

# MEMORIAL

Journal Officiel  
du Grand-Duché de  
Luxembourg



# MEMORIAL

Amtsblatt  
des Großherzogtums  
Luxemburg

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## RECUEIL DES SOCIÉTÉS ET ASSOCIATIONS

Le présent recueil contient les publications prévues par la loi modifiée du 10 août 1915 concernant les sociétés commerciales et par la loi modifiée du 21 avril 1928 sur les associations et les fondations sans but lucratif.

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**C — N° 654**

**12 mars 2012**

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### SOMMAIRE

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N.B. Pour des raisons techniques le début de l'acte est publié aux Mémorial C-N° 647, 648, 649, 650, 651, 652 et 653 du 12 mars 2012.

## **Notes to the consolidated financial statements**

### **Corporate information**

The consolidated financial statements of the IVS Group as at and for the year ended 31 December 2011 were approved by the board of directors on 6 February 2012.

IVS Group Holding S.p.A. is a company limited by shares incorporated and domiciled in Italy, which directly and indirectly controls a number of companies that operate in the vending market, i.e., in the sale of products through automated and semi-automated vending machines installed at unattended points of sale (businesses, schools, hospitals, railway stations and other public places). These machines offer their services 24 hours a day and consumers purchase products through the introduction of coins, banknotes, prepaid cards and other means of payment). The Group also controls the Coin Group, whose core business is the counting of coins for third parties, cash-in-transit services, collection and distribution of coins (coin management);

### **Accounting policies**

#### **1 - Statement of compliance with the IFRS**

These consolidated financial statements have been prepared in accordance with the IFRS effective at 31 December 2011, as endorsed by the Commission of the European Communities.

#### **Newly-adopted Standards**

The following Standards, amendments and interpretations became effective on 1 January 2011. They either cover issues not involving the Group or their adoption has not significantly affected the Group's consolidated financial statements.

- **IAS 24 "Related party transactions" (revised)**. The IASB issued an amendment to IAS 24 that clarifies the definition of a related party. The new definition emphasises a symmetrical view of related party relationships and clarifies the circumstances in which individuals and key management personnel are to be considered as related parties. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as is the reporting entity. The adoption of the amendment did not have any impact on the Group's financial position or financial performance.
- **IAS 32 "Financial instruments: presentation" (revised)**. The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment did not have any impact on the Group's financial position or financial performance, because the Group does not have these type of instruments.
- **IFRIC 14 "Prepayments of a minimum funding requirement" (revised)**. The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Europe and, therefore, the amendment did not have any impact on its financial position or financial performance.
- **Improvements to IFRS**. In May 2010, the IASB issued its third omnibus of amendments to its Standards, primarily with a view to removing inconsistencies and clarifying wording. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the Group's financial position or financial performance.

- IFRS 3 "Business combinations": the measurement options available for non-controlling interests (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
  - IFRS 7 "Financial instruments — disclosures": the amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.
  - IAS 1 "Presentation of financial statements": the amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
- Other amendments resulting from Improvements to IFRS to the following standards did not have any impact on the Group's accounting policies, financial position or financial performance:
    - IFRS 3 "Business combinations" (contingent consideration arising from business combinations prior to adoption of IFRS 3 (as revised in 2008));
    - IFRS 3 "Business combinations" (un-replaced and voluntarily replaced share-based payment awards);
    - IAS 27 "Consolidated and separate financial statements";
    - IAS 34 "Interim financial statements".
  - The following interpretation and amendments to interpretations did not have any impact on the Group's accounting policies, financial position or financial performance:
    - IFRIC 13 "Customer loyalty programmes" (determining the fair value of award credits);
    - IFRIC 19 "Extinguishing financial liabilities with equity instruments".

#### Standards issued but not yet effective

Standards issued but not yet effective up to the date of preparation of the Group's consolidated financial statements are listed below. The listed Standards and interpretations are those that the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective.

- IAS 1 "Presentation of financial statements – Presentation of items of other comprehensive income". The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or financial performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.
- IAS 12 "Income taxes – recovery of underlying assets". The amendment clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined considering that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.
- IAS 19 "Employee benefits" (amendment). The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor approach and the concept of expected returns on plan assets to simple clarifications and re-wordings. The amendment becomes effective for annual periods beginning on or after 1 January 2013.
- IAS 27 "Separate financial statements" (revised in 2011). As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 28 "Investments in associates and joint ventures" (revised in 2011). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 7 "Financial instruments: disclosures — enhanced derecognition disclosure requirements". The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable users of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable users to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or financial performance.
- IFRS 10 "Consolidated financial statements". IFRS 10 replaces the portion of IAS 27 "Consolidated and separate financial statements" that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 "Consolidation — special purpose entities". IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This Standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 "Joint arrangements". It replaces IAS 31 "Interests in joint ventures" and SIC-13 "Jointly-controlled entities — non-monetary contributions by venturers". IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.  
The application of this Standard will have an impact on the Group's financial position. This is due to the cessation of proportionately consolidating the joint venture. This Standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 "Disclosure of interests in other entities". It includes all of the disclosure requirements about consolidated financial statements that were previously covered by IAS 27, as well as all those that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This Standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 "Fair value measurement". It establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on its financial position and financial performance. This Standard becomes effective for annual periods beginning on or after 1 January 2013.

## 2 – Critical judgements and accounting estimates

The consolidated financial statements are based on the cost model, except for derivatives and available-for-sale financial assets held for trading, which are measured at fair value.

The Euro is the Group's functional currency. Amounts are expressed in thousands of Euros in both these notes and the financial statements schedules if not otherwise stated.

These consolidated financial statements are presented as follows:

- assets and liabilities are classified as current or non-current in the statement of financial position. Current assets, which include cash and cash equivalents, are those that will be realised, sold or used in the Group's ordinary operating cycle. Current liabilities are those that will be extinguished within the Group's ordinary operating cycle or in the twelve months after the reporting date;
- expenses are presented based on their nature in the income statement;
- with reference to the statement of comprehensive income, the Group chose to adopt two separate schedules: an income statement presenting the traditional items forming the profit or loss for the period and the statement of comprehensive income that begins with the profit or loss for the period and details the other items of

comprehensive income that were previously presented only in the statement of changes in equity, i.e., fair value gains or losses on derivatives;

- the statement of cash flows is presented using the indirect method.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities, income and expenses, such as amortisation, depreciation and provisions, as well as the disclosures about contingent assets and liabilities set out in the notes. These estimates are based on the going concern assumption and on available information. Actual results may differ from these estimates. This is particularly true considering the current financial crisis which may give rise to future situations that are different to those currently forecast, with the consequent need to make (significant) adjustments to the relevant carrying amounts that cannot presently be foreseen. Assumptions and estimates are particularly critical if referred to the measurement of non-current assets, forecasts of future results and cash flows, provisions for litigation and restructuring and obligations for pension plans and other long-term benefits. Assumptions and estimates are revised on a regular basis and any resulting change immediately affects the financial statements.

The main financial statements captions affected by the use of estimates or critical judgements are the following:

#### Goodwill and other intangible assets

Goodwill and indefinite-lived intangible assets are tested at least annually for impairment or more frequently in the case of impairment indicators. Impairment testing requires management to estimate the value in use of the cash-generating unit (CGU) to which goodwill and indefinite-lived intangible assets are allocated. Value in use is based on the present value of estimated future cash flows discounted using an appropriate rate.

Accordingly, in calculating value in use, management estimates the asset's or CGU's estimated future cash flows and selects an appropriate discount rate to obtain their present value. Reference should be made to the relevant note for a sensitive analysis of the key underlying assumptions.

#### Impairment of non-current assets

Under IFRS, non-current assets should be tested for impairment. An impairment loss is recognised when the asset's carrying amount is no longer deemed recoverable through its use. This analysis requires management to make critical judgements based on external and internal available information and past experience. Moreover, should an asset be found to be impaired, the relevant impairment loss is calculated using adequate valuation techniques. The identification of impairment indicators and the estimates made to calculate the amount of the impairment loss are based on subjective judgements and other factors that may change over time, affecting management judgements and estimates.

#### Deferred tax assets

Deferred tax assets are recognised for all temporary differences and the carryforward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised. Management uses a high level of discretionary judgement to determine the amount of deferred tax assets that can be recognised, by estimating when they will probably become due and the amount of future taxable profit, as well as a future tax planning strategy.

#### Other captions affected by estimates

Moreover, estimates are used to recognise the allowance for impairment, amortisation and depreciation, employee benefits and provisions for risks and charges and to allocate the acquisition cost of recent business combinations.

### 3 - Accounting policies

The consolidated financial statements at 31 December 2011 have been drawn up using the accounting policies detailed below.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of IVS Group Holding S.p.A. (Parent) and its subsidiaries prepared at 31 December of each year, except for - as permitted by IAS 27 - the associate Espresso Service Proximité, the reporting date of which is 30 September. Subsidiaries are those companies over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is generally presumed to exist when the Group holds, directly or indirectly, more than half of the voting rights, including the potential voting rights arising from convertible notes. Associates are those companies in which the Group has significant

influence, but not control, over the financial and operating policies. Significant influence is generally presumed to exist when the Group holds at least 20% of the voting rights or, if less, it is able to exercise significant influence over the financial and operating policies of the company by virtue of specific legal rights, such as, for example, shareholder agreements or other agreements that enable it to exercise significant governance rights.

The subsidiaries' financial statements are prepared using the Parent's accounting policies. Possible consolidation adjustments are made to make those captions affected by the adoption of different accounting policies consistent. All intragroup balances and transactions, including any unrealised profits arising from intragroup transactions, are eliminated in full. Unrealised profits and losses arising from transactions with associates are eliminated to the extent of the Group's share. Unrealised losses are not eliminated, except for impairment losses. Subsidiaries are consolidated as from the acquisition date, i.e., the date on which the Group obtains control, up to the date control is transferred outside the Group. Non-controlling interests, i.e., the portion of profit or loss and net assets that the Group does not hold, are presented separately from the portion attributable to the Group in the income statement and in the statement of financial position, under equity.

Investments in associates are measured using the equity method. Therefore, they are recognised initially at cost, which is subsequently adjusted for possible changes in the Group's share of the associate's equity. The Group's share of profit or loss of associates is recognised in the relevant income statement caption starting from when the Group exercises significant influence up to when it no longer exercises it.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Interests in joint ventures are recognised using proportionate consolidation, whereby the Group's share of the investee's assets, liabilities, revenue and expenses is recognised in the financial statements line by line. Proportionate consolidation begins when the Group obtains joint control and ends when such control ceases.

#### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method, whereby identifiable assets (including intangible assets, which were previously not recognised) and identifiable liabilities (including contingent liabilities but excluding future restructurings) are recognised at fair value.

Under IFRS 3 (revised), the cost of a business combination is measured as the aggregation of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer should measure any non-controlling interest in the acquiree at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The revised Standard requires that the acquirer account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

Goodwill acquired in a business combination is recognised initially at cost and is the excess cost of the business combination compared to the acquirer's share of the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is not amortised, but is adjusted for accumulated impairment losses calculated as described below.

If a business combination can be recognised initially only provisionally, any adjustments to the provisional amounts are recognised within twelve months of the acquisition date.

The recoverability of goodwill is analysed at least annually, or more frequently should events or changes in conditions take place that indicate that impairment losses might exist.

For impairment testing purposes, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units (CGUs) or groups of CGUs benefitting from the combination synergies, regardless of whether the acquiree's other assets or liabilities have been allocated to such CGUs or groups of CGUs.

Impairment losses are identified by considering each CGU's ability to generate the cash flows necessary to recover the portion of goodwill allocated thereto, using the method subsequently detailed in the section on intangible assets. If the recoverable amount is lower than the carrying amount, goodwill is impaired. These impairment losses cannot be reversed should the underlying reasons no longer exist.

When a previously acquired business (or a portion thereof), the acquisition of which had led to the recognition of goodwill, is sold, the relevant gain or loss on disposal is recognised in profit or loss considering the relevant residual value of goodwill.

Acquisitions of investments in subsidiaries after control is obtained do not entail the remeasurement of the fair value of the identifiable assets and liabilities. The difference between the consideration transferred and the Group's share of acquired equity is recognised in equity attributable to the owners of the parent. Transactions leading to a decrease in the Group's holding percentage without determining a loss of control are treated as transactions with owners. Accordingly,

the difference between the portion of investment sold and the consideration paid is recognised in equity attributable to the owners of the parent. This accounting treatment does not differ from that already applied by the Group.

#### **Translation of foreign currency captions and financial statements**

All group companies present their financial statements in Euros.

#### **Translation of foreign currency captions**

Foreign currency transactions are translated initially using the exchange rate at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currency are retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the transaction date rate, while those carried at fair value are translated at the exchange rate in force when fair value is measured.

#### **Intangible assets**

Separately acquired intangible assets are recognised initially at cost. Those acquired through a business combination are recognised at the acquisition date fair value. After initial recognition, they are measured at cost, net of accumulated amortisation and any accumulated impairment losses. Except for development expenditure, internally-developed intangible assets are not capitalised, but are immediately recognised in profit or loss. Intangible assets may have a finite or indefinite useful life.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever an indication of impairment emerges. The amortisation period and method are reviewed at each annual reporting date, or more frequently if necessary. Changes to their expected useful life and to the way in which they are expected to produce future economic benefits are recognised by adjusting the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The gains or losses arising from their sale are measured as the difference between the net proceeds from disposal and the asset's carrying amount and are recognised in profit or loss upon disposal.

#### **Other intangible assets**

The other intangible assets with a finite useful life recognised as a result of a business combination (e.g., customer base) are recognised initially at the acquisition date fair value, separately from goodwill. They are subsequently carried net of accumulated amortisation and any accumulated impairment losses determined as detailed later on for property, plant and equipment.

Such intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life, which is reviewed annually. Any required changes are recognised prospectively.

