Zignago Vetro SpA

Separate Financial Statements
2018

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2018

Zignago Vetro SpA

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Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8

Share Capital: Euro 8,800,000 fully paid-in

Tax and Venice Company Register No.: 00717800247

www.zignagovetro.com

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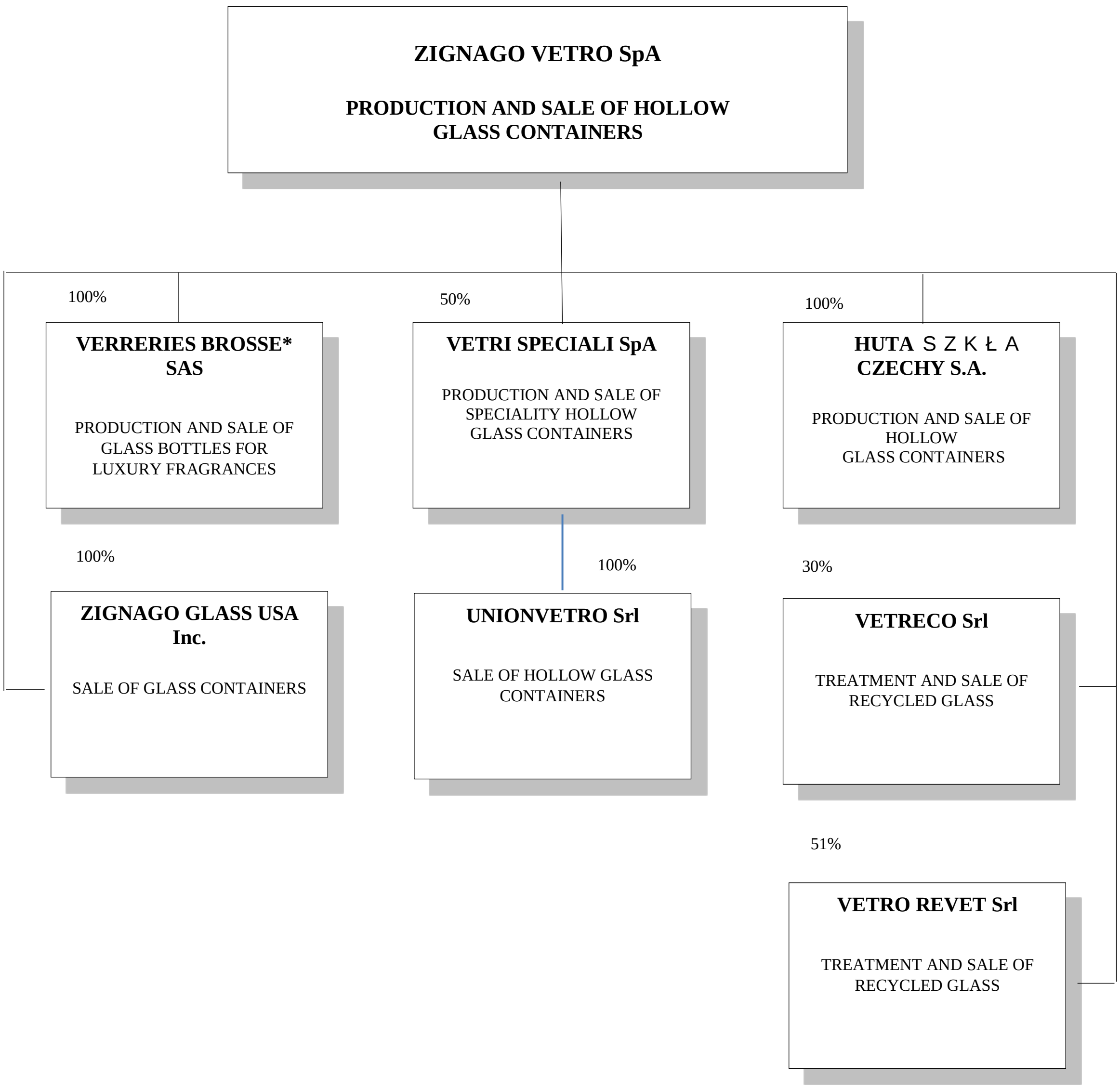
ZIGNAGO VETRO GROUP STRUCTURE

AT 13 MARCH 2019

ACTIVITIES AND SHAREHOLDINGS



CORPORATE BODIES

Board of Directors
in office for the three-year period 2016 - 2018

chairman
Paolo Giacobbo

vice chairman
Nicolò Marzotto

chief executive officer
Paolo Giacobbo

directors
Alessia Antonelli
Ferdinando Businaro
Giorgina Gallo
Franco Grisan
Daniela Manzoni
Gaetano Marzotto
Luca Marzotto
Stefano Marzotto
Franco Moscetti
Manuela Romei

Control and Risks Committee

Alessia Antonelli
Luca Marzotto
Giorgina Gallo

Remuneration Committee

Franco Moscetti
Stefano Marzotto
Daniela Manzoni

Committee for Transactions with Related Parties

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Manuela Romei
Ferdinando Businaro
Alessia Antonelli

Lead Independent Director

Franco Moscetti

Board of Statutory Auditors
in office for the three-year period 2016 - 2018

statutory auditors
Alberta Gervasio - chairman
Carlo Pesce
Stefano Meneghini

alternate auditors
Cesare Conti
Chiara Bedei

Supervisory Board

Alessandro Bentsik - chairman
Massimiliano Agnetti
Nicola Campana

Independent Auditors
for the period 2016 - 2024

KPMG SpA

<u>Management</u>
chief financial officer
and investor relations manager
Roberto Celot

operations director
Roberto Cardini

commercial management
Biagio Costantini
Stefano Bortoli

INTRODUCTION

These financial statements for the year ended 31 December 2018 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of changes in Equity and the Notes to the financial statements.

In accordance with the provisions of Legislative Decree No. 32 of 2 February 2007, which enacted European Directive EU/2003/51 into Italian legislation, the Company avails of the option to prepare the Directors' Report on Operations of Zignago Vetro SpA and the Consolidated Directors' Report in one single document, included within the consolidated Financial Statements.
Therefore, the consolidated Directors' Report also contains the disclosures pursuant to article 2428 of the Civil Code, with reference to the separate Financial Statements of Zignago Vetro SpA.

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Consob Issuers' Regulation, Zignago Vetro SpA announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

The financial statements are presented in Euro while the notes and the relative comments are presented in Euro thousands, where not otherwise indicated, for greater clarity.

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Fiscal year 2018 featured generally favourable market conditions across all company sectors. Both Italy and Europe in general saw growing Beverage and Food glass container demand across all the main market segments, thanks to strong end consumption, buoyant exports and an increasing preference among users for glass packaging.
The global Perfumery markets also performed strongly, particularly in the specialised categories and more specifically the luxury segment. For the Cosmetics market, the Skincare and Make up segments appeared to expand, while the nail varnish container market, impacted by the reduced sell-out, continues to display signs of weakness.

Separate
Financial Statements

Statement of Financial Position

(in Euro)	31.12.2018	Of which related parties	31.12.2017 restated	Of which related parties	31.12.2017	Of which related parties	Note
ASSETS							
Non-current assets							
Property, plant and equipme	153,668,455		102,248,084	4,906,200	102,248,084	4,906,200	(1)
Intangible assets	28,224		58,584		58,584		(2)
Equity investments	44,311,631		42,781,548		42,781,548		(3)
Other non-current assets	38,057,043	37,966,000	41,129,526	40,512,000	41,129,526	40,512,000	(4)
Deferred tax assets	2,546,737		1,052,273		1,052,273		(5)
Total non-current assets	**238,612,090**		**187,270,015**		**187,270,015**		
Current assets							
Inventories	49,337,155		49,255,181		45,886,181		(6)
Trade receivables	50,964,429	2,174,810	52,630,253	1,812,440	52,630,253	1,812,440	(7)
Other current assets	13,550,863		10,897,981		10,897,981		(8)
Tax assets	1,235,379	1,235,379	2,332,189	2,232,189	2,332,189	2,232,189	(9)
Other current financial assets from related parties	14,322,022	14,322,022	15,271,443	15,271,443	15,271,443	15,271,443	(10)
Cash and cash equivalents	16,837,400		19,687,224		19,687,224		(11)
Total current assets	**146,247,248**		**150,074,271**		**146,705,271**		
TOTAL ASSETS	**384,859,338**		**337,344,286**		**333,975,286**		
EQUITY & LIABILITIES							
EQUITY							
Share capital	8,800,000		8,800,000		8,800,000		
Reserves	40,658,327		37,038,571		37,038,571		
Treasury shares	(1,092,817)		(3,747,998)		(3,747,998)		
Retained earnings and profit for the year	78,140,487		72,166,321		72,166,321		
Other equity items	(636,968)		(703,558)		(703,558)		
TOTAL EQUITY	**125,869,029**		**113,553,336**		**113,553,336**		(12)
LIABILITIES							
Non-current liabilities							
Provisions for risks and char	2,065,418		2,341,097		2,341,097		(13)
Post-employment benefits	4,032,231		4,412,057		4,412,057		(14)
Non-current bank loans and borrowings	109,568,071		117,620,738		117,620,738		(15)
Other non-current liabilities	2,414,591		2,965,056		2,965,056		(16)
Deferred tax liabilities	1,908,434		1,945,575		1,945,575		(17)
Total non-current liabilities	**119,988,745**		**129,284,523**		**129,284,523**		
Current liabilities							
Bank loans and borrowings current portion	62,428,098		38,514,235		38,514,235		(18)
Trade and other payables	59,722,400	2,441,134	42,504,435	2,699,326	39,135,435	2,699,326	(19)
Other current liabilities	14,528,617		13,487,757		13,487,757		(20)
Current income taxes	2,322,449	1,818,866	---	---	---	---	(21)
Total current liabilities	**139,001,564**		**94,506,427**		**91,137,427**		
TOTAL LIABILITIES	**258,990,309**		**223,790,950**		**220,421,950**		
TOTAL EQUITY AND LIABIL	**384,859,338**		**337,344,286**		**333,975,286**		

Income statement

(in Euro)	2018	Of which related parties	2017 restated	Of which related parties	2017	Of which related parties	Note
Revenues	**201,351,474**	**10,970,822**	**184,454,225**	**8,553,808**	**192,808,225**	**8,553,808**	(22)
Raw materials, ancillaries, consumables and goods	(54,986,488)	(14,073,326)	(50,102,127)	(7,188,667)	(57,856,127)	(7,188,667)	(23)
Service costs	(54,242,258)	(5,681,371)	(51,318,173)	(10,076,856)	(51,318,173)	(10,076,856)	(24)
Personnel expense	(39,313,645)		(37,868,817)		(37,868,817)		(25)
Amortisation & Depreciation	(19,740,552)		(20,162,463)		(20,762,463)		(26)
Other operating costs	(6,505,036)		(2,186,444)		(2,186,444)		(27)
Other operating income	6,712,514		5,223,237		5,223,237		(28)
Operating Profit	**33,276,009**		**28,039,438**		**28,039,438**		
Investment income	9,961,776	9,961,776	9,156,784	9,156,784	9,156,784	9,156,784	(29)
Financial income	1,134,590	913,409	1,569,057	821,824	1,569,057	821,824	(30)
Financial expense	(2,552,608)		(2,160,270)		(2,160,270)		(31)
Net exchange rate gains/(losses)	(110,986)		104,792		104,792		(32)
Profit before taxes	**41,708,781**		**36,709,801**		**36,709,801**		
Income taxes	(7,673,488)		(7,052,365)		(7,052,365)		(33)
Profit for the year	**34,035,293**		**29,657,436**		**29,657,436**		

Statement of Comprehensive Income

(in Euro)	2018	2017 restated
Profit for the year	**34,035,293**	**29,657,436**
Total items that will subsequently be reclassified to profit or loss	---	---
Items that will not subsequently be reclassified to profit or loss	---	---
Actuarial gains/(losses) on defined benefit plans	87,619	(7,176)
Tax effect	(21,029)	1,722
	66,590	*(5,454)*
Total items that will not subsequently be reclassified to profit or loss	***66,590***	***(5,454)***
Other comprehensive income (expense) for the year, net of taxes	**66,590**	**(5,454)**
Total comprehensive income for the year	**34,101,883**	**29,651,982**

Statement of Cash Flows

(in euro)		2,018	2017 restated
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before taxes		**41,709,000**	**36,710,000**
Adjustment to reconcile net profit with cash flow generated from operating activities:			
Amortisation & Depreciation		19,741,000	20,763,000
Gain/(losses) on sale of property, plant & equipment		(62,000)	(296,000)
Accrual to allowance for impairment		72,000	59,000
Net changes to post-employment benefits and defined contribution plans		(380,000)	(53,000)
Net changes to other provisions		(276,000)	(511,000)
Financial income		(1,226,000)	(1,569,000)
Financial expenses		1,973,000	2,055,000
Income taxes paid in the year		1,880,000	(8,164,000)
Changes in operating assets and liabilities			
Decrease/(increase) in trade receivables		(444,000)	(8,959,000)
Decrease/(increase) in other current assets		(2,653,000)	(3,374,000)
Decrease/(increase) in inventories		(3,451,000)	(2,893,000)
Increase/(decrease) in trade & other payables		3,155,000	9,812,000
Increase/(decrease) in other current liabilities		1,041,000	744,000
Change in other non-current assets and liabilities		(24,000)	2,640,000
Total adjustments and changes		**19,346,000**	**10,254,000**
Net Cash Flows from operating activities	**(A)**	**61,055,000**	**46,964,000**
CASH FLOW FROM INVESTING ACTIVITIES:			
Investments in tangible assets		(41,000)	(2,000)
Investments in property, plant and equipment		(71,131,000)	(35,620,000)
Change in payables on fixed assets		17,432,000	(1,752,000)
Changes in financial fixed assets		6,275,000	2,954,000
Proceeds from sale of property, plant and equipment		42,000	4,686,000
Investments in financial assets		(3,030,000)	(20,442,000)
Net cash flow used in investing activities	**(B)**	**(50,453,000)**	**(50,176,000)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Interest paid in the year		(2,533,000)	(2,075,000)
Interest received in the year		1,134,000	1,569,000
Net change in current loans and borrowings		13,623,000	(36,100,000)
Net change in non-current loans and borrowings		26,000,000	54,560,000
Repayment of non-current loans and borrowings		(23,615,000)	(21,123,000)
Dividends distributed		(28,061,000)	(21,818,000)
Net cash flow used in financing activities	**(C)**	**(13,452,000)**	**(24,987,000)**
Net change in cash and cash equivalents	**(A+B+C)**	**(2,850,000)**	**(28,199,000)**
Cash & cash equivalents at beginning of year		**19,687,000**	**47,886,000**
Cash & cash equivalents at end of year		**16,837,000**	**19,687,000**

Statement of changes in Equity

(in Euro)	Share capital	Legal reserve	Revaluation reserve	Other reserve	Treasury shares	Actuarial gains/(loss) on defined benefit plans	Retained earnings	Profit for year	Total Equity
Balance at 31 December 2016	**8,800,000**	**1,760,000**	**27,333,795**	**6,269,829**	**(5,027,095)**	**(698,104)**	**37,096,977**	**27,229,719**	**102,765,121**
Profit for the year	---	---	---	---	---	---	---	29,657,436	29,657,436
Other profits/(losses), gross of tax effect	---	---	---	1,674,946	1,279,097	(7,176)	---	---	2,946,867
Tax effect	---	---	---	---	---	1,722	---	---	1,722
Total comprehensive income (expense)	---	---	---	1,674,946	1,279,097	(5,454)	---	29,657,436	32,606,025
Distribution of dividends	---	---	---	---	---	---	---	(21,817,810)	(21,817,810)
Other allocations of the result	---	---	---	---	---	---	5,411,909	(5,411,909)	---
Balance at 31 December 2017	**8,800,000**	**1,760,000**	**27,333,795**	**7,944,775**	**(3,747,998)**	**(703,558)**	**42,508,886**	**29,657,436**	**113,553,336**
Profit for the year	---	---	---	---	---	---	---	34,035,293	34,035,293
Other profits/(losses), gross of tax effect	---	---	---	3,619,756	2,655,181	87,619	---	---	6,362,556
Tax effect	---	---	---	---	---	(21,029)	---	---	(21,029)
Total comprehensive income (expense)	---	---	---	3,619,756	2,655,181	66,590	---	34,035,293	40,376,820
Distribution of dividends	---	---	---	---	---		---	(28,061,127)	(28,061,127)
Other allocations of the result	---	---	---	---	---	---	1,596,309	(1,596,309)	---
Balance at 31 December 2018	**8,800,000**	**1,760,000**	**27,333,795**	**11,564,531**	**(1,092,817)**	**(636,968)**	**44,105,195**	**34,035,293**	**125,869,029**

Notes to the

financial statements

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

Zignago Vetro SpA is an Italian joint stock company and is domiciled at Fossalta di Portogruaro - via Ita Marzotto.

The publication of the financial statements of Zignago Vetro SpA for 2018 was approved by the Board of Directors on 13 March 2019.

Accounting policies

The Financial Statements for the year ended 31 December 2018 of Zignago Vetro SpA were prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union in force at the date of the preparation of the present document.
These financial statements consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows, Statement of changes in Equity and the Notes to the financial statements.

The Notes include all the disclosures required by current regulations and accounting standards, appropriately presented in the financial statements.

The Financial Statements were prepared on the going concern basis, which is considered to have been satisfied. For further information, reference should be made to the Directors' Report in the consolidated financial statements.

The Company, under the various options allowed by IAS 1, presents separately in the statement of financial position the current and non-current assets and liabilities based on their realisation or settlement within the normal operating cycle and provides in the income statement a cost analysis by type.
The statement of cash flows is prepared applying the indirect method.

Zignago Vetro SpA, as a listed Parent, also prepared the consolidated financial statements of the Zignago Vetro Group at 31 December 2018.

