PiovanGroup

PERIODIC FINANCIAL STATEMENTS

at 30 September 2018

CONTENTS

OPERATING PERFORMANCE

Piovan S.p.A. ("the Company" or "the Parent Company") is the parent company of the group of the same name with registered office in Santa Maria di Sala (VE), Via delle Industrie 16. The Administrative and Supervisory Bodies of the Company are as follows.

ADMINISTRATIVE AND SUPERVISORY BODIES

Board of Directors

In office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2020.

NAME AND SURNAME	OFFICE
Nicola Piovan	Executive Chairman
Filippo Zuppichin	Chief Executive Officer
Marco Stevanato	Director
Marco Maria Fumagalli (*) (**)	Independent Director
Lucia Giancaspro (*)	Independent Director
Marco Milani (*)	Independent Director
Chiara Mio (*)	Independent Director
(*) Independent Director pursuant to art. 147-ter, paragraph 4 of the Consolidated Finance Act and art. 3 of the Corporate Governance Code.	
(**) Director appointed as Lead Independent Director pursuant to art. 2, paragraph 4 of the Corporate Governance Code.	

Board of Statutory Auditors

In office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2020.

NAME AND SURNAME	OFFICE
Carmen Pezzuto	Chairman
Luca Bassan	Statutory Auditor
Patrizia Santonocito	Statutory Auditor
Kristian Sartor	Alternate Auditor
Stefania Targa	Alternate Auditor

Control, Risk and Sustainability Committee

NAME AND SURNAME	
Chiara Mio	Chairman
Marco Maria Fumagalli	
Marco Milani	

Appointments and Remuneration Committee

NAME AND SURNAME	
Lucia Giancaspro	Chairman
Marco Maria Fumagalli	
Chiara Mio	

Manager responsible for preparing the company's financial reports

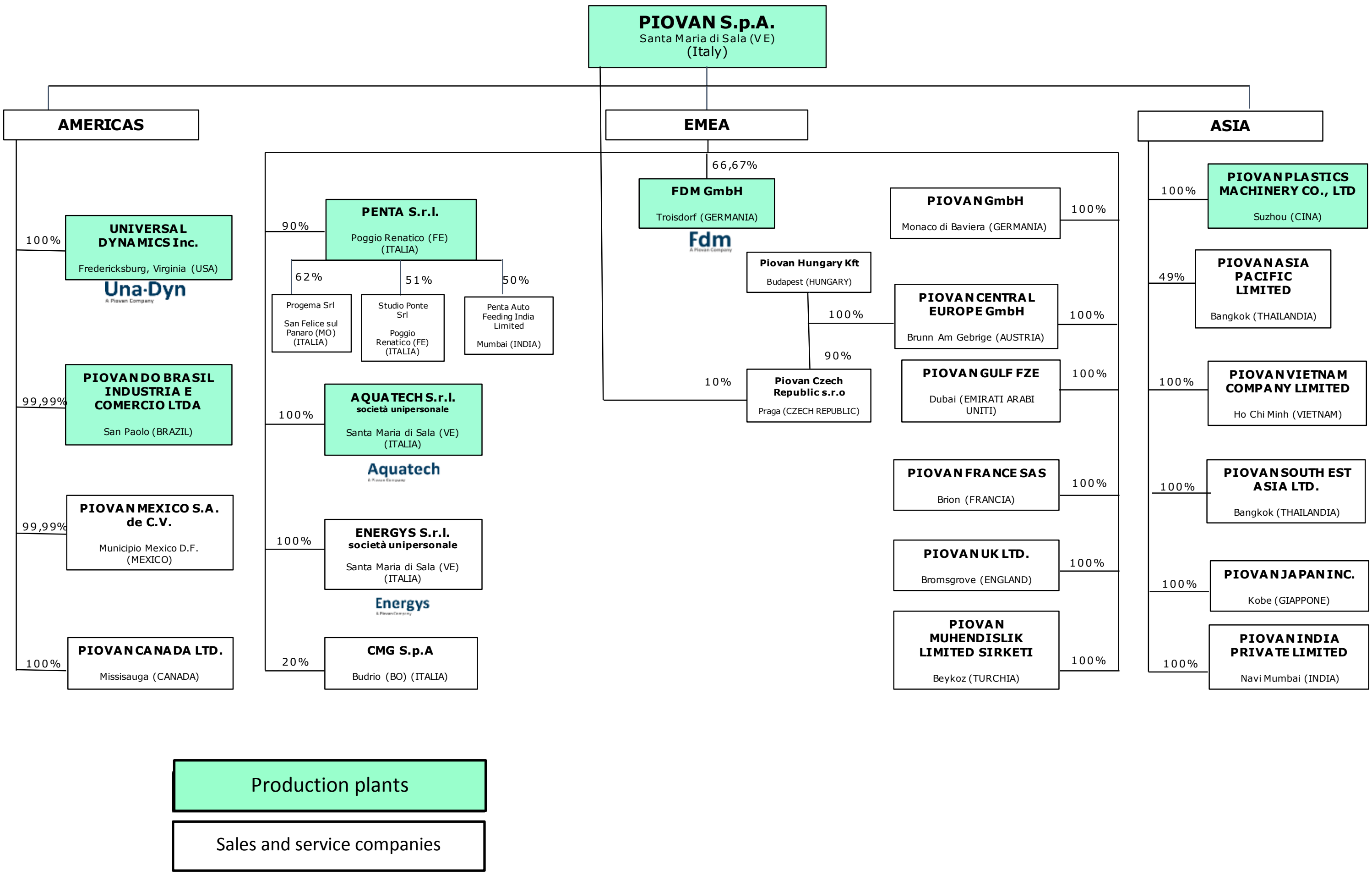
Luca Sabadin

Independent auditing firm

In office until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2026.

Deloitte & Touche S.p.A.

GROUP STRUCTURE AS AT 30 SEPTEMBER 2018



GROUP PERFORMANCE

General performance

World economic performance continues to benefit from accommodating monetary policies, albeit with an expected reduction, and from the fiscal stimulus measures introduced in the United States.

However, financial conditions are less favourable, especially for some emerging economies, and global trade growth has slowed slightly as there is uncertainty about future trade relations as a consequence of certain policies on import duties.

Recent economic indicators and the latest economic surveys confirm the continuing expansion of the economy in the euro area, despite some moderation following a period of strong growth. Business investments continue to benefit from favourable financing conditions.

The macroeconomic projections for the euro area formulated by the ECB in September 2018 forecast an annual real GDP growth rate of 2.0 per cent in 2018, 1.8 per cent in 2019 and 1.7 per cent in 2020. Despite increasing risks and uncertainties, global economic activity continued to expand at a steady pace in the first half of 2018.

Piovan has an organizational structure with subsidiaries with production sites in different continents, as well as numerous subsidiaries that provide technical and commercial assistance of matching quality in all areas of the world. This constitutes an advantage for minimizing risks and seizing opportunities.

In the first nine months of 2018, Piovan Group recorded increasing results, improving its performance compared to the first nine months of the previous year.

Significant events during the quarter

On 7 September 2018, Piovan S.p.A. signed a sales contract with 3B Inc. S.r.l. (formerly 3B Immobiliare S.r.l.) for the purchase of a further 25.0% stake in the subsidiary Penta S.r.l. The agreement governed the terms and conditions of the sale and provided, with effect from the closing on 7 September 2018, for the termination by mutual consent of the parties of the put option previously granted to 3B Inc. S.r.l. (minority shareholder of Penta S.r.l. up to the closing date) and for the transfer of the 25% subject to the same. The Group now has a stake in Penta S.r.l. equal to 90% of the entire share capital.

The U.S. subsidiary Unadyn has undertaken a project of production expansion and technological improvement with an investment in a new production site and the disposal of the previous one. The “Grand Opening” of the new headquarters and production site in the USA took place in early October 2018 in the presence of the Virginia authorities and numerous customers.

On 5 October 2018, the Company obtained CONSOB's approval for the listing of its shares on the STAR segment of the Mercato Telematico Azionario (the Online Stock Exchange) organized and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.). The trading of the shares on this market started on 19 October 2018.
In the first nine months of 2018, Piovan Group recorded increasing results, significantly improving its performance compared to the third quarter of the previous year.

Economic performance of the Group

(amounts in €'000)	Nine months ended 30 September											
	2018			*% on total revenues and other income*		2017			*% on total revenues and other income*		2018 vs 2017	*%*
	Total	Recurring	Not Recurring *	% on total	*% on Recurring*	Total	Recurring	Not Recurring *	% on total	% on Recurring	Changes on recurring	
Revenue	179,535	179,535		*97,3%*	*98,3%*	145,929	145,929		*98,6%*	*98,6%*	33,607	*23,0%*
Other revenue and income	4,949	3,063	1,886	*2,7%*	*1,7%*	2,020	2,020		*1,4%*	*1,4%*	1,044	*51,7%*
TOTAL REVENUE AND OTHER INCOME	**184,485**	**182,599**	**1,886**	***100,0%***	***100,0%***	**147,948**	**147,948**	**-**	***100,0%***	***100,0%***	**34,650**	***23,4%***
EBITDA	**28,040**	**27,296**	**744**	***15,2%***	***14,9%***	**20,947**	**20,947**	**-**	***14,2%***	***14,2%***	**6,350**	***30,3%***
OPERATING PROFIT	**25,681**	**24,937**	**744**	***13,9%***	***13,7%***	**18,379**	**18,379**	**-**	***12,4%***	***12,4%***	**6,558**	***35,7%***
PROFIT BEFORE TAXES	**28,079**			***15,2%***		**18,363**			***12,4%***			
Income taxes	7,584			*4,1%*		5,333			*3,6%*			
NET PROFIT	**20,495**			***11,1%***		**13,030**			***8,8%***			

* The effects of non-recurring values are considered only up to the Operating Profit.