The gains or losses arising from their sale are measured as the difference between the net proceeds from disposal and the asset's carrying amount and are recognised in profit or loss upon derecognition.

#### **Research and development expenses**

Research expenses are recognised in profit or loss when incurred.

Development expenses incurred in relation to a specific project are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets arising from development are amortised over the period during which the cash flows expected from the project will flow to the Group.

During the development period, the asset is tested for impairment annually. After initial recognition, development expenses are measured at cost, adjusted for accumulated amortisation or impairment losses. Amortisation of the asset begins when the development phase has been completed and the asset is available for use.

All other development expenses are recognised in profit or loss when incurred.

#### **Property, plant and equipment**

Property, plant and equipment are recognised at cost, including any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management, increased by the present value of the estimated costs of dismantling and removing the item, if significant and if the Group has a present obligation for dismantling and removing it. If an item has significant parts with different useful lives, such parts are recognised separately. Land, either associated or not associated with buildings, is not depreciated as it has an unlimited useful life.

Assets revalued in periods prior to 1 January 2007 are recognised on the basis of their fair value at the transition date, which is considered their deemed cost as from that date.

Property, plant and equipment are recognised net of accumulated depreciation and any accumulated impairment losses calculated as detailed later on. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any required changes are recognised prospectively.

The carrying amount of property, plant and equipment is tested for impairment when events or changes in conditions take place that indicate that it may not be recovered. When there are such indications and the carrying amount exceeds the estimated recoverable amount, the assets are impaired to that amount, which, for items of property, plant and equipment, is the higher of an asset's fair value less costs to sell and its value in use.

Impairment losses are recognised in profit or loss in the caption "Amortisation, depreciation and impairment losses". They are reversed if the underlying reasons no longer exist.

On disposal or when no future economic benefits are expected from its use, an item of property, plant and equipment is derecognised and any gain or loss (i.e., the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss when the item is derecognised.

The asset's residual value, useful life and applied methods are reviewed annually and adjusted, where necessary, at the reporting date.

#### **Leases**

At the commencement of the lease term, finance leases that substantially transfer all risks and rewards of ownership of the leased asset to the Group are recognised as assets at amounts equal to the fair value of the leased item or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Depreciation and subsequent measurement follow the same rules as those for owned property, plant and equipment.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

#### **Investment property**

Investment property is property held to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods or services. It is recognised initially at cost, including directly attributable transaction costs and subsequently measured at amortised cost.

#### **Financial assets**

All financial assets are recognised initially at cost at the transaction date, which equals their fair value increased by transaction costs.

After initial recognition, financial assets held for trading are classified as current assets and measured at fair value through profit or loss.

Held-to-maturity investments are classified as current assets if their maturity is within one year and as non-current assets if it is after one year. They are subsequently measured at amortised cost, which is determined using the effective interest method, taking into account any discounts or premiums at acquisition that are allocated over the life of the asset. Any impairment losses decrease amortised cost.

The other financial assets are classified as available for sale and measured at fair value. The resulting fair value gains or losses are recognised in a specific equity caption until the assets are sold, recovered, discontinued, or impaired, in which case the accumulated gains or losses are removed from equity and recognised in profit or loss. If there is no active market for an equity instrument and its fair value cannot be measured reliably, it is carried at cost.

#### **Impairment losses on financial assets**

At each annual or interim reporting date, the Group assesses whether financial assets or groups of financial assets are impaired.

#### **Financial assets carried at amortised cost**

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The



carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group firstly assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss may be reversed. The amount of the reversal is recognised in profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment loss not been recognised at the date it is reversed.

#### Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unlisted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, or on a derivative asset that is linked to and must be settled by delivery of such an unlisted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity instrument is recognised in other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt instrument increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

#### **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition and takes into account any write-downs due to obsolescence or slow-moving items.

The cost of acquired finished products and goods is determined using the FIFO method.

Considering the services provided by the Group, the consolidated financial statements do not include semi-finished products.

#### **Trade receivables and other assets**

Trade receivables and other assets are measured at their nominal amount, net of the allowance for impairment. Impairment losses are recognised when identified.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash, bank accounts and other treasury investments with an original maturity not exceeding three months.

Cash and cash equivalents presented in the statement of cash flows are the same as those in the statement of financial position.

#### **Employee benefits**

The group companies have in place pension plans, post-employment benefit plans for health assistance and post-employment benefits.

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate insurance company or pension fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, paid in exchange for the employees' services, are accounted for as an expense on an accruals basis.

#### *Defined benefit plans*

Defined benefit plans are arrangements whereby the Group provides post-employment benefits and has a future obligation to pay. Actuarial risk and investment risk fall, in substance, on the Group. As required by IAS 19, the Group determines the present value of the defined benefit obligation and the current service cost using the projected unit credit method. This actuarial calculation requires the use of unbiased and mutually compatible actuarial assumptions about demographic (mortality and rates of employee turnover) and financial (discount rate, future salary and benefit levels and medical benefits) variables.

The Italian post-employment benefit (TFR) is considered as a defined benefit plan.

#### *Actuarial gains and losses*

Actuarial gains and losses relating to defined benefit plans may arise from changes in the actuarial assumptions from one reporting period to the following, increases or decreases in either the present value of a defined benefit obligation or the fair value of any related plan assets.

Actuarial gains and losses relating to other long-term benefits and termination benefits are recognised immediately in profit or loss.

#### *Past service cost*

Increases in the liabilities resulting from changes to an existing defined benefit plan are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the changes, the past service cost is recognised immediately in profit or loss.

#### *Curtailments and settlements*

The Group recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets, any related actuarial gains and losses and past service cost that had not previously been recognised.

At the date of the curtailment or settlement, the Group remeasures the obligation and the related plan assets using current actuarial assumptions.

#### **Financial liabilities**

##### *Trade payables and other liabilities*

Trade payables with maturities within ordinary trading terms are not discounted and are recognised at cost (which equals their nominal amount), representing their fair value at the reporting date.

Other liabilities, either current or non-current, are recognised initially at cost, which equals their fair value, less transaction costs directly attributable to the issue of the liability. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

##### *Loan liabilities*

All loan liabilities are recognised initially at the fair value of the consideration received, net of transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the liability is extinguished, in addition to through the amortisation process.

##### *Derivatives*

The group companies use derivatives, such as interest rate swaps, to hedge interest rate risks. They are recognised initially at their fair value at the agreement date, which is subsequently remeasured on a regular basis. They are presented as assets or liabilities depending on whether their fair value is positive or negative. In accordance with IAS 39, hedging derivatives are recognised using hedge accounting only if:

- a) at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- b) the hedge is expected to be highly effective;
- c) the effectiveness of the hedge can be reliably measured;
- d) the hedge is determined to have been highly effective throughout the financial reporting periods for which it was designated.

When derivatives hedge the exposure to changes in fair value of an hedged item (fair value hedges, such as hedges of changes in the fair value of fixed rate assets/liabilities), they are recognised at fair value and any changes are recognised in profit or loss. Similarly, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item.

When derivatives hedge the exposure to variability in cash flows of an hedged item (cash flow hedges, such as hedges of variability in cash flows of variable rate assets/liabilities due to fluctuations in the interest rates), the fair value gain or

loss on the hedging instrument is initially recognised in equity and then reclassified to profit or loss when the hedged item affects profit or loss. Fair value gains or losses that do not qualify for hedge accounting are recognised immediately in profit or loss.

### **Derecognition of financial assets and liabilities**

#### *Financial assets*

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- ∑ the contractual rights to the cash flows from the financial asset expire;
- ∑ the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to fully pay the cash flows to a third party without delay;
- ∑ the Group transfers the contractual rights to receive the cash flows of the financial asset and (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, it continues to recognise the transferred asset to the extent of its continuing involvement. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

When the Group's continuing involvement takes the form of a written or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value (including cash-settled or similar options), the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### *Financial liabilities*

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. Any difference between the carrying amounts is recognised in profit or loss.

### **Provisions for risks and charges**

Provisions for risks and charges relate to known costs or losses that are certain or probable but whose amount or due date is unknown at the reporting date. A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, for example when risks are covered by insurance policies, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain. In this case, in the income statement, the expense relating to a provision may be presented net of the amount recognised for the reimbursement.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation or transfer it to a third party at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.

### **Revenue and expenses**

#### *Revenue recognition*

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable, taking into account any trade discounts and volume rebates allowed by the Group.

Revenue from sales of products through automated vending machines is usually recognised when the products are purchased by the customer, which is when the goods are delivered and consideration is collected.

Revenue from invoiced sales is recognised when the risks and rewards of ownership of the goods have been transferred to the buyer.

### *Interest*

Interest income and expense are recognised on an accruals basis on the carrying amount of the relevant financial assets and liabilities using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

### *Dividends*

Dividends are recognised when the shareholder's right to receive payment is established.

### *Income taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from/paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax that relates to items that are recognised directly in equity is recognised directly in equity.

Deferred tax liabilities are calculated applying the liability method to the temporary differences between the carrying amount of assets and liabilities and their tax bases at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- to the extent that the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised, except when:

- the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for deductible temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, deferred tax assets are recognised solely to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets and recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities relating to transactions recognised directly in equity are recognised directly in equity and not in profit or loss.

The group offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

### **Capital management**

The Group manages its capital using the "net financial indebtedness/equity ratio". Its net financial indebtedness comprises financial liabilities net of cash and cash equivalents and other loan assets, as set out in note 18. Equity comprises all captions presented in the statement of financial position.

The Group's strategy is aimed at increasing its gearing ratio in the medium term, by reducing the financial leverage used when the Group was created and, therefore, reaching a level that would allow it to continue its ordinary operations, meet its investment commitments and enhance the investment value for its shareholders.

The Group keeps or changes its capital structure by issuing new shares or, subject to clearance by the bank syndicate, increasing or decreasing its investments in subsidiaries and acquiring/disposing of investments.

### Consolidation scope

The consolidated financial statements comprise the separate financial statements of the Parent, IVS Group Holding S.p.A., and the Italian and foreign companies over which it exercises, either directly or indirectly (through its subsidiaries and associates), control, governing their financial and operating policies so as to obtain benefits from their activities.

The following table lists the companies in which the Parent directly or indirectly holds an investment, indicating how they are treated in the consolidated financial statements.

Name	Parent	Investment %	Reference %	Treatment
IVS Italia S.p.A.	IVS Group Holding S.p.A.	100.0%	100.0%	Consolidated
Vending System S.p.A.	IVS Group Holding S.p.A.	100.0%	100.0%	consolidated
Eurovending S.r.l.	IVS Italia S.p.A.	70.0%	70.0%	consolidated
DDS S.p.A.	IVS Italia S.p.A.	71.0%	71.0%	Consolidated
Emmedi S.A.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
Dav S.A.	IVS Italia S.p.A.	78.0%	78.0%	Consolidated
Eur Coffee S.r.l.	IVS Italia S.p.A.	80.0%	80.0%	Consolidated
Nuovasellmatic S.r.l.	IVS Italia S.p.A.	93.0%	93.0%	Not consolidated
E.V.S. S.r.l.	IVS Italia S.p.A.	90.0%	90.0%	Consolidated
IVS France SAS	IVS Italia S.p.A.	87.0%	87.0%	Consolidated
Ciesse Caffè S.r.l.	IVS Italia S.p.A.	26.3%	26.3%	Equity-accounted
Ristora System S.r.l.	IVS Italia S.p.A.	30.0%	30.0%	Equity-accounted
Universo Vending S.r.l.	IVS Italia S.p.A.	25.0%	25.0%	Equity-accounted
Cofradis SAS	IVS France SAS	100.0%	87.0%	Consolidated
Parodis SAS	IVS France SAS	100.0%	87.0%	Consolidated
Sci Azzurra SAS	IVS France SAS	99.0%	86.1%	Consolidated
Sci Azzurra SAS	Cofradis SAS	1.0%	0.9%	Consolidated
Sci Dca SAS	IVS France SAS	99.2%	86.1%	Consolidated
Sci Dca SAS	Cofradis SAS	0.8%	0.7%	Consolidated
Caybe 2 SI	Dav S.A.	72.5%	56.6%	Not consolidated
Maquinas Automaticas Blasco SA	Emmedi S.A.	100.0%	70.0%	Not consolidated
IVS Corporate Sarl (formerly Rital Caffè SAS)	IVS France SAS	100.0%	87.0%	Consolidated
Cofradis Sud Sarl	Cofradis SAS	50.0%	43.5%	Not consolidated
Sci +39	IVS France SAS	99.0%	86.1%	Consolidated
Sci +39	Cofradis SAS	1.0%	0.9%	Consolidated
Time Vending S.r.l.	IVS Italia S.p.A.	50.0%	50.0%	Proportionally consolidated
Espresso Service Proximité	Parodis SAS	22.0%	19.0%	Equity-accounted
Espresso Service Proximité	IVS Group Holding S.p.A.	14.8%	14.8%	Equity-accounted
Metroshopping S.r.l.	IVS Italia S.p.A.	70.0%	70.0%	Consolidated
CSH S.r.l.	IVS Group Holding S.p.A.	75.0%	75.0%	Consolidated
Coin Partecipazioni S.p.A.	CSH S.r.l.	60.0%	45.0%	Consolidated
Coin Service S.p.A.	Coin Partecipazioni S.p.A.	62.0%	27.9%	Consolidated
Coin Service Nord S.p.A.	Coin Partecipazioni S.p.A.	33.0%	14.9%	Consolidated
Coin Service Nord S.p.A.	Coin Service Empoli S.p.A.	48.0%	13.4%	Consolidated
Coin Service Services Sicurezza	Coin Service Empoli S.p.A.	51.0%	14.2%	Consolidated
Coin Service Services Sicurezza	Coin Service Nord S.p.A.	49.0%	13.8%	Consolidated

Companies that are not consolidated are dormant. The carrying amounts of their investments in the financial statements of the relevant parents total €72 thousand.