Statement of conformity with IFRS international accounting standards

The consolidated financial statements information for the year ended 31 December 2018 were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB), endorsed by the European Union and in force at the reporting date.
IFRS include all the revised international accounting standards (IAS), and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

New accounting standards and interpretations adopted by the Company from 1 January 2018

The accounting policies adopted for the preparation of the financial statements at 31 December 2018 are the same as those utilised for the consolidated financial statements of the Zignago Vetro Group at 31 December 2017, except for the adoption of new standards and interpretations approved by the IASB and endorsed in Europe, application of which is obligatory for accounting periods beginning 1 January 2018 - as listed in the following table:

Document title	Date of issue	Effective entry date	Date approved	EU Regulation and publication date
IFRS 15 - Revenue from contracts with customers	May 2014 (Note 1)	1 January 2018	22 September 2016	(EC) 2016/1905 29 October 2016
IFRS 9 - Financial Instruments	July 2014	1 January 2018	22 November 2016	(EC) 2016/2067 29 November 2016
Clarifications to IFRS 15	April 2016	1 January 2018	31 October 2017	(EC) 2017/1987 9 November 2017
Joint application of IFRS 9 Financial instruments and IFRS 4 Insurance contracts (Amendments to IFRS 4)	September 2016	1 January 2018	3 November 2017	(EC) 2017/1988 9 November 2017
Classification and measurement of share-based payments (amendments to IFRS 2 Share-based payments)	June 2016	1 January 2018	26 February 2018	(EC) 2018/289 27 February 2018
Changes to the allocation of investment property (amendments to IAS 40)	December 2016	1 January 2018	14 March 2018	(EC) 2018/498 March 15, 2018
Interpretation IFRIC 22 Foreign currency transactions and advance consideration	December 2016	1 January 2018	28 March 2018	(EU) 2018/519 3 April 2018
Improvements to IFRS (2014-2016 cycle) – Amendments to IFRS 1 and IAS 28	December 2016	1 January 2018	7 February 2018	(EC) 2018/182 – 8 February 2018

(Note 1) The amendment changed the effective date of IFRS 15 published in September 2015.

In particular, with regards to IFRS 15 “Revenue from contracts with customers”, on 28 May 2014 the IASB published the document establishing that revenue is recognised on the transfer of control of the goods or services to customers for an amount equal to the consideration for which a right emerges in exchange for these products or services. The standard introduces a revenue recognition model in five steps:
1) Identification of the contract with the client;
2) Identification of the performance obligations;
3) Calculation of the transaction price;
4) Allocation of the remuneration related to the provision of the service;
5) Recognition of the revenues related to the provision of the service.
The new standard furthermore requires additional information concerning the nature, amount, times and uncertainty regarding the revenues and the cash flows from contracts with customers.

With regards to IFRS 9 “Financial instruments”, on 24 July 2014 the IASB published the final document in conclusion of the process, broken down into three phases “*Classification and Measurement*”, “*Impairment*” and “*General Hedge Accounting*”, in full review of IAS 39. The document introduces new criteria for the classification and measurement of financial assets and liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. For financial liabilities however the standard is mainly amended with regard to the accounting treatment of the fair value changes of a financial liability allocated as valued at fair value through the income statement, in the case in which these relate to changes in the credit position of the financial liability. According to this new standard, these changes should be recorded to other items of the statement of comprehensive income. The new document includes a single model for the impairment of financial assets based on expected losses.

With regards to IFRS 4 “*Insurance Contracts*”, on 12 September 2016 the IASB issued a number of amendments to resolve inconsistencies regarding the differing dates for the entry into force of IFRS 9 and IFRS 4.

The amendments to IFRS 2 “Share-based payments” concern the classification and measurement of share-based payments. The IASB clarified that the approach for the measurement of liabilities from a cash-settled plan is similar to that utilised for equity settled plans (“modified grant date method”). A number of issues concerning the classification of plans and the accounting treatment in the case of the amendment of a plan with share-based payments were also clarified.

With regards to IAS 40 “Investment property”, the IASB clarified the circumstances by which the entity is authorised to transfer (“reclassify”) an asset from/to the “investment property” category, i.e. only when the asset complies with or ceases to comply with the definition of “investment property” and there has been a clear change in the utilisation of the asset. The intention of company management alone to change the use of the asset is not sufficient.

The interpretation of IFRS 22 "Foreign currency transactions and advance consideration" clarifies how to measure transactions involving the receipt or payment of advance consideration in foreign currencies. The IASB clarified that these are non-cash assets and liabilities and, therefore, the initial recognition value in the functional currency, calculated applying the forward exchange rate at the date of payment or receipt of the advance consideration, should thereafter not be restated. They are therefore recognised to the financial statements according to the forward exchange rates utilised for initial recognition of the advance consideration.

The IAS/IFRS endorsed by the EU at 30 June 2018 and the relative IFRIC interpretations applicable to financial statements for periods beginning from 1 January 2019 are reported below.

Document title	**Date of issue**	**Effective entry date**	**Date approved**	**EU Regulation and publication date**
IFRS 16 Leasing	January 2016	1 January 2019	31 October 2017	(EC) 2017/1986 9 November 2017
Amendments to IFRS 9 Financial Instruments - Prepayment features with negative compensation	October 2017	1 January 2019	22 March 2018	(EC) 2018/498 26 March 2018

For IFRS 16 "Leasing", on 13 January 2016 the IASB published a new standard IFRS 16 - Leases, which replaces IAS 17. This document was adopted by the European Union through publication on 9 November 2017. IFRS 16 applies to financial statements for periods beginning 1 January 2019 or subsequently. The new standard eliminates the difference in the recognition of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time.

With regards to the amendments to IFRS 9, the IASB clarified the methods to be used for the SPPI Test in the case of early repayment clauses which require negative compensation and described the means to calculate the effects related to a change in the cash flows of a liability valued at amortised cost.

Below we report the IFRS, interpretations and amendments to existing accounting policies and interpretations, or specific provisions within the standards and interpretations approved by the IASB, which have not yet been endorsed for adoption in Europe at the approval date of these consolidated financial statements.

Document title	Date of issue by the IASB	Effective entry date of the IASB document	Expected endorsement date by EU
Standards			
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	Endorsement date not set
IFRS 17 Insurance Contracts	May 2017	1 January 2021	TBD
Interpretations			
IFRIC 23 Uncertainty over Income Tax Treatments	June 2017	1 January 2019	2018
Amendments			
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Deferred until the completion of the IASB project on the equity method	Postponed ahead of the conclusion of the IASB project on the equity method
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	October 2017	1 January 2019	2018
Annual Improvements to IFRS Standards (2015-2017 Cycle)	December 2017	1 January 2019	2018
Amendments to References to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	2019
Plan Amendment, Curtailment or Settlement (amendments to IAS 19)	February 2018	1 January 2019	2018

Changes of accounting standards

The company adopted IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments* from 1 January 2018, choosing the "retrospective without stopgap measures" transition option, which requires the adjustment of opening equity at 1 January 2017.

IFRS 15 introduces a single general model to establish whether, when and to what extent to recognise revenue and replaces IAS 18 and the relative interpretations.

The effects from application of the new standard "IFRS 15 *Revenue from contracts with customers"* refer in particular to the recognition of revenues for packaging returns. These revenues carry in fact, in accordance with the standard, an obligation, although time limited, arising from the commitments to repurchase that which the company provides on initial sale. All of the packaging which the customer, within a reasonable timeframe, returns in good condition shall be repurchased at the same sales price.

With the introduction of the new standard, the revenues recognised from the sale of packaging returns and the costs incurred for their repurchase from the customer in the period were completely reversed. In addition, for the sale of packaging with a right to return, the application of IFRS 15 resulted in the recognition of an asset for the right to recover the product from customers, and of a corresponding liability for future repayments of an amount equal to the value of the packaging returns held by customers at the present reporting date. The probability of return is measured by the company as 100%.

The following table indicates the impact from adoption of IFRS 15 on the individual affected items of the statement of financial position at 31 December 2018 and of the company income statement for 2018.

In thousands of Euro	As reported	Adjustments	Balances without considering the effect from application of IFRS 15
Inventories	49,337,155	3,573,000	45,800,155
Liabilities	258,990,309	3,573,000	255,453,309
Equity	125,869,029	-	125,869,029
Revenues	201,351,474	13,936,000	215,287,474
Costs	166.316.1818	13,936,000	180,252,181
Net result	35,035,293	-	35,035,293

IFRS 9 introduces new provisions for the recognition and measurement of financial assets, of financial liabilities and of contracts for the sale of non-financial items.
The adoption of the new standard did not have significant impacts on the accounting policies applied by the company to liabilities and derivative financial instruments.
Although substantially absent, the only effects from the introduction of “IFRS 9 Financial instruments” concerned application of the new provisions for impairment losses, which introduce the expected loss on receivables model in replacement of the sustained loss model. The new model is applied to financial assets valued at amortised cost, assets deriving from contracts and debt securities, with the exception of capital securities, where the financial assets valued at amortised cost include trade receivables and cash and cash equivalents.
The company therefore assessed the doubtful debt provisions and the assets deriving from contracts at an amount equal to the expected losses over the life cycle of the receivable. In order to establish whether the credit risk concerning a financial asset has increased significantly after initial recognition in order to assess expected losses on receivables, the company considers reasonable and demonstrable information which is pertinent and available without excessive cost or burden.

The retrospective option was applied and therefore in the financial statements and the tables reported below, the “restated” column presents the historic amounts restated to reflect the effects of the application of these new standards. Movements between periods are calculated with reference to the above-stated column.

Estimated effects of adopting IFRS 16

The company, required to adopt IFRS 16 Leasing from 1 January 2019, has estimated the effects, as reported below, from initial application of this standard on the consolidated financial statements. The actual effects from the adoption of the above standard at 1 January 2019 may differ as:
- the company has not yet completed the verification and assessment of the controls on the new IT systems; and
- the new calculation criteria may change until the presentation of the first consolidated financial statements of the company which include the date of initial application.

IFRS 16 introduces a single model for the recognition of leases in the financial statements of the lessee, according to which the lessee records an asset representing the right to use the underlying asset and a liability which reflects the obligation to pay the lease charges. Exemptions from applying IFRS 16 are permitted for short-term leases and those concerning assets of modest value. Recognition methods for the lessor are similar to those under the currently applicable standard, i.e., the lessor continues to classify leases as operating or financial.
IFRS 16 replaces the current provisions on leasing, including IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The company, where acting as lessee, shall record new assets and liabilities for operating leases of structures hosting warehouses and production facilities. The nature of the costs concerning these leases shall change as the company will amortise the assets relating to the usage right and the financial charges on the leasing liabilities.
Previously, the company recognised operating lease costs equally over the duration of the lease and the assets and liabilities only amid temporary differences between the point at which the leasing charges were paid and the costs recorded.
In addition, the company shall no longer record operating lease provisions considered to be onerous, including lease payments under leasing liabilities.
On the basis of the information currently available, the company expects to record additional leasing liabilities of Euro 4.2 million at 1 January 2019. The company does not expect that the adoption of IFRS 16 shall affect its capacity to comply with the covenants regarding the maximum debt limit permitted under the existing loan contracts.

The company intends to apply IFRS 16 at the date of initial application (i.e. 1 January 2019), utilising the modified retrospective method.
Therefore, the cumulative effect from the adoption of IFRS 16 shall be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative disclosure.
The company intends to apply the practical option exempting adoption of the new leasing definition on passage to the new standard. In other terms, the company shall apply IFRS 16 to all contracts signed before 1 January 2019 which have been identified as leases as per IAS 17 and IFRIC 4.

Accounting policies

The Financial Statements of the Zignago Vetro SpA for the year ended 31 December 2018 and 2017 were prepared under the historical cost convention, except for investments in financial assets and in derivative instruments and energy efficiency certificates (TEE), which are recorded at fair value

Property, plant and equipment

Property, plant & equipment are recognised at historical cost, including directly allocated accessory costs and those necessary for bringing the asset to the condition for which it was acquired.
Land, both constructible and relating to civil and industrial buildings, is generally accounted for separately and is not depreciated in that it has an unlimited useful life.
Property, plant and equipment is recorded net of the relative accumulated depreciation and impairment losses determined in accordance with the procedures described below. Depreciation of property, plant and equipment is calculated on a straight-line basis over the useful life of the asset, net of the estimated realisable value. Depreciation is generally recorded in the profit and loss account. The depreciation methods, the useful lives and the residual values are assessed at the reporting date and adjusted where necessary.
The principal depreciation rates applied are as follows:

Class	**Depreciation rate**
Industrial buildings	5.5%
General plant and machinery	4%-10%
Specific plant and machinery	8%-15%
Equipment (moulds)	25% - 100%
Kilns and related equipment	10% - 22%
Office furniture and fittings	12%
EDP	20%
Commercial equipment and furnishings	15%
Internal communication systems	25%
Transport vehicles	25%

Maintenance costs of an ordinary nature are expensed fully to the income statement; maintenance costs of an incremental nature are allocated to the assets to which they refer and depreciated based on the estimated residual useful life of the assets.
At each reporting date, the company verifies whether there has been any impairment in the carrying amount of property, plant and equipment.

Where, based on this verification, an impairment loss arises, the company estimates their recoverable amount.
The recoverable amount of an asset is the higher between the fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds the recoverable amount an impairment loss

is recorded. Impairment losses are recorded in profit and loss. The impairment losses recorded in prior years are restated up to the carrying amount which would have been recorded (net of depreciation) where the impairment was never recorded.

Intangible assets

Intangible assets acquired through business combinations are recorded at fair value at the acquisition date, if such value can be reliably calculated.
Intangible assets acquired separately are recorded under assets at purchase price including incidental costs directly attributable to the asset.
After their initial recognition, intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment loss, determined in the same manner as that for property, plant and equipment. Where indicators exist of a long-term loss in value, an impairment test is carried out.
The useful life is reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates.
Zignago Vetro SpA does not hold intangible assets with indefinite useful lives.

The average amortisation rates of intangible fixed assets with definite useful life were as follows:

Category	**Depreciation rate**
Concessions, licences and trademarks	33.33%

The gains and losses deriving from the disposal of intangible assets are determined as the difference between the disposal amount and the carrying amount of the asset and are recorded in the income statement at the moment of the disposal.

Research and development costs

Research costs are recognised profit or loss in the year in which they are incurred.
The development costs incurred in relation to a specific project are capitalised only when the following are demonstrated: i) the technical possibility to complete the intangible asset in order to make it available for use or sale, ii) the intention of the company to complete this asset for use or sale, iii) the manner in which it will generate probable future economic benefits, iv) the availability of technical and financial resources in order to complete the development and v) the capacity to evaluate in a reliable manner the cost attributable to the activity during its development and the existence of a market for the products and services deriving from the activities or their use for internal purposes.
After initial recognition, the development activities are measured at cost, reduced for amortisation or accumulated impairment losses. Amortisation begins when the development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits. During the development, period the asset is subject to an annual impairment test.
Research and development focused on process and product innovation and resulted in, among other developments, the use of new materials, the introduction of new products and the application of new technical-production solutions for the “food and beverages” and “cosmetics and perfumery” sectors. The Company also carried out research and development for the design and introduction of new information management systems, including improvements to the process IT set up, in order to create more efficient and effective operating instruments.

Impairment of intangible assets and of property, plant and equipment.

At each annual and interim period-end, the Group assesses for the existence of indicators of loss in value of goodwill, intangible assets with definite useful lives, any development costs capitalised and property, plant and equipment. Where such indicators arise, an impairment test is made.
In the presence of indicators of a loss in value, an estimate of the recoverable amount is made. The recoverable amount is the higher between the fair value of an asset or a cash generating unit less costs to sell and its value in use and is determined for each asset, except when the asset does not generate cash flows which are sufficiently independent from those generated from other assets or groups of assets, in which case estimates for the recoverable amount of the unit generating the cash flows of the asset to which it belongs are made.
In the determination of the value in use, the estimated future cash flows are discounted at a pre-tax rate that reflects the market assessment of the time value of money and the risks specific to the asset.

For the purposes of the estimate of the value in use of the future revenue streams, the business plans approved by Management are used, which constitute the best estimate made on the expected economic conditions in the period of the plan. The projections of the plan normally cover a period of three years; the long-term growth rate utilised for the purposes of the estimate of the terminal value of the asset or of the unit is normally lower than the average long-term growth rate of the sector, of the country or of the market and, if appropriate, may amount to zero or may even be negative. Future cash flows are estimated taking account of current conditions: the estimates therefore do not consider the benefits deriving from future restructurings to which the company has not committed or future investments or optimisation of the assets or of the unit.
When the carrying amount of an asset or cash-generating unit is higher than its recoverable amount, this asset has incurred an impairment loss and is consequently written down to the recoverable amount.
Impairment losses incurred by operating assets are recorded in the income statement in the category of costs relating to those assets. At each reporting date, the Company evaluates, in addition, the existence of indicators of a decrease in the impairment loss previously recorded and, where these indicators exist, makes a new estimate of the recoverable amount. The value of an asset previously written down, except for goodwill, may be restated only if there have been changes in the estimates used to determine the recoverable amount of the asset after the last recording of an impairment loss. In this case, the carrying amount of the asset is recorded at the recoverable value, while the restated value must not exceed the carrying amount which would have been determined, after amortisation or depreciation, if no loss in value had been recognised in previous years. Each revaluation is recorded as income in the income statement; after the recording of the amount restated, the depreciation of the asset is adjusted in future years, in order to record the adjusted book value, net of any residual value, over the useful life of the asset.

Investments

The investments in subsidiaries, associated and other companies which represent permanent investments, are recorded under fixed assets and measured at cost.
The relative value recorded in the financial statements is determined based on the purchase price or subscription or value attributed on assets conferred.
Investments are tested for impairment each year, or if necessary, more frequently. Where there is an indication that these investments have incurred an impairment loss, the loss is recognised in the income statement as a write-down; the original value is written back in subsequent years if the reasons for the write-down no longer exist.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined by the weighted average cost method annually and the net realisable value or substitution cost. The net realisable value is determined based on the estimated selling price in normal market conditions at the balance sheet date, net of direct sales costs.
Obsolete and/or slow-moving inventories are written down in relation to their presumed utilisation or future realisable value. The write-downs made are restored in future years should the reason for the write-down no longer exist.

