ASSITECA
CONSULTATIVE BROKER

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 30.06.2018

ANNUAL REPORT

Share capital euro 5,832,193.51 fully paid-up - Registered office in Milan, Via G. Sigieri 14 Company Register no. 09743130156 - Registered office RUI no. B000114899

37TH FISCAL YEAR

Corporate Positions

BOARD OF DIRECTORS:

Chairman	**Lucca Luciano**
Vice-Chairman	**Binasco Filippo**
Chief Executive Officer	**Giacoma Gabriele**
Chief Executive Officer	**Avanzino Piero**
Chief Executive Officer	**Dufour Alessio**
Chief Executive Officer	**Girelli Nicola**
Chief Executive Officer	**Orlandi Carlo**
Director	**Valter Montefiori**
Director	**Claudio Zinolli**
Independent Director	**Marsiaj Massimiliano**
Independent Director	**Vender Jody**
Director	**Ferrini Fabrizio**
Director	**Cordero di Vonzo Emanuele**
Director	**Esposito Sergio**
Director	**Nocera Marcello**
Director	**Palombo Alessandro**
Director	**Vigliano Carlo**
Director	**Aldo Brayda-Bruno**
Director	**Carlo Ranalletta Felluga**

BOARD OF STATUTORY AUDITORS:

Chairman	**Morrione Nicoletta**
Standing Auditor	**Monaldi Laura**
Standing Auditor	**Del Pico Luca**

AUDITING FIRM

Baker Tilly Revisa S.p.A. - Milan

Report on operations for the year ended 30 June 2018

Assiteca S.p.A. Operations

Assiteca S.p.A. is the Group's *operating holding company* operating in the insurance *brokerage* market. In particular, since 2014 the Group has been the largest independent Italian insurance *broker* and one of the main operators in the Italian market, along with the multinationals AON, Marsh and Willis.

The Group's insurance brokerage activities are aimed at creating value for customers by assisting companies in the integrated management of business risks.

The Assiteca Group adopts an innovative approach to the management of corporate risks, enriching the traditional activity of insurance brokerage (consultancy and preliminary risk analysis, brokerage and market research on the best insurance solutions and management of the related insurance portfolio) with specific advisory services, aimed at completing the offer of insurance solutions with internal risk management tools.

The Group's customers are mainly small and medium-sized enterprises (companies with a turnover of more than 2.5 million Euro accounting for over 70% of the Group's revenues).

In the interest of and on behalf of its customers, the Group interfaces with all major national insurance companies and with most of the leading global insurance groups.

Assiteca Group operates mainly in Italy through 20 offices distributed throughout the country, and in Spain through its offices in Madrid and Barcelona.

As a member of EOS RISQ, and Lockton Global it also guarantees its customers a presence in more than 100 countries, benefiting from an established network of corresponding *brokers* and international *partners*. The Group also carries out its activities through specialist divisions competent in relation to each of the different risk areas that characterize the insurance brokerage activity.

In terms of size, the Group now brokers insurance premiums worth around 680 million euro.

The following table shows the growth in the value of intermediated premiums from 2013 to 2018.

Year*	**Brokerage premiums****
2013	440,000
2014	520,000
2015	580,000
2016	620,000
2017	650,000
2018	680,000

*Closed on 30 June

**data expressed in thousands of euro

The Group operates mainly in the Italian market through non-life insurance policies.

The insurance brokers market

The following table summarizes the main data relating to the insurance sector in Italy taken from the report of AIBA (Italian Insurance Brokers Association), highlighting the share managed by brokers, with details of that relating to the non-life sector.

				data	*In billion euro*
Insurance market	2013	2014	2015	2016	2017
No. of enterprises and sole proprietorships	2,071	2,257	2,351	2,463	2,359
Broker premiums	17.74	16.71	16.29	16.64	15.00
Total premiums	118.80	152.63	157.60	144.14	141.50
% broker market	14.9%	10.9%	10.3%	11.5%	10.6%
non-life branches					
Broker premiums	14.19	15.04	14.66	14.98	13.47
Total premiums	33.69	37.47	36.92	36.53	37.08
% broker market	42.1%	40.1%	39.7%	41.0%	36.3%

Premiums in the Italian insurance market (Italian and foreign companies, including the operations of European companies in Italy) fell by 2.4% compared to the previous year, concentrated on life insurance.

Non-life written premiums, amounting to 37 billion euro, increased slightly, by around 1.2%, despite a reduction in motor liability premiums (-2%)

Premiums managed by *Italian brokers* in 2017 amounted to 15 billion euro, of which 13.5 billion euro in the Non-Life business, with a decreasing market share of 36.3%.
In reality, these figures are underestimated, as they do not take into account the share of premiums brokered through insurance agents.

There are 1,624 insurance brokerage companies in Italy, with a geographical distribution concentrated in the Centre-North.

Comments on the main economic and financial data of the consolidated and separate financial statements of Assiteca S.p.A.

Dear Shareholders,

The financial year ended 30 June 2018 of Assiteca S.p.A. shows the results summarised below.

The Consolidated Financial Statements show the way:

- Gross revenues of Euro 67.4 million (Euro 64.8 million as at 30/6/2017, +4%)
- Net revenues equal to Euro 60.4 million (Euro 57 million as at 30/6/2017, +5.9%)
- EBITDA equal to Euro 9.9 million (Euro 9 million as at 30/6/2017, +10.3%)
- EBIT equal to Euro 8.7 million (Euro 7.8 million as at 30 June 2017, +12.2%)
- Net profit Euro 4.6 million (3,6 million as at 30/6/2017, +28%)
- The adjusted net financial position, including acquisition payables, was €23.7 million (Euro 27.1 million in the previous year, an improvement of Euro 3.4 million).
- Short-term debt fell by Euro 5 million from Euro 13.9 million in the previous year to Euro 8.9 million.

The following results were achieved with regard to the Financial Statements of the Parent Company Assiteca S.p.A.:

- Revenues equal to Euro 51 million (Euro 50.5 million as at 30/6/2017)
- EBITDA equal to Euro 6.8 million (Euro 6.9 million as at 30/6/2017)
- EBIT equal to Euro 5.9 million (Euro 6 million as at 30/6/2017)
- Net profit equal to Euro 3.9 million (Euro 3.3 million at 30/6/2017)

The achievement of these results is linked to a number of factors and events, most of which are anticipated in the report accompanying the previous year, which should be reviewed here, in order to better understand the dynamics of the financial statement data that we will submit for your approval.

AIM ITALIA listing

On 27 July 2015 the company was admitted to listing on the Italian Stock Exchange - AIM Italia. With a placement price of 1.85 Euro per share. Since then, the stock has grown steadily and as of 27.9.2018 the market capitalization is 88 million and the official price per share is 2.69 Euro, an increase of 45% compared to the listing value.

Assiteca and the market

In recent years, the Non-Life market has experienced a steady decline in premiums, which only in 2017 showed a first modest sign of recovery (+1.2%).
This trend had a significant impact on the results of the main competitors.
The performance of Assiteca, on the other hand, is in contrast to this trend. It has distinguished itself in the last five years with an overall growth of almost 30%.

In order to support these growth rates, it was decided to combine the core business of brokerage with consultancy, to offer a growing range of services to customers, in order to support the internal revenue growth.

The increasing complexity of business and compliance risks, as well as the new threats due to technological development, pose new challenges for companies and public bodies, for which specific tools and skills are required.
In the light of these new requirements, since last year Assiteca has enriched its traditional activity as an insurance broker with specific consulting services that integrate and complete the offer of insurance solutions and coverage and that are provided through the subsidiary Assiteca Consulting S.r.l. Many services have been developed by the company, to meet the concrete needs of customers who have found a high level of receptivity vis à vis the offer.
Among the activities in which the company has been most involved, in supporting its customers, we highlight, in the wake of a growing sensitivity to data protection, services to comply with the new European Regulation on the Processing of Personal Data (GDPR) and related services in the field of Cyber Security. Assiteca consultants have also been very active in the activities of claims management, revision of 231 Organizational Models, definition of Continuity Plans and Due Diligence projects.
The range of innovative services offered during the year has continued to grow and now includes, among others: strategic assessment of risk management, support for European regulations on corporate know-how, set-up of anti-fraud control systems and advice to entrepreneurs on the generational transition.

Acquisition activities

During the current fiscal year, the search for opportunities and the aggregation of new realities continued.

In March 2018, Assiteca signed a preliminary agreement for the purchase of 100% of the share capital of Assidea S.r.l., an insurance broker established in 1992 and active in the provision of services to both the Public Administration and the "Corporate" segment, with offices in Bari, Campobasso, Pescara and Savona. The transaction is in the contractual definition phase and is expected to be completed at the beginning of 2019. The purchase price, in case of positive closure, will be subject to an adjustment mechanism, which will operate for an observation period of 3 years.

Revenue growth

The growth in consolidated revenues recorded as at 30 June 2018 was 4.0% and was achieved by internal lines through the strengthening of commercial development activities aimed at strengthening the customer portfolio and the expansion of the offer, through the subsidiary Assiteca Consulting S.r.l., of new consulting services that complement and complete the traditional insurance brokerage activities.

The result achieved by the subsidiary Assiteca Agricoltura S.r.l. was significant: in 2018 it recorded revenues of Euro 4.25 million, an increase of more than 30% compared to 2017 and the result of the increase in insured values (approximately +16%) achieved thanks to a stronger commercial action and the development of new partnerships with other intermediaries.

* * *

The main economic, financial and equity data are shown below, starting with the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

The following is a summary of the data:

Income Statement

(amounts in €/000)	Year 2018	Year 2017	modification
Gross revenues	**67,363**	**64,783**	**2,580**
Commission expense	(6,958)	(7,738)	
Net Revenues	**60,405**	**57,045**	**3,360**
Operating costs	(50,520)	(48,080)	
EBITDA	**9,885**	**8,965**	**920**
as a % of gross revenues	***14.7%***	***13.8%***	
as a % of net revenues	***16.4%***	***15.7%***	
Depreciation, and provisions	(1,148)	(1,180)	
EBIT	**8,737**	**7,785**	**952**
Financial income (charges)	(739)	(776)	
Income (charges) IAS 17 and 19	(220)	(128)	
Non-recurring income (charges)	(450)	(811)	
Income taxes	(2,362)	(2,382)	
Overall result	**4,966**	**3,689**	**1,277**
Net income (loss) for the year attributable to the Group	378	109	
Profit (loss) for the year	**4,588**	**3,580**	**1,008**

The growth in revenues was accompanied by an increase of approximately 0.9 million euro in EBITDA, which is equal to 14.7% of gross revenues and 16.4% of net revenues (respectively 13.8% and 15.7% in 2017).