In the first nine months of 2018 the **total revenues and other income** of Piovan Group amounted to 184,485 thousand Euros, registering an increase compared to 147,948 thousand Euros in the first nine months of 2017 (+24.7%).
Considering only the recurring data, in the first nine months of 2018 the total revenues and other income of Piovan Group amounted to 182,599 thousand Euros, registering an increase compared to 147,948 thousand Euros in the first nine months of 2017 (+23.4%).
The revenues of Piovan Group amounted to 179,535 thousand Euros, registering an increase compared to 145,929 thousand Euros in the first nine months of 2017 (+23.0%).

The **gross operating margin (EBITDA)** amounted to €28,040 thousand, an increase compared to €20,947 thousand in the same period of the previous year (+33.9%). Considering only the recurring data, EBITDA amounted to €27,296 thousand, registering an increase compared to €20,947 thousand in the same period of the previous year (+30.3%).
The value of EBITDA referred to the Recurring data as a percentage of total revenues and other income was 14.9%, registering an increase compared to the 14.2% of the previous period.

Operating profit amounted to €25,681 thousand, up from €18,379 thousand in the same period of the previous year (+39.7%). Considering only the Recurring data, operating profit amounted to €25,681 thousand, registering an increase compared to €18,379 thousand in the same period of the previous year (+35.7%).

The value of operating profit referred to the Recurring data as a percentage of total revenues and other income was 13.7%, registering an increase compared to the 12.4% of the previous period.

Net profit for the period amounted to €20,495 thousand, up from €13,030 thousand in the same period of the previous year (+57.3%).

The result for the period in 2018 includes a gain of €2.6 million relating to the purchase of a further 25% of the share capital of the subsidiary Penta S.r.l. on 7 September 2018 for a lower price than the liability for the related option granted to the minority shareholder, estimated and recorded in the financial statements at 31 December 2017. Penta S.r.l. is controlled at 90%. The result for the period 2017, on the other hand, includes a gain of €1.7 million, mainly due to the different value attributed to the Put Option in favour of the minority shareholder of Penta S.r.l., compared to the value recorded in the financial statements as at 31 December 2016, for the 25% share which was then sold to the Piovan Group in September 2018.
Earnings per share were €0.37 at 30 September 2018 compared to €0.25 at the end of the same period of the previous year.

Non-recurring income and expenses were recorded in the period 2018. The non-recurring income relates to the capital gain of Euro 1,886 thousand generated by the sale of the old and previous production site no longer used in the United States. Non-recurring costs refer to costs incurred up to the date for the company's IPO for a value of €1,142 thousand.

It should be noted that some financial information in this report contains intermediate profitability indicators, including the gross operating margin (EBITDA). This indicator is considered by management to be an important parameter for monitoring and evaluating the Group's operating performance as it is not affected by the effects of the various methods of determining taxable income, by the amount and characteristics of the capital employed, as well as by depreciation policies. It should be noted, however, that this indicator is not identified as an accounting measure under IFRS, therefore the criterion for determining it may not be the same as that indicated by other groups or companies.

Group’s net financial position

€/000	30.09.2018	31.12.2017	30.09.2017
A. Cash	23	26	27
B. Current accounts and post office deposits	25,909	37,859	27,944
C. Liquidity (A+B)	**25,932**	**37,885**	**27,971**
D. Current financial payables	**-**	**-**	**-**
E. Current bank borrowings	(11,948)	(9,219)	(7,000)
F. Current portion of non-current debt	(6,020)	(6,108)	(6,006)
G. Other current financial liabilities	(687)	(417)	(726)
H. Current financial debt (E+F+G)	**(18,655)**	**(15,744)**	**(13,732)**
I. Net current financial debt (H-C-D)	**7,278**	**22,142**	**14,239**
J. Non-current bank borrowings	(12,227)	(16,699)	(18,259)
K. Bonds issued	-	(2,500)	(2,500)
L. Other non-current financial liabilities	(371)	(634)	(435)
M. Non-current financial debt (J+K+L)	**(12,598)**	**(19,833)**	**(21,193)**
N. Net financial debt (I+M)	**(5,320)**	**2,308**	**(6,954)**
(Negative value equal to net debt)			

The Group's net financial position at the end of the period amounted to €5,320 thousand of net debt, an improvement on the €6,954 thousand at the end of September 2017.

It should be noted that in the period from the beginning of January 2018 dividends were distributed for six million Euros, four million Euros were paid in relation to the purchase of a further 25% of the subsidiary Penta S.r.l., non-recurring investments were made for the development of production capacity and technological improvement for 5.5 million Euros and costs were incurred at that date for 1.05 million Euros relating to the process of listing on the Stock Exchange. In addition, € 5.2 million were collected for the sale of non-recurring assets mainly in Unadyn.

The change in the net financial position compared to 31 December 2017 was negative by €7.6 million. Excluding cash outflows of €11.5 million relating to the non-operating items described in the previous paragraph, at 30 September 2018 the change in the net financial position would be a positive €3.85 million, compared to 31 December 2017.

Investments

Total **gross investments** for the period in 2018 amounted to €7,225 thousand, of which non-recurring investments amounted to €5,542 thousand and recurring investments to €1,682 thousand.

General performance

REVENUE

Revenue is broken down by market as follows:

	30.09.2018	30.09.2017	Change	% Change
Plastic Systems	136,048	122,130	13,918	11.4%
Food Systems	24,312	4,696	19,616	417.8%
Service & Spare parts	19,175	19,103	72	0.4%
Revenue	**179,535**	**145,929**	**33,606**	**23.0%**

With regard to revenue trends broken down by market:

• Revenues for Plastics Systems increased by 11.4% in the first nine months of 2018 compared to the same period of 2017, confirming the Group's strong leadership position in such market, with satisfactory growth especially in EMEA and Asian markets.

• Revenues for Food Systems are equal to € 24,312 thousand for the first nine months of 2018, which shows an increase of €19,616 thousand. These results are consistent with the Group's strategy to increase the market share of Food System and are partially connected to projects related to two important multinational customers. In fact, during the period of 2018 the percentage of revenues in the Food Area, compared to the total Group Revenues, was 15.5% compared to 3.2% in the same period of 2017, despite of the increase of 11.4% of the Plastics area in the same period.

The Food market is undergoing intense development, benefiting from the same strategy previously implemented in the market for Plastic Systems via sales activities made possible by the integration of the Group's mechanical and production capacity with the specific know-how developed over time by Penta and Progema S.r.l. on the Food market. In December 2014, the majority of Penta S.r.l. was acquired, further increasing the controlling stake to 65% in 2016 and 90% in September 2018, in line with the strategy initially defined, which is producing the expected results.

• The Services and Spare Parts market grew slightly by 0.4% in the first nine months of 2018 compared with the same period of the previous year, with an increase of 8% in the third quarter alone.

A breakdown of revenue by geographical area is as follows:

	30.09.2018	30.09.2017	Change	% Change
EMEA	117,985	86,060	31,925	37.1%
ASIA	21,016	16,385	4,631	28.3%
NORTH AMERICA	31,662	34,414	(2,752)	(8.0%)
SOUTH AMERICA	8,872	9,070	(198)	(2.2%)
Revenue	**179,535**	**145,929**	**33,606**	**23.0%**

There was significant growth in the Asian markets. Revenues generated in EMEA include those generated in Italy, amounting to €40,789 thousand for the first 9 months of 2018 and to €21,036 thousand for the same period of 2017. The growth in Italy in the period of 2018 was mainly due to the significant increase in Food Systems sales, with a growth of € 14,645 thousand (of which € 10,193 thousand in the first half of the year).

Moreover, at constant exchange rates in 2017, revenues would have been higher by € 4.4 million, for a percentage value of 2.2%. In particular, North America would show a reduction of 1.3% instead of 8%. Sales in the North American market were penalized by the transfer of employees and production capacity from the old site, now sold, to the new site with higher production capacity and better process standards.

<u>Consolidated equity and financial position</u>

The following is a summary of the equity and financial structure of the Piovan Group at 30 September 2018:

Net non-current assets

Over the last two years, the Group has started, mainly in the Italian and in the United States facilities, a project in order to expand the production capacity and support the technological upgrade, which is scheduled to be completed within 2019. In particular, the US subsidiary Unadyn made a new investment in a plant in order to transfer the company's offices and production to this new site with a non-recurring investment of €3,253 thousand as at 30 September 2018 with the sale of the previously used site and the realisation of a capital gain of €1,885 thousand. Similarly, in Italy, at the Piovan S.p.A. headquarters, the non-recurring investment to increase production capacity by a value of €2,289 thousand during 2018 is continuing. Total non-recurring investments in the period in 2018 therefore amounted to €5,542 thousand.Total investments in the period in 2018 amounted to €7,225 thousand, of which €1,682 thousand related to recurring investments.