Financial assets

With IFRS 9, the receivables and loans recognised to financial assets are classified to the following three categories on the basis of the characteristics of the cash flows of these assets (verified through SPPI Test) and the business model by which they are managed:

- assets valued at amortised cost;
- assets measured at fair value with recognition to other comprehensive income items (‘FVOCI’ - fair value through other comprehensive income);
- assets measured at fair value recognised to the income statement (‘FVTPL’ - fair value through profit or loss).

The above categories established by IFRS 9 replace the previous categories of IAS 39, i.e. held-until-maturity, loans and receivables, assets available-for-sale and assets valued at FVTPL.
In particular, a financial asset shall be measured at amortised cost where not designated to FVTPL and where both the following conditions are satisfied:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

A financial asset should be measured at FVOCI where not designated to FVTPL and both the following conditions are satisfied:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market. This category also includes trade and other receivables.
After initial recognition, these instruments are measured in accordance with the amortised cost criteria, using the effective discount rate method net of all provisions for impairments.
The gains and losses are recognised to the income statement when the loans and receivables are eliminated or if there is an impairment loss, also through the amortisation process.
Write-downs from impairments are recognised to the income statement as financial expenses if concerning loans, while allocated to other operating expenses where concerning trade and other receivables.

Impairments of financial assets

The Company annually assesses whether a financial asset or group of financial assets has incurred an impairment.
A financial asset or group of financial assets is written-down only if there is an objective indication of an impairment as a result of one or more events occurring after the initial booking of the asset or the group of assets and which has had an impact, reliably estimated, on the future cash flows generated by the asset or the group of assets.
In particular, the impairments on trade receivables represented by the accruals to the provision, reflect the evidence that the Company will not be able to collect the receivable for the original value and considering the general sector conditions.

Cash and cash equivalents

This includes the balances and those values which are available on demand at short notice, certain in nature and with no payment expenses and not subject to significant risks related to changes in value.
Cash and cash equivalents are measured at fair value which coincides with their nominal value, net of any deteriorations in the expected value.

Non-current bank loans and borrowings

The non-current loans and borrowings are initially recognised at fair value, net of transaction costs. After initial recognition, the financial liabilities are measured at amortised cost using the original effective interest rate, which is the rate that renders equal, on the initial recognition, the present cash flow value and the initial recognition value.

Derivative financial instruments

The Group may hold financial derivatives in order to cover its exposure to interest rate risk regarding specific liabilities.
In line with the strategy chosen, the Group does not carry out operations and derivatives for speculative purposes. However, in the case where these operations may not be accounted for as hedging operations, they are recorded as speculative operations.

The derivatives are classified as hedging instruments when the relation between the derivative and the hedged item is formally documented and the effectiveness of the hedge, periodically verified, is high. When the hedged derivatives cover the risk of change of the fair value of the instruments hedged (fair value hedge; e.g. hedge in the variability of the fair value of asset/liabilities at fixed rate), these are recorded at fair value through the income statement; therefore, the hedging instruments are adjusted to reflect the changes in fair value associated to the risk covered. When the derivatives hedge the risk of changes in the cash flows of the hedge instrument (cash flow hedge; e.g. coverage of changes in cash flow of asset/liabilities at variable interest rate due to changes in the interest rates), the changes in the fair value are initially recognised under equity and subsequently through the income statement in line with the economic effects produced from the operation hedged. The changes in the fair value of the derivatives compared to their initial value, which do not satisfy the conditions for hedge accounting, are recorded through the income statement.

Derecognition of financial assets and liabilities

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised from the financial statements when:

- the right to receive the financial flows of the asset terminate;
- the company retains the right to receive cash flows from the asset, but has a contractual obligation to pay them fully and without delay to a third party;
- the company has transferred its right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset or (ii) has not transferred or retained substantially all of the risks and rewards of the asset, but has transferred control.

Where the Company has transferred all the rights to receive the financial flows of an asset and has not substantially transferred or withheld all of the risks and rewards or has not lost control, the asset is recorded in the financial statements of the Company up to the amount of its residual holding in the asset.

A financial liability is derecognised from the financial statements when the underlying liability is settled or cancelled.

If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

Gas emissions

The Company receives free gas emission rights in Italy under the European Emission Trading Schemes. The rights are conferred annually and in exchange the company must offset the emissions made. The Company has adopted a policy which provides for the recording of the net assets and liabilities relating to the emission rights granted. Therefore, a provision is recorded where emissions produced exceed the emission rights received and still available, while an asset is recognised where the emission rights received are greater than those consumed. The costs related to the emissions are recorded under other operating costs, while any rights received are recorded under other operating revenues. When the emission rights are acquired from other parties, they are recorded at cost and treated as repayment rights and therefore recorded as emission liabilities.

Treasury shares

Treasury shares are recorded as a reduction of equity based on the relative acquisition cost. No profit or loss is recorded to the income statement on the acquisition, sale or cancellation of treasury shares. Any difference between the book value and the amount paid is recorded in other capital reserves.

Provisions for risks and charges

Provisions for risks and charges relate to costs and expenses of a defined nature and of certain or probable existence whose amount or date of occurrence are uncertain at the balance sheet date. The provisions are recorded when a legal or implicit current obligation exists that derives from a past event and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.
Provisions are recorded at the amount representing the best estimate that the Company would pay to discharge the obligation or to transfer it to a third party at the reporting date. If the effect of discounting is significant, the provisions are calculated by discounting the expected future cash flows at a pre-tax discount rate which reflects the current market assessment of the time value of money. Where discounting is applied, the increase in the provision due to the passage of time is recognised as an interest expense.

Post-employment benefits

The benefits guaranteed to employees paid on the conclusion of employment (post-employment benefits) or other long-term benefits are recognised in the period the right matures.
The amounts due from Zignago Vetro SpA concerning benefits due on conclusion of employment are categorised by type:

- defined contribution plans, concerning amounts matured since January 1, 2007;
- defined benefit plans, concerning the post-employment benefit provision matured until December 31, 2006.

For defined contribution plans, the legal or implied obligation of an entity is limited to the amount of contributions to be paid: consequently, the actuarial risk and the investment risk is borne by the employee. For defined benefit plans, the obligation of the entity concerns the granting and assurance of the agreed employee plans: consequently, the actuarial and investment risk is borne by the company.
The liability for defined benefit plans, net of any plan assets, is calculated on the basis of actuarial assumptions and is recorded using the accrual method consistent with the years of employment necessary to obtain such benefits. The liability is calculated by independent actuaries utilising the projected unit credit method, on the basis of demographic assumptions in relation to mortality rates and population rotation, and financial assumptions concerning the discount rate which reflects the value of money over time and the inflation rate.
The cost to be recognised to the income statement is based on:

- current service cost, recognised to personnel costs;
- the cost of interest, recognised to borrowing costs;
- the expected return on plan assets, if existing, recognised to financial items.

Actuarial gains and losses deriving from the revaluation of net liabilities for defined benefit plans are recognised immediately in the statement of comprehensive income.

Trade payables

The trade payables, which mature within the normal commercial terms, are not discounted and are recognised at amortised cost.
This account includes certain liabilities both in their amount and due date.

Other current liabilities

The other current liabilities are recorded at amortised cost.

Revenues and costs

Revenues and costs are accounted for on an accrual basis. Revenues and incomes are recorded at fair value, net of returns, discounts, premiums and indirect taxes. Revenues from the sale of products are recognised at the moment of the transfer of ownership which generally coincides with the shipment of the goods and which transfers all the risks and benefits connected to the products sold.
Costs are recorded when relating to goods and services sold or consumed in the year or when there is no future utility.
Personnel costs include the amount of remuneration paid, pension fund provisions, provisions for vacation days matured and social security charges due according to existing contracts and applicable legislation.

Grants

Grants are recorded at fair value when there is a reasonable certainty that they will be received and that the conditions required to obtain them will be satisfied. When the grants refer to specific components of operating costs (excluding depreciation) they are recorded directly as a reduction of these costs.
Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.
In particular:
i) the tariff subsidies received as an industrial enterprise consuming large amounts of energy (so-called energy consuming enterprise) are recognised on the basis of consumption recorded and as a reduction of energy costs;
ii) the energy efficiency securities (TEE, or also white certificates) against energy efficiency projects authorised by the GSE (electric service operator) are recorded on the basis of production volumes and the consequent energy absorbed and as a reduction of energy costs; The particularly uncertain regulatory conditions emerging immediately after year-end have created significant difficulties for the calculation of their fair value, therefore giving rise to the possibility of adopting a differing method based on the prudency principle. The Group values the TEE's available at 31 December at fair value according to the latest available prices. Those matured but not yet assigned are considered receivables from the Authority and are valued at expected realisable value, taking account of the timeline for their assignment and the outlook for prices in the subsequent year. Any changes between the recognition price and the effective realisable value are considered as financial income and charges when not settled within a reasonable timeframe;
iii) the tariff incentives related to the self-production of energy with photovoltaic plant are recognised based on the self-produced volumes and also recorded as a reduction of energy costs;
iv) the tax credit for new investments in machinery under Legislative Decree No. 91 of 24 June 2014 was recognised to other non-current assets of the statement of financial position and is used according to the means established by the applicable regulation. Recognition to the income statement is carried out on a straight-line basis according to the depreciation of the fixed assets to

which it refers, with consequent recognition to other current and non-current liabilities of the statement of financial position of the portion of the grant not yet matured.

Financial income and expenses

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

Dividends from investments are recorded when the right of the shareholders to receive the payment arises.

Income taxes

Income taxes for the year are calculated based on the fiscal charge in accordance with current fiscal legislation. The provisions for current income taxes are recorded in the statement of financial position net of payments on account and withholding taxes. Deferred tax assets and liabilities are calculated on temporary differences between the amounts recorded in the financial statements and the corresponding amounts recognised for fiscal purposes, except goodwill deriving from business combinations. They are recorded only when their future recovery is probable - that it to say that is expected that sufficient tax profits will be attained by them to allow their recovery - while the deferred tax liabilities are not recorded where the relative payable is improbable. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed. In accordance with IAS 12, the Company records deferred tax liabilities on the suspended taxes in the net equity reserve, only where these reserves are not considered by Management to be permanently acquired by the Company and when it is not probable that the realisation will result in a fiscal liability.

Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to net equity or to the comprehensive income statement, in line with the item to which they refer.

Foreign currency transactions

The functional and presentation currency is the Euro. The transactions in currencies other than the Euro are recognised, initially, at the exchange rate at the date of the transaction. The monetary assets and liabilities in foreign currencies other than the Euro are translated to the operating currency at the exchange rate at the balance sheet date. The exchange rate differences realised or based on the conversion of monetary items are booked to profit or loss.

The non-monetary accounts measured at historical cost in foreign currencies are translated using the exchange rate at the date of initial recognition of the transaction. The non-monetary accounts in foreign currencies recorded at fair value are translated using the exchange rate at the date the value was determined.

The principal currencies translated in the Financial Statements of Zignago Vetro are listed below with the respective average and year-end exchange rates:

	Exchange rate 2018		Exchange rate 2017	
Currency	at 31 December	year average	at 31 December	year average
USD	**1.1450**	**1.1809**	**1.1930**	**1.1297**
PLN	**4.3014**	**4.2614**	**4.1770**	**4.2573**

Discretional valuations and use of estimates

The preparation of the financial statements and the relative notes in application of IFRS require that Management make estimates and assumptions on the values of the assets, liabilities, costs and revenues in the financial statements and on the disclosures relating to the assets and contingent liabilities at the balance sheet date. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.
The estimates are used to determine the accruals to the allowance for impairment, provision for inventory write-down, depreciation and amortisation, impairment losses on assets, employee benefits, income taxes, the fair value of derivative financial instruments, other provisions and funds and the valuation of energy efficiency securities (TEE). The amounts of the individual categories and the method for their determination are reported in the notes to the financial statements.
The estimates and assumptions are reviewed periodically and the effects of any changes are recorded immediately in the income statement in the period of the revision of the estimate, if the revision has effect only on that period, or also in subsequent periods if the revision has effect on the current year and on future years.

IFRS 13 requires that the financial instruments measured at fair value are classified based on three fair value hierarchy levels which reflect the significance of the input utilised in the determination of fair value. Based on the standard, the three fair value levels are as follows:

- Level 1 of fair value: the measurement inputs of the instruments are listed prices for identical instruments in active markets with access at the measurement date;
- Level 2 of fair value: the measurement inputs of the instruments are different than the prices listed at the previous point, which are directly or indirectly observable on the market;
- Level 3 of fair value: the measurement inputs of the instruments are not based on observable market data.

As indicated by the regulation, the hierarchy of the approaches adopted for the determination of all financial instruments (shares, units, bonds and derivatives), attributes priority to official prices available on active market for the assets and liabilities to be measured and, in their absence, to the measurement of assets and liabilities based on significant quotations, where they refer to similar assets and liabilities. On a residual basis, measurement techniques may be utilised based on non-observable inputs, and, therefore, more discretional.

Assets and liabilities valued at fair value on a recurring basis: breakdown by fair value level.

The following table shows the assets and liabilities measured at fair value at 31 December 2018 by fair value hierarchy level.

	Carrying Amount	Fair Value Level			
		1	2	3	Total
Financial assets not measured at Fair Value					
Cash and cash equivalents (*)	16,337	---	---	16,337	16,337
Trade receivables (*)	53,002	---	---	53,002	53,002
Financial assets measured at Fair Value					
Other receivables for white certificates (TEE)	3,955	3,955	0	---	3,955
Hedges	---	---	---	---	---
Financial liabilities not measured at Fair Value					
Non-current loans and borrowings (*)	109,568	---	---	109,568	109,568
Bank loans & borrowings and current portion of non-current loans & borrowings	61,023	---	1,405	61,023	62,428
Other non-current payables (*)	2,415	---	---	2,415	2,415
Trade and other payables (*)	59,722	---	---	59,722	59,722

(*) The amounts refer to current financial assets and liabilities whose book value reasonably approximates fair value, which consequently has not been stated.

INFORMATION ON DIRECTION AND CO-ORDINATION ACTIVITY

Zignago Vetro SpA is not subject to direction or control by Zignago Holding and operates autonomously and with entrepreneurial independence of its holding company Zignago Holding SpA. Zignago Vetro SpA avails of some services supplied by Zignago Holding SpA and of its subsidiary companies, at market conditions and for reasons of technical, economic and commercial benefit.

NOTES TO THE MAIN STATEMENT OF FINANCIAL POSITION ITEMS

		31.12.2018	31.12.2017 restated
NON-CURRENT ASSETS	(Euro thousands)	238,612	187,270

		31.12.2018	31.12.2017 restated
1 – Property, plant and equipment	(Euro thousands)	153,668	102,248

The table below shows the historical cost, depreciation provisions and net values of property, plant and equipment in the two years:

(Euro thousands)	Balance at 31.12.2018			Balance at 31.12.2017 restated		
	Historical Cost	Accumulated Depreciation	Net Value	Historical Cost	Accumulated Depreciation	Net Value
Land and buildings	41,952	(24,344)	17,608	41,707	(23,567)	18,140
Plant and machinery	198,850	(144,662)	54,188	198,403	(134,545)	63,858
Industrial & commercial equipment	65,426	(58,897)	6,529	63,106	(57,010)	6,096
Other assets	5,555	(4,389)	1,166	5,209	(4,092)	1,117
Assets in progress	74,177	---	74,177	13,037	---	13,037
Total	385,960	(232,292)	153,668	321,462	(219,214)	102,248

The movements in property, plant and equipment in 2017 were as follows:

(Euro thousands)	Balance at 01.01.2017	Acquisitions & capitalisations	Decreases & reclass.	Depreciation	Balance 31.12.2017 restated
Land and buildings	14,129	4,956	(85)	(860)	18,140
Plant and machinery	64,651	12,569	---	(13,362)	63,858
Industrial & commercial equipment	6,474	10,031	(4,355)	(6,054)	6,096
Other assets	896	634	(11)	(402)	1,117
Assets in progress and advances	1,157	13,037	(1,157)	---	13,037
Total	87,307	41,227	(5,608)	(20,678)	102,248

The movements in property, plant and equipment in 2018 were as follows:

(Euro thousands)	Balance at 01.01.2018	Acquisitions & capitalisations	Decreases & reclass.	Depreciation	Balance 31.12.2018
Land and buildings	18,140	245	---	(777)	17,608
Plant and machinery	63,858	3,566	---	(13,236)	54,188
Industrial & commercial equipment	6,096	5,667	(26)	(5,208)	6,529
Other assets	1,117	503	(7)	(447)	1,166
Assets in progress and advances	13,037	61,140	---	---	74,177
Total	102,248	71,121	(33)	(19,668)	153,668

Property, plant and equipment at 31 December 2018 amount to Euro 153,668 thousand (Euro 102,248 thousand at 31 December 2017), after depreciation of Euro 19,668 thousand (Euro 20,678 thousand in 2017), capital investments, including the change to assets in progress, of Euro 69,082 thousand (Euro 40,070 thousand in the previous year) and decreases of Euro 33 thousand (Euro 4,451 thousand in 2017).

Land and buildings
This account includes owned property.
The increases in 2018 principally concern the acquisition of a portion of the building in the area adjacent to that presently owned and used in Fossalta di Portogruaro.

Plant and machinery
The increases in 2018 of Euro 3,566 thousand refer to the normal renewal of plant and machinery.

Industrial and commercial equipment
The increases in 2018 of Euro 5,667 thousand refer to the renewal of equipment, in particular moulds.

Property, plant and equipment in progress and advances
The balance at 31 December 2018 is Euro 74,177 thousand and principally concerns the investment to extend the Fossalta di Portogruaro production facility.

Impairments

During the two years analysed, no indicators emerged to require Zignago Vetro SpA to carry out an impairment test.