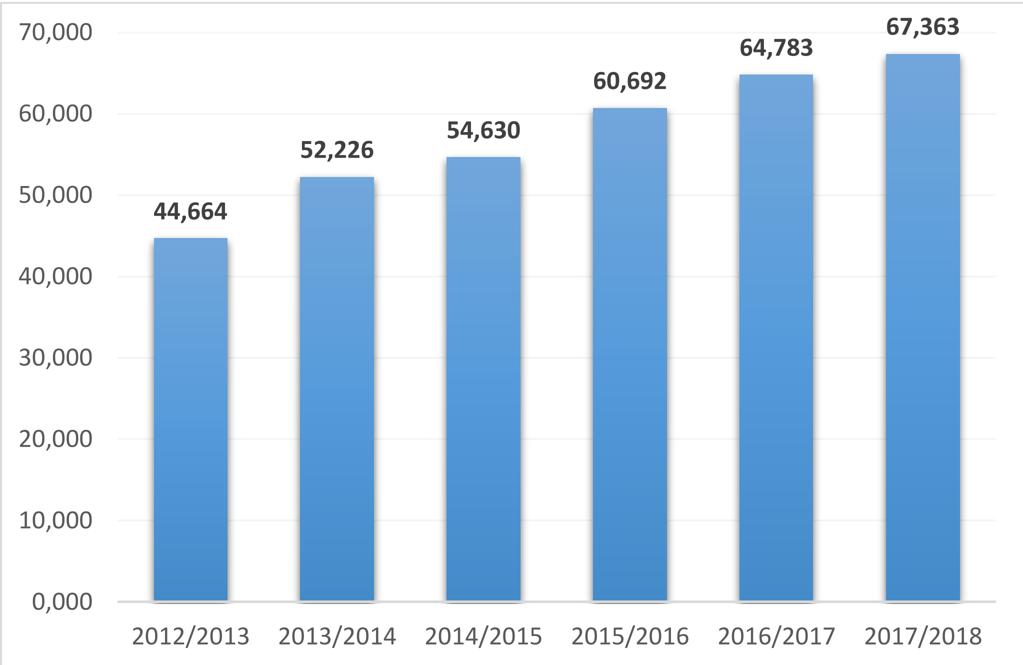
Before examining the performance of revenues, it is appropriate to examine in greater depth some themes of this economic report.

First, there was a reduction in commissions paid to third parties, with subsequent improvement in net revenues. The result is a consequence of the Group's decision to consolidate the relationship with some professionals and collaborators previously remunerated by commissions, through their inclusion in the personnel, in order to increase their loyalty through an exclusive activity and the signing of non-competition agreements. Therefore, part of the decrease in commission expense was transferred to the item "personnel costs".

Financial charges, net of interests resulting from the application of IAS, decreased by 5%.

The negative extraordinary items are halved compared to the previous year and relate to the completion of the reorganization of the Spanish company which, in the current year, has reached the break-even from an economic point of view.

The increase in revenues described above can be more effectively described in the graph below.



The 4% growth in gross revenues for the year, achieved entirely internally, allows Assiteca Group to strengthen its position as the largest Italian broker on the market.

It is worth noting that in the last five years consolidated revenues have increased by 50.8% (c.a.g.r 10.2%).

NET FINANCIAL POSITION

The following table summarises the data as at 30.6.2018

Net financial position

(amounts in €/000)	30.06.2018 (adjusted) (*)	30.06.2017	Change
Financial liabilities due within 12 months	*(19,789)*	*(18,954)*	*(836)*
Short-term financial payables for acquisitions	*(1,204)*	*(1,921)*	*717*
Total cash and cash equivalents	*9,740*	*7,005*	*2,735*
Transit receipts (*)	*2,367*		*2,367*
Short-term net financial position	**(8,886)**	**(13,870)**	**4,983**
Financial liabilities due beyond 12 months	*(14,752)*	*(11,011)*	*(3,742)*
Financial payables to M/L for acquisitions	*0*	*(1,960)*	*1,960*
Long-term payables for financial leasing recognition	*(392)*	*(575)*	*183*
Financial assets with a maturity of more than 12 months	*309*	*309*	*0*
Net financial position at M/L	**(14,836)**	**(13,237)**	**(1,598)**
Total net financial position	**(23,722)**	**(27,107)**	**3,385**

debt composition	***%***	***%***
short term	*37%*	*51%*
medium to long term	*63%*	*49%*

(*) As at 30 June 2018, the short-term net financial position includes receipts of Euro 2.36 million relating to premiums earned in the current year, for which customers made a transfer on 29 June 2018 and credited to the company's current accounts with value date 02 July 2018.

The adjusted net financial position, including acquisition payables, amounted to Euro 23.7 million (Euro 2.7 million in the previous year) with an improvement of Euro 3.4 million.

This change is not affected by extraordinary transactions, and therefore, entirely generated by the company operating cash flow.

Total indebtedness, including acquisition payables, was 0.94 times the equity (1.20 as at 30/6/2017) and 2.4 times EBITDA (3 as at 30/6/2017).

The change in the composition of financial payables is also noteworthy. As at 30.06.2018, 37% of these consisted of short-term payables (51% as at 30.06.2017) and medium/long-term payables (due after 12 months) for the remaining 63% (49% as at 30.06.2017). This happened through a policy of financial optimisation aimed, on the one hand, at using unsecured loans (exploiting the interesting rates offered by the market) with an average maturity of 36/48 months and, on the other hand, at using the pool with Banca IMI negotiated at the end of the previous year.

This pool, in addition to expanding the existing *revolving* line to Euro 30 million, includes a specific line *(Capex*) dedicated to the acquisition of Euro 15 million. Of this amount, at the closing date of the financial year, the use was Euro 11 million with a *ceiling* available for new operations of Euro 4 million.

CONSOLIDATED CASH FLOW STATEMENT

(amounts in €/000)		30.06.2018	30.06.2017
Cash and cash equivalents		7,005	5,726
Initial balance of cash and cash equivalents	**A**	**7,005**	**5,726**
Cash flows from operating activities:			
Profit (loss) for the year		4,966	3,689
Depreciation of fixed assets		825	964
Net change in provisions for personnel costs		1,767	620
Actuarial difference		(566)	(32)
Change in deferred tax assets		(437)	(169)
Reversal of financial income and charges		959	904
Cash flow from operating activities before changes in working capital		**7,514**	**5,975**
Changes in current assets and liabilities:			
(Increase) decrease in trade and other receivables		(1,667)	444
Increase (decrease) in trade and other payables		86	766
(Increase) decrease in other assets		(1,512)	(1,430)
Increase (decrease) in tax liabilities		(8)	(252)
Increase (decrease) in other liabilities		836	(3,061)
Total changes in current assets and liabilities		**(2,265)**	**(3,534)**
(Increase) decrease in non-current tax receivables		13	(125)
Increase (decrease) in other non-current liabilities		(2,229)	1,027
Increase (decrease) in financial liabilities beyond 12 months		3,742	9,333
Net financial charges		959	904
Cash flow generated by (absorbed by) operating activities	**B**	**5,816**	**11,772**
Cash flows from investing activities:			
Net (investments)/disposals of property, plant and equipment		(680)	(986)
Net (investments) disposals in intangible assets		(178)	(13,027)
(Investments in) disposals of other financial assets		(615)	1,615
Cash flow generated by (absorbed by) investing activities	**C**	**(1,473)**	**(12,398)**
Cash flows from financing activities			3,863
Effects of changes in the scope of consolidation (balance sheet)		26	(938)
Distribution of dividends		(1,634)	(1,020)
Cash flow generated by (absorbed by) financing activities	**D**	**(1,608)**	**1,905**
Cash flows generated (absorbed) during the year	**E = B+C+D**	**2,735**	**1,279**
Final balance of cash and cash equivalents	**A + E**	**9,740**	**7,005**

BUSINESS PERFORMANCE OF ASSITECA S.P.A.

A summary of the income statement is provided below to comment on the result of the Parent Company.

RECLASSIFIED INCOME STATEMENT ASSITECA S.P.A.

(amounts in €/000)		Year 2018	Year 2017	change
Gross revenues		**51,020**	**50,508**	**512**
	Commission expense	(4,859)	(4,407)	
Net Revenues		**46,161**	**46,101**	**60**
	Operating costs	(39,328)	(39,244)	
EBITDA		**6,833**	**6,857**	**(24)**
	as a % of gross revenues	***13.4%***	***13.6%***	
	Depreciation and provisions	(909)	(779)	
EBIT		**5,924**	**6,078**	**(154)**
	Financial income (charges)	(306)	(478)	
	Non-recurring income (charges)	(99)	(279)	
	Income taxes	(1,657)	(1,998)	
Profit (loss) for the year		**3,860**	**3,323**	**537**

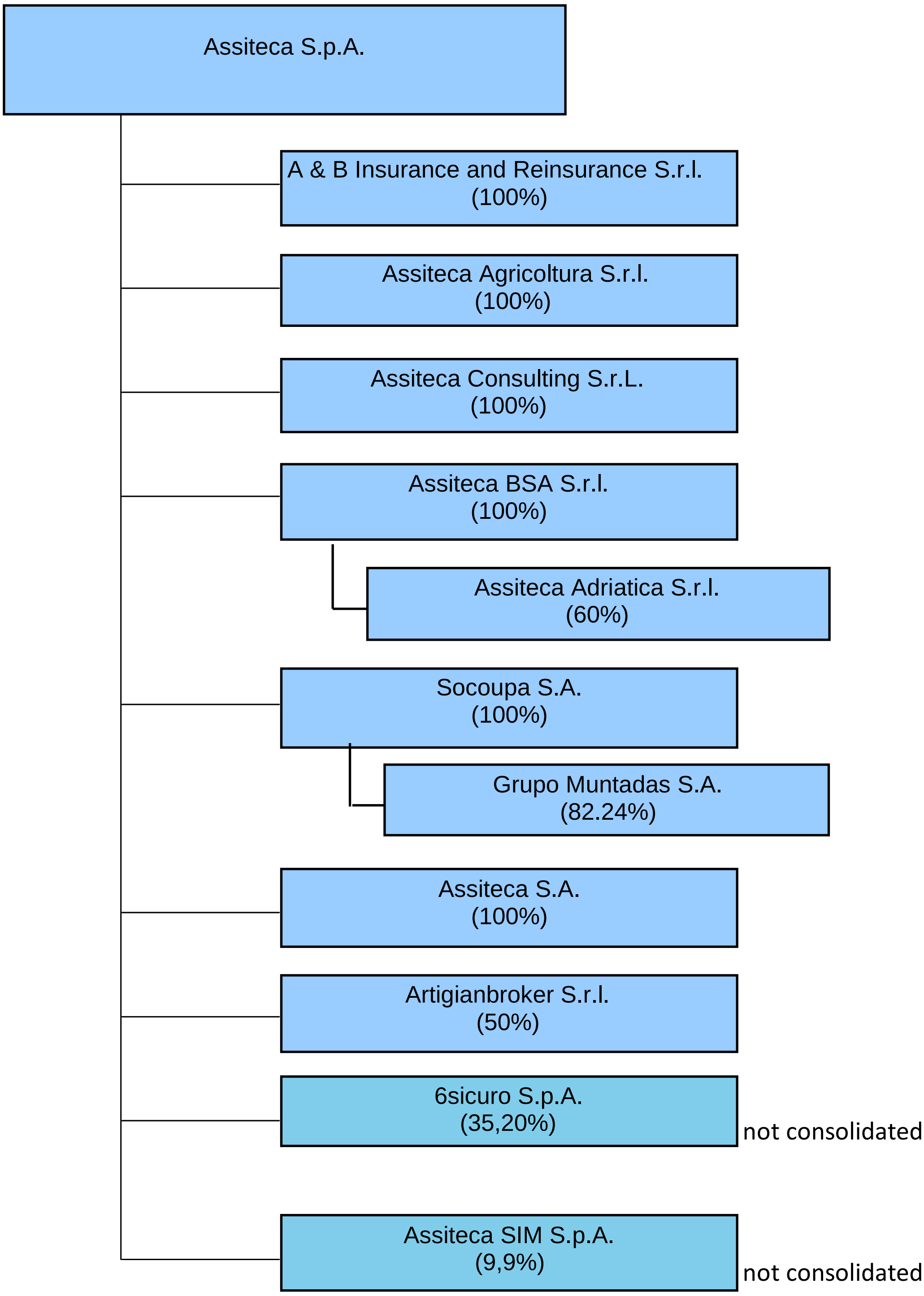
As far as the Parent Company is concerned, the results for the current year are perfectly in line with those of the previous year.