The main changes in the consolidation scope with respect to 31 December 2010 are as follows:

- Food System S.r.l., BVending S.r.l. and Ivan Café S.r.l., already consolidated in previous years, were merged respectively into IVS Italia S.p.A. and Vending System Italia S.p.A. with accounting and tax effect from 1 January 2011. At the same time, Automatica Services S.r.l., 100% of which was acquired in early 2011, was merged into IVS Italia S.p.A. with accounting and tax effect from 1 January 2011;
- Cofdar SA, already consolidated in previous years, was merged into Cofradis SA with accounting and tax effect from 1 January 2011;
- the Parent set up CSH S.r.l. in February 2011, subscribing 75% of its quota capital; on 31 March 2011, the subsidiary Coin Partecipazioni S.p.A., set up by CSH S.r.l. which subscribed 60% of its quota capital, finalised its acquisition of the Coin Service Group (made up of the subsidiaries Coin Service S.p.A., Coin Service Nord S.p.A. and Coin Service Servizi Sicurezza S.r.l.), whose core business is the counting of coins for third parties, cash-in-transit services, collection and distribution of coins (coin management);
- IVS Italia S.p.A. acquired 70% of Metroshopping S.r.l. and an additional 6.32% of Ciesse Caffè S.r.l. during the year.

## Notes to the main captions of the statement of financial position

### 4 - Intangible assets and goodwill

The following table shows variations in historical cost and accumulated amortisation of intangible assets in 2011:

(€'000)	- Research, development and advertising costs	Industrial patents and soft/Intellectual property rights	Concessions, licences, trademarks and similar rights	Customer list	Other	Total
<b>CARRYING AMOUNT AT 31 DECEMBER 2010</b>	36	492	168	9,989	456	11,140
Additions/change in consolidation scope	23	477	63	168	147	879
Sales/change in consolidation scope	-	-	-	-	(11)	(11)
Reclassifications	-	-	-	285	(285)	-
Amortisation	(14)	(516)	(68)	(1,639)	(44)	(2,282)
<b>CARRYING AMOUNT AT 31 DECEMBER 2011</b>	45	453	163	8,803	263	9,726

The caption "Customer list" includes a carrying amount of €168 thousand at the reporting date arising from the business combinations carried out during the year (described in more detail later).

The following table shows variations in goodwill at 31 December 2011 compared to the previous year:

(€'000)	Carrying amount
At 31 December 2010	285,622
Additions/change in consolidation scope	10,306
Sales/decreases	-
Impairment losses	-
Reclassifications	-
At 31 December 2011	295,928

The change in this caption is mainly due to the following non-recurring transactions:

- Acquisition by IVS Group Holding S.p.A. of the Coin Service Group (€9,264 thousand);
- Acquisition by IVS Italia S.p.A. of three business units, GRA, SicilCoffee and CoffeeOffice (€718 thousand);
- Acquisition by IVS Italia S.p.A. of 100% of Automatica Service S.r.l., which was then merged into the acquirer (€261 thousand);
- Acquisition by DDS of a business unit, B.E. S.r.l. of Belfiore (€63 thousand);

The Group recognised and measured the goodwill arising on the above-mentioned transactions pursuant to IFRS 3 which requires application of the acquisition method. The acquisition cost is allocated to the acquired assets and liabilities based on their fair value using the Purchase Price Allocation (PPA) method, under which any excess cost compared to the acquiree's equity is recognised as goodwill under intangible assets in the buyer's financial statements. IFRS 3 also requires that such goodwill cannot be amortised systematically but is tested for impairment once a year.

As the merger of Food System S.r.l. and BVending S.r.l. into IVS Italia S.p.A. qualifies as a business reorganisation as they were already wholly owned, the carrying amounts in the 2011 consolidated financial statements are recognised in line with the carrying amounts in the 2010 financial statements. The following table summarises the changes arising from the above-mentioned transactions:

Transaction	Goodwill	Customer list
Acquisition and merger of Automatica Service	261	40
Acquisition of business units by IVS Italia	717	117
Acquisition of investment in Metroshopping	1	1
Acquisition of business unit by DDS	63	10
Acquisition of Coin Service Group	9,264	-
<b>Total</b>	<b>10,306</b>	<b>168</b>

Captions "Industrial patents and soft./ intellectual property rights" and "Concessions, licences, trademarks and similar rights" mainly consist of costs incurred by IVS Italia S.p.A. to roll out the Navision business management software, which will become the Group's sole IT system. The software is amortised on a straight-line basis over three years.

*Carrying amount of goodwill allocated to each CGU:*

IAS 36 requires that goodwill recognised as a result of a business combination be allocated to each of the CGUs benefiting from the combination synergies, regardless of which CGU or group of CGUs the assets and liabilities of the acquiree are allocated to (a CGU is the smallest group of assets which generates cash flows that are largely independent of those generated by other assets and can be used to calculate value in use).

In 2009 and 2010, the Group identified two CGUs: one for the entire consolidation scope of IVS Italia S.p.A. and the other for the remaining companies controlled by IVS Group Holding S.p.A.. In 2011, it revised its classification in order to improve the likeliness between the CGUs and its operating segments, i.e. each of its components:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Based on this analysis, the Group has identified the following CGUs, to which assets, liabilities and cash flows have been allocated and on which basis the Group's strategic plan has been drafted.

- CGU Italy, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in Italy;
- CGU France, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in France;
- CGU Spain, which comprises the sale and supply of goods, food and beverages via automated and semiautomated vending machines in Spain;
- CGU Coin, which comprises the collection and distribution of coins (coin management), counting of coins for third parties and cash-in-transit services.

For the annual impairment test purposes, goodwill acquired in business combinations was allocated to one of the four CGUs, carrying out the related impairment tests required by IAS 36 based on the carrying amounts and cash flows of the above CGUs.

The recoverable amounts of the CGUs were determined considering their value in use, from the point of view of the entity that carries out the business, for which it assumes a value proportionate to the expected cash flows arising from its continued use and disposal at the end of activities. The Group used the projected cash flows included in the Parent's 2012-2014 business plan to calculate the value in use of the four CGUs and extrapolated the cash flows after three years in perpetuity assuming cash flows in line with those of the business plan's third year. Specifically, these flows were the sum of: (i) adjusted forecast NOPLAT (net operating profit less adjusted taxes) for 2014 (adjusted considering the Group's scheduled depreciation plan); (ii) investments equal to the maintenance amortisation. No changes in working capital were foreseen in the calculation of the terminal value. The resulting cash flow was projected to grow by factor  $g$  equal to 1%.

The 7.51% discount rate applied to the projected cash flows of all CGUs is shown in the following table and was calculated using the expected average indebtedness.

WACC components	IVS Group
Risk free rate	7.11%
Market risk premium	5.0%
Unlevered Beta	0.50
<b>Cost of equity</b>	<b>11.1%</b>
Cost of debt	4.3%
Tax effect	27.50%
<b>Cost of debt after tax</b>	<b>3.1%</b>
Weight D/(D+E)	45.2%
Weight E/(D+E)	54.8%
<b>WACC</b>	<b>7.51%</b>

The yield rate for 10-year government bonds at the start date of the business plan was used as the risk free rate.

An unlevered Beta of 0.50 was used, recalculated considering a leverage effect based on the sector's average debt/equity ratio.

The business plan assumptions include an increase in turnover over the three years from 2012 to 2014 in line with previous years and an upturn in gross profit compared to the 2011 actual figure. Operating costs are expected to increase in line with the Group's forecast growth.

The Group determined the recoverable amount using the Unlevered Discounted Cash Flow model ("UDCF"). For goodwill impairment test purposes, the recoverable amount was assumed to be equal to the relevant enterprise value, which is the mathematical sum of the present value of the cash flows generated by ordinary operations ("operating value").

No need for the recognition of impairment losses has emerged from the comparison of the carrying and recoverable amounts.

Goodwill allocated to each CGU is detailed below:

	31/12/2011	31/12/2010
CGU Spain	6,684	6,684
CGU France	15,348	15,348
CGU Italy	264,632	263,589
CGU Coin	9,264	-
<b>Total</b>	<b>295,928</b>	<b>285,622</b>



### *Sensitivity analysis*

The Group performed a sensitivity analysis of the estimated recoverable amount considering the current and forecast economic situation and the results of the impairment tests for 2011.

Assuming a *g* rate constant at 1%, a 0.5% increase in WACC would lead the CGU Italy's carrying amount to exceed its recoverable amount by roughly €7 million at the reporting date. The same effect would be caused by a deterioration of 5% in cash flows.

The carrying amounts of the other CGUs would not exceed their recoverable amounts as a result of material changes in the above-mentioned rates.

Based on the above analysis, the Group does not deem it necessary to impair the goodwill relating to the CGUs under examination.

The discount rates that make the CGUs' recoverable amounts equal to their carrying amounts are set out in the following table:

	Balancing out WACC
CGU Spain	10.36%
CGU France	9.21%
CGU Italy	7.88%
CGU Coin	15.24%

### *Business combinations*

The main business combinations that took place during the year related to:

- acquisition by the newco Coin Partecipazioni S.p.A. of the Coin Service Group;
- acquisition by IVS Italia S.p.A. of three business units (GRA, SicilCoffee and CoffeOffice);
- acquisition by IVS Italia S.p.A. of 70% of Metroshopping S.r.l.;
- acquisition by IVS Italia S.p.A. of 100% of Automatica Service S.r.l., which was then merged into the acquirer;
- acquisition by DDS of a business unit, B.E. S.r.l. of Belfiore.

The merger of Food System S.r.l. and BVending S.r.l. into IVS Italia S.p.A. and the latter's acquisition of a further 6.32% of Ciesse Caffè S.r.l. do not qualify as business combinations under IFRS 3.

Cash outflows for the equity investments came to €11,658 thousand for the year, including:

- €192 thousand spent by IVS Italia S.p.A. to acquire 6.32% of Ciesse Caffè;
- €7 thousand spent by IVS Italia S.p.A. to acquire 70% of Metroshopping S.r.l.;
- €315 thousand spent by IVS Italia S.p.A. to acquire 100% of Automatica Service S.r.l.;
- €8,702 thousand and €2,090 thousand spent by Coin Partecipazioni S.p.A. to acquire 62% of Coin Service S.p.A. (Empoli) and 33% of Coin Service Nord S.p.A. (Empoli), respectively, gross of cash acquired;
- €352 thousand to settle acquisitions made in previous years.

Cash outflows for business units came to €1,801 thousand for the year, including:

- €704 thousand to acquire the GRA business unit;
- €419 thousand to acquire the SicilCoffee business unit;
- €53 thousand to acquire the Coffee Office business unit;
- €136 thousand spent by DDS to acquire the B.E business unit;
- €489 thousand spent by IVS Italia S.p.A. to settle its business unit acquisitions of previous years.

The outstanding financial liabilities for the acquisition of the above-mentioned business units total €21 thousand at the reporting date, while those for the prior year acquisitions of equity investments amount to €247 thousand (Italdrink €233 thousand and ODA €14 thousand).

The main effects of the current year's acquisitions of the investments in the Coin Service Group, Automatica Service S.r.l. and Metroshopping S.r.l. and the business units on the consolidated financial statements are as follows:

(€'000)	Acq. of Coin Group		Acq. of Automatica Service		Acq. of Metroshopping		IVS Italia's acq. of business units		DDS S.p.A.'s acq. of business units	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Net non-current assets	22,460	22,460	46	86	8	9	430	547	74	84
Discontinued operations	-	-	-	-	-	-	-	-	-	-
Current assets	9,283	9,283	60	60	46	46	-	-	-	-
Non-current liabilities	(479)	(479)	(5)	(5)	(52)	(52)	(11)	(11)	-	-
Current liabilities	(29,159)	(29,159)	(87)	(87)	-	-	(67)	(67)	-	-
Goodwill	-	-	-	-	-	-	834	717	73	63
Non-controlling interests	-	(549)	-	-	-	-	-	-	-	-
Acquisition cost	-	(10,792)	-	(315)	-	(7)	-	(1,186)	-	(147)
<b>Goodwill</b>		<b>(9,236)</b>		<b>(261)</b>		<b>(5)</b>				

With reference to the Coin acquisition, the identified fair values are not dissimilar to the relevant carrying amounts since the assets and liabilities are almost exclusively of a financial nature and, therefore, their carrying amounts already approximate the related fair value. The Group has identified no intangible assets to which the difference between the acquisition cost and relevant portion of acquired net assets could be allocated.

This was assessed also in the light of the findings of a due diligence carried out, which confirm that there are no intangible assets that can be separated from or that are based on contractual/legal rights to the targets. Goodwill is justified by their growth potential in the financial sector and business development opportunities, including through the synergies that can be achieved with the IVS Group's distribution network in Italy.

Moreover, due to the different nature of that business with respect to the Group's core operations, management deemed it correct to allocate the related goodwill to a separate CGU. This CGU was tested for impairment and no recoverability issues have been identified, including after a sensitivity analysis.

The Coin acquisition cost is made up as follows:

Acquisition price	10,792
Acquired cash	(6,077)
<b>Net consideration transferred</b>	<b>4,715</b>

The effects of consolidating the Coin group companies on the 2011 consolidated financial statements are as follows:

Revenue	7,234
Profit for the year	576

Had these companies been consolidated from 1 January 2011, the following effects on the Group's 2011 consolidated income statement would have emerged:

Revenue	2,129
Profit for the year	239

## 5 - Property, plant and equipment

The following tables show changes in historical cost and accumulated depreciation and the carrying amounts of property, plant and equipment and investment property in 2010:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Leased assets	Leased buildings	TOTAL
<b>CARRYING AMOUNT AT 31 DECEMBER 2010</b>	3,717	1,304	82,858	9,655	935	37,172	1,134	136,775
of which: leased at 31 December 2010	26,219	-	8,923	2,029	-	(37,172)	-	-
<b>CARRYING AMOUNT AT 31 DECEMBER 2010</b>	29,936	1,304	91,782	11,684	935	-	1,134	136,775
Additions	11,367	475	21,278	3,152	189	-	-	36,460
Sales	-	(35)	(1,536)	(63)	(43)	-	-	(1,678)
Depreciation	(962)	(523)	(26,951)	(4,803)	-	-	(10)	(33,249)
Change in consolidation scope	-	643	244	782	-	-	-	1,669
Reclassifications	(164)	(25)	282	(12)	(81)	-	-	-
<b>CARRYING AMOUNT AT 31 DECEMBER 2011</b>	40,177	1,839	85,098	10,740	1,000	-	1,124	139,976
of which: leased at 31 December 2011	34,804	-	5,252	3,149	-	-	-	43,205

2010 capital expenditure mainly involved industrial and commercial equipment, in which category all purchases of automated vending machines are classified. This expenditure is part of the Group's normal renewal of its machines, an increase in its business and part of the vending activity.