		31.12.2018	31.12.2017 restated
2 - Intangible assets	(Euro thousands)	28	59

The table below shows the historical cost and the accumulated amortisation in the years considered:

(Euro thousands)	Balance at 31.12.2018			Balance at 31.12.2017 restated		
	Historic Cost	Accumulated Amortisation	Net Value	Historic Cost	Accumulated Amortisation	Net Value
Concessions, licenses, trademarks & similar rights	349	(321)	28	307	(248)	59

The following tables show the movements in intangible assets in the years considered:

(Euro thousands)	Balance 01.01.2018	Acquisitions	Amortisation	Balance 31.12.2018
Concessions, licenses, trademarks & similar rights	59	41	(72)	28

(Euro thousands)	Balance 01.01.2017	Acquisitions	Amortisation	Balance 31.12.2017 restated
Concessions, licenses, trademarks & similar rights	141	2	(84)	59

The account principally refers to costs incurred for the purchase of long-term application software, used for operational management.

		31.12.2018	31.12.2017 restated
3 - Equity Investments	(Euro thousands)	44,312	42,781

The table below shows the movements of investments for the year ended 31 December 2018:

(Euro thousands)	Balance 01.01.2018	Increases	Decreases	Balance 31.12.2018
Vetri Speciali SpA	25,320	---	---	25,320
Huta Szkğa ñCzechyò S.A.	10,327	---	---	10,327
Verreries Brosse SAS	4,000	---	---	4,000
Vetro Revet Srl	1,500	1,530	---	3,030
Vetreco Srl	1,059	---	---	1,059
Zignago Glass USA	189	---	---	189
La Vecchia Scarl	349	---	---	349
Consorzio Nazionale Imballaggi (CONAI)	10	---	---	10
Energetico (A.I.C.E.)	10	---	---	10
Vega - Parco Tecnologico	9	---	---	9
Consorzio Recupero Vetro (CO.RE.VE.)	7	---	---	7
Other	2	---	---	2
Total	42,782	1,530	---	44,312

The investment in Vetri Speciali SpA concerns a corporate restructuring in 2004. The company is involved in the production and distribution of specialty glass containers and operates from its registered office of via Manci 5, Trento. Production is carried out at the Pergine Valsugana (TN), Ormelle (TV) and San Vito al Tagliamento (PN) facilities.
Zignago Vetro holds 50% of ordinary company shares; all shares guarantee equal rights.
The JV is a strategic investment for the Group, undertaken as part of the production diversification pursued by the Parent.
In 2018, the Company distributed dividends totalling Euro 19.9 million to shareholders.

Vetro Revet Srl is an Italian limited company, domiciled in Empoli (FI), involved in the collection, processing, enhancement and sale of raw glass for reuse in production. The acquisition involved the undertaking of a 51% stake in the company and is consolidated only at statement of financial position level from the date of acquisition of control (i.e. the contract signing date of 20 December 2017). The acquisition reflects the Group policy to tap into potential opportunities and synergies between Vetro Revet Srl operations and those of the Group. Any difference between the carrying amount of the investment and the corresponding share of equity is considered an impairment, also in view of expected Group development plans.

Vetreco Srl is an Italian limited liability company domiciled in Supino (FR), incorporated in July 2010 as a joint venture, involved in the processing of raw glass and the supply of cullet ready for re-use in production.
Zignago Vetro SpA's holding is 30%, with Ardagh Group Italy holding 30% and Saint Gobain Vetri 40%. The operation was approved by the Anti-trust Authority. The company began operations in November 2013. The company is not yet fully operational, which therefore impacted upon the result. On 2 December 2015, the Shareholders' Meeting approved a share capital increase for the coverage of losses. The difference between the book value of the investment and the corresponding share of net equity is not considered as long-term, also in view of the development plan approved by the Board of Directors of the Company and the expected increase in earnings and related cash flows.
Zignago Glass USA was incorporated in 2015 and is entirely held by Zignago Vetro. The company's registered office is in New York (USA) and it acts as a commercial agency on behalf of a number of Zignago Vetro Group companies. The difference between the carrying amount of the investment and the corresponding share of equity is not considered as long-term, as the company is in a start-up phase and also in view of the development plans approved by the Board of Directors of the Company and the expected increase in earnings and related cash flows.
The value at cost of the directly held subsidiaries and those jointly controlled and the share of equity and the share of the results for the year pertaining to the Issuer are reported as follows:

(Euro thousands)		Share	Equity		Profit/(loss)		Share	Carrying	Financial
Name and registered office		capital	Total	Pro-quota	Total	Pro-quota	held by Parent	amount	statements at 31.12.2018
Equity investments under Financial assets									
Direct holding:									
VERRERIES BROSSE SAS Vieux Rouen sur Bresle - 34, rue Théodule Gérin		4,000	19,895	19,895	4,026	4,026	100%	4,000	4,000
Direct holding:									
ZIGNAGO GLASS USA Inc. 350 Fifth Avenue 41st Floor New York, NY 10118	**USD**	189	(556)	(556)	(187)	(187)	100%	189	189
Direct holding:									
Huta Szkğa ñCzechyò S.A.	**PLN**	3,594	21,771	21,771	2,830	2,830	100%	10,327	10,327
Joint subsidiaries:									
VETRI SPECIALI SpA Via Manci, 5 - Trento		10,062	148,489	74,243	29,518	14,757	50%	25,320	25,320
VETRO REVET SRL Via 8 Marzo, 9 - Empoli (FI)		402	760	388	(1,969)	(1,004)	51%	3,030	3,030
VETRECO SRL Via Morolense km 5,500 - Supino (FR)		400	1,709	513	516	155	30%	1,059	1,059
Total			192,068	116,253	34,734	20,577		43,925	43,925

The equity and net result for the year of the direct subsidiary Zignago Glass USA Inc. were converted into Euro at the exchange rate reported in the initial part of the Notes. The same criteria was utilised for Huta Szkła "Czechy" SA.
The excess carrying amount over the share of equity concerning the investments in Vetreco Srl, Vetro Revet Srl and Zignago Glass USA Inc. is justified by the strong outlook for the subsidiaries

and therefore the carrying amounts were not realigned with the corresponding share of equity at 31 December 2018.

		31.12.2018	31.12.2017 restated
4 - Other non-current assets	(Euro thousands)	38,057	41,130

The item principally concerns the medium and long-term portion of the loan granted to the subsidiary HSC for Euro 37,966 thousand.
It also includes the tax receivable based on Article 18 of Legislative Decree 91/2014, in addition to receivables on deposits on equipment supplied and for energy supply.
In particular, the company recognised a tax receivable of Euro 534 thousand, equal to 15% of investment expenditure, of a unitary amount above Euro 10 thousand, until 30 June 2015 in excess of the average investment in core assets in the five preceding tax years, excluding from the calculation the period in which the investment was higher. The receivable may be used as an offset over three equal annual portions from the second tax period subsequent to which the investment was made.

		31.12.2018	31.12.2017 restated
5 - Deferred tax assets	(Euro thousands)	2,547	1,052

The composition of the deferred tax assets in the periods considered were as follows:

(Euro thousands	Balance at 31.12.2018		Balance at 31.12.2017 restated	
	Temporary difference deductible	Tax effect	Temporary difference deductible	Tax effect
Doubtful debt provision	1,171	283	1,171	283
Provision for industrial risks	806	225	806	225
Agent’s supplementary indemnity	224	60	213	60
Provision for contractual risks	1,035	248	885	212
Provision for emissions trading	---	---	437	122
Post-employment benefits	346	83	429	103
Other costs deductible in future years	165	40	165	40
Provision for inventory write-downs	988	276	285	80
Other non-current assets	5,037	1,332		(73)
Total		2,547		1,052

Zignago Vetro SpA recorded the deferred tax assets relating to temporary differences between the value of the assets and liabilities for statutory purposes and the corresponding tax value considering that the future assessable amounts will absorb all the temporary differences. In measuring the deferred tax assets, reference is made to the IRES and IRAP rates in force at 31 December 2018

(respectively 24% and 3.90%). The deferred tax assets principally refer to temporary deductible differences on the technical risk provision, the dispute risk provision, the doubtful debt provision, as well as charges deductible for tax purposes in future years.

Movements during the years of deferred tax assets are as follows:

(Euro thousands)		
Balance at 31 December 2016		**1,186**
Utilisations	(511)	
Increases	377	(134)
Balance at 31 December 2016		**1,052**
Utilisations	(182)	
Increases	1,677	1,495
Balance at 31 December 2017		**2,547**

		31.12.2018	31.12.2017 restated
CURRENT ASSETS	(Euro thousands)	146,274	150,074

		31.12.2018	31.12.2017 restated
6 - Inventories	(Euro thousands)	49,337	49,255

The composition of inventories is as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Raw materials, ancillaries and consumables	8,896	10,432
Work-in-progress and semi-finished products	923	2,064
Finished products	40,506	37,044
Inventory provision	(988)	(285)
Total	49,337	49,255

The decrease in the year related to raw material, ancillary and consumables and finished products.

The Inventory provision is calculated by the warehouse managers, together with the Finance Department and taking into consideration any product non-compliance, production by lots, the highly customised nature of certain products and slow-moving stock. The provision also takes into account the recoverable value of materials through production process recycling.

		31.12.2018	31.12.2017 restated
7 - Trade receivables	(Euro thousands)	50,964	52,630

The table below illustrates the trade receivables and the relative allowance for impairments:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Trade receivables - Italy	28,286	40,351
Trade receivables - Overseas	8,132	8,078
Bills	15,846	5,431
Doubtful debt provision	(1,300)	(1,230)
Total	50,964	52,630

Receivables from clients decreased (-3.2%) on the previous year, principally due to the decrease in trade receivables.
The table below shows the breakdown of trade receivables by geographical segment:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Italy	42,832	44,578
E.U.	6,987	6,486
Other countries	1,145	1,566
Total	50,964	52,630

At 31 December 2018 and 2017, trade receivables not individually written down were as follows:

(Euro thousands)	Total	Not overdue	Overdue but not individually written down		
			< 30 days	30 - 60 days	60 - 90 days
2018	50,964	39,806	7,128	944	3,086
2017	52,630	41,241	6,773	1,442	3,174

Trade receivables are non-interest bearing and have an average maturity of 70 days.

The majority of receivables are covered by insurance policies.

At 31 December 2018, the allowance for impairments amounted to Euro 1,300 thousand (Euro 1,230 thousand at the end of 2017). The movement during the year in the allowance for impairments was as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Prov. at beginning of year	1,230	3,129
Provisions	72	696
Utilisations	(2)	(2,595)
Total	1,300	1,230

In particular:

(Euro thousands)	Receivables write-downs individually	Receivables write-downs collectively	Total
At 31 December 2016	558	2,571	3,129
Utilisations in the year	59	637	696
Provisions in the year	(558)	(2,037)	(2,595)
At 31 December 2017	59	1,171	1,230
Provisions in the year	72	---	72
Utilisations in the year	(2)	---	(2)
At 31 December 2018	129	1,171	1,300

		31.12.2018	31.12.2017 restated
8 - Other current assets	(Euro thousands)	13,551	10,898

The composition of "other current assets" is as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
VAT receivables	8,475	2,580
Receivables from sale of energy efficiency quotas	3,955	5,818
Receivables on Investments (Development Decree)	534	1,793
GSE receivable for energy contribution	76	102
Reimbur. from insurance entities to be settled	---	45
Advances to social security institutions and other employee receivables	8	12
Other receivables	86	145
Bank interest accrued	---	---
Prepayments		
- insurance premiums	339	342
- rent expenses and leases	78	61
Total	13,551	10,898

The investments receivable related to the short-term portion of the receivable matured in 2015 and related to Article 18 of Legislative Decree 91/2014, utilisable from 1 January 2017.
The "receivables from sale of energy efficiency quotas" account includes the receivable from the Energy Market for energy efficiency securities matured following a number of projects completed in previous years.
The energy efficiency receivables for Euro 3,955 thousand concern the TEE's obtained against GSE authorised efficiency projects. The balance includes white certificates matured at 31 December 2018.

		31.12.2018	31.12.2017 restated
9 - Tax assets	(Euro thousands)	1,235	2,332

The table below shows the breakdown of current income tax receivables:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Parent for IRES reimbursed on IRAP ded.	1,235	1,235
Parent for IRES from fiscal consolidation	---	1,060
IRAP	---	37
Total	1,235	2,332

The account "Fiscal Parent receivables - reimbursement tax on IRAP tax deductions" of Euro 1,235 thousand concerns the requested IRES repayment based on the deductibility of IRAP on the cost of labour for the years from 2007 to 2011 inclusive.

		31.12.2018	31.12.2017 restated
10 – Other current financial assets	(Euro thousands)	14,322	15,271

The account includes short-term bank credit lines granted for Euro 9,000 thousand to Verreries Brosse S.A., for Euro 4,167 thousand to Huta Szkla Czechy S.A., a wholly-owned subsidiary, to satisfy cash flow needs and investments made, at market interest rates, renewable monthly and for Euro 655 thousand to Zignago Glass USA and for Euro 500 thousand and to Vetro Revet Srl.

		31.12.2018	31.12.2017 restated
11 - Cash and cash equivalents	(Euro thousands)	16,837	19,687

The cash and cash equivalents are as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Time deposits	7,000	7,000
Bank and postal accounts	9,816	12,684
Cash in hand and similar	21	3
Total	16,837	19,687

Cash and cash equivalents at 31 December 2018 amounted to Euro 16,837 thousand, compared to Euro 19,687 thousand at 31 December 2017. They are not subject to restrictions which may significantly impact their value. Reference is made to the statement of cash flows in relation to liquidity.

		31.12.2018	31.12.2017 restated
EQUITY	(Euro thousands)	125,869	113,553

12 - Equity

Share capital

The share capital of Zignago Vetro SpA at 31 December 2018 of Euro 8,800 thousand, which is fully subscribed and paid-in, comprises 88,000,000 ordinary shares with a par value of Euro 0.10 each.

Reserves

The composition of the reserves at 31 December 2018 and 2017 is as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Legal reserve	1,760	1,760
Revaluation reserve:		
- as per law 72/1983, on suspension of taxes	932	932
- as per law 413/1991, deductible	1,579	1,579
- as per law 342/2000, on suspension of taxes	24,823	24,823
sub)	27,334	27,334
Extraordinary reserve	103	103
Grants as per article 55 DPR 917/1986	6,044	6,044
Grants as per article 55 DPR 697/1973	123	123
Total	35,364	35,364

The Legal Reserve of Euro 1,760 thousand at 31 December 2018 had reached one-fifth of the share capital.

The revaluation reserve is based upon monetary revaluations.

The “Reserve as per Law No. 342/2000”, of monetary revaluations, is shown net of the substitute tax of 19%.

Deferred taxes liabilities are provisioned in the reserve “Article 55—DPR 917/1986 grants”, amounting to Euro 6,044 thousand.

Acquisition of treasury shares

In the first twelve months of the year 750,751 treasury shares were sold, for a total amount of Euro 6,275 thousand and a gain of Euro 3,620 thousand recognised to an equity reserve.

The amount of treasury shares recognised to equity therefore decreased from Euro 3,748 thousand to Euro 1,093 thousand. The reconciliation of the number of shares in circulation is as follows:

Period	Description	Number shares	Treasury shares	Shares in circulation	Unitary value	Total value
FY 2007	Opening bal.	80,000,000	---	80,000,000	0.10	8,000,000
	Acquisition	---	(40,000)	79,960,000	0.10	7,996,000
FY 2008	Acquisition	---	(1,014,900)	78,945,100	0.10	7,894,510
FY 2009	Acquisition	---	(237,240)	78,707,860	0.10	7,870,786
FY 2012	Scrip issue	8,000,000	---	---	---	---
	Allocation from scrip issue	---	(129,250)	86,578,610	0.10	8,657,861
FY 2014		---	---	---	---	---
FY 2015		---	---	---	---	---
FY 2016		---	---	---	---	---
FY 2017		---	361,664	361,664	0.10	36,166
FY 2018		---	750,751	750,751	0.10	75,075
Total at 31 December 2018		88,000,000	(308,975)	87,691,025	0.10	8,769,103

On 27 April 2017, the Shareholders' Meeting revoked, for the part not executed, the resolution granted in favour of the Board of Directors' to purchase and utilise treasury shares as approved by the Shareholders' Meeting of 28 April 2016 and authorised the Board of Directors to purchase and sell treasury shares for a maximum number whose total nominal value, including any shares held by subsidiaries, must not exceed one-fifth of the share capital. The authorisation was granted for a period of 18 months commencing from 27 April 2017. The minimum purchase price shall not be less than 20%, and the maximum price not more than 20%, of the share price registered on the trading day prior to each transaction; the sale price shall not be 20% higher or lower than the share price registered on the trading day prior to each transaction. These price limits will not be applied where the sale of shares is to employees, including management, executive directors and consultants of Zignago Vetro and its subsidiaries in relation to incentive stock option plans.

At 31 December 2018, 308,975 treasury shares (net of sales in the year), taking account of the number of treasury shares held, had been acquired, corresponding to 0.35% of the share capital, for a payment of Euro 1,093 thousand.

Profits carried forward

The reserve increased in the year (+Euro 1,597 thousand), due to the allocation of previous year profits.

Other equity accounts

This account, equal to - Euro 637 thousand at 31 December 2018 (- Euro 703 thousand at the end of 2017), reflects the recognition to equity of actuarial gains/(losses) in application of the IAS 19 "*Employee Benefits*".

The table below reports the description, the possibility of utilisation and distribution, as well as any utilisation in the previous years for each equity account at 31 December 2018.