It should be noted that the increase in net income is due to:

- reduction in taxes, linked to the change in the IRES rate to 24.5%.
- improvement of financial management
- lower extraordinary expenses

RELATIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES

The structure of the Group at the date of the financial statements is shown in the following table.



Compared to the previous year, the changes that occurred are as follows:

- 10% of Artigian Broker S.r.l. has been sold;
- Assiteca Consulting s.r.l. has been included in the scope of consolidation;
- Teca s.r.l. was liquidated.

The table below shows the economic and financial transactions with these companies, all of which are governed by market conditions.

Receivables from associated companies and subsidiaries

Receivables from associated and subsidiary companies at 30 June 2018 are broken down as follows:

Amounts in euro	Balance at 30.06.2018	Balance at 30.06.2017
Intercompany current account	6,808,655	9,189,842
Receivables from subsidiaries	0	1,235,706
Receivables from subsidiaries for invoices to be issued	1,854,273	798,566
Total receivables from subsidiaries and associates	**8,662,928**	**11,224,114**

The company has a *cash pooling* contract with its subsidiaries. The breakdown of the balance by company is as follows:

Amounts in euro	Balance at 30.06.2018
Eos Global SA	3,891,017
Soucopa	519,657
A & B S.r.l.	1,292,386
Agriculture Assitech	832,732
Assiteca Consulting S.r.l.	272,862
Total cash pooling account	**6,808,655**

The composition of receivables from subsidiaries including the amount of invoices to be issued is summarised in the table below:

Amounts in euro	Balance at 30.06.2018
Assiteca Agricoltura S.r.l.	1,543,382
Assiteca BSA S.r.l.	219,841
Assiteca Consulting S.r.l.	91,050
Total receivables from subsidiaries	**1,854,273**

Payables to associated and subsidiary companies

Amounts due to associated and subsidiary companies as at 30 June 2018 can be broken down as follows:

Amounts in euro	Balance at 30.06.2018	Balance at 30.06.2017
Intercompany current account	4,253,848	3,341,189
Payables to subsidiaries	380,945	2,041,818
Total payables to subsidiaries and associated companies	**4,634,793**	**5,383,008**

The company has a *cash pooling* contract with its subsidiaries. The breakdown of the balance due by company is as follows:

Amounts in euro	Balance at 30.06.2018
Assiteca B.S.A. S.r.l.	3,473,670
Assiteca Adriatica S.r.l.	780,178
Total cash pooling account	**4,253,848**

Transactions with related parties

This paragraph describes the relationships between the companies of Assiteca Group, as defined by IAS 24 and Consob Regulation no. 17221/2010 and subsequent amendments and additions, in the financial years ended June 30, 2018 and June 30, 2017, highlighting their impact on the income statement and balance sheet. Transactions with related parties, as well as those of a financial nature (as mentioned above), are of a commercial nature and are carried out under normal market conditions.

The following table shows details by type of cost/income relating to transactions between Assiteca S.p.A. and related parties in the year ended 30 June 2018.

Amounts in euro	ArtigianBroker S.r.l.	A&B S.r.l.	Assiteca Adriatica S.r.l.	Assiteca SA	Assiteca BSA S.r.l.	Assiteca Sicurezza Informatica	Assiteca Agricoltura S.r.l.	Soucopa SA	Assiteca Consulting
Costs to Assiteca S.p.A.									
Commission expense	11.541	348.522	96.589		275.172				
Consulting services		444.688							946.347
Telephony									
Rents									
Interests expense									
Revenues to Assiteca S.p.A.									
Commission income	139	349.936			1.171.856		920.616		
Other revenues			6.330		34.328	17.400	43.382		91.050
Interests income		44.297		117.151		960	30.109	22.628	8.252
Dividends					370.000				

The following table shows details by type of cost/income relating to transactions between Assiteca S.p.A. and related parties in the year ended 30 June 2017.

Amounts in euro	ArtigianBroker S.r.l.	A&B S.r.l.	Assiteca Adriatica S.r.l.	Assiteca SA	Assiteca BSA S.r.l.	Assitech Information Security	Teca S.r.l.	Assiteca Agricoltura S.r.l.	Saoucopa SA
Costs for Assiteca S.p.A.									
Commission expense	422	151,022	95,804		106,241			600,000	
Consulting		53,713					1,992,889		
Telephony									
Rent									
Interest payable									
Revenues for Assiteca S.p.A.									
Commission income	269,195	328,803			805,692			621,295	
Interest income		29,336		70,192	193	143		24,556	11,483
Dividends					213,000				

Commitments and contingent liabilities

There are no commitments or liabilities that derive from obligations in progress and for which the use of resources capable of meeting the obligation is probable, which are not already reflected in the financial statements at June 30, 2018.

Atypical and/or unusual and significant non-recurring transactions

No positions or transactions deriving from atypical and/or unusual transactions were reported, as defined by Consob Resolution 15519 of 27/07/2006 and Consob Communication DEM 6064293 of 28/07/2006.

Capital management

The primary objective of Assiteca S.p.A., lead company of Assiteca Group, is to guarantee the best possible balance between the asset and liability structure (solvency ratio) both at corporate level and from the Group's overall point of view. Starting from this principle, the Company works, despite the complex financial market context, to identify the sources necessary to support the Group's industrial growth plans in the medium term. These sources must be found at the best market conditions, in terms of cost and duration, with the aim of maintaining the capital structure at an adequate level of soundness. Assiteca S.p.A. manages the capital structure and changes in accordance with changes in economic conditions and objectives of its strategic plans.

Supplementary information from IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.
The Company is a commercial company whose only financial instruments are receivables from customers and payables to suppliers.
The Company has no commitments, guarantees or risks outstanding at the end of the year.
In the course of its business, the Company is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.

Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.
The Company has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This hedging is reviewed annually.
The following information is intended to provide indications of the extent of the company's exposure to risks in addition to the information already contained in the report on operations:

a. Credit risk management: the risk relating to brokerage activities relates only to insurance premiums for which the Company declares coverage to the companies without having yet received the premium from the insured.
b. Liquidity risk management: the Company's financing requirements and cash flows are coordinated with the objective of guaranteeing effective and efficient management of financial resources within the framework of centralised treasury management at Group level. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.
c. Risk linked to the trend of interest rates: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Company takes steps to minimize the related cost, diversifying the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are at variable rate, with values that vary in the various forms of financing, and an average cost that in the financial year 2017/2018 was approximately 2.25%. An upward fluctuation in market reference rates, which in the current international macroeconomic context is not probable, with the current structure of the Company's sources of financing could however have a negative effect on its economic *performance*.
d. Risk associated with exchange rate fluctuations: the company has some premium income in dollars, with consequent exposure to exchange rate risk. If the risk is evaluated as significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Exposure to external and operational risks

In carrying out its activities, the Company incurs risks deriving from external factors connected with the macroeconomic context or the sector in which it operates, as well as internal risks connected with the operational management of the same activity.

Risks arising from the macroeconomic recession

The unfavourable macroeconomic situation reduces the propensity to consume of customers, with the consequent risk of a reduction in revenues attributable to the reduction in volumes sold as well as to the reduction in commission expected in relation to the reduction in premiums for all variable-premium policies (typical example is the professional liability policy). This risk is mitigated by customer loyalty actions and by measures to rationalise production processes in terms of costs and product and service quality.

Risk of managing relations with the authorities

Insurance brokerage activities are subject to administrative and legal regulatory constraints, in particular with reference to Personal Data Protection regulations and IVASS requirements. The Company is exposed to the risk of non-compliance with the rules set out in the Code for the Protection of Personal Data with regard to its end customers, which may lead to sanctions by the relevant Authority (Privacy Guarantor) and to the risk of non-compliance in the application of the information required by ISVAP regulations. In the face of this risk, the Company has developed internal procedures to ensure that the processing of its end customers' data, both manually and electronically, always takes place in compliance with current legislation.

Other information

Safety regulations

It is confirmed that the company has long since put in place all the necessary requirements to protect the workplace, according to the provisions of the legislation on the subject (Legislative Decree 81/2008 formerly Law 626/94).

Privacy Policy

Pursuant to Annex B, point 26, of Legislative Decree no. 196/2003, containing the Personal Data Protection Code, and pursuant to the European Regulation for the protection of personal data no. 2016/679 (GDPR), in force since 25 May 2018, the directors acknowledge that the company has adjusted the measures regarding the protection of personal data, in light of the provisions introduced by Legislative Decree no. 196/2003, according to the terms and conditions therein indicated.

Organisational model Legislative Decree 231/2001

It is acknowledged that the company has adopted and updated the Organisational Model provided for by Legislative Decree 231/2001, the Code of Ethics and has appointed the Supervisory Body.

Rating of legality

In May 2018, Assiteca was awarded the Rating of Legality.

The legality rating is an innovative tool, developed by the Antitrust Authority (AGCM) in agreement with the Ministries of Interior and Justice, introduced in 2012 in favour of Italian companies.

It is aimed at promoting and introducing principles of ethical conduct within the company, through the awarding of an award - measured in "stars" - indicative of respect for legality by companies that have applied for it and, more generally, of the degree of attention paid to the proper management of their business.

Assiteca has been awarded two stars - one of the highest scores in the insurance industry - and is now one of the few insurance brokerage firms to have been awarded it.

* * *

The following table, prepared in accordance with Article 149-duodecies of the Consob Issuers' Regulations, shows the contractual fees for the year ended 30 June 2018 for the services provided by the independent auditors Baker Tilly Revisa S.p.A., the Board of Statutory Auditors and the remuneration paid to the directors.

Amounts in euro	2018
Directors' remuneration	2,878,461
Fees paid to statutory auditors	70,239
Remuneration to the independent auditors	110,266
Total	**3,058,966**

Significant events after the end of the year

The subsidiary Assiteca BSA S.r.l. has completed the purchase of the remaining 40% of the shares of the company Adriatica S.r.l., which now controls at 100%. As a result of this transaction, the process of merger by incorporation of the two companies has begun and is expected to be completed by December 2018.

Outlook for operations

During the current financial year, it is expected to confirm the maintenance of growth rates by internal lines which, accompanied by the consulting activities started in the current financial year, will allow for an Ebitda growth.

A number of potential acquisitions are currently being evaluated, with the aim of sustaining the growth rates highlighted in the past, with the aim of consolidating and expanding the geographical presence and expanding the business to new market sectors.

Proposed resolution of the result for the year of Assiteca S.p.A. at 30 June 2018

Dear Shareholders,

At the end of our report, we are confident that you agree with the approach and criteria adopted in the preparation of the financial statements at 30 June 2018:

1. to approve the financial statements of Assiteca S.p.A. for the year to June 30, 2018, which closed with a net profit of Euro 3,860,226
2. to allocate Euro 193,011 to the legal reserve
3. to allocate Euro 2,287,135, equal to Euro 0.07 per share (+40% compared to the previous year), to be distributed as dividends
4. to carry forward the residual amount of Euro 1,380,080.

For the Board of Directors

The Chairman

Luciano Lucca

ASSITECA S.p.A.

