise and measure deferred and current income tax assets and liabilities by applying the IAS 12 requirements based on taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	On 12 October 2017, the IASB published the amendment to IFRS 9 to address concerns relating to financial assets involving prepayment features with negative compensation. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019

4. Estimates and assumptions

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on difficult and subjective judgments, in turn based on past experience and hypotheses considered reasonable and realistic, given the information known at the time.

Such estimates have an effect on the amounts reported in the financial statements, including the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the related notes to the financial statements. Actual results may then differ, even significantly, from those reported in the consolidated financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterise the assumptions and conditions on which estimates are based.

The accounting estimates that more than others involve a high degree of subjectivity and judgement on the part of management, and where a change in the conditions underlying the assumptions could have a significant effect on the Group's financial results, are detailed below:

a) *Impairment of Assets:* goodwill and tangible, intangible and right of use assets with a finite useful life are tested for impairment when indicators of impairment are identified that suggest the full asset value may not be recovered through use. The recoverable amount is estimated and the carrying amount of the asset is reduced accordingly. Identification of the existence of such indicators of impairment requires management to exercise judgement based on experience and information available both within the Group and in the broader marketplace. If impairment indicators are identified, management employs what it considers to be the most appropriate measurement techniques to estimate such impairment. Both the correct identification of the indicators of impairment of tangible, intangible and right of use assets and the related estimates of the extent of such impairment depend upon factors that may change over time, thereby influencing measurements and management estimates.
b) *Allowance for doubtful receivables*: such allowance reflects management estimates regarding the historical and expected recoverability of such receivables.
c) *Provisions for risks and charges*: identification of the existence of a current (legal or constructive) obligation is in certain not a simple matter. Management reviews such matters on a case by case basis, together with estimates of the outflow of resources required to satisfy the obligation. When managers believe the likelihood of a liability occurring to be only possible, the relevant risks are disclosed in the note on risks and charges, but no provision is made.
d) *Useful economic life of property, plant and equipment and intangible assets*: useful economic life is determined when the asset is first recognised in the financial statements. Considerations regarding an asset's useful life are based on historical experience, market conditions and expected future events that may affect them, such as technological changes. An asset's actual useful life may, therefore, differ from its estimated useful life.
e) *Deferred tax assets*: deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which temporary differences or tax loses can be utilised.
f) *Inventories*: Inventories of finished products that show signs of obsolescence or are slow moving are tested for impairment and written down in the case in which their recoverable value is lower than their book value. Such write down are based on management estimates and assumptions, in turn based on their experience and past results.
g) *Contract work*: application of the cost to cost method requires the prior estimation of total costs for each project and related updates of such cost estimates at each reporting date based on management assumptions. These assumptions may be influenced by many factors such as, for example, the multi-year timeframe over which certain projects are to be completed, the high technological level and innovative content of projects, changes in contract terms and price revisions, guarantees regarding the performance of machinery, as well as contractual risks, where applicable. Such factors and circumstances make it difficult to estimate the total costs of projects and also, therefore, estimates of the value of contract work in progress at the reporting date.

5. Management of financial risks

In terms of business-related risks faced, the main risks identified, monitored and, as described below, actively managed by the Group, as noted in the report on operations, are the following:

- market risk, relating to changes in the exchange rate between the Euro and other currencies in which the Group operates, interest rates; credit risk, relating to the risk of default on the part of a counterpart; and
- liquidity risk, relating to a lack of financial resources to meet financial obligations.

The Group's objective is to maintain a balanced approach to managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by current operating activities and bank loans.

The Group's ability to generate liquidity from operations together with its borrowing capacity enable it to satisfy its operational requirements to fund working capital, invest and meet its financial obligations.

Treasury and financial risk management are centralised within the Group. Specifically, the central finance function is responsible for evaluating and approving forecast financial requirements, monitoring trends and taking corrective action as necessary.

The following paragraphs provide qualitative and quantitative information relating to the Group's exposure to the aforementioned risks.

5.1 Market risk

Currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates to those of its business activities conducted in currencies other than the Euro. Revenues and costs denominated in other currencies may be influenced by changes in foreign exchange rates, resulting in an impact on margins (economic risk), just as trade and financial receivables and payables denominated in other currencies may be affected by the exchange rates used, resulting in an impact on results (transaction risk). Finally, exchange rate fluctuations also impact on the Group's consolidated results and equity, as the financial statements of certain Group companies are prepared and presented in currencies other than the Euro and then translated (translation risk).

The main foreign exchange rates to which the Group is exposed are:

-Euro/USD, relating to transactions entered into in US Dollars;
-Euro/GBP, relating to transactions entered into in Sterling;

The Group does not adopt any specific policies to hedge against changes in foreign exchange rates. It is noted, however, that in order to mitigate currency risk, the Group does engage in hedge transactions, as required, when customer orders are received.

Currency risk sensitivity analysis

In order to perform sensitivity analysis on exchange rates, balance sheet items (financial assets and liabilities) as at 31 December 2018 denominated in currencies other than the functional currencies of each Group company were identified. Group inter-company receivables and payables denominated in currencies other than functional currencies were also considered in measuring the potential effects of exchange rate movements.

Two scenarios were considered, involving an increase and decrease respectively of 10% in the nominal exchange rate between the currency in which the item was denominated and the relevant functional currency.

The following table shows the results of the analysis:

(Thousands of Euros)

Sensitivity analysis	As at December 31, 2018									
	USD			GBP			Other currencies		Total	
	-100 bps	+100 bps		-100 bps	+100 bps		-100 bps	+100 bps	-100 bps	+100 bps
Trade receivables	952	(779)	-	26	(22)	-	17	(14)	996	(815)
Trade payables	(108)	89	-	(17)	14	-	(134)	110	(259)	212
Financing	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	167	(136)	-	-	-	-	42	(34)	208	(171)
Total	**1,010**	**(827)**		**9**	**(8)**		**(75)**	**61**	**945**	**(773)**

Note: a positive sign indicates higher profit and an increase in equity; a negative sign indicates lower profit and a reduction in equity.

Interest rate risk

The Group makes use of external debt resources and invests available liquidity in market instruments. Changes in interest rates influence both the cost of borrowing and returns on investments and therefore have an impact on consolidated net finance expenses. Group policy in this regard is aimed at limiting the risk of changes in interest rates by entering into long-term fixed-rate or variable-rate loan agreements; there are no hedging operations in place involving derivative financial instruments.

Interest rate risk sensitivity analysis

Sensitivity analysis was performed regarding interest rate risk, to determine the effects on consolidated income and equity of hypothetical positive and negative 100 bps variations to current effective interest rates.

The analysis performed related mainly to the following items:

- cash and cash equivalents;
- short-term and medium/long-term bank borrowings.

In the case of cash and cash equivalents, reference was made to the average balance and the average interest rate thereon for the year, while for short-term and medium/long-term debt the effect was calculated at the reporting date.

Based on such sensitivity analysis, any higher or lower charge (and corresponding effect on equity) would not have been significant, as the Euro 40 million loan agreement was only entered into in the final months of 2018.

5.2 Credit risk

The Group manages its exposure to the credit risk inherent in the possibility of default and/or worsening of creditworthiness on the part of its customers, through ongoing review of each counterpart by a dedicated organizational unit, equipped with appropriate tools to perform ongoing daily monitoring of the behaviour and creditworthiness of its customers.

The Group optimises working capital and minimises credit risk by monitoring receivables on an ongoing basis and applying various levels of follow up action, depending on the specific knowledge held regarding individual customers and the length of time that payment is overdue.

As at 31 December 2018, the Group's top ten customers accounted for around 23% of its total trade receivables.

The following table provides a breakdown of trade receivables by due date, net of the allowance for doubtful receivables, as at 31 December 2018.

(Thousands of Euros)	As at December 31, 2018	Non-overdue	Overdue from 0 to 30 days	Overdue from 31 to 90 days	Overdue from 91 to 360 days	Overdue since more than 360 days
Gross trade receivables	65,020	17,278	12,448	15,110	12,599	7,584
Allowance for doubtful receivables	(3,283)					
Net amount	61,737	17,278	12,448	15,110	12,599	7,584

5.3 Liquidity risk

Liquidity risk is the risk that, owing to an inability to access new funds or sell assets, the Group is unable to meet its payment obligations, leading to a negative impact on results if it is then obliged to incur additional costs to meet its obligations or deal with insolvency.

The liquidity risk to which the Group may be subject is the inability to find adequate funds to finance its operations and develop its business and commercial activities. The two key factors that determine the Group's liquidity position are, on the one hand, cash generated or used by operating and investing activities and, on the other hand, the nature of debt maturity and renewal terms and financial investment liquidity, as well as market conditions.

The Group has immediately available liquidity as well as significant access to credit lines granted by a range of primary banking institutions. Management believes that currently available funds and credit lines, together with funds that will be generated by operating and financing activities will enable the Group to fund its investing activities, meet its working capital requirements and repay its debts as they fall due.

The following table provides an analysis of cash disbursements by due date based on contractual repayment obligations, as at 31 December 2018.

(Thousands of Euros)	Balance as at December 31, 2018	Within 1 year	1-5 years	Over 5 years	Total
Current and non-current bank borrowings	40,725	887	17,501	24,224	42,612
Other current and non-current liabilities	53,674	52,126	1,548	-	53,674
Current and non-current trade payables	77,117	75,966	1,151	-	77,117
Current and non-current put option liabilities	31,451	2,878	29,564	-	32,442
Current and non-current lease liabilities	13,663	3,385	8,018	2,677	14,080
Liabilities for derivative financial instruments	120	120	-	-	120

The figures in the table above represent future (non-discounted) principal capital and interest cash flows based on contractual maturity dates. The Group expects to meet such contractual obligations through cash flows from operating activities and, if required though new additional medium-term financial transactions.

5.4 Capital management

The Group's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations with lenders.

The Group ensures it has sufficient capital to finance its business development needs and meet operating requirements; to guarantee a balanced financial structure and minimise the total cost of capital, finances are sourced through a mix of risk capital and debt to the benefit of all stakeholders.

Returns on capital are monitored by reviewing market trends and business performance, net of other commitments, including borrowing costs. In order to ensure the Group's going concern status, to develop the business and to provide an adequate return on capital, Management monitors the Group's debt to equity ratio, on an ongoing basis, also in comparison with business trends and expected future cash flows in the medium/long term.

5.5 Financial assets and liabilities by category and fair value

Financial assets and liabilities by category

The following tables show financial assets and liabilities as at 31 December 2018, 31 December 2017 and 1 January 2017, in accordance with IFRS 9:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
FINANCIAL ASSETS			
Financial assets valued at amortized cost:			
Non-current financial assets	883	386	537
Other non-current assets	–	57	685
Trade receivables	61,737	47,089	29,622
Cash and cash equivalents	41,798	15,873	12,991
Current financial assets	–	889	325
Other current assets	11,085	6,869	7,747
Total	115.503	71,163	51,907
Financial assets at *fair value* through comprehensive profit and loss:			
Investments in other companies	908	660	574
Total	908	660	574
Hedging financial instruments:			
Foreign exchange derivative assets	97	–	–
Total	97	–	–
TOTAL FINANCIAL ASSETS	116,508	71,823	52,481

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
FINANCIAL LIABILITIES			
Financial liabilities valued at amortized cost:			
Other non-current liabilities	1,548	–	–
Trade payables	75,966	62,199	56,844
Non-current trade payables	1,151	1,760	–
Other current liabilities	52,126	53,496	49,035
Total	130,791	117,455	105,879
Hedging financial instruments:			
Foreign exchange derivative liabilities	120	311	646
Total	120	311	646
TOTAL FINANCIAL LIABILITIES	130,911	117,766	106,525

As seen in the table, most of the financial assets and liabilities at the year-end represented short-term positions and, in view of their nature, their carrying amounts are deemed to be reasonable approximations of their fair values.

Non-current financial assets and liabilities are settled or measured at market rates and, consequently, their fair values are deemed to be substantially in line with their carrying amounts.

Fair value

For assets and liabilities recognised in the statement of financial position, IFRS 13 requires that such values be classified according to a hierarchy of levels that reflects the significance of the inputs used in the calculation of fair value. The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as follows:

- Level 1: fair value is calculated with reference to quoted prices (unadjusted) in active markets for identical financial instruments. Accordingly, the emphasis within Level 1 is on determining both of the following: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and (b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.
- Level 2: fair value is calculated using valuation techniques based on observable inputs in active markets. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable commonly quoted intervals, implied volatilities and credit spreads; and (d) market-corroborated inputs.
- Level 3: fair value is calculated using valuation techniques based on unobservable market inputs.

The following table shows financial assets and liabilities at fair value, split by fair value hierarchy level.

(Thousands of Euros)	As at December 31, 2018			As at December 31, 2017			As at January 1, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities for derivative financial instruments	-	(120)	-	-	(311)	-	-	(646)	-
Assets for derivatives financial instruments	-	97	-	-	-	-	-	-	-
Investments in other companies	-	-	908	-	-	660	-	-	574
Total	—	(23)	908	—	(311)	660	—	(646)	574

There were no transfers between the various levels of the fair value hierarchy during the periods under review.

5.6 Changes in liabilities arising from financing activities

In accordance with the requirements of IAS 7, the following tables show changes to payables due to banks arising as a result of cash flows generated by and/or used by financing activities as well as non-cash changes.

(Thousands of Euros)	Balance as at January 1, 2017	Changes in cash flow	Other non-monetary changes	Balance as at December 31, 2017
Current bank borrowings	9,442	9,423	(72)	18,793
Non-current bank borrowings	13,977	13,643	-	27,620

(Thousands of Euros)	Balance as at December 31, 2017	Changes in cash flow	Other non-monetary changes	Balance as at December 31, 2018
Current bank borrowings	18,793	(18,943)	639	489
Non-current bank borrowings	27,620	6,206	6,410	40,236

6. Operating segments

The following disclosure regarding operating segments is provided in accordance with IFRS 8 "Operating segments" (hereafter "IFRS 8"), which requires that such disclosure reflects the manner in which management manages the business and makes operational decisions. Accordingly, the operating segments and related disclosures are based on internal reporting used by management to make decisions about resources to be allocated to the various operating segments and assess performance.
IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and iii) for which discrete financial information is available.

The Group organises and manages its business activities in terms of the following operating segments: (i) Processing & Packaging and (ii) Sorting. Operating segments are monitored based on: i) Total Revenues; and ii) EBITDA, where EBITDA is defined as profit (or loss) for the year adjusted for: (i) Income taxes; (ii) Finance expenses; (iii) Finance income; (iv) Share of (profit)/loss of investments accounted for using the equity method; (v) Exchange rate gains/(losses); (vi) Impairment of financial assets; (vii) Other net provisions; (viii) Depreciation and amortization (ix) Non-monetary costs; (x) Investment acquisition transaction costs; and (xi) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.

The following table shows details of the Group's operating segments for the years ended 31 December 2018 and 31 December 2017.

(Thousands of Euros)	For the year ended December 31,							
	2018				2017			
	Processing & Packaging	*Sorting*	*Eliminations*	*Total*	*Processing & Packaging*	*Sorting*	*Eliminations*	*Total*
Revenues from third parties	198,605	25,154	–	223,759	182,049	23,566	–	205,615
Intra-segment revenues	623	686	(1,309)	–	127	531	(658)	–
Revenues	**199,228**	**25,840**	**(1,309)**	**223,759**	**182,176**	**24,097**	**(658)**	**205,615**
EBITDA	**12,783**	**4,233**	**–**	**17,016**	**15,478**	**5,706**		**21,184**
Non-operating costs[5]				(902)				–
Depreciation and amortization of property, plant and equipment and intangible assets				(8,582)				(6,743)
Depreciation of financial assets				(800)				(832)
Other net provisions				1,019				(1,041)
Finance income				183				10
Finance expenses				(1,718)				(1,240)
Profit / (loss) from investments accounted for using the equity method				80				41
Profit / (loss) from foreign exchange				(1,414)				369
Profit before taxes				**4,882**				**11,748**
Income taxes				(1,687)				(4,221)
Profit for the year				**3,195**				**7,527**
Profit for the year attributable to non-controlling interests				2,238				2,041
Profit for the year attributable to the Group				**957**				**5,486**

Details of revenues by category and geographic area are provided in Note 9.1, to which reference is made.

Management believes that the aforementioned indicators provide a good indication of the performance of the operating segments identified.

Given the range of services and products sold by the Group, there are no significant concentrations of revenues with individual customers.

From a balance sheet viewpoint, management does not monitor assets by segment.

In accordance with the requirements of paragraph 33 of IFRS 8, the following table provides a breakdown of property, plant and equipment and intangible assets by geographical area. The assets have been allocated based on the location in which they generate revenues, with the exception of goodwill which is identified as being "Non-allocated".

[5] The item does not include equity investment transaction costs amounting to Euro 768 thousand or stock grant costs amounting to Euro 134 thousand.

(Thousands of Euros)	As at December 31,		As at January 1,
	2018	2017	2017
Property, plant and equipment:			
Italy	13,870	24,835	19,618
Overseas	6,769	1,641	1,005
Total property, plant and equipment	20,639	26,476	20,623
Intangible assets:			
Italy	10,332	8,224	7,202
Overseas	39	12	7
Non-allocated	34,238	4,161	4,161
Total intangible assets	44,609	12,397	11,370

7. Business combinations

This note describes the business combinations, as defined in IFRS 3 – "Business Combinations", entered into by the Group during the years ended 31 December 2018 and 31 December 2017.

7.1 Acquisition of Techn'Agro

On 5 July 2017, the Group acquired 36% of the share capital of the French company Techn'Agro. As a result of such transaction, the Parent company increased its holding in the then associate Techn'Agro from 34% to 70% as of 31 December 2017, including the company within the scope of consolidation from 1 July 2017. The cost of the transaction amounted to Euro 414 thousand.

The assets acquired and liabilities assumed were recognised at fair value. Fair value adjustments made to assets acquired and liabilities assumed mainly related to intangible assets; specifically, Euro 209 thousand related to the value attributed to the trademark, gross of the related tax effects included under deferred tax liabilities, and pre-existing goodwill was reduced to zero.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Amount recognized at acquisition date	(309)
Cash and cash equivalents at acquisition date	809
Net cash flow from the acquisition	500

7.2 Acquisition of Levati Food Tech

On 22 June 2017, the Group acquired 75% of the share capital of Levati Food Tech S.r.l. ("**Levati Food Tech**"), which was included within the scope of consolidation from 1 July 2017.

The assets acquired and liabilities assumed were recognised at fair value. Fair value adjustments made to assets acquired and liabilities assumed mainly related to intangible assets; specifically, Euro 584 thousand related to the value attributed to the trademark, gross of the related tax effects included under deferred tax liabilities.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Amount recognized at acquisition date	(472)
Cash and cash equivalents at acquisition date	277
Net cash flow from the acquisition	(195)

7.3 Acquisition of PKS

On 30 May 2018, CFT acquired 51.03% of the share capital of Packaging Del Sur S.L., a company operating in the secondary packaging sector.

The total consideration amounted to Euro 4,000 thousand.

Transaction costs were charged to the income statement during the year.

The acquisition of PKS resulted in increased Group revenues of Euro 4.4 million during the period between the acquisition date and 31 December 2018. If the acquisition had taken place on 1 January 2018, it would have resulted in a further increase in revenues of Euro 1.7 million. Such amounts have been calculated based on PKS's accounting records, adjusted as necessary to align them with Group accounting policies.

The assets acquired and liabilities assumed were recognised at fair value, together with goodwill amounting to approximately Euro 4,094 thousand, calculated as shown in the table below:

(Thousands of Euros)	Fair Value
Net identifiable assets acquired	(182)
(-) Amount attributable to controlling shareholders (48.97%)	88
(+) Goodwill	4,094
Net assets acquired (Price)	4,000

Non-controlling interests as at the date of the acquisition may be measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement method may be made on a transaction by transaction basis. In the case of the PKS acquisition, the Group has chosen

to recognise non-controlling interests at their proportionate share in the recognised amounts of the acquiree's identifiable net assets.

The fair values of the assets acquired and liabilities assumed are provisional as at the reporting date, as is the value attributed to goodwill. In accordance with IFRS 3, such amounts may be retrospectively adjusted during the twelve-month measurement period following the acquisition to recognise their fair value at the acquisition date, with any such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Price paid at acquisition date	**(4,000)**
Cash and cash equivalents at acquisition date	437
Net cash flow from the acquisition	**(3,563)**

7.4 Acquisition of ADR

On 31 May 2018, CFT acquired 75% of the share capital of ADR S.r.l. (ADR), a company operating in the mechanical engineering and structural work sector, in the production of mechanical fittings and the assembly and installation of plant, machinery and equipment.

The total consideration amounted to Euro 2,051 thousand.

Transaction costs were charged to the income statement during the year.

The acquisition of ADR resulted in increased Group revenues of Euro 0.8 million during the period between the acquisition date and 31 December 2018. If the acquisition had taken place on 1 January 2018, it would have resulted in a further increase in revenues of Euro 1.2 million. Such amounts have been calculated based on ADR's accounting records, adjusted as necessary to align them with Group accounting policies.

The assets acquired and liabilities assumed were recognised at fair value, together with goodwill amounting to Euro 381 thousand, calculated as shown in the table below:

(Thousands of Euros)	Fair Value
Net identifiable assets acquired	2,232
(-) Amount attributable to controlling shareholders (25%)	(562)
(+) Goodwill	381
Net assets acquired (Price)	**2,051**

Non-controlling interests as at the date of the acquisition may be measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement method may be made on a transaction by transaction basis. In the case of the ADR acquisition, the Group has chosen to recognise non-controlling interests at their proportionate share in the recognised amounts of the acquiree's identifiable net assets.

The fair values of the assets acquired and liabilities assumed are provisional as at the reporting date, as is the value attributed to goodwill. In accordance with IFRS 3, such amounts may be retrospectively adjusted during the twelve-month measurement period following the acquisition to recognise their fair value at the acquisition date, with any such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Price paid at acquisition date	**(2,051)**
Cash and cash equivalents at acquisition date	723
Net cash flow from the acquisition	**(1,328)**

7.5 Acquisition of Co.Mac

On 2 August 2018, CFT acquired 61.72% of the share capital of Co.Mac S.r.l. ("Co.Mac"), which in turn held 100% of the share capital of Mc Inox. The company is active in the design, construction, repair, maintenance, technical assistance and trade of machinery for wrapping, packaging and distribution of food products, with particular focus on the beer-kegging plant sector. The total consideration amounted to Euro 25,000 thousand.

Transaction costs were charged to the income statement during the year.

The acquisition of Co.Mac and its subsidiary Mc Inox resulted in increased Group revenues of Euro 17.7 million during the period between the acquisition date and 31 December 2018. If the acquisition had taken place on 1 January 2018, Co.Mac and its subsidiary Mc Inox would have contributed a further increase in revenues of Euro 21.9 million. Such amounts have been calculated based on Co.Mac's accounting records, adjusted as necessary to align them with Group accounting policies.

The assets acquired and liabilities assumed were recognised at fair value, together with goodwill amounting to Euro 25,602 thousand, calculated as shown in the table below:

(Thousands of Euros)	**Fair Value**
Net identifiable assets acquired	14,904
(-) Amount attributable to non-controlling interests (38.28%)	(5,765)
(-) Amount attributable to non-controlling interests (38.28%) generated from the application of *Full Goowill*	(9,741)
(+) Goodwill	25,602
Net assets acquired (Price)	**25,000**

Non-controlling interests as at the date of the acquisition may be measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement method may be made on a transaction by transaction basis. In the case of the Co.Mac acquisition, the Group has chosen to recognise non-controlling interests at fair value.