Nature/description (Euro thousands)	Amount	Possibility of utilisation	Quota available	Quota distrib.	Note	Utilisations in the three prev. years
Share capital	8,800	---	---	---	(1)	---
Capital reserves						
Revaluation reserve as per law 342/2000	24,823	A,B,C	24,823	24,823	(2)	---
Revaluation reserve as per law 72/1983	932	A,B,C	932	932	(2)	---
Revaluation reserve as per law 413/1991	1,579	A,B,C	1,579	1,579	(4)	---
Capital paid-in, as per Article 55 DPR 917/86	6,044	A,B,C	6,044	6,044	(3)	---
Capital paid-in, as per Article 55 DPR 597/73	123	A,B,C	123	123	(2)	---
Acquisition of treasury shares	(1,093)	---	---	---		---
Retained earnings						
Legal reserve	1,760	B	---	---		---
Extraordinary reserve	103	A,B,C	103	103		---
Retained earnings	49,400	A,B,C	49,400	47,671	(5)	---
Actuarial gains/(losses) on defined benefit plans	(637)	---	---	---		---
Profit for the year	34,035	A,B,C	34,035	34,035		---
Total Equity	125,869		117,039	115,310		---

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

Note:

1) The share capital includes Euro 3,868 thousand from the "Reserve as per law 342/2000", in suspension of taxes, net of the substitute tax of 19% following the Shareholders' Meeting resolution on 22 December 2006 and Euro 800 thousand from retained earnings for the scrip issue approved by the Shareholders' Meeting on 24 April 2012.
2) On these reserves, some net of substitute tax, no further deferred tax liability was recorded as no distribution is expected.
3) The related deferred taxes have been provided on this reserve.

4) The "Revaluation reserve as per Law 413/1991" is distributable.
5) The "Retained earnings" reserve may be distributed excluding the "Treasury shares" reserve and the "Actuarial losses on defined benefit plans".

		31.12.2018	31.12.2017 restated
NON-CURRENT LIABILITIES	(Euro thousands)	119,989	129,285

		31.12.2018	31.12.2017 restated
13 - Provisions for risks and charges	(Euro thousands)	2,065	2,341

The composition of the provisions for liabilities and charges is as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Provision for industrial risks	806	806
Agents' supplementary indemnity provision	224	213
Provision for contractual risks	1,035	885
Provision for emission trading risks	---	437
Total	2,065	2,341

Provision for industrial risks

The "Industrial risk provision" is made against claims by clients for defects in production to be determined and potential losses on packaging material for which the commitment to repurchase is agreed.

The movements during the year were as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	806	804
Provisions	---	2
Utilisations	---	---
Balance at 31 December	806	806

Agents' supplementary indemnity provision

The "Agents' supplementary indemnity provision" is made on the basis of legislative provisions and collective agreements relating to the termination of agents' mandates.

The movements during the year were as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	213	204
Provisions	11	9
Utilisations	---	---
Balance at 31 December	224	213

Provision for contractual risks

The Provisions for contractual risks is made based on legal disputes principally in relation to employees.

The movements during the year are as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	885	285
Provisions	150	600
Utilisations	---	---
Balance at 31 December	1,035	885

The provision covers probable risks arising in the year.

Provision for emission trading risks

The "Emission trading risks provision" reduced to zero against the recognition to service costs of the effective purchase value of the amounts accruing in the year, provisioning to the same account also the costs relating to the residual debt at 31.12.2018, valued at mark-to-market at year-end.

The table below shows the movements in the provision in the year:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	437	537
Provisions	---	228
Utilisations	(437)	(328)
Balance at 31 December	---	437

		31.12.2018	31.12.2017 restated
14 - Post-employment benefits	(Euro thousands)	4,032	4,412

Post-employment benefits entirely refer to the employee leaving indemnity provision whose changes at 31 December 2018 and 31 December 2017 were as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Balance at 1 January	4,412	4,465
Interest	58	58
Actuarial (gains)/losses	(88)	(7)
Of which change in assumptions	(94)	---
Of which experience adjustments	6	7
Payments	(350)	(118)
Balance at 31 December	4,032	4,412

Costs relating to the financial revaluation of the defined benefit plans for employees were recorded in the income statement under financial charges (interests), while the actuarial gains/losses were recognised under other items in the comprehensive income statements.
An actuarial calculation was made of the “Employee Leaving Indemnity” by an independent expert in accordance with the “project unit credit method” as per IAS 19, actuarial method, which allows for an estimate of the present value of the obligation based on a series of demographic and financial assumptions.

The principal assumptions adopted for the actuarial recalculation of the provision at 31 December 2018, compared with those used at the end of the previous year, are summarised below:

	31.12.2018	31.12.2017
Actual mortality rate:	ISTAT 2004	ISTAT 2004
Actual invalidity rate	INPS inability/ invalidity tables	INPS inability/ invalidity tables
Advanced rate of employee departures (dismissal and resignations)	constant annual average frequency of 2.5%	constant annual average frequency of 4.5%
Rate of post-employment benefit advances	- constant annual average rate of 2.5% - average amount of 70% of accumulated Post-employment Benefit	- constant annual average rate of 2.5% - average amount of 70% of accumulated Post-employment Benefit
Annual technical discounting rate	1.55% was assumed based on the bond yields with comparable duration of those subject to valuation	1.3% was assumed based on the bond yields with comparable duration of those subject to valuation
Future annual inflation rate	1.5%	1.5%
Date of pension	in line with the applicable regulation	in line with the applicable regulation
Annual increase in employee leaving indemnity	a fixed rate of 2.63% plus the 75% of the inflation rate recorded by ISTAT in December of the previous year.	a fixed rate of 2.63% plus the 75% of the inflation rate recorded by ISTAT in December of the previous year.

	31.12.2018	31.12.2017 restated
15 - Non current bank loans and borrowings (Euro thousands)	109,568	117,621

The composition of non current bank loans and borrowings are as follows:

	(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
(A)	Unsecured loan, nominal value Euro 70 million, Unicredit / Mediobanca, Euribor 3 months variable rate, maturity 31 December 2020, repayment by half-yearly instalments	15,738	22,811
(B)	Unsecured loan, nominal value Euro 40 million, Bnl, Euribor 3 months variable rate, maturity 22 June 2021, repayment by quarterly instalments in arrears	33,915	20,878
(C)	Unsecured loan, nominal value Euro 15 million, Banco di Brescia, Euribor 3 months variable rate, maturity 18 December 2019, repayment by half-yearly instalments in arrears	3,813	7,573
(D)	Unsecured loan, nominal value Euro 50 million, Unicredit Bank Austria AG, Euribor 3 months variable rate, maturity 27 October 2021, repayment by half-yearly instalments	42,888	49,850
(E)	Unsecured loan, nominal value Euro 40 million, Banca Intesa SpA, Euribor 3 months variable rate, maturity 21 December 2022, repayment by half-yearly instalments	39,920	39,900
(F)	Unsecured loan, nominal value Euro 10 million, Banca Credit Agricole Friuladria Spa, Euribor 3 months variable rate, maturity 2023, repayment by half-yearly instalments	9,994	---
	Total medium/long-term loans	146,268	141,012
	Less current portion	(36,700)	(23,391)
	Medium-long term portion	109,568	117,621

(A) Syndicated loan originally undertaken by Zignago Vetro SpA with Unicredit (as lending and agent bank for Euro 40,000 thousand) and Mediobanca (as lending bank for Euro 30,000 thousand), of a nominal Euro 70,000 thousand. Repayment is through 7 half-yearly instalments from 30 June 2017, each corresponding to 11.40% of the total and a final instalment on 31 December 2020 of 20.20% of the total.

On 27 October 2017, Zignago Vetro SpA, Unicredit and Mediobanca signed an addendum to the original contract mentioned above, stipulating:

i) the full repayment of the residual amount of the Unicredit loan, for an amount of Euro 35,469 thousand, including interest matured until repayment;

ii) alteration of the margin;

iii) alteration of the financial commitments.

At 31 December 31, 2018, this loan concerned only the counterparty Mediobanca.
In order to hedge interest rate risk, the company has put in place with Mediobanca an Interest rate swap (IRS) for a total original notional amount of Euro 30,000 thousand, in addition to a payment plan. At 31 December 2017, this transaction reported an overall negative mark to market of Euro 150 thousand;

(B) The BNL Loan, undertaken by Zignago Vetro SpA, of a nominal Euro 40,000 thousand, is repayable over 20 quarterly instalments in arrears of Euro 2,000 thousand each, beginning from 29 April 2018. In order to hedge interest rate movements, the Group put in place with BNL an Interest rate swap (IRS) for a total notional amount of Euro 40,000 thousand, in addition to a repayment plan, which presents at 31 December 2018 a negative mark to market of Euro 404 thousand;

(C) The Banco di Brescia Loan, undertaken by Zignago Vetro SpA, of a nominal 15,000 thousand, is repayable over 8 half-yearly instalments in arrears from 18 June 2016. In order to hedge interest rate movements, the Group put in place with Banco di Brescia an Interest rate swap (IRS) for a total notional amount of Euro 15,000 thousand, in addition to a repayment plan, which presents at 31 December 2018 a negative mark to market of Euro 20 thousand.

(D) Loan signed by Zignago Vetro SpA on 27 October 2017 with Unicredit Bank Austria AG for a nominal Euro 50,000 thousand, utilised also to repay in advance the syndicate loan at letter “A”. Repayment is through 7 half-yearly instalments from 30 June 2018, in addition to the final maturity date instalment, corresponding to 7% of the total in 2018, 10% of the total in 2019, 14% of the total in 2020 and at 30 June 2021 and 24% of the total on maturity established for 27 October 2021. In order to hedge interest rate risk, the company has put in place with Unicredit an Interest rate swap (IRS) for a total notional amount of Euro 50,000 thousand, in addition to a payment plan. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 389 thousand;

(E) Loans signed by Zignago Vetro SpA on 27 October 2017 with Banca Intesa for a nominal Euro 40,000 thousand. Payment is through 7 half-yearly equal instalments of Euro 4,286 thousand from 28 June 2019, in addition to an instalment of Euro 10,000 thousand on final maturity of 30 December 2022. In order to hedge interest rate risk, the company put in place on 13 February 2018 with Intesa two Interest rate swaps (IRS) for a total original notional amount of Euro 40,000 thousand, in addition to a payment plan. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 347 thousand;

(F) Loan signed by Zignago Vetro SpA on 12 November 2018 with Banca Credit Agricole Friuladria for a nominal Euro 10,000 thousand. Payment is through 7 half-yearly equal instalments of Euro 1,429 thousand from 31 December 2020, with final maturity of 31 December 2023. In order to hedge interest rate movements, the company put in place on 27 December 2018 with Credit Agricole Friuladria an Interest rate swap (IRS) for a total original notional amount of Euro 10,000 thousand, in addition to a repayment plan covering the loan duration. At 31 December 2018, this transaction reported an overall negative mark to market of Euro 95 thousand.

In the subsequent paragraph of the Notes concerning the "Management of financial risks", additional disclosure is provided on derivative contracts in place at 31 December 2018, in accordance with applicable regulations.

At 31 December 2018 and 2017, the future capital repayments of the non-current bank loans and borrowings were as follows:

(Euro thousands)		Balance at 31.12.2018	Balance at 31.12.2017 restated
Year	2018	---	23,391
Year	2019	36,700	35,239
Beyond	2019	109,568	82,382
Total		146,268	141,012

Loan covenants

Against the loan reported in the table at letters (A) and (D), the company is bound by a set of financial covenant ratios to be calculated on the consolidated financial statements, as follows:

(i) ratio between net financial debt and equity not above 1.5 for the period until 31 December 2018 inclusive and 1.0 between 1 January 2019 until final maturity;
(ii) ratio between net financial debt and EBITDA not above 2.5 for the period until 31 December 2018 inclusive and 2.0 between 1 January 2019 until final maturity.

Against the loans reported in the table at letter (B), the company is bound by a set of financial covenants to be calculated on the consolidated financial statements, for the duration of the loan:

(*i*) ratio between net debt and equity of less than 1.35 for the entire duration of the BNL contract (letter B);
(*ii*) ratio between net financial debt and EBITDA of less than 2.45 until 31 December 2017, less than 2.65 between 1 January 2018 and 31 December 2019 and less than 2.25 between 1 January 2020 and until final maturity.

Against the loan reported in the table at letter (C), the Parent is bound by a set of financial covenant ratios to be calculated on the separate financial statements, for the duration of the loan:

(i) ratio between net financial debt and equity of not greater than 1.25;
(ii) ratio between net financial debt and EBITDA of not greater than 3.

Against the loan reported in the table at letter (E), the Parent is bound by a set of financial covenant ratios to be calculated on the separate financial statements, for the duration of the loan:

(*i*) ratio between net debt and equity of under or equal to 1.5 for the duration of the loan;
(*ii*) ratio between net debt and EBITDA of less than or equal to 3.5 until 31 December 2019 inclusive and less than or equal to 3.0 from 1 January 2020 until final maturity.

These parameters at 31 December 2018 had all been complied with.

Reconciliation of financial liabilities deriving from loans

As required by IAS 7, the following table summarises the cash flows concerning financial and derivative liabilities arising in the year:

Account	**Dec 31, 2017 restated**	**Cash flow**	**Non cash changes**		**Dec 31, 2018**
			Acquisition	**Other**	
Bank borrowings - non-current	117,621	(8,264)	-	211	109,568
Other non-current financial liabilities	2,965	(550)	-	-	2,415
Non-current financial liabilities (A)	120,586	(8814)	-	211	111,983
Bank borrowings - current	26,675	7,025	-		36,700
Bank overdrafts on borrowings for anticipation effects	10,333	9,830	-	-	20,163
Other current financial liabilities	18,747	1,042	-	-	19,927
Current financial liabilities (B)	53,495	17,897	-	-	71,392
Financial liabilities (A) + (B)	174,081	9,083	-	211	183,375

In accordance with Consob Communication No. DEM/6064293 of 28 July 2006, the net financial position is determined in accordance with CESR recommendation of 10 February 2005 “Recommendations for the uniform implementation of the European Commission regulations on information prospectus”.

(Euro thousands)		31.12.2018	31.12.2017 restated
A. Cash		1	3
B. Other cash equivalents		16,836	19,684
C. Securities held for trading		---	---
D. Liquidity	**(A) + (B) + (C)**	**16,837**	**19,687**
E. Current financial assets		**52,288**	**55,783**
F. Current bank loans & borrowings		25,728	15,122
G. Current portion of non-current debt		36,700	23,391
H. Other current financial payables		---	---
I. Current financial debt	**(F) + (G) + (H)**	**62,428**	**38,513**
J. Net current financial position	**(I) - (E) - (D)**	**(6,697)**	**(36,957)**
K. Non-current loans and borrowings		**109,568**	**117,621**
L. Bonds issued		**---**	**---**
M. Other non-current payables		---	---
N. Non-current financial debt	**(K) + (L) + (M)**	**109,568**	**117,621**
O. Net financial debt	**(J) + (N)**	**102,871**	**80,664**

Financial instrument classes and hierarchical levels of fair value measurement

The following table outlines the classes of financial instruments held by the Company:

(Euro thousands)	31.12.2018						
	Loans and receivables	Fin. assets at fair value through P&L	Derivative instrument	Investments held to maturity	AFS financial assets	Total	Note
Financial assets as per accounts							
Non-current financial assets	91	---	---	---	---	91	(4)
Trade and other receivables	64,515	---	---	---	---	64,515	(7) (8)
Other current assets	1,235	3,955	---	---	---	5,190	(8)
Other current financial assets	52,288	---	---	---	---	52,288	(10)
Cash and cash equivalents	16,837	---	---	---	---	16,837	(11)
Total	134,966	3,955	---	---	---	138,921	

(Euro thousands)	31.12.2018				
	Other liabilities at amortised cost	Financial liabilities at fair value through P&L	Derivative instruments	Total	Note
Financial liabilities as per accounts					
Provisions for risks and charges	2,065	---	---	2,065	(13)
Bank loans & borrowings	170,591	---	1,405	171,996	(15) & (18)
Trade payables and other	74,251	---	---	74,251	(19) & (20)
Other liabilities	2,322	---	---	2,322	(20)
Total	249,229	---	1,405	250,634	

The company only values energy efficiency securities and derivative contracts at fair value.

All financial instruments recorded at fair value are classifiable in the three following categories:
Level 1: market listing.
Level 2: technical valuations (based on observable market data)
Level 3: technical valuations (not based on observable market data)

All assets and liabilities measured at fair value at 31 December 2018 are classified at level 2 of the fair value measurement hierarchy, with the exception of the provision for emission trading, whose value is based on the market quotations of the relative rights. During the year, no transfers occurred from Level 1 to Level 2 or Level 3 or vice-versa.

		31.12.2018	31.12.2017 restated
16 – Other non-current liabilities	(Euro thousands)	2,415	2,965

The account includes at 31 December 2018 the deferred income recognised against the tax receivable for investments in new machinery under Legislative Decree 91/2014 matured in 2015, which is recognised to the income statement on the basis of the depreciation calculated on the investments.

		31.12.2018	31.12.2017 restated
17 - Deferred tax liabilities	(Euro thousands)	1,908	1,946

The table below shows the composition of the deferred tax liabilities:

(Euro thousands)	Balance at 31.12.2018		Balance at 31.12.2017 restated	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Suspension of taxes reserve	6,044	1,686	6,044	1,686
Adjustment to inventories at average cost	541	170	541	170
Valuation of post-employ. as per IAS 19	210	50	319	88
Acc. depreciation subject to substitute tax	44	2	44	2
Total		1,908		1,946

The Deferred tax liabilities include the temporary differences relating to depreciation calculated by the companies based on previous Italian fiscal regulations, the temporary differences arising on the adoption of IAS originating from the value of inventories calculated under the LIFO method, utilised for tax purposes, and those calculated under the average weighted cost method.
Deferred tax liabilities were also recorded for Euro 1,686 thousand relating to the reserves in suspension of taxes amounting to Euro 6,044 thousand and relating to the capital grant reserves (Reserves as per article 55, DPR 597/1973 and 917/1986).