FINANCIAL STATEMENTS AT 30 JUNE 2018

Drawn up in accordance with IAS/IFRS international accounting standards

BALANCE SHEET AND FINANCIAL POSITION

(amounts in euro)	Notes	30.06.2018	30.06.2017
ASSETS			
Intangible assets	1	31.500.416	31.516.284
Property, plant and equipment	2	1.436.549	1.011.525
Financial assets	3	11.875.419	9.715.633
Tax receivables	4	623.894	637.163
Prepaid taxes	5	672.601	409.696
TOTAL NON-CURRENT ASSETS		**46.108.879**	**43.290.302**
Receivables from customers and other commercial activities	6	7.100.156	6.834.612
Receivables from associated companies and subsidiaries	7	8.662.928	11.224.114
Tax receivables	8	524.408	86.800
Receivables from others	9	32.965.269	33.984.967
Cash and cash equivalents	10	7.104.414	5.107.962
TOTAL CURRENT ASSETS		**56.357.175**	**57.238.456**
TOTAL ASSETS		**102.466.054**	**100.528.757**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		5.832.194	5.832.194
Other reserves		15.555.161	14.261.400
Profit for the year		3.860.226	3.323.009
TOTAL SHAREHOLDERS' EQUITY	11	**25.247.581**	**23.416.603**
Liabilities for pensions and severance indemnities	12	10.488.487	9.120.407
Other payables and other liabilities	13	232.789	2.279.398
Financial liabilities due beyond 12 months	14	14.752.411	11.010.825
TOTAL NON-CURRENT LIABILITIES		**25.473.687**	**22.410.630**
Financial liabilities due within 12 months	15	19.674.343	19.033.474
Trade payables	16	2.017.794	2.297.198
Payables to associated and subsidiary companies	17	4.634.793	5.383.008
Tax and social security payables	18	1.509.493	2.291.427
Other liabilities	19	23.908.363	25.696.417
TOTAL CURRENT LIABILITIES		**51.744.787**	**54.701.523**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**102.466.054**	**100.528.757**

STATEMENT OF COMPREHENSIVE INCOME

(amounts in euro)	Notes	Year 30.06.2018	Year 30.06.2017
Revenues	20	49.971.288	50.197.269
Other income	21	1.048.782	310.837
Total operating income		**51.020.070**	**50.508.106**
Costs for services	22	16.686.779	17.543.147
Costs for use of third party assets	23	3.248.690	3.028.074
Personnel costs	24	22.087.130	20.788.789
Other operating costs	25	2.164.816	2.291.487
Amortization, depreciation and write-downs	26	909.144	778.510
Total operating costs		**45.096.560**	**44.430.006**
Operating result		**5.923.510**	**6.078.100**
Financial income (charges)	27	(305.892)	(478.242)
Non-recurring income (charges)	28	(99.326)	(278.624)
Profit (loss) before taxes		**5.518.292**	**5.321.234**
Income taxes	29	1.658.066	1.998.224
Net profit (loss) from continuing operations		**3.860.226**	**3.323.010**
Profit (loss) for the period		**3.860.226**	**3.323.009**

STATEMENT OF OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT (as required by IAS 1)

(amounts in euro)	Year 30.06.2018	Year 30.06.2017
Profit (loss) for the period	**3.860.226**	**3.323.009**
Other components of statement of comprehensive income		
Actuarial profits (losses) from defined benefit plans	395.582	226.600
Total other components of comprehensive income	**4.255.808**	**3.549.609**
Income taxes relating to other components of comprehensive income statement	94.940	54.384
Total other components of comprehensive income statement net of taxes	**4.160.868**	**3.495.225**
Total comprehensive income for the period	**4.160.868**	**3.495.225**

STATEMENT OF CASH FLOWS

(amounts in euro)		30.06.2018	30.06.2017
Cash and cash equivalents		5.107.962	1.520.965
Initial balance of cash and cash equivalents	**A**	**5.107.962**	**1.520.965**
Cash flows from operating activities:			
Profit (loss) for the year		3.860.226	3.323.009
Depreciation of fixed assets		609.144	287.373
Net change in provisions for personnel costs		1.368.081	3.337.387
Actuarial difference		(395.582)	(226.600)
Prepaid taxes		140.864	150.418
Loss on receivables		300.000	200.000
Reversal of financial income and charges		305.892	478.242
Cash flow from operating activities		**6.188.625**	**7.549.830**
Changes in current assets and liabilities:			
(Increase) decrease in trade and other receivables		3.015.340	(10.440.703)
Increase (decrease) in trade and other payables		(1.027.618)	(2.048.753)
(Increase) decrease in other assets		(437.608)	290.802
Increase (decrease) in tax liabilities		(814.365)	398.973
Increase (decrease) in other liabilities		(1.114.754)	4.681.249
Total changes in current assets and liabilities		**(379.005)**	**(7.118.432)**
(Increase) decrease in non-current tax receivables		(390.499)	(368.916)
Increase (decrease) in other non-current liabilities		(2.046.609)	779.663
Increase (decrease) in financial liabilities beyond 12 months		3.741.586	9.332.834
Net financial charges		675.922	691.270
Cash flow generated by (absorbed by) operating activities	**B**	**6.438.175**	**9.483.709**
Cash flows from investing activities:			
Net (investments) disposals of property, plant and equipment		(724.805)	(871.693)
Net (investments) disposals of intangible assets		(293.495)	(16.596.062)
(Investments) disposals of other financial assets		(2.159.786)	8.475.917
Dividends received		370.030	213.028
Cash flow generated by (absorbed by) investing activities	**C**	**(2.808.056)**	**(8.778.810)**
Cash flows from financing activities			
Share capital increases and share premium reserve			3.862.298
Distribution of dividends		(1.633.668)	(980.200)
Cash flow generated by (absorbed by) financing activities	**D**	**(1.633.668)**	**2.882.098**
Cash flows generated (absorbed) during the year	**E = B+C+D**	**1.996.451**	**3.586.997**
Final balance of cash and cash equivalents	**A + E**	**7.104.414**	**5.107.962**

The Chairman of the Board of Directors
(Luciano Lucca)

ASSITECA GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

ASSETS/LIABILITIES AND FINANCIAL SITUATION

(amount in €/000)	Notes	30.06.2018	30.06.2017
ASSETS			
Intangible assets	1	39.047	39.194
Property, plant and equipment	2	2.137	1.957
Financial assets	3	3.170	2.555
Tax assets	4	624	637
Deferred taxes	5	1.583	1.145
TOTAL NON-CURRENT ASSETS		**46.561**	**45.488**
Trade receivables and other current assets	6	8.529	7.383
Tax receivables	7	1.132	611
Receivables from others	8	44.603	43.091
Cash and cash equivalents	9	9.740	7.005
TOTAL CURRENT ASSETS		**64.003**	**58.089**
TOTAL ASSETS		**110.564**	**103.578**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		5.832	5.832
Other reserves		14.047	12.669
Profit for the year		4.588	3.580
TOTAL EQUITY OF THE GROUP		**24.468**	**22.081**
Capital and reserves of minority shareholders		260	124
Net income attributable to minority interests		378	109
TOTAL SHAREHOLDERS' EQUITY PERTAINING TO MINORITY INTERESTS		**638**	**233**
TOTAL SHAREHOLDERS' EQUITY	10	**25.106**	**22.314**
Liabilities for retirement benefits and employee severance pay	11	12.111	10.344
Miscellaneous payables and other liabilities	12	392	2.621
Financial liabilities due after 12 months	13	14.752	11.011
TOTAL NON CURRENT LIABILITIES		**27.256**	**23.976**
Financial liabilities due within 12 months	14	19.789	18.954
Trade payables	15	2.554	2.479
Tax and social security payables	16	2.975	2.983
Other liabilities	17	32.884	32.873
TOTAL CURRENT LIABILITIES		**58.202**	**57.288**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**110.564**	**103.578**

STATEMENT OF COMPREHENSIVE INCOME

(amount in €/000)	Notes	Year 2018	Year 2017
Revenues	18	66.126	64.037
Other income	19	1.237	746
Total operating income		**67.363**	**64.783**
Costs for services	20	22.853	22.658
Costs for use of third party assets	21	4.051	3.947
Personnel costs	22	28.007	26.437
Other operating costs	23	2.566	2.776
Amortization, depreciation and write-downs	24	1.147	1.180
Total operating costs		**58.625**	**56.998**
Operating result		**8.738**	**7.785**
Financial income (charges)	25	(959)	(904)
Non recurring income (charges)		(450)	(811)
Profit (loss) before taxes		**7.329**	**6.070**
Income taxes	26	2.362	2.382
Net profit (loss) from continuing operations		**4.966**	**3.689**
Profit (loss) for the period relating to minority interests		378	109
Profit (loss) for the period		**4.588**	**3.580**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT (as required by IAS 1)

(importi in euro)	Esercizio 30/06/2018	Esercizio 30/06/2017
Profit (loss) for the period	**4.588**	**3.580**
Other components of comprehensive income		
Actuarial profits (losses) from defined benefit plans	536	32
Total other components of comprehensive income	**5.124**	**3.612**
Income taxes relating to other components of comprehensive income	129	8
Total other components of comprehensive income net of taxes	**4.996**	**3.604**
Total other components of comprehensive income relating to minority interests	**(2)**	**(2)**
Total comprehensive income for the period	**4.994**	**3.602**

STATEMENT OF CASH FLOWS

(valori in €/000)		30.06.2018	30.06.2017
Cash and cash equivalents		7.005	5.726
Initial balance of cash and cash equivalents	**A**	**7.005**	**5.726**
Cash flows from operating activities:			
Profit (loss) for the year		4.966	3.689
Depreciation of fixed assets		825	964
Net change in provisions for personnel costs		1.767	620
Actuarial difference		(567)	(32)
Change in prepaid taxes		(437)	(169)
Reversal of financial income and charges		959	904
Cash flow from operating activities before changes in working capital capitale		**7.513**	**5.975**
Changes in current assets and liabilities:			
(Increase) decrease in trade and other receivables		(1.667)	444
Increase (decrease) in trade and other payables		86	766
(Increase) decrease in other assets		(1.512)	(1.430)
Increase (decrease) in tax liabilities		(8)	(252)
Increase (decrease) in other liabilities		836	(3.061)
Total changes in current assets and liabilities		**(2.265)**	**(3.534)**
(Increase) decrease in non-current tax receivables		13	(125)
Increase (decrease) in other non-current liabilities		(2.229)	1.027
Increase (decrease) in financial liabilities beyond 12 months		3.742	9.333
Net financial charges		959	904
Cash flow generated by (absorbed by) operating activities	**B**	**5.815**	**11.772**
Cash flows from investing activities:			
Net (investments) disposals of property, plant and equipment		(680)	(986)
Net (investments) disposals of intangible assets		(178)	(13.027)
(Investments) disposals of other financial assets		(615)	1.615
Cash flow generated by (absorbed by) investing activities	**C**	**(1.473)**	**(12.398)**
Cash flows from financing activities			3.863
Effects of changes in scope of consolidation (financial)		27	(938)
Distribution of dividends		(1.634)	(1.020)
Cash flow generated by (absorbed by) financing activities	**D**	**(1.607)**	**1.905**
Cash flows generated (absorbed) during the year	**E = B+C+D**	**2.735**	**1.279**
Final balance of cash and cash equivalents	**A + E**	**9.740**	**7.005**

The Chairman of the Board of Directors

(Luciano Lucca)

ASSITECA GROUP

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

General information

The Group was established in 1982 on the initiative of some professionals in the insurance industry and is now considered one of the most important groups of insurance brokerage in Italy. Since the creation of the first company, a development programme based on regional penetration has been developed, implemented through the acquisition or creation of local companies, which have led the Group to operate in 20 cities throughout Italy, located in the main national production and business centres.

This presence allows us to provide the customer with continuous advice and assistance, supported by a full range of customized services characterized by technical and commercial professionalism.

For some years now, the Group has also been present in Spain with offices in Madrid and Barcelona through its subsidiary Assiteca Broker Internacional de Seguros S.A.