The fair values of the assets acquired and liabilities assumed are provisional as at the reporting date, as is the value attributed to goodwill. In accordance with IFRS 3, such amounts may be retrospectively adjusted during the twelve-month measurement period

following the acquisition to recognise their fair value at the acquisition date, with any such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Price paid at acquisition date	**(25,000)**
Cash and cash equivalents at acquisition date	10,553
Net cash flow from the acquisition	**(14,447)**

8. Notes to the consolidated statement of financial position

8.1 Current and non-current right of use assets and lease liabilities

In preparing the Consolidated Financial Statements, the Group elected for early adoption of IFRS 16. "Right of use assets", amounting to Euro 13,490 thousand as at 31 December 2018 (Euro 13,891 thousand as at 31 December 2017 and Euro 17,408 thousand as at 1 January 2017), relates to the assets underlying the lease contracts.
The following table shows movements in "Right of use assets" during the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	Cost	Accumulated depreciation	Impairment	Net book value
Balance as at January 1, 2017	**23,833**	**(6,425)**	-	**17,408**
Increase	4,740	(1,588)	-	3,152
Decrease*	(8,643)	1,996	-	(6,652)
Currency difference	(17)	-	-	(17)
Balance as at December 31, 2017	**19,913**	**(6,022)**	-	**13,891**
Increase	9,613	(2,422)	-	7,191
Decrease*	(11,021)	3,390	-	(7,631)
Currency difference	39	-	-	39
Balance as at December 31, 2018	**18,544**	**(5,054)**	-	**13,490**

*Sales and eliminations relate to the lease carve out agreement entered into with Unicredit
** Sales and eliminations relate to the lease carve out relating to RAL and the Parent company

As at 31 December 2018, the Group had not identified any indicators of impairment of right to use assets.
The following table provides details of the Group's undiscounted lease liabilities as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	Within 1 year	1 – 5 years	Over 5 years	Total contractual value	Book value
Lease liabilities as at December 31, 2018	3,385	8,018	2,677	14,080	13,663
Lease liabilities as at December 31, 2017	2,142	6,926	1,770	10,838	10,496

The following table provides details of lease contracts held by the Group, mainly in the role of lessee:

(Thousands of Euros)	As at and for the year ended December 31,	
	2018	2017
Net book value of right of use asset (buildings)	12,066	12,501
Net book value of right of use asset (cars)	989	977
Net book value of right of use asset (machineries)	435	413
Total right of use asset	**13,490**	**13,891**
Current lease liabilities	3,512	1,961
Non-current lease liabilities	10,151	8,535
Total current and non-current lease liabilities	**13,663**	**10,496**
Amortization of right of use asset (buildings)	1,702	937
Amortization of right of use asset (cars)	494	388
Amortization of right of use asset (machineries)	226	263
Total amortization of right of use asset	**2,422**	**1,588**
Finance lease expenses	**233**	**199**
Cost of short term leasing	767	654
Cost of low value leasing	139	18
Variable payments not included in lease liabilities	30	29
Total Other operating cost and revenues	**936**	**701**
Total cash flow	**2,579**	**1,779**

8.2 Property, plant and equipment

The following table provides a breakdown of property, plant and equipment as at 31 December 2018, 31 December 2017 and 1 January 2017, and movements during the periods under review:

(Thousands of Euros)	Land and buildings	Plant and machineries	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at January 1, 2017	16,827	1,730	443	801	822	20,623
Increase	3,119	1,031	238	637	554	5,579
Business combinations	—	2,182	23	32	—	2,237
Decrease	3	(504)	(7)	(21)	(58)	(587)
Transfers	642	31	—	95	(768)	—
Lease carve-out	—	—	—	—	—	—
Amortizations	(370)	(486)	(202)	(298)	—	(1,356)
Currency difference	(3)	(9)	—	(8)	—	(20)
Reclassifications	—	—	—	—	—	—
Balance as at December 31, 2017	20,218	3,975	495	1,238	550	26,476
Increase	4,576	2,089	262	565	3,868	11,360
Business combinations	380	527	159	755	15	1,836
Decrease	(44)	(58)	(25)	(226)	(825)	(1,178)
Transfers	—	11	—	(9)	(2)	—
Lease carve-out	(14,976)	(250)	(28)	(22)	(700)	(15,976)
Amortizations	(291)	(839)	(247)	(499)	—	(1,876)
Currency difference	(2)	—	—	(1)	—	(3)
Reclassifications	—	—	—	—	—	—
Balance as at December 31, 2018	9,861	5,455	616	1,801	2,906	20,639

Additions to property, plant and equipment during the year ended 31 December 2018 totalled Euro 12,891 thousand and mainly related to:

- additions to "Land and buidings" totalling Euro 4,576 thousand, relating to Packaging del Sur's new factory;
- additions to "Plant and machinery" totalling Euro 2,089 thousand, mainly relating to Parent company plant modernisation;
- additions to "Assets under construction and advances" totalling Euro 3,868 thousand, relating to costs incurred for the construction of the Parent company's new office block and the Raytec building;
- additions to "Other assets" totalling Euro 565 thousand

Additions to property, plant and equipment during the year ended 31 December 2017 totalled Euro 5,579 thousand and mainly related to:

- additions to "Land and buidings" totalling Euro 3,119 thousand and relating to: (i) the purchase of a plot of land by the subsidiary Raytec Vision Spa for its new factory

premises; (ii) the extension of the production facilities of the subsidiary LLC CFT Ukraina; (iii) the purchase of a building in the San Polo di Torrile area; and (iv) the purchase of a plot of land in Parma to build a new office block for the Parent company;

- additions to "Plant and machinery" totalling Euro 1,031 thousand, mainly relating to the purchase of new machinery for production activities;

- additions to "Assets under construction and advances" totalling Euro 554 thousand, relating to costs incurred for the construction of the Parent company's new office block;

- additions to "Other assets" totalling Euro 637 thousand.

No indicators of impairment of "Property, plant and equipment" were identified during the years under review.

8.3 Intangible assets

The following table provides a breakdown of intangible assets as at 31 December 2018, 31 December 2017 and 1 January 2017, and movements during the years under review:

(Thousands of Euros)	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar	Goodwill	Assets under construction and advances	Other intangible assets	Total
Balance as at January 1, 2017	3,353	1,039	17	4,161	2,576	224	11,370
Increase	2,106	947	7	(9)	738	772	4,561
Business combinations	–	101	1	–	–	793	895
Decrease	(4)	–	–	–	(75)	(550)	(629)
Transfers	2,117	272	–	–	(2,389)	–	–
Lease carve-out	–	–	–	–	–	–	–
Amortizations	(2,228)	(1,093)	(7)	9	–	(480)	(3,799)
Currency difference	–	(1)	–	–	–	–	(1)
Balance as at December 31, 21017	5,344	1,265	18	4,161	850	759	12,397
Increase	2,143	1,110	167	30,077	1,242	582	35,725
Business combinations	–	77	37	–	–	1,178	1,292
Decrease	–	(17)	(1)	–	(10)	(70)	(98)
Transfers	1,076	(200)	204	–	(1,080)	–	–
Lease carve-out	–	–	–	–	–	–	–
Amortizations	(2,447)	(1,233)	(43)	–	–	(561)	(4,284)
Currency difference	(1)	(3)	–	–	(18)	3	(19)
Balance as at December 31, 2018	6,115	999	382	34,238	984	1,891	44,609

Additions to intangible assets during the year ended 31 December 2018 totalled Euro 35,725 thousand and mainly related to the acquisitions made during the year.

The increase in development costs totalling around Euro 2 million in 2018 related to capitalisation of development expenditure during the period. For further details regarding the acquisitions, see Note 7 – Business Combinations.

No indicators of impairment of "Intangible assets" were identified during the years under review.

Impairment of goodwill

Each cash-generating unit (CGU) to which goodwill is allocated, representing the level at which it is monitored by Company management, corresponds with the legal entity associated with each company acquired by the Group.

Specifically, as at 31 December 2018, goodwill was allocated as follows:

Description	Amount
Rolec Prozess goodwill	4,161
ADR goodwill	381
PKS goodwill	4,094
Co.Mac goodwill	25,602
Balance as at December 31, 2018	34,238

In accordance with the applicable accounting standards, impairment tests were performed at the reporting date to identify any evidence of impairment of goodwill. Impairment tests compare the book value of goodwill with the value in use of the group of CGU to which it relates (for a description of the methodology followed for the impairment test, please refer to the previous note 2.5 - Accounting policies and measurement criteria).

Value in use was determined to be the present value (calculated using the DCF method) of the cash flows expected to be derived from each cash-generating unit during the 4-year period subsequent to the reporting date. Forecast data for each group of CGUs was estimated based on past and expected future growth in turnover, EBITDA, cash flows and economic performance.

The terminal value of each CGU group was calculated based on an estimate of the CGU group's future cash flows (using the perpetuity growth model) and the latest available forecast data, assuming a growth rate and weighted average cost of capital (WACC), representing the weighted average of the cost of own capital and the after-tax cost of borrowing, as shown below:

Description	Growth rate	WACC
Rolec Prozess goodwill	2.0%	9.0%
ADR goodwill	1.7%	11.4%
PKS goodwill	2.0%	11.3%
Co.Mac goodwill	2.0%	9.7%

Based on the impairment tests performed, the estimated recoverable amounts for all CGU groups exceeded their related book values at the reporting date. Sensitivity analyses were also conducted to check the effects of a change in certain significant parameters on the impairment test results. Specifically, reasonable individual changes in the major variables

involved, with all other factors remaining the same, resulted in the recoverable amount of each CGU group not being less than the carrying amount.

8.4 Investments accounted for using the equity method

The following table provides a breakdown of "Investments accounted for using the equity method" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Techn'Agro	—	—	354
PE Labellers & CFT Asia Pacific Sdn Bhd	198	37	—
Gemini Srl	119	25	—
Milk Project S.r.l. (*)	109	—	—
Total Investments accounted for using the equity method	**426**	**62**	**354**

(*) Included within the scope of consolidation from August 2018

As at 1 January 2017, the item included the relevant share of net equity of the associate Techn'Agro in which the Parent company had a 34% shareholding, amounting to Euro 354 thousand. During the year ended 31 December 2017, the Parent increased its holding in Techn'Agro from 34% to 70%, bringing the company within the scope of consolidation from 1 July 2017. For further details, see Note 2.4 – "Basis and principles of consolidation" – and Note 7 "Business combinations".

8.5 Deferred tax assets and deferred tax liabilities

The following table provides a breakdown of "Deferred tax assets":

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Deferred tax assets	5,028	4,823	4,274
Deferred tax liabilities	(911)	(2,395)	(2,520)
Total	4,117	2,428	1,754

Movements in "Deferred tax assets" during the periods under review were as follows:

(Thousands of Euros)	As at January 1, 2017	Net provisions to statement of profit and loss	Net provisions to statement of comprehensive income	Other changes	As at December 31, 2017
Allowance for doubtful receivables	869	(208)	–	–	661
Guarantee provision	182	–	–	–	182
Depreciation of deferred deductions	692	(34)	–	–	658
Obsolescence allowance on inventories	1,095	118	–	–	1,213
Employee benefit provision	73	(5)	5	–	73
Allowance for disputes	247	147	–	–	394
Contract liabilities	949	291	–	–	1,240
Others	167	235	–	–	402
TOTAL DEFERRED TAX ASSETS	4,274	544	5	–	4,823
Right of use asset	(405)	(178)	–	216	(367)
Intangible assets	–	(94)	–	–	(94)
Trademark (business combinations)	–	22	–	(221)	(199)
Capital gain	(2,115)	380	–	–	(1,735)
TOTAL DEFERRED TAX LIABILITIES	(2,520)	130	–	(5)	(2,395)
TOTAL NET DEFERRED TAX ASSETS	1,754	674	5	(5)	2,428

(Thousands of Euros)	As at December 31, 2017	Net provisions to income statement	Net provisions to comprehensive income	Other changes	As at December 31, 2018
Allowance for doubtful receivables	661	(156)	–	–	505
Guarantee provision	182	39	–	–	221
Depreciation of deferred deductions	658	(81)	–	–	577
Obsolescence allowance on inventories	1,213	196	–	–	1,409
Employee benefit provision	73	(17)	(21)	17	52
Allowance for disputes	394	(303)	–	–	91
Contract liabilities	1,240	(133)	–	–	1,107
ACE	-	180	–	251	431
Fiscal losses	-	494	–	–	494
Others	402	(261)	–	–	141
TOTAL DEFERRED TAX ASSETS	4,823	(42)	(21)	268	5,028
Right of use asset	(367)	367	–	–	–
Intangible assets	(94)	–	–	–	(94)
Trademark (business combinations)	(199)	44	–	–	(155)
Capital gain	(1,735)	1,073	–	–	(662)
TOTAL DEFERRED TAX LIABILITIES	(2,395)	1,484	–	–	(911)
TOTAL NET DEFERRED TAX ASSETS	2,428	1,442	(21)	268	4,117

Temporary differences reported above reverse during the following year and subsequent years.

8.6 Non-current financial assets

The following table provides a breakdown of "Non-current financial assets" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Investments in other companies	908	660	574
Non-current other trade receivables	879	386	461
Others	4	–	76
Total non-current financial assets	1,791	1,046	1,111

The following table provides a breakdown of investments in other companies as at 31 December 2018:

(Thousands of Euros)	As at December 31, 2018
Emiliana Conserve	487
DNA Phone	238
Xnext S.r.l.	56
Banca di Parma	49
Banca Credito Cooperativo	30
Iren Spa	15
Parma partecipazioni calcistiche	10
Tomato News	10
So. Ge. A.P. Spa	9
Omani Eurofood	1
Banco Popolare	1
Caaf Industria E.R.	1
Immobiliare Caprazucca Spa	-
Consorzio CONAI	-
Consorzio Eurofidi	-
Unionfidi	-
Consorzio Copom	-
Total Investments in other companies	908

8.7 Inventories

The following table provides a breakdown of "Inventories" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Raw, ancillary and consumable materials	20,381	15,841	15,965
Work in progress and semi-finished goods	52,884	42,229	41,479
Finished products and goods for resale	12,436	15,158	7,081
Advances	2,338	1,206	1,236
Total Inventories	88,039	74,434	65,761

"Inventories" are stated net of an "Obsolescence allowance on inventories", in respect of obsolete or slow-moving items, amounting to Euro 4,959 thousand and Euro 4,301 thousand as at 31 December 2018 and 31 December 2017 respectively and Euro 3,926 thousand as at 1 January 2017. The increase in inventories was in part due to the inclusion in 2018 of new companies within the scope of consolidation.

8.8 Trade and other receivables

The following table provides a breakdown of "Trade and other receivables" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Trade receivables from customers	60,927	46,891	29,433
Trade receivables from associates	810	198	189
Total Trade and other receivables	61,737	47,089	29,622

"Trade and other receivables" includes an "Allowance for doubtful receivables" amounting to Euro 3,283 thousand and Euro 3,528 thousand as at 31 December 2018 and 31 December 2017 respectively and Euro 4,709 thousand as at 1 January 2017. The increase in trade receivables was in part due to the inclusion in 2018 of new companies within the scope of consolidation.

Movements in the "Allowance for doubtful receivables" during the years ended 31 December 2018 and 31 December 2017 are shown in the following table:

(Thousands of Euros)	Taxed	Ordinary	Total
Balance as at January 1, 2017	4,050	659	4,709
Net increase	436	396	832
Decrease	(1,403)	(610)	(2,013)
Balance as at December 31, 2017	3,083	445	3,528
Net increase	379	421	800
Change in consolidation scope	268	40	308
Decrease	(1,091)	(262)	(1,353)
Balance as at December 31, 2018	2,639	644	3,283

8.9 Income tax receivables

Income tax receivables relate to amounts due from the tax authorities in relation to IRES and IRAP current taxes, net of related amounts payable.

8.10 Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euro)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Post office and bank accounts	41,766	15,865	12,973
Cheques and cash	32	8	18
Total Cash and cash equivalents	41,798	15,873	12,991

Cash and cash equivalents were not subject to any constraints or restrictions. For details regarding movements in "Cash and cash equivalents", reference is made to the statement of cash flows.

8.11 Current financial assets

The following table provides a breakdown of "Current financial assets" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Time deposits and security deposits	–	764	–
Receivables from others	–	125	325
Total current financial assets	–	889	325

"Time deposits and security deposits" at 31 December 2017 included an amount of Euro 764 thousand that was temporarily restricted as a result of legal proceedings. Such legal proceedings were concluded in 2018.

"Receivables from others" as at 31 December 2017 and 1 January 2017 included Euro 125 thousand and Euro 325 thousand respectively relating to the current portion of the escrow account held in favour of the acquirer of Bertoli S.r.l.

8.12 Other current assets

The following table provides a breakdown of "Other current assets" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Tax receivables	5,431	3,564	1,564
Other receivables	4,560	2,439	5,306
Accrued and deferred income	1,094	866	877
Total Other current assets	11,085	6,869	7,747

8.13 Shareholders' equity

The following table provides a breakdown of "Equity" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017 (*)	As at January 1, 2017
Share capital	98,300	11,800	7,500
Statutory reserve	71	388	151
Share premium reserve	(8,300)	–	–
Other reserves	(47,311)	1,857	5,796
- *First-time-adoption reserve*	(3,832)	(3,832)	(3,832)
- *Capital increase costs reserve*	(5,177)	–	–
- *Translation reserve*	(941)	(1,114)	(779)
- *Company own shares reserve*	(8,681)	-	-
- *Others*	(28,680)	6,803	10,407
Retained earnings	2,952	(152)	843
Equity attributable to the Group	**45,712**	**13,893**	**14,290**
Equity attributable to non-controlling interests	22,026	3,953	3,356
Total Equity	**67,738**	**17,846**	**17,646**

(*) Adjusted in accordance with paragraph B21 of IFRS 3

Share capital

As at 31 December 2018, the fully paid up share capital of CFT S.p.A. amounted to Euro 98,300 thousand and comprised 16,026,357 ordinary shares traded on the AIM Italia market, number 3,000,000 multiple voting shares and number 133,334 special shares, all with no par value.

The following table provides a breakdown of CFT's fully subscribed and paid up "Share capital" as at 31 December 2018:

Category	n. shares	% on share capital	Listed
Ordinary shares	16,026,357	83.65%	AIM Italia
Special shares	133,334	0.70%	Non-listed
Multiple voting shares	3,000,000	15.66%	Non-listed
Total	19,159,691	100.00%	

The following table shows details of significant shareholdings:

Shareholder	Number of shares	% of share capital with voting right	% of voting rights
RPC S.r.l.	2,647,908	14.58%	18.41%
A.E.A. S.r.l.	2,647,908	14.58%	18.41%
Ma.Li S.r.l.	2,647,908	14.58%	18.41%
F&B Capital Investment	882,636	4.86%	6.14%

It is noted that the Company holds 868,065 treasury shares, the voting rights of which are suspended. It is further noted that the Company has issued warrants that may be exercised in accordance with the terms and conditions set out in the warrant regulation (hereafter, the "**Regulation**") at any time after the third day of trading of the second calendar month following the effective date (5 September 2018) and before expiry of the exercise rights, which becomes effective on the earlier of the following dates: (i) the fifth anniversary of their effective date (i.e. 31 July 2023); and (ii) the sixtieth day following the communication

of acceleration (as defined in the Regulation), except in the event of suspension as provided for in Article 3.7 of the Regulation. As at 31 December 2018, there were 4,739,577 warrants in circulation.

Statutory reserve

As at 31 December 2018, the statutory reserve amounted to Euro 71 thousand.

Share premium reserve

As at 31 December 2018, the "Share premium reserve" had a negative balance of Euro 8,300 thousand resulting from the merger between Glenalta S.p.A. and CFT. For further details in this regard, see Note 1.2 – "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A".

Other reserves

As at 31 December 2018, "Other reserves" had a negative balance of Euro 47,311 thousand and mainly included:

a) *First time adoption (FTA) reserve*

As at 31 December 2018, the "First time adoption (FTA) reserve" amounted to Euro 3,832 thousand and represented the effects of the transition from Italian GAAP to EU-IFRS. Such effects relate to the process of transition from Italian GAAP to EU-IFRS in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), followed by CFT Group, with effect from 1 January 2017, the date of first-time adoption.

b) *Capital increase cost reserve*

As at 31 December 2018, the "Capital increase costs reserve" had a negative balance of Euro 5,177 thousand. The amount reflects costs incurred by Glenalta and CFT directly related to the share capital increase which, in accordance with IAS 32 – "Financial Instruments" are recognised, not in profit and loss but rather as a deduction from equity. Specifically, Euro 1,014 thousand related to costs incurred by Glenalta in relation to its prior listing on AIM Italia and Euro 4,163 thousand related to the costs incurred by CFT e Glenalta for the subsequent merger and share capital increase transactions.

c) *Translation reserve*

The "translation reserve" includes differences arising on the translation into Euro of financial statements expressed in foreign currencies of subsidiaries included within the scope of consolidation.

d) Company own shares reserve

The "Company own shares reserve" had a negative balance of Euro 8,681 thousand and related to the purchase of treasury shares following the exercise of the right of withdrawal by Glenalta shareholders.

Retained earnings

As at 31 December 2018, "Retained earnings" amounted to Euro 2,952 thousand and related to earnings brought forward by CFT Group prior to the merger; as explained in Note 1.2 – "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A", from an accounting and consolidated financial statement preparation viewpoint, the merger by incorporation of CFT into Glenalta was a transaction through which CFT (the "accounting acquirer") acquired Glenalta (the "accounting acquiree") including its net assets and its status as a listed company. Accordingly, in terms of the temporal and economic scope of consolidation, the consolidated financial statements as at 31.12.2018 have been prepared as a continuation of the consolidated financial statements of the CFT Group as at and for the year ended 31 December 2017.

8.14 Current and non-current bank borrowings

Bank borrowings totalled Euro 40,725 thousand and Euro 46,413 thousand as at 31 December 2018 and 31 December 2017 respectively, of which Euro 489 thousand and Euro 18,793 thousand representing the current portions. The increase from 1 January 2018 to 31 December 2018 mainly related to the syndicated loan agreement, for a nominal amount of Euro million, entered into by the Parent company with the following banks: Crédit Agricol Cariparma S.p.A., Unicredit S.p.A., Banco BPM S.p.A., Deutsche Bank S.p.A., HSBC Bank PLC and Mediocredito Italiano S.p.A. The loan was reimbursed in advance during 2018.

On 19 November 2018, the Company entered into a new medium/long-term loan agreement (the "**Loan Agreement**") for a total amount of Euro 100 million, to be utilised over a period of 36 months, to support the growth of CFT group, as well as refinance current bank indebtedness, at better terms and conditions. As noted above, the Company reimbursed the Euro 30 million nominal sum syndicated loan in advance. As a result of such advance reimbursement, costs totalling Euro 450 thousand, relating to the amortised cost valuation, were recognised under finance income and expenses in the income statement.

The Loan Agreement was entered into with a syndicate of seven banks, including Crédit Agricole Cariparma in the role of agent and lead arranger and HSBC, BNL, Banco BPM, Intesa San Paolo, BMPS and Unicredit as other lending banks.

The main terms of the Loan Agreement are as follows:

- 6 years' maturity, expiring in November 2024;

- available for utilization over 36 months;
- annual interest rate of 6m EURIBOR (with a 0% floor) plus a spread of 100 bps (basis points)[6]

In line with normal market practice in such cases, the terms and conditions of the Loan Agreement require compliance with a series of financial covenants (leverage ratio not greater than 1.75x) as well as a series of obligations on completion of certain transactions, non-compliance with which could result in mandatory early reimbursement of the loan. As at 31 December 2018, all such covenants and obligations had been complied with.

8.15 Current and non-current put option liabilities

"Current and non-current put option liabilities" amounted to Euro 31,451 thousand as at 31 December 2018 (Euro 2,814 thousand and Euro 2,781 thousand as at 31 December 2017 and 1 January 2017 respectively). The amount represents the best estimate of the disbursement required, discounted as appropriate, in relation to the put options granted by the Group to the minority shareholders in Rolec and Co.Mac.

[6] In the event the Leverage Ratio (Net Financial Debt/EBITDA) is greater than 1.75x, the spread is increased to 150 bps.

8.16 Employee defined benefit payables

The following table provides details of "Employee defined benefit payables" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	Total
Balance as at January 1, 2017	**4,004**
Service cost	78
Financial charges	49
Advances and benefit paid out during the year	(466)
Changes in the scope of consolidation	32
Actuarial gains / (losses) due to experience	16
Actuarial gains (losses) due to demographic assumptions	—
Actuarial gains / (losses) due to changes in financial assumptions	3
Balance as at December 31, 2017	**3,716**
Service cost	219
Financial charges	54
Advances and benefit paid out during the year	(358)
Changes in the scope of consolidation	1,254
Actuarial gains / (losses) due to experience	15
Actuarial gains (losses) due to demographic assumptions	—
Actuarial gains / (losses) due to changes in financial assumptions	(101)
Balance as at December 31, 2018	**4,799**

"Employee defined benefit payables" relate mainly to the employee severance indemnity ("TFR") due to employees of the Group's Italian companies. It is noted that from 2018 the item also includes the end of mandate indemnity ("TFM") due to Co.Mac. directors. As is the case with the employee severance indemnity, the TFM is a defined benefit plan accounted for (discounted) in accordance with IAS 19.