The following table shows the movements in the “deferred tax liabilities”:

(Euro thousands)	
Balance at 31 December 2016	**2,105**
Utilisations	(159)
Provisions	---
Balance at 31 December 2017	**1,946**
Utilisations	(38)
Balance at 31 December 2018	**1,908**

		31.12.2018	31.12.2017 restated
CURRENT ASSETS	(Euro thousands)	139,001	94,506

		31.12.2018	31.12.2017 restated
18 - Bank loans and borrowings - current portion	(Euro thousands)	62,428	38,514

The table below shows the composition of bank payables and the current portion of non-current loans and borrowings:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Loan advances	10,000	10,000
Advances on bank drafts	14,323	4,177
Current portion of medium/long term loans	36,700	23,391
Bank payables for derivative contracts	1,405	946
Total	62,428	38,514

The financial situation at 31 December 2018 and 2017 is reported in the CONSOB table, reported at note 15 – Medium/long-term loans

		31.12.2018	31.12.2017 restated
19- Trade and other payables	(Euro thousands)	59,722	42,504

The table below shows the breakdown of trade and other payables by geographic segment at 31 December 2018 and 2017:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Italy	55,233	41,169
E.U.	4,473	1,335
Other countries	16	---
Total	59,722	42,504

Payables to suppliers for fixed assets at 31 December 2018 amounted to Euro 23,357 thousand, compared to Euro 5,925 thousand at 31 December 2017, due to investments in kilns in the year.

Trade payables do not generate interest. The terms and conditions applied to related parties do not differ from those of third-party suppliers.

		31.12.2018	31.12.2017 restated
20 – Other non-current liabilities	(Euro thousands)	14,529	13,488

The composition of "other current liabilities" at 31 December 2018 and 2017 was as follows:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Employee payables	10,290	8,706
Social security institutions	1,869	1,785
Employees and consultants withholding taxes	1,760	1,446
Current portion of tax credit on Law 91/2014 investments	550	556
Contribution payables	38	38
Accrued liabilities and deferred income:		
- employees	---	919
- for financial charges	22	38
Total	14,529	13,488

Employee payables concern vacation days matured but not taken, extra month's salary and premiums and managerial bonuses matured and paid in the following year.

Payables social security institutions
The payables to social security institutions principally refer to payables for contributions on salaries in the month of December and agents' commissions and consultants' fees.

The "Current portion of tax credit on Law 91/2014 investments" at 31 December 2018 included the portion maturing within 12 months of the tax credit for investments in new machinery under Legislative Decree No. 91/2014.

		31.12.2018	31.12.2017 restated
21- Current tax payables	(Euro thousands)	2,322	-

The account is broken down in the following table.

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Parent for IRES from consolidation	1,819	---
Income taxes	503	---
Total	2,322	---

Income tax payables refer to the current tax payable, net of the relative taxes on account and withholding taxes paid.

NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

		2018	2017 restated
22- Revenues	(Euro thousands)	201,351	184,454

The following table shows the breakdown by revenues:

(Euro thousands)	2018	2017 restated
Core business products	193,266	177,257
Various materials	1,221	871
Service revenues	4,020	3,462
Others (Conai)	2,844	2,864
Total	201,351	184,454

The following table shows the breakdown of revenues by geographic segment:

(Euro thousands)	2018	2017 restated
Italy	157,946	142,427
E.U.	35,774	33,310
Other countries	7,631	8,717
Total	201,351	184,454

Sales on the Italian market in 2018 totalled Euro 157,946 thousand, compared to Euro 142,427 thousand in 2017 (+10.9%). EU revenues increased 7.4%, while non-EU revenues decreased 12.5%.

		2018	2017 restated
23- Raw materials, ancillaries, consumables and goods	(Euro thousands)	54,986	50,102

Raw materials, ancillaries, consumables and goods were broken down as follows:

(Euro thousands)	2018	2017 restated
Purchases	58,437	52,995
Changes in inventory of raw materials, ancilliaries, consumables and finished goods	(6,325)	(3,799)
Changes in inventory of work-in-progress, semi-finished and finished	2,874	906
Total	54,986	50,102

		2018	2017 restated
24 - Service costs	(Euro thousands)	54,242	51,318

The composition of services costs is as follows:

(Euro thousands)	2018	2017 restated
Energy and industrial services	31,970	30,511
Transport and other trading costs	12,648	11,154
Conai contribution	2,510	2,865
Other costs	7,114	6,788
Total	54,242	51,318

		2018	2017 restated
25 - Personnel expense	(Euro thousands)	39,314	37,869

The breakdown of personnel expense is as follows:

(Euro thousands)	2018	2017 restated
Salaries and wages	27,948	26,929
Social security expenses	9,572	9,224
Provision defined contribution plans	1,794	1,716
Total	39,314	37,869

The increase on the previous year of Euro 1,445 thousand (+3.8%) is related principally to new hires in support of the new production investments and a higher number of hours worked due to an altered production mix. The following table reports the workforce at 31 December 2018 and 2017.

	31.12.2018	31.12.2017
Executives	13	12
White-collars	143	147
Blue-collars	498	470
Total	654	629

		2018	2017 restated
26 - Amortisation & depreciation	(Euro thousand)	19,741	20,162

Amortisation and depreciation comprise:

(Euro thousands)	2018	2017 restated
Depreciation of fixed assets	19,669	20,078
Amortisation of intangible assets	72	84
Total	19,741	20,162

		2018	2017 restated
27 - Other operating expenses	(Euro thousands)	6,505	2,186

The breakdown of the "other operating expenses" is as follows:

(Euro thousands)	2018	2017 restated
Provision for funds for emission trading	---	228
Provision of funds for industrial risk	---	82
Provision of funds for contractual risk	150	600
Agents' supplementary indemnity provision	11	9
Total provisions for contingencies	161	919
Doubtful debt provision	72	59
Various taxes	414	402
Membership fees	276	280
Prior year charges	361	323
Losses on asset disposals	26	50
Other	5,195	153
Total other charges	6,272	1,208
Total	6,505	2,186

Other costs in 2018 include mainly a "one-off" bonus in favour of the chief executive officer and some executives based on the results objectives, according to the "Long Term Incentive" regulation approved in 2016. The bonus shall be settled subsequent to approval of the financial statements at December 31, 2018

		2018	2017 restated
28 - Other operating income	(Euro thousands)	6,713	5,223

The breakdown of "other operating income" is as follows:

(Euro thousands)	2018	2017 restated
Prior year income	1,691	683
Gain on asset disposals	88	346
Prior year income from release of provisions	183	919
Payments on claims	244	251
Contribution on Law 91/2014 investments	557	563
Other Income	---	24
Internal Works (increases for labour capitalisation)	3,950	2,437
Total	6,713	5,223

Internal works principally concern the capitalisation of the personnel expense concerning current and future investments of the company.

		2018	2017 restated
29 - Investment income	(Euro thousands)	9,962	9,157

The account entirely relates to dividends resolved and received by the subsidiary Vetri Speciali SpA., a joint subsidiary.

		2018	2017 restated
30 – Financial income	(Euro thousands)	1,135	1,569

The following table reports “financial income”:

(Euro thousands)	2018	2017 restated
Interest on bank deposits	52	822
Interest from subsidiaries	913	733
Other	170	14
Total	1,135	1,569

		2018	2017 restated
31- Financial expense	(Euro thousands)	2,553	2,160

“Financial expenses” are composed of:

(Euro thousands)	2018	2017 restated
Interest on current accounts	40	111
Derivative financial charges	1,586	741
Loan interest	543	1,026
Financial expense on actuarial reval. post-employ. ben.	58	80
Discounts and other financial charges	326	202
Total	2,553	2,160

		2018	2017 restated
32 – Exchange rate gains/(losses)	(Euro thousands)	(111)	105

(Euro thousands)	2018	2017 restated
Realised exchange gains	70	174
Realised exchange losses	(181)	(69)
Total	(111)	105

		2018	2017 restated
33 - Income taxes	(Euro thousands)	7,673	7,052

The table below shows the composition of the income taxes between deferred and current taxes:

(Euro thousands)	2018	2017 restated
Current income tax	9,625	7,131
Deferred tax charge (income)	(1,952)	(79)
Total	7,673	7,052

The table below shows the reconciliation between the theoretical fiscal charge and the effective charge for the years under consideration:

(Euro thousands)	2018	2017
Profit before taxes	41,709	36,710
Ordinary rate applied	24.00%	24.00%
Theoretical tax charge	*10,010*	*8,810*
Permanent differences	(4,010)	(2,979)
Current IRES	*6,000*	*5,831*
Current IRES %	*14.4%*	*15.9%*
Other tax charges (including IRAP)	1,673	1,220
Total effective tax charge	*7,673*	*7,052*
Actual tax charge (tax-rate)	18.4%	19.2%

The income tax charge, which takes account of the partial fiscal exemption of “Investment income – dividends”, estimated based on the application of current laws, amounts to Euro 7,673 thousand compared to Euro 7,052 thousand in 2017 (respectively 18.4% and 12.2%).

The IRES income tax and IRAP regional tax rates reflect the effective tax charge payable by the Company.

OTHER INFORMATION

Segment information

IAS 8 paragraph 4 requires that in the case where the financial statements of Zignago Vetro SpA and the consolidated financial statements are published together, the segment information must be presented only for the consolidated financial statements.
Consequently, this information is not reported in the present financial statements.

Related party transactions

In relation to Consob Resolution No. 15519 of 27 July 27 2006, the financial statements present transactions with related parties separately. For completeness, the following disclosure required by IAS 24 is provided below.

The Company undertakes transactions with direct and indirect subsidiaries and with the parent company. All transactions undertaken with these parties are carried out with full transparency and at market conditions.

The table below shows the composition of the receivables of Zignago Vetro SpA with related companies at the balance sheet date:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Trade receivables		
Subsidiaries	**1,240**	**730**
Huta Szkła "Czechy" S.A.	298	362
Verreries Brosse SAS	885	368
Zignago Glass Usa Inc.	2	---
Vetro Revet Srl	55	---
Associates and other	**934**	**1,082**
Santa Margherita SpA and its subsidiaries	850	1,082
Zignago Power Srl	79	---
Zignago Servizi Srl	5	---
Current tax receivables	**1,235**	**2,332**
Zignago Holding SpA	1,235	2,332
Other non-current financial assets		
Huta Szkła "Czechy" S.A.	37,966	40,512
Other current financial assets	**14,332**	**15,271**
Verreries Brosse SAS	9,000	9,000
Huta Szkła "Czechy" S.A.	4,167	5,788
Zignago Glass Usa Inc.	655	483
Vetro Revet Srl	500	---
Total receivables from related companies	**55,697**	**59,927**

The table below shows the composition of the payables of Zignago Vetro SpA with related companies at the balance sheet date:

(Euro thousands)	Balance at 31.12.2018	Balance at 31.12.2017 restated
Trade payables		
Subsidiaries	**1,512**	**1,587**
Huta Szkğa ñCzechyò S.A.	917	947
Verreries Brosse SAS	32	612
Vetreco Srl	68	16
Vetro Revet Srl	479	---
Zignago Glass USA Inc.	16	12
Associates and other	**900**	**1,083**
Zignago Power Srl	576	474
Zignago Servizi Srl	231	374
Santa Margherita SpA and its subsidiaries	60	120
La Vecchia Scarl	33	86
Zignago Immobiliare Srl	---	15
Multitecno Srl	---	14
Parent	**29**	**29**
Zignago Holding SpA	29	29
Current tax payables		
Parent	**1,819**	**---**
Zignago Holding SpA	1,819	---
Total payables to related companies	**4,260**	**2,699**

The table below shows the composition of the revenues of Zignago Vetro SpA from related companies in the year:

(Euro thousands)	2018	2017 restated
Revenues		
Subsidiaries	**6,524**	**3,842**
Verreries Brosse SAS	4,736	1,681
Huta Szkła "Czechy" S.A.	1,788	2,161
Group companies and other	**4,716**	**4,712**
Santa Margherita SpA and its subsidiaries	4,614	4,643
Zignago Holding	23	65
Zignago Servizi Srl	44	3
Multitecno Srl	34	
La Vecchia Scarl	1	1
Financial income		
Subsidiaries	**913**	**822**
Verreries Brosse SAS	68	68
Zignago Glass Usa Inc.	8	3
Huta Szkła "Czechy" S.A.	836	751
Vetro Revet Srl	1	---
Total revenues from related parties	**12,153**	**9,376**

The table below shows the composition of costs of Zignago Vetro SpA from related companies in the year:

(Euro thousands)	2018	2017 restated
Raw materials, ancillaries, consumables and goods		
Subsidiaries	**13,312**	**6,859**
Verreries Brosse SAS	13	16
Huta Szkğa ñCzechyò S.A.	6,965	2,899
Vetri Speciali Spa	123	---
Vetro Revet Srl	2,858	---
Vetreco	3,353	3,944
Group companies and other	**403**	**330**
Santa Margherita SpA and its subsidiaries	305	319
Multitecno Srl	98	11
Service costs		
Parent	**456**	**488**
Zignago Holding SpA	456	488
Subsidiaries	**2,202**	**2,392**
Verreries Brosse SAS	201	44
Huta Szkğa ñCzechyò S.A.	1,890	2,254
Zignago Glass USA Inc.	111	94
Group companies and other	**3,382**	**12,094**
Santa Margherita SpA and its subsidiaries	35	**9**
Zignago Power Srl	408	4,670
Zignago Immobiliare Srl	238	147
Zignago Servizi Srl	2,298	1,968
La Vecchia Scarl	403	403
Costs capitalised for fixed asset acquisition	**---**	**4,906**
Zignago Power Srl	---	2,617
Zignago Immobiliare Srl	---	2,262
Santa Margherita SpA and its subsidiaries	---	27
Total costs from related companies	**19,755**	**22,163**

In particular, the costs outlined include those of Zignago Power concerning the supply of electricity to the Fossalta di Portogruaro production site. The costs incurred and capitalisations concern investments for the new production site at Fossalta di Portogruaro.

Information as per Article 1, paragraph 125 of Law No. 124/2017

In application of Article 1, paragraph 125 of law 124/2017, the amounts collected in 2018 from the Public Sector are presented below.

Name of entity	Type of Measurement	ID Number	Amount received	Date of receipt	Year
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	51,598.51	29/03/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	51,598.51	30/04/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	51,598.51	31/05/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,460.41	29/06/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,460.41	31/07/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,460.41	31/08/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,426.13	01/10/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,426.13	31/10/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	50,426.13	30/11/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	49,009.60	31/12/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	51,245.11	31/01/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	51,245.11	28/02/2018	2018
GSE	Photovoltaic Grant	T05F17855607/T05F17386107	124,970.00	28/02/2018	2017
GSE	TEE Certificates	00717800247	1,824,059.56	08/08/2018	2017
GSE	TEE Certificates	00717800247	875,250.00	08/08/2018	2018
GSE	TEE Certificates	00717800247	4,036,720.00	14/03/2018	2017
GSE	TEE Certificates	00717800247	1,889,739.00	14/03/2018	2018
CSEA	Energy Grant	0884050279	716,627.33	18/06/2018	2018

Further details are reported in the National Register of State Aid, to which reference should be made.

Management of capital

The share capital includes the shares and the equity attributable to owners of the parent.
The primary capital management objective of the Company is to guarantee the maintenance of a strong credit rating in order to support operations and to maximise value for shareholders.
In order to achieve this objective, the management of Company capital aims, among other matters, to ensure compliance with covenants, related to interest bearing loans, based on financial performance indicators. Breaches in the covenants would permit the banks to request immediate repayment of the loans. There were no breaches of the covenants in the current year in relation to interest bearing loans for any of the Group companies.
Zignago Vetro has payables to financial intermediaries and has a financial debt position related to the business development plan. The high generation of operating cash flows allows the Company not only to repay existing loans, but also guarantees an adequate dividend to Shareholders and to pursue the growth strategy.
In this context, the company, in order to maintain or amend the capital structure, may pay dividends to Shareholders, acquire treasury shares on the market or issue new shares.
No substantial amendments were made to these objectives, to policies or to processes in 2018 or 2017.

Company risk management

The company will continue to prudently manage risks in all departments with careful monitoring in order to identify, reduce and eliminate such risk, therefore extensively protecting shareholder interests.

Financial risk management

Currency risk

During the years presented Zignago Vetro SpA has not undertaken exchange risk hedge operations as such transactions are not considered significant.

Credit and country risks

The credit risk represents the exposure of the Company to potential losses deriving from the non-compliance with obligations by trading partners; this activity is subject to ongoing monitoring within the normal management of business operations.

Zignago Vetro SpA only deals with well-known and reliable clients. Customers that request extensions of payment are subject to a credit rate check. Moreover, the collection of receivables is monitored during the year so that the exposure to losses is not substantial. Finally, in the case of new clients and some clients not operating within the EU, Zignago Vetro SpA obtains letters of credit and advance payment. The majority of receivables are covered by an insurance policy.

The company constantly evaluate political, social and economic risks in the areas in which they operate. No significant cases of non-fulfilment by trading partners have occurred and no significant credit risk by individual segment and/or client exists.

The trading partner credit risks are minimised through insurance instruments to protect against client insolvency or risks concerning the economic system in which the client operates.

Interest rate risk

The risk related to fluctuations in interest rates essentially concerns long-term loans agreed at variable rates.

Zignago Vetro SpA has undertaken Interest rate swaps whose notional value decreases exactly in line with the related loans (IRS) to hedge against interest rate risk.