The carrying amount of property, plant and equipment under finance lease or rented, under leases that qualify as finance leases as per IFRS, is €43,205 thousand. Such assets are mainly property, industrial and commercial equipment and other assets. The increase over the previous reporting date is mainly due to two new property leases, one signed by the Italian subsidiary DDS (€2.7 million) and the other one by the French subsidiary SCI +39 (€8.3 million). At 31 December 2010, these leases were classified as "Commitments and guarantees" as the subsidiaries were then not authorised to use the leased asset at that date.

"Other assets" include vehicles, cars, office electronic equipment and furnishings and fittings.

The useful lives of the Group's main items of property, plant and equipment are:

- buildings: 33 years
- industrial and commercial equipment: 6-7 years
- cars and vehicles: 4-5 years

Management revised the estimated useful lives adopted by the group companies during the year. The useful life of vending machines previously adopted by the French companies has been extended from five to six-seven years, in line with that adopted by the other group companies. The change in estimate has been applied prospectively from the current year. It led to a decrease in depreciation of €1.1 million in the consolidated financial statements of IVS GH and IVS ITA compared to the depreciation expense that would have been recognised had the change not been made.

Capitalised internal costs as part of revamping activities totalled €4.2 million compared to €1.9 million in 2010.

## 6 - Equity investments and loans and receivables

In addition to loans and receivables with related parties (principally the Parent's loan of €2.2 million to Immobiliare Vending) and the non-consolidated companies' investments in Nuova Sellmatic S.r.l. in liquidation and Cofradis Sud Sarl, which are carried at cost (€72 thousand), this caption includes the Group's share of equity (including goodwill) of the equity-accounted investees. The following table provides a list of the main investments:

(€'000)	Consolidated carrying amount		Investment's carrying amount		Share or profit (loss)		
	31/12/2011	31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010	Previous years
Ciesse Caffè S.r.l.	162	48	212	20	(79)	1	27
Ristora System S.r.l.	2,437	2,398	2,397	2,397	39*	0	1
Universo Vending S.r.l.	408	408	200	200	0	24	184
Espresso Service Proximité	2,441	2,353	2,683	2,683	88	182	(511)
<b>Total</b>	<b>5,448</b>	<b>5,159</b>	<b>5,492</b>	<b>5,300</b>	<b>48</b>	<b>207</b>	<b>(299)</b>

\* Group's share of the company's 2010 profit, as this figure became available only after the approval of the Group's 2010 consolidated financial statements.

These investments are of a long-term and strategic nature. When an associate has finished its useful life, is no longer active and will be wound up, it is excluded from the consolidation scope and the related investment therein is impaired using the methods described earlier.

This caption also includes the carrying amount of immaterial investments in other companies totalling €25 thousand.

The following table gives details of the main equity-accounted investees' financial highlights:

(€'000)	Total assets		Revenue		Profit (loss)	
	2011	2010	2011	2010	2011	2010
Ciesse Caffè S.r.l.	n.a.	1,340	n.a.	2,388	n.a.	7
Ristora System S.r.l.	n.a.	2,277	n.a.	78	n.a.	131
Universo Vending S.r.l.	n.a.	6,092	n.a.	13,260	n.a.	94
Espresso Service Proximité	19,486	17,973	31,069	27,060	238	494
<b>Total</b>	<b>19,486</b>	<b>27,682</b>	<b>31,069</b>	<b>42,786</b>	<b>238</b>	<b>726</b>

n.a. not available at the date of approval of the IVS Group's 2011 consolidated financial statements.

## 7 – Other non-current assets

This caption includes:

(€'000)	31/12/2011	31/12/2010	Variation
Non-current securities	11,000	-	11,000
Non-current loans and receivables	332	195	137
<b>Total</b>	<b>11,332</b>	<b>195</b>	<b>11,137</b>

The large increase in this caption is due to the bonds recognised by the subsidiary Coin Service S.p.A., which were acquired with the temporary cash surplus arising from coin management activities. The subsidiary was then able to keep these bonds thanks to bank advances specifically disbursed. Specifically, this caption includes bonds that mature after 31 December 2012, i.e., the €11 million bonds subscribed with Banca di Credito Cooperativo di Cambiano that mature from 2013 to 2014.

Bonds subscribed in similar transactions with maturities before 31 December 2012 have been classified as "Other current assets". They relate to:

- the €3 million bonds subscribed with Credito Artigiano S.p.A. and maturing on 29 February 2012;

- the €10.1 million bonds subscribed with Banca Monte dei Paschi di Siena S.p.A. and maturing in September 2012.

Based on the banks' proven intention to continue the credit lines servicing the investments and considering the lack of any restrictions (including legal) that may impair the companies' ability to hold the bonds to maturity, the directors can confirm the Group's actual intention and ability to hold such bonds to maturity, which were further confirmed at the reporting date. Accordingly, the bonds have been classified as held-to-maturity investments..

The non-current loans and receivables mainly consist of guarantee deposits.

## 8 - Inventories

The following table shows inventories at 31 December 2011 and 2010:

(€'000)	31/12/2011	31/12/2010	Variation
Raw materials, supplies and consumables	59	-	59
Work in progress and semi-finished products	-	-	-
Finished goods	14,295	15,308	(1,013)
Spare parts	1,958	1,566	392
<b>Total</b>	<b>16,313</b>	<b>16,874</b>	<b>(561)</b>

The closing balance mainly consists of food products, different models of automated vending machine, spare parts for the machines and, to a lesser degree, sundry materials such as work clothing and sundry accessories. No provision for inventory write-down has been made as the obsolescence risk is zero, given the high turnover rate of the goods and ongoing monitoring of the shelf life of products in the warehouse as per the Group's plan which complies with HACCP requirements.

## 9 - Trade receivables

The following table gives a breakdown of trade receivables and the related allowance for impairment at 31 December 2011 and 2010:

(€'000)	31/12/2011	31/12/2010	Variation
Customers	14,831	10,333	4,498
Associates	131	129	2
Allowance for impairment	(874)	(1,376)	502
<b>Total</b>	<b>14,088</b>	<b>9,086</b>	<b>5,002</b>

The group companies do not have significant risk concentration at the reporting date. Trade receivables, due within one year, do not usually bear interest and are generally paid after 30/60 days.

The significant increase over the previous reporting date is mainly due to the Coin Service Group, whose trade receivables amounted to €3.9 million at the reporting date.

They are shown net of the allowance for impairment of €874 thousand. The group companies make annual accruals, identifying the receivables to be impaired on an individual basis.

The following table gives a breakdown of trade receivables by due date at the reporting date:

Trade receivables	31/12/2011	%	31/12/2010	%
Not yet due	4,787	32%	4,539	44%
Overdue by 0 to 30 days	1,084	7%	520	5%
Overdue by 30 to 60 days	994	7%	578	6%
Overdue by 61 to 90 days	680	5%	447	4%
Overdue by more than 91 days	7,285	49%	4,249	41%
<b>Total</b>	<b>14,831</b>	<b>100%</b>	<b>10,333</b>	<b>100%</b>

## 10 – Tax assets and liabilities

Tax assets are amounts due to the group companies by the tax authorities of the countries in which they reside for direct taxes which should be recovered in a reasonable timeframe. They amount to €349 thousand at the reporting date (31 December 2010: €1,261 thousand).

Tax liabilities relate to unpaid current taxes for the year due by the group companies to tax authorities. They are calculated using the rates enacted in the different countries in which the companies reside and amount to €826 thousand at the reporting date (31 December 2010: €785 thousand).

## 11 - Other current assets

The following table shows other current assets at 31 December 2011 and 2010:

(€'000)	31/12/2011	31/12/2010	Variation
Receivables from others due within one year	2,779	2,833	(54)
Other current securities	21	21	-
Accrued income	221	35	186
Prepayments	3,416	2,614	802
Portion of held-to-maturity investments (bonds) maturing in 2012	13,100	-	13,100
Tax assets unrelated to income taxes	23,960	20,201	3,759
<b>Total</b>	<b>43,498</b>	<b>25,704</b>	<b>17,794</b>

Receivables from others mainly relate to guarantee deposits and advances to suppliers.

Prepayments and accrued income refer to costs incurred in advance, such as bank fees, maintenance instalments, utilities, sundry services, insurance, lease, automated vending machine location and slotting fees, etc..

Tax assets unrelated to income taxes mostly consist of VAT assets which do not bear interest until their reimbursement has been formally claimed. They are usually settled on a quarterly basis with the relevant tax authorities. The increase is due to an extension in average collection times for quarterly reimbursements. As a matter of facts, payment by the tax authorities may take even more than 365 days from when the claim from reimbursement is filed.

This caption also includes certain bonds recognised by the subsidiary Coin Service S.p.A. and detailed in "Other non-current assets", totalling €13.1 million, classified as "held-to-maturity", which mature before 31 December 2012.

## 12 - Cash and cash equivalents

The following table shows cash and cash equivalents at 31 December 2011 and 2010:

(€'000)	31/12/2011	31/12/2010	Variation
Bank and postal accounts	5,638	4,468	1,170
Cash-in-hand and cash equivalents	30,489	6,840	23,649
<b>Total</b>	<b>36,127</b>	<b>11,308</b>	<b>24,819</b>

Bank deposits are mainly available on sight and bear interest at floating rates. Cash comprises cash collected on the sale of food and beverages at the automated vending machines that has not been lodged with banks at the reporting date. Cash not yet lodged with banks at the reporting date also include roughly €22.8 million lodged with the money counting rooms of the Coin Service group companies. The increase in bank accounts is again due to the Coin Service group companies, whose current account balances amounted to approximately €1.9 million at 31 December 2011.

### 13 – Net financial indebtedness

The Group's net financial indebtedness at 31 December 2011 and 2010 is as follows:

(€'000)	31/12/2011	31/12/2010
Current securities	13,100	60
Cash and cash equivalents	36,127	11,308
<b>Cash and current financial assets</b>	<b>49,227</b>	<b>11,368</b>
Current loan liabilities	(129,241)	(55,627)
Derivatives	(3,897)	(3,715)
<b>Current financial indebtedness</b>	<b>(133,138)</b>	<b>(59,343)</b>
Non-current loan liabilities	(147,812)	(170,603)
Bonds	(134,290)	(131,880)
Shareholders' loans	(11,590)	(4,410)
<b>Non-current financial indebtedness</b>	<b>(293,692)</b>	<b>(306,893)</b>
<b>Net financial indebtedness (*)</b>	<b>(377,603)</b>	<b>(354,868)</b>
Held-to-maturity investments	11,000	-
Non-current loans and receivables	2,204	916
Other non-current assets - from others	332	-
<b>Net financial indebtedness</b>	<b>(364,068)</b>	<b>(353,952)</b>

(\*) Pursuant to Consob's (the Italian commission for listed companies and the stock exchange) communication dated 28 July 2006 and CESR's recommendation dated 10 February 2005 ("Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses")

The Group's net financial indebtedness of €364,068 thousand at the reporting date is mainly due to:

- the bonds issued by the Parent of €134,290 thousand (including interest of €11,434 thousand);
- the bank loan taken out by IVS Italia S.p.A. in 2008 for an original principal of €200 million which has an outstanding amount of €130,081 thousand at 31 December 2011;
- the BNL loan of €21 million agreed by Vending System Italia S.p.A. with an outstanding amount of €17,184 thousand at the reporting date;
- the Mediocredito loan agreed by Coin Partecipazioni S.p.A. with an outstanding amount of €5,049 thousand at the reporting date;
- other minor loans agreed by foreign subsidiaries for a total of €1,165 thousand;
- the €16,911 thousand liability to West Control S.A., the financial company controlled by the shareholder West Group Participation S.A.;
- the loan from the shareholder Eurofinim S.r.l. of €6,681 thousand;
- the loans from Crimo S.r.l. and other shareholders who are individuals, mainly disbursed during the year and totalling €1,181 thousand;
- the loans from Finca S.p.A. totalling €8,487 thousand at the reporting date;
- the loans from Cofincaf (the financial company of the Lavazza Group) totalling €4,609 thousand at the reporting date;
- the liability to non-controlling shareholders of the Coin Group of €3,710 thousand;
- finance leases and loans of €16,794 thousand and €15,920 thousand, respectively, agreed to purchase equipment by group companies;
- liabilities to customers of Coin Service S.p.A. of Empoli approximating €26.9 million and arising from coins lodged with the company's coin counting rooms which have not yet been returned;
- bank loans and borrowings of €33,966 thousand for credit facilities.

## 14 – Equity

The Parent's fully subscribed and paid up share capital at the reporting date consists of 4,266,800 ordinary shares without a nominal amount. It has not issued warrants or other related rights. All the shares of IVS Italia S.p.A. are pledged to guarantee its bank loan.