In Europe and worldwide, as a member of EOS RISQ and Lockton Global, it can guarantee a presence in over one hundred countries and offer a personalized service to its customers' requests, ensuring timeliness and efficiency in facing the new challenges of a global market.
The Assiteca Group, under the full control of the management, has become over time the only large independent entity from banking and industrial groups within the landscape of the main insurance brokerage companies.
The Group shareholders' equity is over 25 million euro and its turnover at 30 June 2018 is approximately 67 million euro.
In July 2015, the operating parent company Assiteca S.p.A. was listed on AIM Italia, the market that the Stock Exchange dedicates to small and medium-sized Italian companies.

Declarations of conformity

The Assiteca Group has prepared its consolidated financial statements at 30 June 2018, in accordance with the international accounting standards, (IAS/IFRS), and the related interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC), and the *Standing Interpretations Committee* (SIC) issued by the *International Accounting Standards Board* (IASB) and approved by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree 38/2005.

Financial Statements structure

The Assiteca Group consolidated financial statements at 30 June 2018, for the fiscal year 1 July 2017 - 30 June 2018, consisting of the consolidated statement of financial position, the consolidated separate income statement, the consolidated cash flow statement and the explanatory notes (hereinafter the "consolidated financial statements"), were approved by the Board of Directors of Assiteca S.p.A. on 28 September 2018.
The financial statements are prepared in accordance with IAS 1 - Presentation of Financial Statements (revised).

The structure of the balance sheet incorporates the classification between "current assets" and "non-current assets", while with reference to the income statement the classification by nature has been maintained, a form considered more representative than the so-called presentation by destination (also called "cost of sales"). The cash flow statement was prepared using the indirect method.
Pursuant to Consob Resolution 15519 of 27 July 2006, the effects of transactions with related parties on the assets and liabilities side of the balance sheet and on the income statement are shown in the financial statements. Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e. including relations with administrative and control bodies as well as with managers with strategic responsibilities.
The consolidated financial statements are prepared in thousands of euros. All amounts included in the tables in the notes below, unless otherwise indicated, are expressed in thousands of euro.

Preparation criteria and accounting principles

The consolidated financial statements for the period 1 July 2017 - 30 June 2018 have been prepared in accordance with the IFRS adopted by the European Union and include the financial statements of Assiteca S.p.A. and of the Italian and foreign companies over which the company has the right to exercise, directly or indirectly, control, determining their financial and operating decisions, and obtaining the relative benefits. For consolidation purposes, where the consolidated companies do not already prepare their individual financial statements in accordance with IFRS, the financial statements (for the Italian subsidiaries) and the accounting statements (for the foreign subsidiary) prepared in accordance with the valuation criteria set out in local regulations have been used, adjusted to bring them into line with IFRS.
The consolidated financial statements at 30 June 2018 have been prepared on a going concern basis.
The economic data, changes in shareholders' equity and cash flows for the year ended June 30, 2018 are presented in comparative form with those for the period July 1, 2016 - June 30, 2017. The balance sheet figures at 30 June 2018 are presented in comparative form with those at 30 June 2017.
Subsidiaries are consolidated on a line-by-line basis from the date on which control was actually transferred to the Group and cease to be consolidated from the date on which control was transferred.
The subsidiaries included in the scope of consolidation at 30 June 2018 are as follows:

Company	% owned by the Group	Share capital	Registered Office
A & B Insurance and Reinsurance S.r.l.	100%	104	Milano
Assiteca Consulting S.r.l.	100%	10	Milano
Assiteca S.A.	100%	301	Madrid
Assiteca Agricoltura S.r.l.	100%	30	Verona
Assiteca BSA S.r.l.	100%	49	Modena
Assiteca Adriatica S.r.l.	60%	50	Ancona
Socoupa S.A.	100%	85	Neuchatel
ArtigianBroker S.r.l.	50%	100	Roma
Grupo Muntadas S.A.	82%	275	Barcellona

Amounts in euro/000

The scope of consolidation as at 30 June 2018 has undergone the following changes compared to the closure of the annual financial statements as at 30 June 2017:
- decrease following the sale of 10% of the equity investment in Artigianbroker S.r.l.;
- exit following liquidation with simultaneous cancellation of the company Teca S.r.l. in liquidation;
- entry of the company Assiteca Consulting S.r.l.

Associated companies

Associated companies are those in which the Group holds at least 20% of the voting rights or exercises significant influence, but not control, over financial and operating policies.
The associated companies are as follows:

Amounts in euro	Book value	Direct investment
6Sicuro S.p.A.	2.000	35,2%
Assiteca SIM S.p.A.	341	9,9%
	2.341	

Consolidation principles
In the preparation of the consolidated financial statements, the assets, liabilities, costs and revenues of the consolidated companies are included on a line-by-line basis, attributing to minority shareholders in specific items of the balance sheet and income statement their share of shareholders' equity and of the result for the period.
The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of the subsidiaries, including any adjustments to the *fair value*, at the date of acquisition, of the related assets and liabilities; any residual difference emerging is allocated to goodwill.
All intercompany balances and transactions, including any unrealized profits arising from transactions between Group companies, are eliminated. Profits and losses realised with associated companies are eliminated for the part pertaining to the Group. Intragroup losses are eliminated except where they represent long-term losses.

Conversion of financial statements in currencies other than the euro
The consolidated financial statements are presented in thousands of euros, which is also the functional currency in which all Group companies operate.

Accounting standards and valuation criteria of reference

Intangible assets
Intangible assets are non-monetary items, identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are recorded at

purchase and/or production cost, including directly attributable expenses for preparing the asset for use, net of accumulated depreciation and any impairment losses. The acquisition cost is represented by the *fair value of* the price paid to acquire the asset and any direct cost incurred to prepare the asset for use. The acquisition cost is the cash price equivalent at the date of recognition, therefore, if payment of the price is deferred beyond normal credit terms, the difference with respect to the cash price equivalent is recognized as interest over the period of deferred payment. For internally generated intangible assets, the process of formation of the asset is divided into the two phases of research (not capitalized) and the subsequent phase of development (capitalized). If the two phases cannot be separated, the entire project is considered research. The financial charges incurred for the acquisition are never capitalized.
Intangible assets acquired through business combinations are recognized at *fair value* at the acquisition date.
Amortization begins when the asset is available for use and is systematically allocated in relation to the residual possibility of use, i.e. based on its estimated useful life.
The book value of intangible assets is maintained in the financial statements to the extent that there is evidence that this value can be recovered through use or disposal. If there are signs that it may be difficult to recover the net book value, an *impairment test is* carried out.
The costs of software licenses are capitalized considering the costs incurred for the purchase and to make the software ready for use. These costs are amortized on a straight-line basis over the useful life of the software (5 years).

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost, including directly attributable incidental expenses, net of accumulated depreciation and impairment losses. The acquisition cost is represented by the *fair value* of the price paid to acquire the asset and any other direct cost incurred to prepare the asset for use. The acquisition cost is the cash price equivalent at the date of recognition, therefore, if payment of the price is deferred beyond normal credit terms, the difference with respect to the cash price equivalent is recognized as interest over the period of deferred payment. The financial charges incurred for the acquisition are never capitalized. The capitalization of costs relating to the expansion, modernization or improvement of structural elements owned or in use by third parties is carried out only to the extent that they meet the requirements to be classified separately as an asset or part of an asset. Ordinary maintenance costs are charged to the income statement. After initial recognition, property, plant and equipment are recorded at cost, net of accumulated depreciation and any impairment losses. The depreciable value of each significant component of a tangible asset with a different useful life is allocated on a straight-line basis over its expected useful life. Depreciation is recognized from the moment in which the tangible asset is available for use, or is potentially able to provide the economic benefits associated with it. Depreciation is calculated on a straight-line basis at rates considered representative of the useful life of the tangible asset. The depreciation criteria used, the useful lives and residual values are reviewed and redefined at least at the end of each administrative period to take account of any significant changes.

The book value of tangible assets is maintained in the financial statements to the extent that there is evidence that this value can be recovered through use. If there are signs that it may be difficult to recover the net book value, an *impairment test* is carried out.
The depreciation rates applied are as follows:
The depreciation rates applied are as follows:

- furniture and furnishings	12%
- office machinery	18%
- computers	20%
- telephone systems	15%
- cars	25%

For fixed assets purchased during the year, the above coefficients have been calculated at 50%.

Leased assets

Financial leasing contracts, which substantially transfer to the Group all the risks and rewards of ownership of the leased asset, are capitalised at the start date of the lease at the *fair value of* the leased asset or, if lower, at the present value of the lease payments. The instalments are divided pro rata between the principal and the interest in order to obtain the application of a constant interest rate on the outstanding balance of the debt. Financial charges are charged directly to the income statement.
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the duration of the lease contract, if there is no reasonable certainty that the Group will obtain ownership of the asset at the end of the contract.
Operating lease instalments are recognised as costs in the income statement on a straight-line basis over the term of the contract.

Investments

Investments in associates and other companies are recorded at cost, adjusted for impairment losses, determined based on an *impairment* test.

Impairment of assets

An impairment loss arises whenever the carrying amount of an asset exceeds its recoverable amount. At each reporting date, any indicators suggesting the existence of impairment are assessed. In the presence of these indicators, the recoverable value of the asset is estimated *(impairment test*) and any write-down is recorded. For assets not yet available for use, assets recognized in the current year, intangible assets with an indefinite useful life and goodwill, the *impairment test* is conducted at least once a year, regardless of the presence of such indicators.
The recoverable amount of an asset is the higher of its *fair value* less costs to sell and its value in use. The recoverable value is calculated with reference to an individual asset, unless the same is unable to generate cash inflows, deriving from continuous use largely independent of cash inflows generated by other assets or groups of assets, in which case the test is carried out at the level of the smallest cash-generating unit that includes the asset in question *(Cash Generating Unit*).

The *fair value* corresponds to the market price (net of disposal costs), provided that the asset is traded in an active market. A market can reasonably be considered to be active on the basis of the frequency of transactions and the volumes generated by them.
In determining value in use, future cash flows, referring to a period of time not exceeding five years, are estimated on the basis of prudent assumptions based on historical experience and making precautionary forecasts about the future performance of the reference sector and are discounted to their present value using a pre-tax rate that reflects current market assessments of the value of money and risks specific to the asset; the terminal value is determined on the basis of the perpetual return.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, it is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.
When an impairment loss is no longer justified, the carrying amount of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value resulting from the estimate of its recoverable amount, but not beyond the net carrying amount that the asset would have had if the impairment loss had not been recognised. The reversal of the impairment loss is immediately recognised in the income statement as income; after a reversal of the impairment loss has been recognised, the depreciation charge for the asset is adjusted in future periods in order to allocate the modified carrying amount, net of any residual values, on a straight-line basis over its remaining useful life.
Under no circumstances may the value of goodwill previously written down be restored to its original value.

Financial assets

Financial assets are classified in the following categories

- financial assets at *fair value* with a balancing entry in the income statement;
- financial assets held to maturity;
- loans and other financial receivables;
- financial assets available for sale.

The Group determines the classification of financial assets at the time of acquisition. They are classified as:

- financial assets at *fair value* through profit or loss, financial assets acquired principally with the intention of realising a profit from short-term price fluctuations (not exceeding 3 months) or designated as such from inception;
- financial assets held to maturity" means investments in financial assets with a fixed or determinable maturity that the Group intends and is able to hold to maturity;
- loans and other financial receivables, financial assets with fixed or determinable payments, not listed on an active market and other than those classified from inception as financial assets at *fair value* with a balancing entry in the income statement or as financial assets available for sale;
- financial assets available for sale, financial assets other than those mentioned in the previous sections or those designated as such from inception.

Purchases and disposals of financial assets are accounted for at the settlement date. Initial recognition is made at the *fair value of* the acquisition date, taking into account transaction costs.

