

Interim report at June 30, 2019

2019





Giampiero Pesenti

5 May 1931 - Bergamo 24 July 2019

Giampiero Pesenti died in Bergamo during the night of July 24. Engineer. Eighty-eight years, fifty of which lived intensely among the immense drafting offices of the technical department, the factories designed down to the smallest detail and therefore known in every detail, the rigorous white collar offices overlooking Bergamo Alta, the skyscraper in Paris from which you could see the Eiffel Tower, the boiserie of the sober Milan office where he sat as a managing director and president in 1984. The locations used by Giampiero Pesenti were rigorous, linear, discreet, without any ostentation. Only the small Dürer on the wall reflected the successful career of a large, historic family of entrepreneurs.

The "Short XXth Century" was the cradle of Italian entrepreneurship. During the twentieth century, especially in the second part, the transformation of Italy from a rural country to the seventh industrial power on Earth was largely thanks to the actions of the great Italian industrial families, the Agnelli, Pirelli, Orlando, Marzotto, Falck, Costa, Pesenti, but also the Sinigaglia and Mattei, to extraordinary bankers, like Mattioli, great financiers, like Cuccia, and great scientists, like Natta.

It was in this environment that Giampiero Pesenti was born and grew, a life that is the link between the values of that period and the globalization of the new millennium that he was able to anticipate in 1992 with the acquisition of Ciments Français. An operation that transformed Italmobiliare and Italcementi from a rich Italian cement company into a global player in the sector. A company that represented the largest acquisition of an Italian group abroad, the largest increase in capital ever seen by the Bourse de Paris, the most exciting growth of an Italian industrial company that in a single leap almost quadrupled its turnover. But it was not just a financial operation, it was above all a rigorous managerial initiative, lucid and determined. Small teams of engineers left from Bergamo with computers, cameras and notebooks to visit and analyze every single plant of the new group distributed in more than 20 countries with over 20 thousand employees. On their return, meetings in Bergamo and Paris redesigned the group's industrial structure. They were years of great sacrifice and rigor, in some cases even harsh; but the ambition to win the challenge was so strong in all group employees that soon the renunciations were replaced by an awareness of success. Giampiero Pesenti, an engineer, was also supported in this by some fundamental aspects of his character, the analytical examination of the issues to be addressed and the ability to dialogue with everyone with a natural inclusiveness. It is no coincidence that the first initiative of the large new group was the CTG, the Group Technical Center, where the best engineers and technicians from branches all over the world were brought together, because "value in our industry is generated by the efficiency of our plants". The second was the setting up of the Comex, or Executive Committee, composed of an equal number of Italians and French, where Giampiero Pesenti's role, especially to begin with, was to minimize the natural conflicts that historically characterize relations between these two nations.

But remembering Giampiero Pesenti only for the Ciments Français operation is too simplistic. Through Italmobiliare he was able to be an entrepreneur, not only for his business, but also for the country. His contributions were decisive in certain operations that at the time were defined as "systemic": he contributed to the defense of Mediobanca from the appetites of politicians by participating in the syndicate agreement that allowed its privatization; he cooperated in the privatization of what is now Unicredit, an operation of such magnitude that for a certain period the bank was the most important investment of the Italmobiliare holding company; he also worked on and took part in the refinancing of Montedison and the creation of the new Edison; but the most important thing in the almost institutional figure of Giampiero Pesenti was the rescue of Rizzoli-Corriere della Sera, acting as the president of its shareholder syndicate for nine years. The defense of the Corriere's autonomy is recognized by the editors who succeeded each other at the head of the newspaper. It was an environment often in eruption in which Giampiero Pesenti moved, thanks to his personal talents, to keep a world together that on the pages of the newspaper was often in conflict. One episode brings to mind the intellectual honesty of the Engineer and his extraordinary capacity for dialogue and consensus building around hot topics.

To a young journalist who asked him in Via Solferino what his preferences were for the management of the newspaper, he replied "you have to understand, I am president of the Syndicate, I do not declare my preferences, I summarize the preferences of the members". He lived the Corriere with the respect owed to one of the country's democratic institutions.

"Engineer Pesenti was a man of great honesty, a person you could trust even when there were differences of opinion," was how a great banker described him having shared half a century of personal and professional relationships. The ability to dialogue with the whole industrial and financial system of the country was also helped by his proverbial discretion, his silence, his non-ostentation of the role he played. He was a man who could stand in line, certainly in the front row, but in line.

He only ever wore the small rosette as a Cavaliere del Lavoro at the Quirinale reception on June 2, never at meetings of Confindustria of which he was vice president. He was not in the habit of showing off the many awards and honors that he had been awarded: Grand'Ufficiale della Repubblica, Cavaliere di Gran Croce, an honorary degree in Management Engineering from the University of Bergamo, of which he was president in the early nineties, promoting the transformation of the university into a state university. But his greatest emotion could be perceived when he gave his speech of thanks at the Donizetti Theatre of Bergamo when he was granted France's most prestigious honor: the Légion d'Honneur. In 2004. That was a historic year not only because marked the 140th anniversary of the foundation of Italcementi, or because the new great Calusco was inaugurated, or because the Fondazione Cav. Lav. Carlo Pesenti was set up, but above all because the group's operational leadership was transferred from Giampiero to his son Carlo. A transfer that had been prepared for a long time, as though following the rhythms of the father. A transfer that was accompanied discreetly until 2017 when Giampiero Pesenti left the presidency of Italmobiliare. The year before Italcementi was sold, another great operation, this time a sale. It was not an emotional decision nor one dictated by necessity, but a strategic interpretation of the changes that were transforming the cement sector at a global level: multibillion-dollar aggregations and more and more stringent development constraints, with increasingly aggressive players beginning to emerge, at a time when the rules of the game were becoming looser. The 1992 investment in Ciments Francais amounted to 1500 billion lire; fourteen years later the group was worth almost 7 billion euros.

"Italcementi and HeidelbergCement are two companies that have been operating in this sector for a century and a half - recalled Giampiero Pesenti. This long journey, with a huge wealth of technical and entrepreneurial knowledge, is now being united with a far-sighted decision that will ensure continuity and growth for both companies. From our history we have inherited values that entrepreneurial capacity has been able to put to use by creating a large international group. An entrepreneur knows that the important thing is to guarantee the future development of the business, rather than insisting on continuity of control over it." The entrepreneur goes beyond the individual personality: the entrepreneur and his initiatives can belong to a collective entity.

The resources deriving from this sale will allow Italmobiliare to travel a new important section of Italy's future entrepreneurial development from a different perspective. At the service of the growth and development of new and significant Italian companies to which to confer not only financial resources, know-how, business values, but above all people. "People are any company's real capital. Plants can be bought, financing can be found, but people, their knowledge, their culture and their passion are rare commodities that must be cultivated day after day" he said in his thank-you speech for the Légion d'Honneur.

Many adjectives have been used to describe Giampiero Pesenti, both in life and in death, but one noun sums him up more than any other: Engineer. Even in his personal affections, he was deep and solid.

Interim report
at June 30, 2019
July 31, 2019

ITALMOBILIARE
Società per Azioni
Head Office: Via Borgonuovo, 20
20121 Milan – Italy
Share Capital € 100,166,937
Milan Companies Register

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The Half-year financial report has been translated from Italian into English solely for the convenience of international readers. The original Italian document should be considered the authoritative version.

Corporate bodies

Board of Directors

(Term ends on approval of financial statements at 12.31.2019)

Laura Zanetti	1-7	Chairperson
Livio Strazzerà	1-7	Deputy Chairman
Carlo Pesenti	1-2	Chief Executive Officer - Chief Operating Officer
Vittorio Bertazzoni	3-6	
Giorgio Bonomi	4	
Mirja Cartia d'Asero	4-5-6	
Valentina Casella	4-5-6	
Elsa Fornero	5-6	
Sebastiano Mazzoleni		
Luca Minoli	1	
Chiara Palmieri	1-3-6	
Clemente Rebecchini	7	
Antonio Salerno	6	
Paolo Sfameni	3-6	
Afra Casiraghi		Secretary to the Board

Board of Statutory Auditorse

(Term ends on approval of financial statements at 12.31.2019)

Standing statutory auditors

Francesco Di Carlo	Chairman
Angelo Casò	
Luciana Ravicini	

Substitute statutory auditors

Alberto Giussani	
Paolo Ludovici	
Giovanna Rita	

Manager in charge of financial reporting

Mauro Torri

Independent Auditors

Deloitte & Touche S.p.A.

1 Member of the Executive Committee

2 Director in charge of the internal control and risk management system

3 Member of the Remuneration and Nomination Committee

4 Member of the Risks and Sustainability Committee

5 Member of the Committee for Transactions with Related Parties

6 Independent director (pursuant to the Code of Conduct and Legislative Decree no. 58, February 24, 1998)

7 Independent director (pursuant to Legislative Decree no. 58, February 24, 1998)

Company officers and delegation of powers

The current Board of Directors was elected at the Shareholders' Meeting of April 19, 2017, to hold office for the three-year period 2017-2019, that is, until approval of the financial statements as at and for the year ending December 31, 2019. The shareholders established the number of directors at 14.

On the same date, the Board appointed the company officers and assigned their powers.

The company By-laws provide the board to be invested with full powers for the management of the company's ordinary and extraordinary operations. Therefore, the Board may perform all acts and draw up all dispositions that it deems appropriate for the attainment of the corporate purpose, with the sole exception of those acts and dispositions that, by law, are expressly reserved for the Shareholders.

The company By-laws attribute the **legal representation** of the company, severally, to the chairman, the Deputy chairman and the Chief Executive Officer.

Within the Board of Directors, the allocation of powers is as follows:

- to the **Executive Committee** all the powers and the assignments of the Board of Directors, except for those that the law and the By-laws do not allow to be delegated, to be exercised with a limit of 300 million euro, as deliberated most recently on June 7, 2018. The resolutions of the Executive Committee shall be reported to the Board of Directors at their next meeting;
- to the **Chair**, Laura Zanetti, in addition to the duties contemplated by the By-laws, among others the duty to present proposals for deliberation by the Board of Directors and/or the Executive Committee, to oversee and enforce compliance with the principles of Corporate Governance enacted by the company, to oversee the regularity of the meetings and activities of the corporate bodies and to oversee the activities of the Chief Operating Officer with respect to real estate management. Also, the powers to negotiate and conclude any real estate transaction or contract for the purchase-sale, for real estate trade-ins and divisions, for easements or real estate rights in general, accepting and requesting registrations, cancellations and annotations of mortgages, waiving legal mortgages and exonerating the keepers of property registers from all liability and with the power to appoint, for each transaction or contract, one or more representatives in her place with all the relevant powers, with a limit of 20 million euro signed jointly with the Chief Operating Officer;
- to the **Deputy chairman**, Livio Strazzera, the sole powers of legal representation, in accordance with the By-laws;
- to the **Chief Executive Officer and Chief Operating Officer**, Carlo Pesenti, among others, the duty to present proposals for deliberation by the Board of Directors and/or the Executive Committee; to oversee the execution and implementation of investment plans drawn up by the Board of Directors and/or the Executive Committee; to supervise the management policies and the corporate development strategies of Italmobiliare and the main companies controlled directly or indirectly; to oversee and guide the operations of Italmobiliare and the main subsidiaries; to establish the guidelines for management of the main companies in which Italmobiliare directly or indirectly holds an equity investment enabling it to exert significant influence; to supervise the company organization and propose key organizational changes to the Board of Directors. Also, among others, in addition to the powers of representation envisaged by the By-laws, the powers to undertake any administrative act and measure concerning the management of the company, among which to carry out credit

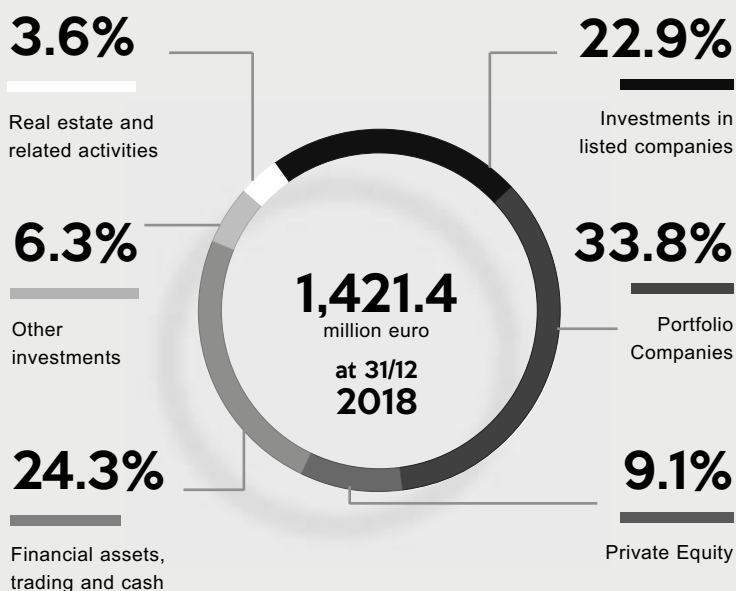
and securities transactions, to undertake in the name of the company bonds of any kind including bonds secured by collateral, to accept guarantees, to grant collateral and guarantees in favor of third parties provided that such third parties are direct or indirect subsidiaries or associates of Italmobiliare, to purchase and sell government securities, bonds, land, stocks, company shareholdings, to carry out repurchase agreements and advances against securities. The powers assigned to the Chief Operating Officer may be exercised within a limit of 20 million euro per transaction; the powers assigned to the Chief Executive Officer may be exercised within a limit of 20 million euro, with the exception of financing transactions and transactions on derivatives, which may be exercised within a limit of 50 million euro, and sales of instruments of listed companies which may be exercised within a limit of 100 million euro per trading day. The Chief Executive Officer – Chief Operating Officer may be qualified as the officer with chief responsibility for the management of the company.

Net Asset Value 2018 at 31/12/2018

(not including treasury shares in portfolio)

Changes in the portfolio composition

Iseo	IN
Caffè Borbone	IN



	(million euro)
• Investments in listed companies	326.0
• Portfolio Companies	480.1
• Private Equity	128.8
• Financial assets, trading and cash	344.9
• Other investments	90.2
• Real estate and related activities	51.4
Total NAV at December 31, 2018	1,421.4
Nav per share	33.9€

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Portfolio Companies



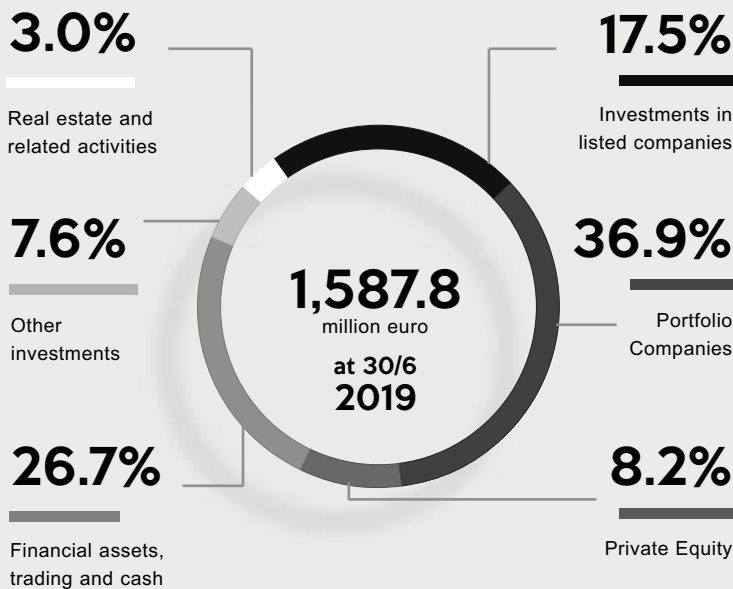
Net Asset Value 2018 at 30/6/2019

(not including treasury shares in portfolio)

Changes in the portfolio composition

Autogas Nord

IN



	(million euro)
● Investments in listed companies	278.5
● Portfolio Companies	586.4
● Private Equity	130.3
● Financial assets, trading and cash	424.1
● Other investments	120.5
● Real estate and related activities	48.0
Total NAV at June 30, 2019	1,587.8
Nav per share	37.9€

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Investments



Private Equity



Introduction

The interim report for the six months ended June 30, 2019 has been prepared in accordance with article 154 ter, par. 2/3/4, of Legislative Decree no. 58 of February 24, 1998 and subsequent amendments. In compliance with paragraph 3, the condensed interim financial statements are presented in consolidated form.

The changes in international financial reporting standards (IFRS) and related interpretations (IFRIC) during the period, applicable to this interim report, are as follows:

- IFRS 16 "Leases" issued in January 2016;
- Amendments to IFRS 9 "Prepayment features with negative compensation" issued in October 2017;
- IFRIC 23 "Uncertainty over income tax treatments" issued in June 2017;
- Amendments to IAS 28 "Long-term interest in associates and joint ventures" issued in October 2017;
- Annual improvements cycle to IFRS 2015-2017 issued in December 2017;
- Amendments to IAS 19 "Plan amendment, curtailment or settlement" issued in February 2018.

The new IFRS 16 "Leases" came into force on January 1, 2019. This standard replaces IAS 17 and introduces a single accounting model for lease contracts in the lessees' financial statements according to which the lessee recognizes an asset that represents the right to use the underlying asset and a liability that reflects the obligation to pay the lease instalments. Lessor accounting is substantially the same as that of IAS 17, whereby the lessor continues to classify leases as operating leases or finance leases. The Group has applied IFRS 16 since January 1, 2019 using the modified retrospective approach without restating the comparative information for 2018.

The new standard has impacts, particularly on the net financial position and the gross operating profit, which will be reported later in this document when significant.

During the first half of 2019, there were changes in the consolidation area following Italmobiliare SpA's acquisition of a 27% stake in Autogas Nord SpA and the incorporation of Franco Tosi Ventures Srl as a wholly-owned subsidiary of Italmobiliare SpA.

Net Asset Value

At June 30, 2019 the Net Asset Value (NAV) of Italmobiliare SpA (as defined and reconciled in Annex 1), excluding treasury shares, amounted to 1,587.8 million euro (1,421.4 million euro at December 31, 2018) and consists of the following activities:

(in millions of euro)	June 30, 2019	% of total	December 31, 2018	% of total
Listed equity investments ¹	278.5	17.5%	326.0	22.9%
Portfolio Companies ²	586.4	36.9%	480.1	33.8%
Other equity investments ³	120.5	7.6%	90.2	6.3%
Private equity funds	130.3	8.2%	128.8	9.1%
Properties and related assets	48.0	3.0%	51.4	3.6%
Financial assets, trading, cash and cash equivalents	424.1	26.7%	344.9	24.3%
Total Net Asset Value*	1,587.8	100.0%	1,421.4	100.0%

¹ The category "Listed equity investments" comprises the main equity investments in listed companies (HeidelbergCement AG and Mediobanca S.p.A.).