The value of the severance and mandate indemnities, both of which meet the defined benefit plan criteria defined by IAS 19, is calculated on an actuarial basis. The assumptions adopted in determining the liabilities as at 31 December 2018 and 31 December 2017 are described below:

The following table details the main financial and demographic assumptions adopted in the actuarial calculations:

Financial assumption	31/12/2018		31/12/2017	01/01/2017
	TFR	TFM	TFR	TFR
Discount rate	1.57%	0.12%	1.30%	1.31%
Inflation rate	1.50%	n.a.	1.50%	1.50%
Annual rate of growth of employee benefit provision	2.625%	n.a.	2.625%	2.625%
Annual rate of growth of wages	1.00%	n.a.	1.00%	1.00%

Demographic assumptions	
Death	Mortality table RG48 published by Ragioneria Centrale dello Stato
Disability	Tables provided by INPS by age and gender
Retirement	100% at achievement of AGO requirements

Turnover and employee benefit provision advances annual frequency	31/12/2018	31/12/2017	01/01/2017
Advances frequency	1.00%	1.00%	1.00%
Turnover frequency	3.50%	3.50%	3.50%

The following table shows the results of sensitivity analyses performed for each actuarial assumption as at 31 December 2018, highlighting the effects (in absolute terms) that would have occurred upon reasonable possible changes in actuarial assumptions:

(Thousands of Euros)

Changes in the assumptions	TFR	TFM
Turnover rate +1,00%	4,067	n.a.
Turnover rate -1,00%	4,109	n.a.
Inflation rate +0,25%	4,149	n.a.
Inflation rate -0,25%	4,027	n.a.
Discount rate +0,25%	3,999	701
Discount rate -0,25%	4,179	705

(Thousands of Euros)

Service cost e Duration	TFR	TFM
Service cost and annual pro futuro	242	33
Duration	17	2

The following table provides a summary overview of expected plan disbursements:

(Thousands of Euros)

Expected future disbursements	TFR	TFM
Years		
1	258	246
2	220	253
3	508	255
4	382	-
5	345	-

8.17 Current and non-current trade payables

The following table provides a breakdown of "Current and non-current trade payables" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Trade payables to suppliers	77,041	63,959	56,844
Payables due to associates	76	—	—
Total Trade payables	**77,117**	**63,959**	**56,844**

8.18 Derivative financial instruments

"Derivative financial instruments" amounted to Euro 120 thousand as at 31 December 2018 (Euro 311 thousand and Euro 646 thousand as at 31 December 2017 and 1 January 2017 respectively) and related mainly to contracts entered into to hedge foreign exchange risk in respect of sales contracts involving the Group.

8.19 Provisions for risks and charges

The following table provides a breakdown of "Provisions for risks and charges" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Guarantee provision	873	877	881
Other provisions	502	1,700	1,233
Total Provisions for risks and charges	1,375	2,577	2,114

The "Guarantee provision" amounted to Euro 873 thousand as at 31 December 2018 (Euro 877 thousand and Euro 881 thousand as at 31 December 2017 and 1 January 2017 respectively) and related to guarantees given regarding plant sold.

"Other provisions" amounted to Euro 502 thousand as at 31 December 2018 (Euro 1,700 thousand and Euro 1,233 thousand as at 31 December 2017 and 1 January 2017 respectively) and mainly related to provisions for costs considered likely in respect of contract-related actions brought against the Group, as well as other likely future expenditures.

The following table shows movements in provisions for risks and charges during the years ended 31 December 2018 and 31 December 2017.

(Thousands of Euros)	Guarantee provision	Other provisions	Total
Balance as at January 1, 2017	881	1,233	2,114
Net increase	–	1,041	1,041
Decrease	(4)	(574)	(578)
Reclassifications	–	–	–
Balance as at December 31, 2017	877	1,700	2,577
Net increase	–	(1,019)	(1,019)
Decrease	(4)	(317)	(321)
Changes in the scope of consolidations	–	138	138
Reclassifications	–	–	–
Balance as at December 31, 2018	873	502	1,375

8.20 Other current and non-current liabilities

The following table provides a breakdown of "Other current and non-current liabilities" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Advances	31,928	26,484	35,616
Contract liabilities	4,612	5,183	3,956
Tax payables	2,708	1,810	1,392
Payables due to social security institutes	2,938	2,113	1,898
Other payables	7,741	4,965	6,132
Accruals and deferred income	3,747	12,941	40
Total	53,674	53,496	49,034

"Advances" amounted to Euro 31,928 thousand as at 31 December 2018 (Euro 26,484 thousand and Euro 35,616 thousand as at 31 December 2017 and 1 January 2017 respectively) and related to customer payments on account in respect of goods and services not yet transferred.

"Contracts liabilities" includes the liability relating to the Company's obligation to provide services to customers in respect of which the company has received payment or for which payment is due).

"Tax payables" amounted to Euro 2,708 thousand as at 31 December 2018 (Euro 1,810 thousand and Euro 1,392 thousand as at 31 December 2017 and 1 January 2017 respectively) and mainly related to Irpef payables regarding employees, self-employed staff, directors and other staff.

"Payables due to social security institutes" amounted to Euro 2,938 thousand as at 31 December 2018 (Euro 2,113 thousand and Euro 1,898 thousand as at 31 December 2017 and 1 January 2017 respectively) and related to amounts due to Inps, Inail, Previndai, Cometa and Enasarco.

The following table provides a breakdown of "Other payables" as at 31 December 2018, 31 December 2017 and 1 January 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017	As at January 1, 2017
Directors', Statutory Auditors' and contractors' fees	129	170	378
Payables due to employees for wages and provisions	3,966	3,596	2,944
Non-current payables	1,548	–	–
Payables due to professional organizations	–	34	38
Payables for deposits	1,424	234	979
Payables in respect of acquisitions	100	200	–
Other payables	574	731	1,793
Total Other payables	7,741	4,965	6,132

"Non-current payables" as at 31 December 2018 related to the loan from the shareholders of PKS.

"Payables in respect of acquisitions" related to the amount due to the shareholders of Levati, following the acquisition of the company.

"Accruals and deferred income" as at 31 December 2017 comprised revenues relating to partially invoiced orders not relating to the period in question.

9. Notes to the consolidated statement of comprehensive income

9.1 Revenue

The following table provides a breakdown of "Revenue" by operating segment for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Processing & Packaging	198,605	182,049
Sorting	25,154	23,566
Total Revenues	223,759	205,615

The following table provides a breakdown of "Revenue" by product line for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Machinery and production lines	181,951	167,157
After Sales	40,937	37,411
Other revenues	871	1,047
Total Revenues	223,759	205,615

The following table provides a breakdown of "Machinery and production lines" by geographical area for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Italy	28,679	23,576
Overseas	153,272	143,581
Total Revenues from machinery and production lines	181,951	167,157

9.2 Other revenue

"Other revenue" amounted to Euro 2,569 thousand and Euro 3,748 thousand for the years ended 31 December 2018 and 31 December 2017 respectively and related for the main part to the annual share of capital grants and other income.

Capital grants received related to the European contribution to the Life Biocopac project, amounting to Euro 343 thousand, research and development tax credits amounting to Euro 1,067 thousand and other sundry grants totalling Euro 117 thousand.

9.3 Cost of services

The following table provides a breakdown of "Cost of services" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Technical services, maintenance and repair	(30,520)	(36,838)
Commercial services	(14,636)	(15,710)
General and administrative	(19,167)	(12,832)
Operative lease costs	(1,519)	(1,368)
Total Cost of services	**(65,842)**	**(66,748)**

9.4 Cost of raw material, ancillary and goods for resale

The following table provides a breakdown of "Cost of raw material, ancillary and goods for resale" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Raw materials	(101,020)	(92,228)
Changes in inventory, work in progress, semi-finished and finished goods	1,873	8,199
Changes in inventory of raw, ancillary, consumables and goods for resale	1,375	(768)
Total Cost of raw material, ancillary and goods for resale	**(97,772)**	**(84,797)**

9.5 Personnel costs

The following table provides a breakdown of "Personnel costs" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Wages and salaries	(32,933)	(26,280)
Social security contributions	(9,822)	(7,602)
Other personnel costs	(1,647)	(1,809)
Total Personnel costs	**(44,402)**	**(34,643)**

The following table shows the average number of Group's employees by category for the years ended 31 December 2018 and 31 December 2017:

Category	Number as at December 31,		Average number for the year ended December 31,	
	2018	2017	2018	2017
Managers	33	33	33	33
Office workers	507	365	474	335
Production workers	285	181	278	172
Total	**825**	**579**	**785**	**540**

During 2018, the Group adopted the "CFT S.p.A Stock Grant Plan" (hereafter, the "**Plan**"), a multi-year incentive plan involving the Company's ordinary shares. The Plan provides for the granting to beneficiaries of the right to receive CFT S.p.A. ordinary shares (up to a maximum of 5% of the number of post-merger shares) free of charge, on achieving certain pre-determined measurable performance objectives, by the date the financial statements

for the year ended 31 December 2022 are approved. The Plan is restricted to the Company's executive directors and key management personnel.

In accordance with IFRS 2, the assigned options were measured at fair value at the time of their assignation (3 August 2018). Such measurement, which was determined using a Monte Carlo simulation model based on the performance components included in the Plan, was carried out by an independent external expert. The fair value so calculated, amounting to Euro 1,430 thousand, was recognised in the income statement based on a vesting period with expiry in 2022. Such estimate resulted in Euro 134 thousand being recognised in Personnel costs in 2018, with the corresponding entry being recognised in Equity.

As at 31 December 2018, none of the options had been exercised.

9.6 Other operating costs

The following table provides a breakdown of "Other operating costs" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Company canteen	(425)	(270)
Membership fees	(208)	(150)
Property tax and other taxes	(429)	(332)
Penalties and charges	(291)	(84)
Losses and underaccruals	(624)	(733)
Other operating expenses	(221)	(422)
Total Other operating costs	(2,198)	(1,991)

9.7 Depreciation and amortization of Tangibles and Intangibles Asset

The following table provides a breakdown of "Depreciation and amortization" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Amortization of intangible assets	(4,284)	(3,799)
Amortization of property, plant and equipment	(1,876)	(1,356)
Amortization of right of use asset	(2,422)	(1,588)
Total Depreciation and amortization of Tangibles and Intangibles Asset	(8,582)	(6,743)

9.8 Impairment of financial assets and other net provisions

The following table provides a breakdown of "Impairment of financial assets and other net provisions" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Provisions for risks and charges	1,019	(1,041)
Allowance for doubtful receivables	(800)	(832)
Total Impairment of financial assets and other net provisions	219	(1,873)

Detailed breakdowns of the composition of and movements in "Provisions for risks and charges" and the "Allowance for doubtful receivables" for the years ended 31 December 2018 and 31 December 2017 are included in Note 8.20 – "Provision for risks and charges" and Note 8.8 – "Trade receivables".

9.9 Financial management

The following table provides a breakdown of the results of financial management for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Other financial income	183	10
Total Financial income	183	10
Interest expenses and other financial expenses	(1,718)	(1,240)
Total Financial expenses	(1,718)	(1,240)
Total Profit / (loss) from foreign exchange	(1,414)	369
Total Financial management	(2,949)	(861)

"Interest expense and other financial expenses" for the main part related to medium and long-term bank borrowing and in part to short-term bank loans at market rates. The item also included bank costs and, to a lesser extent, employee benefit-related finance expenses and discounting costs resulting from the measurement of defined benefit plans in accordance with IAS 19.

Exchange rate gains/(losses) related to the Group's overseas non-Euro denominated sales operations.

9.10 Profit / (loss) from investments accounted for using the equity method

"Profit / (loss) from investments accounted for using the equity method" amounted to Euro 80 thousand and Euro 41 thousand in the years ended 31 December 2018 and 31 December 2017 respectively.
See Note 8.4– "Investments accounted for using the equity method" for a breakdown of investments accounted for using the equity method.

9.11 Income taxes

The following table provides a breakdown of "Income taxes" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Taxes for the period	(3,129)	(4,354)
Prior year taxes	—	(541)
Net deferred tax assets and liabilities	1,442	674
Total Income taxes	(1,687)	(4,221)

The following table shows the reconciliation between the theoretical tax charge and the reported tax expense for the period:

	For the year ended December 31,	
(Thousands of Euros)	2018	%
Profit before taxes	4,882	
Theoretical IRES	(1,172)	24.0 %
IRAP	(539)	
Other adjustments	24	
Total Income tax	(1,687)	34.6 %

9.12 Earnings per share

	2018	2017
Profit for the year attributable to equity holder of the Parent	957	5,486
Weighted average of number of outstanding shares	13,285,985	9,843,750
Earnings per share (in Euro)	0.07	0.56

Weighted average of number of outstanding shares	2018	2017
CFT Shares from 01/01/2018 to 30/07/2018	7,500,000	7,500,000
Exchange rate	1.313	1.313
Number of company own shares from 30/07/2018 to 31/12/2018	(868,065)	-
Number of Glenalta shares from 30/07/2018 to 09/08/2018	18,291,626	-
Number of Glenalta shares from 09/08/2018 to 31/12/2018	17,958,296	-
Weighted average of number of outstanding shares	13,285,985	9,843,750

Diluted earnings per share is equal to basic earnings per share as no financial instruments having potential dilutive effects had been issued.
The calculation above may appear distorted as a result of the aforementioned Significant Transaction executed by the Group during 2018 and the resulting trend in the number of shares following the listing process.
Earnings per share, as reported below for information purposes, is calculated based on the shares in circulation at the end of the reporting period, as it is the holders of such share capital that benefit from the results generated by CFT Group during the year.

	2018 Pro-forma adjusted (number of shares at the end of the period)
Profit for the year (Thousands of Euro)	2,998
Number of shares	18,158,292
Earnings per share (in Euro)	0.17

10. Related party transactions

Details of related party transactions are provided below. The companies mentioned are considered to be related parties because they are directly or indirectly related to the shareholders of the Group.

The following table shows Group receivables and payables due from/to related parties:

(Thousands of Euros)		As at December 31, 2018		As at December 31, 2017	
	Nature of the transaction	Receivables	Payables	Receivables	Payables
Companies under common control:					
Newco Immobiliare 1 S.r.l.	Commercial	3	–	–	–
Newco Immobiliare 4 S.r.l.	Commercial	–	53	–	–
Alfa Immobiliare S.r.l.	Commercial	–	52	–	–
RAL Immobiliare S.r.l.	Commercial	–	81	–	–
Total		3	186	–	–
Subsidiaries					
Minority shareholders PKS	Financial	–	1,500		
Total			1,550		
Associates					
CFT ASIA	Commercial	655	66	–	–
Gemini	Commercial	155	–	–	–
Gemini	Financial	300	–	–	–
DNA Phone	Commercial	–	10	–	–
Total		1,100	76	–	–
Total related parties		813	1,762	–	–

The following table shows details of Group transactions with related parties:

(Thousands of Euros)		For the year ended December 31, 2018		For the year ended December 31, 2017	
	Nature of the transaction	Costs	Revenues	Costs	Revenues
Companies under common control:					
Newco Immobiliare 1 S.r.l.	Commercial	–	3	–	–
Newco Immobiliare 3 S.r.l.	Commercial	31	–	–	–
Newco Immobiliare 4 S.r.l.	Commercial	217	–	–	–
Alfa Immobiliare S.r.l.	Commercial	480	44	–	–
RAL Immobiliare S.r.l.	Commercial	164	–	–	–
Total		892	47	–	–
Associates					
CFT ASIA	Commercial	186	645	–	–
DNA Phone	Commercial	28	–	–	–
Total		214	645	–	–
Total related parties		1,106	692	–	–

11. Commitments and risks

Guarantees granted in favour of third parties

It is noted that as at 31 December 2018, the Group had granted guarantees amounting to Euro 13,663 thousand, from credit institutions in respect of trading commitments.

Contingent liabilities

Management is not aware of any disputes or legal actions that could reasonably have significant repercussions on the Group's operating results, financial position or cash flows.

12. Compensation due to directors, statutory auditors and key management personnel

Compensation due to directors, statutory auditors and key management personnel for the years ended 31 December 2018 and 31 December 2017 amounted to Euro 2,290 thousand and Euro 1,086 thousand respectively.
Total compensation due to key management personnel for the years ended 31 December 2018 and 31 December 2017, amounted to Euro 1,265 thousand and Euro 1,206 thousand respectively.

No loans or advances were granted to directors or shareholders during the year.

13. Fees due to independent auditors

Fees due to independent auditors for the years ended 31 December 2018 and 31 December 2017 amounted to Euro 255[7] thousand and Euro 99 thousand respectively.

14. Significant events occurring after the reporting period

Up to the date of preparing this report, there have been no significant events after the reporting period.

[7] The amount includes Euro 100 thousand relating to other services

15. First-time adoption of EU-IFRS

Criteria followed for the transition from Italian GAAP to EU-IFRS

The Group consolidated financial statements have been prepared for the first time in accordance with EU-IFRS as at 31 December 2018. Accordingly, in line with IFRS 1, the date of first-time adoption of EU-IFRS (the "**Transition Date**") is, therefore, 1 January 2017. The following paragraphs describe the procedures followed to make the transition from Italian GAAP to EU-IFRS for the purposes of preparing the Consolidated Financial Statements (hereafter, the "**Transition Process**").

General principles

As described below, other than where prohibited and in the case of certain permitted exemptions, the Group has applied EU-IFRS retrospectively to all accounting periods closed prior to the Transition Date in accordance with IFRS 1. Specifically, the accounting standards referred to are those described in Note 2.4 above "Accounting Policies and Measurement Criteria".

The financial position as at 1 January 2017 presents the following differences with respect to the Group's Consolidated Financial Statements as at 31 December 2017, prepared under Italian GAAP:

- assets and liabilities for which recognition is required by EU-IFRS, including those not provided for under Italian GAAP, have been recognised and measured;
- assets and liabilities for which recognition is required by Italian GAAP but not by EU-IFRS, are not recognised; and
- certain items have been reclassified in accordance with EU-IFRS.

At the Transition Date, the effect of adjusting CFT Group's opening asset and liability balances to the new standards is recognised in the "Reserve for first-time adoption of EU-IFRS" in the Consolidated Statement of Financial Position, considering the related tax effects (see also Note 2.4 above "Accounting Policies and Measurement Criteria" regarding recognition of deferred tax assets).

Presentation of the financial statements

For details regarding the presentation of the financial statements, see Note 2.3 "General principles applied".

Mandatory exceptions to the retrospective application of EU-IFRS

As and to the extent applicable to Group activities, in accordance with IFRS 1, mandatory exceptions to the retrospective application of EU-IFRS have been respected during the Transition Process.

The estimates made at the Transition Date to EU-IFRS and at the subsequent balance sheet dates are compliant with the estimates made at the same date under Italian GAAP (after the required adjustments made in order to reflect any differences in accounting standards).

Permitted exceptions to the retrospective application of EU-IFRS

a) Employee benefits

As permitted by IFRS 1, on first time recognition of employee benefits under EU-IFRS, the Group has elected to recognise cumulative actuarial gains and losses as at the Transition Date in the "Reserve for first-time adoption of EU-IFRS".

b) Lease contracts

The Group has determined whether a contract contains a lease, by applying paragraphs 9-11 of IFRS 16 to the facts and circumstances existing at the Transition Date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In the context of the transition to adoption of IFRS 16, and in line with the transition arrangements set out therein, the Group has elected:

a) to recognise a lease liability at the Transition Date at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application of EU-IFRS (IFRS 16, App. C, para. C8);
b) to recognise a right-of-use asset at the Transition Date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the Transition Date (IFRS 16, App. C, para. C8);
c) not to make any adjustments on transition for leases for which the underlying asset is of low value (IFRS 16, App. C, para. C9);
d) to account for those leases for which the lease term ends within 12 months of the Transition Date as short-term leases, include the cost associated with those leases in the annual reporting period that includes the Transition Date (IFRS 16, App. C, para. C10);
e) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment (IFRS 16, App. C, para. C10);

f) to measure the right-of-use asset and the lease liability at the Transition Date at the carrying amount of the lease asset and lease liability immediately before that date, measured applying IAS 17 (IFRS 16, App. C, para. C11).

c) Business combinations

The Group has not retrospectively applied the provisions of IFRS 3 to business combinations that took place prior to the Transition Date. Accordingly, there has been no change to the method of accounting for business combinations that took place prior to 1 January 2017.

The Group has not made use of other exceptions permitted by IFRS 1 as: i) they relate to matters for which Italian GAAP is aligned with EU-IFRS; ii) the Group has opted for retrospective application; or iii) they are not applicable to the Group.

Accounting treatments chosen from those permitted by EU-IFRS

EU-IFRS permit certain accounting options. The Group has chosen to adopt the following accounting treatments:

- Measurement of inventories: in accordance with IAS 2, the cost of inventories, shall be determined by using the first-in, first-out (FIFO) or c The Group has opted to use the weighted average cost formula.
- Measurement of property, plant and equipment, intangible assets and right of use assets: subsequent to initial recognition at cost, IAS 16 - Property, plant and equipment, IAS 38 – Intangible assets and IFRS 16 – Leases provide that property, plant and equipment, intangible assets and right of use assets may be stated cost less at any accumulated depreciation and accumulated impairment losses or revalued periodically to market value (using the revaluation model). The Group has opted to continue to use the cost model to measure property, plant and equipment, intangible assets and right of use assets.

Significant Effects of the Transition

The following tables provide details of the reclassifications and adjustments involved in the transition to EU-IFRS:
- on the Group’s consolidated statement of financial position as at the Transition Date and as at 31 December 2017;
- on the Group’s consolidated statement of comprehensive income for the year ended 31 December 2017; and
- on the Group’s consolidated equity as at the Transition Date and as at 31 December 2017.