The characteristics of the derivative contracts, their notional value and the market value at 31 December 2017 in Euro are as follows:

Company	Bank	Underlying	Date of signing	Notional at the reference date	Expiry	Market value at 31.12.2018
Zignago Vetro SpA	UBI	Loan	18/12/2014	3,827,776	18/12/2019	(20,272)
Zignago Vetro SpA	Mediobanca	Loan	21/01/2015	6,994,286	31/12/2020	(64,105)
Zignago Vetro SpA	Mediobanca	Loan	31/03/2015	9,325,714	31/12/2020	(85,473)
Zignago Vetro SpA	Unicredit	Loan	27/10/2017	43,000,000	31/12/2021	(388,636)
Zignago Vetro SpA	BNL	Loan	29/01/2018	34,000,000	29/01/2023	(404,361)
Zignago Vetro SpA	Intesa SanPaolo	Loan	13/02/2018	40,000,000	29/12/2023	(346,653)
Zignago Vetro SpA	Credit Agricole Friuladria	Loan	27/12/2018	10,000,000	29/12/2023	(95,019)
Total				147,147,776		(1,404,520)

The derivative instruments are utilised only with the intention of hedging, in order to reduce the interest rate risk. In compliance with IAS 39, the derivative financial instruments can be recorded in accordance with the "hedge accounting" method only when at the beginning of the hedge, the formal designation and documentation relating to the hedge exists, it is presumed that the hedge is highly effective initially and over the accounting periods. In the absence of these requirements, if the hedge accounting cannot be applied, the profits or losses deriving from the fair value of the derivative financial instruments are immediately recognised in the income statement, as per IAS 39.

Liquidity risk

The Company monitors the risk of a deficiency in liquidity utilising liquidity planning instruments. The Group objective is to maintain the balance between continuity of available funds and flexibility of utilisation through the use of instruments such as funding advances, advances on bank overdrafts and medium/long-term loans. Funding is widely available thanks to the strong rating assigned to the Company and the group.
The table below summarises the financial liabilities at 31 December 2018 on the basis of the contractual payments not discounted.

(Euro thousands)	2018				
43,465	Less than three months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Medium/long-term loans	---	---	109,568	---	109,568
Bank loans and borrowings - current portion	24,323	36,700	1,405	---	62,428
Trade and other payables	59,722	---	---	---	59,722
Other current liabilities	14,529	---	---	---	14,529
Current income taxes	---	2,322	---	---	2,322
Total	98,574	39,022	110,973	---	248,569

Against payables due within three months, the company may avail of liquidity of Euro 20 million and payables to banks due within 12 months may be extended with the current lenders.

The same profile at 31 December 2017 was as follows:

(Euro thousands)	2017				
31 December 2017	Less than three months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Medium/long-term loans	---	---	117,621	---	117,621
Bank loans and borrowings - current portion	14,177	23,391	946	---	38,514
Trade and other payables	39,135	---	---	---	39,135
Other current liabilities	13,488	---	---	---	13,488
Current income taxes	---	---	---	---	---
Total	66,800	23,391	118,567	---	208,758

Risks concerning fluctuations in energy prices and in particular of methane gas

Zignago Vetro SpA is exposed to fluctuations in energy purchase costs, a significant cost component in the glass sector. Where this risk is considered as significant, hedging operations may be undertaken in order to convert the variable cost into a fixed cost, which reduces the impact of fluctuations.
From 2012, the supply of electricity at the Fossalta di Portogruaro plant is guaranteed by Zignago Power Srl, a wholly-owned subsidiary of Zignago Holding SpA, which has constructed a natural biomass plant.
Zignago Vetro SpA in 2018 also agreed supply contracts at fixed prices, in line with the production programmes. The exposure of the Company to the risk of fluctuations in energy prices is therefore considered marginal.

Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149 of CONSOB Issuer's Regulations, reports the payments made in 2018 for audit and any other services carried out by the audit firm and entities associated with the audit firm.

(Euro thousands) Type of service	Company providing the service	Company	Fees 2018
Legally-required audit	Auditor of the Parent	Parent	87
Other services	Parent audit firm network	Parent	18
		sub)	105
Legally-required audit	i) Auditor of the Parent	Subsidiaries	8
	ii) Parent audit firm network	Subsidiaries	67
Legally-required audit	i) Third Party Auditor	Jointly held companies	---
	ii) Parent audit firm network	Jointly held companies	---
Other services	i) Auditor of the Parent	Subsidiaries	---
	ii) Parent audit firm network	Subsidiaries	---
		sub)	75
		Total	180

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2018

There were no significant events after 31 December 2018.

OUTLOOK

Based on the information available, demand in the sectors in which the Group operates is overall expected to remain at a good level, resulting in strong Group business volumes and results.

PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

We trust that you will be in agreement with the criteria for the preparation of the financial statements for the year ended 31 December 2018 and we invite you to approve them.

As the Legal Reserve has reached one-fifth of the share capital,
We propose also the allocation of the profit of Euro 34,035,292.92, as follows:

- to dividends the amount of as Euro 0.36 for each of the 87,691,025 ordinary shares	Euro	31,568,769.00
- to "Retained earnings" the residual amount of with this reserve amounting to Euro 46,976,833.72	Euro	2,466,523.92
	Euro	34,035,292.92»

Fossalta di Portogruaro, 13 March 2019

For the BOARD OF DIRECTORS
The Chairman
Mr. Paolo Giacobbo

Statement of the financial statements

(Art. 81-*ter* Consob Regulation

No. 11971/1999 and subsequent amendments

and additions)

Statement of the Financial Statements as per Article 81-*ter* of Consob Regulation No. 11971 of 14 May 1999 and subsequent amendments

1. The undersigned Paolo Giacobbo, CEO, and Roberto Celot, Executive Officer for Financial Reporting of Zignago Vetro SpA, also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998 state:

   ¶ the accuracy of the information on company operations and
   ¶ the effective application

   of the administrative and accounting procedures for the financial statements for the period from 1 January 2018 to 31 December 2018.

2. No significant aspect emerged concerning the above.

3. We also declare that:

3.1. the financial statements:

   a) are drawn up in conformity with the applicable international accounting standards recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
   b) correspond to the underlying accounting documents and records;
   c) provides a true and fair view of the financial position, financial performance and cash flow of the issuer.

3.2. The Directors' Report on operations includes a reliable analysis on the performance and operating result, as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which it is exposed.

Fossalta di Portogruaro, 13 March 2019

Zignago Vetro SpA

Mr. Paolo Giacobbo, Chief Executive Officer	Mr. Roberto Celot Executive Officer for Financial Reporting

SHAREHOLDERS' MEETING CALL

Those with the right to attend and vote are called to the Ordinary Shareholders' Meeting at the registered office of the company in Fossalta di Portogruaro (VE), Via Ita Marzotto, 8 on 29 April 2019 at 11 AM in first call and on 2 May 2019 at the same time and place in second call, to discuss and vote upon the following

AGENDA

1) Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.
   1.1 Review and approval of Annual Financial Statements for the year ended 31 December 2018, Directors' Report, Board of Statutory Auditors' Report and Independent Auditors' Report.
   1.2 Allocation of the profit
2) 2018 Remuneration Report – motions concerning the First Section, in accordance with Article 123-ter of Legislative Decree 58/1998 and Article 84-quater of Consob Regulation 11971/1999.
3) Authorisation for the purchase and utilisation of treasury shares, with prior revocation, where not utilised, of the previous Shareholders' Meeting motion of 27 April 2018;
4) Appointment of the Board of Directors:
   4.1 Establishment of the number of Board members;
   4.2 Establishment of the duration of office;
   4.3 Appointment of the Board of Directors;
   4.4 Establishment of Directors' remuneration;
   4.5 Authorisation of exercise of competitive activities as per Article 2390 of the Civil Code;
5) Appointment of the Board of Statutory Auditors for the three-year period 2019-2020-2021:
   5.1 Appointment of the Board of Statutory Auditors;
   5.2 Appointment of the Chairman of the Board of Statutory Auditors
   5.3 Establishment of remuneration for the Board of Statutory Auditors.
6) Proposal to authorise a share-based incentive plan concerning the ordinary shares of Zignago Vetro S.p.A. called the "2019-2021 Stock Option Plan".

SHARE CAPITAL AND VOTING RIGHTS

The share capital subscribed and paid-in amounts to Euro 8,800,000.00, comprising 88,000,000.00 ordinary shares, each with a nominal value of Euro 0.10. At the date of the present call notice, the company holds 308,975 treasury shares in portfolio, comprising 0.3511% of the share capital, for which the voting right is suspended. Any change in treasury shares will be communicated at the Shareholders' Meeting.

Each ordinary share assigns the right to one vote at the Shareholders' Meeting (excluding ordinary treasury shares for which the voting right is suspended in accordance with law). However, the Shareholders' Meeting of April 28, 2015 amended Article 8 of the By-Laws, introducing the loyalty shares mechanism, as per Article 127-*quinquies* of the CFA. In particular, in accordance with the stated Article 8, two votes are assigned to each ordinary Zignago Vetro share held by the same shareholder of the company for a continuous period of at least 24 months, from their registration in a special list, set up and maintained by the company at the registered office. For the list of

Shareholders maturing loyalty share voting rights, reference should be made to the website www.gruppozignagovetro.com, Investors section - Loyalty Shares".
At the date of the call notice, exercisable voting rights totalled 145,275,351.

RIGHT TO ATTEND AND VOTE AT THE SHAREHOLDERS' MEETING

In accordance with Article 83-*sexies* and Legislative Decree 58/98 (the "CFA") those who have sent to the company the relative communication through an authorised intermediary based on the accounting records on the seventh trading day before the Shareholders' Meeting, therefore 16 April 2019, have the right to attend and vote at the Shareholders' Meeting. Those who hold shares only after 16 April 2019 will not have the right to attend or vote at the Shareholders' Meeting. The Communication of the intermediary must be received by the Company by the end of the third trading day before the Shareholders' Meeting is held in first call (therefore by 24 April 2019). The right to attend and vote at the Shareholders' Meeting remains valid if the communication of the above-stated intermediary is sent to the Company outside the stated time period, although by the beginning of the relative Shareholders' Meeting.

PROXY REPRESENTATION AND VOTING

Each shareholder who has the right to attend the Shareholders' Meeting can be represented by written proxy in accordance with current regulations. For this purpose, a proxy form is available at the registered office of the company, on the company internet www.gruppozignagovetro.com, Investors - Shareholders' Meeting section, and through authorised intermediaries. The form may be sent to the registered office of the company at Via Ita Marzotto, 8, Fossalta di Portogruaro (VE) for the attention of Mr. Roberto Celot (Investor Relation Manager) or through fax to 0421/246401. Prior notice does not exempt the proxy granted the right to attend the shareholders' meeting from the obligation to declare, in good faith, conformity with the original notified copy and to identify the principal. In accordance with applicable regulations, the proxy must maintain the original proxy form and any voting instructions received for one year from the conclusion of the shareholders' meeting. Proxy may also be conferred, in accordance with law, electronically through a document signed in electronic form in accordance with Article 20, paragraph 1-*bis*, of Legislative Decree No 82 of 7 March 2005.
In accordance with the Company By-Laws, a designated agent has not been appointed for the Shareholders' Meeting in accordance with Article 135-*undecies* of Legislative Decree No. 58 of 24 February 1998.
Voting may not take place through correspondence or electronic means.

SUPPLEMENTS TO THE AGENDA AND PRESENTATION OF NEW PROPOSALS

In accordance with Article 126-*bis* of Legislative Decree 58/98 shareholders who, also jointly, represent at least one-fortieth of the share capital, may apply to supplement the Shareholders' Meeting Agenda within 10 days of publication of the present notice, indicating the further matters proposed or by presenting proposals concerning matters already on the Agenda. The request must be sent in writing to the registered office of the company at Via Ita Marzotto, 8, Fossalta di Portogruaro (VE) for the attention of Mr. Roberto Celot (Investor Relations Manager) or through fax to 0421/246401. Within the above-stated timeframe certification confirming ownership of the holding, approved by an intermediary who holds the accounts where the shares of the requesting party are registered, must be sent together with a report containing the reasons for resolutions on new matters to be added to the agenda by the applicant, or the reasoning for the further proposals on matters already on the agenda. Supplementation is not permitted for matters on which the Shareholders' Meeting will vote, in accordance with law, on proposals of the directors or concerning projects or reports other than those prepared in accordance with Art.125 *ter* paragraph 1 of the CFA. The above-stated report, supplemented by any evaluations by the Board of Directors, will be made available to the public at least 15 days before the Shareholders' Meeting using the same means as for the publication of the present notice and the other Shareholders' Meeting documentation, together with the publication of the agenda supplementation notice or the presentation of further proposals on matters already on the Agenda.

RIGHT TO SUBMIT QUESTIONS REGARDING MATTERS ON THE AGENDA

In accordance with Article 127-*ter* of Legislative Decree No. 58/98, those with the right to vote may submit questions regarding the matters on the agenda, also before the Shareholders' Meeting, through registered email to assembleezignagovetro@legalmail.it within three days prior to the Shareholders' Meeting in first call (therefore by 26 April 2019). In order to exercise this right, certification by the intermediary confirming the right to vote must be sent to the Company. For questions submitted, responses will be made at the latest during the meeting itself. Responses may be provided in written form at the Shareholders' Meeting and made available to all those with voting rights at the beginning of the Shareholders' Meeting.

APPOINTMENT OF THE BOARD OF DIRECTORS

In accordance with Article 15 of the By-laws, it is announced that the members of the Board of Directors are elected on the basis of slates of candidates, in accordance with the following procedures:

- Shareholders who represent at least 2.5% of the paid-in and subscribed share capital at the date of the presentation of the slate (a threshold confirmed by Consob executive motion No. 13 of 24 January 2019) can present a slate of candidates with no more candidates than those to be elected, progressively numbered;
- Each shareholder may present or be a candidate on only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder pact as per Article 122 of Legislative Decree No. 58 of February 24, 1998 and subsequent modifications and additions, the parent company, subsidiary companies and those subject to the common control, also in the case in which they act through nominees or trust companies, may present and vote on only one slate. The votes in breach of this are not attributed to any slate. Each candidate can be presented only on one slate, at the risk of being declared ineligible;

- The slates must be filed at the registered office of the Company or through email to assembleezignagovetro@legalmail.it, at least 25 days before the date fixed for the Shareholders’ Meeting in first call (therefore by 4 April 2019). Together with each slate, within the time periods indicated above, (i) the information concerning the identity of shareholders presenting the slate and the percentage holding of such shareholders must be filed. The documentation declaring ownership for the presentation of slates, where not filed together with the slate, must be filed 21 days before the Shareholders’ Meeting (therefore by 8 April 2019); (ii) the declarations with which the individual candidates accept their candidature and attest to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office, including any possible declarations of independence required in accordance with the Self-Governance Code and regulations in force (iii) the curriculum vitae of each candidate, with indication of the offices held.
- Each slate must contain and expressly indicate the candidature of at least one party considered independent in accordance with Article 148, paragraph 3, of Leg. Decree No. 58 of February 24, 1998 as amended and Article 147-*ter*, paragraph 4, of the above-mentioned Leg. Decree 58/1998 (“**Independent Directors as per Article 147-*ter***”). In this regard, in accordance with Article IA.2.10.6 of the Instructions to the Regulation for Markets Organised and Managed by Borsa Italiana S.p.A., the number of independent directors should be considered sufficient in view of the total number of Directors on the Board;
- Each slate presenting a number of candidates equal to or above three must present a number of candidates from the under-represented gender (rounded upwards where required) which ensures, within the slate itself, compliance with the regulatory gender quota in force. Therefore, the slates presenting a number of candidates of three or above should be composed for at least one-third of candidates belonging to the under-represented gender;
- Slates presented in violation of the above rule are considered null. Finally, it is noted that Consob Communication DEM/901893 of February 26, 2009 recommends on the election of the Board of Directors that the shareholders presenting a “minority slate” file together with the slate of candidates a declaration stating the absence of relations, even indirect, as defined by Article 147-ter, paragraph 3 of the CFA and Article 144-quinquies of the regulation approved with Consob Motion No. 11971 of May 19, 1999, as subsequently amended and supplemented (the “Issuers’ Regulation”), with shareholders who hold, even jointly, a controlling or relatively significant holding.

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

In accordance with Article 20 of the By-laws the appointment of the Statutory Auditors is carried out based on slates presented by the shareholders according to the procedure set out below, in accordance with legislation in force, in order to ensure that the minority slate appoints a Statutory Auditor holding the position of the Chairman and an Alternate Auditor:
- Slates are presented in which the candidates are listed by progressive numbering. The slates comprise two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor;

- Only shareholders who, individually or together with others, represent at least 2.5% of the subscribed and paid-in share capital on presentation of the slate have the right to present slates, as confirmed by Consob executive motion No. 13 of 24 January 2019;
- Each shareholder may present only one slate; in case of breach, they are excluded from all slates. Shareholders belonging to the same shareholder pact as per Article 122 of Legislative Decree No. 58 of February 24, 1998 and subsequent modifications and additions, the parent company, the subsidiary companies and those subject to the common control, may present and vote on only one slate. The votes in breach of this are not attributed to any slate;
- each slate for the re-appointment of the Board of Statutory Auditors should present three or more candidates - both with regards to the Standing Auditor and Alternate Auditor sections - ensuring the presence of both genders and that candidates belonging to the under-represented gender comprise at least 1/3 of the total (with rounding upwards where required);
- the slates must be filed at the registered office of the Company or through email to assembleezignagovetro@legalmail.it, at least 25 days before the date fixed for the Shareholders' Meeting in first call (therefore by 4 April 2019);

In the case where only one slate is filed at the expiry date of the term for presentation of the slates, or slates are only presented by related shareholders pursuant to the applicable directives, slates can be presented up to the third day subsequent to such date, therefore until Sunday 7 April 2019. In this case, the threshold established for the presentation of the slate is reduced by half (1.25%).

Together with each slate, within the time period stated above, the information concerning the identity of shareholders presenting the slate and the percentage holding held by them must be filed. The documentation declaring ownership for the presentation of slates, where not filed together with the slate, must be filed 21 days before the Shareholders' Meeting (ii) the declarations with which the individual candidates accept their candidature and attest to the inexistence of causes of ineligibility and of incompatibility and the existence of the requisites required by regulations in force for the assumption of office (iii) the curriculum vitae of each candidate, with indication of the offices held. In addition to that established by the previous points, in the case of the presentation of a slate by shareholders other than those who hold, also jointly, a controlling or majority holding of the share capital of the Company, such slates must be accompanied by a declaration of the shareholders presenting, declaring the absence of association with one or more of the main shareholders, as defined by existing regulations. Those wishing to present slates for the appointment of the Board of Statutory Auditors are requested to comply with the recommendations drawn up by Consob in Communication No. DEM/9017893 of 26 February 2009, to which reference should be made.