² Portfolio Companies "include the equity investments in Sirap-Gema S.p.A., Italgem S.p.A., Caffè Borbone S.r.l., Clessidra SGR S.p.A., Tecnica Group S.p.A., Iseo Serrature S.p.A. and Autogas Nord S.p.A.

³ The category "Other equity investments" includes also the investments in Crédit Mobilier de Monaco SA, SES S.p.A. and SESAAB S.p.A., which were previously included in "Portfolio Companies".

* The criteria applied by us for calculating the NAV may be different from the one adopted by other companies, therefore figures presented by us may not be comparable with those used by other groups.

Compared with December 31, 2018, the main changes in the composition and value of NAV, which increased by 166.4 million euro, are mainly related to:

- listed equity investments (-47.5 million euro), due to the sale of HeidelbergCement AG and Mediobanca SpA shares which took place during the period at a value of € 142.2 million (with a positive effect on reserves of 28.8 million euro) and an increase in the fair value of the remaining shares (66.0 million euro);
- portfolio companies, due to the acquisition of Autogas Nord (+60.0 million euro) and an increase in the fair value of Caffè Borbone and Tecnica Group, partially offset by a negative change in the fair value of Sirap (overall +48.4 million euro);
- other equity investments, mainly due to the fair value adjustment of the Jagger investment following the sale to the Cinven fund as announced (100 million dollars, equivalent to approximately 88 million euro).

For the change in financial assets, trading and cash and cash equivalent, please refer to the comments on Italmobiliare SpA's results.

At June 30, 2019, Italmobiliare SpA's NAV per share, excluding treasury shares, amounted to 37.9 euro with an increase of 11.72% compared with December 31, 2018.

NAV at June 30, 2019 was computed by following a specific procedure based on valuations by independent experts, taking into account:

- the market price of investments in listed companies at June 30, 2019;
- the value of non-listed companies, determined on the basis of commonly used valuation methods (DCF and/or market multiples) or, whether sufficient information for the application of the methods envisaged by the International Private Equity and Venture Capital (IPEV) valuation guidelines is not available and/or their consistency can be considered immaterial, taking into account their net equity as resulting from the latest approved financial statements, determined according to IAS/IFRS or local accounting standards;
- the market value of real estate assets;
- the deferred tax effect, if any.

The Independent Auditors have performed a limited assurance engagement based on ISAE 3000 to verify that valuation methods adopted by the Directors for calculating the NAV were in line with the IPEV guidelines, their conclusions are included in the Report.

Key consolidated figures for the first half to for the six months ended June 30, 2019

(in millions of euro)	H1 2019	H1 2018	Change %
Revenue and income	278.3	216.7	28.4
Gross operating profit	52.1	19.0	n.s.
<i>% of revenue</i>	<i>18.7</i>	<i>8.8</i>	
Amortization and depreciation	(13.7)	(8.3)	(66.3)
Fair value gains (losses) on non-current assets	0.0	3.3	n.s.
Operating profit	38.3	14.0	n.s.
<i>% of revenue</i>	<i>13.8</i>	<i>6.5</i>	
Net finance income (costs)	(2.5)	(0.8)	n.s.
Fair value gains (losses) on financial assets	0.0	0.0	n.s.
Share of results of equity-accounted investees			
	(2.6)	(3.0)	13.9
Profit before tax	33.2	10.2	n.s.
<i>% of revenue</i>	<i>11.9</i>	<i>4.7</i>	
Tax	(8.7)	13.8	n.s.
Profit (loss) relating to continuing operations	24.5	23.9	2.6
Profit (loss) relating to discontinued operations net of tax effects			
	0.0	0.0	n.s.
Profit (loss) for the period	24.5	23.9	2.6
<i>attributable to:</i> Owners of the parent company	19.1	22.3	(14.5)
Non-controlling interests	5.4	1.6	n.s.
Capital expenditure	91.7	375.5	

n.s.: not significant

(in millions of euro)	June 30, 2019	December 31, 2018
Total equity	1,414.3	1,302.3
Equity attributable to owners of the parent company	1,312.3	1,202.5
Net financial position	287.9	222.3
Number of employees at period end	1,791	1,799

The balances for the first half of 2019 have been affected by first-time adoption of IFRS 16, with an increase in amortization and financial charges of 2.0 million euro and 0.1 million euro respectively and a reduction in operating costs related to lease payments for about 2.1 million euro.

The economic indicators of continuing operations for the first half of 2019 are as follows:

- **Revenue and income:** 278.3 million euro compared with 216.7 million euro for the first half of 2018 (+28.4%);
- **Gross operating profit:** 52.1 million euro compared with 19.0 million euro for the first half of 2018;
- **Operating profit:** 38.3 million euro compared with 14.0 million euro for the first half of 2018;
- **Profit before tax:** 33.2 million euro compared with 10.2 million euro for the first half of 2018.

At June 30, 2019 **Total equity** amounts to 1,414.3 million euro, while the **Equity attributable to the owners of the parent company** amounts to 1,312.3 million euro, compared with 1,302.3 million euro and 1,202.5 million euro respectively at December 31, 2018.

In the first half of 2019 financial and industrial **investments** were made for a total of 91.7 million euro, down by 283.8 million euro compared with the same period in 2018 (375.5 million euro).

The **Consolidated financial position** at June 30, 2019 shows a positive cash balance of 287.9 million euro, compared with 222.3 million euro at the end of December 2018. The positive change of 65.6 million euro is mainly due to the flow of operating activities (44.6 million euro), investments and divestments (respectively equal to -91.7 and +160.0 million euro), payment of dividends (-26.3 million euro) and other changes (-21.0 million euro).

The **Gross operating profit**, equal to 52.1 million euro, increased by 33.1 million euro compared with June 30, 2018 (19.0 million euro), mainly due to the positive contribution made by Italmobiliare and Caffè Borbone.

The **Operating profit**, after amortization and depreciation that were higher than in the first half of 2018, amounts to 38.3 million euro (14.0 million euro in the same period of 2018).

Finance costs and other items

Net finance costs increased by 1.7 million euro, from 0.8 million euro in the first half of 2018 to 2.5 million euro in the first six months of 2019.

The caption does not include the finance income and costs of Italmobiliare and the other finance companies as they form part of their core business and are therefore presented in line items included in the gross operating profit.

The share of results of equity-accounted companies is negative for 2.6 million euro (negative for 3.0 million euro in the first half of 2018) mainly because of the negative contribution of the Tecnica Group, due to the seasonal nature of the business.

Profit for the period

The above figures generated a profit before tax of 33.2 million euro in the first half of the year (compared with 10.2 million euro at June 30, 2018).

After deducting tax of 8.7 million euro (which were positive for 13.8 million euro in the first half of 2018 thanks to the recognition of tax benefits on prior-years tax losses and deductible temporary differences), the result from continuing operations is a profit of 24.5 million euro (23.9 million at June 30, 2018).

Overall, the Group reported a profit for the first half of 2019 of 24.5 million euro (23.9 million euro in the first half of 2017), of which 19.2 million euro attributable to parent company (22.3 million euro in the same period of 2018) and 5.4 million euro attributable to non-controlling interests (1.6 million euro in the same period of 2018).

Revenue and operating results of continuing operations for the six months ended June 30, 2019

Contribution to consolidated revenue and income

(net of intragroup eliminations)

	H1 2019		H1 2018		Change	
(in millions of euro)		%		%	%	% ¹
Business segments						
Italmobiliare	32.2	11.6	31.8	14.7	1.2	1.2
Caffè Borbone	85.9	30.9	23.3	10.7	n.s.	n.s.
Sirap	135.6	48.7	136.1	62.8	(0.4)	-
Italgen	16.3	5.9	17.7	8.2	(7.6)	(7.6)
Tecnica Group	-	-	-	-	-	-
Autogas Nord	-	-	-	-	-	-
Iseo	-	-	-	-	-	-
Other companies	8.2	2.9	7.8	3.6	5.6	5.6
Total	278.3	100.0	216.7	100.0	28.4	28.7

¹ on a like-for-like basis and at constant exchange rates

Revenue and operating results by segment

(in millions of euro)	Revenue		Gross operating profit (loss)		Operating profit (loss)	
	H1 2019	% change vs H1 2018	H1 2019	% change vs H1 2018	H1 2019	% change vs H1 2018
Business segments						
Italmobiliare	45.3	9.7	20.5	n.s.	20.1	n.s.
Caffè Borbone	85.9	n.s.	25.1	n.s.	20.7	n.s.
Sirap	135.6	(0.4)	8.3	19.7	1.4	(80.9)
Italgen	16.3	(7.6)	5.0	59.6	3.2	n.s.
Tecnica Group	-	-	-	-	-	-
Autogas Nord	-	-	-	-	-	-
Iseo	-	-	-	-	-	-
Other companies	9.8	6.5	3.0	n.s.	2.5	n.s.
Inter-segment eliminations	-14.6	34.7	(9.8)	16.5	(9.6)	16.0
Total	278.3	28.4	52.1	n.s.	38.3	n.s.

n.s. = not significant

The positive change in revenue and income, equal to 28.4% compared with the first half of 2018 (net of the exchange rate effect of -0.3%, whereas at constant exchange rates and consolidation area revenue and income increased by 28.7%) was helped in particular by the positive results of the subsidiary Caffè Borbone (+62.6 million euro) which only contributed for two months in the first half of 2018, having been acquired in May 2018. If Caffè Borbone had been consolidated from January 1, 2018, the change would only have been 19.0 million euro.

Gross operating profit amounts to 52.1 million euro and is well up compared to the first half of 2018 (19.0 million euro). In particular, the change is mainly attributable to Caffè Borbone (+18.6 million euro) and Italmobiliare (+10.3 million euro).

After amortization of 13.7 million euro, which increased compared to the first half of 2018, the operating result for the period is 38.3 million euro, showing a significant increase compared with the same period in 2018 (14.0 million euro).

Breakdown of consolidated profit by segment

(in millions of euro)	June 2019	% of total	June 2018	% of total
Business segments				
Italmobiliare	9.2	48.3	25.9	n.s.
Caffè Borbone	8.2	42.9	2.5	11.1
Sirap	(0.8)	(4.2)	6.9	30.9
Italgen	2.5	12.9	(1.7)	(7.7)
Tecnica Group	(7.2)	(37.9)	(3.0)	(13.4)
Autogas Nord	2.7	14.2	-	-
Iseo	1.1	6.0	-	-
Other companies	2.1	11.1	0.5	2.3
Elimination of dividends and intragroup gains/losses	1.3	6.7	(8.8)	(39.4)
Profit (loss) for the period attributable to owners of the parent company	19.1	100.0	22.3	100.0

Statement of comprehensive income

In the first half of 2019, continuing operations total comprehensive income amounting to 113.6 million euro (negative for 102.7 million euro in the first half of 2018) arising essentially as follows:

- positive adjustments to FVTOCI assets for 126.9 million euro;
- negative change in the tax component for 12.7 million euro.

Taking into account the profit for the period of 24.5 million euro and the components mentioned above, total comprehensive income for the period amounts to 138.2 million euro (negative for 78.7 million euro in the first half of 2018).

The statement of comprehensive income forms part of the consolidated financial statements.

Reclassified statement of financial position

(in millions of euro)	June 30, 2019	December 31, 2018
Property, plant and equipment + investment property	168.5	157.4
Intangible assets	348.9	352.0
Other non-current assets	725.2	696.7
Non-current assets	1,242.6	1,206.1
Current assets	666.3	554.7
Discontinued operations	6.5	6.2
Total assets	1,915.4	1,767.0
Equity attributable to owners of the parent company	1,312.3	1,202.5
Non-controlling interests	102.0	99.8
Total equity	1,414.3	1,302.3
Non-current liabilities	292.0	266.3
Current liabilities	208.6	198.2
Total liabilities	500.6	464.5
Liabilities directly linked to discontinued operations	0.5	0.2
Total equity and liabilities	1,915.4	1,767.0

Equity

Total equity at June 30, 2019 amounts to 1,414.3 million euro, showing an increase of 112.0 million euro since December 31, 2018. Equity attributable to owners of the parent company has increased by 109.8 million euro, while equity attributable to non-controlling interests is up by 2.2 million euro. The overall change was due to:

- the profit for the period of 24.5 million euro;
- the change in the fair value reserve on equity investments measured at FVOCI for +104.5 million euro, net of the related tax effect;
- sales of FVTOCI investments during the period (+9.7 million euro);
- dividends paid for 26.3 million euro.

At June 30, 2019, Italmobiliare SpA's share capital stood at 100,166,937 euro, represented by 42,500,000 ordinary shares.

At June 30, 2019, following the cancellation of 5,133,800 treasury shares as mentioned in the paragraph significant events, Italmobiliare SpA holds 552,070 ordinary treasury shares, equal to about 1.3% of the share capital.

Net financial position

At June 30, 2019, the net financial position positive for of 287.9 million euro, shows an increase of 29.5% compared with the situation at December 31, 2018 (222.3 million euro). It should also be noted that the Group's net financial position was negatively affected for 13.1 million euro by first-time adoption of IFRS 16.

Breakdown of the net financial position

(in millions of euro)	June 30, 2019	December 31, 2018
Current financial assets	478.7	380.6
Current financial liabilities	(87.3)	(83.3)
Non-current financial assets	31.5	38.5
Non-current financial liabilities	(135.3)	(113.9)
Debt relating to assets held for sale	0.3	0.4
Net financial position	287.9	222.3

Condensed statement of cash flows

(in millions of euro)	H1 2019	H1 2018
Net financial position at beginning of period	222.3	494.8
Cash flow from operating activities	44.6	(12.4)
Capital expenditure:		
<i>PPE, investment property and intangible assets</i>	(22.0)	(5.3)
<i>Non-current financial assets</i>	(69.7)	(370.2)
Capital expenditure	(91.7)	(375.5)
Proceeds from sale of non-current assets	160.0	12.9
Dividends paid	(26.3)	(23.1)
Change in investments in subsidiaries	-	94.6
Change in treasury shares	-	-
Structure and translation differences	(0.3)	47.3
Other changes	(20.7)	(6.1)
Net cash flows for the period	65.6	(262.3)
Cash flows relating to discontinued operations	-	-
Net financial position at end of period	287.9	232.7

Investments

(in millions of euro)	Non-current financial assets		PPE and investment property		Additions to intangible assets		Total capital expenditure	
	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Business segment								
Italmobiliare	69.7	17.6	0.6	0.1	0.2	-	70.5	17.7
Caffè Borbone	-	336.1	2.6	0.6	0.1	-	2.7	336.7
Sirap	-	16.5	12.7	2.8	0.1	0.7	12.8	20.0
Italgen	-	-	1.5	1.4	0.1	-	1.6	1.4
Other companies	-	-	4.8	-	-	-	4.8	-
Inter-segment eliminations	-	-	(0.5)	-	-	-	(0.5)	-
Total capital expenditure	69.7	370.2	21.7	4.9	0.5	0.7	91.7	375.5

Group investments during the period totalled 91.7 million euro, down by 283.8 million euro compared with the first half of 2018 (375.5 million euro), which included the investment for the acquisition of Caffè Borbone, prior to the subsequent disposal of 40%.

Non current financial investments, amounting to 69.7 million euro (370.2 million euro in the first half of 2018), mainly refer to the investments made for the acquisition of the stake in Autogas Nord and the further capital call by the BDT Fund II.

The investment flows for PPE and investment property amount to 21.7 million euro and mainly refer to Sirap (12.7 million euro, of which 9.2 due to IFRS 16) and Clessidra (4.8 million euro, of which 4.4 due to IFRS 16).

Disposals made by the Group during the first half of 2019 amounted to 160.0 million euro and mainly refer to the sale of HeidelbergCement and Mediobanca shares.

Italmobiliare S.p.A.

Business and financial performance

(in millions of euro)	H1 2019	H1 2018	Change %
Revenue and income	45.3	41.1	10.2
Gross operating profit	21.5	10.2	n.s.
<i>% of revenue</i>	47.4	24.9	
Amortization and depreciation	(0.4)	(0.3)	(25.0)
Impairment losses on non-current assets	-	-	-
Operating profit	21.1	9.9	n.s.
<i>% of revenue</i>	46.6	24.2	
Net finance income (costs)	-	0.8	n.s.
Impairment losses on financial assets	(10.5)	-	n.s.
Profit before tax	10.6	10.7	(1.0)
<i>% of revenue</i>	23.4	26.0	
Income tax (expenses)	(1.4)	14.4	n.s.
Profit (loss) for the period	9.2	25.1	(63.3)

n.s. = not significant

(in millions of euro)	June 30, 2019	December 31, 2018
Equity	1,330.5	1,230.1
Net financial position	424.1	344.9
Employees (headcount)	37	37

Results in accordance with the financial model

Given the specific nature of the company, in order to allow a full understanding of the company's performance, the table below sets out its results in the format normally used for financial companies. The table shows that:

- "Net gains (losses) on equity investments" include the dividends received from the investments valued at FVTOCI. With regard to equity investments in subsidiaries and associates, this item includes both dividends and gains/losses realized on sales, as well as any impairment losses;
- "Net gains (losses) on investments of liquidity" include interest income on bank coupons and deposits, impairment gain or losses on bonds and trading equities measured at FVTPL, gains/losses realized on the sale of trading securities, income/ expenses on trading derivatives and investment funds measured at FVTPL and "net borrowing costs". "Net borrowing costs" consist essentially of interest expenses on borrowings, bank commissions and costs;
- "Other income and expenses" include personnel expenses and operating expenses for the financial structure, net of amounts recovered from other Group companies or third parties.

(in millions of euro)	H1 2019	H1 2018	Change %
Net gains (losses) on equity investments	10.1	18.7	(46.0)
Net gains on investments of liquidity equivalents	12.1	3.5	n.s.
Total finance income/costs	22.2	22.2	0.0
Other expenses	(11.6)	(11.5)	(0.9)
Income tax (expenses)	(1.4)	14.4	n.s.
Profit (loss) for the period	9.2	25.1	(63.3)

n.s. = not significant

	June 30, 2019	December 31, 2018
Equity	1,330.5	1,230.1
Net financial position	424.1	344.9

Net gains (losses) on equity investments are positive for 10.1 million euro, down compared with 18.7 million euro at June 30, 2018, mainly due to the write-down of certain equity investments.

Gains and losses on investments of liquidity amount to 12.1 million euro (3.5 million euro in the first half of 2018). The positive change of 8.6 million euro is mainly due to the positive performance of trading investments and funds.

Other income and expenses show a negative balance of 11.6 million euro, in line with the first half of 2018.

After tax of 1.4 million (14.4 million at June 30, 2018), the result for the first half of the year was a profit of 9.2 million euro (25.1 million at June 30, 2018), mainly due to the activation of tax benefits on prior years tax losses and temporary differences deductible in 2018.