The following table shows the equity items and their origin:

(€'000)	Carrying amount
Share capital	64,002
Share premium reserve	2,498
Legal reserve	728
Statutory reserve	277
FTA reserve	562
Hedging reserve	(2,217)
Other reserves	(2,223)
Capital injections for future capital increase	5,231
Losses carried forward	(19,189)
Profit attributable to the owners of the parent	2,649
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>	<b>52,315</b>
Share capital and reserves attributable to non-controlling interests	6,488
Profit attributable to non-controlling interests	915
<b>EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	<b>7,403</b>
Total share capital and reserves	56,155
Profit for the year	3,564
<b>TOTAL EQUITY</b>	<b>59,718</b>

Reference should be made to the statement of changes in equity for more information about the equity items.

Equity attributable to non-controlling interests of €7,403 thousand increased by €2,050 thousand over 31 December 2010. The profit for the year attributable to non-controlling interests of €915 thousand jumped by €478 thousand. The residual increase of €1,154 thousand is due to non-controlling interests in the Coin Group.

The hedging reserve decreased by €215 thousand reflecting the fair values of the hedging derivatives at 31 December 2011 (€297 thousand). The €115 thousand increase between the fair value of the sole derivative classified as speculative held by the Parent at 31 December 2011 and 2010 has been recognised directly in profit or loss.

## 15 - Employee benefits

This caption amounts to €5,531 thousand (31 December 2008: €5,610 thousand).

As disclosed in the section on the accounting policies, the Group has defined contribution and defined benefit plans for its Italian and French employees only.



The assumptions used to calculate the Group's obligations in respect of the long-term benefits are set out below:

Calculation date	31/12/2011
Mortality rate	IPS55 charts
Invalidity rate	INPS-2000 charts
Personnel turnover rate	3.00%
Discount rate	4.50%
Management salary increase rate	3.00%
Junior management salary increase rate	3.00%
White collar salary increase rate	3.00%
Blue collar wage increase rate	3.00%
Advance rate	2.00%
Inflation rate	2.00%

## 16 – Provisions for risks and charges

This caption relates to the non-current portion of provisions for risks and charges and comprises:

(€'000)	31/12/2011	31/12/2010	Variation
Tax	48	-	48
Other	458	562	(104)
<b>Total</b>	<b>507</b>	<b>562</b>	<b>(55)</b>

The other provisions include the estimated certain or probable liabilities, mainly related to civil and/or labour pending disputes.

The following table provides a breakdown of this caption for each group company: (didn't import)

(€'000)	Tax provisions			Provisions for other risks and charges		
	31/12/2011	31/12/2010	Variation	31/12/2011	31/12/2010	Variation
IVS Italia S.p.A.	-	-	-	152	152	-
Coin Service Group	42	-	42	-	-	-
DDS	-	-	-	-	-	-
IVS France	-	-	-	60	60	-
Cofdar	-	-	-	51	51	-
Parodis	4	-	4	20	116	(96)
Vending system	-	-	-	176	176	-
Metroshopping	2	-	2	-	-	-
Ivancafé (merged into VSI)	-	-	-	-	7	(7)
<b>Total</b>	<b>48</b>	<b>-</b>	<b>48</b>	<b>458</b>	<b>562</b>	<b>(104)</b>

There are no other potential liabilities at the reporting date other than those provided for in this caption, given their risk level.

## 17 – Deferred tax assets and liabilities

The following table provides a breakdown of the temporary differences giving rise to deferred tax assets and liabilities:

(€'000)	31/12/2010	Profit (loss)	Other changes	31/12/2011
Statutory	(43)	125	(3)	79
Untaxed provisions	671	(73)	0	598
Impairment losses on intangible assets	251	(22)	1	229
Carry forward of tax losses	2,713	(2,265)	(3)	445
Carry forward of interest expense	428	(307)	0	122
Derivatives	759	(0)	82	841
Customer list	(4,524)	107	(23)	(4,440)
Employee benefits	(304)	(9)	0	(314)
Leased assets	(4,564)	811	71	(3,681)
Other	112	(45)	(4)	62
Consolidation adjustments	2,077	124	0	2,201
<b>Net amount</b>	<b>(2,424)</b>	<b>(1,556)</b>	<b>121</b>	<b>(3,859)</b>

Deferred tax liabilities amount to €8,756 thousand, while deferred tax assets total €4,897 thousand.

Deferred tax assets recognised in equity reserves amounted to €82 thousand at the reporting date.

Deferred tax assets are recognised when their recoverability is deemed probable based on the business plan approved by the Parent's board of directors.

## 18 – Financial liabilities

The following table gives a breakdown of financial liabilities split between current and non-current and by category:

(€'000)	31/12/2011	31/12/2010	Variation
Bank loans	109,602	147,016	(37,415)
Finance lease liabilities	13,119	4,640	8,479
Other loans and borrowings	25,091	18,947	6,144
Shareholders' loans	11,590	4,410	7,180
Bonds	134,290	131,880	2,410
<b>Total non-current financial liabilities</b>	<b>293,692</b>	<b>306,893</b>	<b>(13,201)</b>
Bank loans	43,923	20,633	23,290
Advances from banks	-	6	(6)
Current account overdrafts	33,966	14,372	19,594
Finance lease liabilities	3,678	2,993	685
Other loans and borrowings	47,674	17,623	30,051
Derivative liabilities	3,897	3,715	182
<b>Total current financial liabilities</b>	<b>133,138</b>	<b>59,343</b>	<b>73,795</b>
<b>Total financial liabilities</b>	<b>426,830</b>	<b>366,236</b>	<b>60,594</b>

A breakdown of non-current liabilities by due date is as follows:

(€'000)	Amount
2013	56,066
2014	24,907
2015	13,358
2016	162,425
2017	10,491
After 2017	26,445
<b>Total non-current financial liabilities</b>	<b>293,692</b>

Details of the loan agreement signed by IVS Italia S.p.A. and the main financial transactions undertaken during the year are as follows:

- a) The loan agreement signed in 2008 established that IVS Italia S.p.A. subordinated the repayment of the principal of the shareholders' loan until it had met the contractual covenants with the bank syndicate. With respect to the interest on the shareholders' loan to be paid to the Parent, IVS Italia S.p.A. is obliged by contract:
  - not to pay interest on this loan to IVS Group Holding S.p.A. until after 15 December and 15 June of each year, up to a maximum annual nominal rate of 8% calculated on the shareholders' loan and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (€10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months;
  - not to pay interest on the shareholders' loan to IVS Group Holding S.p.A. in excess of the maximum annual nominal rate of 8%, capitalised and not distributed unless the net financial indebtedness/gross operating profit ratio is less than 2.7 and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (€10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months.
- b) The banks formalised the amendment to the loan agreement with the bank syndicate headed by Intesa on 28 June 2010 agreed to reflect the current economic and financial situation. They also revised the covenants with retroactive effect for 2009 and following years.
- c) During 2010 and in order to comply with the syndicated loan covenants (as mentioned above), the Parent waived its right to repayment of the current loan of €5 million due from IVS Italia S.p.A. in order to partly cover its losses.
- d) With respect to point a), as the subsidiary has not paid the interest accrued on the shareholders' loan of €124,540 thousand since 2008, the Parent has suspended payment of its bond coupons. As disclosed earlier, the amendment to the syndicated loan agreement provides that interest on the loan provided by IVS Group Holding S.p.A. will not be paid although it will continue to accrue until either (i) the date of full repayment of Tranche C of the loan and (ii) 31 March 2012, whichever is later. Accordingly, the bondholders resolved to suspend payment of the coupons until the subsidiary IVS Italia S.p.A. pays back the shareholders' loan without prejudicing the bank loan covenants in their meeting of 23 July 2009. This had the scope of ensuring the Parent does not default as the cash inflows from the loan granted to the subsidiary are used to pay the coupons and reimburse the bonds.
- e) In addition to the existing derivative classified as speculative, the Group entered into derivatives to mitigate interest rate fluctuation risks in 2009. As the derivatives qualified for hedge accounting under IAS 39, the fair value loss of €2,217 thousand (net of the effect of deferred tax assets), calculated by the banks at the reporting date, was recognised in the hedging reserve under equity (adjusting its balance of €2,001 thousand recognised at 31 December 2010). The fair value gain of €115 thousand (compared to a gain of €90 thousand at 31 December 2010) on the sole derivative classified as speculative has been recognised directly in profit or loss.

The impact of the derivatives entered into by IVS Italia S.p.A. on the income statement is summarised below:

(€'000)	2011	2010	Variation
Hedging derivatives	856	-	856
Speculative derivatives	386	496	(111)
Fair value gain on speculative derivatives	(115)	(90)	(25)
<b>Total</b>	<b>1,126</b>	<b>406</b>	<b>720</b>

The Group uses the following fair value hierarchy based on different valuation techniques to determine and document the fair value of financial instruments:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments at fair value are as follows at the reporting date:

(€'000)	Level 1	Level 2	Level 3	Total
Interest rate derivatives	-	(3,897)	-	(3,897)

#### Amounts of financial assets and liabilities

The following table compares the carrying amounts and fair values of the financial asset and liability classes at the reporting date

(€'000)	31 December 2011		31 December 2010	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Cash and cash equivalents	36,127	36,127	11,308	11,308
Trade receivables	14,088	14,088	9,086	9,086
Equity investments	5,543	5,543	5,207	5,207
Other financial assets	24,330	24,432	195	195
<b>Total</b>	<b>80,088</b>	<b>80,191</b>	<b>25,796</b>	<b>25,796</b>
<b>Trade payables</b>	<b>61,365</b>	<b>61,365</b>	<b>57,231</b>	<b>57,231</b>
<b>Derivatives</b>	<b>3,897</b>	<b>3,897</b>	<b>3,715</b>	<b>3,715</b>
<b>Finance lease liabilities</b>	<b>16,797</b>	<b>16,797</b>	<b>7,633</b>	<b>7,633</b>
<b>Variable rate loan liabilities</b>	<b>72,765</b>	<b>72,765</b>	<b>36,571</b>	<b>36,571</b>
<b>Bonds</b>	<b>134,290</b>	<b>134,290</b>	<b>131,880</b>	<b>131,880</b>
<b>Bank loans and borrowings</b>	<b>153,525</b>	<b>153,525</b>	<b>167,649</b>	<b>167,649</b>
<b>Other current loan liabilities</b>	<b>33,966</b>	<b>33,966</b>	<b>14,378</b>	<b>14,378</b>
<b>Shareholders' loans</b>	<b>11,590</b>	<b>11,590</b>	<b>4,410</b>	<b>4,410</b>
<b>Total</b>	<b>488,195</b>	<b>488,195</b>	<b>423,467</b>	<b>423,467</b>

The trade receivables and payables are all current and their carrying amount is fairly equal to their fair value.

Derivatives are recognised and measured at fair value at the reporting date. They solely consist of derivatives held by IVS Italia S.p.A.

#### Risk management policy

The Group's financial and accounting department ensures financing is available by carefully analysing interest rate fluctuations on an ongoing basis in relation to its financial exposure.

#### *Market risk*

- **Interest rate risk**  
The Group's interest risk management policy has a two-pronged objective: to minimise the cost of funding and to decrease its exposure to interest rate fluctuations, as changes in interest rates affect both the fair value of variable rate financial assets and liabilities and the Group's future results of operations. Accordingly, during the previous year, the Group agreed derivative contracts to hedge interest rate risks. Specifically, it hedged the interest rate risks of Tranche A of the syndicated loan taken out by IVS Italia S.p.A. that has a nominal amount of €140 million.
- **Currency risk**  
The Group is not exposed to this risk as all its transactions are carried out in Euros.

#### *Credit risk*

##### a) **Credit risk**

The Group procedures require that customer solvency is monitored by each company's commercial and accounting departments before and during transactions by monitoring customer balances.

Commercial credit risk concentration, arising solely when invoices are issued, is limited given the wide and unrelated customer base. As a result, the allowance existing at the reporting date for receivables whose recovery is doubtful or improbable is deemed to be appropriate.

##### b) **Market risk**

Interest rate hedges are solely agreed with highly rated counterparts that are selected using various criteria: the specialist agency rating, their assets and equity as well as the nature and due date of the transactions. They are usually major banks.

The Group does not trade financial instruments with parties located in geographical areas at high political or financial risk.

##### c) **Liquidity risk**

The Group's objective is to have a debt level that ensures a good ratio of the loan repayment dates to flexible and diversified sources of funding. Each group company is free to negotiate credit facilities and agree diversified sources of funding (e.g., loans, finance leases, bank credit facilities, etc.) as long as they comply with the covenants of the loan agreement between IVS Italia S.p.A. and the bank syndicate. Forecast cash flows from operating activities will allow a steady reduction in the ratio of debt to total sources of funding in line with the Group's business plan, leading to a large decrease in the current liquidity risk level. This is because most of the investments in property, plant and equipment, investment property and financial investments have been made.

#### *Exposure to interest rate risk*

At the reporting date, all the Group's financial liabilities (without considering fluctuations in the fair value of derivatives) bear interest at floating or indexed rates. The main sources of financing are the above-mentioned bank loan with an outstanding principal of €130 million, indexed to the reference rate, the bonds of €123 million, also indexed to the reference rate, the finance lease liabilities, other loans taken out by most of the group companies which normally bear interest at the Euribor, and the loan agreed by Vending System Italia S.p.A. with an outstanding amount of €17,184 thousand.

#### *Covenants*

The €200 million loan, with an outstanding balance of €130 million at the reporting date, taken out by IVS Italia S.p.A. from IntesaSanPaolo S.p.A., which then syndicated it to a six-member syndicate, has certain covenants which require, inter alia, compliance with financial and equity ratios. At the reporting date, this loan made up 31% (31 December 2010: 41%) of the Group's total financial indebtedness (€422,933 thousand at 31 December 2011, excluding the effect of derivatives).

In June 2010, IVS Italia S.p.A. signed an amendment to the loan agreement with the syndicate banks which included changes to certain of the covenants provided for by article 18.2 (A)(3). Specifically, the consolidated financial statements should show:

- a net financial indebtedness/gross operating profit ratio greater than:

- 3.50x from 31 December 2011;

- 2.70x from 31 December 2012 until the loan agreement expires.
- a gross operating profit/net financial expense ratio not lower than:
- 6.00x from 31 December 2010 until the loan agreement expires.