EFFECTS OF THE TRANSITION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT THE TRANSITION DATE

(Thousands of Euros)	As at 1 January 2017 ITA-GAAP	Note	Reclassifications	Adjustments	As at 1 January 2017 EU-IFRS
ASSETS					
Non-current assets					
Right of use assets	-	(e) (g)	15,440	1,968	17,408
Property, plant and equipment	36,063	(g)	(15,440)	-	20,623
Intangible assets	12,199	(a) (b)	-	(829)	11,370
Investments accounted for using the equity method	354		-	-	354
Deferred tax assets	4,193	(a) (d)	(2,520)	81	1,754
Non-current financial assets	1,111		-	-	1,111
Other non-current assets	685		-	-	685
Total non-current assets	54,605		(2,520)	1,220	53,305
Current assets:					
Inventory	65,761		-	-	65,761
Trade and other receivables	29,623		-	-	29,622
Income tax receivables	-		-	-	-
Cash and cash equivalents	12,991		-	-	12,991
Current financial assets	325		-	-	325
Other current assets	7,640	(e)	-	107	7,747
Total current assets	116,340		-	107	116,446
TOTAL ASSETS	170,945		(2,520)	1,327	169,751
EQUITY					
Share capital	7,500		-	-	7,500
Statutory reserve	151		-	-	151
Share premium reserve	-		-	-	-
Other reserves	9,628	(a) (b) (d) (f)	-	(3,832)	5,796
Retained earnings	843		-	-	843
Equity attributable to equity holders of the Parent	18,122		-	(3,832)	14,290
Non-controlling interests	3,356		-	-	3,356
TOTAL EQUITY	21,478		-	(3,832)	17,646
Non-current liabilities					
Non-current bank borrowings	13,977		-	-	13,977
Non-current lease liabilities	8,458	(e)	-	1,299	9,757
Non-current put option liabilities	-	(f)	-	2,781	2,781
Employee defined benefit liabilities	3,701	(d)	-	303	4,004
Deferred tax liabilities	2,520	(i)	(2,520)	-	-
Non-current trade payables	-		-	-	-
Provisions for risks and charges	6,716	(j) (i)	(4,602)	-	2,114
Total non-current liabilities	35,372		(7,122)	4,383	32,633
Current liabilities:					
Current bank borrowings	9,442		-	-	9,442
Current lease liabilities	871	(e)	-	776	1,647
Income tax payables	1,858		-	-	1,858
Derivative financial instruments	-	(i)	646	-	646
Current trade payables	56,844		-	-	56,844
Other current liabilities	45,080	(j)	3,956	-	49,035
Total current liabilities	114,095		4,602	776	119,472
TOTAL EQUITY AND LIABILITIES	170,945		(2,520)	1,327	169,751

EFFECTS OF THE TRANSITION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Thousands of Euros)	As at December 31, 2017 ITA-GAAP	Note	Reclassifications	Adjustments	As at December 31, 2017 EU-IFRS
ASSETS					
Non-current assets					
Right of use assets	-	(g) (e)	8,111	5,780	13,891
Property, plant and equipment	34,587	(g)	(8,111)	-	26,476
Intangible assets	12,312	(a) (b) (c)	-	(85)	12,397
Investments accounted for using the equity method	62		-	-	62
Deferred tax assets	4,741	(b) (e) (d) (h)	(2,395)	82	2,428
Non-current financial assets	1,121	(c)	-	(75)	1,046
Other non-current assets	57		-	-	57
Total non-current assets	52,880		(2,395)	5,872	56,357
Current assets:					
Inventory	74,392	(c)	-	42	74,434
Trade and other receivables	47,089		-	-	47,089
Income tax receivables	106	(c)	-	11	117
Cash and cash equivalents	15,782	(c)	-	91	15,873
Current financial assets	889		-	-	889
Other current assets	6,694	(c) (e)	-	(5)	6,869
Total current assets	145,132		-	139	145,271
TOTAL ASSETS	198,012		(2,395)	6,011	201,628
EQUITY					
Share capital	7,500		-	-	7,500
Statutory reserve	388		-	-	388
Share premium reserve	-		-	-	-
Other reserves	10,351	(a) (c) (f) (e) (d)	-	(3,806)	6,157
Retained earnings	(612)	(a) (b) (c) (f) (d) (e)	-	460	(152)
Equity attributable to equity holders of the Parent	17,239		-	(3,346)	13,893
Non-controlling interests	3,861	(a)	-	92	3,953
TOTAL EQUITY	21,100		-	(3,254)	17,846
Non-current liabilities					
Non-current bank borrowings	27,620		-	-	27,620
Non-current lease liabilities	4,013	(e)	-	4,522	8,535
Non-current put option liabilities	-	(f)	-	2,814	2,814
Employee defined benefit liabilities	3,411	(d)	-	305	3,716
Deferred tax liabilities	2,102	(a) (h)	(2,395)	293	-
Non-current trade payables	1,701	(c)	-	59	1,760
Provisions for risks and charges	10,173	(j) (i)	(5,494)	-	2,577
Total non-current liabilities	46,918		(7,889)	7,993	47,022
Current liabilities:					
Current bank borrowings	18,793		-	-	18,793
Current lease liabilities	500	(e)	-	1,461	1,961
Income tax payables	-		-	-	-
Derivative financial instruments	-	(i)	311	-	311
Current trade payables	62,368	(c) (e)	-	(169)	62,199
Other current liabilities	48,333	(j) (e)	5,183	(20)	53,496
Total current liabilities	129,994		5,494	1,272	136,760
TOTAL EQUITY AND LIABILITIES	198,012		(2,295)	6,011	201,628

EFFECTS OF THE TRANSITION ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated statement of Profit or Loss

(Thousands of Euros)	For the year ended December 31, 2017 ITA-GAAP	Note	Reclassifications	Adjustments	For the year ended December 31, 2017 EU-IFRS
Revenue	206,836	(k)	(1,221)	-	205,615
Other revenue	6,742	(m) (k)	(2,994)	-	3,748
Total revenue	**213,578**		**(4,215)**	**-**	**209,363**
Cost of services	(69,905)	(m) (l) (b) (c) (e)	2,238	919	(66,748)
Cost of raw material, ancillary and goods for resale	(84,855)	(c) (k)	59	(1)	(84,797)
Personnel costs	(35,191)	(m) (l) (d)	483	65	(34,643)
Other operating costs	(1,989)	(c)	-	(2)	(1,991)
Depreciation and amortization	(6,414)	(a) (b) (c) (e)	-	(329)	(6,743)
Depreciation of financial assets	(832)		-	-	(832)
Other net provisions	(2,476)	(n) (k)	1,435	-	(1,041)
Operating profit	**11,916**		**-**	**652**	**12,568**
Financial income	10		-	-	10
Financial expenses	(1,124)	(f) (e) (d)	-	(116)	(1,240)
Profit / (loss) from investments accounted for using the equity method	41		-	-	41
Profit / (loss) from foreign exchange	369				369
Profit before taxes	**11,212**		**-**	**536**	**11,748**
Income taxes	(4,146)	(a) (b) (e) (d)	-	(75)	(4,221)
Profit for the year	**7,066**		**-**	**461**	**7,527**
Profit for the year attributable to non-controlling interests	2,054	(a)	-	(13)	2,041
Profit for the year attributable to equity holders of the Parent	**5,012**		**-**	**474**	**5,486**

Consolidated statement of comprehensive income

(Thousands of Euros)	For the year ended December 31, 2017 ITA-GAAP	Note	Reclassifications	Adjustments	For the year ended December 31, 2017 EU-IFRS
Profit for the year	**7,066**		**-**	**461**	**7,527**
Actuarial gains / (losses) on post-employment benefit obligations	-	(d)	-	(19)	(19)
Tax effect	-	(d)	-	5	5
Net other comprehensive income not being reclassified to profit or loss in subsequent year	**-**		**-**	**(14)**	**(14)**
Exchange rate gains / (losses) on the translation of foreign currency financial statements	(335)		-	-	(335)
Net other comprehensive income to be reclassified to profit or loss in subsequent year	**(335)**		**-**	**-**	**(335)**
Total comprehensive income	**6,731**		**-**	**447**	**7,178**
Total comprehensive income attributable to non-controlling interest	2,054	(a)	-	(13)	2,041
Total comprehensive income attributable to the equity holders of the Parent	**4,677**		**-**	**460**	**5,137**

The following table provides a reconciliation of consolidated shareholders' equity attributable to owners of the parent under Italian GAAP and under EU-IFRS, as at the Transition Date and as at 31 December 2017.

(Thousands of Euros)	As at the transition date	As at December 31, 2017
Total equity ITA-GAAP	21,478	21,100
(a) Business combinations and different accounting treatment of goodwill	(799)	(194)
(b) Elimination of start-up and expansion costs	(22)	(16)
(c) Determination of the scope of consolidation	-	17
(d) Evaluation of put options	(2,781)	(2,814)
(e) Adoption of IFRS 16 with reference to lease contracts	-	(15)
(f) Actuarial valuation of employee benefit provision	(230)	(232)
Total equity EU-IFRS	17,646	17,846

The following table provides a reconciliation of total comprehensive income attributable to the owners of the parent for the year ended 31 December 2017 under Italian GAAP and under EU-IFRS:

(Thousands of Euros)	As at December 31, 2017
Profit for the year ITA-GAAP	5,012
(a) Business combinations and different accounting treatment of goodwill	513
(b) Elimination of start-up and expansion costs	6
(c) Determination of the scope of consolidation	(8)
(d) Evaluation of put options	(33)
(e) Adoption of IFRS 16 with reference to lease contracts	(16)
(f) Actuarial valuation of employee benefit provision	(12)
Profit for the year EU-IFRS	5,486

Explanatory notes on the effects of the transition to EU-IFRS

(a) Business combinations and different accounting treatment of goodwill

As noted above, use of the exemption permitted under IFRS 1 regarding business combinations that took place prior to the date of first-time application of EU-IFRS (1 January 2017) resulted in goodwill being retained at its final book value, as calculated in accordance with the previously adopted accounting standards. In accordance with IFRS 3, goodwill is not subject to systematic amortization but, rather, is tested for impairment, with the objective of determining its recoverable amount, in accordance with IAS 36. The outcome of such impairment tests resulted in equity being adjusted downwards as at 1 January 2017, by Euro 799 thousand. Moreover, as explained in Note 2.4, under EU-IFRS, goodwill is not amortised, but rather is tested for impairment annually or more frequently. Accordingly, with effect from the Transition Date, the Group no longer amortises goodwill.

During the year ended 31 December 2017, the Group acquired control of Techn'Agro and Levati respectively. In adopting EU-IFRS for the first time, it has been necessary to allocate the purchase price to the net assets acquired in accordance with the approach described in Note 7 "Business combinations". As a result:

- as at 31 December 2017: (i) "Intangible assets" has been increased by Euro 714 thousand; (ii) goodwill has been reduced by Euro 467 thousand; and (iii) and "Deferred tax liabilities" has been increased by Euro 199 thousand; and
- in the income statement for the year ended 31 December 2017: (i) "Depreciation and amortization" has been increased by Euro 79 thousand; and (ii) "Income tax expense" decreased by Euro 22 thousand.

(b) Elimination of intangible assets that may not be capitalised

This adjustment relates to the elimination of the carrying values (as calculated in accordance with Italian GAAP) of intangible assets that may not be capitalised under EU-IFRS. Specifically, the effects of the adjustment are as follows:

- at the Transition Date, elimination of "Intangible assets" amounting to Euro 30 thousand and recognition of Deferred tax assets" amounting to Euro 8 thousand;
- as at 31 December 2017, elimination of "Intangible assets" amounting to Euro 21thousand and recognition of Deferred tax assets" amounting to Euro 5 thousand; and
- during the year ended 31 December 2017, recognition of increased "Cost of services" amounting to Euro 1 thousand, recognition of lower "Depreciation and amortization" of Euro 10 thousand and higher "Income tax expense" of Euro 3 thousand.

(c) Basis of consolidation

Italian GAAP permits that "when the financial statements of a controlled entity are immaterial in terms of providing a true and fair representation of the financial position and results of the Group, they may be excluded from the consolidation"; at the Transition Date and during the year ended 31 December 2017, the subsidiaries CFT Elettrica and Raynext were both considered to be immaterial and were accordingly excluded from the Group consolidation. EU-IFRS, however, does not permit the exclusion of subsidiaries from the consolidation and, therefore, with effect from the Transition Date, the aforementioned entities have been included in the consolidation.

(d) *Actuarial valuation of Employee benefit plan*

Under Italian GAAP, the liability for the severance indemnity due to employees ("TFR") is calculated in accordance with relevant legislation, specifically Article 2120 of the Italian Civil Code and labour contracts. Under EU-IFRS, TFR earned up to 31 December 2006 is considered a defined benefit plan and must therefore be measured based on statistical and demographic assumptions and actuarial calculations. Following the significant changes to the TFR regulations in 2006, TFR earned since 1 January 2007 is considered a defined contribution plan.

Specifically, the application of EU-IFRS has resulted in:

- at the Transition Date, an increase in "Employee benefit liabilities" of Euro 303 thousand and an increase in "Deferred tax assets" of Euro 73 thousand;
- as at 31 December 2017, an increase in "Employee benefit liabilities" of Euro 305 thousand and an increase in "Deferred tax assets" of Euro 73 thousand;
- in the income statement for the year ended 31 December 2017, a reduction in "Personnel expenses" of Euro 65 thousand, an increase in "Finance expense" of Euro 49 thousand, an increase in "Income tax expense" of Euro 4 thousand and recognition of an "Actuarial loss on defined benefit plans" of Euro 19 thousand, net of tax impacts of Euro 5 thousand.

(e) Application of IFRS 16 to lease contracts

In the consolidated financial statements prepared in accordance with Italian GAAP, lease and rental charges relating to operating leases were charged to the income statement on an accruals basis.

IFRS 16 eliminates the distinction between an operating lease and a finance lease in the financial statements of lessees. Accordingly, the Group has recognised right of use assets within assets, representing the lessee's right to use the underlying assets covered by lease contracts, and lease liabilities within liabilities, reflecting future lease payments provided for in the contracts. The principal portion of lease payments reduce the aforementioned lease liabilities and the interest portion of lease payments are charged to the income statement on an accruals basis.

Reference is made to the paragraph on "Permitted exceptions to the retrospective application of EU-IFRS" above for a more analytical description of the approach applied to accounting for lease and rental contracts and the permitted exceptions adopted by the Group.

The following table shows the impact of the above:

(Thousands of Euros)	As at January 1, 2017	As at December 31, 2017
Right of use asset	1,968	5,780
Other current assets	107	(6)
Non-current lease liabilities	1,299	4,522
Deferred tax assets	-	4
Current lease liabilities	776	1,461
Trade payables	-	(170)
Total equity	-	(15)
Profit for the year	-	(16)

(f) Measurement of put options

The contract for the acquisition of Rolec Prozess - und Brautechnik GmbH ("**Rolec**") guarantees minority shareholders the right to sell their shares for a contractually determined consideration. In accordance with EU-IFRS, a liability has been recognised in relation to the potential exercise of the put option, together with a reduction in group equity.

Specifically, the application of EU-IFRS has led to:

- at the Transition Date, a decrease in "Equity attributable to equity holders of the Parent" of Euro 2,781 thousand and an increase in "Non-current put option liabilities" of Euro 2,781 thousand;
- as at 31 December 2017, a decrease in "Equity attributable to equity holders of the Parent" of Euro 2,814 thousand and an increase in "Non-current put option liabilities" of Euro 2,814 thousand;
- in the statement of comprehensive income for the year ended 31 December 2017, an increase in "Financial expenses" of Euro 33 thousand.

Main reclassifications

The adoption of EU-IFRS has required certain reclassifications that have had no effect on either the consolidated result for the year or consolidated equity. The following points provide brief descriptions of the main reclassifications made to the consolidated statement of financial position at the Transition Date and as at 31 December 2017 and to the consolidated statement of comprehensive income for the year ended 31 December 2017.

Consolidated statement of financial position

(g) Finance lease contracts

In the consolidated financial statements prepared in accordance with Italian GAAP, finance lease contracts were accounted for using the financial method, in accordance with which, on entering into a lease contract, an asset was recognised in tangible fixed assets, with the corresponding entry being the payable due to the leasing company. Subsequent depreciation was then also recognised. The principal portion of lease payments reduced the aforementioned lease liabilities and the interest portion of lease payments was charged to the income statement on an accruals basis.

The Group has now applied IFRS 16 to those finance lease contracts that were previously accounted for in accordance with IAS 17 in the consolidated financial statements prepared under Italian GAAP. The carrying value at the Transition Date of the right to use assets and lease liabilities covered by the contracts in question was the book value of the leased assets and lease liabilities measured immediately prior to that date in accordance with IAS 17.

The assets, representing the right to use the leased assets, previously classified under "Property, plant and equipment" in the consolidated financial statements prepared under Italian GAAP, have been reclassified to "Right of use assets" in accordance with EU-IFRS. The balances so reclassified amounted to Euro 15,440 as at 1 January 2017 and Euro 8,111 as at 31 December 2017.

(h) Deferred tax assets and liabilities

In accordance with EU-IFRS, deferred tax assets and liabilities are presented as the net balance of "Deferred tax assets" and "Deferred tax liabilities" if there exists a legal right of offset and they relate to the same taxation authority. Accordingly:

- at the Transition Date, "Deferred tax assets" and "Deferred tax liabilities" have both been reduced by Euro 2,520 thousand;
- as at 31 December 2017, "Deferred tax assets" and "Deferred tax liabilities" have both been reduced by Euro 2,395 thousand.

(i) Fair value of derivative financial instruments

Under Italian GAAP, the negative fair value of foreign exchange derivatives in place at the Transition Date was recorded in "Provisions for risks and charges". EU-IFRS on the other hand require that the negative fair value of such financial instruments be reported as financial liabilities. Accordingly, at the Transition Date and as at 31 December 2017, amounts of Euro 646 thousand and Euro 311 thousand respectively, representing the negative fair value of such financial instruments, have been reclassified from "Provisions for risks and charges" to "Derivative financial instruments liabilities".

(j) Liabilities from contracts with customers

IFRS 15 requires that a contract liability be recognised in respect of advance payments made by customers in the case in which the performance obligation has not been satisfied or has been satisfied only partially with respect to the payments on account received. Accordingly, such contract liabilities, amounting to Euro 3,956 thousand and Euro 5,183 thousand as at 1 January 2017 and 31 December 2017 respectively, have been reclassified from "Provisions for risks and charges" to "Other current liabilities".

Consolidated statement of comprehensive income

(k) Release of provisions for risks and charges

Under Italian GAAP, releases from "Provisions for risks and charges" were accounted for in "Other revenue". As a result of adopting EU-IFRS, however, such releases are now recognised in the same item of the statement of comprehensive income against which the provision had originally been made; accordingly, in the statement of comprehensive income for the year ended 31 December 2017, "Other revenue" has been reduced by

Euro 273 thousand, corresponding to the release previously recorded in "Provisions for risks and charges", together with a reduction of a similar amount in "Depreciation and amortization".

(l) Remuneration

Directors' remuneration, which under Italian GAAP was classified under "Cost of services", has been reclassified to "Personnel costs" in the income statement prepared in accordance with EU-IFRS.

(m) In-house generated increases in non-current assets

In-house generated increases in non-current assets, which under Italian GAAP were classified under "Other revenue", have been reclassified to "Personnel costs" in the income statement prepared in accordance with EU-IFRS.

(n) Liabilities from contracts with customers

As noted above, a contract liability is recognised in respect of advance payments made by customers in the case in which the performance obligation has not been satisfied or has been satisfied only partially with respect to the payments on account received. Such amounts are recognised as revenue when the Group delivers the contracted service. Accordingly, an amount of Euro 1,221 thousand has been reclassified from "Provisions for risks and charges" to "Revenue from contracts with customers".

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Financial Position

(In Euro)	Note	As at December 31,	
		2018	2017
ASSETS			
Non-current assets:			
Right of use assets	6.1	7,485,511	-
Property, plant and equipment	6.2	5,050,257	-
Intangible assets	6.3	6,694,742	-
Investments accounted for using the equity method	6.4	54,649,675	-
Deferred tax assets	6.5	4,334,010	-
Non-current financial assets	6.6	5,653,167	-
Total non-current assets		**83,867,362**	**-**
Current assets:			-
Inventory	6.7	62,806,803	-
Derivative financial instruments	6.8	96,789	
Trade and other receivables	6.9	36,962,826	-
Income tax receivables	6.10	3,055,635	-
Cash and cash equivalents	6.11	23,125,282	99,154,675
Other current assets	6.12	6,583,465	252,898
Total current assets		**132,630,800**	**99,407,573**
TOTAL ASSETS		**216,498,162**	**99,407,573**
EQUITY			
Share capital	6.13	98,300,000	11,800,000
Statutory reserve	6.13	71,214	-
Share premium reserve	6.13	(8,300,000)	88,200,000
Other reserves	6.13	(14,673,773)	(1,012,630)
Retained earnings	6.13	2,806,702	304,258
TOTAL EQUITY		**78,204,143**	**99,291,628**
Non-current liabilities			
Non-current bank borrowings	6.14	39,168,991	-
Non-current lease liabilities	6.1	5,921,739	-
Employee defined benefit payables	6.15	2,883,938	-
Provisions for risks and charges	6.16	1,583,274	-
Total non-current liabilities		**49,557,942**	**-**
Current liabilities:			
Current bank borrowings	6.14	189,398	-
Current lease liabilities	6.1	2,203,580	-
Derivative financial instruments	6.8	72,126	-
Current trade payables	6.16	60,006,472	109,859
Other current liabilities	6.18	26,264,501	6,086
Total current liabilities		**88,736,077**	**115,945**
TOTAL EQUITY AND LIABILITIES		**216,498,162**	**99,407,573**

Statement of Profit or Loss

(In Euro)	Note	For the year ended December 31,	
		2018	2017
Revenue	7.1	55,044,300	-
Other revenue	7.2	836,505	-
Total revenue		**55,880,805**	**-**
Cost of services	7.3	(18,969,152)	(315,505)
Cost of raw material, ancillary and goods for resale	7.4	(25,940,259)	(128)
Personnel costs	7.5	(10,430,891)	(4,701)
Other operating costs	7.6	(602,959)	(7,316)
Depreciation and amortization of property, plant and equipment and intangible assets	7.7	(2,632,479)	-
Depreciation of financial assets	7.8	(361,098)	-
Other net provisions	7.8	50,513	-
Operating profit		**(3,005,520)**	**(327,650)**
Financial income	7.9	747,893	631,908
Financial expenses	7.9	(916,515)	-
Profit / (loss) from investments accounted for using the equity method	7.10	2,759,866	-
Profit / (loss) from foreign exchange	7.9	(292,153)	-
Profit before tax		**(706,429)**	**304,258**
Income taxes	7.11	2,302,735	-
Profit for the year		**1,596,306**	**304,258**

Statement of Comprehensive Income

(In Euro)	Note	For the year ended December 31,	
		2018	2017
Profit for the year		**1,596,306**	**304,258**
Actuarial gains / (losses) on post-employment benefit obligations	6.15	106,540	-
Tax effect	6.16	(25,570)	-
Net other comprehensive income not being reclas sified to profit or loss in subsequent year		80,970	-
Total comprehensive income		**1,677,276**	**304,258**

Statement of Changes in Equity

(In Euro)	Share capital	Statutory reserve	Share premium reserve	*Own shares reserve*	*IPO costs reserve*	*Other*	Total Other reserves	Retained earnings	Total Equity
Balance as at 22 May 2017	-	-	-	-	-	-	-	-	-
Capital increase	11,800,000	-	88,200,000	-	-	-	-	-	100,000,000
Net profit for the period	-	-	-	-	-	-	-	304,258	304,258
Glenalta IPO's costs	-	-	-	-	*(1,012,630)*	-	(1,012,630)	-	(1,012,630)
Balance as at 31 December 2017	**11,800,000**	**-**	**88,200,000**	-	*(1,012,630)*	-	**(1,012,630)**	**304,258**	**99,291,628**
Net profit for the period	-	-	-	-	-	-	-	1,596,306	1,596,306
Actuarial gains on post-employment benefit obligations	-	-	-	-	-	-	-	80,970	80,970
Total comprehensive income	**-**	**-**	**-**	-	-	-	**-**	**1,677,276**	**1,677,276**
Transactions with shareholders:									
Purchase of own shares	-	-	-	*(8,680,650)*	-	-	(8,680,650)	-	(8,680,650)
Pre-merger equity investment in CFT	-	-	(10,000,000)	-	-	-	-	-	(10,000,000)
CFT Contribution	-	-	-	-	*(2,386,778)*	*(929,631)*	(3,316,409)	872,729	(2,443,680)
Other movements									
Glenalta IPO's costs	-	-	-	-	*(910,897)*	-	(910,897)	-	(910,897)
CFT IPO's costs	-	-	-	-	*(866,222)*	-	(866,222)	-	(866,222)
Stock Grant	-	-	-	-	-	*134,000*	134,000	-	134,000
Other movements and adjustments	86,500,000	71,214	(86,500,000)	-	-	*(20,965)*	(20,965)	(47,561)	2,688
Balance as at 31 December 2018	**98,300,000**	**71,214**	**(8,300,000)**	*(8,680,650)*	*(5,176,527)*	*(816,596)*	**(14,673,773)**	**2,806,702**	**78,204,143**

*For further details, see Note 6.12 "Equity"

Statement of Cash Flows

(In Euro)	Note	For the year ended December 31, 2018	2017
Profit before tax		**(706,429)**	**304,257**
Adjustments:			
Depreciation and amortization of property, plant and equipment and intangible assets	7.7	2,632,479	-
Depreciation of financial assets and other net provisions	7.8	310,585	-
Profit / (loss) from investments accounted for using the equity method	7.10	(2,759,866)	-
Net financial expenses and Profit / (loss) on foreign exchange	7.9	460,775	(631,908)
Other non-monetary movements		1,579,746	-
Cash flow from operating activities before changes in net working capital		**1,517,290**	**(327,651)**
Changes in net working capital:			
- Inventory	6.7	(4,340,616)	-
- Trade receivables	6.9	2,680,197	-
- Trade payables	6.16	7,862,473	-
- Other changes in net working capital	6-1–6.18	(6,989,252)	(136,952)
Net cash flow from changes in ne t working capital		**(787,198)**	**(136,952)**
Income tax paid		(2,330,000)	-
Employee defined benefit payables and provisions for risks and charges	6.1–6.17	(281,908)	-
Net cash flow provided by / (used in) operating activities		**(1,881,816)**	**(464,603)**
Net cash flow provided by / (used in) financing activities:			
Investments in non-current assets:		(3,455,610)	-
-intangible assets	6.3	(1,728,104)	-
-property, plant and equipment	6.2	(1,727,506)	-
Changes in non-current financial assets	6.6	(60,030)	-
Equity investments		(25,326,228)	-
Net cash flow provided by / (used in) investing activities		**(28,841,868)**	**-**
Net cash flow provided by / (used in) financing activities:			
Current bank borrowings	6.14	(39,094,409)	-
Non-current bank borrowings	6.14	11,847,853	-
Changes of lease liabilities	6.1	(606,224)	-
Net financial expenses paid	7.9	(305,208)	631,908
Purchase of CFT shares and exercise of right of withdrawal	6.13	(18,680,650)	-
CFT contribution (CFT cash and cash equivalents at the merger date)	1.2	3,307,360	-
CFT IPO's cost paid	6.13	(1,777,119)	-
Glenalta S.p.A. formation expenses	6.13	-	98,987,370
Other		2,688	-
Net cash flow provided by / (used in) financing activities		**(45,305,709)**	**99,619,278**
Total cash flow provided / (used) in the year		**(76,029,393)**	**99,154,675**
Cash and cash equivalents at the beginning of the period	6.11	99,154,675	-
Cash and cash equivalents at the end of the period	6.11	23,125,282	99,154,675

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

1. General information

1.1 Introduction

CFT S.p.A. (hereafter ''**CFT**'', the ''**Company**'' or the ''**Parent**") is the company resulting from the merger by incorporation of CFT S.p.A. into Glenalta S.p.A., a company established on 22 May 2017 under Italian law as a Special Purpose Acquisition Company (S.P.A.C.) and admitted to trading on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana S.p.A., on 17 July 2017. The merger became effective on 30 July 2018, following which Glenalta S.p.A. changed its name to CFT S.p.A.