Equity at June 30, 2019 amounted to 1,330.5 million euro, increased by 100.4 million compared with December 31, 2018 (1,230.1 million) mainly due to:

- the increase in the fair value of the FVTOCI investments for 104.5 million euro (net of the tax effect);
- sales of FVTOCI investments during the period (+9.5 million euro);
- dividends paid for 23.1 million euro;
- a profit for the period of 9.2 million euro.

Net financial position

(in millions of euro)	June 30, 2019	December 31, 2018
Current financial assets	413.0	329.1
Current financial liabilities	(16.3)	(11.8)
Current net financial position	396.7	317.3
Non-current financial assets	27.7	27.6
Non-current financial liabilities	(0.3)	0.0
Medium/long-term financial position	27.4	27.6
Net financial position	424.1	344.9

In the first half of 2019 the net financial position of Italmobiliare SpA increased by 79.2 million euro, going from 344.9 million euro at December 31, 2018 to 424.1 million euro at the end of June 2019, mainly allocated to the Vontobel Fund with a conservative risk profile consistent with the company's investment policies. The main flows include the sale of HeidelbergCement and Mediobanca shares (+142.2 million euro), partially offset by the acquisition of Autogas Nord SpA (-60.1 million euro).

Significant events during the period

In January, agreement was reached for Italmobiliare's entry into the Autogas Group, at the same time agreeing the terms for the acquisition of Lampogas. Italmobiliare, which has invested 60 million euro in the deal, becomes a shareholder, with an interest of around 27%, in a group with a total turnover of approximately 500 million euro. With the purchase of Lampogas, Gruppo Autogas has significantly strengthened its presence in the national market for the distribution of LPG, at the same time rapidly expanding its overall offer in the energy sector.

The Ordinary and Extraordinary Shareholders' Meeting of April 17, 2019 approved the proposal to cancel 5,133,800 out of a total of 5,685,870 treasury shares currently held by the Company (11.9% of the share capital), without reducing the share capital and using available reserves. After the cancellation, the number of shares in issue fell from 47,633,800 to 42,500,000: Italmobiliare holds 552,070 treasury shares, equal to 1.3% of the share capital. The shareholders also renewed the authorization for the purchase and disposal of treasury shares for the following 18 months.

Lastly, the Shareholders' Meeting also confirmed Paolo Sfameni as a director. He was previously co-opted by the Board on July 31, 2018 and will remain in office until the end of the Board of Directors' mandate with the approval of the financial statements at 31 December 2019; as recommended by the Board of Statutory Auditors, it also appointed Deloitte & Touche SpA as independent auditors for the years 2019-2027, as KPMG SpA's engagement for the period 2010-2018 had expired.

The Board of Directors of Italmobiliare SpA updated the Company's Bylaws on June 18, 2019 in accordance with regulatory requirements.

Litigation and disputes pending

A description of the main legal and tax disputes involving Italmobiliare S.p.A. is provided in the relevant section on page 41.

Outlook

The business outlook for Italmobiliare S.p.A. is explained in the relevant section on page 42.

Main financial assets of Italmobiliare S.p.A.

HeidelbergCement

During the first half of the year, the stock rose by 33.1%, higher than both the global sector reference index, the building materials sector (+22%), and the German stock exchange index (+17.4%). Against a general rise in prices of the sector index, supported by a prevalent increase in cement volumes and prices and a low average energy price, the stock also benefited from below-average valuation multiples compared with its competitors. The positive performance by the stock has allowed a reduction in the exposure held.

Mediobanca

In the first half of 2019 the stock turned in a performance of +22.9%, higher than the Eurozone banking sector index (+6.4%) and the FTSE MIB reference index (+19.9%). The rise was bolstered by the general appreciation of stock market prices and the bank's better fundamentals (capital strength and profitability) compared with the sector average. The company took advantage of the rise in price for reducing its exposure to the stock by about half of the position in portfolio.

Jaggaer

As announced in the press release issued on July 8, 2019, Italmobiliare, together with Accel-KKR (a US private equity firm focused on software and services with a technological content), will sell to Cinven (an international private equity firm) its 9.5% stake in Jaggaer, a company operating in the software platform sector for eProcurement and spend management, acquired as a reinvestment following the sale of BravoSolution at the end of 2017 for 35 million euro. The investment is held through the vehicle company SciQuest Topco.

The deal, which is expected to be completed by the end of the third quarter of 2019 with the go-ahead of the competent antitrust authorities, values Italmobiliare's investment at around 100 million dollars (88 million euro) before taxes on the capital gain and any adjustments being defined, equal to the value of the binding offer received from Cinven.

Private equity funds

The Company has invested in a portfolio of selected Italian and international Private Equity funds with a view to diversifying sectors and geographical investments, including the CCPIII fund of Clessidra, the BDT Fund II, Aksia Capital IV and Isomer Capital I.

In the first half of 2019 the value of the Private Equity funds increased overall by 2.8 million euro, mainly due to capital calls (9.5 million euro) and the increase in fair value (6.6 million euro), partially offset by repayments (-13.5 million euro).

Caffè Borbone

(60% interest)

Caffè Borbone S.r.l. processes and distributes own-brand coffee and is the third-largest player in Italy after Lavazza and Nespresso in single-dose coffee capsules and pods.

The income statement figures for the first half of 2018 shown here refer to the period from 3 May to 30 June 2018, from the date when the company entered into the consolidation area of the Italmobiliare Group.

Business and financial performance

(in millions of euro)	H1 2019	H1 2018*
Revenue and income	85.9	23.3
Gross operating profit	25.1	6.5
<i>% of revenue</i>	29.2	28.1
Amortization and depreciation	(4.3)	(0.3)
Operating profit	20.7	6.2
<i>% of revenue</i>	24.1	26.8
Net finance income (costs)	(0.6)	-
Profit (loss) before tax	20.1	6.2
<i>% of revenue</i>	23.4	26.9
Income tax (expenses)	(6.1)	(1.8)
Profit (loss) for the period	14.0	4.4
Capital expenditure	2.7	-

n.s. = not significant

(in millions of euro)	June 30, 2019	December 31, 2018
Total equity	254.7	249.2
Net financial position	(46.5)	(51.2)
Number of employees at period end	170	154

* Figures for May and June 2018

In the first six months of 2019, sales in Italy of single-dose coffee in the large-scale distribution channel achieved in the pod sector a growth of 6.4% in value and 12.5% in unit volume compared with the same period in 2018 (Nielsen data) and 7.2% in value and 14.2% in unit volume compared with the same period in 2018 (Nielsen data) in the capsule sector. There is reason to believe that the single-dose coffee market is achieving similar growth in the other sales channels as well.

Turnover in the first half of 2019 amounts to 85.9 million euro, while the gross operating profit was 25.1 million euro (29.2% of sales). This increase is due to both a decrease in the price of coffee compared with the same period of the previous year and to a lower proportion of advertising and commercial costs on sales.

In the first six months of 2019, Caffè Borbone showed an increase of 28% in turnover compared with the same period of 2018 with strong growth on all sales channels, particularly in large-scale distribution (+78% on the same period last year).

From the product point of view, in June 2019 pods grow overall by 20% compared with the same period of 2018, while capsules (coffee in single-dose units that are compatible with the main systems), compared with the same period of the previous year, improved overall by 34%.

Operating profit for the first half of 2019 amounted to 20.7 million euro (24.1% of sales).

The net financial position at June 30, 2019, after distributing dividends of 8.0 million euro and having paid income taxes of 4.7 million euro, is 46.5 million euro, with an improvement of 4.7 million of euro compared with December 31, 2018.

Investments made during the period amounted to 2.7 million euro and mainly refer to investments in machinery and packaging plants for the single-dose products and partial construction of a coffee roasting plant.

Significant events after the reporting period

There were no significant events after the reporting period.

Outlook

Continued growth in revenue is expected in the second half of 2019, helped by the diffusion of the recently introduced Dolcegusto and flavoured products and further expansion in large-scale distribution with the gross operating profit improving further.

Sirap

(100% interest)

Sirap is active in the production and sale of products for the packaging of fresh food through its subsidiaries in Italy and abroad.

Business and financial performance

(in millions of euro)	H1 2019	H1 2018	Change %
Revenue and income	135.6	136.1	(0.4)
Gross operating profit	8.3	7.0	19.7
<i>% of revenue</i>	<i>6.1</i>	<i>5.1</i>	
Amortization and depreciation	(6.9)	(5.9)	(17.8)
Fair value gains (losses) on non-current assets	-	6.2	n.s.
Operating profit (loss)	1.4	7.3	(81.0)
<i>% of revenue</i>	<i>1.0</i>	<i>5.4</i>	
Net finance income (costs)	(1.8)	(1.9)	5.8
Profit before tax	(0.4)	5.4	n.s.
<i>% of revenue</i>	<i>n.s.</i>	<i>4.0</i>	
Income tax (expenses)	(0.4)	1.5	n.s.
Profit (loss) for the period	(0.8)	6.8	n.s.
<i>attributable to:</i> Owners of the parent company	(0.8)	6.9	
Non-controlling interests	0.0	(0.1)	
Capital expenditure	3.6	3.5	

n.s. = not significant

(in millions of euro)	June 30, 2019	December 31, 2018
Total equity	30.5	31.0
Equity attributable to owners of the parent company	30.4	30.9
Net financial position	(94.8)	(82.3)
Number of employees at period end	1,451	1,471

Group results

Group revenue at June 30, 2019 amounted to 135.6 million euro, substantially in line with the 136.1 million euro reported in the first six months of 2018.

The group's gross operating profit in the first six months of 2019 amounted to 8.3 million euro, an increase of 1.3 million euro compared with 7.0 million euro in the first six months of the previous year. It should be noted that the two balances are not comparable due to the new accounting standard IFRS 16 the costs relating to operating leases were reclassified to depreciation, removing them from the gross operating profit; the effect of this on the first half of 2019 was 1.5 million euro.

Amortization and depreciation amounts to 6.9 million euro, up 1.0 million on the figure of 5.9 million at June 30, 2018, of which 1.5 million due to the different classification criteria resulting from the introduction of IFRS 16.

Operating profit amounts to 1.4 million euro, with no significant impact from "impairment losses on fixed assets"; at June 30, 2018 this item had a balance of 6.2 million euro (made the difference between the total fair value of the assets of the companies acquired, in accordance with IFRS 3, and their carrying amount) which had a considerable impact to the operating profit of 7.3 million euro; net of this item, there has been an increase of 0.3 million euro.

Net finance costs amounted to 1.8 million euro, compared to 1.9 million euro in the first half of last year.

The group's net result for the period, after paying taxes for 0.4 million euro (tax credit of 1.5 million euro in the first half of 2018), was a loss of 0.8 million euro versus a profit of 6.8 million euro in the same period last year, thanks to the non-recurring factors mentioned above.

Consolidated net financial debt at June 30, 2019 was 94.8 million euro, including the 15 million deposited to partially cover the fine imposed by the European Commission. The change of 12.5 million euro compared with the balance at December 31, 2018 (82.3 million euro), is due for 7.7 million euro to the adoption of IFRS 16 and for the rest to the increase in net working capital.

Consolidated shareholders' equity at June 30, 2019 amounted to 30.5 million euro, showing a decrease of 0.5 million compared with the balance of 31.0 million at December 31, 2018 due to the net loss for the period of 0.8 million euro, partially offset by the positive change in the translation and consolidation reserves of 0.3 million euro. The Group's investments in the first half of 2019 amounted to 3.6 million euro versus 3.5 million euro in the first half of last year.

Significant events after the reporting period

There were no significant events after the reporting period.

Litigation and disputes pending

With regard to the current proceeding with the European Commission (which began in 2008, for breaches of community competition laws on the plastic food packaging market), on July 11, 2019 the European Court decided on the appeal filed by Italmobiliare/Sirap Gema and subsidiaries against the decision of the European Commission to fine them a total of 35.9 million euro, all of which has been provided for in the financial statements.

The Court rejected the appeal, ordering the appellants to pay the costs of the proceedings, as is usual. With the support of the Group's legal advisors, an appeal will be presented to the EU Court of Justice within the time limits established by current legislation. This final level of judgement, conditioned by the definitive articulation of the proceeding that will be defined by the Court of Justice, will presumably last for at least another two years.

Outlook

Consumption on the group's key markets continues to show no appreciable signs of recovery and the price trend for raw materials is being constantly monitored. The Group is committed to implementing efficiency plans, which will also cover net working capital, to better respond to the challenges of a sector characterized by elements of market and regulatory discontinuity.

Italgen

(100% interest)

Italgen produces and distributes electric energy from renewable sources in the Italian market. Its production organization consists of 17 hydroelectric plants in Lombardy, Piedmont and Veneto, plus around 300 km of proprietary transmission lines in Lombardy and a non-controlling interest in Bulgaria (49% of two wind farms for a total of 18 MW).

Business and financial performance

(in millions of euro)	H1 2019	H1 2018	Change %
Revenue and income	16.3	17.7	(7.6)
Gross operating profit	5.0	3.1	59.6
<i>% of revenue</i>	30.8	17.8	
Amortization and depreciation	(1.8)	(1.8)	(1.7)
Fair value gains (losses) on non-current assets	-	(2.9)	n.s.
Operating profit	3.2	(1.6)	n.s.
<i>% of revenue</i>	19.4	n.s.	
Net finance income (costs)	0.1	0.4	(79.9)
Share of profit (loss) of equity-accounted investees	0.2	-	n.s.
Profit (loss) before tax	3.5	(1.2)	n.s.
<i>% of revenue</i>	21.3	n.s.	
Income tax (expenses)	(1.0)	(0.5)	n.s.
Profit (loss) for the period	2.5	(1.7)	n.s.
Capital expenditure	1.3	1.1	

n.s. = not significant

(in millions of euro)	June 30, 2019	December 31, 2018
Total equity	16.6	20.0
Net financial position	(28.3)	(21.0)
Number of employees at period end	73	77

Hydroelectric production in the first half amounted to 129.1 GWh, with a decrease of 13% compared with the first half of 2018 (148.4 GWh) due to low rainfall in the first quarter of 2019.

In the first half of 2019, revenue and income amounted to 16.3 million euro, down 7.6% compared with the first half of 2018 (17.7 million euro) mainly due to a decline in pass-through revenue (-1.6 million euro) only partially offset by higher revenue from the transport of electricity on the Lombardy Network (+0.2 million euro).

Gross operating profit amounted to 5.0 million euro, a distinct improvement compared with the first half of 2018 (+3.1 million euro).

After amortization and depreciation of 1.8 million euro, in line with the figure for the first half of 2018, the operating result is positive for 3.2 million euro (-1.6 million euro at June 30, 2018).

The profit for the first half amounted to 2.5 million euro (loss of 1.7 million euro at June 30, 2018), thanks to the positive exchange rate effect of the Egyptian branch (+0.3 million euro) and the positive contribution (+ 0.2 million) of Gardawind.

Net financial debt amounted to 28.3 million euro, up 7.3 million compared with December 31, 2018 (21.0 million), mainly due to the dividend paid to the Parent Company (6.0 million euro) and the investments made during the period (1.3 million euro). The flow deriving from operating activities (4.8 million euro) is substantially offset by the negative change in net working capital for 4.2 million euro (due to the extraordinary effect related to payment of the energy credit of 3.3 million euro linked to the transportation business).

The effect of first-time adoption of IFRS 16 (Leases) was also recognized during the half year, together with recognition to OCI of the fv changes of a derivative on forex accounted for using the hedge accounting method as per IFRS 9, generated an overall increase in net financial debt of 0.2 million euro.

Significant events after the reporting period

There were no significant events after the reporting period.

Outlook

Even though the first part of 2019 was strongly influenced by low rainfall, the company expects to close 2019 with higher margins compared with the previous year, thanks to a positive price effect and an improvement in operating efficiency generated by the recent completion of the automation and remote control project, considering rainfall in the second half in line with the ten-year historical averages for the period.

Tecnica Group

(40% interest)

Tecnica Group, in which Italmobiliare S.p.A. has a 40% interest, is a leading player in outdoor footwear and ski equipment, with well-known brands such as Tecnica, Blizzard, Lowa, Moon Boot, Rollerblade and Nordica.

The company is measured using the equity method. The data reported here are prepared in accordance with international accounting standards (IAS/IFRS) and may therefore differ from those published by the associate in its own consolidated financial statements prepared in accordance with the Civil Code and Italian accounting principles.

Group operations are subject to significant seasonality (revenue is generated largely between August and December) and the results of the first quarter are therefore not indicative of a full-year trend.

Business and financial performance

(in millions of euro)	June 30, 2019	June 30, 2018 *	Change %
Revenue and income	149.3	141.0	5.9
Industrial gross margin	50.7	44.5	13.9
<i>% of revenue</i>	<i>34.0</i>	<i>31.6</i>	
Gross operating profit	(1.0)	(6.9)	85.5
<i>% of revenue</i>	<i>n.s.</i>	<i>n.s.</i>	
Operating profit	(9.6)	(11.7)	17.9
<i>% of revenue</i>	<i>n.s.</i>	<i>n.s.</i>	
Profit (loss) for the period	(14.2)	(14.7)	3.4

* The figures for Tecnica Group at June 30, 2018 were consolidated by Italmobiliare in the third quarter of 2018.

(in millions of euro)	June 30, 2019	December 31, 2018
Total equity	48.7	63.9
Net financial position	(154.8)	(113.4)

In the first half of 2019, net sales for the group of 149.3 million euro increased by 8.3 million euro (+5.9%) compared with the same period of 2018. This increase is mainly due to the Lowa brand (7.5 million euro), a leader in outdoor footwear. The order book at the end of June confirms that there will be a growth for all of the brands: +5% for Nordica and Blizzard/Tecnica and +22% for Moonboot.

The industrial gross profit, equal to 50.7 million euro, improved by 13.9% compared with the same period in 2018 (44.5 million euro).

The operating result was a loss of 9.6 million euro due to the seasonality of the business, but this was still an improvement of +17.9% compared with June 30, 2018 (-11.7 million euro).

At June 30, 2019, the result for the period was a loss of 14.2 million euro (-14.7 million euro in the first half of 2018).

Group equity at June 30, 2019, of 48.7 million euro, was 15.2 million euro down on the figure at December 31, 2018 (63.9 million euro) as a result of the loss being generated during the period and the negative effects deriving from the valuation of outstanding derivatives designated in hedge accounting under IFRS 9.

The net financial position, equal to -154.8 million euro, showing a reduction compared to on December 31, 2018 (-113.4 million euro), mainly due to the FTA impact of IFRS 16 (negative for 35.2 million).