After initial recognition, financial assets at *fair value* through profit or loss and assets available for sale are measured at *fair value*, financial assets held to maturity and loans and other financial receivables are measured at amortised cost. Realized and unrealized gains and losses arising from changes in the *fair value* of financial assets at *fair value* through profit or loss are recognized in the income statement in the year in which they occur. Unrealised gains and losses arising from changes in the *fair value* of assets classified as available-for-sale are recognised in equity. The *fair values* of financial assets are determined on the basis of quoted offer prices or using financial models. The *fair values* of unlisted financial assets are estimated using specific valuation techniques adapted to the specific situation of the issuer. Financial assets for which the current value cannot be determined reliably are recognised at cost less impairment losses.

Trade receivables and other current assets

Trade receivables and other current assets are recorded at their *fair value* identified by their nominal value and subsequently reduced for any losses in value through the allocation of a specific provision for doubtful accounts, adjusting the value of assets.
Receivables with a maturity of more than one year, which are non-interest bearing or which accrue interest below market rates, are discounted using market rates. At each reporting date, indicators of impairment are verified. The previously recognised impairment loss is reversed if the circumstances that led to its recognition no longer exist.

Current and deferred taxes

Taxes for the year represent the sum of current and deferred taxes.
Current taxes are based on the taxable income for the year. Taxable income differs from the result reported in the income statement in that it excludes positive and negative components that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. Current tax liabilities are calculated using the rates in force or actually in force at the balance sheet date. Deferred tax assets are calculated on the temporary differences between the book value of assets and liabilities in the balance sheet and the corresponding tax value. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets, including assets relating to prior tax losses, are recognised to the extent that it is probable that there will be future taxable income from which they can be recovered.
The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that there will be sufficient future taxable income to guarantee the recovery of all or part of these assets.
Deferred taxes are calculated based on the tax rate that is expected to be in force when the asset is sold or the liability is settled. Deferred taxes are charged directly to the income statement with the exception of those relating to items recognised directly in equity, in which case the related deferred taxes are also charged to equity.

Tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities.

Cash and cash equivalents

Cash on hand and cash equivalents are represented not only by cash on hand, but also by short-term investments with high liquidity, easily convertible into known amounts of money and subject to a negligible risk of changes in value.
For the purposes of the cash flow statement, cash and cash equivalents consist of cash, demand or time deposits with banks, other liquid short-term financial assets with an average original maturity of no more than three months, and current account overdrafts. For the purposes of drawing up the balance sheet, the latter are included in financial payables under current liabilities.

Financial liabilities

Financial liabilities consist of financial payables. Financial liabilities are initially recognised at *fair value* plus transaction costs; they are subsequently measured at amortised cost, i.e. at their initial value, net of principal repayments already made, adjusted (upwards or downwards) on the basis of the amortisation (using the effective interest method) of any differences between the initial value and the value at maturity.

Employee benefits

Guaranteed employee benefits paid on or after termination of employment through defined-benefit plans (in the case of Italian companies, severance indemnities) are recognised over the vesting period of the entitlement.
Liabilities relating to defined-benefit plans, net of any plan assets, are determined based on actuarial assumptions and are recognised on an accruals basis in line with the work required to obtain the benefits; the liabilities are valued by independent actuaries.
Gains and losses arising from actuarial calculations are periodically charged to the separate income statement (between labour costs and financial charges).

Trade payables and other current liabilities

Trade payables and other current liabilities, whose due date is within normal commercial and contractual terms, are not discounted and are recorded at nominal value.

Provision for risks and charges

Provisions for risks and charges represent probable liabilities of uncertain amount and/or maturity deriving from past events, the fulfilment of which will require the use of economic resources. Provisions are made exclusively in the presence of a current obligation, legal or implicit, which requires the use of economic resources, provided that a reliable estimate of the obligation can be made. The amount recognised as a provision represents the best estimate of the charge necessary to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to represent the best current estimate. Where it is expected that the financial outlay relating to the obligation will occur after normal payment terms and the effect of discounting is significant, the amount of the provision is represented by the present value of the expected future payments for the extinction of the obligation. Contingent assets and liabilities are not recognised in the financial statements; however, adequate information is provided in this regard.

Foreign currency transactions

Financial statement items are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are prepared in thousands of euro.

Receivables and payables originally expressed in foreign currency are recorded based on the exchange rates in force at the closing date of the financial year.

In particular, current assets and liabilities, as well as non-current financial receivables, are entered at the spot exchange rate at the closing date of the period. Gains and losses arising from the conversion of receivables and payables are credited and debited respectively to the income statement.

Any net profit deriving from the adjustment of foreign currency items to period-end exchange rates contributes to the formation of the result for the period and, upon approval of the financial statements and consequent allocation of the result for the year, the portion not absorbed by any loss is entered in a non-distributable reserve in shareholders' equity until its subsequent realisation. Revenues and income, costs and expenses relating to foreign currency transactions are determined at the exchange rate prevailing on the date on which the transaction is carried out.

Positive and negative income components

In terms of recognition of revenues and costs, the Group follows the accrual basis of accounting. Revenues from sales and services are recognised respectively when the actual transfer of the relevant risks and benefits deriving from the transfer of ownership takes place, and are also measured at the *fair value* of the consideration received or due, taking into account the value of any discounts. Revenues from the provision of services are determined on the basis of the percentage of completion, defined as the ratio between the amount of services rendered at the reference date and the total value of services expected.

Costs for the creation of catalogues are recorded at the time of receipt of the related services.

Costs are allocated according to criteria similar to those for the recognition of revenues and, in any case, according to the accrual principle.

Interest income and expense is recognised on an accruals basis, taking into account the effective interest rate applicable.

Dividends are recorded in the year in which the distribution is approved.

Research and development costs are expensed when incurred.

There are no development costs that meet the requirements of IAS 38 to be capitalized.

Changes in accounting principles, errors and changes in estimates

The accounting standards adopted are changed from one year to the next only if the change is required by a standard or if it contributes to providing more reliable and relevant information

on the effects of the transactions carried out on the Group's balance sheet, income statement or cash flows.
Changes in accounting principles are accounted for retrospectively, with the effect on shareholders' equity of the first of the years presented; comparative information is adjusted accordingly. The prospective approach is only taken when it is impractical to reconstruct comparative information. The application of a new or amended accounting standard is accounted for as required by the standard itself. If the standard does not govern the transition procedures, the change is accounted for using the retrospective method, or if impracticable, the prospective method.
In the case of material errors, the same treatment as for the changes in accounting standards described in the previous paragraph is applied. In the case of immaterial errors, the accounting is carried out in the income statement in the period in which the error is detected.
Changes in estimates are accounted for prospectively in the income statement, in the year in which the change occurs if it affects only the latter; in the year in which the change occurs and in subsequent years if the change also affects the latter.

Events after the balance sheet date

Subsequent events are those events that occur after the balance sheet date until the date on which publication is authorised. The date on which the financial statements are authorised for publication is the date of approval by the Board of Directors. This date is indicated in the "General Information" section at the beginning of these Notes.
Subsequent events may relate to events that provide evidence of situations existing at the balance sheet date (subsequent adjustment events) or facts indicative of situations arising after the balance sheet date (subsequent non-adjusting events). For the former, the relative effects are reflected in the financial statements and the information provided is updated; for the latter, if significant, only adequate information is provided in the Explanatory Notes.

Aggregations

Business combinations are accounted for using the purchase cost method.
In relation to this method, the costs of the business combination are allocated through the recognition at fair value of the assets and liabilities acquired, as well as the identifiable potential liabilities and equity instruments issued at the date of the transaction, in which the costs directly attributable to the acquisition are added.
The positive difference between the purchase cost and the portion of the fair value of the assets, liabilities and potential liabilities identifiable at purchase is recorded as goodwill among the assets and subjected at least annually to an *impairment* test. If the difference is negative, it is either recorded directly in the income statement or entered under liabilities in a specific provision for risks if it represents future losses.
Acquisition transactions between parties controlled by common entities that constitute transactions between entities *"under common control*" are not currently governed by IFRS and therefore in accordance with the provisions of IFRS, the accounting treatment of such combinations is based on practice or on a body of similar accounting standards. On the basis of these criteria, the acquisition is accounted for keeping the historical values and any difference

in price paid compared to the historical values reflected in the financial statements of the acquired entity is treated as a distribution/capital contribution to/from the controlling shareholders.

Main causes of uncertainty in estimates

The preparation of the financial statements and related notes in accordance with IFRS requires the Group to make estimates and assumptions that have an effect on the values of assets and liabilities in the consolidated financial statements and on the information relating to contingent assets and liabilities. The estimates and assumptions used are based on experience and other factors considered relevant. The results may therefore differ from these estimates. Estimates and assumptions are reviewed periodically and the effects of any changes made to them are reflected in the income statement in the period in which the estimate is revised if the revision affects only that period, or also in subsequent years if the revision affects both the current and future periods.

Estimates are mainly used to recognise impairment losses on recognised assets, to determine revenue for the period, provisions for bad debts, taxes and other provisions and provisions.

The current economic and financial context continues to be characterised by great volatility and uncertainty. Therefore, the estimates made are based on assumptions regarding the future performance of revenues, costs and cash flows, which are characterised by a high degree of uncertainty, and therefore it cannot be excluded that in future years results will be significantly different from those estimated, which could lead to adjustments, which cannot be estimated or predicted at present, to the book values of the relevant items. For further details on the estimates made, please refer to the specific notes that follow.

Accounting principles

The 2017/2018 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB) and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all the revised international accounting standards (IAS) and all the interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) previously known as the *Standing Interpretations Committee* (SIC).

The accounting principles adopted in the preparation of these consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements at 30 June 2017, with the exception of the following with regard to amendments and interpretations applicable from 1 July 2017.

Accounting standards, amendments and interpretations applied as from 1 July 2017

The nature and impact of each principle/change are listed below:

Amendments to IAS 7 Cash Flow Statements: The amendments require an entity to provide disclosures about changes in financing liabilities, including both cash flow changes and non-monetary changes (such as foreign exchange gains and losses). In the specific section, the Group provided information for both the current year and the comparative period.

Amendments to IAS 12: the amendments clarify that an entity must consider whether tax law restricts the sources of taxable income against which it could make deductions related to the reversal of deductible temporary differences. In addition, the amendment provides guidance on how an entity should determine future taxable profit and explains the circumstances in which taxable profit could include the recovery of certain assets above their carrying amount. The Group applied these changes retrospectively. Moreover, their application has not had any effect on the Group's financial position or results in the absence of deductible temporary differences or assets that fall within the scope of the amendment.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

The following are the principles which, at the date of preparation of the financial statements, had already been issued but were not yet in force. The Group intends to adopt these principles when they enter into force.

In May 2014, the IASB issued **IFRS 15 - Revenues from customer contracts:** which requires the recognition of revenues to represent the transfer of goods or services to customers at an amount that reflects the consideration expected to be received in exchange for such products or services; this new revenue recognition model defines a five-step process and requires the use of estimates and judgements; this new standard also applies to some repurchase agreements and requires more information about the nature, amount, timing and uncertainty about revenues and cash flows arising from customer contracts. This standard is applicable retroactively for financial years beginning on or after 1 January 2018. Early adoption is allowed.

In July 2014, the IASB issued **IFRS 9 - Financial Instruments:** the series of amendments made by the new standard includes the introduction of a logical model for the classification and measurement of financial instruments, a single model for the *impairment of* financial assets based on expected losses and a renewed approach to *hedge accounting*. These amendments are applicable retroactively for financial years beginning on or after 1 January 2018.