- Slates presented that do not comply with all of the above formalities are considered as not presented;
- All those entitled to vote shall vote for only one slate.

The slates shall be made available to the public through publication on the company website and the 1Info authorised storage mechanism at www.1Info.it, within twenty-one days before the date of the Shareholders' Meeting, therefore by 8 April 2019.

DOCUMENTATION

Documentation relating to the Shareholders' Meeting, including the reports of the Board of Directors and the proposals regarding the matters of the Agenda, will be made available to the public under the terms and conditions and in the manners established by the applicable regulations, with shareholders and those with voting rights permitted to obtain a copy.

This documentation will be available at the registered office of the company, on the website www.gruppozignagovetro.com in the Investors section, as well as at the storage mechanism 1Info at www.1info.it. Specifically:

- from today, the Illustrative Report on the appointment of the Board of Directors, the appointment of the Board of Statutory Auditors and the authorisation for the purchase and utilisation of treasury shares;
- by 29 March 2019, the Annual Financial Report, together with the Corporate Governance and Ownership Structure Report prepared in accordance with Article 123-*bis* of Legislative Decree 58/1998, the Board of Statutory Auditors' Report, the Auditors' Report, the Non-Financial Report and the Remuneration Report prepared in accordance with Article 123-*ter* of Legislative Decree 58/1998 and the other documentation required by Article 154-*ter* of Legislative Decree No. 58/98;
- on 29 March 2019, the Illustrative Report on the proposal concerning the "2019 - 2021 Stock Option Plan", drawn up as per Article 114-*bis*, of Legs. Decree 58/98 and the Disclosure Document prepared as per Article 84-*bis*, Consob Issuers' Regulation, drawn up as per Annex 3A, Table 7, Issuers' Regulation;

ORGANISATIONAL ASPECTS

The shareholders are kindly requested to register at least one hour before the commencement of the Shareholders' Meeting.

Fossalta di Portogruaro, 13 March 2019

For the Board of Directors
Mr. Paolo Giacobbo

SUMMARY OF THE SHAREHOLDERS' MEETING RESOLUTIONS

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Board of Statutory Auditors Report

(Art. 153 – Legislative Decree No. 58 of 24 February 1998)

BOARD OF STATUTORY AUDITORS' REPORT

to the Shareholders' Meeting of ZIGNAGO VETRO SpA

on the year 2018

prepared pursuant to Article 153 of Legislative Decree No. 58/1998

Dear Shareholders,

this report concerns the activities carried out by the Board of Statutory Auditors of Zignago Vetro Spa (hereafter the "Company" and together with its subsidiaries, the "Group") in the financial year ending 31 December 2018 (hereafter the "Financial Year").

1.- In carrying out its activities of supervision and control, the Board of Statutory Auditors communicates that it:

- oversaw compliance with law, the By-Laws and with the principles of correct administration, in compliance with the applicable regulation, taking account of the conduct principles issued by the Italian Accounting Profession (Consiglio nazionale dei Dottori Commercialisti ed Esperti Contabili);
- participated at the Shareholders' Meeting, the meetings of the Board of Directors, the Related Parties Committee and the Control and Risks Committee and received from the Directors periodic information on the general operating performance, on the outlook, on the major transactions with economic, financial and equity impact approved and implemented during the financial year by the company and by the group companies, also in compliance with Article 150, paragraph 1 of Legislative Decree No. 58 of 24 February 1998 ("C.F.A.2"). This information is adequately presented in the Directors' Report, to which reference should be made.
  The Board can reasonably assure that the actions deliberated and taken are in conformity with law and the By-Laws of the company and were not imprudent, risk related, in potential conflict of interest or contrary to the deliberations taken by the Shareholders' Meeting or such as to compromise the integrity of the company assets; The motions of the Board of Directors are executed by management and by the organisation while ensuring maximum compliance;
- verified the absence of atypical or unusual operations as defined by Consob communication DEM/6064293 of 28 July 2006, both with regards to the Group companies and the related parties or third parties, while not receiving indications in this regard from the Board of Directors, from the independent audit firm, in addition to the director in charge of the internal control and risk management system.
- noted that standard operating procedures currently implemented within the Group ensure that the transparency and substantial and procedural correctness are such as to ensure that the terms of all related party transactions respect current market conditions. With regards to inter-company and related party transactions, the notes to the financial statements provide adequate disclosure with regards to the features of the transactions and the relative financial statement effects. Their review did not highlight any critical issues concerning their appropriateness and responsiveness to the company and Group interest. In this regard, the Board of Statutory Auditors indicates that the company has adopted related party transaction procedures in compliance with Consob Regulation No. 17221 of 12 March 2010 and Consob

Communication of 24 September 2010. The Board of Statutory Auditors verified compliance of the procedures adopted with the principles of the Regulation, in addition to their observance;

- acquired information and supervised, in relation to our duties, on the effectiveness of the company's organisational structure, the adherence to principles of best practice and on the organisational development of the Group through the collation of information from the managers of the relevant company departments and through meetings with the independent audit firm, also for the exchange of relevant information and data. These activities did not highlight any irregularities;
- oversaw and verified, to the extent of its responsibility, the adequacy of the administrative-accounting system, in addition to its reliability to correctly represent operating events
  Based on the analyses carried out and the information obtained from various meetings with the Executive Director responsible for the internal control and risk management system, with the Internal Control Manager, with the Executive Responsible for Financial Reporting and with the Internal Audit Manager, and through attendance at the Control & Risks Committee and Supervisory Board meetings of Zignago Vetro SpA, the adequacy and reliability of the internal control and risk management system was established.
- met with the representatives of the independent audit firm appointed to execute the legally-required audit, for the exchange of significant data and information, to be informed on the main risks to which the company is exposed and upon the relative mitigation measures implemented, in addition to checks on the proper keeping of the accounting records and the recording of operating events. No significant observations emerged from the meetings, neither on their part or on our part;
- oversaw, according to the means for concrete implementation of that established in the Self-Governance Code of listed companies adopted by the company, according to the terms outlined in the corporate governance and ownership structure report, approved by the Board of Directors of 13 March 2019. The Board of Statutory Auditors also verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its members, in addition to the independence of the individual members of the Board of Statutory Auditors, as established by the Code.
- established that the company has implemented the necessary actions and measures to maintain and update the Organisational Model as per Legislative Decree No. 231 of 8/6/2001 in line with its functions and applicable law. The Supervisory Board reported to the Internal Control Committee and the Board of Directors upon its activities and did not communicate any significant matters
- verified the adequacy with which instructions were given by the parent to the principal subsidiary companies for the transmission of the necessary information to ensure compliance with law and the correct implementation of the financial disclosure process.

As the Internal Control and Audit Committee, in accordance with Article 19 of Legislative Decree No. 39 of 27 January 2010, as amended by Legislative Decree No. 135 of 17 July 2016, in implementation of directive 2014/56/EC, the Board of Statutory Auditors during the year:

a) monitored the financial disclosure process, which was considered appropriate in terms of its integrity;
b) monitored the legally-required audit of the statutory and consolidated financial statements and liaised with the independent audit company to assess the work plan prepared, its implementation and the results of the audit process;
c) verified the proper compilation of the financial statements, of the consolidated financial statements and the directors' report as per Article 40, paragraph 2/bis of Legs. Decree No. 127/91 reported in a single document, in addition to their compliance with law, through direct verifications and the information obtained from the Independent Audit Firm;
d) executed the supervisory functions set out under Article 19 of Legislative Decree 39/2010 and informed the Board of Directors, as per Article 19, paragraph 1, of the above-mentioned decree, on the outcome of the legally-required audit;
e) verified and monitored the independence of the Independent Audit Firm as required by statutory law and, in particular, with regards to the adequacy of their non-audit services, as per Article 5 of Regulation (EC) No. 537/2014.

In 2018, the Board of Statutory Auditors met on 7 occasions, while attending also the meetings of the Board of Directors, the Control and Risks Committee and the Related Parties Committee.

Taking account of the information acquired, the Board of Statutory Auditors considers that operations were carried out in accordance with the principles of correct administration and that the organisational structure, the internal controls system and the administrative-accounting system are overall adequate to company needs.

2.- With regards to relations with the Independent Audit Firm, KPMG Spa, the Board of Statutory Auditors, as Internal Control and Audit Committee reports:

a) The reports of the Independent Audit Firm, KPMG SpA, issued today, on the statutory and consolidated financial statements at 31 December 2018 of Zignago Vetro SpA, prepared in accordance with Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation EC 537/2014 express an opinion without exceptions.
b) the Independent Audit Firm, KPMG SpA, also today sent to the Board of Statutory Auditors, in its role of Internal Control and Audit Committee, the additional report as per Article 11, paragraph 1 of Regulation EC 537/2014. This report shall be sent to the Board of Directors as provided for in the applicable regulation
c) the Independent Audit Firm, KPMG SpA in addition issued today, the report on the Consolidated non-financial report at 31 December 2018, prepared in accordance with Legislative Decree No. 254/2016 and Article 5 of Consob Regulation No. 20267 of 18 January 2018, with which it states that elements have not come to its attention indicating that the Non-financial report of the Zignago Vetro Group, relating to the year ending 31 December 2018 has not been prepared, for all significant aspects, in compliance with Articles 3 and 4 of this Decree.
d) the Independent Audit Firm, KPMG SpA, issued today, the statement regarding its independence, as required by Article 6 of Regulation (EC) 537/2014, indicating no situations which may compromise such independence. Finally, the Board notes that the Transparency report prepared by the independent audit firm and published on its website in accordance with Article 18 of Legislative Decree 39/2010.

e) the Independent Audit Firm, KPMG SpA, and the companies belonging to the KMPG SpA network, in addition to the duties established by the regulation for listed companies, as indicated in the Notes to the consolidated financial statements, received additional assignments for other audit services, whose fees are reported as an annex to the financial statements, as required by Article 149-*duodecies* of the Issuers' Regulation. Services other than auditing are approved in advance by the Board of Statutory Auditors, which assesses their appropriateness and benefit in accordance with the criteria of Regulation EC 537/2014.

   Noting the statement of independence issued by KPMG SpA and the transparency report produced, in addition to the appointments assigned other than the audit, the Board of Statutory Auditors considers that no critical aspects exist in terms of KPMG SpA's independence.

3. - The Board of Statutory Auditors is not aware of any events or notices which require reporting to the Shareholders' Meeting. In the course of the activities carried out and based on the information obtained, no omissions, matters, irregularities or circumstances that would require reporting to the Supervisory Authority or mention in the present report were noted.

4.- The Board of Directors communicated in a timely manner to the Board of Statutory Auditors the financial statements and the Directors' Report. To the extent of its remit, the Board of Statutory Auditors notes that the formats adopted are legally compliant, in line with the accounting standards adopted, described in the notes, are adequate in relation to the activities and transactions carried out by the company and report that the financial statements correspond to the events and information which the Board of Statutory Auditors has become aware during its attendance at the meetings of the corporate boards and in the course of its oversight activities.

5.- The Board of Statutory Auditors expresses a positive opinion on the Annual Remuneration Report, available on the company website. This Report in addition outlines the 2019-2020 long-term monetary incentive plan addressed to the Executive Directors and the Senior Executives.

6.- The Board of Statutory Auditors indicates that Zignago Vetro SpA is controlled by Zignago Holding S.p.A., which holds 65% of the share capital. The corporate governance and shareholder report illustrates the reasons for which Zignago Vetro SpA is considered not to be subject to the direction or management of Zignago Holding SpA.

The Board of Statutory Auditors, taking account of the results of the specific duties carried out by the independent audit firm with regards to accounting controls and the reliability of the statutory financial statements, in addition to the oversight activities carried out, expresses a favourable opinion on the approval of the statutory financial statements at 31 December 2018.

Fossalta di Portogruaro, 28 March 2019

THE BOARD OF STATUTORY AUDITORS

Ms.	Alberta Gervasio	Chairman
Mr.	Stefano Meneghini	Statutory Auditor
Mr.	Carlo Pesce	Statutory Auditor

Attachment to the

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF 29 APRIL 2019

In accordance with article 144.5 of the Issuers' Regulations (Consob Regulation enacted through Legislative Decree 58/98) the list of offices that each of the members of the Board of Statutory Auditors hold, at the date of publication of the supervisory activities report prepared in accordance with article 153, paragraph 1 of Legislative Decree No. 58/98, in companies under Book V, Chapter V, Heading V, VI and VII of the civil code, are listed.

Ms. Alberta Gervasio

<u>List of offices held</u>:

1. Chairman of the Board of Statutory Auditors of Zignago Vetro SpA until approval of the financial statements at 31/12/2018;

<u>Board of Directors Appointments:</u>

2. Chief Executive Officer of Bluenergy Group Spa, until approval of the financial statements at 30/06/2019;
3. Sole Director of Bluenergy Home Service Srl with expiry on revocation;
4. Vice Chairman and Chief Executive Officer of Rettagliata Gas e Luce Spa until approval of financial statements at 30/09/2019;
5. Executive Director of Bluenergy Assistance Srl with expiry on revocation;
6. Chief Executive Officer of Rettagliata Tech Srl, until approval of the financial statements at 30/06/2019;
7. Executive Director of C.I.EL. Impianti Srl with expiry on revocation;

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with Article 116 of Legislative Decree No. 58/98: 1

  Total number of offices held: 8

Mr. Stefano Meneghini

List of offices held:

1. Office of Statutory Auditor of Multitecno Srl until approval of the financial statements at 31/12/2017;
2. Office of Chairman of the Board of Statutory Auditors of SVIR SpA– Trust and Audit Company until approval of the financial statements at 31/12/2017;
3. Office of Statutory Auditor of Vetro Revet Srl until approval of the financial statements at 31/12/2019;
4. Office of Statutory Auditor of CenterVue Srl until approval of the financial statements at 31/12/2019;

   Board of Directors Appointments:

5. Sole Director of Comast Srl with expiry on revocation;
6. Managing partner of the company Montecchio Bardi Sas di Meneghini Stefano & C..

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with article 116 of Legislative Decree No. 58/98: 1.
- Total number of offices held: 6.

Mr. Carlo Pesce

List of offices held:

1. Chairman of the Board of Statutory Auditors of Zignago Holding SpA, until approval of the financial statements at 31/12/2020;
2. Office of Statutory Auditor of Zignago Vetro SpA until approval of the financial statements at 31/12/2018;
3. Office of Chairman of the Board of Statutory Auditors of Carraro SpA until approval of the financial statements at 31 December 2020;
4. Chairman of the Board of Statutory Auditors of Banca di Credito Cooperativo di Venezia Padova Rovigo – Banca Annia until approval of Financial Statements at 31/12/2019;
5. Chairman of the Board of Statutory Auditors of NICE Group SpA, until approval of the financial statements at 31/12/2020;
6. Office of Statutory Auditor of the Board of Statutory Auditors of Santa Margherita e Kettmeir e Cantine Torreselle SpA until approval of the financial statements at 31/12/2020;
7. Office of Statutory Auditor of Vetri Speciali SpA until approval of the financial statements at 31/12/2019;
8. Office of Chairman of the Board of Statutory Auditors of Eurospital SpA until approval of the financial statements at 31/12/2018;
9. Office of Statutory Auditor of Polymnia Venezia Srl until approval of the financial statements at 31/12/2018;
10. Office of Statutory Auditor of CEU SpA until approval of the financial statements at 31/12/2019;

11. Office of Statutory Auditor of Probest Service SpA until approval of the financial statements at 31/12/2019;
12. Office of Statutory Auditor of Multitecno Srl until approval of the financial statements at 31/12/2020;
13. Office of Statutory Auditor of S.M. Tenimenti Pile e Lamole e Vistarenni e San Disdagio Srl – Agricultural company until approval of the financial statements at 31/12/2020;
14. Office of Chairman of the Board of Statutory Auditors of Cantina Mesa S.r.l. Società Agricola until approval of the financial statements at 31/12/2019;
15. Office of Chairman of the Board of Statutory Auditors of Finkappa Srl until approval of the financial statements at 31/12/2019;
16. Office of Chairman of the Board of Statutory Auditors of B-Age Nice S.p.A. until approval of the financial statements at 31 December 2021;
17. Member of the Board of Auditors of the Venice Foundation, concluding on 29/09/2020[1];
18. Member of the Supervisory Board of Huta Szkła "Czechy" S.A.;

<u>Board of Directors Appointments:</u>

19. Office of Chairman of the Board of Directors of BLM S.p.A. until approval of the financial statements at 31 December 2020;
20. Office of Chairman of the Board of Directors of Adige S.p.A. until approval of the financial statements at 31 December 2020;
21. Office of Chairman of the Board of Directors of Adige-Sys S.p.A. until approval of the financial statements at 31 December 2020;
22. Office of Sole Director of Immobiliare Tre B Srl until revocation;
23. Director of ACB Group SpA, until approval of the financial statements at 31 December 2018.

No offices concluded in the last five-year period are reported nor those of alternate auditor.

- Number of offices held in Italian companies with shares listed on Italian regulated markets or of other European Union countries and with companies issuing financial instruments to the public in a significant degree in accordance with Article 116 of Legislative Decree No. 58/98: 2.
- Total number of offices held: 23.

Fossalta di Portogruaro, 29 March 2019

THE BOARD OF STATUTORY AUDITORS

Ms. Alberta Gervasio	Chairman
Mr. Stefano Meneghini	Statutory Auditor
Mr. Carlo Pesce	Statutory Auditor

Independent

Auditors' Report

(Arts. 14 and 16 of Legislative Decree No. 39 of 27/1/2010)

The attached auditors' report and the related separate financial statements are in accordance with the original version in the Italian language filed at the registered office of Zignago Vetro SpA and published in accordance with law and, subsequent to this date, KPMG SpA has not undertaken any further audit work.

ZIGNAGO VETRO SpA

Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8