Significant events after the reporting period

On July 25, 2019 Tecnica Group reached an agreement for the acquisition of a further 15% of Lowa, bringing its stake to 75%. On the same date, the German subsidiary Lowa took over the entire capital of Riko Sport Srl, a company that specializes in the production of up-market footwear.

Riko Sport, with a turnover in 2018 of around 110 million euro and an EBITDA of over 10%, employs 1,900 people and produces around 12,000 pairs of shoes per day. The company has been Lowa's main supplier of light trekking shoes, outdoor, casual and children's footwear for several years, with production facilities in Slovakia.

The deal, worth a total of 81 million euro, will permit to simplify the governance structure and improve the financial profile of the Group, as well as to achieve synergies by integrating the two companies.

Outlook

In light of the existing order book, sales and gross operating profit are expected to be growth compared with 2018. The net financial position is also expected to improve compared with December 31, 2018, net of the effects of the acquisition.

Iseo

(40% interest)

Business and financial performance

(in millions of euro)	March 31, 2019*
Revenue and income	35.9
Gross operating profit	3.3
<i>% of revenue</i>	9.2
Operating profit	1.6
<i>% of revenue</i>	4.5
Profit (loss) for the period	0.7

n.s. = not significant

(in millions of euro)	March 31, 2019	December 31, 2018
Total equity	54.9	54.1
Net financial position	(35.7)	(30.4)

* Figures prepared in accordance with Italian accounting standards.

In October 2018, the Italmobiliare Group completed the acquisition of a 40% interest in Iseo, which therefore falls within the Group's consolidation area from the fourth quarter of 2018. The income statement figures shown in the table refer to the first quarter of 2019 as those for the first half are not yet available.

Iseo closed the quarter with revenue of 35.9 million euro, substantially in line with those of the same period of 2018 (35.6 million). The gross operating profit amounted to 3.3 million euro, down by 6% compared with the same period of 2018 (3.5 million euro), mainly due to the strengthening of the commercial structure dedicated to digital products, while the operating result, 1.6 million euro, saw a contraction of about 4.8% compared with the same period of the previous year (1.7 million euro).

At March 31, 2019, the net result was a profit of 0.7 million euro.

The net financial position at March 31, 2019 was negative for 35.7 million euro, worse than at December 31, 2018 (-30.4 million) due to the seasonal nature of the business.

Outlook

The company expects to close the year with an improvement in terms of both turnover and gross operating profit, thanks to a good performance on the part of mechanical products and an improvement in certain key geographical areas (such as the Middle East).

Autogas Nord

(27% interest)

Autogas Nord, in which Italmobiliare SpA has an interest that makes it an associate, following the acquisition of the Lampogas Group in January 2019, is today the second largest Italian operator in the LPG market in terms of volumes sold and since 2016 has been operating in the electricity and natural gas retail sales sector.

Autogas Nord's activity is highly seasonal with turnover generated mainly between October and March.

The income statement figures shown below refer to the first half of 2019.

Business and financial performance

(in millions of euro)	June 30, 2019*
Revenue and income	271.0
Gross operating profit	27.9
<i>% of revenue</i>	<i>10.3</i>
Operating profit	17.2
<i>% of revenue</i>	<i>6.4</i>
Profit (loss) for the period	10.3

n.s. = not significant

(in millions of euro)	June 30, 2019
Total equity	162.5
Net financial position	(136.4)

* Figures prepared in accordance with Italian accounting standards.

In the first half of 2019, revenues amounted to 271.0 million euro, up 4.4% compared with the same period of 2018, mainly due to an increase in volumes sold by the electricity and natural gas businesses, partially offset by a drop in the selling price of LPG because of a decrease in international list prices.

There was an increase in gross operating profit to 10.3% of revenues, up compared with the same period of 2018 (9.7%).

The net result amounted to 10.3 million euro and was affected by an increase in net finance costs caused by the increase in debt following the acquisition of the Lampogas Group.

At June 30, 2019, total equity amounted to 162.5 million euro, while net financial debt stood at 136.4 million euro.

Outlook

The company expects an improvement in margins, helped by the first positive effects of the integration with Lampogas, net of any unfavourable effects related to climate.

Other companies

As "Other Companies" of the Italmobiliare Group are included: a number of real estate companies, some service companies that operate essentially within the Group, a bank in the Principality of Monaco and Clessidra SGR SpA (an asset management company authorized and regulated by the Bank of Italy and leading private equity fund manager dedicated exclusively to the Italian market). The segment is of marginal importance within the Italmobiliare Group.

At June 30, 2019, overall revenue and income amounted to 9.8 million euro, 0.6 million euro up on the same period of 2018, with a gross operating profit of 3.0 million euro (0.6 million euro at June 30, 2018).

After amortization and depreciation of 0.5 million euro and taxes of 0.9 million euro, the half-year result was a positive for 1.8 million euro (0.5 million euro in the first half of 2018). The largest contributor to these results was Clessidra SGR S.p.A.

At June 30, 2019, 60 members of staff were employed in this sector compared with 61 at the end of 2018.

Clessidra SGR S.p.A.

Details of Clessidra SGR main income statement captions for half year of 2019 are set out below:

(in millions of euro)	H1 2019	H1 2018
Commission income	5.9	6.1
Net gains (losses) from financial assets	1.4	(0.8)
Total income	7.2	5.3
Administrative expenses	(6.1)	(6.0)
Other operating income and expenses	1.4	0.9
Operating profit	2.3	0.2
Income tax (expenses)	(0.8)	(0.1)
Profit (loss) for the period	1.5	0.1

	June 30, 2019	December 31, 2018
Equity	21.9	20.4

Total income of 7.2 million euro (5.3 million euro at June 30, 2018) is represented essentially by management commissions on the Clessidra funds for 5.9 million euro and the operating profit of 1.4 million euro on the management of financial assets (loss of 0.8 million euro at June 30, 2018).

Administrative expenses are mainly due to personell for the period amounted to 6.1 million euro and are mainly due to personnel expenses of 2.9 million euro and to consultancy and management expenses.

After the positive balance of other operating income and charges of 1.4 million euro (+0.9 million euro in the first half of 2018) and taxes for 0.8 million euro, the half ended with a positive result of 1.5 million euro.

With regard to the CCP3 Fund, during the first half of 2019 the company continued to manage the portfolio companies and selected new investment opportunities, which on June 13, 2019 led to the signing of the contract for the acquisition of the L&S group (furnishing lighting systems). Moreover, on April 16, 2019 the listing of Nexi was successfully completed.

With regard to the CCP11 Fund, during the first half of 2019 the management company continued its management of the portfolio companies, aimed in particular at the enhancement of the last company remaining in the portfolio.

Transactions with related parties

For the purposes of the Group consolidated financial statements, transactions with related parties were with:

- associates and their subsidiaries;
- other related parties.

All transactions with related parties, related to the exchange of goods and services or with a financial nature, are conducted at normal market conditions and in compliance with the Code of Conduct.

Summary figures for transactions with related parties at June 30, 2019 are provided in the notes.

No atypical or unusual transactions took place in the first half of 2018 as defined by Consob Communication no. DEM/6064293 of July 28, 2006.

Transactions with subsidiaries, associates and their subsidiaries

Transactions with subsidiaries, associates and their non-consolidated subsidiaries are of a commercial nature (exchange of goods and/or services) or a financial nature.

The parent company Italmobiliare S.p.A. also provides administrative services to certain subsidiaries, regulated on the basis of the costs attributable to performance of the service.

Transactions with other related parties

Transactions with other related parties in the first half of 2019 were as follows:

- provision of 229 thousand euro for invoices to be received from the Law Firm Gattai, Minoli, Agostinelli & Partners, of which Italmobiliare director Luca Minoli is a partner, for legal consultancy, judicial and extrajudicial assistance provided to the Italmobiliare Group;
- payment of insurance policy premiums to Assicurazioni Generali S.p.A., of which the Italmobiliare director Clemente Rebecchini is a director, for a fee of approximately 8 thousand euro;
- payment of insurance premiums to Zurich Investments Life, of which the Italmobiliare director Mirja Cartia d'Asero is a director, for a fee of approximately 5 thousand euro;
- an amount of 250,000 euro set aside as a pro-quota provision for a 500,000 euro contribution resolved for the Cav. Lav. Carlo Pesenti foundation, whose President is CEO Carlo Pesenti.

Legal and tax disputes

With regards to Italmobiliare S.p.A., as already illustrated in previous financial reports, the Italcementi shares sale agreement signed with HeidelbergCement AG provided by the usual agreements relating to the interim period between the signing and closing dates, certain guarantees and possible indemnity obligations. Most of the claims regarding the application of these agreements were resolved in a settlement reached in 2017. The company is involved in an contradictory procedure with the purchaser and is closely monitoring developments regarding a number of claims on which agreement has not been reached with regards to the applicability of a contractual guarantee.

The company also examined the effects of some disputes relating to BravoSolution S.p.A., whose majority shareholding was sold to third parties in December 2017.

In relation to these disputes, in light of the agreements entered into with the various counterparties, including the agreed contractual deductibles, the Company has made the necessary provisions so that any indemnities can be adequately covered in the provision for risks posted in the financial statements of Italmobiliare SpA.

In May, with sentences nos. 2316 and 2317, the Provincial Tax Commission of Milan rejected the appeals concerning dividends and CFC matters for the years 2010 and 2011, as already discussed in previous reports. The Company intends to appeal against this sentence.

With sentence no. 2187 of May 17, 2019, the Commission accepted the Company's appeal against the assessment notice relating to the property in Rome.

Appropriate provision has been made on an accruals basis for legal and tax disputes concerning other Group companies, in cases where, with respect to risks that have emerged and assessment of related risks, potential liabilities are probable and measurable.

Details of the main disputes were already provided in the sections of individual segments.

Compliance with the listing conditions laid down in CONSOB's market regulation

With reference to the *Conditions for the listing of certain companies*, laid down in art. 15 et seq. of the market regulation adopted by CONSOB with Resolution no. 20249 of December 28, 2017, on the basis of the Audit Plan, no subsidiary headquartered in a non-European Union country is included as material in the perimeter of work.

Compliance with simplified rules pursuant to arts. 70 and 71 of the Issuers Regulation

Italmobiliare S.p.A. has adopted the opt-out regime provided by the Consob Issuers Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger and demerger transactions, acquisitions, sales and share capital increases by contributions in kind.

In compliance with this regime, the Company has provided appropriate disclosures to the market.

* * *

"Significant events after the reporting date" are commented on in the notes, to which reference should be made.

Outlook

The world economic cycle continues to show a general slowdown, particularly in the manufacturing sector of advanced and emerging countries. The compression of inflation expectations and widespread geopolitical tensions (from tariff negotiations to Brexit and tensions in the Middle East) were the main reasons for the Fed's more accommodating approach and the ECB's postponement of the normalization process. These factors, together with the stability of the US economy and some signs of stabilization in the Chinese economy, mitigate the risk of a global recession, but a recovery in the cycle is still uncertain. On the Italian economy, having averted the risk of the EU infringement procedure for excessive debt, the pressures on sovereign risk have been reduced, but uncertainty about the budget measures to be introduced at the end of the year remains. The expected scenario for the rest of 2019 therefore remains characterized by the international slowdown and the weakness in domestic fundamentals that are reflected in the forecasts of marginal growth by the Italian economy.

The recent investments (for a total of more than 300 million euro) and the positive performance of the acquired companies are reflected in a higher weighting on the part of the portfolio companies, now more than 35% of Italmobiliare's total NAV: a diversified portfolio of Italian small-midcaps of excellence, with good growth prospects and potential for further international development. The Company's commitment will therefore remain focused on providing economic and strategic support to the companies in the portfolio, in order to support growth trends, also through acquisitions and extraordinary finance. One example of this is the operation carried out by the Tecnica Group after the end of the half-year with the purchase of part of the non-controlling interests in Lowa, the German subsidiary, increasing the stake held by the parent company to 75%, and the simultaneous acquisition of Riko, its main supplier, simultaneously achieving vertical integration, simplification of corporate governance and internalisation of margins. For all the portfolio companies, expansion or efficiency improvement projects have been started that see the skills of the holding company and the investee companies combined in such a way as to create synergies.

At the same time, a significant liquidity reserve has been generated as a result of the reduction in the listed investments Mediobanca and HeidelbergCement and the sale of the stake in Jaggaer (expected to be completed in the third quarter, for a value of approximately 100 million dollars). Given these resources, Italmobiliare will be able to take advantage of any opportunities that arise on the market, maintaining a focus on the sector diversification of its portfolio companies. A similar consideration also applies to the investments made indirectly through the private equity funds subscribed: Italmobiliare can in fact count on a structured portfolio exposed to different asset classes (European innovative start-ups, American midcaps and high-tech companies, Italian SMEs) able to respond to market dynamics that will affect sectors and geographies in different ways.

The Company will continue to actively manage its listed equity investments, evaluating any opportunities to reduce its exposure, while using adequate risk hedging instruments.

Milan, July 31, 2019

for the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)

Annex 1

The Net Asset Value (NAV) of Italmobiliare S.p.A., as a non-GAAP financial measure, is defined as the fair value of financial assets and property investments, net of financial liabilities and the tax effect.

Net Asset Value

	(in millions of euro)	Notes	06.30.2019	12.31.2018	Change
Listed equity investments		A	279	326	(48)
Portfolio Companies		B	586	480	106
Other equity investments		C	121	90	30
Private equity funds		D	130	129	2
Properties and related assets		E	48	51	(3)
Financial assets, trading and cash		F	424	345	79
Total			1,588	1,421	166

The following is a reconciliation between the balances included in the NAV and the condensed interim statement of financial position of Italmobiliare S.p.A. included in the Italmobiliare Group's condensed interim consolidated financial statements as at June 30, 2019:

	(in millions of euro)	Notes	06.30.2019	12.31.2018	Change
Listed equity investments as per NAV		A	279	326	(48)
Other equity investments					
HeidelbergCement			224	246	(22)
Mediobanca			35	64	(29)
Fin Priv.			19	16	3
Total amounts as per statement of financial position		G	279	326	(47)
Difference		G-A	(0)	0	(0)

	(in millions of euro)	Notes	06.30.2019	12.31.2018	Change
Portfolio Companies as per NAV		B	586	480	106
Equity investments in subsidiaries and associates					
Clessidra			19	19	-
Tecnica Group			43	43	-
Italgen Group			20	20	-
Sirap Gema Group			50	61	10
Caffè Borbone S.r.l.			144	144	-
ISEO			43	43	-
Autogas			60	-	60
Franco Tosi Ventures			0	-	0
Total amounts as per statement of financial position		H	379	330	50
Difference		H-B	207	151	57

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the investments are measured at cost, whereas in the NAV they are valued at fair value.

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Other equity investments as per NAV	C	121	90	30
Other equity investments				
Vontobel		6	5	0
UBI		0	0	(0)
Unicredit		2	2	0
Cairo Communication		0	1	(0)
Coima Res		3	3	0
SciQuestLLC		88	56	31
Sesaab		2	2	0
Other listed companies		3	3	(0)
Other unlisted companies		2	2	(0)
Total	I	107	75	32
Equity investments in subsidiaries and associates				
Credit Mobilier de Monaco		5	5	0
SES		10	10	0
Total	L	15	15	0
Total amounts as per statement of financial position	I+L	122	90	32
Difference	(I+L)-C	(1)	0	(1)

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the equity investment in Credit Mobilier is measured at cost, whereas in the NAV it is valued at fair value; also, the value of the investment in SciQuest included in the NAV is net of the tax effect on the increase in value generated during the year (the accounting situation includes the valuation before tax).

	(in millions of euro)	Notes	06.30.2019	12.31.2018	Change
Private equity funds as per NAV		D	130	129	2
Bonds and mutual funds					
Clessidra (Provisions)			41	47	(6)
AKSIA			21	20	1
BDT 2			41	34	8
Amber			10	11	(1)
Draper			0	0	(0)
Isomer			4	4	0
ICONIQ			2	-	2
Connect Ventures			0	-	0
Total		M	119	116	4
Equity investments in subsidiaries and associates					
Dokime			3	3	-
Total		N	3	3	-
Other equity investments					
Atmos Venture			0	0	(0)
New Flour S.p.A			3	3	0
Total		O	3	3	0
Total amounts as per statement of financial position		M+N+O	125	122	4
Difference		(M+N+O)-D	5	7	(2)

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A. the investment in Dokime is valued at cost, whereas in the NAV it is shown at fair value.

	(in millions of euro)	Notes	06.30.2019	12.31.2018	Change
Properties and related assets as per NAV		E	48	51	(3)
of which properties			44	48	(3)
of which subsidiaries			4	4	(0)
Property, plant and equipment of Italmobiliare S.p.A.					
Property - Via Borgonuovo, Milan			4	4	0
Total		P	4	4	0
Investment property of Italmobiliare S.p.A.					
Property - Via Sallustiana, Rome			11	15	(3)
Total		Q	11	15	3
Equity investments in subsidiaries and associates (which own properties)					
Punta Ala			2	2	0
ITM Servizi*			11	11	0
Total		R	13	13	0
Total amounts as per statement of financial position		(P+Q+R)	28	31	(3)
Difference		(P+Q+R) - E	20	20	3

The difference relates for approximately Euro 20 million to the fact that in the statement of financial position of Italmobiliare S.p.A. properties are valued at cost, whereas in the NAV they are shown at fair value (i.e. the subsidiaries that own the buildings)

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Financial assets, trading, cash and cash equivalents as per NAV	F	424	345	79
Cash and cash equivalents		98	90	8
FV of derivatives receivable		2	3	(1)
Other current assets (1)		313	236	77
Non-current financial assets (2)		28	28	0
Total cash and cash equivalents		441	357	84
Current bank loans and borrowings		(7)	(7)	0
Current financial liabilities		(2)	(3)	0
Current options on securities		(7)	(2)	(5)
Non-current lease payables (3)		(0)	-	(0)
Total financial debt	-	17 -	12 -	5
Total NFP	S	424	345	79
difference	S-F	0	0 -	0

(1) the caption also includes mutual investment funds, intragroup c/a, accrued interest and commission income on loans and mutual funds

(2) the caption includes bonds, medium/long-term loans and CASHES (Unicredit convertible bonds).

(3) the caption includes intragroup receivables/payables and short-term payables for lease contracts.

Reconciliation of the captions in the statement of financial situation of Italmobiliare S.p.A.