In January 2016, the IASB issued an amendment to **IFRS 16 Leases.** The amendment establishes the principles for the recognition, measurement, presentation and disclosure of lease contracts for both parties involved and replaces the previous standard IAS 17 "Leases". IFRS 16, defines leasing as a contract that transfers to the customer (lessee), in exchange for consideration, the right to use an asset for a specified period of time; the distinction for the lessee between operating and finance leases is eliminated, and a single accounting model is introduced whereby a lessee is required to recognize assets and liabilities for all leases due in more than 12 months, unless the underlying asset is of low value, and to recognize separately in the income statement the depreciation of the assets with respect to interest expense. This standard is applicable for financial years beginning on or after 1 January 2019.

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess their potential impacts, when they are endorsed by the European Union.

Information on the balance sheet, financial position and statement of comprehensive income

The individual items of the balance sheet and income statement are commented on below.

Note 1 - Intangible assets

The composition and changes in intangible assets at 30 June 2018 are shown in the table below:

Amounts in euro	Balance at 30.06.2017	Change in the consolidation area	Acquisitions	Disposals	Depreciation and write-downs	Balance at 30.06.2018
Goodwill / Merger deficit	31.940					31.940
Other intangible assets	886	(112)	305	(10)	(325)	744
Consolidation reserve	6.367	(4)				6.363
Total intangible assets	**39.194**	**(116)**	**305**	**(10)**	**(325)**	**39.047**

Goodwill

Goodwill at 30 June 2018 amounted to 31,940 thousand euro and did not change during the year.

Check for impairment of goodwill

Goodwill, as an asset with an indefinite useful life recognised as a fixed asset at 30 June 2018 and at 30 June 2017, was tested for *impairment.*

This assessment, carried out at least once a year, was carried out at the level of the *cash* generating units (CGUs) to which the value of goodwill can be allocated.

In order to determine recoverable value, reference was made to value in use, determined using the *"Discounted cash flow"* method, which estimates future cash flows and discounts them using a rate that coincides with the weighted average cost of capital (WACC).

The following data were used and the following assumptions were made in order to carry out these *impairment tests:*

- the financial data were taken from the Group's 2019-2023 five-year *business plan* (1 July 2018 - 30 June 2023) (detailed at the level of *the Cash Generating Units* - CGUs into which the Group is divided). The *business plan* was approved by the Board of Directors of Assiteca S.p.A. on 28 September 2018;
- to determine the cash flows, the EBITDA of each CGU was used as the starting point and the value of the investments was deducted;
- these cash flows were discounted on the basis of the weighted average cost of capital employed (WACC), net of tax, determined on the basis of the following reference parameters:
    - *risk free rate*: yield on 10-year emissions in the countries where the CGUs operate
    - beta: determined as the average of *debt/equity* in a *comparables panel*
    - *market premium*: the yield differential between the *risk free rate* and the sector's equity remuneration in the geographical context in which the CGU operates

- average borrowing rate: cost related to the sources of financing from third parties of the Group to which the CGU belongs.

Cash flows were discounted using a specific WACC, net of the related tax effect, in accordance with the individual parameters reported above and relating to each CGU. In particular, the expected growth rate "g" after the five-year period covered by the *business plan*, to be used to determine the *terminal value* was assumed to be 2% in line with the projection curve of the relevant *business plan* and lower than the growth rate of the sector.

Impairment tests carried out showed recoverable values in excess of the carrying values of goodwill in the Group's financial statements.

Other intangible assets

The increases for the year refer to the acquisition of new *software* licenses for the use of the management information system and for increases in trademarks.

Note 2 - Property, plant and equipment

A breakdown of property, plant and equipment at 30 June 2018 and changes in it is shown in the table below:

(amounts in €/000)	Balance at 30.06.2017	Change in consolidation area	Acquisitions	Disposals	Depreciation and write-downs	Balance at 30.06.2018
Net Amounts						
Equipment	23		12		(6)	29
Cars	266	66	134	(58)	(208)	200
Mobile phones	156	(155)	368		(28)	341
Telephony	62		3		(14)	51
Electronic machinery	760	(53)	231		(149)	790
Office furniture and equipment	690	(31)	164	(1)	(94)	728
Total net amounts	**1.957**	**(174)**	**913**	**(59)**	**(500)**	**2.137**

Note 3 - Financial assets

The breakdown of this item at 30 June 2018 and 30 June 2017 is shown below:

(amounts in €/000)	Balance at30.06.2018	Balance at 30.06.2017
Investments in associated companies	2.346	1.840
Investments in subsidiaries non-consolidated companies		15
Other receivables	824	700
Total financial assets	**3.170**	**2.555**

The shareholding in subsidiary and non-consolidated companies varies, as Assiteca Consulting S.r.l. has been included in the consolidation area since the financial year ended June 30, 2018.

Equity investments in associated companies

Details of investments in associated companies are provided below:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Investments in associated companies:		
Riconcilia ADR S.r.l. in liquidation		54
Assiteca Sicurezza Informatica S.r.l. in liquidation	5	
Assiteca SIM S.p.A.	341	341
6sicuro S.p.A.	2.000	1.445
Total investments in associated companies	**2.346**	**1.840**

Changes during the period in the item "Equity investments in associated companies" relate to:
- decrease due to liquidation operation with simultaneous cancellation of the company Reconcile ADR S.r.l. in liquidation for 54 thousand euros
- increase due to acquisition and capital increase of the direct shareholding of the company 6Sicuro S.p.A. from Teca S.r.l. in liquidation
- the recognition in this item of the equity investment in Assiteca Sicurezza Informatica S.r.l. in liquidation, previously reclassified as "Equity investments in non-consolidated subsidiaries" as the liquidation of the company is about to be completed and simultaneously cancelled

Receivables from others

The amount of 824 thousand euros at 30 June 2018 is made up of €515 thousand in security deposits and 309 thousand euros in the underwritten bond issued by the company 6Sicuro S.p.A.

Note 4 - Tax receivables (non-current)

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Receivables from tax authorities for reimbursement I.R.A.P. year 2013	454	467
Other receivables from tax authorities	170	170
Total long-term tax credits	**624**	**637**

Note 5 - Prepaid taxes

Deferred tax assets were determined on the temporary differences between taxable income and the result of the financial statements by applying the I.R.E.S. rate of 24% and the I.R.A.P. rate of 3.9%.

Note 6 - Receivables from customers and other commercial activities

Trade receivables were made up as follows at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Trade receivables	5.280	4.575
Prepaid expenses	3.249	2.808
Total receivables from customers and other trade assets	**8.529**	**7.383**

The increase in trade receivables is mainly due to the increase in commission income for the year. Prepayments are calculated on the basis of commissions that will have a future cash flow but whose right to be received has already accrued to Group companies.

Note 7 - Tax receivables (current)

The breakdown of this item at 30 June 2018 and 30 June 2017 is shown below:

(valori in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
I.R.E.S. receivables	560	276
I.R.A.P. receivables	73	66
V.A.T.	41	263
Research and Development receivables	427	
Other receivables	30	6
Total tax receivables	**1.132**	**611**

The increase compared to the previous year is mainly due to the recognition of the tax credit for investments in research and development activities made in 2015/2016 (€942 thousand) and in 2016/2017 (€ 707 thousand).

Note 8 - Receivables from others

The breakdown of this item at 30 June 2018 and 30 June 2017 is shown below:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Receivables from policyholders and companies (commissions and premiums)	36.480	35.854
Claims advances	1.585	2.283
Other	6.538	4.954
Total other receivables	**44.603**	**43.091**

Receivables from *management fees have been* reclassified under receivables for bonuses; the same reclassification has been made also with respect to the previous year, thus maintaining the comparability of the two years.

Note 9 - Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Bank an postal deposits	9.577	6.862
Cash and cash equivalents	163	143
Total cash and cash equivalents	**9.740**	**7.005**

The balance represents cash and cash equivalents on bank and postal current accounts and the existence of cash and cash equivalents at the end of the period.
The value of cash and cash equivalents is deemed to be in line with their *fair value*.

Note 10 - Shareholders' equity

The composition of the Group shareholders' equity and the changes with respect to the previous year are shown in the table below:

Amounts in euro	Balance at 30.06.2017	Appropriation of result for the year	Change in consolidation area	Other movements	Balance at 30.06.2018
Share capital	5.832			-	5.832
Legal reserve	676	167			843
Share premium reserve	10.223			-	10.223
I.A.S./I.F.R.S. transition reserve	(134)			(31)	(165)
Share exchange difference	(1.265)				(1.265)
Actuarial reserve	(797)			(536)	(1.333)
Other reserves	3.965	3.413		(1.634)	5.744
Result for the year	3.580	(3.580)		4.588	4.588
Total Shareholders' equity	**22.081**	**0**	**-**	**2.388**	**24.468**
Profit of third parties	109	(109)		378	378
Minority interests	124	109	27		260
Total Shareholders' equity	**22.314**	**0**	**27**	**2.766**	**25.106**

The fully subscribed and paid-up share capital of the parent company at 30 June 2018 amounts to 5,832 thousand euros and consists of 32,673,000 ordinary shares with no par value (€ 0.1785 in accounting terms).
It should be noted that in July 2015 Assiteca S.p.A. was listed on the A.I.M. of the Italian Stock Exchange with a dedicated capital increase.
The main changes in shareholders' equity in the year ended June 30, 2018 were as follows:
- increase in the legal reserve due to the allocation of part of the previous year's profit for 167 thousand euros;
- increase in other reserves due to allocation of the previous year's result by €3,413 thousand;
- distribution of dividends for 1,634 thousand euros;
- a profit for the year of 4,632 thousand euros;
- actuarial loss on defined benefit plans for employees of 535 thousand euros recognised in accordance with IAS 19.

The table below shows the reconciliation between the shareholders' equity of the Parent Company and the consolidated shareholders' equity.

(amounts in €/000)	Link between the shareholders 'equity of the Parent Company and the	
	Profit for the year	Shareholders' equity
Balances as per the parent company financial statements	3.860	25.248
Reversal of dividends from Group companies	(604)	(604)
Pro-rata net profits earned by the companies of the Group	1.332	1.332
Differences in the pro-rata value of the shareholders' equity compared to the carrying amount of the investments in consolidated companies		(1.508)
Total Group shareholders' equity	**4.588**	**24.468**
Third-party equity		260
Profit attributable to minority shareholders	378	378
Total Consolidated	**4.966**	**25.106**

Note 11 - Liabilities for pensions and severance indemnities

This item includes all pension obligations and other benefits in favour of employees, subsequent to the termination of employment or to be paid on maturity of certain requirements, and is represented by provisions for severance indemnities relating to Group personnel.
At June 30, 2018, liabilities for pensions and severance indemnities amounted to 12,111 thousand euros (10,344 thousand euros at June 30, 2017).
The movements in the period are shown below:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Balance at the beginning of the year	10.344	9.724
Provisions for the year	1.188	1.036
Changes in consolidation area	343	391
Uses	(535)	(304)
Actuarial loss (profit) recorded	772	(503)
Total liabilities for pensions and severance indemnities	**12.111**	**10.344**

Movements during the period reflect provisions and disbursements, including advances, made during the year ended June 30, 2018.
The provision for employee severance indemnities is part of the defined benefit plan.
The Project Unit Cost method was used to determine the liabilities, broken down into the following phases:
- possible future benefits that could be provided to each employee in the event of retirement, death, disability, resignation, etc. were projected on the basis of a series of financial assumptions (increase in the cost of living, salary increase, etc.). The estimate of future benefits will include any increases corresponding to the additional length of service accrued as well as the expected increase in the level of remuneration received at the valuation date;
- the average present value of future benefits was calculated on the basis of the annual interest rate adopted and the probability that each benefit will actually be paid at the balance sheet date;

- the liability for the company has been defined by identifying the portion of the average present value of future services that refers to the service already accrued by the employee at the valuation date;
- the reserve recognized as valid for IFRS purposes has been identified on the basis of the liability determined in the previous point and the reserve set aside in the financial statements for Italian civil law purposes.