Net non-current assets				
(amounts in €'000)	**At 30 September 2018**	**At 31 December 2017**	**Changes**	
			2018 vs. 2017	**%**
Property, plant and equipment	29,640	27,852	1,789	*6.4%*
Intangible assets	5,965	5,741	224	*3.9%*
Equity investments	487	589	(102)	*(17.4%)*
Net non-current assets	**36,092**	**34,182**	**1,910**	***5.6%***

Net trade capital and net working capital

The following is a summary of the equity and financial structure of the Piovan Group at 30 September 2018:

(amounts in €'000)	**At 30 September 2018**	**At 31 December 2017**	**Changes**	
			2018 vs. 2017	**%**
Trade receivables	57,783	61,418	(3,635)	*(5.9%)*
Inventories	28,356	23,030	5,326	*23.1%*
Contract assets for work in progress	6,419	471	5,949	*>100.0%*
Trade payables	(31,583)	(34,460)	2,877	*(8.3%)*
Advance from customers	(17,872)	(14,133)	(3,739)	*26.5%*
Contract liabilities for work in progress	(1,818)	(8,926)	7,108	*(79.6%)*
Net trade capital	**41,285**	**27,399**	**13,886**	***50.7%***
Tax receivables	5,549	1,561	3,988	*>100.0%*
Other current assets	3,751	3,469	282	*8.1%*
Tax liabilities and social security contributions	(6,877)	(7,419)	542	*(7.3%)*
Other current liabilities	(16,337)	(10,988)	(5,349)	*48.7%*
Net working capital	**27,370**	**14,022**	**13,348**	***95.2%***

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF EQUITY AND FINANCIAL POSITION
(€'000)

ASSETS	Note	30.09.2018	31.12.2017
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	29,640	27,852
Intangible assets	**Note 2**	5,965	5,741
Equity investments	**Note 3**	487	589
Other non-current assets	**Note 4**	379	393
Deferred tax assets	**Note 5**	4,873	3,656
TOTAL NON-CURRENT ASSETS		**41,344**	**38,231**
CURRENT ASSETS			
Inventories	**Note 6**	28,356	23,030
Contract assets for work in progress	**Note 7**	6,419	471
Trade receivables	**Note 8**	57,783	61,418
Tax receivables	**Note 9**	5,549	1,561
Other current assets	**Note 10**	3,751	3,469
Cash and cash equivalents	**Note 11**	25,932	37,885
		127,790	**127,834**
TOTAL CURRENT ASSETS			
TOTAL ASSETS		**169,134**	**166,065**

LIABILITIES AND EQUITY		30.09.2018	31.12.2017
EQUITY			
Share capital	**Note 12**	6,000	6,000
Legal reserve	**Note 12**	1,200	1,200
Reserve for own shares in portfolio	**Note 12**	(7,641)	(7,641)
Translation reserve	**Note 12**	(1,679)	(1,607)
Other Reserves and retained earnings	**Note 12**	30,468	14,312
Net profit (loss)	**Note 12**	18,807	19,553
Equity attributable to the owners of the parent		**47,155**	**31,817**
Equity attributable to non-controlling interests	**Note 14**	3,780	4,866
TOTAL EQUITY		**50,935**	**36,683**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 15**	12,227	16,699
Non-current financial liabilities	**Note 15**	687	3,134
Employee benefits plans	**Note 16**	4,110	3,905
Provision for risks and charges	**Note 17**	1,863	1,835
Non current liabilities for options granted to non-controlling investors	**Note 18**	2,780	2,755
Other non-current liabilities	**Note 19**	128	167
Deferred tax liabilities	**Note 5**	3,577	2,291
TOTAL NON-CURRENT LIABILITIES		**25,372**	**30,785**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 15**	6,020	6,108
Current bank loans and borrowings	**Note 15**	11,948	9,219
Current financial liabilities	**Note 15**	371	417
Trade payables	**Note 20**	31,583	34,460
Advance from costumers	**Note 21**	17,872	14,133
Contract liabilities for work in progress	**Note 7**	1,818	8,926
Current liabilities for options granted to non-controlling investors	**Note 18**	-	6,928
Tax liabilities and social security contributions	**Note 22**	6,877	7,419
Other current liabilities	**Note 23**	16,338	10,988
TOTAL CURRENT LIABILITIES		**92,827**	**98,597**
TOTAL LIABILITIES		**118,199**	**129,382**
TOTAL LIABILITIES AND EQUITY		**169,134**	**166,065**

CONSOLIDATED INCOME STATEMENT
(€'000)

PROFIT OR LOSS	Note	30.09.2018	30.09.2017
Revenue	**Note 24**	179,535	145,929
Other revenue and income	**Note 25**	4,950	2,020
TOTAL REVENUE AND OTHER INCOME		**184,485**	**147,949**
Costs of raw materials, components and goods and changes in inventories	**Note 26**	73,389	55,197
Services	**Note 27**	37,336	29,356
Use of third party assets	**Note 28**	1,968	1,744
Personnel expenses	**Note 29**	41,837	38,898
Other expenses	**Note 30**	1,914	1,807
Provisions for risks and charges	**Note 31**	289	367
Amortisation and depreciation	**Note 32**	2,071	2,201
TOTAL COSTS		**158,804**	**129,570**
OPERATING PROFIT		**25,681**	**18,379**
Financial income	**Note 33**	293	270
Financial expenses	**Note 33**	(455)	(546)
Net exchange rate gain (losses)	**Note 34**	54	(1,404)
Gains (losses) on liabilities for option granted to non controlling investors	**Note 35**	2,632	1,664
Profit (loss) from equity investments carried at equity	**Note 36**	(126)	-
PROFIT BEFORE TAXES		**28,079**	**18,363**
Income taxes	**Note 37**	7,584	5,333
NET PROFIT		**20,495**	**13,030**
ATTRIBUTABLE TO:			
Owners of the parent		18,807	12,697
Non-controlling interests		1,688	333

Earnings per share			
Basic and diluted earnings per share (in Euros)	**Note 13**	**0.37**	**0.25**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(€’000)

COMPREHENSIVE INCOME		30.09.2018	30.09.2017
Net profit		**20,495**	**13,030**
Items that may be subsequently reclassified to profit or loss:			
- Exchange rate differences		(72)	(1,606)
Items that may not be subsequently reclassified to profit or loss:			
- Actuarial gains (losses) on employee benefits net of the tax effect		(27)	(27)
- Actuarial gains on agents' termination benefits net of the tax effect			
Total Comprehensive income		**20,396**	**11,397**
attributable to:			
- Owners of the parent		18,707	11,064
- Non-controlling interests		1,688	333

CONSOLIDATED STATEMENT OF CASH FLOWS
(€'000)

CASH FLOW	30.09.2018	30.09.2017
OPERATING ACTIVITES		
Net profit	**20,495**	**13,030**
Adjustments for:		
Amortisation and depreciation	2,071	2,201
Inventory write-down and bad debt provision	760	1,212
Change in provisions for risks and charges and employee benefits liabilities	207	408
Net (gains) losses on sale of assets and equity investments	(1,959)	(16)
Non-monetary variations related to liabilities for options granted to non-controlling investors	(2,632)	(1,664)
Other non-monetary variations	-	-
Taxes	7,583	5,333
Cash flows from operating activities before changes in net working capital	**26,524**	**20,505**
(Increase)/decrease in trade receivables	2,891	(6,232)
Increase in inventories	(5,542)	(6,975)
(Increase)/decrease in other current assets	(10,116)	(1,843)
Increase/(decrease) in trade payables	(2,876)	1,542
Increase/(decrease) in advance from customers	3,739	7,854
Increase/(decrease) in other current liabilities	2,995	3,489
(Increase)/decrease in non-current assets	(27)	438
Increase/(decrease) in non-current liabilities	(39)	(20)
Income taxes paid	(13,185)	(2,947)
CASH FLOWS FROM OPERATING ACTIVITIES	**4,365**	**15,812**
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(1,328)	(5,956)
Investments in intangible assets	(350)	397
Disinvestments/(investments) in financial assets		
Disinvestments in equity investments		
Business combination net of cash acquired		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	**(1,677)**	**(5,559)**
FINANCING ACTIVITIES		
Issuance of bank loans	-	21,500
Repayment of bank loans	(4,541)	(10,335)
Change in current bank loans and borrowings	2,728	(3,756)
Repayment of bonds	(2,500)	-
Increase/(decrease) in other financial liabilities	(327)	(414)
Purchase of non-controlling interest in subsidiaries	(4,000)	-
Dividends paid	(6,000)	(12,185)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(14,640)**	**(5,190)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(11,953)**	**5,062**
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH HELD IN FOREIGN CURRENCY	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**37,885**	**22,909**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**25,932**	**27,971**

INTEREST PAID	**455**	**545**

STATEMENT OF CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY (€'000)

	Share Capital	Legal reserve	Treasury shares	Transaltion reserve	Other reserves and retained earnings	Profit for the year att, To the owner of the parent	Equity attributable to the owners of the parent	Equity att, To non-controlling interests	TOTAL EQUITY
Balance at Jan, 1, 2017	**6,000**	**1,200**	**(7,641)**	**361**	**12,050**	**14,289**	**26,259**	**4,376**	**30,635**
Distribution of dividends					(12,000)		(12,000)	(185)	(12,185)
Allocation of prior year profit					14,289	(14,289)			
Sale of treasury shares									
Change in non-controlling interests									
Total comprehensive income				(1,606)	(27)	12,697	11,061	333	11,394
Balance at September 30, 2017	**6,000**	**1,200**	**(7,641)**	**(1,245)**	**14,313**	**12,697**	**25,321**	**4,524**	**29,845**
balance at Jan, 1, 2018	**6,000**	**1,200**	**(7,641)**	**(1,607)**	**14,312**	**19,553**	**31,817**	**4,866**	**36,683**
firt time adoption IFRS 9					(144)		(144)		(144)
Distribution of dividends					(6,000)		(6,000)		(6,000)
Allocation of prior year profit					19,553	(19,553)			
Sale of treasury shares									
Change in non-controlling interests					2,774		2,774	(2,774)	
Total comprehensive income				(72)	(27)	18,807	18,707	1,688	20,397
Balance at September 30, 2018	**6,000**	**1,200**	**(7,641)**	**(1,679)**	**30,468**	**18,807**	**47,154**	**3,780**	**50,935**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

The Piovan Group is one of the world's leaders in designing and producing plant and control systems for the automation of all stages of the production cycle of plastic materials. In particular, the Group produces automation systems for the storage, transport and processing of plastic materials (the "Plastic Systems") and automation systems for the storage and transport of food powders (the "Food Systems"), provides technical support and sale of spare parts and services (the "Service & Spare parts").