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Equity investments in subsidiaries and associates				
Amount as per statement of financial position of ITM S.p.A.		411	361	50
Amount from reconciliation	H+L+N+R	411	361	50
Difference		(0)	(0)	0

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Other equity investments				
Amount as per statement of financial position of ITM S.p.A.		388	404	(16)
Amount as per reconciliation	G+I+O	388	404	(16)
Difference		0	0	(0)

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Mutual funds and bonds				
Amount as per statement of financial position of ITM S.p.A.		132	128	4
Amount as per reconciliation	M	119	116	4
Difference		13	13	0
<i>Bond loans</i>	Included in NFP	9	9	0
<i>CASHES (Unicredit convertible bonds)</i>	Included in NFP	3	3	0
Difference		0	(0)	0

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Property, plant and equipment				
Amount as per statement of financial position of ITM S.p.A.		5	4	0
Amount as per reconciliation	P	4	4	0
Difference		0.7	0	0

The difference is due to the fact that the caption in the statement of financial situation of Italmobiliare S.p.A. also includes investments in plant and machinery for Euro 0.4 million and the impact of the new IFRS 16 for Euro 0.3 million.

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
Investment property				
Amount as per statement of financial position of ITM S.p.A.		11	15	(4)
Amount as per reconciliation	Q	11	15	(3)
Difference		(0.1)	0	(0)

The caption also includes investment property in progress

<i>(in millions of euro)</i>	Notes	06.30.2019	12.31.2018	Change
NFP				
Amount as per statement of financial position of ITM S.p.A.		424	345	79
Amount as per reconciliation	S	424	345	79
Difference		0	0	0

Financial statements

Statement of financial position

(in thousands of euro)	Note	06.30.2019	12.31.2018	Change
Non-current assets				
Property, plant and equipment	1	160,116	148,534	11,582
Investment property		8,359	8,864	(505)
Goodwill	2	167,141	167,141	
Intangible assets		181,816	184,892	(3,076)
Equity-accounted investments	3	157,821	102,384	55,437
Other equity investments	4	388,508	404,382	(15,874)
Trade receivables and other non-current assets	5	154,435	157,057	(2,622)
Deferred tax assets	6	23,887	32,349	(8,462)
Non-current receivables from employees		554	554	
Total non-current assets		1,242,637	1,206,157	36,480
Current assets				
Inventories		62,550	58,170	4,380
Trade receivables	7	102,717	92,043	10,674
Other current assets including derivatives		27,783	27,830	(47)
Tax assets		5,656	6,204	(548)
Equity investments, bonds and current financial receivables	8	336,035	248,504	87,531
Cash and cash equivalents	9	131,519	121,930	9,589
Total current assets		666,260	554,681	111,579
Assets held for sale		6,506	6,171	335
Total assets		1,915,403	1,767,009	148,394
Equity				
Share capital	10	100,167	100,167	
Share premium		55,607	177,191	(121,584)
Reserves	11	72,480	(31,174)	103,654
Treasury shares	12	(13,075)	(134,659)	121,584
Retained earnings		1,097,148	1,090,936	6,212
Equity attributable to owners of the parent company		1,312,327	1,202,461	109,866
Non-controlling interests	13	101,984	99,775	2,209
Total equity		1,414,311	1,302,236	112,075
Non-current liabilities				
Financial liabilities	15	134,179	113,333	20,846
Employee benefits		11,704	12,321	(617)
Provisions	14	63,561	77,186	(13,625)
Non-current tax liabilities		13,789		13,789
Other non-current liabilities		1,214	5,622	(4,408)
Deferred tax liabilities	6	67,597	57,546	10,051
Total non-current liabilities		292,044	266,008	26,036
Current liabilities				
Current bank loans and borrowings	15	27,708	25,065	2,643
Financial liabilities	15	43,760	47,173	(3,413)
Trade payables	16	76,298	78,200	(1,902)
Provisions	14	738	952	(214)
Tax liabilities		9,888	9,533	355
Other liabilities	17	50,117	37,264	12,853
Total current liabilities		208,509	198,187	10,322
Total liabilities		500,553	464,195	36,358
Liabilities directly linked to assets held for sale		539	578	(39)
Total equity and liabilities		1,915,403	1,767,009	148,394

Pursuant to Consob Resolution no. 15519 of July 27, 2006, the effects of transactions with related parties on the financial position and results of operations are set out in the relevant annexes.

Income statement

(in thousands of euro)	Note	H1 2019	%	H1 2018	%	Change	%
Revenue	18	278,253	100.0	216,675	100.0	61,578	28.4
Other revenue and income		5,023		4,985		38	
Changes in inventories		5,708		7,620		(1,912)	
Internal work capitalized		142		65		77	
Raw materials and ancillary materials	19	(127,469)		(103,957)		(23,512)	
Services	20	(44,141)		(33,988)		(10,153)	
Personnel expenses	21	(52,004)		(48,398)		(3,606)	
Other operating income (expenses)	22	(13,422)		(23,993)		10,571	
Gross operating profit		52,090	18.7	19,009	8.8	33,081	n.s
Amortization and depreciation	1	(13,739)		(8,263)		(5,476)	
Impairment losses on non-current assets	1	(28)		3,273		(3,301)	
Operating profit (loss)		38,323	13.8	14,019	6.5	24,304	n.s
Finance income	23	35		589		(554)	
Finance costs	23	(2,813)		(2,094)		(719)	
Exchange-rate differences and net gains (losses) on derivatives	23	296		675		(379)	
Fair value gains (losses) on financial assets							
Share of profit (loss) of equity-accounted investees	3	(2,591)		(3,008)		417	
Profit (loss) before tax		33,250	11.9	10,181	4.7	23,069	n.s
Tax	24	(8,702)		13,751		(22,453)	
Profit (loss) for the period		24,548	8.8	23,932	11.0	616	2.6
Attributable to:							
Owners of the parent company		19,093	6.9	22,329	10.3	(3,236)	-14.5
Non-controlling interests		5,455	2.0	1,603	0.7	3,852	n.s
Earnings per share							
Basic ordinary shares	26	0.455 €		0.532 €			
Diluted ordinary shares	26	0.454 €		0.531 €			

Statement of comprehensive income

(in thousands of euro)	Note	H1 2019	%	H1 2018	%	Change	%
Profit (loss) for the period		24,548	8.8	23,932	11.0	616	2.6
Other comprehensive income (expenses) from continuing operations							
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of the liability/(asset) for employee benefits							
Remeasurement of the liability (asset) for employee benefits - investments in equity-accounted investees							
Income taxes							
Fair value gains (losses) on financial assets measured at FVOCI		126,819		(103,289)		230,108	
Fair value gains (losses) on financial assets measured at FVOCI - investments in equity-accounted investees							
Income taxes		(12,570)		1,254		(13,824)	
Total items that will never be reclassified to profit or loss		114,249		(102,035)		216,284	
Items that could subsequently be reclassified to profit or loss							
Translation reserve on foreign operations		402		(527)		929	
Translation reserve on foreign operations - investments in equity-accounted investees		95				95	
Fair value gains (losses) on cash flow hedging		(552)		(410)		(142)	
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees		(552)		404		(956)	
Total items that could subsequently be reclassified to profit or loss		(607)		(533)		(74)	
Total other comprehensive income (expenses)	25	113,642		(102,568)		216,210	
Total comprehensive income (expenses)		138,190	49.7	(78,636)	-36.3	216,826	n.s.
Attributable to:							
owners of the parent company		132,942		(80,436)		213,378	
non-controlling interests		5,248		1,800		3,448	

Statement of changes in equity

	Attributable to owners of the parent company										Non-controlling interests	Total equity	
	Share capital	Share premium	AFS fair value reserve	Reserves					Retained earnings	Total share capital and reserves			
				Fair Value reserve for FVTOCI Investments	Hedging reserve	Actuarial gains/ losses on defined benefit plans	Other reserves	Treasury shares					Translation reserve
<small>(in thousands of euro)</small>													
Balances at December 31, 2017	100,167	177,191	173,027		-406	-497	12,073	-134,608	-7,601	1,053,952	1,373,298	359	1,373,657
Profit (loss) for the period										22,329	22,329	1,603	23,932
Total other comprehensive income (expenses)				-102,035	158				-888		-102,765	197	-102,568
Total comprehensive income (expenses)				-102,035	158				-888	22,329	-80,436	1,800	-78,636
Dividends										-23,071	-23,071		-23,071
Purchase of treasury shares								-51			-51		-51
Reclassifications following first-time adoption of IFRS 9			-173,027	137,197						35,830			
% change in control and consolidation area					-98		-1		1,028	-4,897	-3,968	92,822	88,854
Balance at June 30, 2018	100,167	177,191		35,162	-346	-497	12,072	-134,659	-7,461	1,084,143	1,265,772	94,981	1,360,753
Profit (loss) for the period										5,372	5,372	2,368	7,740
Total other comprehensive income (expenses)				-74,047	-267	110			1,123		-73,081	-50	-73,131
Total comprehensive income (expenses)				-74,047	-267	110			1,123	5,372	-67,709	2,318	-65,391
Reclassifications following first-time adoption of IFRS 9				-3,361						2,854	-507		-507
% change in control and scope of consolidation					-6	6				4,905	4,905	2,476	7,381
Balances at December 31, 2018	100,167	177,191		-42,246	-619	-381	12,072	-134,659	-6,338	1,097,274	1,202,461	99,775	1,302,236
Profit (loss) for the period										19,093	19,093	5,455	24,548
Total other comprehensive income (expenses)				114,249	-897				497		113,849	-207	113,642
Total comprehensive income (expenses)				114,249	-897				497	19,093	132,942	5,248	138,190
Dividends										-23,071	-23,071	-3,200	-26,271
Cancellation of treasury shares		-121,584						121,584					
Reclassification				-9,698						9,698			
% change in control and consolidation area and reclassifications										-5	-5	161	156
Balance at June 30, 2019	100,167	55,607		62,305	-1,516	-381	12,072	-13,075	-5,841	1,102,989	1,312,327	101,984	1,414,311

The “Reclassification” line refers to the reclassification of the portion of the FVOCI reserve recorded in previous years for the shares sold during the period from the fair value reserve of FVTOCI investment to Retained earnings.

Notes to the condensed interim consolidated financial statements

The condensed interim consolidated financial statements of Italmobiliare S.p.A. as at and for the six months ended June 30, 2019 were approved by the Board of Directors on July 31, 2019. At the meeting, the Board authorized publication of a press release dated July 31, 2019 containing key information from the financial statements.

Statement of compliance with IFRS

The condensed interim consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) applicable at January 1, 2019, endorsed by the European Union; specifically, the condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 governing interim financial reporting.

The condensed interim consolidated financial statements do not present all the information and notes published in the annual report and should therefore be read in conjunction with the consolidated financial statements of Italmobiliare S.p.A. as at and for the year ended December 31, 2018.

In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRIC at June 30, 2019, that had not been endorsed by the European Union at that date.

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Group starting from January 1, 2019:

- On January 13, 2016, the IASB published IFRS 16 - Leases which is intended to replace IAS 17 - Leases, as well as IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC- 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Standard provides a new definition of lease and introduces a criterion based on the notion of control (or "right of use") of an asset to distinguish lease contracts from service contracts, identifying as lease discriminators: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from use of the asset and, lastly, the right to direct the use of the asset underlying the contract.

This standard introduced a single recognition and valuation model for lease contracts for the lessee according to which the lessee recognises a leased asset, also under an operating lease, on the asset side of the statement of financial position with a financial liability as the contra-entry. On the other hand, the standard does not include significant changes for lessors.

The Group has chosen to apply the standard retrospectively, however, recognising the cumulative effect deriving from the application of the standard within equity at January 1, 2019 (without changing the comparative figures for 2018), in accordance with paragraphs C7-C13 of IFRS 16. In particular, for the contracts previously classified as operating leases, the Group has recognised:

- a financial liability, equal to the present value of future lease payments outstanding on the transition date, discounted at the incremental borrowing rate applicable at the transition date for each contract;
- a right of use equal to the value of the financial liability at the transition date, net of any accruals and deferrals related to the lease and recognized in the statement of financial position at the transition date.

The following table shows the impacts deriving from adoption of IFRS 16 at the transition date.

(in thousands of euro)	1.1.2019
Non-current assets	
Right of use of properties	9,086
Right of use of plant and machinery	2,849
Right of use of office furniture	182
Right to use of motor vehicles	2,592
Total assets	14,709
Equity	
Retained earnings	(42)
Non-current liabilities	
Financial liabilities	11,388
Deferred tax	(7)
Current liabilities	
Financial liabilities	3,370
Total liabilities	14,751
Total equity and liabilities	14,709

The weighted average incremental borrowing rate applied to financial liabilities recorded at January 1, 2019 was 1.97%.

The value of non-current assets relating to operating lease contracts was increased for the balance of prepaid expenses for an amount of 2,139 euro.

In adopting IFRS 16, the Group made use of the exemption granted by paragraph IFRS 16:5(a) in relation to short-term leases for the following asset classes:

- Properties;
- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

Likewise, the Group took advantage of the exemption granted by IFRS 16:5 (b) concerning lease contracts for which the underlying asset is considered a low-value asset (i.e. the assets underlying the lease contract do not exceed 5,000 euro when new). The contracts for which the exemption has been applied fall mainly into the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

For these contracts, the introduction of IFRS 16 did not entail recognition of the financial liability of the lease and the related right of use; instead, the lease payments are recorded in the income statement on a linear basis for the duration of the respective contracts.

The Group took advantage of the following practical expedients envisaged by IFRS 16 also during the transition:

- Separation of non-lease components: the Group took advantage of the exemption granted by IFRS 16:15 only for cars, where the accounting documentation allowed separation. The non-lease components of these assets have not been separated and accounted for separately from the lease components, but have been considered together with the latter in determining the financial liability of the lease and the related right of use.

- Use of the assessment made at December 31, 2018 according to the rules of IAS 37 Provisions, Contingent Liabilities and Contingent Assets in relation to the accounting for onerous contracts as an alternative to the application of the impairment test on the value of the right of use as of January 1, 2019;
- Classification of contracts that expire within 12 months from the transition date as a short term lease. For these contracts the lease installments are recorded in the income statement on a straight-line basis;
- Use of information available at the transition date for determining the lease term, with particular reference to the exercise of extension options and early closure.

In order to help in understanding the impacts of the first-time adoption of the standard, the difference between the value reported as future commitments under lease contracts in the 2018 financial statements and the impact of adopting IFRS 16 at January 1, 2019 is essentially due to the discounting of the cash flows.

- On October 12, 2017 the IASB published an amendment to IFRS 9 “Prepayment Features with Negative Compensation. The adoption of this amendment had no effect on the consolidated financial statements of the Group.
- On June 7, 2017 the IASB published the interpretation "Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)". The interpretation deals with the issue of uncertainties regarding the tax treatment to be applied to income taxes. In particular, the Interpretation requires an entity to analyze the uncertain tax treatments (individually or as a whole, depending on their characteristics), always assuming that the tax authority examines the tax position in question, having full knowledge of all the relevant information. In the event that the entity considers it unlikely that the tax authority will accept the tax treatment followed, the entity has to reflect the impact of the uncertainty in the measurement of its current and deferred income taxes. Furthermore, the document does not contain any new disclosure requirements, but underlines that the entity will have to establish whether it will have to provide information on the considerations made by management about the uncertainty inherent in accounting for taxes, in accordance with the provisions of IAS 1. The directors also applied this new interpretation to indirect taxes. The new interpretation was applied from January 1, 2019. The introduction of the new amendment led to the reclassification from Provisions to Non-current financial liabilities for 13,789 thousand euro and to Other taxes for 235 thousand euro.
- On December 12, 2017 the IASB published the document "Annual Improvements to IFRSs 2015-2017 Cycle" which incorporates the changes to certain standards as part of their annual improvement process, which did not have any effect on the consolidated financial statements of the Group. The adoption of this amendment had no effect on the Group's consolidated financial statements.
- On February 7, 2018 the IASB published the document "Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)". The adoption of this amendment had no effect on the Group's consolidated financial statements.
- On October 12, 2017 the IASB published the document "Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)". The adoption of this amendment had no effect on the Group's consolidated financial statements.

Standards and interpretations published by the IASB and the IFRIC at June 30, 2019, but not endorsed by the European Union at that date

At the date of these financial statements the competent bodies of the European Union have not yet completed the endorsement process necessary for adoption of the amendments and principles described below.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which is intended to replace IFRS 4 - Insurance Contracts. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this standard.
- On October 22, 2018, the IASB published the document "Definition of a Business (Amendments to IFRS 3)". The directors expect no effects on the Group's consolidated financial statements from the adoption of this amendment.
- On October 31, 2018, the IASB published the document "Definition of Material (Amendments to IAS 1 and IAS 8)". The directors do not expect a significant effect on the consolidated financial statements of the Group from the adoption of this amendment.
- On September 11, 2014, the IASB published an amendment to IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of these amendments.
- On January 30, 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts which allows only those who adopt IFRS for the first time to continue to recognize amounts relating to assets subject to regulated tariffs ("Rate Regulation Activities") according to the previous accounting standards used. Since the Company/Group is not a first-time adopter, this principle is not applicable

Critical judgement and use of estimates

In the preparation of these condensed interim consolidated financial statements, the critical judgements made in the application of the Group accounting policies and the main sources of uncertainty relating to estimates are the same as those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2018.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate			Closing rate		
	H1 2019	Year 2018	H1 2018	June 28, 2019	December 31, 2018	June 30, 2018
Czech crown	25.68454	25.64700	25.50049	25.44700	25.72400	26.02000
Serbian dinar	118.06227	118.23647	118.25132	117.95700	118.31090	118.51880
Moroccan dirham	10.84678	11.08174	11.24695	10.89900	10.93900	11.10800
US dollar	1.12978	1.18095	1.21035	1.13800	1.14500	1.16580
Hungarian florin	320.41976	318.88969	314.11278	323.39000	320.98000	329.77000
Swiss franc	1.12946	1.15496	1.16975	1.11050	1.12690	1.15690
Ukrainian hryvnia	30.42274	32.10914	32.37422	29.76540	31.73620	30.68680
Croatian kuna	7.41999	7.41816	7.41782	7.39730	7.41250	7.38600
Moldavian leu	19.79609	19.83507	20.21023	20.59300	19.54190	19.65950
Bulgarian lev	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Egyptian pound	19.56590	21.04142	21.45839	19.00060	20.51080	20.86600
Bosnian mark	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
New Turkish lira	6.35616	5.70767	4.95655	6.56550	6.05880	5.33850
New Romanian leu	4.74182	4.65401	4.65429	4.73430	4.66350	4.66310
Pound sterling	0.87363	0.88471	0.87977	0.89655	0.89453	0.88605
Polish zloty	4.29204	4.26149	4.22075	4.24960	4.30140	4.37320

The exchange rates used to translate the financial statements of foreign operations are those published by the Bank of Italy.

Significant events and changes in the consolidation area

The main changes in the scope of consolidation in the first six months were as follows:

- consolidation using the equity method of the Autogas Group (Italy);
- line-by-line consolidation of the newco Franco Tosi Venture (Italy).

Seasonal nature of the interim results

The Group industrial operating segments are subject to seasonal trends and this has to be taken into account when analyzing and assessing the results of interim periods. The companies most affected are Sirap, Italgem, Tecnica Group and Iseo, which limits the extent to which the first-half results can be taken as a trend for the entire year.