More specifically, the following assumptions have been made:

Assumptions used	
Financial	
Previous discount rate	1,80%
Annual discount rate	1,60%
Annual inflation rate	1,90%
Demographics	
Mortality	ISTAT 2016 divided by sex and age
Disability	INPS tables divided by age and sex
Retirement age	100% upon achievement of AGO requirements

Note 12 - Other payables and other non-current liabilities

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Long-term payables for financial leasing recognition	392	575
Payables for long-term acquisitions		1.960
Other long term payables		85
Total long term payables	**392**	**2.621**

Payables for long-term acquisitions have been reduced to zero because the instalments due are, at the date of approval of these financial statements, within the year and therefore reclassified in the specific section.

Note 13 - Financial liabilities due beyond 12 months

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Intesa San Paolo unsecured debt		5
UBI unsecured debt	1.264	
Creval unsecured debt	1.343	
Banco Popolare unsecured debt	1.013	1.512
Biver unsecured debt	934	1.431
Banco Desio unsecured debt	252	168
Banca di Piacenza unsecured debt	169	842
Banco di Sardegna unsecured debt		53
Capex line - pool Banca Intesa	9.778	7.000
Financial liabilities due beyond 12 months	**14.752**	**11.011**

During the year, the Group took out unsecured loans of which:
- with Credito Valtellinese for an initial capital of 2,000,000 euro at a rate of 1.40% repayable in 12 months;
- with UBI Banca for an initial capital of 1.878.590,66 euro at a rate of 1,52% repayable in 16 quarterly instalments;
- with Banco Desio for an initial capital of 1,000,000 euro at a rate of 0.89% repayable in 24 months;
- with Banca Intesa (*Capex* Lines of the *syndicated* loan) for an initial capital of 2,500,000 euro and for an initial capital of 1,500,000 euro at a rate of 1.97%.

Note 14 - Financial liabilities due within 12 months

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Short-term payables for finance leases	337	178
Current accounts	7.452	13.776
Pooled revolving financing	12.000	5.000
Total linancial liabilities due within 12 months	**19.789**	**18.954**

These are mainly payables on credit lines granted by banks on ordinary current accounts.
The revolving pool loan is a credit line disbursed for a total amount of 24 million euro by a pool of credit institutions led by Intesa SanPaolo.
The other loans consist of *hot money* lines and unsecured bank loans for the principal amount to be repaid within the next financial year.

Note 15 - Trade payables

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Payables to suppliers	2.505	2.272
Accrued expenses and deferred income	48	207
Total trade payables	**2.554**	**2.479**

Note 16 - Tax and social security payables

This item is broken down as at 30 June 2018 and 30 June 2017:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Tax payables	1.644	1.748
Social security payables	1.331	1.235
Total tax and social security payables	**2.975**	**2.983**

Tax payables mainly refer to payables for withholding taxes applied to employees or self-employed work.
Social security payables refer to amounts owed to social security institutions, INPS and supplementary pension funds.

Note 17 - Other liabilities

Other liabilities at 30 June 2018 mainly refer to the payable to companies for premiums already received by the company and not yet paid, shown net of commissions already accrued.
The breakdown of this item is as follows:

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Payables to companies	24.982	24.760
Payables to policyholders	3.980	1.897
Other payables	3.921	6.217
Total other liabilities	**32.884**	**32.873**

Guarantees, sureties and other commitments undertaken by the company

(amounts in €/000)	Balance at 30.06.2018	Balance at 30.06.2017
Guarantees, sureties and other commitments	13.000	13.000
Total memorandum accounts	**13.000**	**13.000**

The amount of Euro 13,000,000 relates to bank guarantees issued pursuant to Article 117, paragraph 3 *bis* of the Insurance Code.

Note 18 - Revenues

The Group's revenues derive from the following activities:

(amounts in €/000)	2018	2017
Commissions	62.252	60.918
Consulting	3.873	3.119
Total revenues	**66.126**	**64.037**

The revenues of the companies belonging to the Group increased compared to the previous year. The increase is also due, as reported in the previous notes, to the fact that in the previous consolidated financial statements Assiteca Consulting S.r.l. was not included in the consolidation area.

Note 19 - Other income

This item, amounting to 1,237 thousand euro at June 30, 2018 (compared with 746 thousand euro at June 30, 2017), mainly refers to administrative fees charged by the Group to its customers. The increase mainly refers to income linked to the tax credit relating to investments in research and development activities made in 2015/2016, amounting to 942 thousand euro, and in 2016/2017, amounting to 707 thousand euro.

Note 20 - Costs for services

In the financial years 2017/2018 and 2016/2017, the breakdown of this item is as follows:

(amounts in €/000)	2018	2017
Commission expense	6.958	7.738
Consulting and collaborations	5.333	4.551
Postal, telephone and telex	585	692
Travels and transfers	759	886
Directors' remuneration	5.122	4.665
Emoluments to the Board of Statutory Auditors	70	85
Other costs for services	4.025	4.040
Total costs for services	**22.853**	**22.658**

The decrease in commissions payable is mainly linked to the Group's decision to consolidate the relationship with certain professionals and collaborators previously remunerated by commissions, through their inclusion in the workforce, in order to increase loyalty through exclusive activity and the signing of non-competition agreements.
The increase in directors' costs is mainly due to the increase in the number of directors' members.

Note 21 - Costs for use of third party assets

This item breaks down as follows:

(amounts in €/000)	2018	2017
Rent costs and expenses	2.547	2.495
Renting cars / hardware	1.505	1.452
Total costs for use of third party assets	**4.051**	**3.947**

The Group has long-term *renting* contracts for cars granted in benefits to employees as well as operating leases for hardware equipment.

Note 22 - Personnel costs

The breakdown of this item for the year ended June 30, 2018 and the year ended June 30, 2017 is shown below:

(amounts in €/000)	2018	2017
Salaries and wages	20.433	19.408
Social charges	6.222	5.700
Severance indemnities	1.307	1.219
Other costs	46	110
Total personnel costs	**28.007**	**26.437**

Personnel costs increased by 1,570 thousand euro due to the increase in the workforce in 2018 and the effect of the reduction in commissions paid.

Number of employees at 30 June	2018	2017
Managers	24	24
Middle managers	100	88
Staff	391	390
Total	**515**	**502**

Note 23 - Other operating costs

Other operating costs for the year to June 30, 2018 amounted to €2,566 thousand, down €210 thousand on the previous year.
The reduction in these costs is also due to a rationalisation following the merger operations that took place last year.

Note 24 - Amortization, depreciation and write-downs

Depreciation, amortization and write-downs amounted to 1,147 thousand euro compared with 1,180 thousand euro in the year to June 30, 2017. This item breaks down as follows:

(amounts in €/000)	2018	2017
Depreciation of intangible assets	325	404
Depreciation of tangible assets	500	562
Other depreciation of tangible assets	4	
Provision for bad debt	318	214
Total depreciation and write-downs	**1.147**	**1.180**

Note 25 - Financial income and charges

The breakdown of this item is as follows:

(amounts in €/000)	2018	2017
FINANCIAL INCOME:		
Interest income and financial income	242	35
Foreign exchange gains	114	54
Total financial income	**356**	**89**
FINANCIAL CHARGES:		
Foreign exchange losses	121	87
Interest expense and financial charges	1.138	778
IAS 17 interest expense	57	127
Total financial charges	**1.315**	**993**
Total financial income (expense)	**(959)**	**(904)**

Note 26 - Income taxes

The breakdown of this item for the year ended June 30, 2018 and the year ended June 30, 2017 is shown below:

Amounts in euro	2018	2017
I.R.E.S. for the year	1.556	1.942
I.R.A.P. for the year	665	655
Prepaid taxes I.R.E.S.	139	(226)
Prepaid taxes I.R.A.P.	2	11
Total	**2.362**	**2.382**

Commitments and contingent liabilities

There are no commitments or liabilities that derive from obligations in progress and for which the use of resources capable of meeting the obligation is probable, which are not already reflected in the financial statements at June 30, 2018.

Capital management

The primary objective of the Assiteca Group is to ensure the best possible balance between the structure of assets and liabilities (solvency ratio) both at corporate level and from the Group's overall point of view. Starting from this principle, the parent company works, even in a complex financial market context, to identify the sources necessary to support the Group's industrial growth plans in the medium term. These sources must be found at the best market conditions, in terms of cost and duration, with the aim of maintaining the capital structure at an adequate level of soundness.
The Group manages the capital structure and changes it to reflect changes in economic conditions and the objectives of its strategic plans.

Supplementary information from IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.
The Group is a commercial group whose only financial instruments are trade receivables and trade payables.
The Group has no commitments, guarantees or risks outstanding at the end of the year.
In the course of its business, the Group is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.
Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.
The Group has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This coverage is reviewed annually.
The following is a series of pieces of information designed to provide information on the extent of the Group's exposure to risks in addition to the information already contained in the report on operations:

a. Credit risk management: brokerage risk relates only to insurance premiums for which the Group declares coverage to the companies without having yet received the premium from the insured.

b. Liquidity risk management: the Group's financing requirements and cash flows are coordinated with the aim of ensuring effective and efficient management of financial resources within the framework of centralized treasury management. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.

c. Interest rate risk: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Group takes steps to minimize the related cost, diversifying

the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are variable rate, with values that vary in the various forms of financing, and an average cost that in the financial year 2017/2018 was approximately 2.25%.
An upward fluctuation in market reference rates, which in the current international macroeconomic context is not likely, given the current structure of the Group's sources of financing, could in any case have a negative effect on its economic *performance*.
d. Risk associated with exchange rate fluctuations: the Group has some premium income in dollars, with consequent exposure to exchange rate risk. If the risk is evaluated as significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Exposure to external and operational risks
In carrying out its activities, the Group incurs risks deriving from external factors connected with the macroeconomic context or the sector in which it operates, as well as internal risks connected with the operational management of the activity itself.

Risks arising from the macroeconomic recession
The unfavourable macroeconomic situation reduces customers' propensity to consume, with the consequent risk of a reduction in revenues attributable to the reduction in volumes sold as well as to the reduction in commission expected in relation to the reduction in premiums for all variable-premium policies (a typical example is the professional liability policy). This risk is mitigated by customer loyalty actions and by measures to rationalize production processes in terms of costs and product and service quality.

Risk of managing relations with the authorities
Insurance brokerage activities are subject to administrative and legal regulatory constraints, in particular with reference to Personal Data Protection regulations and IVASS requirements. The Group is exposed to the risk of non-compliance with the rules set out in the Code for the Protection of Personal Data with regard to its end customers, which may lead to sanctions by the relevant Authority (Privacy Guarantor) and to the risk of non-compliance in the application of the information required by ISVAP regulations. In the face of this risk, the Group has developed internal procedures to ensure that the processing of its end customers' data, both manually and electronically, always takes place in compliance with current legislation.

Significant events after the end of the year

The subsidiary Assiteca B.S.A. S.r.l. has completed the purchase of the remaining 40% of the shares of the company Adriatica S.r.l., which it now controls 100%. As a result of this transaction, the process of merger by incorporation of the two companies has begun and is expected to be completed by December 2018.

The hypothesis of the acquisition of Assidea S.r.l. is currently being evaluated and *due diligence* activities are being completed and the contractual component is being defined with a view to starting the operation at the beginning of 2019.

The Chairman of the Board of Directors
(Luciano Lucca)