CFT S.p.A. is a company incorporated and domiciled in Italy, with registered offices in Parma (PR), Via Paradigna 94/A, organised under the laws of the Republic of Italy. The Company is jointly controlled by RPC S.r.l., A.E.A. S.r.l., Ma.Li. S.r.l. and F&B Capital Investments S.r.l., which together hold 61.37% of the voting share capital.

The Company operates internationally in the design and installation of food industry plant and machinery, through the design and manufacture of individual machines and complete lines for the production, processing and packaging of food products. The range of products offered comes with after sales technical assistance and original spare parts support.

1.2 Merger by incorporation of CFT S.p.A. into Glenalta S.p.A.

As noted above, during 2018 CFT was merged by incorporation into Glenalta S.p.A. (hereafter "**Glenalta**"), whose shares are traded on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana S.p.A (hereafter, the "**Significant Transaction**"). The merger became effective on 30 July 2018 and at the same time Glenalta S.p.A. changed its name to CFT S.p.A and established its registered offices in Parma (PR), Via Paradigna 94/A.

Following the merger by incorporation of CFT (an unlisted operating company) into Glenalta (a listed holding company), the pre-merger majority shareholders of CFT became the post-merger majority shareholders of Glenalta, now CFT S.p.A.

The merger transaction was based on the respective financial statements of the two companies as at 30 July 2018.

While the merger was a transaction between two legal entities, from an accounting viewpoint it did not constitute a business combination as defined in IFRS 3, as Glenalta (the "incorporating company") was not an operating company and did not therefore autonomously constitute a business. Indeed, the merger transaction, involving Glenalta's incorporation of CFT, was carried out for the purpose of accelerating the group's growth through the listing of CFT and the contribution of additional financial resources to the company. The merger therefore involved an exchange of shares through which the pre-merger shareholders of CFT gave up their unlisted shares in exchange for listed shares in Glenalta, based on a pre-determined share exchange rate. From an accounting and financial statement preparation viewpoint, the merger by incorporation of CFT into Glenalta is a transaction as a result of which CFT (the "acquirer") acquires from Glenalta (the "acquiree") its net assets and its status as a listed company. Given that the acquiree (Glenalta) may not be considered a business for the reasons explained above, the whole transaction has been recognised in the separate financial statements of the acquirer (CFT) not as a business combination, but rather as a share-based purchase and, therefore, IFRS 2 (Share-based Payment) rather than IFRS 3 (Business Combinations) has been applied.

The merger has therefore been accounted for in accordance with IFRS 2, in both the Group's consolidated financial statements and in CFT S.p.A.'s (previously Glenalta S.p.A.'s) separate financial statements as at and for the year ended 31 December 2018; however, the accounting representation of the transaction as at the effective merger date differs between the two sets of financial statements as:

(i) the consolidated financial statements represent the activities of an *economic entity,* which from an accounting viewpoint was consistent before and after the merger

date and, therefore, the acquirer is deemed to be CFT S.p.A., (i.e. the company that was incorporated); as a result, in terms of the temporal and economic scope of consolidation (i.e. 12 months), the consolidated financial statements have been prepared on a consistent basis with respect to the consolidated financial statements of the CFT Group as at and for the year ended 31 December 2017;

(ii) the separate financial statements represent the activities of the *legal entity*, which from a legal, and therefore accounting viewpoint, is deemed to be Glenalta S.p.A. (now CFT S.p.A.) both before and after the merger.

Accordingly, the separate financial statements of CFT S.p.A. as at 31 December 2018 include the income statement of the ex-Glenalta S.p.A., plus the results of the ex-CFT S.p.A., from the effective merger date (30 July 2018) until the end of the year. The incorporated company, CFT S.p.A., also prepared information showing its financial position as at 30 July 2018 and results for the period from 1 January 2018 to 30 July 2018 in accordance with international accounting standards, and such information was used as the basis for the merger transaction, which included the results of the ex-CFT S.p.A. as at 30 July 2018 in the equity contribution. Such financial position is reported below.

As a result of the above, the comparative figures as at 31 December 2017 included in the present financial statements are those reported in the financial statements of Glenalta S.p.A. as at that date and such figures are not, therefore, comparable with the figures as at 31 December 2018. The respective 2017 and 2018 figures reported in the consolidated financial statements are, however, fully comparable.

The financial and economic position of CFT S.p.A. as at 30 July 2018 was as follows:

(Thousands of Euros)	Statement of financial position of CFT S.p.A. as at June 30, 2018
ASSETS	
Non-current assets	
Right of use assets	8,001
Property, plant and equipment	3,620
Intangible assets	6,536
Investments accounted for using the equity method	26,564
Deferred tax assets	3,034
Non-current financial assets	5,496
Total non-current assets	**53,251**
Current assets:	
Inventory	58,484
Trade and other receivables	40,004
Cash and cash equivalents	3,307
Other current assets	5,422
Total current assets	**107,314**
TOTAL ASSETS	160,565
EQUITY	(2,444)
Non-current liabilities	
Non-current bank borrowings	27,233
Non-current lease liabilities	6,315
Employee defined benefit payables	3,186
Provisions for risks and charges	1,716
Total non-current liabilities	**38,450**
Current liabilities:	
Current bank borrowings	39,284
Current lease liabilities	1,527
Current trade payables	52,615
Other current liabilities	31,133
Total current liabilities	**124,559**
TOTAL EQUITY AND LIABILITIES	160,565

(Thousands of Euros)	Statement of profit and loss of CFT S.p.A. from January 1, 2018 to July 30, 2018
Revenue	89,134
Other revenue	5,131
Total revenue	**94,265**
Cost of services	(30,758)
Cost of raw material, ancillary and goods for resale	(42,868)
Personnel costs	(17,045)
Other operating costs	(689)
Depreciation and amortization of property, plant and equipment and intangible assets	(2,964)
Depreciation of financial assets	(111)
Other net provisions	1,035
Operating profit	**865**
Financial income	10
Financial expenses	(419)
Profit / (loss) from investments accounted for using the equity method	2,479
Profit / (loss) from foreign exchange	(1,034)
Profit before tax	**1,901**
Income taxes	(1,028)
Profit for the period	**873**

All income statement and balance sheet amounts referred to in these explanatory notes are derived from the contribution of the financial statements of CFT S.p.A. as at and for the period ended 30 July 2018 and, for the period from 30 July 2018 to 31 December 2018, transactions relating to the business of the incorporated company. To provide further clarity, the following table shows the overall result for the year as the sum of the pre-merger and post-merger statements of profit and loss of CFT S.p.A.

(Thousands of Euros)	Separate statement of profit and loss IFRS for the period ended July 29, 2018	Separate statement of profit and loss IFRS for the period ended December 31, 2018	Pro-forma Separate statement of profit and loss IFRS for the period ended December 31, 2018
Revenues	89,133,834	55,044,300	144,178,134
Other revenues	5,131,092	836,505	5,967,597
Total Revenues	**94,264,926**	**55,880,805**	**150,145,731**
Cost of services	(30,758,410)	(18,969,152)	(49,727,562)
Cost of raw material, ancillary and goods for resale	(42,868,258)	(25,940,259)	(68,808,517)
Personnel costs	(17,045,080)	(10,430,891)	(27,475,971)
Other operating costs	(688,957)	(602,959)	(1,291,916)
Depreciation and amortization of property, plant and equipment and intangible assets	(2,964,141)	(2,632,479)	(5,596,620)
Depreciation of financial assets	(111,094)	(361,098)	(472,192)
Other net provisions	1,035,000	50,513	1,085,513
Operating profit	**863,986**	**(3,005,520)**	**(2,141,534)**
Financial income	10,321	747,893	758,214
Financial expenses	(418,664)	(916,515)	(1,335,179)
Profit / (loss) from investments accounted for using the equity method	2,478,967	2,759,866	5,238,833
Profit / (loss) from foreign exchange	(1,033,509)	(292,153)	(1,325,662)
Profit before tax	**1,901,101**	**(706,429)**	**1,194,672**
Income taxes	(1,028,372)	2,302,735	1,274,363
Profit for the year	**872,729**	**1,596,306**	**2,469,035**

2. Summary of significant accounting policies

2.1 Basis of preparation

In line with the options foreseen by Legislative Decree No. 38 of February 28, 2005 as subsequently modified by Law Decree 91 of 24 June 2014, which regulates the exercise of options foreseen by Article 5 of Regulation No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, the Company has voluntarily adopted to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("**International Accounting Standards**").

As noted above and described more fully in Note 1.2 "*Merger by incorporation of CFT S.p.A. into Glenalta S.p.A.*", the year was characterised by the merger by incorporation involving Glenalta and CFT. From an accounting viewpoint, the transaction was recognised on the effective date of 30 July 2018, when the balances and results of ex-CFT were merged into Glenalta. The balances and results in question were those prepared as at 30 July 2018 in accordance with international accounting standards by the incorporated company.

Accordingly, the separate financial statements of CFT S.p.A. as at 31 December 2018 include the income statement of the ex-Glenalta S.p.A., plus the results of the ex-CFT S.p.A., from the effective merger date (30 July 2018) until the end of the year.

As a result of the above, the comparative figures as at 31 December 2017 included in these financial statements are those reported in the financial statements of Glenalta S.p.A. as at that date and such figures are not, therefore, comparable with the figures as at 31 December 2018.

For this reason, all of the tables in the following explanatory notes showing movements in balances, include a separate line representing the amounts contributed by the merger.

Ex-Glenalta, which was incorporated on 22 May 2017, prepared its financial statements as at 31 December 2017 in accordance with the laws applicable in Italy and the accounting standards promulgated by the Italian National Council of Certified Accountants and Accounting Professionals, as interpreted by the Italian GAAP setter, the Organismo Italiano di Contabilità (hereafter, "**Italian GAAP**"). It has therefore been necessary to undertake a process of transition from Italian GAAP to EU-IFRS in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"). Disclosure required by IFRS 1 in relation to the transition process is reported in Note 13 —First-time Adoption of EU-IFRS.

The most significant accounting policies and measurement criteria used in the preparation of the Consolidated Financial Statements are described below.

2.2 Declaration of conformity with international accounting standards

The Company's separate financial statements as at 31 December 2018 (hereafter, the "**Annual financial statements**") have been prepared in accordance with the International Accounting Standards adopted by the European Union, in force as at 31 December 2018. The designation ''EU-IFRS'' includes all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (''IFRIC''), formerly the Standing Interpretations Committee (''SIC'').

In preparing these Separate Financial Statements, the Company has chosen to make use of the option to adopt IFRS 16 - Leases in advance of its effective date of 1 January 2019, adopting the "modified retrospective approach". IFRS 16 replaces IAS 17 – Leases as well as IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC15 - Operating Leases-Incentives and SIC27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

These Annual financial statements were approved by the Company's Board of Directors on 29 March 2019 and are audited by PricewaterhouseCoopers S.p.A., the Company's independent auditors.

2.3 General principles applied

In accordance with IAS 1, the Annual financial statements comprise a statement of financial position, a statement of profit or loss and other comprehensive income; a statement of changes in equity and a statement of cash flows, as well as explanatory notes. As permitted by Legislative Decree 32/2007 regarding companies required to prepare consolidated financial statements, the Company has opted to present a single Directors' Report on Operations to accompany both its annual financial statements and consolidated financial statements.

The Company has elected to present the income statement with costs and revenues classified according to their nature, while assets and liabilities included in the statement of financial position are classified in terms of whether they are current or non-current. The statement of cash flows is prepared using the indirect method. The formats used are those considered to provide the best representation of the Company's results and financial position.

An asset is classified as current when:

- it is expected that it will be realised, or it is held for sale or consumption, during the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected that the asset will be realised within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

All other assets are classified as non-current. Specifically, IAS 1 uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature.

A liability is classified as current when:

- it is expected that it will be settled during normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there exists no unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

The Annual financial statements are presented in Euro, the Company's functional currency. Financial amounts, explanatory notes and tables are expressed in thousands of Euro.

The Annual financial statements have been prepared:

- on the basis of existing EU-IFRS. Potential future developments and updates in interpretations will be reflected in future years, in accordance with guidance provided on a case by case basis by the relevant accounting standards;
- on a going concern basis, using the accrual basis of accounting, respecting the principle of materiality and significance, ensuring the prevalence of substance over form and with a view to facilitating consistency with future financial statements. Neither assets and liabilities nor income and expenses are offset, unless required or permitted by an IFRS;
- on a historical cost basis, except in relation to the measurement of financial assets and liabilities that under IFRS must be recognised at fair value.

2.4 Accounting policies and measurement criteria

The following paragraphs describe the criteria adopted regarding the classification, recognition, measurement and derecognition of assets and liabilities as well as the criteria used to recognise income statement items.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for using the equity method as permitted by IAS 27 and required by IAS 28 – "Investments in Associates and Joint Ventures".

Investments in subsidiaries, associates and joint ventures are recognised in the Annual financial statements from the date on which control, significant influence or joint control commences until such control or influence ceases. The financial statement of subsidiaries, associates and joint ventures are adjusted or reclassified as necessary to align them with international accounting standards and classification criteria adopted within the CFT group.

Under the equity method, on initial recognition the investment in a subsidiary, an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The share of the investee's profit or loss is recognised in the investor's separate profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investee's other comprehensive income (such as, for example, changes from foreign exchange translation differences). The investor's share of those changes is recognised in the investor's other comprehensive income. If an entity's share of losses of a subsidiary, an associate or a joint venture equals or exceeds its interest in the subsidiary, associate or joint venture, the entity discontinues recognising its share of further losses. After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the subsidiary, associate or joint venture. If the subsidiary, associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. If there exists objective evidence that the investor's net investment in the subsidiary, associate or joint venture is impaired, an impairment test is performed, as described in the paragraph below on "Impairment of tangible, intangible and right of use assets and equity investments", to which reference is made.

Finally, it is recalled that separate financial statements are prepared in the currency of the main economic area in which the subsidiary, associate or joint venture operates (i.e. its functional currency). In applying the equity method, the financial statements of each overseas entity are expressed in Euro, the Company's functional currency and the currency in which these separate financial statements are presented. All assets and liabilities of

overseas companies expressed in currencies other than the Euro are translated applying the exchange rates in place on the reporting date (current exchange rate method). Exchange rate differences arising on application of this method, as well as exchange rate differences arising on the translation of opening balances at current and historic exchange rates are recognised in the statement of comprehensive income and recorded in a dedicated equity reserve, where they remain until sale of the investment.

The following table shows the exchange rates used for the respective periods to convert the financial statements of companies expressed in currencies other than the Euro.

	Exchange rate as at December 31,			Average exchange rate for the period ended December 31,		
Currency	2018	2017	2016	2018	2017	2016
US Dollar	1.1450	1.1993	1.0541	1.1810	1.1297	1.1069
Brazilian Real	4.4440	3.9729	3.4305	4.3085	3.6054	3.8561
Indian Rupee	79.7298	76.6055	71.5935	80.7332	73.5324	74.3717
Chinese Yuan	7.8751	7.8044	7.3202	7.8081	7.6290	7.3522
Ukrainian Hryvnia	31.7362	33.7318	28.7386	31.1091	30.0197	28.2849
Danish Krone	7.4673	7.4449	7.4344	7.4532	7.4386	7.4452

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in force on the reporting date. Foreign exchange differences are shown in the income statement under "Exchange rate gains/(losses)".

Property, plant and equipment

Items of property, plant and equipment are capitalised and accounted for as tangible fixed assets only when both of the following conditions are satisfied:

- it is likely that the future economic benefits generated by the asset will be enjoyed by the company; and
- the cost of the asset can be determined reliably.

Items of property, plant and equipment are initially recorded at cost, defined as the monetary amount or equivalent consideration paid or the fair value of other consideration paid to acquire an asset on the date of its purchase or substitution. Subsequently property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes amounts directly attributable to enabling the asset to be used as well as any expected costs of dismantling and removing the asset and restoring it to its original condition if a contractual obligation exists.

Expenses incurred for ordinary and/or cyclical maintenance and repairs are charged directly to the income statement in the year incurred. The capitalisation of costs inherent to the expansion, modernisation or improvement of facilities owned or used by third parties

is recorded solely to the extent that they meet the conditions for being classified separately as an asset or part of an asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the individual assets.

The estimated useful life by class of property, plant and equipment is as follows:

	Expected useful life
Buildings	33 years
Plant and machinery	10 years
Automatic machinery	6 years
Industrial and commercial equipment	4 years
Company canteen equipment	8 years
Furniture	8 years
Computers and other electronic machineries	5 years
Commercial vehicles	4 years
Vehicles	5 years
Modules and molds	4 years

At the end of each year, the company determines whether there have been any significant changes in the expected economic benefits to be derived from capitalised property, plant and equipment and, in such case, makes appropriate changes to the relevant depreciation rate, which is considered a change in accounting estimate as described in IAS 8.

Property, plant and equipment is derecognised when it is sold or otherwise disposed of or when it is expected that no economic benefit can be derived from its sale.

Capital grants are recognised when there is reasonable certainty that they will be received and that all of the conditions relating to them have been satisfied. Grants are therefore accounted for as liabilities and credited to the income statement over the useful economic lives of the related assets.

Intangible assets

An intangible asset is an asset that meets the following conditions:

- it can be identified;
- it is non-monetary;
- it is without physical substance;
- it is under the control of the company that prepares the financial statements; and
- it is expected to produce future economic benefits for the company.

If an asset does not meet all of the above requirements to be considered an intangible asset, the amount incurred to acquire or produce the item internally, is expensed when it is incurred.

Intangible assets are initially recognised at cost. The cost of assets acquired externally includes both the purchase price and any cost that may be directly attributed.

Internally generated goodwill is not recognised as an asset, nor are intangible assets recognised in relation to research (or the research phase of an internal project).

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits: among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured using the cost model, one of the two methods (the cost model and the revaluation model) permitted by IAS 38. The cost model provides that after initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and impairment losses.

The estimated useful life for the various classes of intangible assets is as follows:

	Expected useful life
Development costs	5 years
Industrial patents	10 years
Intellectual property rights	3 years
Concessions and licences	3 years
Trademarks	5 years

Intangible assets with a finite useful life are recognised at cost, net of accumulated amortization and impairment losses, if any.

Amortization starts when the asset is available for use and is charged systematically over the residual estimated useful life; for details regarding amounts to be amortised and the recoverability of the recognised values of such assets, see the paragraphs on “Property, plant and equipment” and “Impairment of tangible, intangible and right of use assets” respectively.

Right of use assets and lease liabilities

The company has elected for early adoption of the new accounting standard IFRS 16 "Leases", which replaces IAS 17 "Leasing" and its related interpretations.

In accordance with IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contract is then reassessed to determine whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component within the contract is accounted for as a lease separately from non-lease components of the contract, unless the Company applies the practical expedient in paragraph 15 of IFRS 16. Under such practical expedient, the lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The lease term is the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The lessee shall revise the lease term if there is a change in the non-cancellable period of a lease.

At the commencement date, the Company recognises a right-of-use asset and a lease liability.

At the commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the lessee;
d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the

obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the lessee under residual value guarantees;
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted to their present value using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate (the rate of interest it would have to pay to borrow a similar sum over a similar term as the lease contract).

Following initial recognition, the right-of-use asset is measured applying a cost model:

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

Following initial recognition, the lease liability is measured by:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications , or to reflect revised in-substance fixed lease payments.

For a lease modification that is not accounted for as a separate lease, the right of use asset is remeasured (up or down) in line with the change in the lease liability at the modification date. The lease liability is remeasured based on the new contract conditions, using the discount date at the effective date of the modification.

The Company has elected to exploit two exceptions permitted by IFRS 16, regarding short-term leases (leases that, at the commencement date, have lease terms of 12 months or less) and leases for which the underlying asset is of low value (leases for which the underlying asset value, when new, is less than USD 5,000). In such cases the right of use assets and related lease liabilities are not recognised, and lease payments are charged directly to the income statement.

Impairment of tangible, intangible and right of use assets and equity investments

Tangible, intangible and right of use assets with a finite useful life and equity investments

At each balance sheet date, the Company assesses whether there are any indications of impairment of tangible, intangible and/or investment property assets with a finite useful life. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include the market value of the asset, changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments.

When indicators of impairment exist, the recoverable amount is estimated and the carrying amount of the asset reduced accordingly, with the impairment loss being charged to the statement of comprehensive income. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use, where value in use is determined by discounting the asset's estimated future cash flows including, if materially significant and reasonably certain, those relating to disposal of the asset at the end of its useful economic life, less any costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset or the CGU to which it belongs exceeds the recoverable amount, an impairment loss is recognised in the statement of comprehensive income. Such impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the unit in proportion to their carrying amounts, while respecting their relative recoverable amounts. If the conditions that gave rise to an impairment loss no longer exist, the asset is revalued to the revised estimate of its recoverable amount, up to the value that would have been recorded, net of amortization, had no impairment loss been recognised, with the increase being recognised in the income statement.

Financial assets

On initial recognition, financial assets are classified in one of the three categories described below based on:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets are derecognised when, and only when, disposal involves the substantial transfer of all the risks and rewards of ownership of the financial asset. If, on the other

hand, the company retains substantially all the risks and rewards of ownership of the financial asset, it must continue to recognise the financial asset, even if legal ownership has effectively been transferred.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("Hold to collect" business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test).

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, such financial assets are measured at amortised cost, calculated using the effective interest method. The amortised cost method is not used for those assets (measured at historical cost) whose short-term nature means there is no requirement to discount to present value, assets with no set maturity date or revocable credit lines.

b) Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to collect and sell" business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that pass the SPPI test).

This category includes equity instruments (other than investments in subsidiaries, associates or joint ventures) not held for sale, for which the option has been exercised to designate the asset at fair value through other comprehensive income.

At initial recognition, such assets are measured at fair value including directly attributable transaction costs or income. Subsequent to initial recognition, equity interests (other than investments in subsidiaries, associates or joint ventures) are measured at fair value, with the offsetting amounts recognised in equity (Statement of comprehensive income) and not subsequently reclassified to profit or loss, even in the event of sale. Related dividends represent the only relevant component recognised in the income statement.

For securities included in this category not quoted in an active market, cost is used as an estimate for fair value under certain limited circumstances, such as when recent information to measure fair value is insufficient or there exists a broad range of possible measures of fair value and cost is considered to be the best estimate of these.

c) Financial assets measured at fair value through profit or loss

This category includes all financial assets other than those measured at amortised cost or at fair value through other comprehensive income.

It includes financial assets available for sale and derivatives not classified as hedges (which are recognised as assets if the fair value is positive and liabilities if fair value is negative).

At initial recognition, financial assets measured at fair value through profit or loss are measured at fair value, excluding transaction costs or income that are directly attributable to the instrument in question. Subsequently, they are measured at fair value with related gains and losses being recognised in the income statement.

Derivative financial instruments and hedging relationships

Derivative financial instruments are accounted for in accordance with IFRS 9.

At the inception of the contract, derivative instruments are initially recognised at fair value as financial assets at fair value through profit or loss when the fair value is positive, or financial liabilities at fair value through profit or loss when the fair value is negative.

If the financial instruments are not designated as hedging instruments, any changes in fair value after initial recognition are treated as components of profit or loss for the year. If the derivative instruments meet the requirements to qualify as hedging instruments, subsequent changes in fair value are recognised according to the specific criteria described below.

A derivative financial instrument is classified as a hedge if the relationship between the hedging instrument and the hedged item is formally documented, including the risk management objectives, the hedging strategy and the methods that will be used to verify perspective and retrospective effectiveness. The effectiveness of each hedge is assessed both at the inception of the contract and during its life, specifically at each year-end and interim reporting date. A hedge is considered to be highly effective if at the start of the hedge and during subsequent periods, changes in the fair value (in the case of a fair value hedge) or expected future cash flows (in the case of a cash flow hedge) of the hedged item are substantially offset by changes in the fair value of the hedging instrument.

IFRS 9 provides for the following three types of hedging relationship:

d) fair value hedge: when the hedge relates to exposure to changes in the fair value of a recognised asset or liability, changes in the fair value of the hedging instrument as well as changes in the fair value of the hedged item are recognised in profit or loss.
e) cash flow hedge: in the case of hedges intended to neutralise exposure to variability in cash flows attributable to future execution of commitments in place as at the reporting date, changes in the fair value of the hedging instrument relating to the portion determined to be an effective hedge are recognised in other comprehensive income, and therefore in an equity reserve. When the economic effects of the hedged item crystallise, the amounts recognised in other comprehensive income are then reclassified to profit or loss. Changes in the fair value of the hedging instrument relating to the portion not determined to be an effective hedge are recognised immediately in profit or loss.
f) hedge of a net investment in a foreign operation (net investment hedge)

If the checks do not confirm the effectiveness of the hedge, the hedge accounting is interrupted with immediate effect and the hedging derivative reclassified as a financial asset at fair value through profit or loss, or financial liability at fair value through profit or loss. Moreover, the hedging relationship shall cease when:

- the derivative matures, is sold, rescinded or exercised;
- the hedged item is sold, expires or is refunded;
- it is no longer highly probable that the future hedged transaction will take place.