Operating segment disclosure

The businesses in which the Group operates that constitute its reportable segments as required by IFRS 8 are: Caffè Borbone, Sirap, Italgem, Tecnica Group, Autogas Nord, Iseo and other companies.

The Group management and organizational structure reflects the disclosure by business segment described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results.

The table below shows segment revenue and income and performance for the six month results ended June 30, 2019:

	Revenue and income	Intercompany sales	Contribution revenue	Gross operating profit	Operating profit (loss)	Net finance costs	Share of profit (loss) of equity-accounted investees	Profit before tax	Income tax (expenses)
(in thousands of euro)									
Italmobiliare	45,297	(13,082)	32,215	20,451	20,098				
Caffè Borbone	85,950		85,950	25,051	20,720				
Sirap	135,555		135,555	8,326	1,388				
Italgem	16,324		16,324	5,025	3,163		237		
Tecnica Group							(7,230)		
Autogas Nord							2,699		
Iseo							1,152		
Other companies	9,772	(1,563)	8,209	3,042	2,500		551		
Unallocated items and adjustments	(14,645)	14,645		(9,805)	(9,546)	(2,483)		33,250	(8,702)
Total	278,253		278,253	52,090	38,323	(2,483)	(2,591)	33,250	(8,702)

The table below shows segment revenue and income and performance for the six months results ended June 30, 2018:

	Revenue and income	Intercompany sales	Revenue in contribution	Gross operating profit	Operating profit (loss)	Net finance costs	Share of profit (loss) of equity-accounted investees	Profit before tax	Income tax (expenses)
(in thousands of euro)									
Italmobiliare	41,303	(9,472)	31,831	10,219	9,937				
Caffè Borbone	23,262		23,262	6,510	6,221				
Sirap	136,141		136,141	6,956	7,285				
Italgen	17,667		17,667	3,149	(1,603)				
Tecnica Group							(2,998)		
Other companies	9,172	(1,398)	7,774	589	409		(10)		
Unallocated items and adjustments	(10,870)	10,870		(8,414)	(8,230)	(830)		10,181	13,751
Total	216,675		216,675	19,009	14,019	(830)	(3,008)	10,181	13,751

The table below sets out other segment data at June 30, 2019:

	June 30, 2019		June 30, 2019			
	Total assets	Total liabilities	PPE, inv. prop, and intangible assets	Non-current financial investments	Amortization and depreciation	Impairment losses/measurement gains on non-current assets
(in thousands of euro)						
Italmobiliare	1,414,438	83,953	762	69,709	(353)	
Caffè Borbone	404,651	149,951	2,735	8	(4,331)	
Sirap	254,587	224,113	12,868	1	(6,908)	(28)
Italgen	59,053	48,440	1,496		(1,862)	
Tecnica Group	38,407					
Autogas Nord	61,440					
Iseo	43,719					
Other companies	75,687	22,393	4,782		(542)	
Inter-segment eliminations	(443,085)	(28,297)	(492)		257	
Total	1,908,897	500,553	22,151	69,718	(13,739)	(28)
From assets held for sale	6,506	539				
Total	1,915,403	501,092	22,151	69,718	(13,739)	(28)

PPE, inv. prop., and intangible assets comprise the increases due to the application of IFRS 16 for 14,539 thousand euro.

The table below sets out other segment data at December 31, 2018 and June 30, 2018:

	December 31, 2018		June 30, 2018			
	Total assets	Total liabilities	PPE, inv. prop, and intangible assets	Non-current financial investments	Amortization and depreciation	Impairment losses/measurement gains on non-current assets
(in thousands of euro)						
Italmobiliare	1,295,671	65,582	64	17,586	(282)	
Caffè Borbone	395,999	146,831	597	336,114	(289)	
Sirap	244,984	213,950	3,500	16,455	(5,862)	
Italgen	59,610	45,486	1,441		(1,831)	
Tecnica Group	46,041					
Autogas Nord						
Iseo	42,601					
Other companies	69,442	17,634	22	45	(130)	
Inter-segment eliminations	(393,510)	(24,958)			181	
Total	1,760,838	464,525	5,624	370,200	(8,213)	
From assets held for sale	6,171	248				
Total	1,767,009	464,773				

Assets

Non-current assets

1) Property, plant and equipment

Property, plant and equipment amount to 160,116 thousand euro. Additions for capital expenditure amount to 21,685 thousand euro (of which 14,539 due to IFRS 16) and were mainly made in Italy for 12,475 thousand euro (of which 7,410 due to IFRS 16), France for 4,942 thousand euro (of which 4,523 due to IFRS 16) and Poland for 979 thousand euro (of which 428 due to IFRS 16).

Depreciation for the period was 10,012 thousand euro (7,831 thousand euro in the first half of 2018) of which 1,976 thousand euro due to IFRS 16.

No assets were pledged as security for bank loans.

2) Goodwill

Goodwill shown in the financial statements at June 30, 2019 amounts to 167,141 thousand euro (unchanged on December 31, 2018) and relates to:

- Caffè Borbone for 153,839 thousand euro;
- Sirap for 10,308 thousand euro;
- Other companies for 2,994 thousand euro.

Goodwill impairment testing

No trigger events occurred to necessitate a new impairment test to be performed for the preparation of the condensed interim consolidated financial statements at June 30, 2019.

3) Equity-accounted investees

This caption reflects equity interests in equity-accounted investees. The main equity-accounted investees are listed below:

	Carrying amount		Share of profit (loss)	
	June 30, 2019	December 31, 2018	2019	2018
(in thousands of euro)				
Associates				
Tecnica Group	38,407	46,042	(7,230)	(2,988)
Autogas Nord	61,440	-	2,699	-
Iseo	43,719	42,601	1,152	-
S.E.S.	9,600	9,600	-	-
Other	4,655	4,141	788	(20)
Total associates	157,821	102,384	(2,591)	(3,008)

The negative result of Tecnica Group has been influenced by the seasonality of its business, as already indicated in the Directors' Report, which is why the loss did not constitute a trigger event for the purposes of the impairment test, and refers to the portion of 40% of the result, net of non-controlling parties, amounting to -18,076 thousand euro.

The portion of equity is attributable to the 40% equity pro-quota, net of non-controlling interests, equal to 19,039 thousand euro and to goodwill for 30,790 thousand euro.

4) Other equity investments

Other equity investments at June 30, 2019 were as follows:

(in thousands of euro)	Number of shares	June 30, 2019
Investments in listed companies		
HeidelbergCement	3,150,000	224,154
Mediobanca	3,904,654	35,400
Vontobel	115,238	5,635
Coima Res	412,332	3,208
Ideami	300,000	2,910
Unicredit	204,331	2,212
Cairo Communication	189,198	499
Piaggio	169,699	438
Ubi	117,142	281
Can fite	204	1
	Total	274,738
Investments in non-listed companies		
SPV Sciquest (Jaggaer Group)		87,600
Fin Priv		18,994
Sesaab		1,982
Newflour		2,767
Other		2,427
	Total	113,770
At June 30, 2019		388,508

The fair value of listed companies is determined on the basis of the official share price on the last available trading day.

The methods used to measure the fair value of non-listed investments depend on the characteristics of the companies and the data available (DCF, market multiples or, where sufficient information is not available the net equity resulting from the latest approved financial statements).

Other equity investments decreased by 15,874 thousand euro on December 31, 2018 (404,382 thousand euro).

The change was largely the result of the following events:

- sales of HeidelbergCement shares for 77,837 thousand euro and the equity investment fair value adjustment for +56,007 thousand euro;
- sales of Mediobanca shares for 35,635 thousand euro and the fair value adjustment for +6,610 thousand euro;
- sales of Piaggio shares for 365 thousand euro and the fair value adjustment for +128 thousand euro;
- the fair value adjustment of the equity investment in the SPV Sciquest (Gruppo Jaggaer) for +31,190 thousand euro, following the announced sale transaction;
- the fair value adjustment of FinPriv, for +3,426 thousand euro;
- the fair value adjustment of Unicredit, for +203 thousand euro;
- the fair value adjustment of the equity investment in Vontobel for +481 thousand euro.

The above mentioned fair value adjustments were recognized in the specific FVOCI equity reserve.

5) Trade receivables and other non-current assets

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Non-current receivables	19,636	21,771	(2,135)
Financial assets measured at amortized cost	9,417	13,439	(4,022)
Financial assets at FVTPL in NFP	3,277	3,163	114
Financial assets at FVTPL not in NFP	119,218	115,562	3,656
Guarantee deposits	444	534	(90)
Other	2,443	2,588	(145)
Total	154,435	157,057	(2,622)

“Financial assets at FVTPL not in NFP” consist of Private equity funds.

6) Deferred tax assets and deferred tax liabilities

Deferred tax assets amount to 23,887 thousand euro (32,349 thousand euro at December 31, 2018) and consist largely of amounts calculated on the tax losses of the parent company. The assets were recognized on the basis of a forecast made by the companies included in the current domestic tax consolidation system which will be renewed after expiration, which considers that in future years taxable income is likely to be realized against which the past tax losses can be utilized. The decrease is due to the positive contribution of Caffè Borbone.

Deferred tax liabilities for 67,597 thousand euro (57,546 thousand euro at December 31, 2018), are mainly attributable to the deferred taxes relating to intangible assets, especially to Caffè Borbone.

Current assets

7) Trade receivables

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Gross amount	106,385	95,253	11,132
Impairment losses	(3,668)	(3,210)	(458)
Total	102,717	92,043	10,674

The change is mainly due to the growth in the Caffè Borbone business for 8,600 thousand euro and to Sirap for 2,818 thousand euro.

8) Equity investments, bonds and current financial receivables

This caption is broken-down as follows:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Equity investments measured at FVTPL	31,132	34,601	(3,469)
Financial measured at amortized cost	1,866	364	1,502
Funds and other financial instruments	297,927	211,849	86,078
Other receivables	5,110	1,690	3,420
Net amount	336,035	248,504	87,531

The increase is mainly attributable to "Funds and other financial instruments" for the increase investment into the Vontobel Fund made during the period for 75,000 thousand euro and its revaluation for 6,235 thousand euro.

9) Cash and cash equivalents

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Cash and checks in hand	1,338	1,518	(180)
Bank and postal accounts	130,181	120,412	9,769
Total	131,519	121,930	9,589

Short-term deposits have varying maturities within three months.

The table below sets out cash and cash equivalents by currency:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Euro	125,524	110,218	15,306
US dollar	467	529	(62)
Pound sterling	801	1,269	(468)
Swiss franc	2,403	7,692	(5,289)
Czech crown	464	633	(169)
Croatian kuna	477	429	48
Other	1,383	1,160	223
Total	131,519	121,930	9,589

Equity and liabilities

Share capital, reserves and retained earnings

10) Share capital

At June 30, 2019, the parent company's fully paid share capital amounts to 100,166,937 euro represented by 42,500,000 no-par ordinary shares, as follows:

	June 30, 2019	December 31, 2018	Change
Number of shares			
Ordinary shares	42,500,000	47,633,800	(5,133,800)
Total	42,500,000	47,633,800	(5,133,800)

The Ordinary and Extraordinary Shareholders' Meeting of April 17, 2019 approved the proposal to cancel 5,133,800 out of a total of 5,685,870 treasury shares currently held by the Company (11.9% of the share capital), without reducing the share capital and using available reserves. After the cancellation, the number of issued shares fell from 47,633,800 to 42,500,000: Italmobiliare holds 552,070 treasury shares, equal to 1.3% of the share capital.

11) Reserves

Fair value reserve for financial assets measured at FVOCI - attributable to owners of the parent company

The reserve changed due to the reclassification to retained earnings of the reserve portion associated with the sale of equity investments for 9,698 thousand euro and the adjustment to fair value of FVOCI financial assets for 104,551 thousand euro.

Translation reserve - attributable to owners of the parent company

At June 30, 2019, this reserve is negative and amounted to 5,840 thousand euro and is made up of the following currencies:

(in millions of euro)	June 30, 2019	December 31, 2018	Change
Egypt (Pound)	(4,294)	(4,446)	152
Morocco (Dirham)		19	(19)
Ukraine (Hryvnia)	(2,066)	(2,171)	105
Poland (Zloty)	(618)	(786)	168
Switzerland (Franc)	88	92	(4)
Czech Republic (Corona)	820	785	35
Other countries	230	169	61
Total	(5,840)	(6,338)	498

Dividends paid

The parent company Italmobiliare S.p.A. paid the following dividends:

	2019	2018	2019	2018
	(euro per share)	(euro per share)	(thousand of euro)	(thousand of euro)
Ordinary shares	0.550	0.550	23,071	23,071
Total dividends			23,071	23,071

12) Treasury shares

At June 30, 2019 treasury shares in portfolio stand at 13,075 thousand euro, the decrease is due to the cancellation commented above. Treasury shares are as follows:

	No. ordinary shares	Carrying amount
(in thousands of euro)		
At December 31, 2018	5,685,870	134,659
Cancellation	(5,133,800)	(121,584)
At June 30, 2019	552,070	13,075

Ordinary treasury shares in portfolio at June 30, 2019 are in part in service for stock option plans for directors and managers.

13) Non-controlling interests

At June 30, 2019, non-controlling interests amount to 101,984 thousand euro (99,775 thousand euro at December 31, 2018) and are largely related to the 40% non-controlling interest in Caffè Borbone S.r.l.

Non-current and current liabilities

14) Provisions

Non-current and current provisions total 64,299 thousand euro at June 30, 2019 (78,138 thousand euro at December 31, 2018). They consist mainly of amounts recognised for legal disputes and for contractual and commercial liabilities. In particular, it is specified that after the end of the period the judgment of the Court of the European Union was delivered its judgement with regards to the appeal brought by Italmobiliare/Sirap Gema and subsidiaries against the decision of the European Commission with which a fine of about 35.9 million was charged, the entire amount was already recognised in the financial statements. The Court rejected the appeal, ordering the appellants to pay the costs of the proceedings, as is usual. With the support of the Group's legal advisors, an appeal will be presented to the EU Court of Justice within the time limits established by current legislation. This final level of judgment, conditioned by the definitive articulation of the proceeding that will be defined by the Court of Justice, will presumably last for at least other two years.

During the first half of 2019 the main change concerns the reclassification required by IFRIC 23 from provisions for risks to non-current tax liabilities for 13,789 thousand euro and to other current taxes (IMU) for 235 thousand euro.

15) Financial liabilities

Financial liabilities included in the net financial position are shown below by category, subdivided by current and non-current liabilities:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Bank loans and borrowings	120,532	109,959	10,573
Other loans and borrowings	1,858	1,658	200
Lease payables	11,789	1,716	10,073
Bank loans and borrowings and non-current financial liabilities	134,179	113,333	20,846
Fair value of derivatives	1,111	559	552
Total non-current financial liabilities	135,290	113,892	21,398
Bank loans and borrowings	27,708	25,065	2,643
Current borrowings	32,775	38,298	(5,523)
Other loans and borrowings	16,603	17,115	(512)
Lease payables	3,442	364	3,078
Accrued interest expenses	105	464	(359)
Bank loans and borrowings and current financial liabilities	80,633	81,306	(673)
Fair value of derivatives	6,694	1,954	4,740
Total current financial liabilities	87,327	83,260	4,067
Total financial liabilities	222,617	197,152	25,465

The application of IFRS 16 resulted in an increase in financial liabilities of 13,149 thousand euro, of which 2,922 thousand euro short term and 10,227 thousand euro medium to long term.

The further increase in medium to long-term financial liabilities is due to the new loan agreements signed by Sirap and Italgem.

Non-current financial liabilities by currency were as follows:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Euro	129,638	109,212	20,426
Polish zloty	4,149	4,121	28
Other	392		392
Total	134,179	113,333	20,846

Non-current financial liabilities by maturity were as follows:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
2020	15,684.00	20,218	(4,534)
2021	28,462	25,845	2,617
2022	37,939	31,286	6,653
2023	39,764	33,390	6,374
2024	4,138	643	3,495
2025	3,703	643	3,060
Beyond	4,489	1,308	3,181
Total	134,179	113,333	20,846

Net financial position

The positive net financial position at June 30, 2019 was as follows:

(in thousands of euro)	Caption	Non NFP	NFP	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	154,435	122,885	31,550	23		31,527	
Other current assets including derivatives	27,783	16,655	11,128	11,128			
financial receivables and equity investments held for trading	336,035		336,035	336,035			
Cash and cash equivalents	131,519		131,519	131,519			
Assets held for sale	6,506	6,248	258	258			
Non-current financial liabilities	(134,179)		(134,179)				(134,179)
Other non-current liabilities	(1,214)	(103)	(1,111)				(1,111)
Current bank loans and borrowings	(27,708)		(27,708)		(27,708)		
Current financial liabilities	(43,760)		(43,760)		(43,760)		
Other liabilities	(50,117)	(34,258)	(15,859)		(15,859)		
Total	399,300	111,427	287,873	478,963	(87,327)	31,527	(135,290)

For further details on the captions included or not included in the NFP, see the table comparing fair value and book value of financial assets and liabilities.

The net financial position at June 30, 2019 is positive at 287,873 thousand euro, as follows:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Current financial assets	478,705	380,551	98,154
Cash and cash equivalents	131,519	121,930	9,589
Derivatives - assets	1,663	2,391	(728)
Other current financial assets	345,523	256,230	89,293
Current financial liabilities	(87,327)	(83,260)	(4,067)
Bank loans and borrowings	(27,708)	(25,065)	(2,643)
Current loans and borrowings	(52,925)	(56,241)	3,316
Derivatives - liabilities	(6,694)	(1,954)	(4,740)
Non-current financial assets	31,527	38,527	(7,000)
Non-current financial assets	31,527	38,527	(7,000)
Non-current derivatives			
Non-current financial liabilities	(135,290)	(113,892)	(21,398)
Non-current financial liabilities	(134,179)	(113,333)	(20,846)
Non-current derivatives (hedge accounting)	(1,111)	(559)	(552)
Net financial position relating to continuing operations	287,615	221,926	65,689
Assets held for sale	258	334	(76)
Liabilities directly linked to assets held for sale			
Net financial position relating to discontinued operations	258	334	(76)
Total net financial position	287,873	222,260	65,613

The net financial position at June 30, 2019, calculated in compliance with Consob communication no. DEM 6064293/2006 of July 28, 2006 (i.e., not including non-current financial assets) was positive at 256,088 thousand euro (183,399 thousand euro at December 31, 2018).