All these ratios were met at the reporting date.

## 19 - Other current liabilities

The following table shows other current liabilities at 31 December 2011 and 2008:

(€'000)	31/12/2011	31/12/2010	Variation
Other liabilities	10,768	10,724	44
Accrued expenses	176	25	151
Deferred income	11	44	(33)
Social security charges payable	3,365	3,401	(36)
Tax liabilities (excluding income taxes)	2,131	1,908	223
<b>Total</b>	<b>16,451</b>	<b>16,103</b>	<b>348</b>

Other liabilities include payables to employees for December 2011 remuneration, paid in January 2012, unpaid accrued holidays and leave, deposits received from holders of charge keys used to purchase food and beverages from the vending machines, advances from customers and/or suppliers and outstanding balances for the acquisition of equity investments.

Social security charges payable include amounts due to the relevant institutions for the annual contributions in line with the different legislation ruling in the countries in which the Group is based (Italy, France and Spain).

Other tax liabilities, part of which is due within one month, mainly consist of withholdings on wages and salaries of the Italian employees.

## 20- Commitments and guarantees

The following table sets out the sureties and guarantees issued by the group companies:

Company	2011	2010
IVS Italy S.p.A.	424	424
DDS S.r.l.	185	185
Eurovending S.r.l.	5	5
<b>Total</b>	<b>614</b>	<b>614</b>

These guarantees were mostly given for financing granted by third parties to group companies or for their involvement in tenders.

As provided for contractually, all the shares of IVS Italia S.p.A., as well as 90% of the quotas of E.V.S. S.r.l., have been pledged for the €200 million syndicated loan.

Lastly, the subsidiary Dav S.A. signed a property lease for €3.5 million in the second half of 2011. The lease was classified as a finance lease at the reporting date, but the leased assets and related lease liabilities have not been remeasured as the subsidiary had not yet been authorised to use the leased assets at such date (the property was still under construction).

As at the previous reporting date, the Coin Group's strong rooms contained third party cash totalling €30,315 thousand to be counted. The group companies signed specific insurance policies to secure it.

## Notes to the main income statement captions

### 21 - Revenue from sales and services

The following table shows changes in this caption and a breakdown by geographical segment:

(€'000)	2011	2010	Variation	Var. %
Italy	225,479	224,692	787	0.3%
France	24,450	24,329	121	0.5%
Spain	14,699	14,433	266	1.88%
<b>Revenue from sales and services</b>	<b>264,628</b>	<b>263,454</b>	<b>1,174</b>	<b>0.4%</b>

Revenue is earned on "supplies", i.e., amounts collected for sales of food and beverages directly from the automated vending machines, "sales with invoices", i.e., revenue from the sale of products delivered directly to customers and revenue from the sale of automated vending machines. The overall increase is mainly due to the number of *vends* (supplies), following the Group's price and commercial policies.

### 22 - Other revenue and income

The following table shows variations in this caption:

(€'000)	2011	2010	Variation	Var. %
Other operating revenue and income	13,738	6,266	7,472	119%

The caption includes revenue from the sale of goods, spare parts, equipment and sundry materials to third parties, revenue from technical assistance provided to third parties for their automated vending machines and revenue from the Coin Service Group operations (€7,234 thousand), i.e., coin management and counting and cash-in-transit services.

It also comprises revenue from the reimbursement of costs, lease income, compensation for damage and prior year gains generated by the group companies' operations.

### 23 - Raw materials, consumables, supplies and goods

The cost of procuring raw materials, consumables, supplies and goods, related to different types of food and beverages, underwent the following changes from 2010 to 2011:

(€'000)	2011	2010	Variation	Var. %
Raw materials, consumables	72,157	70,148	2,009	3%
Change in inventories	(473)	(1,627)	1,154	(71%)
<b>Total</b>	<b>71,684</b>	<b>68,521</b>	<b>3,163</b>	<b>5%</b>

This caption is shown net of premiums, discounts and rebates granted by the key suppliers on special deliveries or when set turnover levels and/or total quantities purchased are met.

### 24 - Services

The following table shows changes in this caption:

(€'000)	2011	2010	Variation	Var. %
Services	23,796	22,418	1,378	6%
Use of third party assets	6,753	5,874	879	15%

Total	30,550	28,292	2,258	8%
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This caption includes the directors' fees (see note 31), maintenance services, electricity and utilities (e.g., water, telephone, etc.), transportation, administrative, legal and commercial services.

## 25 - Personnel expenses

This caption of €81,726 thousand includes the cost of filling the vending machines by third party personnel for IVS Italia S.p.A. (the cost of which can thus be considered as normal personnel expenses).

(€'000)	2011	2010	Variation	Var. %
Wages and salaries	61,756	61,209	547	1%
Social security contributions	15,135	14,487	648	4%
Employee benefits	3,071	3,263	(192)	(6%)
Other personnel expenses	1,764	1,852	(88)	(5%)
<b>Total</b>	<b>81,726</b>	<b>80,811</b>	<b>915</b>	<b>1%</b>

The €915 thousand increase is principally a result of:

- a rise due to personnel expenses of the Coin Service Group, which amounted to approximately €2.1 million in 2011;
- a decrease in other personnel expenses due to the reclassification of the 2011 termination benefits of €410 thousand (2010: €180 thousand classified in this caption) to non-recurring items;
- a decrease due to greater capitalised costs compared to the previous year (€1.3 million more than in 2010) following the considerable increase in vending machine revamping activities carried out during the reporting period. In 2011, IVS Italia S.p.A. and IVS Group Holding S.p.A. capitalised personnel expenses totalling €2.5 million (compared to €1.2 million in 2010) in this respect.

As can be seen from the following table, the Group's number of employees is substantially in line with the previous year, considering that Coin Group contributed roughly 80 heads at 31 December 2011.

Number	31/12/2011	31/12/2010	Variation
Junior management	47	43	4
White collars	570	547	23
Blue collars	1,387	1,335	52
Trainees	17	11	6
<b>Total</b>	<b>2,021</b>	<b>1,936</b>	<b>85</b>

## 26 – Other operating costs

This caption may be analysed as follows:

(€'000)	2011	2010	Variation	Var. %
Impairment losses on current assets	296	439	(143)	(32%)
Provisions for risks	(157)	522	(679)	(130%)
Other provisions	9	79	(70)	(88%)
Other operating costs	34,538	34,390	148	0%
<b>Total</b>	<b>34,686</b>	<b>35,430</b>	<b>(744)</b>	<b>(2%)</b>

This caption includes:



- the portion for the year (roughly €24.5 million) of slotting fees for the year to customers (public and private) to locate machines in their premises, using their electricity and water supplies;
- fuel costs of approximately €4.3 million.

The €157 thousand release of provisions for risks relates to an accrual made in 2010 by the French subsidiary Parodis for a dispute that was subsequently settled in the subsidiary's favour during 2011.

## 27 – Other income and expense

The following table gives a breakdown of non-recurring income and expense, showing those arising on the sale of non-current assets:

(€'000)	2011	2010	Variation	Var. %
Gains on the sale of assets	1,515	2,372	(857)	(36%)
Losses on the sale of assets	(909)	(743)	(166)	22%
<b>Net gains on the sale of assets</b>	<b>606</b>	<b>1,629</b>	<b>(1,023)</b>	<b>(63%)</b>
Income	613	231	381	165%
Expense	(2,797)	(1,101)	(1,696)	154%
<b>Net other non-recurring expense</b>	<b>(2,185)</b>	<b>(870)</b>	<b>(1,315)</b>	<b>151%</b>

The significant increase in non-recurring expense is mainly due to:

- termination benefits of roughly €410 thousand paid during the reporting period (mainly €238 thousand by IVS Italia S.p.A., €110 thousand by Parodis and €62 thousand by Cofradis). These benefits amounted to approximately €180 thousand and were classified as a personnel expense in 2010;
- cash shortfalls and losses of roughly €214 thousand mainly due to theft and robberies at the branches of IVS Italia S.p.A. (€178 thousand at 31 December 2010);
- administrative, tax and legal consultancy fees for non-recurring transactions paid by the Parent (€509 thousand) and the subsidiary Coin Partecipazioni (€220 thousand);
- prior year expense, mainly due to premiums to customers, taxes and supplier invoices totalling €1,184 thousand relating to previous years (including €862 thousand relating to the subsidiary IVS Italia S.p.A.) and 2010 personnel expense relating to the subsidiary IVS Serida, which was merged into IVS Italia S.p.A. on 30 December 2010, totalling €259 thousand.

Non-recurring income is principally due to:

- the waiver of fees resolved by the directors of the two Spanish subsidiaries (€282 thousand);
- an extra bonus for 2007 that a machinery supplier paid to the Parent (€94 thousand);
- the out-of-court settlement of a dispute with a telephone provider by the subsidiary Vending System Italy S.p.A. (€72 thousand);
- other prior year income mainly recognised by the Italian subsidiaries (€165 thousand).

## 28 - Financial income and expense

The following table gives a breakdown of financial income and expense:

(€'000)	2011		2010	
	Income	Expense	Income	Expense
Bank interest	82	(1,402)	3	(610)
Interest on Banca IMI and syndicated loans	-	(5,266)	-	(5,074)
Interest on BNL loan	-	(439)	-	(476)
Interest on shareholders' loan	-	(1,521)	-	(7)
Interest on bonds	-	(2,539)	-	(1,736)
Other interest	-	(1,312)	-	(1,476)
<b>Total income (expense) on net financial indebtedness</b>	<b>82</b>	<b>(12,478)</b>	<b>3</b>	<b>(9,379)</b>
<b>Net interest expense on net financial indebtedness</b>		<b>(12,397)</b>		<b>(9,376)</b>
Other financial income	662	-	361	-
Other financial expense	-	(354)	-	(459)
<b>Total other financial income (expense)</b>	<b>662</b>	<b>(354)</b>	<b>361</b>	<b>(459)</b>
Net loss on interest rate speculative derivatives (flows)	-	(386)	-	(496)
Net loss on interest rate hedging derivatives (flows)	-	(856)	-	-
Net exchange rate gains (losses)	-	-	-	-
<b>Net exchange rate gains (losses) and net loss on derivatives</b>	<b>-</b>	<b>(1,241)</b>	<b>-</b>	<b>496.37</b>
<b>Net financial income (expense) and net loss on derivatives</b>	<b>744</b>	<b>(14,074)</b>	<b>364</b>	<b>(10,334)</b>
Net fair value gains on interest rate speculative derivatives	115	-	90	-
<b>Total net expense</b>		<b>(13,215)</b>		<b>(9,880)</b>

Changes in net financial expense is mainly due to:

- interest expense on Coin Service group companies' current accounts (€617 thousand), partly offset by other financial income (interest on bonds of €485 thousand);
- interest expense on shareholders' loans (€1,324 thousand and €197 thousand paid by IVS Group Holding S.p.A. and Coin Service Group, respectively, in 2011);
- an increase in interest expense on the bonds issued by the Parent due to a rise in the official bank rate starting from the second half of the year;
- an increase of €287 thousand in lease interest expense (classified as other interest expense), as a result of two new leases signed by the Italian subsidiary DDS S.p.A. and the French subsidiary SCI +39;
- an increase of €856 thousand due to hedging derivative outflows (the first payment was due on 12 December 2011 and related to the previous half year).

## 29 – Share of profit (loss) of equity-accounted investees

The profit of €127 thousand (€207 thousand for 2010) is mainly due to the Group's share of the profit of the equity-accounted investees.

## 30 - Income tax expense

Current and deferred taxes are analysed in the following table:

(€'000)	2011	2010	Variation	Var. %
Current tax expense	(4,357)	(3,871)	(486)	13%
Change in deferred tax liabilities	871	1,110	(239)	-21%

Change in deferred tax assets	(2,427)	(2,194)	(233)	11%
Total	(5,913)	(4,955)	(958)	19%

Note 17 provides details of the captions that lead to the recognition of deferred tax assets and liabilities.