Trade receivables

In accordance with IFRS 15, trade receivables for the transfer of goods and provision of services are recognised based on the terms of the relevant customer contract and classified according to the nature of the counterparty and/or the due date of the receivable (such definition includes invoices still to be issued for services already provided).

As trade receivables are typically short-term in nature and do not involve payment of interest, amortised cost is not calculated and they are accounted for at the nominal value stated on the invoice or in the customer contract: such arrangement is followed even for those receivables due after more than 12 months, so long as the effect is not greatly significant. This is due to the fact that the value of short-term receivables is very similar whether the historical cost method or amortised cost method is adopted, and the impact of discounting is insignificant.

Trade receivables are tested for impairment in accordance with the requirements of IFRS 9. For measurement purposes, trade receivables are categorised by due date. Performing receivables are measured collectively, grouping individual exposures based on similar

credit risk. The measurement process involves reviewing losses suffered on assets with similar credit risk based on past experience and considers expected losses.

Inventories

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are recognised and measured at the lower of cost and net realisable value.

The cost of inventories includes all purchase costs, transformation costs, and other costs incurred to bring the inventories to their current location and condition; inventory costs do not include exchange rate differences in the case of inventories invoiced in foreign currency. In compliance with the provisions of IAS 2, the cost of inventories is calculated using the weighted average cost method.

If net realisable value is lower than cost, the difference is immediately recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recognised, depending on their nature, at nominal value or at amortised cost. Other cash equivalents represent highly liquid short-term financial assets that can be easily converted to known cash amounts and are subject to negligible risk of change in their value, and which have an original maturity, on purchase, of less than three months.

Payables

Trade payables and other payables are initially recognised at fair value and subsequently measured using the amortised cost method. Payables to banks and other lenders are initially recognised at fair value, net of directly attributable accessory costs, and later are measured at amortised cost, using the effective interest rate method. If there is a change in the estimate of the expected cash flows, the value of the liability is recalculated to reflect such change based on the present value of the new expected cash flows and the internal effective interest rate as calculated initially. Payables to banks and other lenders are classified as current liabilities, unless the Company has an unconditional right to postpone payment for at least twelve months after the reference date.

Payables are derecognised when settled and when the Company has transferred all risks and the charges related to the instrument.

Employee benefits

Employee benefits are benefits granted to employees or their dependants, settled through cash payments (or through the supply of goods and services) directly to the employees, their spouses, children or other dependants, or to third parties, such as insurance companies. They include short-term benefits, benefits due to employees on termination of their employment contract and post-employment benefit plans.

Short-term employee benefits include incentive schemes such as annual bonuses, the MBO and the one-off renewals of the national collective labour agreements and are recognised as liabilities (accrued expenses) after deducting any advances paid, and costs, unless a given IFRS requires or allows the inclusion of such benefits in the cost of a capitalised asset (such as, for example, staff costs relating to the development of internally generated intangible assets).

Benefits relating to the termination of employment include voluntary redundancy incentive schemes, which in the case of voluntary redundancy provide for the employee or group of employees taking part in trade union agreements involving the use of so-called solidarity funds, and (non-voluntary) redundancy arrangements, which apply in the case of termination of employment as a result of a unilateral decision by the company. The company recognises the cost of such benefits as a liability due as at the earlier between the date the company can no longer withdraw the offer of such benefits and the time when the company recognises the costs of a corporate restructuring exercise that falls within the provisions of IAS 37. The provisions for voluntary redundancies are reviewed at least every six months.

Post-employment benefit plans may be split into two categories: defined-contribution plans and defined-benefit plans.

Defined-contribution plans mainly include:

- complementary pension funds that involve a defined contribution being made by the company;
- the share of the employee severance indemnity fund accruing since 1 January 2007, for companies with more than 50 employees, whatever the allocation option chosen by the employee;
- the share of the employee severance indemnity fund accruing since 1 January 2007 allocated to complementary pension funds, in the case of companies with less than 50 employees;
- complementary healthcare plans.

Defined-benefit plans on the other hand include:

- the employee severance indemnity accrued until 31 December 2006 for all companies, as well as the share accrued since 1 January 2007 and not allocated to complementary pension funds, for companies with less than 50 employees;
- complementary pension funds, which provide for the payment a defined benefit to members;
- seniority payments, which provide for a one-off payment to employees who reach a given seniority level.

With defined-contribution plans, the company's obligation is calculated based on the contributions due for the year in question and, therefore, the valuation of the obligation does not require actuarial assumptions and there are no actuarial profits or losses.

The accounting for defined-benefit schemes involves the use of actuarial assumptions to calculate the value of the obligation. Measurement of the obligation is performed by an independent actuary on an annual basis.

The projected unit credit method is used to calculate the present value of future cash flows, based on historical/statistical analyses, demographic assumptions and the discounting of such cash flows at a market interest rate. In accordance with IAS 19, actuarial gains and losses are recognised in equity (under "Actuarial gains/(losses) on post-employment benefit obligations").

Provisions for risks and charges, contingent assets and liabilities

Contingent assets and liabilities may be split into different categories according to their nature and accounting implications. Specifically:

- provisions are effective obligations of uncertain amount and timing arising from past events and for which it is likely that there will be an outlay of financial resources and a reliable estimate of the amount is possible;
- contingent liabilities are possible obligations for which the likelihood of an outlay of financial resources is not remote;
- remote liabilities are those for which the outlay of financial resources is not likely;
- contingent assets are assets that do not meet the certainty requirement and as a result are not recognised in financial statements;
- an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
- a restructuring is a programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

For cost recognition purposes, provisions are recognised when there is uncertainty about the timing or amount of the future expenditure required to settle the obligation or other liabilities, and in particular trade payables or accruals.

Provisions differ from other liabilities because there is uncertainty about the timing or amount of the future expenditure required in settlement. Given their different nature, provisions are shown separately from trade payables and accruals.

A liability or provision is recognised when:

- there is a current legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions require the use of estimates. In extremely rare cases, when a reliable estimate cannot be made, this results in a liability that cannot be reliably estimated and is therefore considered a contingent liability.

The allocation to the provisions for risks and charges is made for an amount that represents the best estimate of the expenditure required to settle the obligation existing at the reporting date and takes into account the risk and uncertainty that inevitably surround many events and circumstances. The amount of the provision reflects the potential future events that may affect the amount required to settle an obligation if there is a sufficient objective evidence that these will take place.

Once the best estimate of the expenditure required to settle the existing obligation has been determined, the present value of the provision is calculated in the case in which the time value of money is material.

Treasury shares

Treasury shares are recognised at cost and recorded as a negative reserve in equity. The effects of any subsequent sale of treasury shares are recognised in equity.

Warrants

The company has issued warrants, which are financial instruments that grant the holder the right to buy (warrant call) a given number of ordinary shares (underlying security) at a pre-determined strike price within a given timeframe. The terms and conditions of such financial instruments may differ, as a result of which they may be treated: (i) like financial assets and measured at fair value on issue with subsequent changes being recognised directly in profit or loss in accordance with IFRS 9; or (ii) like equity instruments and, therefore, classified in a dedicated equity reserve from which they are released only when exercised or on expiration, in accordance with IAS 32. The warrants issued by the company are treated like equity instruments as they may be exercised at a pre-determined strike price, in turn based on a pre-determined formula. For further details regarding such instruments, see Note 6.13 on equity.

Share based payments

With regard to the company's stock grant plans in favour of directors and employees, as required by IFRS 2, the fair value of equity instruments granted is measured at the grant date. Such fair value amount is recognised as a cost in the income statement during the vesting period, together with a corresponding increase in a dedicated equity reserve. For further details regarding such instruments, see Note 6.13 on equity.

Revenue from Contracts with Customers

Revenues are recognised when the following conditions are met:

- the contract with a customer has been identified;
- the performance obligations in the contract have been identified;
- the transaction price has been determined;
- the transaction price has been allocated to the performance obligations in the contract; and
- when the related performance obligation contained in the contract is satisfied

The Company recognises revenue from contracts with customers when (or as) it satisfies its performance obligations, by transferring the promised goods or services (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, it is satisfied at a point in time. In such case, the Company recognises revenue at the moment the customer acquires control of the promised asset.

The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. If the consideration promised in a contract includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar items), the Company estimates the amount of consideration to which it is entitled in exchange for transferring the promised goods or services to a customer. The Company includes a variable consideration in the transaction price only to the extent that it is highly probable

that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Incremental costs of obtaining a contract with a customer are recognised as assets and, to the extent the Company expects to recover them, amortised over the duration of the underlying contract. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company recognises an asset from the costs incurred to fulfil a contract with a customer only if the costs incurred in fulfilling such contract are not within the scope of another Standard (for example, IAS 2 – Inventories, IAS 16 – Property, Plant and Equipment or IAS 38 – Intangible Assets), and if such costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Cost recognition

Costs are recognised in the income statement on an accruals basis.

Dividends

Dividend income is recognised in the income statement on an accruals basis, when the right to receive such dividends is created following approval of the dividend distribution resolution of the relevant investee company shareholders' meeting.

Dividends distributed are recorded as movements in equity in the year in which they are approved by the company's shareholders' meeting.

Income tax

Current income taxes are calculated based on taxable income for the year, applying tax rates in force at the reporting date. Taxes due for the current year and for previous years, to the extent as yet unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current and previous years, represent the amounts that are likely to be recovered from/paid to the tax authorities, applying the tax rates and the tax laws in force, or effectively issued, at the reporting date.

Deferred taxes include:

- deferred tax liabilities: these represent income taxes due in the future years in respect of the tax effects of temporary differences;
- deferred tax assets: these represent income taxes amounts that may be recovered in future years in respect of deductible temporary differences, carry forward of unused tax losses, and carry forward of unused tax credits.

To calculate deferred tax liabilities and assets, the tax rate is applied to the temporary differences identified, whether taxable or deductible, unused tax losses or unused tax credits.

At each reporting date, both unrecognised and recognised deferred tax assets are remeasured to confirm the likelihood of recovery of such deferred tax assets.

3. Recently issued accounting standards

Accounting standards not yet applicable as not yet endorsed by the European Union

As at the date of approving these Financial Statements, the following standards and amendments had not yet been endorsed by the EU.

	Approved by EU	Effective date
IFRS 17 Insurance Contracts	NO	Years starting on or after 1 January 2021
Annual Improvements to IFRS Standards 2015-2017 Cycle	NO	Years starting on or after 1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	NO	Years starting on or after 1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards	NO	Years starting on or after 1 January 2020
Amendment to IFRS 3 Business Combinations	NO	Years starting on or after 1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	NO	Years starting on or after 1 January 2020

Accounting standards, amendments and interpretations endorsed by the European Union but not yet adopted by the Company

As at the date of approving these Financial Statements, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Company:

Standard/amendment	Description	Effective date
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	On 12 October 2017, the IASB published the amendment to IAS 28 to clarify that an entity applies IFRS 9 " Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	On 7 June 2017, the IASB published IFRC 23 "*Uncertainty over Income Tax Treatments*". The interpretation clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. In such case an entity should recognise and measure deferred and current income tax assets and liabilities by applying the IAS 12 requirements based on taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates determined by applying IFRIC 23. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	On 12 October 2017, the IASB published the amendment to IFRS 9 to address concerns relating to financial assets involving prepayment features with negative compensation. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019

4. Estimates and assumptions

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on difficult and subjective judgments, in turn based on past experience and hypotheses considered reasonable and realistic, given the information known at the time.

Such estimates have an effect on the amounts reported in the financial statements, including the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the related notes to the financial statements. Actual results may then differ, even significantly, from those reported in the consolidated financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterise the assumptions and conditions on which estimates are based.

The accounting estimates that more than others involve a high degree of subjectivity and judgement on the part of management, and where a change in the conditions underlying the assumptions could have a significant effect on the Company's financial results, are detailed below:

a) *Impairment of Assets:* tangible, intangible and right of use assets with a finite useful life are tested for impairment when indicators of impairment are identified that suggest the full asset value may not be recovered through use. The recoverable amount is estimated and the carrying amount of the asset is reduced accordingly. Identification of the existence of such indicators of impairment requires management to exercise judgement based on experience and information available both within the Company and in the broader marketplace. If impairment indicators are identified, management employs what it considers to be the most appropriate measurement techniques to estimate such impairment. Both the correct identification of the indicators of impairment of tangible, intangible and right of use assets and the related estimates of the extent of such impairment depend upon factors that may change over time, thereby influencing measurements and management estimates.
b) *Allowance for doubtful receivables*: determination of such allowance reflects management estimates regarding the historical and expected recoverability of such receivables.
c) *Provisions for risks and charges*: identification of the existence of a current (legal or constructive) obligation is in certain not a simple matter. Management reviews such matters on a case by case basis, together with estimates of the outflow of resources required to satisfy the obligation. When managers believe the likelihood of a liability occurring to be only possible, the relevant risks are disclosed in the note on risks and charges, but no provision is made.
d) *Useful economic life of property, plant and equipment and intangible assets*: useful economic life is determined when the asset is first recognised in the financial statements. Considerations regarding an asset's useful life are based on historical experience, market conditions and expected future events that may affect them, such as

technological changes. An asset's actual useful life may, therefore, differ from its estimated useful life.

e) *Deferred tax assets*: deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which temporary differences or tax loses can be utilised.
f) *Inventories*: Inventories of finished products that show signs of obsolescence or are slow moving are tested for impairment and written down in the case in which their recoverable value is lower than their book value. Such write down are based on management estimates and assumptions, in turn based on their experience and past results.
g) *Contract work*: application of the cost to cost method requires the prior estimation of total costs for each project and related updates of such cost estimates at each reporting date based on management assumptions. These assumptions may be influenced by many factors such as, for example, the multi-year timeframe over which certain projects are to be completed, the high technological level and innovative content of projects, changes in contract terms and price revisions, guarantees regarding the performance of machinery, as well as contractual risks, where applicable. Such factors and circumstances make it difficult to estimate the total costs of projects and also, therefore, estimates of the value of contract work in progress at the reporting date.

5. Management of financial risks

In terms of business-related risks faced, the main risks identified, monitored and, as described below, actively managed by the Company, as noted in the report on operations, are the following:

- market risk, relating to changes in the exchange rate between the Euro and other currencies in which the Company operates, interest rates; credit risk, relating to the risk of default on the part of a counterpart; and
- liquidity risk, relating to a lack of financial resources to meet financial obligations.

The Company's objective is to maintain a balanced approach to managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by current operating activities and bank loans.

The Company's ability to generate liquidity from operations together with its borrowing capacity enable it to satisfy its operational requirements to fund working capital, invest and meet its financial obligations.

Treasury and financial risk management are centralised within the Company. Specifically, the central finance function is responsible for evaluating and approving forecast financial requirements, monitoring trends and taking corrective action as necessary.

The following paragraphs provide qualitative and quantitative information relating to the Company's exposure to the aforementioned risks.

5.1 Market risk

Currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates to those of its business activities conducted in currencies other than the Euro. Revenues and costs denominated in other currencies may be influenced by changes in foreign exchange rates, resulting in an impact on margins (economic risk), just as trade and financial receivables and payables denominated in other currencies may be affected by the exchange rates used, resulting in an impact on results (transaction risk). Finally, exchange rate fluctuations also impact on the Group's consolidated results and equity.

The main foreign exchange rates to which the Company is exposed are:

-Euro/USD, relating to transactions entered into in US Dollars;
-Euro/GBP, relating to transactions entered into in Sterling;

The Company does not adopt any specific policies to hedge against changes in foreign exchange rates. It is noted, however, that in order to mitigate currency risk, the Company does engage in hedge transactions, as required, when customer orders are received.

Currency risk sensitivity analysis

In order to perform sensitivity analysis on exchange rates, balance sheet items (financial assets and liabilities) as at 31 December 2018 denominated in currencies other than the Company's functional currency were identified.

Two scenarios were considered, involving an increase and decrease respectively of 10% in the nominal exchange rate between the currency in which the item was denominated and the Company's functional currency.

The following table shows the results of the analysis:

(Thousands of Euros)

Sensitivity analysis	As at December 31, 2018					
	USD		GBP		Total	
	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps
Trade receivables	626	(512)	26	(22)	653	(534)
Trade payables	(39)	32	(12)	10	(51)	42
Financing	-	-	-	-	-	-
Cash and cash equivalents	74	(61)	0	(0)	74	(61)
Total	**662**	**(542)**	**14**	**(12)**	**676**	**(553)**

Note: a positive sign indicates higher profit and an increase in equity; a negative sign indicates lower profit and a reduction in equity.

Interest rate risk

The Company makes use of external debt resources and invests available liquidity in market instruments. Changes in interest rates influence both the cost of borrowing and returns on investments and therefore have an impact on consolidated net finance expenses. Company policy in this regard is aimed at limiting the risk of changes in interest rates by entering into long-term fixed-rate or variable-rate loan agreements; there are no hedging operations in place involving derivative financial instruments.

Interest rate risk sensitivity analysis

Sensitivity analysis was performed regarding interest rate risk, to determine the effects on consolidated income and equity of hypothetical positive and negative 100 bps variations to current effective interest rates.

The analysis performed related mainly to the following items:

- cash and cash equivalents;
- short-term and medium/long-term debt.

In the case of cash and cash equivalents, reference was made to the average balance and the average interest rate thereon for the year, while for short-term and medium/long-term debt the effect was calculated at the reporting date.

Based on such sensitivity analysis, any higher or lower charge (and corresponding effect on equity) would not have been significant, as the Euro 40 million loan agreement was only entered into in the final months of 2018.

5.2 Credit risk

The Company manages its exposure to the credit risk inherent in the possibility of default or worsening of creditworthiness on the part of its customers, through ongoing review of each counterpart by a dedicated organisational unit, equipped with appropriate tools to perform ongoing daily monitoring of the behaviour and creditworthiness of its customers.

The Company optimises working capital and minimises credit risk by monitoring receivables on an ongoing basis and applying various levels of follow up action, depending on the specific knowledge held regarding individual customers and the length of time that payment is overdue.

The following table provides a breakdown of trade receivables by due date, net of the allowance for doubtful receivables, as at 31 December 2018.

(Thousands of Euros)	As at December 31, 2018	Non-overdue	Overdue from 0 to 30 days	Overdue from 31 to 90 days	Overdue from 91 to 360 days	Overdue since more than 360 days
Gross trade receivables	33,141	–	7,689	11,467	8,429	5,556
Allowance for doubtful receivables	(2,212)					
Net book value	30,929	–	7,689	11,467	8,429	5,556

5.3 Liquidity risk

Liquidity risk is the risk that, owing to an inability to access new funds or sell assets, the Company is unable to meet its payment obligations, leading to a negative impact on results if it is then obliged to incur additional costs to meet its obligations or deal with insolvency.

The liquidity risk to which the Company may be subject is the inability to find adequate funds to finance its operations and develop its business and commercial activities. The two key factors that determine the Company's liquidity position are, on the one hand, cash generated or used by operating and investing activities and, on the other hand, the nature of debt maturity and renewal terms and financial investment liquidity, as well as market conditions.

The Company has immediately available liquidity as well as significant access to credit lines granted by a range of primary banking institutions. Management believes that currently available funds and credit lines, together with funds that will be generated by operating and financing activities will enable the Company to fund its investing activities, meet its working capital requirements and repay its debts as they fall due.

The following table provides an analysis of cash disbursements by due date based on contractual repayment obligations, as at 31 December 2018.

(Thousands of Euros)	Balance as at December 31, 2018	Within 1 year	More than 1 year and within 5 years	Over 5 years	Total
Current and non-current bank borrowings	39,358	587	17,501	24,224	43,312
Other current and non-current liabilities	26,265	26,265	–	–	26,265
Current and non-current trade payables	60,006	60,006	–	–	60,006
Current and non-current lease liabilities	8,125	3,385	8,018	2,677	14,080
Liabilities for derivative financial instruments	72	72	–	–	72

The figures in the tables above represent future (non-discounted) principal capital and interest cash flows based on contractual maturity dates. The Company expects to meet such contractual obligations through cash flows from operating activities and, if required, though new additional medium-term financial transactions.

5.4 Capital management

The Company's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations with lenders.

The Company ensures it has sufficient capital to finance its business development needs and meet operating requirements; to guarantee a balanced financial structure and minimise the total cost of capital, finances are sourced through a mix of risk capital and debt to the benefit of all stakeholders.

Returns on capital are monitored by reviewing market trends and business performance, net of other commitments, including borrowing costs. In order to ensure the Company's going concern status, to develop the business and to provide an adequate return on capital, Management monitors the Company's debt to equity ratio, on an ongoing basis, also in comparison with business trends and expected future cash flows in the medium/long term.

5.5 Financial assets and liabilities by category and fair value

Financial assets and liabilities by category

The following tables show financial assets and liabilities as at 31 December 2018 and 31 December 2017, in accordance with IFRS 9:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
FINANCIAL ASSETS		
Financial assets valued at amortized cost:		
Non-current financial assets	5,653	–
Other non-current assets	–	–
Trade receivables	36,963	–
Cash and cash equivalents	23,125	99,155
Current financial assets	-–	–
Other current assets	6,583	253
Total	72,324	99,408
Financial assets at *fair value* through comprehensive profit and loss:		
Investments in other companies	584	–
Total	584	–
Hedging financial instruments:		
Foreign exchange derivative assets	97	–
Total	97	–
TOTAL FINANCIAL ASSETS	73,005	99,408

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Financial liabilities valued at amortized cost:		
Other non-current liabilities		
Trade payables	–	-–
Non-current trade payables	60,006	110
Other current liabilities	–	–
Total	26,365	6
Financial liabilities valued at amortized cost:	86,271	116
Hedging financial instruments:		
Foreign exchange derivative liabilities	72	–
Total	72	–
TOTAL FINANCIAL LIABILITIES	86,343	116

As seen in the table, most of the financial assets and liabilities at the year-end represented short-term positions and, in view of their nature, their carrying amounts are deemed to be reasonable approximations of their fair values.

Non-current financial assets and liabilities are settled or measured at market rates and, consequently, their fair values are deemed to be substantially in line with their carrying amounts.

Fair value

For assets and liabilities recognised in the statement of financial position, IFRS 13 requires that such values be classified according to a hierarchy of levels that reflects the significance

of the inputs used in the calculation of fair value. The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as follows:

- Level 1: fair value is calculated with reference to quoted prices (unadjusted) in active markets for identical financial instruments. Accordingly, the emphasis within Level 1 is on determining both of the following: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and (b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.
- Level 2: fair value is calculated using valuation techniques based on observable inputs in active markets. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable commonly quoted intervals, implied volatilities and credit spreads; and (d) market-corroborated inputs.
- Level 3: fair value is calculated using valuation techniques based on unobservable market inputs.

The following table shows financial assets and liabilities at fair value, split by fair value hierarchy level.

(Thousands of Euros)	As at December 31, 2018			As at December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities for derivative financial instruments	–	(72)	-–	–	–	–
Assets for derivatives financial instruments	–	97	–	–	–	–
Investments in other companies	-–	–	584	–	–	–
Total	–	25	584	–	–	–

5.6 Changes in liabilities arising from financing activities

In accordance with the requirements of IAS 7, the following table shows changes to payables due to banks arising as a result of cash flows generated by and/or used by financing activities as well as non-cash changes.