Comparison between fair value and carrying amount

The table below compares the carrying amount and the fair value of financial assets and liabilities at June 30, 2019:

	FVTPL	FVOCI	Carrying amount			Total	Fair value			Total
			Amortized cost	FV hedges	Other financial liabilities		level 1	level 2	level 3	
<i>(in thousands of euro)</i>										
Financial assets										
Other equity investments		388,508				388,508	274,738	106,594	7,176	388,508
Trade receivables and other non-current assets	122,495		31,940			154,435		3,277	119,218	122,495
<i>Financial assets at amortized cost</i>			9,417			9,417				
<i>Financial assets at FVTPL in NFP</i>	3,277					3,277		3,277		3,277
<i>Financial assets at FVTPL not in NFP</i>	119,218					119,218			119,218	119,218
<i>Non-current receivables</i>			19,636			19,636				
<i>Trade receivables</i>			2,420			2,420				
<i>Guarantee deposits</i>			444			444				
<i>Accrued income</i>			23			23				
Trade receivables			102,717			102,717				
Current assets including derivatives	1,663		26,120			27,783		1,663		1,663
<i>Derivatives</i>	1,663					1,663		1,663		1,663
<i>Trade receivables</i>			9,465			9,465				
<i>Other receivables</i>			16,655			16,655				
Equity investments, bonds and current financial receivables	329,059		6,976			336,035	71,044	254,254	3,761	329,059
<i>NFP Equity investments FVTPL</i>	31,132					31,132	31,124		8	31,132
<i>Financial assets at amortized cost</i>			1,866			1,866				
<i>Financial assets at FVTPL in NFP</i>	297,927					297,927	39,920	254,254	3,753	297,927
<i>Investments at FVOCI</i>										
<i>Financial receivables and accruals</i>			5,110			5,110				
Cash and cash equivalents			131,519			131,519				
Total	453,217	388,508	299,272			1,140,997	345,782	365,788	130,155	841,725
Financial liabilities										
Non-current financial liabilities					134,179	134,179		134,179		134,179
<i>Bank loans and borrowings</i>					120,532	120,532		120,532		120,532
<i>Finance lease payables</i>					11,789	11,789		11,789		11,789
<i>Other loans and borrowings</i>					1,858	1,858		1,858		1,858
Other non-current payables and liabilities			13,892	1,111		15,003		1,111		1,111
<i>Derivatives</i>				1,111		1,111		1,111		1,111
<i>Other non-current payables</i>			13,892			13,892				
Current bank loans and borrowings					27,708	27,708		27,708		27,708
Current financial liabilities					43,760	43,760		43,760		43,760
<i>Bank loans and borrowings</i>					32,775	32,775		32,775		32,775
<i>Finance lease payables</i>					3,442	3,442		3,442		3,442
<i>Other loans and borrowings</i>					530	530		530		530
<i>Other financial payables</i>					7,013	7,013		7,013		7,013
Trade payables			76,298			76,298				
Other liabilities	6,694		43,423			50,117		6,694		6,694
<i>Derivatives</i>	6,694					6,694		6,694		6,694
<i>Trade receivables</i>			9,165			9,165				
<i>Other payables, accruals and deferrals</i>			34,258			34,258				
Total	6,694		133,613	1,111	205,647	347,065		213,452		213,452

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2018:

	Carrying amount					Total	Fair value			Total
	FVTPL	FVOCI	Amortized cost	FV hedges	Other financial liabilities		level 1	level 2	level 3	
<i>(in thousands of euro)</i>										
Financial assets										
Other equity investments		404,382				404,382	324,872	15,568	63,942	404,382
Trade receivables and other non-current assets	118,725		38,332			157,057		3,163	115,562	118,725
<i>Financial assets at amortized cost</i>			13,439			13,439				
<i>Financial assets at FVTPL in NFP</i>	3,163					3,163		3,163		3,163
<i>Financial assets at FVTPL not in NFP</i>	115,562					115,562			115,562	115,562
<i>Non-current receivables</i>			21,771			21,771				
<i>Trade receivables</i>			2,588			2,588				
<i>Guarantee deposits</i>			534			534				
Trade receivables			92,043			92,043				
Current assets including derivatives	2,391		25,439			27,830		2,391		2,391
<i>Derivatives</i>	2,391					2,391		2,391		2,391
<i>Trade receivables</i>			8,606			8,606				
<i>Other receivables</i>			16,833			16,833				
Equity investments, bonds and current financial receivables	246,450		2,054			248,504	70,002	173,078	3,370	246,450
<i>NFP Equity investments FVTPL</i>	34,601					34,601	33,713		888	34,601
<i>Financial assets at amortized cost</i>			364			364				
<i>Financial assets at FVTPL in NFP</i>	211,849					211,849	36,289	173,078	2,482	211,849
<i>Investments at FVOCI</i>										
<i>Financial receivables and accruals</i>			1,690			1,690				
Cash and cash equivalents			121,930			121,930				
Total	367,566	404,382	279,798			1,051,746	394,874	194,200	182,874	771,948
Financial liabilities										
Non-current financial liabilities					113,333	113,333		113,333		113,333
<i>Bank loans and borrowings</i>					109,959	109,959		109,959		109,959
<i>Finance lease payables</i>					1,716	1,716		1,716		1,716
<i>Other loans and borrowings</i>					1,658	1,658		1,658		1,658
Other non-current payables and liabilities			5,063	559		5,622		559		559
<i>Derivatives</i>				559		559		559		559
<i>Other non-current payables</i>			5,063			5,063				
Current bank loans and borrowings					25,065	25,065		25,065		25,065
Current financial liabilities					47,173	47,173		47,173		47,173
<i>Bank loans and borrowings</i>					38,298	38,298		38,298		38,298
<i>Finance lease payables</i>					364	364		364		364
<i>Other loans and borrowings</i>					618	618		618		618
<i>Other financial payables</i>					7,893	7,893		7,893		7,893
Trade payables			78,200			78,200				
Other liabilities	1,954		35,310			37,264		1,954		1,954
<i>Derivatives</i>	1,954					1,954		1,954		1,954
<i>Trade receivables</i>			9,068			9,068				
<i>Other payables, accruals and deferrals</i>			26,242			26,242				
Total	1,954		118,573	559	185,571	306,657		188,084		188,084

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

- level 1: financial instruments with prices quoted on active markets;
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
- level 3: fair value determined with measurement methods where no significant input is based on observable market data.

At June 30, 2019, changes in level 3 are as follows:

	Level 3 31/12/2018	Increases						Decreases						Level 3 30/06/2019	
		Purchases	Gains as per I.S.	Other gains in income statement	Gains in equity	Other changes	Reclass. IFRS 9	Transfers from other levels	Sales	Repayme nts	Losses as per I.S.	Other losses in income statement	Losses in equity		Other changes
(in thousands of euro)															
Derivatives - assets															
Non-current equity investments	63,942	72		31,190							(336)		(91)	(87,601)	7,176
Receivables and other non-current assets	115,562	9,502		7,351		193			(12,959)		(431)				119,218
Equity investments, bonds and current financial receivables	3,370	163		1,442					(669)		(545)				3,761

The transfer to other levels concerns the stake in the vehicle Sciquest (Jaggaer Group) for the offer received from Italmobiliare, as already discussed in the Directors' Report.

The line "Receivables and other non-current assets" consists of Private equity funds. Changes relate to repayments and payments made during the period and to fair value adjustments/revaluations.

Covenants

In addition to the ordinary clauses, some of the loan agreements granted to Group companies include covenants requiring compliance with financial ratios, mainly calculated at year end. Covenants computation is made annually, as of June 30, 2019 they have all being met.

Loans subject to covenants at June 30, 2019 stood at 25 million euro of the Italgem group's gross financial liabilities. The key financial ratio is "leverage" (Italgem S.p.A. net financial debt/Italgem S.p.A. gross operating profit ratio; the calculation of net financial debt does not include amounts due from associates or Group companies). The maximum limit is 4.5 for a loan and 3.5 for a second loan and the computation is made annually.

In the Sirap group, borrowings have been set up with financial covenants.

During 2019, Sirap Gema S.p.A. stipulated a loan of 25,000 thousand euro maturing on December 31, 2023, with financial covenants: NFP/EBITDA and EBITDA/finance costs.

Sirap France S.A. has three loans totaling 3,000 thousand euro maturing on August 28, 2023 with financial covenants: NFP/EBITDA and EBITDA/Equity.

The subsidiary Inline Poland Sp z.o.o. has three loans with financial covenants:

- a residual loan of 1,900 thousand euro maturing on January 31, 2027;
- a residual loan of 1,809 thousand euro maturing on August 31, 2027;
- a residual loan of 939 thousand euro maturing on February 28, 2023.

These loans have covenants on: total annual revenue, percentage net profit, current receivables/current liabilities and current receivables and investments / current liabilities. Compliance with the covenants is checked at year end.

Caffè Borbone has in place loans for a total amount of totaling 57.3 million euro subject to covenants. The covenant ratio is "leverage" (ratio between net financial debt and gross operating profit). Leverage may not be equal to or higher than specific limits that vary over time, with a range descending from 2.50x at December 31, 2020 to 2.25x at December 31, 2022.

Derivatives

The table below shows the fair value of the financial instruments recognized in the interim consolidated financial statements, divided by type of hedge:

(in thousands of euro)	June 30, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Derivatives shares, securities and indices	1,663	(6,694)	2,391	(1,954)
Total current instruments	1,663	(6,694)	2,391	(1,954)
Cash flow hedge interest rate derivatives		(1,111)		(559)
Interest-rate derivatives		(1,111)		(559)
Total long-term instruments		(1,111)		(559)
Total	1,663	(7,805)	2,391	(2,513)

Cash flow hedge interest rate derivatives amount to -1,111 thousand euro and refer to IRS derivatives stipulated by Caffè Borbone and Italgen.

16) Trade payables

This caption is made up of:

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Due to suppliers trade payables	76,298	78,200	(1,902)
Other trade payables	-	-	-
Total	76,298	78,200	(1,902)

17) Other liabilities

(in thousands of euro)	June 30, 2019	December 31, 2018	Change
Due to employees	15,576	8,974	6,602
Due to social security bodies	4,967	5,827	(860)
Due to tax authorities	5,174	4,477	697
Accrued expenses and deferred income	4,006	3,301	705
Derivatives	6,694	1,954	4,740
Due to customers	9,165	9,068	97
Advances from customers	697	438	259
Due to suppliers for non-current assets	1,183	1,137	46
Other liabilities	2,655	2,088	567
Total	50,117	37,264	12,853

Commitments

At June 30, 2019, the Group had commitments for future payments to private equity funds totaling 35.87 million US dollars, 30.2 million euro and 0.9 million British pounds.

Tecnica Group S.p.A. shares have been pledged as collateral for bank loans granted to it.

Income statement

Note that the income statement figures are not comparable as the subsidiary Caffè Borbone, acquired in early May 2018, was consolidated in the first half of 2018 for only two months, whereas in the first half of 2019 it contributed for six months.

18) Revenue and income

Revenue and income totaled 278,253 thousand euro, as follows:

	H1 2019	H1 2018	Change	Change %
<i>(in thousands of euro)</i>				
Industrial revenue				
Product sales	221,421	159,307	62,114	39.0%
Services provided	16,482	18,501	(2,019)	-10.9%
Other revenue	89	102	(13)	-12.7%
Total	237,992	177,910	60,082	33.8%
Financial revenue				
Interests	710	817	(107)	-13.1%
Dividends	8,106	9,713	(1,607)	-16.5%
Commissions	5,882	6,109	(227)	-3.7%
Gains realized and other revenues	24,739	21,329	3,410	16.0%
Total	39,437	37,968	1,469	3.9%
Revenue - other activities				
Interests	772	743	29	3.9%
Real estate and other services/other revenues	52	54	(2)	-3.7%
Total	824	797	27	3.4%
Grand total	278,253	216,675	61,578	28.4%

Industrial revenue relates to Caffè Borbone, Sirap and Italgem, whereas financial revenue is attributable to Italmobiliare and Clessidra.

Refer to the Directors' Report for comments on the changes in revenue and expenses.

19) Raw materials and supplies

Expenses for raw materials and supplies amounted to 127,469 thousand euro, as follows:

	H1 2019	H1 2018	Change	Change %
(in thousands of euro)				
Raw materials and semifinished goods	65,812	53,392	12,420	23.3%
Fuel	604	306	298	97.4%
Materials and machinery	24,430	10,918	13,512	n.s.
Finished goods	27,146	24,591	2,555	10.4%
Electricity, water and gas	11,243	11,342	(99)	-0.9%
Change in inventories of raw materials, consumables and other	(1,766)	3,408	(5,174)	n.s.
Total	127,469	103,957	23,512	22.6%

20) Services

Expenses for services amounted to 44,211 thousand euro, as follows:

	H1 2019	H1 2018	Change	Change %
(in thousands of euro)				
External services and maintenance	9,736	8,034	1,702	21.2%
Transport	11,760	9,505	2,255	23.7%
Legal fees and consultancy	4,802	5,103	(301)	-5.9%
Rents	2,431	4,273	(1,842)	-43.1%
Insurance	1,006	1,010	(4)	-0.4%
Membership fees	177	164	13	7.9%
Other expenses	14,299	5,899	8,400	n.s.
Total	44,211	33,988	10,223	30.1%

21) Personnel expenses

Personnel expenses totaled 52,004 thousand euro, as follows:

	H1 2019	H1 2018	Change	Change %
(in thousands of euro)				
Wages and salaries	37,188	33,807	3,381	10.0%
Social security contributions	10,316	10,608	(292)	-2.8%
Other expenses	4,500	3,983	517	13.0%
Total	52,004	48,398	3,606	7.5%

The number of employees is shown below:

(headcount)	H1 2019	H1 2018	Change
Number of employees at period end	1,791	1,835	(44)
Average number of employees	1,778	1,830	(52)

22) Other operating expenses

Other operating expenses net of other operating income amounted to 13,422 thousand euro, as follows:

(in thousands of euro)	H1 2019	H1 2018	Change	Change %
Other taxes	4,014	3,543	471	13.3%
Accruals to the bad debt reserve	723	13	710	n.s.
Interest expenses and other expenses financial companies	12,311	20,328	(8,017)	-39.4%
Provision for environmental and other restoration costs	2,595	1,499	1,096	73.1%
Other income	(2,532)	(2,160)	(372)	17.2%
Net gains from the sale of non-current assets	(3,400)	(936)	(2,464)	n.s.
Personnel expenses for re-organizations	(743)	52	(795)	n.s.
Other net (income) expenses	454	1,654	(1,200)	-72.6%
Total	13,422	23,993	(10,571)	-44.1%

The decrease in "Interest expenses and other expenses financial companies" is mainly due to Italmobiliare for lower impairment losses on financial assets measured at FVTPL for 13,092 thousand euro.

The impact of the accrual to the provision for bad and doubtful accounts was not significant, so it was not necessary to create a separate line in the financial statements.

23) Finance income, costs, exchange-rate differences and net gains (losses) on derivatives

Net finance costs amounted to 2,482 thousand euro, as follows: This amount is composed as follows:

(in thousands of euro)	H1 2019		H1 2018	
	Income	Costs	Income	Costs
Interest income	13		25	
Interest expenses		(1,553)		(1,077)
Dividends	1			
Gains/losses on sale of equity investments			513	
Other finance income	21		51	
Other finance costs		(1,260)		(1,017)
Total finance income (costs)	35	(2,813)	589	(2,094)
Net exchange-rate differences	296		675	
Exchange-rate differences and net gains (losses) on derivatives	296		675	
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		(2,482)		(830)

Interest expenses on lease contracts amounts to 70 thousand euro (7 thousand euro in the first half of 2018).

24) Taxes

Taxes for the period are negative and amount to 8,702 thousand euro, divided as follow:

(in thousands of euro)	H1 2019	H1 2018	Change	Change %
Current taxes	9,830	1,511	8,319	n.s.
Prior-year taxes and other prior-year tax items	(234)	490	(724)	n.s.
Deferred tax	(894)	(15,752)	14,858	-94.3%
Total	8,702	(13,751)	22,453	n.s.

The change in current taxes is attributable to the improvement in operating profit of both Italmobiliare and certain subsidiaries.

The change in deferred taxes is due to the non-recurring effect arising from the activation of tax benefits on prior-year tax losses and deductible temporary differences, previously not activated, as a result of the projection of future taxable income at the companies included in the domestic tax consolidation of last year.

25) Other comprehensive income

(in thousands of euro)	Gross amount	Tax	Net amount
Fair value gains (losses) on:			
Financial assets measured at FVOCI	126,819	(12,570)	114,249
Derivatives	(1,104)	-	(1,104)
Translation differences	497	-	497
Other comprehensive income (expenses)	126,212	(12,570)	113,642

26) Earnings per share

Earnings per share at June 30 are based on the profit for the period attributable to owners of the parent company and shown for ordinary shares.

Basic earnings per share

The weighted average number of shares and attributable profit are shown below:

	H1 2019	H1 2018
(no. shares in thousands)	Ordinary shares	Ordinary shares
No. shares at January 1	47,634	47,634
Treasury shares at January 1	(5,686)	(5,691)
Weighted average number of treasury shares sold in period		5
Total	41,948	41,948
Attributable profit in thousands of euro	19,093	22,329

Profit attributable by share category was determined as follows:

	H1 2019	H1 2018
(in thousands of euro)	Ordinary shares	Ordinary shares
Residual profit apportioned to all shares	19,093	22,329
Total	19,093	22,329

Diluted earnings per share

Diluted earnings per share are computed in the same way as basic earnings per share, taking into account of the dilutive effect of stock options.

The weighted average number of shares and attributable profit are shown below:

	H1 2019	H1 2018
(thousands of shares)	Ordinary shares	Ordinary shares
Weighted average number of shares at June 30	41,948	41,948
Dilutive effect of stock options	104	137
Total	42,052	42,085
Attributable profit for diluted earnings per share in thousands of euro	19,093	22,329
Diluted earnings per share in euro	0.454	0.531

Profit attributable by share category was determined as follows:

	H1 2019	H1 2018
(in thousands of euro)	Ordinary shares	Ordinary shares
Residual profit apportioned to all shares	19,093	22,329
Total	19,093	22,329

27) Transactions with related parties

Transactions with related parties occurred in the first half of 2019 are detailed in the table below:

(in thousands of euro)	Revenue (expenses)	Trade receivables (payables)	Financial assets (liabilities)	Finance income (costs)	Other operating income (expenses)
Italmobiliare Group					
Associates	1,184	239	14,599	8	
Other related parties	(523)	(509)			
Total	1,184 (523)	239 (509)	14,599	8	
% impact on financial statement items	0.4%	0.2%	2.9%	22.9%	
	0.2%	0.7%			

The same data for the first half of 2018 are set out below:

(in thousands of euro)	Revenue (expenses)	Trade receivables (payables)	Financial assets (liabilities)	Finance income (costs)	Other operating income (expenses)
Italmobiliare Group					
Associates	314	218	13,993	365	
Other related parties	(389)	(380)			
Total	314 (389)	218 (380)	13,993	365	
% impact on financial statement items	0.1%	0.2%	3.0%	62.0%	
	0.2%	0.5%			

At June 30, 2019 the caption "Other operating expenses for other related parties" included 250 thousand euro paid by Italmobiliare S.p.A. to the Italcementi Cav. Lav. Carlo Pesenti foundation (250 thousand euro in the first half of 2018).