The plant and systems developed, produced and sold by the Group enable all various stages of the production and transformation process of plastic materials to be automated and made more efficient. The technical solutions offered by the Group include, for both markets of Plastic Systems and Food Systems: (i) design of machinery and engineering solutions; (ii) production of plant and systems; and (iii) installation at the customer's production sites. Furthermore, the Group provides its customers with specific technical support from the preliminary design stage up to the installation and roll-out of the plant and machinery, ensuring ongoing support in order to guarantee optimal functioning of the products installed. The Group has seven production facilities and 23 sales branches that cover all the main markets.

These Periodic Financial Statements as at 30 September 2018 (hereinafter "Periodic Financial Statements as at 30 September 2018") were approved by the Board of Directors on 12 November 2018 and have not been audited.

As part of the application for admission of its ordinary shares to the listing on the Mercato Telematico Azionario (the Online Stock Exchange) organized and managed by the Italian Stock Exchange (Borsa Italiana S.p.A.), the Company has prepared its first consolidated financial statements as at 31 December 2017 for inclusion in the Prospectus. These financial statements represented the first IFRS consolidated financial statements of Piovan S.p.A., in which IFRS 1 was therefore applied. For the purposes of inclusion in the Prospectus, Piovan S.p.A. has also prepared the Half-Year Condensed Consolidated Financial Statements as at 30 June 2018.

On 5 October 2018, the Company received the authorisation by Consob [Italian Securities and Exchange Commission] to list its shares on the STAR segment of the Online Stock Exchange (Mercato Telematico Azionario). The trading of the shares on this market started on 19 October 2018.

Piovan S.p.A, therefore, as an issuer traded on the STAR segment of the MTA market managed by Borsa Italiana, is subject to the provisions of Article 2.2.3 of the Stock Exchange Regulations. On the basis of these regulations, the Company has prepared the Periodic Financial Statements as at 30 September 2018, available to the public.

These Periodic Financial Statements at 30 September 2018 have been prepared on the basis of the valuation criteria set out in the International Financial Reporting Standards (IAS/IFRS) approved by the European Union. For the purposes of preparing the periodic financial statements as at 30 September 2018, the provisions of IAS 34 ("Interim Financial Reporting") concerning interim financial reporting have not been adopted, in consideration of the fact that the Group applies this standard to half-yearly financial reports and not to quarterly reports.

The accounting principles and criteria adopted for the preparation of the Periodic Financial Statements at 30 September 2018 are consistent with those used for the preparation of the consolidated financial statements at 31 December 2017 to which reference should be made.

The Periodic Financial Statements as at 30 September 2018 include the financial results of the parent company and its subsidiaries. These notes were prepared by the Board of Directors on the basis of the accounting and consolidation entries updated to 30 September 2018. For comparative purposes, the condensed consolidated financial statements present as comparatives the consolidated statement of financial position of the consolidated financial statements at 31 December 2017, the consolidated statement of profit and loss, the consolidated statement of comprehensive income and the consolidated statement of cash flow as at 30 September 2017. The comparative figures as at 30 September 2017 have been prepared for the purposes of the Periodic Financial Statements as at 30 September 2018, the latter being the first Periodic Financial Statements prepared by the Piovan Group.

DRAFTING CRITERIA

The Periodic Financial Statements as at 30 September 2018 include the Consolidated statement of the equity and financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and these notes for the period from 1 January 2018 to 30 September 2018. The Periodic Financial Statements at 30 September 2018 were prepared using the historical cost principle except for derivative financial instruments which are measured at fair value as required by IFRS 9 – “Financial Instruments”, and assuming the Parent and its subsidiaries will continue as going concerns. The Group deemed that it could adopt a going concern assumption pursuant to IAS 1.25/26 given its strong market position, very satisfactory profits and solid financial structure.

The Periodic Financial Statements as at 30 September 2018 were prepared in thousands of Euro (€‘000), which is the functional currency and the Group’s presentation currency as per IAS 21 – “The Effects of Changes in Foreign Exchange Rates”. There may be rounding differences when items are added together as the individual items are calculated in Euros.

Preparation of the periodic financial statements at 30 September 2018 in accordance with IAS/IFRS requires management to make estimates and assumptions that affect the amounts presented therein and in the notes. Actual results may differ from these estimates. Reference should be made to the consolidated financial statements at 31 December 2017 for details of the main captions that require the use of estimates and assumptions.

Consolidation scope and criteria

The Periodic Financial Statements as at 30 September 2018 of the Piovan Group include the interim financial statements as at 30 September 2018 of the Parent Company and those of the Italian and foreign subsidiaries specifically prepared for this purpose.
Subsidiaries are those entities over which the Parent has control, as defined in IFRS 10 - Consolidated financial statements.

The entities included in the consolidation scope as 30 September 2018 are listed at the end of the Notes, under “Other information”.

The consolidation criteria adopted in the preparation of the Periodic Financial Statements as at 30 September 2018 are the same as those adopted and disclosed in the annual consolidated financial statements as at 31 December 2017.

Summary of the standards applied

In preparing these Periodic Financial Statements at 30 September 2018, the same accounting policies and basis of preparation of the consolidated financial statements at 31 December 2017 have been applied. Therefore, reference should be made to those financial statements, except for that described below. As already described in the consolidated financial statements as at 31 December 2017 and in the condensed consolidated financial statements as at 30 June 2018, it should be noted that the Group had early adopted on a voluntary basis the principle IFRS 15 – "Revenue from Contracts with Customers" in the consolidated financial statements as at 31 December 2017 and more precisely starting from 1 January 2015.

The Group adopted the International Financial Reporting Standard IFRS 9 - Financial Instruments (published on 24 July 2014) with effect from 1 January 2018. The adoption of this new standard led to the recognition of an increase of €200 thousand in the provision for bad debt. The effect of the transition to IFRS 9 (amounting to € 144 thousand, net of tax effect) was recognized in the net equity at the beginning of 2018.

With reference to IFRS 16 – Leases (published on 13 January 2016), which is intended to replace IAS 17 – Leases, as well as the interpretations contained in 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 Directors expect that the application of this standard will have an impact on the amounts and related disclosures in the consolidated financial statements of the Group, in view of the number of contracts that may qualify as leases. However, they are unable to make a reliable estimate of the impact as the Group has not yet completed a detailed analysis of the related leases.

Furthermore, the directors have not yet defined the approach that will be adopted from those allowed by the IFRS 16 standard.

Translation criteria

The main exchange rates (against €1) used to translate the foreign currency financial statements for the period/year at 30 September 2018, 31 December 2017 and 30 September 2017 (comparative figures) are set out below:

Currency		Average rate		Closing rate	
		30.09.2017	30.09.2018	31.12.2017	30.09.2018
BRL	Brazilian Real	3.61	4.30	3.97	4.65
CAD	Canadian Dollar	1.46	1.54	1.5	1.51
CZK	Czech Koruna	26.33	25.35	25.54	25.73
CNY	Yuan Renminbi	7.63	7.78	7.8	7.97
GBP	Pound Sterling	0.88	0.88	0.89	0.89
HUF	Forint	309.19	317.44	310.33	324.37
MXN	Mexican Peso	21.33	22.74	23.66	21.78
SGD	Singapore Dollar	1.56	1.60	1.6	1.58
USD	US Dollar	1.13	1.19	1.2	1.16
THB	Baht	38.30	38.40	39.12	37.45
INR	Indian Rupee	73.53	80.22	76.61	83.92
TRY	Turkish Lira	4.12	5.50	4.55	6.97
AED	UAE Dirham	4.15	4.39	4.4	4.25

JPY	Yen	126.71	130.96	135.01	131.23
VND	Dong	25,662.00	24,364.22	27,233.00	27,014.00

Use of estimates

There are no changes in the key sources of estimation uncertainty from those disclosed in the consolidated financial statements at 31 December 2017.

Impairment testing of goodwill

At least once a year, the Group tests goodwill for impairment. It calculates the recoverable amount of the CGUs as the value in use using the discounted cash flow method. The Piovan Group tested goodwill for impairment for the consolidated financial statement at 31 December 2017, and did not identify impairment indicators that require an updated impairment test for condensed consolidated financial statements at 30 September 2018.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations expose it to a number of financial risks that can affect its financial position, financial performance and cash flows due to the impact of its financial instruments. In particular, the Group is exposed to credit risk, deriving from commercial operations, to exchange rate risk, relating to operations in areas using currencies other than those of denomination and to interest rate risk, relating to the Group's exposure to variable-rate loans. Periodic Financial Statements as at 30 September 2018 does not include all information on financial risk management.With respect to what disclosed in the annual consolidated financial statements at 31 December 2017 about the risks and their management by the Group no changes occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

[1] PROPERTY, PLANT AND EQUIPMENT

At 30 September 2018, property, plant and equipment amounted to € 29,641 thousand, compared to €27,852 thousand at 31 December 2017. The following tables provide a breakdown of the caption and the changes in the period.