(Thousands of Euros)	Balance as at December 31, 2017	Changes in cash flow	Other non-monetary changes	Balance as at December 31, 2018
Current bank borrowings	–	(39,094)	39,283	189
Non-current bank borrowings	–	11,848	27,321	39,169

6. Notes to the statement of financial position

6.1 Current and non-current right of use assets and lease liabilities

In preparing these annual financial statements, the Company elected for early adoption of IFRS 16. "Right of use assets", amounting to Euro 7,486 thousand and zero as at 31 December 2018 and 31 December 2017 respectively, relates to the assets underlying the lease contracts.
The following table shows movements in "Right of use assets" during the year ended 31 December 2018:

(Thousands of Euros)	Net book value
Balance as at December 31, 2017	–
Business combination	8,001
Increase	252
Decrease	–
Amortization	(767)
Balance as at December 31, 2018	7,486

As at 31 December 2018, the Company had not identified any indicators of impairment of right to use assets.
The following table provides details of the Company's undiscounted lease contract liabilities as at 31 December 2018:

(In Thousands of Euros)	Within 1 year	1 – 5 years	Over 5 years	Total contractual value	Book value
Lease liabilities as at December 31, 2018	2,363	4,809	1,423	8,595	8,125
Lease liabilities as at December 31, 2017	–	–	–	–	–

The following table provides details of lease contracts held by the Company, mainly in the role of lessee:

(Thousands of Euros)	As at and for the year ended December 31,	
	2018	2017
Net book value of right of use asset (buildings)	6,497	–
Net book value of right of use asset (cars)	919	–
Net book value of right of use asset (machineries)	70	–
Total right of use asset	**7,486**	–
Current lease liabilities	2,204	–
Non-current lease liabilities	5,921	–
Total current and non-current lease liabilities	**8,125**	–
Amortization of right of use asset (buildings)	560	–
Amortization of right of use asset (cars)	185	–
Amortization of right of use asset (machineries)	22	–
Total amortization of right of use asset	**767**	–
Finance lease expenses	**56**	–
Cost of short term leasing	204	–
Cost of low value leasing	-	–
Variable payments not included in lease liabilities	-	–
Total Other operating cost and revenues	**204**	–
Total cash flow	**606**	–

6.2 Property, plant and equipment

The following table provides a breakdown of property, plant and equipment and movements during the year ended at 31.12.2018:

(Thousands of Euros)	Land and buildings	Plant and machineries	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at December 31, 2017	–	–	–	–	–	–
Business combination	1,456	1,011	268	819	66	3,620
Increase	11	1,500	41	176	–	1,728
Decrease	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
Amortization	(7)	(134)	(59)	(97)	–	(297)
Reclassifications	–	–	–	–	–	–
Balance as at December 31, 2018	1,460	2,377	250	898	66	5,051

Additions to property, plant and equipment during the year ended 31 December 2018 totalled Euro 1,728 thousand and mainly related to plant modernisation:

There were no additions to property, plant and equipment during the year ended 31 December 2017.

No indicators of impairment of "Property, plant and equipment" were identified during the years under review.

6.3 Intangible assets

The following table provides a breakdown of intangible assets and movements during the year ended at 31.12.2018:

(Thousands of Euros)	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar	Goodwill	Assets under construction and advances	Other intangible assets	Total
Balance as at December 31, 21017	–	–	–	–	–	–	–
Business combinations	4,435	824	2	–	1,144	132	6,537
Increase	658	493	–	–	544	33	1,728
Decrease	–	–	–	–	–	–	–
Transfers	721	–	–	–	(721)	–	–
Amortizations	(1,042)	(509)	(2)	–	–	(17)	(1,570)
Balance as at December 31, 2018	4,772	808	–	–	967	148	6,695

There were no additions to intangible assets during the year ended 31 December 2017.

No indicators of impairment of "Intangible assets" were identified during the years under review.

6.4 Investments accounted for using the equity method

The following table provides a breakdown of "Investments accounted for using the equity method" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Investments in subsidiaries	54,453	–
Investments in associates	197	–
Total Investments accounted for usin g the equity method	54,650	–

The following table shows movements in "Investments in subsidiaries " during the year ended 31 December 2018:

(Thousands of Euros)	Registered Office	Share capital in € Thousands	Net Equity	Profit / (loss) for the period	% Shareholding	Share of Net equity attributable to CFT
Raytec Vision Spa	Italy	1,000	10,978	2,704	75	8,234
GEV Enjedomme A.p.s.	Denmark	731	482	(28)	100	482
CFT Ukraine L.L.C.	Ukraine	3,582	1,489	(109)	100	1,489
Catelli Food Technology Limited (CFT India)	India	61	3	(10)	100	3
CFT Food Equipment Co. L.t.d. (CFT Tianjin)	China	1,096	(699)	(220)	100	(699)
CFT Brasile	Brazil	81	5	(41)	100	5
CFT Packaging USA Inc	Usa	101	1,587	357	100	1,587
Labs Srl	Italy	188	104	(11)	100	104
CFT Elettrica Srl	Italy	50	61	(87)	100	61
Rolec Prozess GMBH	Germany	50	3,363	(22)	60	2,018
Levati Food Tech Srl	Italy	222	1,385	702	80	1,108
Techn'Agro Sas	France	350	984	80	70	689
Raynext Srl *	Italy	50	43	(7)	38	16
Mc Inox S.r.l.**	Italy	50	1,174	356	62	724
Co.Mac S.r.l.**	Italy	1,000	18,226	3,828	62	11,249
ADR S.r.l.***	Italy	119	2,428	268	75	1,821
Catelli Food Technology Iberica S.L.***	Spain	100	2	(98)	100	2
Packaging del Sur S.L.***	Spain	3	79	386	51	40

*The investment in Raynext S.r.l. is held by Raytec Vision S.p.A.
**Consolidated starting from August 2018
***Consolidated starting from July 2018

The following table shows movements in "Investments in associates" during the year ended 31 December 2018:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
PE Labellers & CFT Asia Pacific Sdn Bhd	37	–
Milk Project S.r.l.	160	–
Total Investments accounted for using the equity method	197	–

As required by IAS 36, the Company performed a review to determine whether there existed any indications of impairment or long-term loss of value of subsidiaries or whether the reasons that had given rise to any such impairment loss in past periods no longer existed. To this end, the Company measured the recoverable value of its investments subsidiaries to ensure that the carrying value of investments did not exceed such recoverable value.

The Company identified the CGUs (i.e. the smallest identifiable group of assets that generates cash inflows) as being the legal entities and management estimated recoverable amount based on value in use, in turn based on discounted future cash flows. The assumptions used to calculate recoverable amount were as follows:

- Terminal value calculated based on an estimate of future cash flows (calculated using the perpetuity growth model and long-term growth rate g) and the latest available forecast data.
- Growth rate g: a range from 1.7% - 2.0%.
- Weighted average cost of capital (WACC): a range from 9.0% - 11.4%.

Based on the impairment tests performed as at 31 December 2018 and considering also the results of sensitivity analysis, the estimated recoverable amounts confirmed the respective carrying values.

6.5 Deferred tax assets

Movements in "Deferred tax assets" during the year ended 31 December 2018 were as follows:

(Thousands of Euros)	As at December 31, 2017	Business combination	Net provisions to statement of profit and loss	Net provisions to comprehensive statement of profit and loss	Reclassifications	Other changes	As at December 31, 2018
Allowance for doubtful receivables	–	378	19	–	–	–	397
Guarantee provision	–	145	-	–	–	–	145
Depreciation of deferred deductions	–	89	(8)	–	–	–	81
Obsolescence allowance on inventories	–	1,255	28	–	–	–	1,283
Employee benefit provision	–	33	8	(26)	–	–	15
Allowance for disputes	–	105	(14)	–	–	–	91
Contract liabilities	–	696	348	–	–	–	1,044
Amortization of intangible assets	–	365	(26)	–	–	–	339
Fiscal losses	–	-	925	–	–	–	925
Others	–	(32)	46	–	–	–	14
Total Deferred tax assets	–	3,034	1,326	(26)	–	–	4,334

The temporary differences reported above will reverse during 2019 and later years.

6.6 Non-current financial assets

The following table provides a breakdown of "Non-current financial assets" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Investments in other companies	584	–
Receivables from associates and subsidiaries	4,550	–
Other non-current receivables	519	–
Total non-current financial assets	5,653	–

The following table provides a breakdown of "Equity investments" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Emiliana Conserve	488	–
Banca di Parma	49	–
Iren Spa	15	–
Parma partecipazioni calcistiche	10	–
Tomato News	10	–
So. Ge. A.P. Spa	9	–
Omani Eurofood	1	–
Banco Popolare	1	–
Caaf Industria E.R.	1	–
Immobiliare Caprazucca Spa	–	–
Unionfidi	–	–
Consorzio Copom	–	–
Total Investments in other companies	584	–

"Receivables due from associates" includes the medium/long-term loan to the associate PKS.

6.7 Inventories

The following table provides a breakdown of "Inventories" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Raw, ancillary and consumable materials	11,041	–
Work in progress and semi-finished goods	41,082	–
Finished products and goods for resale	9,307	–
Advances	1,377	–
Total Inventories	62,807	–

"Inventories" are stated net of an "Obsolescence allowance on inventory" in respect of obsolete or slow-moving items, amounting to Euro 4,599 thousand as at 31 December 2018.

6.8 Derivative financial instrument assets and liabilities

"Derivative financial instrument assets and liabilities" amounted to a net balance of Euro 25 thousand as at 31 December 2018 and related mainly to contracts entered into to hedge foreign exchange risk in respect of sales contracts involving the Company.

6.9 Trade and other receivables

The following table provides a breakdown of "Trade and other receivables" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Trade receivables from customers	30,929	—
Trade receivables from associates	6,034	—
Total Trade and other receivables	39,963	—

"Trade and other receivables" include an "Allowance for doubtful receivables" amounting to 2,212 thousand and zero as at 31 December 2018 and 31 December 2017 respectively.

Movements in the "Allowance for doubtful receivables" during the year ended 31 December 2018 are shown in the following table:

(Thousands of Euros)	Taxed	Ordinary	Total
Balance as at December 31, 2017	—	—	—
Business combination	1,945	111	2,056
Increase	284	78	362
Decrease	(206)	-	(206)
Balance as at December 31, 2018	2,023	189	2,212

6.10 Income tax receivables

Income tax receivables relate to amounts due from the tax authorities in relation to IRES and IRAP current taxes, net of related amounts payable.

6.11 Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents" as at 31 December 2018 and 31 December 2017:

(Thousands of Euro)	As at December 31, 2018	As at December 31, 2017
Post office and bank accounts	23,117	99,155
Cheques and cash	8	—
Total Cash and cash equivalents	23,125	99,155

Post office and bank accounts as at 31 December 2017 related to two restricted interest-earning current account balances amounting to Euro 68,000 thousand and Euro 30,000 thousand respectively. As provided for in the By-laws, the sums were restricted for use solely in relation to the Significant Transaction.

Cash and cash equivalents as at 31 December 2018 were not subject to any constraints or restrictions. For details regarding movements in "Cash and cash equivalents", reference is made to the statement of cash flows.

6.12 Other current assets

The following table provides a breakdown of "Other current assets" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Tax receivables	2,188	236
Other receivables	3,975	–
Accrued and deferred income	420	17
Total other current assets	**6,583**	**253**

6.13 Shareholders' equity

The following table provides a breakdown of "Equity" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Share capital	98,300	11,800
Statutory reserve	71	-
Share premium reserve	(8,300)	88,200
Other reserves	(14,674)	(1,013)
Retained earnings	2,807	304
Total equity	**78,204**	**99,292**

Share capital

As at 31 December 2018, the fully paid up share capital of CFT S.p.A. amounted to Euro 98,300 thousand and comprised 16,026,357 ordinary shares traded on the AIM Italia market, number 3,000,000 multiple voting shares and number 133,334 special shares, all with no par value.

The following table provides a breakdown of CFT's fully subscribed and paid up "Share capital" as at 31 December 2018:

Category	n. shares	% on share capital	Listed
Ordinary shares	16,026,357	83.65%	AIM Italia
Special shares	133,334	0.70%	Non-listed
Multiple voting shares	3,000,000	15.66%	Non-listed
Total	**19,159,691**	**100.00%**	

The following table shows details of significant shareholdings:

Shareholder	Number of shares	% of share capital with voting right	% of voting rights
RPC S.r.l.	2,647,908	14.58%	18.41%
A.E.A. S.r.l.	2,647,908	14.58%	18.41%
Ma.Li S.r.l.	2,647,908	14.58%	18.41%
F&B Capital Investment	882,636	4.86%	6.14%

It is noted that the Company holds 868,065 treasury shares, the voting rights of which are suspended. It is further noted that the Company has issued warrants that may be exercised in accordance with the terms and conditions set out in the warrant regulation (hereafter, the "**Regulation**") at any time after the third day of trading of the second calendar month following the effective date (5 September 2018) and before expiry of the exercise rights, which becomes effective on the earlier of the following dates: (i) the fifth anniversary of their effective date (i.e. 31 July 2023); and (ii) the sixtieth day following the communication of acceleration (as defined in the Regulation), except in the event of suspension as provided for in Article 3.7 of the Regulation.

Statutory reserve

As at 31 December 2018, the statutory reserve amounted to Euro 71 thousand.

Share premium reserve

As at 31 December 2018, the "Share premium reserve" had a negative balance of Euro 8,300 thousand resulting from the merger between Glenalta S.p.A. and CFT. For further details in this regard, see Note 1.2 – "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A".

Other reserves

As at 31 December 2018, "Other reserves" had a negative balance of Euro 14,674 thousand and mainly included:

e) Listing costs reserve

As at 31 December 2018, the "Listing costs reserve" had a negative balance of Euro 5,177 thousand. The amount reflects costs incurred by Glenalta and CFT directly related to the share capital increase which, in accordance with IAS 32 – "Financial Instruments" are recognised, not in profit and loss but rather as a deduction from equity. Specifically, Euro 1,013 thousand related to costs incurred by Glenalta in relation to its prior listing on AIM Italia and Euro 3,253 thousand and Euro 911 thousand related to the costs incurred by CFT e Glenalta respectively for the subsequent merger and share capital increase transactions.

f) Treasury shares reserve

The "Treasury shares reserve" had a negative balance of Euro 8,681 thousand, recognised as a reduction in equity, and related to the purchase of treasury shares following the exercise of the right of withdrawal by Glenalta shareholders.

Retained earnings

As at 31 December 2018, "Retained earnings" amounted to Euro 2,807 thousand and represented the sum of the brought forward earnings as at 31 December 2017 and results for the year ended 31 December 2018 of Glenalta (now CFT S.p.A.) and the results of the acquiree CFT S.p.A. for the period from 1 January 2018 to 30 July 2018, the effective date of the merger.

The following table provides a breakdown of reserves, with indication of their utilisation and whether or not they are distributable.

(Thousands of Euros)	As at December 31, 2018	Possible use	MDA
Share premium reserve	(8,300)	A; B; C	–
Statutory reserve	71	B	–
IPO's costs reserve	(5,177)	n.a.	
Other reserves	(9,497)	n.a.	
Total Reserves	**(23,353)**		–

Legend:

A - increase share capital
B - cover losses
C - distribution to shareholders

6.14 Current and non-current bank borrowings

On 19 November 2018, the Company entered into a new medium/long-term loan agreement (the "**Loan Agreement**") for a total amount of Euro 100 million, to be utilised over a period of 36 months, to support the growth of CFT group, as well as refinance current bank indebtedness, at better terms and conditions. As noted above, the Company reimbursed the Euro 30 million nominal sum syndicated loan in advance. As a result of such advance reimbursement, costs totalling Euro 450 thousand, relating to the amortised cost valuation, were recognised under finance income and expenses in the income statement.

The Loan Agreement was entered into with a syndicate of seven banks, including Crédit Agricole Cariparma in the role of agent and lead arranger and HSBC, BNL, Banco BPM, Intesa San Paolo, BMPS and Unicredit as other lending banks.

The main terms of the Loan Agreement are as follows:

- 6 years' maturity, expiring in November 2024;

- available for utilisation over 36 months;
- annual interest rate of 6m EURIBOR (with a 0% floor) plus a spread of 100 bps (basis points).[8]

In line with normal market practice in such cases, the terms and conditions of the Loan Agreement require compliance with a series of financial covenants (leverage ratio not greater than 1.75x) as well as a series of obligations on completion of certain transactions, non-compliance with which could result in mandatory early reimbursement of the loan.

6.15 Employee benefit liabilities

The following table provides details of "Employee benefit liabilities" as at 31 December 2018, and movements during the period then ended:

(Thousands of Euros)	Total
Balance as at December 31, 2017	–
Business combination	3,186
Service cost	–
Financial charges	40
Advances and benefit paid out during the year	(235)
Actuarial gains / (losses) due to experience	(50)
Actuarial gains (losses) due to demographic assumptions	–
Actuarial gains / (losses) due to changes in financial assumptions	(57)
Balance as at December 31, 2018	**2,884**

"Employee benefit liabilities" relate mainly to the employee severance indemnity due to Company employees.

The size of the severance indemnity, which meets the criteria of a defined benefit plan in accordance with IAS 19, is calculated on an actuarial basis. The assumptions adopted in determining the liabilities as at 31 December 2018 are described below. The following table details the main financial and demographic assumptions adopted in the actuarial calculations:

Financial assumption	31/12/2018
Discount rate	1.57%
Inflation rate	1.50%
Annual rate of growth of employee benefit provision	2.625%
Annual rate of growth of wages	1.00%

Demographic assumptions	
Death	Mortality table RG48 published by Ragioneria Centrale dello Stato
Disability	Tables provided by INPS by age and gender
Retirement	100% at achievement of AGO requirements

Turnover and employee benefit provision advances annual frequency	31/12/2018
Advances frequency	1.00%
Turnover frequency	3.50%

[8] In the event the Leverage Ratio (Net Financial Debt/EBITDA) is greater than 1.75x, the spread is increased to 150 bps.

The following table shows the results of sensitivity analyses performed for each actuarial assumption as at 31 December 2018, highlighting the effects (in absolute terms) that would have occurred upon reasonable possible changes in actuarial assumptions:

(Thousands of Euros)

Changes in the assumptions	Balance
Turnover rate +1,00%	2,877
Turnover rate -1,00%	2,891
Inflation rate +0,25%	2,916
Inflation rate -0,25%	2,852
Discount rate +0,25%	2,833
Discount rate -0.25%	2,936

(Thousands of Euros)

Service cost and Duration	
Service cost	0.00
Duration	7.8

The average financial duration of the obligation as at 31 December 2018 was 7.8 years. The following table provides a summary overview of expected plan disbursements:

(Thousands of Euros)

Expected future disbursements	
Years	Balance
1	163
2	148
3	439
4	299
5	262

6.16 Trade payables

The following table provides a breakdown of "Trade payables" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Trade payables to suppliers	48,615	110
Payables due to subsidiaries	11,305	–
Payables due to associates	86	–
Total trade payables	60,006	110

6.17 Provisions for risks and charges

The following table provides a breakdown of "Provisions for risks and charges" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Guarantee provision	520	–
Provision for excess impairment of investments	707	–
Other provisions	356	–
Total Provisions for risks and charges	1,583	–

The following table shows movements in provisions for risks and charges during the year ended 31 December 2018:

(Thousands of Euros)	Guarantee provision	Provision for excess impairment of investments	Other provisions	Total
Balance as at December 31, 2017	–	–	–	–
Business combination	520	789	407	1,716
Net increase	–	–	(51)	–
Decrease		(82)	–	(133)
Reclassifications	–	–	–	–
Balance as at December 31, 2018	520	717	356	1,583

The "Guarantee provision" related to guarantees given regarding plant sold.

The "Provision for excess impairment of investments" represents the amount considered appropriate to cover (the Company's share of) losses remaining after having reduced the carrying value of the investment in CFT Tianjin to zero.

"Other provisions" mainly related to provisions for costs considered likely in respect of contract-related actions brought against the Company, as well as other likely future expenditures.

6.18 Other current liabilities

The following table provides a breakdown of "Other current liabilities" as at 31 December 2018 and 31 December 2017:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Advances	12,960	–
Contract liabilities	4,351	–
Tax payables	1,596	4
Payables due to social security institutes	2,010	–
Other payables	3,813	2
Accruals and deferred income	1,535	–
Total	26,265	6

"Advances" amounted to Euro 12,960 thousand as at 31 December 2018 and related to customer payments on account in respect of goods and services not yet transferred.

"Contract liabilities" includes the liability relating to the Company's obligation to provide services to customers in respect of which the company has received payment or for which payment is due).

"Tax payables" amounted to Euro 1,596 thousand as at 31 December 2018 and mainly related to Irpef payables regarding employees, self-employed staff, directors and other staff.

"Payables due to social security institutes" amounted to Euro 2,010 thousand as at 31 December 2018 and related to amounts due to Inps, Inail, Previndai, Cometa and Enasarco.

The following table provides a breakdown of "Other payables" as at 31 December 2018:

(Thousands of Euros)	As at December 31, 2018	As at December 31, 2017
Directors', Statutory Auditors' and contractors' fees	17	–
Payables to auditors and board of statutory auditors	112	–
Payables due to employees for wages and provisions	2,412	–
Payables due to professional organizations	25	–
Payables for deposits	1,035	–
Payables in respect of acquisitions	100	–
Other payables	112	2
Total Other current payables	3,813	2

7. Notes to the statement of comprehensive income

7.1 Revenue from contracts with customers

The following table provides a breakdown of "Revenue from contracts with customers" by category of activity for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Sale of plants	43,709	–
Sale of spare parts	7,463	–
Repair services	1,203	–
Technical assistance	1,883	–
Other revenues	1,623	–
Total Revenues from contracts with costumers	55,881	–

The following table provides a breakdown of "Revenue from sale of plants" by geographical area for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Italy	5,652	–
Overseas	38,057	–
Total Revenues from plant and machineries	43,709	–

7.2 Other revenue

"Other revenue" amounted to Euro 837thousand for the year ended 31 December 2018 and related for the main part to the annual share of capital grants and other income.

Capital grants received related to the European contribution to the Life Biocopac project, amounting to Euro 343 thousand, Euro 13 thousands are related to Fondirigenti contribution. It is further noted in accordance with Paragraph 125 of Law 124/2017 that, prior to 30 July 2018, CFT received a research and development related tax credit amounting to Euro 599 thousand.

7.3 Cost of services

The following table provides a breakdown of "Cost of services" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Technical services, maintenance and repair	(10,454)	–
Commercial services	(3,146)	–
General and administrative	(5,013)	(315)
Operative lease costs	(356)	–
Total Cost of services	(18,969)	(315)

7.4 Cost of raw material, ancillary and goods for resale

The following table provides a breakdown of "Cost of raw material, ancillary and goods for resale" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Raw materials	(29,297)	–
Changes in inventory, work in progress, semi-finished and finished goods	2,373	–
Changes in inventory of raw, ancillary, consumables and goods for resale	984	–
Total Cost of raw material, ancillary and goods for resale	(25,940)	–

7.5 Personnel costs

The following table provides a breakdown of "Personnel costs" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Wages and salaries	(7,060)	–
Social security contributions	(2,536)	–
Other personnel costs	(835)	(5)
Total Personnel costs	(10,431)	(5)

The following table shows the Company's average employee numbers by category for the years ended 31 December 2018 and 31 December 2017:

Category	Number as at December 31,		Average number for the year ended December 31,	
	2018	2017	2018	2017
Managers	20	–	17	–
Office workers	261	–	247	–
Production workers	95	–	94	–
Total	376	–	358	–

During 2018, the Company adopted the "CFT S.p.A Stock Grant Plan" (hereafter, the "**Plan**"), a multi-year incentive plan involving the Company's ordinary shares. The Plan provides for the granting to beneficiaries of the right to receive CFT S.p.A. ordinary shares (up to a maximum of 5% of the number of post-merger shares) free of charge, on achieving certain pre-determined measurable performance objectives, by the date the financial statements for the year ended 31 December 2022 are approved. The Plan is restricted to the Company's executive directors and key management personnel.

In accordance with IFRS 2, the assigned options were measured at fair value at the time of their assignation (3 August 2018). Such measurement, which was determined using a Monte Carlo simulation model based on the performance components included in the Plan,

was carried out by an independent external expert. The fair value so calculated, amounting to Euro 1,430 thousand, was recognised in the income statement based on a vesting period with expiry in 2022. Such estimate resulted in Euro 134 thousand being recognised in Personnel costs in 2018, with the corresponding entry being recognised in Equity.

As at 31 December 2018, none of the options had been exercised.

7.6 Other operating costs

The following table provides a breakdown of "Other operating costs" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Company canteen	(117)	–
Membership fees	(31)	–
Property tax and other taxes	(56)	–
Penalties and charges	(139)	–
Capital losses on disposal of assets	(195)	–
Other operating expenses	(65)	(7)
Total Other operating costs	**(603)**	**(7)**

7.7 Depreciation and amortization of Tabgibles and Intangibles Assets

The following table provides a breakdown of "Depreciation and amortization" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Amortization of intangible assets	(1.569)	–
Amortization of property, plant and equipment	(297)	–
Amortization of right of use asset	(767)	–
Total Depreciation and amortization of Tangibles and Intangibles Assets	**(2.632)**	–

7.8 Impairment of financial assets and other net provisions

The following table provides a breakdown of "Impairment of financial assets and other net provisions" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Provisions for risks and charges	51	–
Allowance for doubtful receivables	(362)	–
Other provisions	–	–
Total impairment of financial assets and other net provisions	**(311)**	–

Detailed breakdowns of the composition of and movements in "Provisions for risks and charges" and the "Allowance for doubtful receivables" for the year ended 31 December 2018 are included in Note 6.17 – "Provision for risks and charges" and Note 6.9 – "Trade receivables".