The tax rate reconciliation is shown in the following table:

(€'000)	2011		2010	
<b>Profit before tax</b>	<b>9,476</b>		<b>10,778</b>	
<i>Theoretical tax</i>	(2,648)	(27.9%)	(3,201)	(29.7%)
<i>Financial income at lower rate</i>				
<i>Permanent differences</i>	(241)	(2.5%)	(381)	(4.2%)
<i>Effect of Tremonli-ter law</i>	-	0.0%	1,206	11.9%
<i>Consolidation adjustments</i>	(20)	(0.2%)	105	1.0%
<i>Effects of tax losses not recognised in previous years or that cannot be used</i>	(423)	(4.5%)	180	1.7%
<i>Prior year deferred taxes</i>	-	0.0%	(351)	(3.3%)
<b>IRAP</b>	<b>(2,581)</b>	<b>(27.2%)</b>	<b>(2,512)</b>	<b>(23.3%)</b>
<b>Total tax burden</b>	<b>(5,913)</b>	<b>(62.4%)</b>	<b>(4,954)</b>	<b>(46.0%)</b>

## Other information

### 31 - Related party transactions

The following tables provide information about transactions with related parties and their impact on the Group's financial position and results of operations:

	Assets			Liabilities		
	Trade	Financial	Other	Trade	Financial	Commitments
Espresso Service Proximite	65	-	-	409.00	-	-
Immobiliare Vending	29	2,203	-	(169)	-	-
Universo Vending S.r.l.	-	-	-	(505)	-	-
Time Vending	15	-	-	(221)	-	-
Ciesse Caffè S.r.l.	30	-	-	(0)	-	-
Sogeda S.r.l.	338	-	-	(767)	-	-
Gimoka S.r.l.	155	-	-	(2,152)	-	-
Fast Service S.r.l.	1,585	-	-	(1,589)	-	-
MC-AG Sas	307	-	-	(3)	-	-
Crimo	1	-	-	-	(780)	-
West Control S.A.	-	-	-	-	(16,882)	-
Eurofinim S.r.l.	-	-	-	-	(6,681)	-
Astro	-	-	-	(19)	-	-
Shareholders who are also directors	-	-	-	-	17,673	-
Shareholders that are not directors	-	-	-	-	116,617	-
<b>Total</b>	<b>2,523</b>	<b>2,203</b>	<b>-</b>	<b>(5,835)</b>	<b>109,947</b>	<b>0</b>
Carrying amount	14,088	2,203	43,498	(61,340)	(426,830)	424
% of consolidated financial statements caption	18%	100%	0%	10%	-26%	0%

	Revenue					
	Products	Equipment	Services	Use of assets	Other	Interest
Ciesse Caffè S.r.l.	11	1	2	-	-	-
Sogeda S.r.l.	377	4	20	-	28	-
Gimoka S.r.l.	1,087	-	0	-	-	-
Fast Service S.r.l.	2	24	10	-	27	-
MC-AG Sas	3	-	-	5	-	-
Time Vending	-	-	-	-	48	-
<b>Total</b>	<b>1,480</b>	<b>29</b>	<b>32</b>	<b>5</b>	<b>103</b>	<b>-</b>
Carrying amount	264,628	264,628	13,738	13,738	13,738	364
% of consolidated financial statements caption	1%	0%	0%	0%	1%	0%

	Expense					
	Products	Equipment	Services	Use of assets	Other	Interest
Universo Vending S.r.l.	2,475	5	5	-	0	-
Time Vending	-	-	-	-	836	-
Ciesse Caffè S.r.l.	90	-	7	-	0	-
Immobiliare Vending	-	-	22	2,234	33	-

Sogeda S.r.l.	718	-	(12)	-	(2)	-
Gimoka S.r.l.	3,372	498	36	-	-	-
Fast Service S.r.l.	14	14	-	21	4,730	-
MC-AG Sas	-	-	365	-	-	-
Espresso Service Proximité	126	132	363	-	-	-
Aslro	-	-	27	-	-	-
Shareholders who are also directors	-	-	-	-	-	332
Shareholders that are not directors	-	-	-	-	-	2,207
<b>Total</b>	<b>6,796</b>	<b>648</b>	<b>814</b>	<b>2,255</b>	<b>5,597</b>	<b>2,539</b>
<b>Carrying amount</b>	<b>71,684</b>	<b>71,684</b>	<b>23,766</b>	<b>6,753</b>	<b>34,686</b>	<b>10,334</b>
<b>% of consolidated financial statements caption</b>	<b>9%</b>	<b>1%</b>	<b>3%</b>	<b>33%</b>	<b>16%</b>	<b>25%</b>

### 32 – Directors' fees

The following table shows the directors' fees:

(€'000)	2011	2010	Variation	Var. %
Directors' fees	747	747	-	0%
Share-based payment	-	-	-	0%
Other long-term benefits	-	-	-	0%
<b>Total</b>	<b>747</b>	<b>747</b>	<b>-</b>	<b>0%</b>

The following fees were paid during the year:

(€'000)	2011	2010	Variation	Var. %
Statutory auditors for their services	157	139	18	13%
Independent auditors for legally-required audits	192	301	(109)	(36%)
<b>Total</b>	<b>349</b>	<b>440</b>	<b>(91)</b>	<b>(21%)</b>

### 33 - Events after the reporting date

The directors' report discloses information about the events after the reporting date.

Seriate, 6 February 2012

On behalf of the Board of directors  
Chairman  
Cesare Cerea  
(signed on the original)

**Annex E**

Explanatory Memorandum of the board of directors

**EXPLANATORY MEMORANDUM TO THE  
PROPOSAL FOR THE CORPORATE SEAT RELOCATION OF ITALY1 AND FOR THE  
CROSS BORDER MERGER OF**

**ITALY1 INVESTMENT S.A.**

Luxembourg public limited liability company (*société anonyme*)

412F, route d'Esch

L-1471 Luxembourg

Grand-Duchy of Luxembourg

R.C.S. Luxembourg B 155.294

**AND**

**IVS GROUP HOLDING S.P.A.**

Italian public limited liability company (*Società per Azioni*)

Via dell' Artigianato, 25

I-Seriate

Italy

Bergamo Companies Register Number 03318950163

**BY THE BOARD OF DIRECTORS OF ITALY1 INVESTMENT S.A. IN ACCORDANCE WITH  
ARTICLE 265 OF THE LUXEMBOURG LAW ON COMMERCIAL COMPANIES DATED 10  
AUGUST 1915, AS AMENDED**

**March 2, 2012**

**THE BOARD OF DIRECTORS OF:**

ITALY1 INVESTMENT S.A., a Luxembourg public limited liability company, *société anonyme*, having its registered office at 412F, route d'Esch, L-1471 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Registry of Trade and Companies (the "Luxembourg Register") under number B 155.294 ("ITALY1" or the "Absorbing Company").

**WHEREAS:**

- A. It is intended, subject to the condition precedent that the Merger (as defined below) is approved by the shareholders of the Merging Companies (as defined below), that ITALY1 shall transfer its effective place of management and of control as well as its registered office from the Grand Duchy of Luxembourg to Italy (the "Corporate Seat Relocation");
- B. It is further intended, subject to the prior satisfaction of certain conditions precedent (including the shareholders' approval) that IVS GROUP HOLDING S.p.A., an Italian public limited liability company, *Società per Azioni*, having its registered office at Via dell'Artigianato, 25, I-Seriate, registered with the Bergamo Companies Register under number 03318950163 ("IVS" or the "Absorbed Company") shall merge into ITALY1 by way of absorption by ITALY1 of IVS and without liquidation of IVS, pursuant to Luxembourg law and in accordance with the terms and conditions of a merger proposal (*projet de fusion*), an explanatory memorandum (*rapport écrit détaillé*) for ITALY1 subject to Luxembourg law and an explanatory memorandum (*Relazione degli amministratori*) for IVS subject to Italian law (the "Merger") (ITALY1 together with IVS, the "Merging Companies");
- C. The Merging Companies have adopted a merger proposal on March 2, 2012 (the "Merger Proposal"); and
- D. The board of directors of ITALY1 wishes to provide further explanation to the Corporate Seat Relocation as well as to the Merger Proposal as required for the latter pursuant to Article 265 of the Luxembourg law on commercial companies dated 10 August 1915, as amended (the "Luxembourg Company Law"), in the form of this explanatory memorandum (the "Explanatory Memorandum") for ITALY1.

**NOW, THEREFORE**, declares the following concerning the Corporate Seat Relocation:

Subject to the condition precedent that the Merger becomes effective, ITALY1 will transfer its effective place of management and of control as well as its registered office from the Grand Duchy of Luxembourg to Italy.

The Corporate Seat Relocation is subject to the unanimous vote of the shareholders of ITALY1 and shall become effective from a tax and accounting point of view one day after the Effective Date (as defined below) of the Merger.

Upon the Corporate Seat Relocation, the name of ITALY1 will be changed to IVS Group S.p.A., ITALY1 will have the form of a public limited liability company (*società per azioni*) and its articles of association will be restated so as to make them comply with Italian law requirements.



Subsequent to the Merger (as defined below), the ordinary business activity currently performed by IVS would be still carried on in Italy. The Corporate Seat Relocation may allow to eliminate unnecessary duplicate expenses that could be generated by having registered office in Luxembourg and, at the same time, an administrative seat in Italy. Indeed, subsequent to the Merger (as defined below), no operating business activity would be carried on in Luxembourg, turning useless for ITALY1 to have registered office therein.

**NOW, THEREFORE,** declares the following concerning the Merger Proposal:

## **1. MERGING COMPANIES**

### **1.1. ITALY1**

ITALY1 is a Luxembourg public limited liability company incorporated by a notarial deed drawn up by Maître Martine SCHAEFFER, notary, residing in Luxembourg, on 26 August 2010 published in the *Mémorial C, Recueil des Sociétés et Associations* (the "Mémorial"), on 19 October 2010, number 2215.

The registered office of ITALY1 is located at 412F, route d'Esch, L-1471 Luxembourg, Grand Duchy of Luxembourg.

The articles of association of ITALY1 have been amended several times and for the last time by a deed of Maître Jean-Joseph WAGNER, notary, residing in Sanem, Duchy of Luxembourg, dated 27 January 2011, published in the *Mémorial* on 3 June 2011, number 1191.

The issued share capital of ITALY1, as of the date hereof, amounts to one hundred and seventy-five thousand Euros (EUR 175,000.-) and is divided into fifteen million (15,000,000) class A shares ("Market Shares"), one million two hundred and fifty thousand (1,250,000) class B1 convertible shares, one million two hundred and fifty thousand (1,250,000) class B2 and one million two hundred and fifty thousand (1,250,000) class B3 convertible shares (together the Founding Shares, as defined in the ITALY1 Prospectus), in registered form, without nominal value, all subscribed and fully paid up.

The Market Shares of ITALY1 are listed in Italy on the Professional Segment of the regulated Telematic Market for Investment Vehicles ("MIV") under the ticker IT1 and under ISIN code LU0556041001.

As at the date of this Explanatory Memorandum there are 3,750,000 Founding Shares outstanding divided into 1,250,000 class B1 convertible shares, 1,250,000 class B2 convertible shares and 1,250,000 class B3 convertible shares. The Founding Shares have the same rights as the Market Shares with the exception of the following:

- with respect to the Founding Shares held in the Blocked Securities Account (i) one third will be released and converted into Market Shares on the business day which is six months after the completion of the Business Combination; (ii) one third will be released and converted into Market Shares after the day on which the VWAP for any period of 20 trading days out of 30 consecutive trading days (whereby such 20 trading days do not have to be consecutive) equals or exceeds Euro 11.00; and (iii) the remaining Founding Shares will be released and converted into Market Shares after the day on which the VWAP for any period of 20 trading days out of 30 consecutive trading days (whereby such 20 trading days do not have to be consecutive) equals or exceeds

Euro 12.00 provided, however, that if the conditions set forth in (ii) and/or (iii) are fulfilled prior to the first anniversary of the completion of the Business Combination, the respective Founding Shares shall not be released and converted into Market Shares prior to such first anniversary. Founding Shares which have not been released and converted on or before the fifth anniversary date of the completion of the Business Combination shall not be released and converted and shall be redeemed within six months following such fifth anniversary date at a redemption price of Euro 0.0093 per Founding Share;

On January 27, 2011 ITALY1 completed the successful institutional Offering of 15,000,000 Market Shares cum 15,000,000 Market Warrants. Each Market Share gave the right to receive one Market Warrant. In the context of the institutional Offering, more than 50 institutional investors subscribed for 15,000,000 Market Shares cum 15,000,000 Market Warrants, equal to a total amount of Euro 150,000,000.

Furthermore, the Founding Shareholders of ITALY1 invested Euro 5,000,000 as an "at risk" investment through the purchase of 5,000,000 Founding Shareholders Warrants in a private placement, immediately prior to the listing date.

The total of 20,000,000 Italy1 Warrants (i.e. 15,000,000 Market Warrants and 5,000,000 Founding Shareholder Warrants) commenced trading on March 14, 2011.

The Warrants entitle the holder to purchase one Market Share at a price of Euro 9.30 per Market Share, provided that ITALY1 has the possibility to elect to settle on a cashless basis (i.e., without any obligation by the warrant holders to pay the exercise price) all the Warrants for which an exercise request has been submitted, as set forth in the terms and conditions of the Italy1 warrants. In this case, the ordinary conversion shares will be subscribed by using available reserves.

The exercise period during which the warrant holders will be entitled to request to subscribe for the Market Shares of ITALY1:

- (a) commences on the completion of the Business Combination; and
- (b) ends on the earlier of (i) the first day on which the Italian Stock Exchange is open immediately following the 5th anniversary of the start of trading of the Market Shares on the MIV (i.e., January 27, 2016) and (ii) upon liquidation of ITALY1 or redemption of the last outstanding Warrant (as provided for in the terms and conditions of the Italy1 warrants).

The ITALY1 Warrants are subject to Luxembourg law and are governed by the terms and conditions of the ITALY1 warrants a copy of which are available Italy1's website [www.ita1invest.com](http://www.ita1invest.com).

The ITALY1 Warrants shall be validly exercised if the exercise request is properly filled in and submitted during the exercise period to the Absorbing Company or any of its agents, if appointed, or any depository banks and in compliance with applicable procedures for exercise and payment; in this regard, ITALY1 will publish through a press release and on its website ([www.ita1invest.com](http://www.ita1invest.com)) the information regarding the possible appointment of any agents.

The exercise of the ITALY1 Warrants shall be effective within ten trading days (i) following the first 15 calendar days of each month with respect to the exercise requests submitted within the first 15 calendar days of each month; and (ii) of the month following the submission of the exercise request with respect to the exercise requests submitted from the 16th calendar day to the end of each month. On the effective date and subject to applicable corporate law, ITALY1 will issue the

ordinary conversion shares deriving from the exercise of the Italy1 Warrants and make them available to the beneficiaries.

In addition to the above, ITALY1 may, at all times during the exercise period and in its absolute discretion, before any relevant effective date, elect to settle on a "cashless basis" (i.e., without any obligation by the ITALY1 Warrant holders to pay the exercise price) all the ITALY1 Warrants for which an exercise request has been submitted.

If the Absorbing Company elects to so settle on a "cashless basis" and subject to availability of sufficient distributable reserves, the number of ordinary conversion shares to be issued by the Company to the ITALY1 Warrant holders on the effective date shall be equal to the quotient derived from dividing (x) the number of ITALY1 Warrants for which any exercise request is submitted, multiplied by the difference between the fair market value (i.e., the average official price – prezzo ufficiale, as defined in the Rules of the markets organized and managed by Borsa Italiana – for which the Market Shares were negotiated on the MIV in the ten (10) trading days preceding the date of the relevant exercise request) and the exercise price of the Italy1 Warrants by (y) the fair market value, as expressed in the following formula:

Number of ordinary conversion shares = n. of Italy1 Warrants for which an exercise request was submitted \* (fair market value – exercise price)/fair market value.