CHANGES DURING THE PERIOD	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Balance at 31 December 2017	**21,394**	**1,820**	**665**	**3,734**	**238**	**27,852**
Changes in 2018						
- Reclassification		40	(40)			
- Additions	2,221	323	149	2,308	1,887	6,889
- Disposals	(2,374)		(3)	(922)		(3,299)
- Exchange rate differences	64	10	1	(45)		30
- Depreciation	(454)	(336)	(194)	(846)		(1,831)
Balance at 30 September 2018	**20,851**	**1,857**	**578**	**4,229**	**2,125**	**29,640**

Starting from the 2017 financial year, the Group has started, mainly in the Italian and in the United States facilities, a project in order to expand the production capacity and support the technological upgrade, which is scheduled to be completed within 2019. This project, which involved investments for € 5,987 thousand in 2017 relating to land and buildings, entailed additional investments for € 5,542 thousand in the first nine months of 2018. In particular the investment made in the first nine months of 2018 by the Parent with reference to this project was € 2,289 thousand. The US subsidiary continues, in the nine months of 2018, with its restructuring and technological adaptation work of the new production site, bought in 2017, with new investments for € 3,253 thousand. The move to the new production site is currently ongoing.

Furthermore, in June 2018 the US subsidiary sold the old production site, for a total sale price of USD 5,250 thousand, which was fully collected by Unadyn. Inc.. Such sale generated a gain, net of related costs of sales, of € 1,886 thousand, recognized in the income statement under the caption *Other revenues and income.*

During 2018 some non-depreciable assets, were sold to the parent company Pentafin S.p.A. for a sales price of € 988 thousand, which was fully collected in June 2018. These non-depreciable assets, mainly recently acquired, were sold at their book value.

No property, plant and equipment are bound by mortgages or liens at 30 September 2018.

Property, plant and equipment are adequately covered from risks deriving from loss and/or damage to assets by insurance policies taken out with leading agencies.

The Group does not have any borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset during the period.

[2] INTANGIBLE FIXED ASSETS

At 30 September 2018, this caption amounted to €5,965 thousand, compared to €5,741 thousand at 31 December 2017.Changes in these assets are shown in the following table:

CHANGES DURING THE PERIOD	Goodwill	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under development and payments on account	Total
Balance at 31 December 2017	**5,279**	**261**	**68**	**123**	**10**	**5,741**
Changes in 2018						
- Reclassification		(51)	51			
- Additions		277	16		43	336
- Disposals						
- Exchange rate differences	113	(8)	4	17		126
- Depreciation		(184)	(25)	(30)		(239)
Balance at 30 September 2018	**5,392**	**295**	**114**	**110**	**53**	**5,965**

At 30 September 2018, goodwill amounts to €5,392 thousand, compared to €5,279 thousand at 31 December 2017. The recognized goodwill mainly refers to:

- the acquisition of the US subsidiary Universal Dynamics Inc. (“Unadyn”) in 2008;
- the acquisition of the subsidiary Penta S.r.l. at the end of 2014;

- the acquisition of the subsidiary Progema S.r.l. in 2016;
- the acquisition of Energys S.r.l. in 2016.

Goodwill	31.12.2017	Increase	Decrease	Change in translation reserve	30.09.2018
UnaDyn	3,123			113	3,236
Penta and Progema	1,872				1,872
Energys	276				276
Other goodwill	8				8
Total	**5,279**			**113**	**5,392**

The Group does not have goodwill that can be deducted for tax purposes.
It should be noted that the change in goodwill related to UnaDyn is due to the different USD/Euro exchange rates at each period, therefore such changes are non-cash movements.
In September 2018 Piovan S.p.A. acquired a further 25% of the subsidiary Penta S.r.l. from 3B Inc. S.r.l. (minority shareholder of Penta S.r.l.), as better described in note 18.

[3] EQUITY INVESTMENTS
At 30 September 2018, they amounted to €487 thousand, compared to €589 thousand at 31 December 2017.
Details of equity investments are as follows:

Company	Registered office	%	31.12.2017	Profit/loss for the period	30.09.2018
CMG S.p.A.	Budrio (BO)	20%	266		266
Piovan South Est Asia	Bangkok (Thailand)	100 %	238	(66)	171
Studio Ponte S.r.l.	Poggio Renatico (FE)	51%	5	31	36
Penta Auto Feeding India Ltd	Navi Mumbai (India)	50%	67	(67)	0
Other			14		14
Total			**589**	**(102)**	**487**

The investments in associates and joint ventures shown in the above table were measured at equity and the same measurement method was used for some investments in subsidiaries for which, as indicated in the "Basis of consolidation" paragraph of the consolidated financial statements at 31 December 2017, the directors decided not to consolidate as they are not deemed material, either individually or combined.
It should be noted that with reference to the associate Penta Auto Feeding India Ltd. a provision for risks of € 24 thousand was accrued, as its shareholders' equity at the valuation date was negative for this amount.

[4] OTHER NON-CURRENT ASSETS

At 30 September 2018, other non-current assets amounted to €379 thousand compared to €393 thousand at 31 December 2017. They are mainly comprised of guarantee deposits paid by Group companies for various reasons with regard to utilities and property leases for the Group companies' offices.

[5] DEFERRED TAX ASSETS AND LIABILITIES

At 30 September 2018, *deferred tax assets* amounted to € 4,873 thousand compared to €3,656 thousand at 31 December 2017. The Group has recognized deferred tax assets and liabilities on temporary differences between the carrying amount of assets and liabilities and their tax base. The item *Deferred tax assets* does not include assets arising from the valuation of tax losses as the Company has not accrued tax losses.

At 30 September 2018, *deferred tax liabilities* amounted to €3,577 thousand compared to €2,291 thousand at 31 December 2017.

Changes in deferred tax assets and liabilities are presented in the next table:

	31.12.2017	Adjustment for IFRS 9	1.01.2018 restated	Effect on income statement	Other components of the statement of comprehensive income	30.09.2018
Deferred tax assets	3,656	56	3,712	1,119	42	4,873
Deferred tax liabilities	(2,291)		(2,291)	(1,286)		(3,577)
Total	**1,365**	**56**	**1,421**	**(167)**	**42**	**1,296**

[6] INVENTORIES

At 30 September 2018, this caption amounted to €28,356 thousand compared to €23,030 thousand at 31 December 2017.The caption is broken down as follows:

	30.09.2018	31.12.2017
Raw materials	5,852	4,883
Semi-finished products	13,211	9,013
Finished goods	11,081	10,522
Progress payments	1,054	1,155
Allowance for inventory write-down	(2,842)	(2,543)
Inventories	**28,356**	**23,030**

In the first nine months of 2018, inventories increased, gross of allowances, for €5,625 thousand. The increase, mainly relating to the Raw Materials and Semi-finished Products categories, is linked to the normal performance of the business.

The Group recognized an allowance for inventory write-down to cover the difference between the cost and estimated realisable value of obsolete raw materials, semi-finished products and finished goods. The accrual to the condensed consolidated statement of profit or loss was recognized in the caption *Costs of raw materials, components and goods and changes in inventories.*

[7] CONTRACT ASSETS AND LIABILITIES FOR WORK IN PROGRESS

At 30 September 2018, the *Contract asset for work in progress* caption amounted to €6,419 thousand compared to €471 thousand at 31 December 2017.

At 30 September 2018, the *Contract liability for work in progress* caption amounted to €1,818 thousand compared to €8,926 thousand at 31 December 2017. In particular, these are the contract work in progress related to the subsidiary Penta S.r.l..

Below is detailed the amount due from customers net of the related advance payment received (included in the caption *Contract assets work in progress*), and the amount due to customers net of the related advance payment received (included in the caption *Contract liabilities for work in progress*):

Contract assets for work in progress	30.09.2018	31.12.2017
Measurement of contracts in progress (costs incurred added to profits recognized)	13,707	735
Progress payments received	(7,288)	(264)
Amounts due from customers	**6,419**	**471**

Contract liabilities for work in progress	30.09.2018	31.12.2017
Measurement of contracts in progress (costs incurred added to profits recognized)	857	5,440
Progress payments received	(2,675)	(14,366)
Amounts due to customers	**(1,818)**	**(8,926)**

The increase in *Contract assets for work in progress* at 30 September 2018 compared to 31 December 2017 is due to, the larger number of contracts in progress and the fact that the stage of completion of each contracts is more advanced than the amounts of the progress payments received from customers accordingly to the terms of agreements.

The significant reduction in *Contract liabilities for work in progress* compared to 31 December 2017 is determined by a different trend in the invoicing of advances to customers and the stage of completion of each contracts.

Revenue from contract work amounted to €29,393 thousand in the first nine months of 2018 and relates to the subsidiary Penta S.r.l..

[8] TRADE RECEIVABLES

At 30 September 2018, they amounted to € 57,783 thousand compared to €61,418 thousand at 31 December 2017. The item that shows trade receivables is as follows:

	30.09.2018	31.12.2017
Gross trade receivables	61,433	64,324
Provision for bad debt	(3,650)	(2,906)

Trade receivables	**57,783**	**61,418**

Impairment losses are recognized considering past due receivables from customers with financial difficulties, receivables for which legal action has commenced and the expected credit losses.