7.9 Financial management

The following table provides a breakdown of the results of financial management for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Other financial income	3,508	631
Total Financial income	3,508	631
Interest expenses and other financial expenses	(917)	–
Total financial expenses	(917)	–
Total profit / (loss) from foreign exchange	(292)	–
Total financial management	2,299	631

7.10 Profit / (loss) from investments accounted for using the equity method

"Profit / (loss) from investments accounted for using the equity method" amounted to Euro 2,760 thousand in the year ended 31 December 2018.
See Note 6.4 – "Investments accounted for using the equity method" for a breakdown of investments accounted for using the equity method.

7.11 Income taxes

The following table provides a breakdown of "Income taxes" for the years ended 31 December 2018 and 31 December 2017:

(Thousands of Euros)	For the year ended December 31,	
	2018	2017
Taxes for the period	–	–
Deferred taxes	1,326	–
Income / (expenses) from consolidations	977	–
Total Income taxes	2,303	–

8. Related party transactions

Details of related party transactions are provided below. The companies mentioned are considered to be related parties because they are directly or indirectly related to the Company's shareholders.
The following table shows Company receivables and payables due from/to related parties:

(Thousands of Euros)		As at December 31, 2018		As at December 31, 2017	
	Nature of the transaction	Receivables	Payables	Receivables	Payables
Companies under common control:					
GLP Srl	Commercial	–	6	–	–
Newco Immobiliare 1 S.r.l.	Commercial	3	–	–	–
Newco Immobiliare 4 S.r.l.	Commercial	–	53	–	–
Alfa Immobiliare S.r.l.	Commercial	–	52	–	–
RAL Immobiliare S.r.l.	Commercial	–	61	–	–
Total		3	172	–	–
Subsidiaries					
Labs S.r.l.	Commercial	117	–	–	–
Rolec Prozess G.m.b.h.	Commercial	502	3,222	–	–
Raytec Vision S.p.A.	Commercial	1,429	278	–	–
CFT Ukraine LLC	Commercial	26	–	–	–
CFT Ukraine LLC	Advances	300	–	–	–
GEV Enjedomme A.p.s.	Commercial	112	–	–	–
CFT Tianjin	Commercial	953	62	–	–
CFT Packaging USA Inc.	Commercial	804	3,385	–	–
Levati FoodTech S.r.l.	Commercial	962	1,551	–	–
CFT Elettrica S.r.l.	Commercial	23	133	–	–
Techn'Agro S.a.s.	Commercial	418	122	–	–
ADR S.r.l.	Commercial	28	2,183	–	–
Co.Mac S.r.l.	Commercial	5	281	–	–
Catelli Food Technology Iberica S.L.	Commercial	–	11	–	–
Catelli Food Technology Iberica S.L.	Financial	50	–	–	–
Packaging Del Sur S.L.	Commercial	–	77	–	–
Packaging Del Sur S.L.	Advances	72	–	–	–
Packaging Del Sur S.L.	Financial	4,500	–	–	–
Total		10,301	11,305	–	–
Associates					
DNA Phone	Commercial	–	20	–	–
CFT ASIA	Commercial	655	66	–	–
Total		655	86	–	–
Total related parties		10,959	11,563	–	–

The following table shows details of Company transactions with related parties:

(Thousands of Euros)		For the year ended December 31, 2018		For the year ended December 31, 2017	
	Nature of the transaction	Costs	Revenues	Costs	Revenues
Companies under common control:					
GLP Srl	Commercial	(10)	–	–	–
Newco Immobiliare 1 S.r.l.	Commercial	–	3	–	–
Newco Immobiliare 3 S.r.l.	Commercial	(31)	–	–	–
Newco Immobiliare 4 S.r.l.	Commercial	(217)	–	–	–
Alfa Immobiliare S.r.l.	Commercial	(480)	44	–	–
RAL Immobiliare S.r.l.	Commercial	(68)	–	–	–
Total		(806)	47	–	–
Subsidiaries:					
Labs S.r.l.	Commercial	–	297	–	–
Rolec Prozess G.m.b.h.	Commercial	(1,018)	528	–	–
Rolec Prozess G.m.b.h.	Financial	(37)	–	–	–
Raytec Vision S.p.A.	Commercial	(354)	588	–	–
CFT Ukraine l.l.c.	Commercial	(1,261)	24	–	–
GEV Enjedomme A.p.s.	Commercial	–	1	–	–
CFT Tianjin	Commercial	(90)	11,476	–	–
CFT Packaging USA Inc.	Commercial	(148)	109	–	–
Levati FoodTech S.r.l.	Commercial	(7,890)	–	–	–
CFT Elettrica S.r.l.	Commercial	(722)	23	–	–
Techn'Agro S.a.s.	Commercial	(180)	719	–	–
ADR S.r.l.	Commercial	(1,951)	15	–	–
Co.Mac S.r.l.	Commercial	(268)	26	–	–
Catelli Food Technology Iberica S.L.	Commercial	(11)	–	–	–
Packaging Del Sur S.L.	Commercial	(316)	–	–	–
Total		(14,246)	13,806	–	–
Associates:					
CFT ASIA	Commercial	(58)	618	–	–
CFT VIETNAM	Commercial	(128)	27	–	–
DNA Phone	Commercial	(20)	–	–	–
Total		(206)	645	–	–
Other related parties:					
Kaleidos S.r.l.	Commercial	–	–	(36)	–
Total		–	–	(36)	–
Total related parties		(15,258)	14,498	(36)	–

9. Commitments and risks

Guarantees granted in favour of third parties

It is noted that as at 31 December 2018, the Company had granted guarantees amounting to Euro 12,408 thousand, from credit institutions in respect of trading commitments.

Contingent liabilities

Management is not aware of any disputes or legal actions that could reasonably have significant repercussions on the Company's operating results, financial position or cash flows.

10. Compensation due to directors, statutory auditors and key management personnel

Compensation due to directors and statutory auditors for the years ended 31 December 2018 and 31 December 2017 amounted to Euro 219 thousand and Euro 18 thousand respectively.
Total compensation due to key management personnel for the year ended 31 December 2018, amounted to Euro 552 thousand.

No loans or advances were granted to directors or shareholders during the year.

11. Fees due to independent auditors

Fees due to independent auditors for the years ended 31 December 2018 and 31 December 2017 amounted to Euro 162[9] thousand and Euro 10 thousand respectively.

12. Significant events occurring after the reporting period

Up to the date of preparing this report, there have been no significant events after the reporting period.

13. First-time adoption of EU-IFRS

Criteria followed for the transition from Italian GAAP to EU-IFRS

The Company, which was incorporated on 22 May 2017, prepared its financial statements as at 31 December 2017 in accordance with Italian GAAP. Such Italian GAAP balances have been adjusted to align them with EU-IFRS in order to make them comparable with balances as at 31 December 2018. The transition from Italian GAAP to EU-IFRS had an impact both on Equity balances as at 31 December 2017 and also on consolidated profit and loss for the period from 22 May 2017 to 31 December 2017.

[9] The amount includes Euro 100 thousand relating to other services

General principles

The Company has applied EU-IFRS retrospectively to all accounting periods closed prior to 31 December 2018. Specifically, the accounting standards referred to are those described in Note 2.4 above "Accounting Policies and Measurement Criteria".

The financial position as at 31 December 2017 presents the following differences with respect to the Company's annual financial statements as at 31 December 2017, prepared under Italian GAAP:

- assets and liabilities for which recognition is required by EU-IFRS, including those not provided for under Italian GAAP, have been recognised and measured;
- assets and liabilities for which recognition is required by Italian GAAP but not by EU-IFRS, are not recognised; and
- certain items have been reclassified in accordance with EU-IFRS.

Presentation of the financial statements

For details regarding the presentation of the financial statements, see Note 2.3 "General principles applied".

Mandatory and permitted exceptions to the retrospective application of EU-IFRS

Mandatory and permitted exceptions, as provided for in IFRS 1, have not been applied as they relate to matters not applicable to the Company's activities

Significant Effects of the Transition

The following tables provide details of the reclassifications and adjustments involved in the transition to IFRS:

- on the Company's statement of financial position as at 31 December 2017;
- on the Company's statement of comprehensive income for the period from 22 May 2017 (the date the Company was incorporated) to 31 December 2017; and
- on the Company's equity as at 31 December 2017.

EFFECTS OF THE TRANSITION ON THE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

(Thousands of Euros)	As at December 31, 2017 ITA-GAAP	Note	Adjustments	As at December 31, 2017 EU-IFRS
ASSETS				
Non-current assets				
Right of use assets	-		-	-
Property, plant and equipment	-		-	-
Intangible assets	780		(780)	-
Investments accounted for using the equity method	-		-	-
Deferred tax assets	-		-	-
Non-current financial assets	-		-	-
Total non-current assets	780		(780)	-
Current assets:				
Inventory	-		-	-
Trade and other receivables	-		-	-
Income tax receivables	-		-	-
Cash and cash equivalents	99,155		-	99,155
Current financial assets	-		-	-
Other current assets	252		-	252
Total current assets	99,407		-	99,407
TOTAL ASSETS	100,187		(780)	99,407
EQUITY				
Share capital	11,800		-	11,800
Shares premium reserve	88,200		-	88,200
Other reserves	-		(1,013)	(1,013)
Retained earnings	71		233	304
TOTAL EQUITY	100,071		(780)	99,291
Non-current liabilities				
Non-current bank borrowings	-		-	-
Non-current lease liabilities	-		-	-
Employee defined benefit liabilities	-		-	-
Provisions for risks and charges	-		-	-
Other non-current liabilities	-		-	-
Total non-current liabilities	-		-	-
Current liabilities:				
Current bank borrowings	-		-	-
Current lease liabilities	-		-	-
Derivative financial instruments	-		-	-
Current trade payables	110		-	110
Other current liabilities	6		-	6
Total current liabilities	116		-	116
TOTAL EQUITY AND LIABILITIES	100,187		(780)	99,407

EFFECTS OF THE TRANSITION ON THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Profit or Loss

(Thousands of Euros)	For the year ended December 31, 2017 ITA-GAAP	Note	Reclassifications	Adjustments	For the year ended December 31, 2017 EU-IFRS
Revenue	-		-	-	-
Other revenue	-		-	-	-
Total revenue	-		-	-	-
Cost of services	(320)	(b)	5	-	(316)
Cost of raw material, ancillary and goods for resale	-		-	-	-
Personnel costs	-	(b)	(5)	-	(5)
Other operating costs	(7)		-	-	(7)
Depreciation and amortization	(233)	(a)	-	233	-
Depreciation of financial assets	-		-	-	-
Other net provisions	-		-	-	-
Operating profit	**(560)**		-	233	**(327)**
Financial income	631		-	-	631
Financial expenses	-		-	-	-
Profit / (loss) from investments accounted for using the equity method	-		-	-	-
Profit / (loss) before tax	71		-	233	304
Income Taxes			-	-	-
Profit / (loss) for the year	71		-	233	304

Statement of comprehensive income

(Thousands of Euros)	For the year ended December 31, 2017 ITA-GAAP	Note	Adjustments	For the year ended December 31, 2017 EU-IFRS
Profit for the year	71		233	304
Actuarial gains / (losses) on post-employment benefit obligations	-			
Tax effect	-			
Net other comprehensi ve income to be reclassified to profit or loss in subsequent year	-		-	-
Total comprehensive income	71		233	304

The following table provides a reconciliation of Company shareholders' equity under Italian GAAP and under EU-IFRS, as at 31 December 2017.

(Thousands of Euros)	As at December 31, 2017
Total equity ITA-GAAP	100,071
(a) Elimination of intangible assets not to be capitalized	(780)
Total equity EU-IFRS	99,291

The following table provides a reconciliation of the Company's total comprehensive income for the year ended 31 December 2017 under Italian GAAP and under EU-IFRS:

(Thousands of Euros)	As at December 31, 2017
Profit for the year ITA-GAAP	71
(a) Elimination of intangible assets not to be capitalized	233
Profit for the year EU-IFRS	304

Explanatory notes on the effects of the transition to EU-IFRS

(a) Elimination of intangible assets that may not be capitalised

This adjustment relates to the elimination of capitalised start-up and expansion costs and AIM Italia/Alternative Investment Market placement costs associated with the listing of the Company and related amortisation, which were recognised as intangible assets under Italian GAAP but which do not satisfy the conditions to be capitalised under EU-IFRS. Specifically, the effects of the adjustment are as follows:

- as at 31 December 2017, elimination of "Intangible assets" amounting to Euro 780 thousand; and
- lower "Depreciation and amortization" of Euro 233 thousand in the comprehensive income statement for the year ended 31 December 2017.

Main reclassifications

The adoption of EU-IFRS has required certain reclassifications that have had no effect on either the result for the year or equity. The main reclassification made to the statement of financial position as at 31 December 2017 and to the statement of comprehensive income for the year ended 31 December 2017 is described below.

Statement of comprehensive income

(b) Remuneration

Remuneration paid to directors and statutory auditors, which under Italian GAAP was classified under "Cost of services", has been reclassified to "Personnel costs" in the income statement prepared in accordance with EU-IFRS.

INDEPENDENT AUDITOR'S REPORT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

CFT SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
CFT SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CFT SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "CFT Group"), which comprise the consolidated statement of financial position as of 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the CFT Group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Emphasis of matter

Without modifying our opinion, we draw attention to the following aspects:

- to the paragraph 1.2 "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A." of the notes to the consolidated financial statements, where the directors report that during the year 2018 it has

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been performed the merger by incorporation of CFT SpA into the Special Purpose Acquisition Company (SPAC) called Glenalta SpA already admitted to trading on the Alternative Investment Market (AIM Italia). The merger became effective on 30 July 2018, following which Glenalta SpA changed its name to CFT SpA. In the above-mentioned paragraph and in the illustrative notes are disclosed the main accounting effects on the consolidated financial statements as at 31 December 2018 resulting from the aforementioned merger;

- in the context of the aforementioned transaction, CFT SpA arranged the carve-out of certain real estate assets as well as 100% of the share capital of its subsidiary RAL Immobiliare Srl. In the paragraph 1.3 "Real estate (lease) carve-out" of the illustrative notes, the directors described the aforementioned transaction and the main financial effects on the consolidated financial statements of CFT Group as at 31 December 2018.

Other Aspects

The consolidated financial statements present the prior year corresponding figures prepared under the International Financial Reporting Standards, which have been derived from the consolidated financial statements as at 31 December 2017 prepared in accordance with the Italian regulation governing their preparation.
The illustrative note 15 "International Financial Reporting Standards as adopted by the European Union" describes the effects of the first-time adoption of the International Financial Reporting Standards as adopted by the European Union and includes information on the reconciliation schedules required by the IFRS 1.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

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

The directors of CFT SpA are responsible for assessing the CFT Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate CFT SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the CFT Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of CFT SpA are responsible for preparing a report on operations of the CFT Group as of 31 December 2018, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the CFT Group as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the consolidated financial statements of CFT Group as of 31 December 2018 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 9 April 2019

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

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

INDEPENDENT AUDITOR'S REPORT SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

CFT SPA

SEPARATE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of
CFT SpA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of CFT SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2018, the statement of profit and loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Emphasis of matter

Without modifying our opinion, we draw attention to the paragraph 1.2 "Merger by incorporation of CFT S.p.A. into Glenalta S.p.A." of the notes to the separate financial statements, where the directors report that during the year 2018 it has been performed the merger by incorporation of CFT SpA into

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the Special Purpose Acquisition Company (SPAC) called Glenalta SpA already admitted to trading on the Alternative Investment Market (AIM Italia).
The merger became effective on 30 July 2018, following which Glenalta SpA changed its name to CFT SpA. In the above-mentioned paragraph and in the illustrative notes are disclosed the main accounting effects on the separate financial statements as at 31 December 2018 resulting from the aforementioned merger.

Other Aspects

The separate financial statements present the prior year corresponding figures prepared under the International Financial Reporting Standards, which have been derived from the consolidated financial statements as at 31 December 2017 prepared in accordance with the Italian regulation governing their preparation, which have been audited by other auditors that on 29 March 2018 expressed an unmodified opinion on those financial statements.
The illustrative note 13 "First-time adoption of EU-IFRS" describes the effects of the first-time adoption of the International Financial Reporting Standards as adopted by the European Union and includes information on the reconciliation schedules required by the IFRS 1.

Responsibilities of the Directors and the Board of Statutory Auditors for the Separate Financial Statements

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

The directors of CFT SpA are responsible for assessing the Company's ability to continue as a going concern and, in preparing the separate financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a

guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of CFT SpA are responsible for preparing a report on operations of CFT SpA as of 31 December 2018, including its consistency with the relevant separate financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the separate financial statements of CFT SpA as of 31 December 2018 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the separate financial statements of CFT SpA as of 31 December 2018 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Parma, 9 April 2019

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

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

BOARD OF STATUTORY AUDITOR’S REPORT SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

CFT S.P.A.

Sede legale in Parma, Via Paradigna 94/A

Capitale Sociale Euro 98.300.000,00 i.v.

REA Parma n. MI-2122705

Registro Imprese, Codice Fiscale e Partita IVA n. 09935170960

RELAZIONE DEL COLLEGIO SINDACALE

ALL'ASSEMBLEA DEGLI AZIONISTI

AI SENSI DELL'ART. 2429 DEL CODICE CIVILE

Signori Azionisti,

il Collegio Sindacale, ai sensi dell'art. 2429, comma 2, del codice civile, è chiamato a riferire all'Assemblea degli azionisti sull'attività di vigilanza svolta in adempimento dei propri doveri, sui risultati dell'esercizio sociale e fare le osservazioni e le proposte in ordine al bilancio e alla sua approvazione.

1. Attività di vigilanza ai sensi dell'art. 2403 e ss., codice civile

Nel corso dell'esercizio 2018 il Collegio sindacale ha svolto le funzioni di vigilanza che gli sono attribuite dalla legge, ispirandosi alle norme di legge ed alle norme di comportamento del Collegio sindacale raccomandate dal Consiglio nazionale dei Dottori commercialisti ed Esperti contabili.

Abbiamo vigilato sull'osservanza della legge e dello statuto e sul rispetto dei principi di corretta amministrazione.

Al fine di acquisire le informazioni strumentali allo svolgimento dei propri compiti di vigilanza, il Collegio sindacale:

- ha partecipato alle n. 2 assemblee dei soci tenutesi nell'anno 2018;
- ha partecipato alle n. 8 riunioni tenute dal Consiglio di Amministrazione nell'anno, ottenendo informazioni sul generale andamento della gestione e sulla

sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla società e dalle sue controllate (e, in base alle informazioni acquisite, non ha osservazioni particolari da riferire);

- ha sistematicamente incontrato e scambiato informazioni con le società di revisione KPMG S.p.A. e Price Waterhouse Coopers S.p.A. incaricate della revisione legale rispettivamente di Glenalta S.p.A. e CFT S.p.A. (e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziati nella presente relazione);
- ha effettuato n. 6 proprie riunioni con relativa verbalizzazione.

Sulla base dell'attività di vigilanza come sopra indicata, possiamo ragionevolmente attestare quanto segue:

a) le operazioni deliberate e poste in essere dagli Amministratori sono conformi alla legge e allo statuto sociale e non appaiono manifestamente imprudenti, azzardate, in potenziale conflitto di interessi o in contrasto con le delibere assunte dall'Assemblea dei soci o tali da compromettere l'integrità del patrimonio sociale. Sulle operazioni di maggiore rilevanza effettuate nel periodo rinviamo alla Relazione sulla gestione e alla Nota illustrativa ove i vostri Amministratori ne hanno illustrato in dettaglio le modalità e le motivazioni;

   In tale ambito segnaliamo per la sua rilevanza la fusione per incorporazione con efficacia 30 luglio 2018 di CFT Spa in Glenalta Spa (ora CFT Spa) quotata sul mercato di borsa AIM Italia;

b) abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza della struttura organizzativa della società, non avendo a tale riguardo particolari osservazioni da riferire;

c) abbiamo valutato e vigilato sull'adeguatezza del sistema di controllo interno e

del sistema amministrativo-contabile, ritenendolo affidabile a rappresentare correttamente i fatti di gestione;

d) non abbiamo rilevato l'esistenza di operazioni che, per natura o dimensione, assumessero carattere di atipicità o potessero definirsi inusuali, effettuate dalla società, con terzi, con società infragruppo o con parti correlate; abbiamo rilevato l'esistenza di operazioni infragruppo e con parti correlate di natura ordinaria, verificando l'esistenza ed il rispetto di procedure idonee a garantire che operazioni in oggetto siano debitamente documentate, regolate secondo normali condizioni di mercato e rispondano all'interesse sociale. Tali operazioni sono adeguatamente illustrate dagli amministratori nel Bilancio, nella Relazione sulla Gestione e nelle Note del Bilancio Consolidato, cui si rimanda;

e) nel corso dell'attività di vigilanza svolta, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la segnalazione nella presente relazione, né sono state rilevate omissioni e/o fatti censurabili e/o irregolarità rimaste insanate, o non ancora definite, tali da essere oggetto di informazione all'Assemblea o di denuncia al Tribunale;

f) non sono pervenute denunce dei soci ex articolo 2408 del Codice Civile, né sono pervenuti esposti da parte di terzi;

g) nel corso dell'esercizio è stato rilasciato un parere ex art. 2437-Ter, cod. civ. sulla congruità del valore di liquidazione delle azioni, per l'esercizio del diritto di recesso sull'operazione di fusione e conseguenti modifiche statutarie, deliberato dall'assemblea dei soci del 20 aprile 2018.

2. Osservazioni e proposte in ordine al bilancio ed alla sua approvazione

Il progetto di Bilancio d'esercizio, il Bilancio consolidato al 31 dicembre 2018 e la Relazione sulla gestione sono strati approvati nella riunione del Consiglio di

Amministrazione tenutasi il 29 marzo u.s. Il Bilancio di esercizio presenta un utile netto dell'esercizio di €/migliaia 1.596, mentre il Bilancio consolidato evidenzia un utile di €/migliaia 3.195, di cui €/migliaia 957 di competenza del Gruppo.

Il Bilancio, di esercizio e consolidato, è redatto secondo i principi contabili IAS/IFRS.

Non avendo la responsabilità della revisione legale dei conti, il Collegio sindacale ha vigilato sull'impostazione generale del Bilancio d'esercizio e del Bilancio consolidato e sulla loro conformità alle norme che ne disciplinano la formazione e la struttura. In particolare sono stati analizzati con il revisore gli effetti della transizione agli IFRS.

Il Collegio sindacale ha altresì verificato la loro rispondenza ai fatti e alle informazioni di cui è venuto a conoscenza a seguito dell'espletamento dei propri doveri. A tale riguardo il collegio sindacale non ha osservazioni particolari da riferire.

Per quanto a nostra conoscenza, gli Amministratori, nella redazione del bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, comma quattro del Codice Civile.

Gli Amministratori nella relazione sulla gestione descrivono i principali rischi cui la società è esposta: rischi connessi alle condizioni generali di mercato, rischi di credito commerciale, rischi finanziari e rischi legati alla fluttuazione dei tassi di cambio e dei tassi di interesse. Garanzie prestate, impegni ed altre passività potenziali sono invece considerate nelle Note illustrative al Bilancio di esercizio e al Bilancio consolidato.

La revisione legale è affidata alla società di revisione Price Waterhouse Coopers S.p.A. che ha predisposto in data odierna le proprie relazioni ex art. 14 D.Lgs. 27 gennaio 2010, n. 39, relazioni che non evidenziano rilievi e pertanto il giudizio rilasciato è positivo; le relazioni, sul bilancio d'esercizio e sul bilancio consolidato contengono un richiamo di informativa sull'operazione straordinaria di fusione di CFT SpA in Glenalta SpA, come anche da noi evidenziato al precedente punto 1a).

Conclusioni

Sulla base di quanto sopra esposto e per quanto è stato portato a conoscenza del collegio sindacale, si ritiene che non sussistono ragioni ostative all'approvazione da parte Vostra del progetto di bilancio per l'esercizio chiuso al 31 dicembre 2018 così come è stato redatto e Vi è stato proposto dal Consiglio di Amministrazione.

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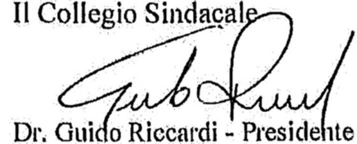
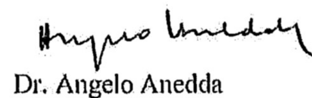
Milano 9 aprile 2019

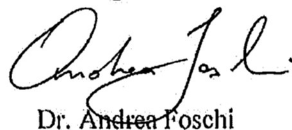
Il Collegio Sindacale



Dr. Guido Riccardi - Presidente



Dr. Angelo Anedda



Dr. Andrea Foschi