Events after the reporting date

With reference to the events after the reporting date, note that, on July 25, Tecnica Group, through the subsidiary Lowa, acquired the entire capital of Riko Sport S.r.l., a company that specializes in the production of high level footwear and main supplier of Lowa. At the same time, Tecnica Group acquired a further 15% of Lowa, bringing its share in its capital to 75%. The total amount of the transaction is 81 million euro.

On July 8, there was the announcement of the sale to Cinven, through the vehicle company Sciquest, of the Jagger investment, a company active in the software platform for eProcurement and spend management.

Annex

The table below sets out equity investments held in companies when such investments exceed 10% of voting capital. It also indicates the consolidation method and non-controlling interests.

Company	Registered office		Share capital		Interest held by Group companies			Consolidation method/ measurement	Non-controlling interests %
					Direct	Indirect	%		
Parent company									
Italmobiliare S.p.A.	Milan	I	EUR	100,166,937.00					
035 Investimenti S.p.A.	Bergamo	I	EUR	10,000,000.00	10.53	-	10.53	Italmobiliare S.p.A.	Fair Value
Alpigas S.r.l.	Aosta	I	EUR	100,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Atesina Gas S.r.l.	Lavis (TN)	I	EUR	260,000.00	-	100.00	100.00	Lampogas S.r.l.	Equity
Atmos Venture S.p.A. winding up	Milan	I	EUR	880,040.00	10.13	-	10.13	Italmobiliare S.p.A.	Fair Value
Autogas Nord S.p.A.	Volpiano (TO)	I	EUR	11,287,783.00	26.89	-	26.89	Italmobiliare S.p.A.	Equity
Autogas Riviera S.r.l.	Taggia (IM)	I	EUR	102,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity
Beijing Tecnica Sport Equip. Co. Ltd	Beijing	RC	CNY	25,727,280.00	-	50.00	50.00	Tecnica Group Spa	Equity
Blizzard Sport Liegenschaftsverwaltungs	Mittersill	A	EUR	36,336.00	-	99.00	99.00	Blizzard Sport GmbH	Equity
Blizzard Produktions GmbH	Mittersill	A	EUR	5,301,701.00	-	100.00	100.00	Blizzard Sport GmbH	Equity
Blizzard Sport GmbH	Mittersill	A	EUR	36,336.00	-	100.00	100.00	IQ-Sports Verwaltungs GmbH	Equity
Bocci Gas S.r.l.	Foligno (PG)	I	EUR	70,000.00	-	51.00	51.00	GPL Tirreno S.r.l.	Equity
Burgo Group S.p.A.	Altavilla Vicentina	I	EUR	20,000,000.00	11.68	-	11.68	Italmobiliare S.p.A.	Fair Value
Caffè Borbone S.r.l.	Caivano (NA)	I	EUR	1,000,000.00	60.00	-	60.00	Italmobiliare S.p.A.	Line-by-line
Cerraduras Iseo Iberica S.L.	Ajalvir - Madrid	E	EUR	300,500.00	-	90.00	90.00	Iseo Serrature S.p.A.	Equity
Chiurlo Gas S.r.l.	Campoformido (UD)	I	EUR	110,000.00	-	51.00	51.00	Autogas Nord S.p.A.	Equity
Clessidra Società di Gestione del Risparmio S.p.A.	Milan	I	EUR	3,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Ciodigas S.r.l.	Piove di Sacco (PD)	I	EUR	98,800.00	-	50.00	50.00	Lampogas S.r.l.	Equity
CJSC INLINE-R	Moscow	RU	RUB	30,230,640.00	-	23.99	23.99	Inline Poland Sp. z o.o.	Cost
Compagnia Fiduciaria Nazionale S.p.A.	Milan	I	EUR	90,000.00	16.67	-	16.67	Italmobiliare S.p.A.	Fair Value
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	99.91	-	99.91	Italmobiliare S.p.A.	Line-by-line
Dokimè S.r.l.	Milan	I	EUR	100,000.00	20.63	-	20.63	Italmobiliare S.p.A.	Equity
Eoclima S.r.l.	Ariano nel Polesine (RO)	I	EUR	90,000.00	-	55.00	55.00	Autogas Nord S.p.A.	Equity
Eco Park Wind Power	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity
Energy for MISR B.V.	Amsterdam	NL	NLG	1,000.00	-	100.00	100.00	Italgen S.p.A.	Line-by-line
Feromeria Prod. S.A.	Arad	RO	RON	20,628,636.40	-	100.00	99.9999 0.0001	Iseo Serrature S.p.A. Microhard S.r.l.	Equity
Finimage 15 Sagl in liquidazione	Lugano	CH	CHF	20,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Fin.Priv. S.r.l.	Milan	I	EUR	20,000.00	14.28	-	14.28	Italmobiliare S.p.A.	Fair Value
Franco Tosi Ventures S.r.l.	MILAN	I	EUR	100,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Gardawind S.r.l.	Vipiteno (BZ)	I	EUR	100,000.00	-	49.00	49.00	Italgen S.p.A.	Equity
GPL Tirreno S.r.l.	Tarquinia (VT)	I	EUR	64,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Gruppo Energia Italy S.r.l.	Volpiano (TO)	I	EUR	108,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity
Haekon Eood	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity
ICS Petruzalek Srl	Chisinau	MD	MDL	81,518.50	-	100.00	100.00	Petruzalek Com S.r.l. (Romania)	Line-by-line
Immobiliare Lido di Classe S.r.l. in liquidazione	Rome	I	EUR	255,000.00	18.04	-	18.04	Italmobiliare S.p.A.	Cost
Inline Poland Sp. z o.o.	Murovana Goslina	PL	PLN	3,846,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line
Italgen Maroc Ener S.A.	Casablanca	MAR	MAD	39,100,000.00	-	100.00	99.99 0.01	Italgen S.p.A. Italmobiliare Servizi S.r.l.	Line-by-line
Italgen Maroc S.A.	Casablanca	MAR	MAD	1,800,000.00	-	100.00	99.99 0.01	Italgen S.p.A. Italmobiliare Servizi S.r.l.	Line-by-line
Italgen Misr for Energy SAE	Cairo	EGY	LE	76,940,000.00	-	100.00	98.00 1.00 1.00	Energy for MISR B.V. Italmobiliare S.p.A. Italmobiliare Servizi S.r.l.	Line-by-line
Italgen S.p.A.	Bergamo	I	EUR	20,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
Italmobiliare Servizi S.r.l.	Milan	I	EUR	3,520,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line
IQ-Sports Verwaltungs GmbH	Mittersill	A	EUR	17,500.00	-	100.00	100.00	Tecnica Group Spa	Equity
Iseo Asia Limited	Hong Kong	HK	HKD	1,000,000.00	-	70.00	70.00	Iseo Serrature S.p.A.	Equity
Iseo Asia Pacific Sdn Bhd	Puchong, Selangor D.E.	MAL	MYR	715,560.00	-	100.00	100.00	Iseo Asia Limited	Equity
Iseo Beijing Architectural Hardware Co. Ltd	Beijing	RC	CNY	500,000.00	-	100.00	100.00	Iseo Asia Limited	Equity
Iseo Colombia S.A.S.	Bogotá	CO	COP	1,000,000,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Iseo Denmark A.P.S.	Copenhagen	DK	EUR	18,000.00	-	55.00	55.00	Iseo Serrature S.p.A.	Equity
Iseo Deutschland GmbH	Gera	D	EUR	1,000,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Iseo France S.A.S.	Vaux Le Pénil	F	EUR	1,075,440.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Iseo Galvanica S.r.l.	Arad	RO	RON	2,800,000.00	-	99.50 0.50	99.50 0.50	Iseo Serrature S.p.A. Microhard S.r.l.	Equity
Iseo Gulf LCC	Dubai	UAE	AED	300,000.00	-	100.00	100.00	Iseo Middle East FZE	Equity
Iseo Middle East FZE	Dubai	UAE	AED	1,000,000.00	-	100.00	100.00	Iseo Denmark A.P.S.	Equity
Iseo Peru S.A.C.	Lima	PE	PEN	1,250,000.00	-	90.00	90.00	Iseo Serrature S.p.A.	Equity
Iseo Projects And Access Control DMCC	Dubai	UAE	AED	75,000.00	-	80.00	80.00	Iseo Serrature S.p.A.	Equity
Iseo Serrature S.p.A.	Pisogne (BS)	I	EUR	23,969,040.00	40.00	-	40.00	Italmobiliare S.p.A.	Equity
Iseo South Africa Proprietary Limited	Cape Town	ZA	ZAR	1,136.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity
Kalorgas S.r.l.	Pitigliano (GR)	I	EUR	12,480.00	-	100.00	100.00	GPL Tirreno S.r.l.	Equity
Lampogas S.r.l.	Fontevivo (PR)	I	EUR	2,000,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity
Liras S.A.S.	Courbevoie	F	EUR	16,151,640.00	-	60.62	60.62	Iseo Serrature S.p.A.	Equity
Locken Iberica S.L.	Madrid	ES	EUR	5,000.00	-	96.00	96.00	Liras S.A.S.	Equity
Locken Services S.A.	Courbevoie	F	EUR	100,000.00	-	99.20	99.20	Liras S.A.S.	Equity
Locken UK Limited	London	GB	GBP	1,000.00	-	99.20	99.20	Liras S.A.S.	Equity

Company	Registered office		Share capital		Interest held by Group companies			Consolidation method/ measurement	Non-controlling interests %	
					Direct	Indirect	%			
Lowa Boots LLC	Stamford	USA	USD	35,000.00	-	100.00	99.90 0.10	Lowa Sportschuhe GmbH Tecnica Group S.p.A.	Equity	
Lowa Schuhe AG	Wengelacher	CH	CHF	1,100,000.00	-	100.00	100.00	MM Holding AG	Equity	
Lowa Sportschuhe GmbH	Jetzendorf	D	EUR	5,000,000.00	-	60.00	60.00	Teclor Srl	Equity	
Mesomarket Eook	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Gardawind S.r.l.	Equity	
MFS Web S.r.l.	Milan	I	EUR	40,000.00	-	50.00	50.00	Caffe Borbone S.r.l.	Equity	
Microhard S.r.l.	Rovellasca (CO)	I	EUR	100,000.00	-	100.00	100.00	Iseo Serrature S.p.A.	Equity	
MM Holding AG	Stans	CH	CHF	100,000.00	-	100.00	100.00	Lowa Sportschuhe GmbH	Equity	
New Flour S.p.A.	Milan	I	EUR	163,000.00	16.97	-	16.97	Italmobiliare S.p.A.	Fair Value	
Norfin S.r.l.	Giavera del Montello	I	EUR	95,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Olso Meccanica S.r.l.	San Cesario sul Panaro (MO)	I	EUR	10,400.00	-	80.00	80.00	Iseo Serrature S.p.A.	Equity	
PA.LA.GAS Scarl	Fontevivo (PR)	I	EUR	10,200.00	-	50.00	50.00	Lampogas S.r.l.	Equity	
Petruzalek Ltd in liquidazione (Turkey)	Istanbul	TR	TRY	2,806,000.00	-	100.00	99.90 0.10	Petruzalek Gesellschaft mbH (Austria) Petruzalek Com S.r.l. (Romania)	Line-by-line	
Petruzalek e.o.o.d. (Bulgaria)	Sofia	BG	BGN	5,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek Com S.r.l. (Romania)	Bucharest	RO	RON	6,374,380.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Croatia)	Zabok	HR	HRK	129,500.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Serbia)	Zemun (Batajnica)	RS	EUR	1,066,060.09	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek d.o.o. (Slovenia)	Maribor	SI	EUR	9,959.08	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek Gesellschaft mbH (Austria)	Tattendorf	AT	EUR	1,000,000.00	-	100.00	99.00 1.00	Sirap Gema S.p.A. Sirap Remouilins S.A.S.	Line-by-line	
Petruzalek Kft (Hungary)	Budapest	HU	HUF	300,000,000.00	-	100.00	75.00 25.00	Petruzalek Gesellschaft mbH (Austria) Petruzalek spol. S.r.o. (Czech Republic)	Line-by-line	
Petruzalek o.o.o. (Ukraine)	Odessa	UA	UAH	214,831.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek S.r.o. (Slovak Republic)	Bratislava	SK	EUR	15,269.20	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Petruzalek S.r.o. (Czech Republic)	Breclav	CZ	CZK	2,300,000.00	-	100.00	100.00	Petruzalek Gesellschaft mbH (Austria)	Line-by-line	
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	I	EUR	1,300,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	
Rosa Plast Due S.r.l.	Bovezzo	I	EUR	15,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Schöffel-Lowa-Sportartikel & Co. KG	Schwabmünchen	D	EUR	1,892,216.00	-	50.00	50.00	Lowa Sportschuhe GmbH	Equity	
S.E.S. Company Editrice Sud S.p.A.	Messina	I	EUR	10,695,505.08	31.10	-	31.10	Italmobiliare S.p.A.	Equity	
Sinergias S.r.l.	Porto Mantovano (MN)	I	EUR	98,000.00	-	100.00	100.00	Autogas Nord S.p.A.	Equity	
Sirap France SAS	Noves	FR	EUR	3,520,000.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap Gema S.p.A.	Verolanuova (BS)	I	EUR	5,000,000.00	100.00	-	100.00	Italmobiliare S.p.A.	Line-by-line	
Sirap GmbH	Bergheim	D	EUR	153,388.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap Packaging Iberica SLU	Colonia Vidal	ES	EUR	993,387.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Sirap Remouilins S.A.S.	Remouilins	FR	EUR	500,000.00	-	100.00	100.00	Sirap France S.A.S.	Line-by-line	
Sirap Tarascon S.A.S.	Tarascon	FR	EUR	525,640.00	-	100.00	100.00	Sirap France S.A.S.	Line-by-line	
Sirap UK Limited	Sedgefield	UK	£	7,667,666.00	-	100.00	100.00	Sirap Gema S.p.A.	Line-by-line	
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	99.98	-	99.98	Italmobiliare S.p.A.	Line-by-line	0.02
Splendorgas S.r.l.	Santi Cosma e Damiano (LT)	I	EUR	10,000.00	-	60.00	60.00	Lampogas S.r.l.	Equity	
Stocaggi Riuniti Cotignola Scarl	Cotignola (RA)	I	EUR	12,000.00	-	50.00	50.00	Autogas Nord S.p.A.	Equity	
Teclor Srl	Giavera del Montello	I	EUR	10,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Spa	Giavera del Montello	I	EUR	38,533,835.00	40.00	-	40.00	Italmobiliare S.p.A.	Equity	
Tecnica Group Canada Inc	St Lauren	CA	CAD	4,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Germany GmbH	Jetzendorf	D	EUR	715,808.00	-	100.00	100.00	Blizzard Sport GmbH	Equity	
Tecnica Group France S.a.r.l.	Annecy le Vieux	FR	EUR	1,000,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Japan Ltd	Tokyo	JP	YEN	100,000,000.00	-	99.90	99.90	Tecnica Group Spa	Equity	
Tecnica Group USA Ski Boots Corp.	West Lebanon	USA	USD	5,800,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Group Schweiz AG	Zurich	CH	CHF	500,000.00	-	100.00	100.00	Tecnica Group Spa	Equity	
Tecnica Hungary Kft	Nagykallo	H	EUR	3,454,422.00	-	100.00	99.00 1.00	Tecnica Group Spa Norfin S.r.l.	Equity	
Tecnigas S.r.l.	Prevalle (BS)	I	EUR	49,920.00	-	50.00	50.00	Lampogas S.r.l.	Equity	
Tianjing Tecnica International Co. Ltd	Tianjin Port	RC	CNY	2,417,770.00	-	50.00	50.00	Tecnica Group Spa	Equity	
Tirolgas S.r.l.	Ora (BZ)	I	EUR	114,024.40	-	100.00	100.00	Autogas Nord S.p.A.	Equity	
Universal Imballaggi S.r.l. in liquidazione	Palermo	I	EUR	1,731,588.00	-	92.64	92.64	Sirap Gema S.p.A.	Line-by-line	7.36
Versligas S.r.l.	S. Stefano di Magra (SP)	I	EUR	36,400.00	-	50.00	50.00	Lampogas S.r.l.	Equity	

ITALMOBILIARE

INVESTMENT HOLDING

Certification pursuant to art. 154-bis paragraph 5 of the Italian Consolidated Finance Act (TUF) regarding the condensed interim consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

The undersigned Carlo Pesenti, Chief Executive Officer, and Mauro Torri, Manager in charge of preparing the company's financial reports of Italmobiliare S.p.A., hereby certify, also in consideration of art. 1-bis, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the company and
- the actual application

of administrative and accounting procedures for the formation of the **condensed interim consolidated financial statements**, during the period from January 1, 2019 to June 30, 2019.

The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the condensed interim consolidated financial statements as at and for the six months ended June 30, 2019 is based on a model identified by Italmobiliare in accordance with the CoSO framework (illustrated in the CoSO Report) and also takes into account the document "Internal Control over Financial Reporting - Guidance for Smaller Public Companies", both issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represent a generally accepted international framework.

3. They also declare that:

3.1 the condensed interim consolidated financial statements as at and for the six months ended June 30, 2019:

- a) were prepared in compliance with the applicable international financial reporting standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002;
- b) it corresponds to the contents of the accounting books and records;
- c) are suitable to provide a true and fair view of the financial position, results of operations and cash flows of Italmobiliare S.p.A. and the companies included in the scope of consolidation.

3.2 the interim directors' report includes a reliable analysis of the significant events that took place in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim directors' report also includes a reliable analysis of information on material transactions with related parties.

July 31, 2019

Chief Executive Officer

Manager in charge of preparing the
company's financial reports

Carlo Pesenti

Mauro Torri

REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Italmobiliare S.p.A.**

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Italmobiliare S.p.A. and subsidiaries (the "Italmobiliare Group"), which comprise the statement of financial position as of June 30, 2019 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended, and the explanatory notes. The Directors are responsible for the preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements of the Italmobiliare Group as at June 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Other Matter

The consolidated financial statements of the Italmobiliare Group for the period ended as of December 31, 2018 and the condensed interim consolidated financial statements as at June 30, 2018 have been respectively audited and reviewed by other auditors that on March 25, 2019 and on August 3, 2018 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
August 2, 2019

This report has been translated into the English language solely for the convenience of international readers.