The value of receivables as at 30 September 2018, gross of the provision, improved compared to the end of the 2017 financial year. The reduction in gross receivables in absolute terms amounted to €2,891 thousand (4.5%) despite a 23.4% increase in turnover.

The *Provision for bad debt* comprises management's estimates about credit losses on receivables. Management estimates the allowance on the basis of the expected losses, considering past experience for similar receivables, current and historical past due amounts, losses and collections, the careful monitoring of credit quality and projections about the economy and market conditions. It recognises the resulting impairment losses in *Other expenses*.

Changes in the allowance are shown in the following table:

Provision for bad debt	
31.12.2017	2,906
Adjustment for IFRS 9	200
1.01.2018 restated	3,106
Accruals	566
Exchange rate differences	(22)
30.09.2018	**3,650**

[9] TAX RECEIVABLES

At 30 September 2018, they amounted to €5,549 thousand compared to €1,561 thousand at 31 December 2017.

The changes in the caption *VAT receivables* is mainly related to the subsidiary Penta S.r.l.. *Other current tax assets* include IRES and IRAP receivables recognized by the subsidiary Penta S.r.l. for the years 2016 and 2017, and a tax grant for research and development expenses of Piovan S.p.A.. The value of the VAT credit is in line with the same at the end of June 2018.

	30.09.2018	31.12.2017
VAT receivables	3,666	859
Other current tax assets	1,833	702
Tax receivables	**5,549**	**1,561**

[10] OTHER CURRENT ASSETS

At 30 September 2018, they amounted to €3,751 thousand compared to €3,469 thousand at 31 December 2017. The caption is broken down as follows:

	30.09.2018	31.12.2017
Advances to suppliers	1,534	1,425
Receivables from parent	786	786

Receivables from subsidiaries	0	
Prepayments and accrued expenses	540	551
Other receivables	891	708
Other current assets	**3,751**	**3,469**

Receivables from parent include receivables from Pentafin S.p.A. related to the IRES reimbursement requested by the tax consolidation parent on behalf of Piovan S.p.A. with regard to the non-deduction of IRAP for 2007-2011 (Law decree no. 201 of 2011) and 2005-2007 (Law decree no. 85 of 2008).

[11] CASH AND CASH EQUIVALENTS

At 30 September 2018, this amounted to €25,932 thousand compared to €37,885 thousand at 31 December 2017.

	30.09.2018	31.12.2017
Current accounts and post office deposits	25,909	37,859
Cash	23	26
Cash and cash equivalents	**25,932**	**37,885**

Reference should be made to the *statement of cash flows* for details of changes in the Group's cash and cash equivalents. The change in *cash and cash equivalents* compared to 31 December 2017 is mainly due to the repayment of the bond outstanding at 31 December 2017, the payment of dividends and the purchase of the 25% stake in the subsidiary Penta S.r.l..

Current accounts and post office deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to immaterial currency risk.

At 30 September 2018, the Group's current account credit balances were not restricted in any way.

[12] EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

Equity may be detailed as follows:

	30.09.2018	31.12.2017
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for own shares in portfolio	(7,641)	(7,641)
Translation reserve	(1,679)	(1,607)
Other Reserves and retained earnings	30,468	14,312
Net profit (loss)	18,807	19,553
Equity attributable to the owners of the parent	**47,155**	**31,817**

The Parent's fully paid-up and subscribed **share capital** as at 30 September 2018 consists of 53,600,000 ordinary shares compared to 600,000 as at 31 December 2017.

The change with respect to 31 December 2017 is due to the following resolutions:

- on 29 June 2018, the extraordinary shareholders' meeting approved the elimination of the nominal value of the shares as well as an increase in the number of shares of the Parent in the ratio of no. 100 new shares with no par value for each no. 1 old share. The resolution of the shareholders' meeting did not lead to changes in the share capital.

- on 2 August 2018, the shareholders' meeting of Piovan S.p.A. resolved to cancel 6,400,000 own shares held in portfolio, while keeping the share capital unchanged.

Therefore, as at 30 September 2018, the Company's share capital approved, subscribed and paid-up amounted to Euro 6,000,000, divided into 53,600,000 ordinary shares with no nominal value.

It should be noted that the Parent and the Group held 2,670,700 treasury shares directly through Piovan S.p.A. at 30 September 2018, equal to 4.98% of Piovan S.p.A.'s share capital.
The acquisition was made under the shareholders' resolution dated 25 October 2012 for €4,012 thousand and the shareholders' resolution dated 14 October 2013 for €4,140 thousand. During 2016 part of treasury shares of the Parent were sold to Filippo Zuppichin for a sales sell price higher than the carrying amount and were partially cancelled in 2018.

The ***Translation reserve*** includes the exchange rate differences deriving from the translation of the opening equity of foreign operations included in the consolidation scope and the translation of their profit or loss recorded at the average rates of the year at closing rates.

Other reserves and retained earnings mainly includes other income-related and equity-related reserves of the parent, in addition to retained earnings from prior years and the effects of adjustments due to adopting IFRS. The movements in the caption during 2018 were due to the allocation of the profit from the previous year and to the distribution of dividends amounting to €6,000 thousand fully paid in June 2018 to the Parent's shareholders.

[13] EARNINGS PER SHARE

On 29 June 2018 the Shareholders' meeting approved an increase in the number of shares of the Parent in the ratio of no. 100 (one hundred) new shares with no par value for each n. 1 old share. Following this resolution, which had no effect on the share capital, the shares outstanding are 60,000,000. The calculations of the earnings per share for all periods presented were retrospectively adjusted and presented on the basis of the new number of shares.

The earnings per share were calculated, for all periods presented, by dividing the net profit attributable to the owners of the Parent by the weighted average number of outstanding ordinary shares following the increase in the number of shares as per resolution mentioned above. The Group did not repurchase or issue ordinary shares in 2017 and 2018, nor were there potential ordinary shares that could be converted with dilutive effects.

The earnings per share are as follows:

	30.09.2018	30.09.2017
Net Profit Attributable to Owners of the Parent (in thousands of Euros)	18,807	12,697

Weighted average number of ordinary shares (in thousands of units)	50,929	50,929
Basic and dilutive earnings per share (in Euros)	**0.37**	**0.25**

The number of shares shown above, corresponding to the weighted average number of outstanding ordinary shares, does not include treasury shares held by Piovan S.p.A. which came to no. 9,070,700 until 2 August 2018 when the Shareholders' Meeting cancelled part of them to have a residual value of treasury shares of 2,670,700.

[14] EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

At 30 September 2018, equity attributable to non-controlling interests amounted to €3,780 thousand compared to €4,866 thousand at 31 December 2017. It mainly includes non-controlling interests in the subsidiaries Penta S.r.l., Progema S.r.l. and FDM GmbH. The change in consolidation scope represents 25% of Penta S.r.l.'s net equity which Piovan S.p.A. acquired on 7 September 2018 from 3B Inc. (formerly 3B Immobiliare S.r.l.). The agreement governed the terms and conditions of the sale and provided, with effect from the closing on 7 September 2018, for the termination by mutual consent of the parties of the option previously granted to 3B Inc. S.r.l. and the transfer of the shares in question (25%).

	31.12.2017	Net profit	Changes in consolidation scope	30.09.2018
Equity attributable to non-controlling interests	4,866	1,688	(2,774)	3,780

[15] CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

This caption may be analysed as follows:

	30.09.2018	31.12.2017
Short-term bank borrowings	11,948	9,219
Current portion of long-term loans	6,020	6,108
Loans for leases	371	412
Other loans and borrowings	0	5
Current financial liabilities	**18,339**	**15,744**

	30.09.2018	31.12.2017
Medium to long-term bank loans	12,227	16,699
Bonds	0	2,500
Loans for leases	687	634
Non-current financial liabilities	**12,914**	**19,833**

Short-term bank borrowings refer to the utilisation of lines of credit for operations.

At 31 December 2017 the *bond issue* comprises the liability of €2,500 thousand represented by 2,500 bonds with a nominal amount of €1,000 each, at an annual fixed rate of 5.83% and expiring on 31 December 2030. At 31 December 2017, the bond issue was fully subscribed by Delta Erre S.p.A., subsequently merged into Spafid S.p.A. in February 2018. Delta Erre S.p.A. and subsequently Spafid S.p.A., acted as trustee for Nicola Piovan. Starting from May 2018, the actual title to the bond issue was held by the Parent's sole director in office at the same date. The bond was fully repaid in advance in June 2018.

There were no guarantees for loans at 30 September 2018.
The following tables show changes in current and non-current financial liabilities (including cash and non-cash changes):

	31.12.2017	Net cash flows	Other movements	30.09.2018
Short-term bank borrowings	9,219	2,729		11,948
Current portion of long-term loans	6,108	(88)		6,020
Loans for leases	412	(309)	268	371
Other loans and borrowings	5	(5)		0
Current financial liabilities	**15,744**	**2,327**	**268**	**18,339**

	31.12.2017	Net cash flows	Other movements	30.09.2018
Medium to long-term bank loans	16,699	(4,472)		12,227
Bonds	2,500	(2,500)		0
Loans for leases	634		53	687
Non-current financial liabilities	**19,833**	**(6,972)**	**53**	**12,914**

[16] EMPLOYEE BENEFIT PLANS

This caption mainly consists of the Group's liability for post-employment benefits recognized by the Italian Group entities (€4,092 thousand at 30 September 2018 and €3,885 thousand at 31 December 2017). These benefits qualify as defined benefit plans pursuant to IAS 19 and the related liabilities are calculated by an independent actuary.
The remaining amounts of this caption (€ 20 thousand as of 30 September 2018 and 31 December 2017) comprises employee benefits recognized by the foreign Group entities, which are immaterial both individually and collectively.
With respect to the actuarial assumptions illustrated in the Notes to the Consolidated Financial Statements as at December 31, 2017 no facts or events requiring update of the actuarial calculation and the assumption used emerged.