In this case, the ordinary conversion shares will be subscribed for by using available reserves.

In this case, within the first trading day following the first monthly exercise period (or the second monthly exercise period, as the case may be), ITALY1 will publish through a press release and on its website ([www.ita1invest.com](http://www.ita1invest.com)) the information regarding election of settlement on a "cashless basis" for all ITALY1 Warrants exercised in the first monthly exercise period (or the second monthly exercise period); accordingly, all the ITALY1 Warrant holders that submitted the exercise request in the period in relation to which the Company elected to settle the ITALY1 Warrants on a "cashless basis", will receive on the effective date a number of ordinary conversion shares calculated in compliance with the above formula. The amount of money blocked on the exercising ITALY1 Warrant holder's account as exercise price will therefore become again freely available to the ITALY1 Warrant holder.

During the exercise period, ITALY1 may, at its discretion, elect to call the ITALY1 Warrants for redemption:

- in whole but not in part;
- at a price of Euro 0.01 per ITALY1 Warrant;
- upon not less than 30 days' prior written notice of redemption; and
- if, and only if, the official price (prezzo ufficiale, as defined in the Rules of the markets organised and managed by Borsa Italiana) of the Market Shares (as quoted on the Italian Stock Exchange) equals or exceeds the price of Euro 13.00 per Share, subject to adjustment as described below; for any 20 trading days (whereby such trading days need not be consecutive trading days) within a 30 trading day period ending three trading days before the notice of redemption is sent (the "Trigger Price").

The Warrants will expire five years from the listing date (i.e. March, 14 2011). We do not currently have any authorized equity compensation plans.

## 1.2. IVS

IVS is an Italian public limited liability company, *Società per Azioni*, incorporated by a notarial deed drawn up on June 9, 2006.

The registered office of IVS is located at Via dell' Artigianato, 25, I-Seriàte, Italy.

The issued share capital of IVS, as of the date hereof, amounts to Euro 64,002,000.00 all subscribed and fully paid up and is divided into 4,266,800 shares with no par value. It is however envisaged that, at the date of the Luxembourg notarial deed, the share capital of IVS will be increased to an amount of Euro 198,476,807.00 and divided into 198,476,807 shares having a par value of Euro 1.00 each.

IVS Partecipazioni S.r.l. is an Italian limited liability company, *Società a Responsabilità Limitata*, having its registered office at Via dell' Artigianato, 25, I-Seriàte, registered with the Bergamo Companies Register under number 03814200162, is the current sole shareholder of IVS (the "Parent Company").

## 2. MERGER

IVS shall merge into ITALY1 by way of a merger by absorption (the "Merger") in accordance with the (i) European Regulation 2005/56/EC, (ii) the Luxembourg Company Law, including amongst other the provisions of section XVI, (iii) the Luxembourg law on the exercise of certain rights of shareholders in general meetings of listed companies dated 24 May 2011 (the "Listed Company Law"), (iv) the Italian Civil Code, (v) the Italian Legislative Decree no. 108 dated 30 May 2008, (vi) the terms and conditions included in the Merger Agreement (Execution Copy signed on March 2<sup>nd</sup>, 2012), (vii) this Explanatory Memorandum for ITALY1 and (viii) the explanatory memorandum (*relazione degli amministratori*) for IVS; items (i), (ii), (iii), (iv), (v), (vi), (vii) and (viii), collectively, the "Merger Terms & Conditions".

The Absorbing Company has no employees while IVS has 15 employees; hence the Merger Terms & Conditions will be made available to the employees of IVS. Furthermore, the Merger Terms and Conditions will be made available to the shareholders of the Merging Companies, as well, at the registered office of each of the Merging Companies, at least one month before the general meetings convened to decide on the Merger Proposal.

Upon effectiveness of the Merger, all the assets and liabilities of IVS (as such assets and liabilities shall exist on the date on which the Merger shall become effective) shall be transferred to ITALY1 by operation of law, IVS shall cease to exist and ITALY1 shall issue new shares to the (then-former) holder of shares in IVS, in accordance with the Merger Terms & Conditions.

The Merger shall become effective between the Merging Companies and *vis-à-vis* third parties (the "Effective Date") on the date of the publication in the Luxembourg legal gazette "*Mémorial C, Recueil Spécial des Sociétés et Associations*" of the Luxembourg law governed notarial deed recording the resolution of the shareholders of ITALY1 approving the decision to merge as contemplated by the Merger Proposal in accordance with the provisions of article 9 of the Luxembourg Company Law, provided that all legal requirements under Italian law with view to the Merger were validly complied with.

The decisive day of the Merger, from which the transactions of the Merging Companies will be treated for accounting purposes as being those of ITALY1, shall be the first day of the fiscal year in which the Merger becomes effective. All recorded assets and liabilities of the Merging Companies shall be carried forward at their historical book values, and the income of ITALY1 shall include the income of IVS as of the first day of the fiscal year in which the Merger becomes effective.

### 3. REASONS FOR MERGER

The purpose of this Merger is the realisation of the corporate object of ITALY1 being the implementation of the Business Combination as defined in the articles of association of ITALY1 consisting in a merger, share exchange, share purchase, asset acquisition, reorganisation or similar transaction, which can be a combination of one or more related operating businesses.

The investment team of ITALY1 has reviewed and analysed more than 100 investment opportunities since its offering. The board of directors decided to propose IVS to its shareholders as a potential business combination as it fits its investment criteria outlined in the offering. IVS is an established company, run by an experienced management team, with more than 40 years of experience in the industry; it is the undisputed leader in the Italian market, also confirmed by the analysis provided by the Boston Consulting Group; it has a diversified and broad customer and supplier base. Furthermore, The board of directors believes that, given the current economic conditions thanks to its resilient business model, IVS represents an attractive investment opportunity.

Following extensive analysis of IVS, the board of directors believes that the Merger will allow IVS to strengthen its leadership in the Italian vending operators' market and will also allow to pursue selected add-on acquisition opportunities in Italy and abroad. From a strategic standpoint, IVS will continue to focus on delivering to its clients' outstanding service and will accordingly invest resources in order to represent the benchmark in the European vending operators' market.

IVS is one of the leading foodservice operators in Italy and it is the largest group in the Italian vending machine sector ("BCG" Business Due Diligence). With over 40 years of experience, IVS is the only operator to provide national coverage of vending services throughout Italy, with 49 branches in the country. IVS has an installed base of over 139,000 vending machines ("VM"), which serve over 14 million end consumers every year, featuring in all sizes of corporate offices, institutions and public places.

As estimated by the Boston Consulting Group ("BCG") appointed by ITALY1 to perform a due diligence on the business of the Absorbed Company, IVS is the first vending machine operator in Italy, with 11.8% market share (based on 2010 data) in a highly fragmented market, and the number 3 player in the European vending market. Italy represents the main market for IVS, which is also present in France and Spain, with sales for the year ended December 31, 2011 representing approximately 9% and 5% of total group sales respectively. The majority of IVS' Italian sales are generated in the North-West, Lazio and North-East regions. Operations are organized around 16 geographical areas, currently managed through 59 local branches, of which 49 are in Italy, 5 in France and 5 in Spain.

As of December 31, 2011, IVS operated a total of approximately 139,000 vending machines. IVS serves its customers through a wide product range comprising of full automatic (Hot & Cold, Snack & Food and Can & Bottle) of approximately 89,000 VM and semi automatic vending machines (Office Coffee Services – OCS and Hot) of approximately 50,000 VM. The IVS's installed vending machines achieved in aggregate approximately 638 million transactions (verids) for the year ended December 31, 2011. Over the last decade, IVS has focused on strategic growth through the implementation of a consolidation strategy. IVS has the required experience, a proven track record and a good reputation in its industry for acquiring smaller competitors, which lack economies of scale and are hindered by limited pricing power and margin pressure. Approximately 60 acquisitions have been completed and integrated into IVS's structure from December 31, 2006 until December 31, 2011. Acquisitions remain a key driver of IVS's plans for future growth and increased profitability. Benefiting from a reputation as

a credible consolidator in the highly fragmented Italian market, IVS is strongly positioned to accelerate its future growth. Furthermore, IVS has the opportunity to expand in the fragmented French and Spanish markets, as well as in existing or neighboring regions (i.e. Ticino), to further strengthen local density. In addition to the pursued external growth, IVS intends to exploit several key trends, both industry-specific and general retail/consumer related which will drive its organic growth: i) growing under-developed channels, notably travel, where vending machines still have a low penetration, ii) increasing prices as a result of low consumer price sensitivity and ample price gap vs. alternative channels, iii) enriching product offerings to capture the latest consumer trends (e.g. health & wellness), while further increasing the sophistication of category management, iv) expanding product categories where convenience and service are key success factors (e.g. personal care, pharma), v) establishing collaboration models with product suppliers (e.g. co-branding, product launches), and vi) developing ancillary revenues (e.g. advertising).

#### 4. CONSEQUENCES FOR THE ACTIVITIES OF ITALY1

ITALY1 intends to continue its activities and the activities of IVS. ITALY1 does not intend to discontinue any activities in connection with the Merger.

It is intended that the combined entity will be managed by the current management team of IVS. The designated Chairman and Entrepreneur, Mr. Cerea, with more than 40 years of experience in the sector, drove the innovation of the vending sector from "old-style coin-only drop" vending machines of the 70s to innovative point-of-sales with a multiple selection of clearly visible products. It is contemplated that the Company will have two CEOs: Mr. Paravisi, responsible for front office operations (i.e.: sales, marketing, quality) and Mr. Trapletti, responsible for back office operations (i.e.: purchasing, HR, technical services, etc.). CFO will be Mr. Tartaro. The team has demonstrated a proven track record in executing operational improvements and acquisitions; since 2007 the management team has successfully acquired and integrated more than 50 companies / going concerns.

#### 5. LEGAL, ECONOMIC AND SOCIAL CONSEQUENCES

From a legal perspective, IVS shall cease to exist without liquidation and ITALY1 will acquire all assets and liabilities of IVS so that the activities of IVS shall be continued by ITALY1.

The sole shareholder of IVS shall become shareholder of ITALY1 and therefore will be entitled to participate in the profits of ITALY1 as per the Effective Date of the Merger.

From an economic perspective, the board of directors expects no changes.

##### 5.1. Impact of the merger on the employment

As at the date of this Explanatory Memorandum, IVS employs 15 workers, while the Absorbing Company has no employees.

The legal position of the employees of IVS shall not be affected in any way as a result of the Merger. No negative effect on the social interests or otherwise of the employees of the Merging Companies is expected as a result of the Merger.

Upon the Merger taking legal effect, the employees' employment relationships with IVS shall be transferred automatically by operation of law to ITALY1 in accordance with Italian applicable law. Apart from this change of employer, the content of the employees' employment relationships with the Absorbed Company will remain unchanged. The so far applicable terms and the conditions provided in the individual employment contracts of each employees will remain in place.

##### 5.2. Impact of the Merger on the creditors rights

The creditors of IVS shall become the creditors of ITALY1. Any contractual arrangements concluded by any third party with either or between IVS or ITALY1 shall remain unchanged.

In accordance with article 268 of the Luxembourg Company Law, creditors of the Merging Companies, whose claims predate the date of publication of the notarial deed in the Mémorial recording the resolutions of the general meeting of shareholders of the Absorbing Company approving the decision to merge, may notwithstanding any agreement to the contrary, apply within two (2) months of that publication to the judge presiding the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters in the district in which the registered office of the debtor company is located and sitting as in urgency, to obtain adequate safeguard of collateral

for any matured or unmatured debts, where they can credibly demonstrate that due to the Merger the satisfaction of their claims is at stake and that no adequate safeguards have been obtained from the Absorbing Company.

Creditors concerned by the Merger and having questions pertaining to the Merger and their claims may address their issues in writing to the following addresses of the Merging Companies:

**ITALY1 INVESTMENT S.A.**

Board of Directors  
412, route d'Esch  
L-1741 Luxembourg  
Grand Duchy of Luxembourg

**IVS GROUP HOLDING S.p.A.**

Board of Directors  
Via dell' Artigianato  
I-Seriate  
Italy

At both addresses creditors may obtain, upon written request and free of charge, all necessary information and documentation pertaining to the Merger.

## 6. SPECIAL ADVANTAGES

No special advantages were or shall be granted in connection with the Merger to the members of the boards of directors of the Merging Companies, the auditors of the Merging Companies, the common independent expert, other experts or advisers of the Merging Companies, or any other person.

## 7. DETERMINATION OF THE EXCHANGE RATIO AND VALUATION

As a consequence of the transfer of all the assets and liabilities of IVS by way of merger, ITALY1 shall, at the date of the extraordinary general meeting of the Absorbing Company convened to resolve on the Merger, issue to the holder of the shares in IVS an aggregate number of Market Shares as per the following formula (the "**Exchange Ratio**"):

The formula is a ratio between: (x), which is the product of (I) two hundred twenty million Euros (EUR 220,000,000.-), which represents the equity value of the Absorbed Company, and (II) the aggregate number of ITALY1 Market Shares at Closing, as defined in the merger agreement (expressly excluding any shares of ITALY1 for which redemption has been validly requested whether by any dissenting shareholder under Section 9.5 of the articles of association of ITALY1 or, subject to the limitations provided for in Section 6:1(d) of the merger agreement, by ITALY1 at the Closing date

*(N.B. Pour des raisons techniques la suite est publiée au prochain numéro - Mémorial C-N° 655 du 12 mars 2012.)*

Référence de publication: 2012030132/2492.

(120037858) Déposé au registre de commerce et des sociétés de Luxembourg, le 6 mars 2012.