[17] PROVISIONS FOR RISKS AND CHARGES

At 30 September 2018 provisions for risks and charges amounted to €1,863 thousand, compared to €1,835 thousand at 31 December 2017. The following table provides a breakdown and changes in this caption:

	31.12.2017	Accruals	Releases/ Reclassifications	Exchange rate differences	30.09.2018
Provision for legal and tax risks	1,096	217	(233)		1,080
Provision for product warranties	608	30			638
Provision for agents' termination benefits	87	36	(28)		95
Pension provision	21	5			26
Provision for investments' losses		24			24
Other provisions for risks	23		(23)		0
Provisions for risks and charges	**1,835**	**312**	**(284)**	**0**	**1,863**

The *Provision for legal and tax risks* as at 30 September 2018 mainly comprises:

- a provision of €90 thousand of the subsidiary Unadyn, accrued in 2018 and related to a legal dispute for which the subsidiary deems an adverse outcome to be probable;
- a provision of €467 thousand of the subsidiary Penta S.r.l., already recognized in previous years, accrued to cover estimated future charges due to an ongoing legal dispute for which the subsidiary deems an adverse outcome probable;
- a provision of €130 thousand of the subsidiary Piovan France Sas accrued in 2017 to cover estimated future charges related to restructuring of the commercial network on the French market.
- A provision of the subsidiary Piovan Do Brasil accrued to cover a potential liability that could arise following a more restrictive interpretation of tax legislation for the calculation of taxes. The subsidiary engaged tax consultants with proven expertise to analyse the case and quantify the amounts accrued;

The *Provision for product warranties* was accrued to cover estimated charges for work carried out under warranty to be incurred after each reporting date, calculated on the basis of historical costs and expected costs related to machinery and plants sold that are still under the initial warranty.

The *Provision for agents' termination benefits* is the estimated liability deriving from the application of ruling legislation and contractual clauses on the termination of agency relationships.

The *Provision for investments' losses* includes the accrual related to negative equity of Penta Auto Feeding India Ltd.

[18] CURRENT AND NON-CURRENT LIABILITIES FOR OPTIONS GRANTED TO NON CONTROLLING INVESTORS

As of 31st December 2017, these items referred to put options and commitments issued to the non-controlling investors of Penta S.r.l.. Piovan acquired control of Penta S.r.l. at the end of December 2014 by acquiring 51% of its quota capital. The purchase price of such 51% investment was €2,400 thousand. Furthermore, under such acquisition agreement, Piovan S.p.A.:

- assumed the commitment to acquire (the “Commitment”) - with the seller also assuming the commitment to sell - an additional 14% interest in the subsidiary. The acquisition of this second portion (the second closing) occurred in 2016 for a purchase price of € 9.000 thousand;
- granted the seller a put option on Penta S.r.l.’s quotas for up to 35% of its equity (the “Put option”) which gave the seller the unconditional right to sell to Piovan S.p.A. such portion at a price defined with a formula also based on the average financial indicators extracted from Penta S.r.l.’s financial statements prepared in accordance with Italian GAAP. Such option can be exercised after the approval of the financial statements of Penta S.r.l. at 31 December 2016 and within thirty days of the approval of the financial statements at 31 December 2018.

After analysing the acquisition agreement, the directors established that control of Penta S.r.l. was acquired when the Group purchased the 51% investment in the investee. At the date of transition to IFRS, the Commitment and the Put option were recognized as liabilities, with balancing entries under group equity, as they refer to non-controlling interests that would only be assumed after the acquisition of control upon the purchase of the 51% investment in Penta S.r.l. (thus qualifying as a transaction with owners in their capacity as owners: a description of the accounting policies for transactions with owners is provided in the “Basis of consolidation” paragraph in the consolidated financial statements as at 31st December 2017). The carrying amount of the Put option at the date of transition was equal to the estimated present value of the exercise price of such option as defined contractually.
A new director was appointed to Penta S.r.l.’s board of directors in April 2015 and acquired a 10% non-controlling interest in the company from the seller of the investee. Piovan S.p.A. simultaneously granted its new quotaholder a put option (“Put option 2”) related to such portion of Penta S.r.l.’s quota. The Put option 2 can be exercised from 1 January 2020 to 31 December 2022. The exercise price was defined using a formula, partially different to that granted to the seller, but also based on financial indicators taken from Penta S.r.l.’s financial statements prepared in accordance with Italian GAAP. Following these transactions in April 2015, the residual Put option, as at 31st December 2017, granted to the seller of Penta S.r.l. relates to 25% of its share capital.

With reference to the Put Option relating to 25%, on 7 September 2018 Piovan S.p.A. signed a sales contract with 3B Inc. S.r.l. (formerly 3B Immobiliare S.r.l.) for the purchase of 25.0% of Penta S.r.l.. The agreement governed the terms and conditions of the sale and provided, with effect from the closing on 7 September 2018, for the termination by mutual consent of the parties of the option previously granted to 3B Inc. S.r.l.. (minority shareholder of Penta S.r.l. up to the closing date) in addition to the transfer of the shares subject to the same.
The purchase price of 25% was set at €4,228 thousand, so the difference between the liability for the relevant put option (€6,885 thousand at the closing date) and the price was recognized as income under the item *Income (expenses) from the evaluation of liabilities for options granted to minority shareholders* for €2.6 million.

Therefore, as at 30 September 2018, the liability relating to the Put Option 2 relating to the residual 10% of Penta S.r.l. remained.

The carrying amounts of the put options described above are the best estimate, at each reporting date, of their present value. Fair value gains and losses are taken to profit or loss under *Gain (losses) on liabilities for options granted to non-controlling investors.*

[19] OTHER NON-CURRENT LIABILITIES

At 30 September 2018, *Other non-current liabilities* amounted to €128 thousand compared to €167 thousand at the end of 2017. They refer to tax liabilities of the subsidiary Piovan Do Brasil.

[20] TRADE PAYABLES

At 30 September 2018, they amounted to € 31,583 thousand compared to €34,460 thousand at the end of 2017. Trade payables arise as a result of the different payment terms negotiated with the Group's suppliers, which differ from country to country. The increase over the years is in line with the increase in revenues.

[21] ADVANCE FROM CUSTOMERS

At 30 September 2018, *Advance from customers* amounted to € 17,872 thousand compared to €14,133 thousand at 31 December 2017. This caption refers to advance payment received by the Group and related to contract with customers whose performance obligations are satisfied at point in time.

[22] TAX LIABILITIES AND SOCIAL SECURITY CONTRIBUTIONS

At 30 September 2018, they amounted to € 6,877 thousand compared to €7,419 thousand at the end of 2017. This caption may be analysed as follows:

	30.09.2018	31.12.2017
Social security contributions	2,084	2,497
VAT liabilities	980	2,328
Tax withholdings for employees	858	1,212
Income tax liabilities (IRES and IRAP)	2,459	699
Other	496	683
Tax liabilities and social security contributions	**6,877**	**7,419**

[23] OTHER CURRENT LIABILITIES

At 30 September 2018, they amounted to € 16,338 thousand compared to €10,988 thousand at the end of 2017. This caption may be analysed as follows:

	30.09.2018	31.12.2017
Payables to employees	5,884	4,357
Payables to parent company	1,950	
Accrued income and deferred expense	6,064	4,026
Other payables	2,440	2,605
Other current liabilities	**16,338**	**10,988**

Payables to employees refer to wages and salaries and accrued holidays. Payables to parent company are mainly represented by a liabilities of Piovan S.p.A. and Aquatech S.r.l. and related to the consolidated tax agreement in place with parent company Pentafin S.p.A.. In particular, the amount of this item as at 30 September 2018 includes the IRES (corporation tax) for the nine months, net of the first advance payment made to the parent company.

[24] REVENUE

Revenue amounted to €179,535 thousand as at 30 September 2018, compared to € 145,929 thousand as at 30 September 2017, with an increase of 23.0%. Revenue is shown net of discounts and allowances.

In order to provide adequate disclosure on the nature and characteristics of revenue, it is broken down below by market and by geographical area. Such break-downs are regularly monitored by Group management.

Revenue is broken down by market as follows:

	First nine months 2018	First nine months 2017
Plastic Systems	136,048	122,130
Food Systems	24,312	4,696
Service & Spare parts	19,175	19,103
Revenue	**179,535**	**145,929**

As described in the “Accounting policies” paragraph of the consolidated financial statements at 31 December 2017, a portion of revenue on both markets for the Plastic Systems and the Food Systems derives from contracts with customers for which the satisfaction of performance obligations is recognized over time, as is the related revenue. This category of revenues amounted to €29,363 thousand in the first nine months of 2018, while in the first nine months of 2017 it amounted to €11,374 thousand. These revenues relate to the subsidiary Penta S.r.l.. The increase is mainly due to the stage of completion of some important projects which were awarded to Penta S.r.l.. in the previous year with recurring customers.

A breakdown of revenue by geographical area is as follows:

	First nine months 2018	First nine months 2017
EMEA	117,985	86,060
ASIA	21,016	16,385
NORTH AMERICA	31,662	34,414
SOUTH AMERICA	8,872	9,070
Revenue	**179,535**	**145,929**

Revenue generated in EMEA includes that generated in Italy, amounting to €40,789 thousand for the first nine months of 2018 and € 21,036 for the same period of 2017. The growth in 2018 was mainly due to the significant increase in Food Systems sales (€ 19,616 thousand).

[25] OTHER REVENUE AND INCOME

Other revenue and income amounted to € 4,950 thousand for the first nine months of 2018 with an increase of €2,020 thousand compared to the first nine months of 2017. The increase is related to €1,886 thousand to the gain from the sale of the property by Unadyn, in the United States, as better indicated below.

The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Accessory transport services for sales	1,636	979
Machinery leases	112	196
Grants related to income	288	1
Prior year income	132	69
Gains for disposal of tangible and intangible assets	1,959	16
Recharges to suppliers	19	161
Insurance compensation	10	184
Agency commissions	78	98
Sale of scrap materials	70	79
Other	646	237
Other revenue and income	**4,950**	**2,020**

Accessory transport services for sales mainly refer to revenue from accessory transport services related to sales transactions with customers.

Increased on previous years, *machinery leases* refer to income from leases of group-owned production assets, generally for demonstration purposes or temporarily until the system ordered by the customer is delivered.

Grants related to income in 2018 are chiefly related to research and development grants received by Piovan S.p.A..

Prior year income mainly refers to differences arising on estimated costs related to prior years.

The caption *Gains for disposal of tangible and intangible assets*, includes a net gain of €1,885 thousand, related to the sale of the property previously used as production plant of the subsidiary Unadyn, located in 13600-10, Dabney Road, Woodbridge, Virginia, for a total sale price of USD 5,250 thousand. This amount was fully paid by the buyer to Unadyn. Inc.. For more information, please refer to note [1].

Other mainly includes recharges and penalties applied to customers.

[26] COSTS OF RAW MATERIALS, COMPONENTS AND GOODS AND CHANGES IN INVENTORIES

This item totalled EUR 73,389 thousand in the first nine months of 2018 compared to € 55,197 thousand in the previous period. The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Costs of raw materials, components and goods	76,037	57,430
Costs of consumables	2,947	2,472
Change in raw materials and goods	(950)	(2,894)
Change in finished goods and semi-finished products	(4,645)	(1,811)
Costs of raw materials, components and goods and changes in inventories	**73,389**	**55,197**

The increase is mainly due to the larger purchases of raw materials (€ 18,607 thousand), linked both to the increase in revenues and the trend in *Changes in inventories*.

In particular, the growth in the *Costs of raw materials, components and goods* is determined by the significant increase in revenues, and by a higher percentage of sales of Food System, compared to the total sales of the Group, which are characterized by a higher cost of materials and of installation and assembly costs, balanced by a lower percentage of direct labor costs and fixed costs. The increase in *Change in finished goods and semi-finished products* is directly linked to the production of ordered products or systems and their subsequent sale.

[27] SERVICES

Costs for services amounted to €37,336 thousand in 2018 compared to €29,356 thousand in 2017, an increase of 27.18%. In 2018 the item *consulting* includes €1,142 thousand of costs related to the process of listing on the stock exchange, the *costs for services* net of this item would amount to €36,194 thousand.

The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Outsourcing	15,382	11,204
Transport	5,074	3,378
Business trips and travel	3,201	3,045
Agency commissions	2,786	2,513
Fees to directors, statutory auditors and independent auditors	1,325	1,393
Consultancies	2,997	1,392
Maintenance and repairs	1,250	1,371
Marketing and advertising	1,398	1,127
Utilities	980	1,006
Insurance	784	707
Telephone and connections	434	420
Other costs for services	1,725	1,800
Services	**37,336**	**29,356**

The trends in this caption are generally attributable to all Group companies, however, the most significant amounts refer to the Parent, Piovan S.p.A., Universal Dynamics Inc. and Penta S.r.l..

The most significant cost captions, including from an industrial process point of view, are as follows:

- outsourcing costs amounted to 15,382 thousand euro in the first nine months of 2018 (41.2% of the total costs for services) and are determined by the Group's production methods, which concentrates high value-added work and activities within the core. In the first nine months of 2017, this item amounted to €11,204 thousand euro and to 38.7% of the total costs for services. The growth of outsourcing as a percentage of services is basically attributable to the higher weight of Food Systems's productions which are characterized by more outsourcing performed in line with the Group's engineering and production instructions and less direct production work;
- transport costs for purchases and sales; the increase is connected to the performance of the business;
- business trips and travel costs, which refer to both sales scouting and customer relations activities and travelling to customer production sites for installation or start-up activities and customer assistance.

[28] USE OF THIRD PARTY ASSETS

This caption amounted to €1,968 thousand in the first nine months of 2018, compared to €1,744 thousand for the same period of 2017.

The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Rental expenses	1,275	1,223
Leases	272	239
Hires	421	282
Use of third party assets	**1,968**	**1,744**

The increase in this item, concentrated in the item "Rentals", is mainly due to higher costs for the availability of means of transport.

[29] PERSONNEL EXPENSE

This caption amounted to €41,837 thousand for first nine months of 2018 compared to €38,898 thousand for the same period of 2017. A breakdown of this caption and of the workforce by employee category is as follows:

	First nine months 2018	First nine months 2017
Wages and salaries	31,452	29,505
Social security contributions	8,911	7,898
Costs for defined benefit plans	920	824
Other expenses	554	671
Personnel expenses	**41,837**	**38,898**

	First nine months 2018		First nine months 2017	
	year end	average	year end	average
Managers	36	36	32	32
Junior managers	53	53	53	55
White collars	579	564	532	518
Blue collars	382	383	376	372
Total	**1,050**	**1,036**	**993**	**977**

The Group's employees numbers grew compared to September 2017. As at 31 December 2017, the total number of employees was 1,002. Such increase is functional to the development of the Group and to ensure the proximity to customers.

[30] OTHER EXPENSES

This item totalled EUR 1,914 thousand compared to € 1,807 thousand in the previous period. The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Other taxes and duties	865	711
Bad debt provision	544	730
Entertainment costs	256	227
Other	249	139
Other expenses	**1,914**	**1,807**

Other taxes and duties chiefly include indirect taxes on property or other local taxes, particularly in Brazil and China.

[31] PROVISIONS FOR RISKS AND CHARGES

Provisions for the first nine months of 2018 amounted to €289 thousand, compared to €367 thousand in the same period of the previous year.
In 2018, the provision was mainly related to legal and tax risks, as described in greater detail in note [17].

[32] AMORTISATION AND DEPRECIATION

This caption amounts to € 2071 thousand compared to € 2.201 thousand as at 30 September 2017. The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Amortisation	239	119
Depreciation	1,832	2,082
Amortisation and depreciation	**2,071**	**2,201**

[33] FINANCIAL INCOME AND EXPENSES

This item for the first nine months of 2018 amounted to minus €162 thousand compared to minus €276 thousand for the same period of 2017. This item includes 68 thousand euros in interest paid on the bond issue described in note [15], which was fully repaid by the Parent Company in June 2018. It also includes interest expense, net of interest income, of 278 thousand euros due to banks.

[34] NET EXCHANGE RATE GAIN (LOSSES)

This item for the first nine months of 2018 amounted to minus €54 thousand compared to minus €1.404 thousand for the same period of 2017. The caption may be broken down as follows:

	First nine months 2018	First nine months 2017
Exchange rate gains	3,234	1,693
Exchange rate losses	(3,180)	(3,097)
Net exchange rate gain (losses)	**54**	**(1,404)**

Unrealized exchange rate gains included under *Exchange rate gains* amount to €2,269 thousand in the first nine months of 2018 (70% of exchange rate gains of the period) and € 1.692 thousand in the first six months of 2018 (67% of exchange rate gains of the period).
Unrealized exchange rate losses included under *Exchange rate losses* amount to €1,417 thousand in the first nine months of 2018 (45% of exchange rate losses of the period) and €2,189 thousand in the first nine months of 2017 (71% of exchange rate losses of the year). The Group showed a net exchange gain of € 54 thousand in the first nine months of 2018, with a significant improvement compared to the prior period. In fact, 2017 was significantly influenced by the strong exchange rate fluctuation and particular by: (i) an intragroup loan granted by the Parent to the subsidiary Universal Dynamics Inc for an initial amount of USD4,400 thousand, which generated an exchange rate loss and (ii) the exchange rate difference on payments made by foreign operations to the parent due to the exchange rate differences between the Euro and local currency occurred from the invoice date to the payment date.

[35] GAINS (LOSSES) ON LIABILITIES FOR OPTIONS GRANTED TO NON-CONTROLLING INVESTORS

A fair value gain of €2.632 thousand was recognized for the nine months of 2018, compared to a gain of €1,664 thousand of 2017. In particular, 2018 includes the income from the purchase of a further 25% of the share capital of Penta S.r.l. on 7 September 2018 for a lower price than the liability for the related option granted to the minority shareholder, estimated and recorded in the financial statements at 31 December 2017.

In 2017 the item relates to the fair value measurement of the *put options* of non-controlling investors in Penta S.r.l. For more information, please refer to note [18]

[36] PROFIT (LOSS) FROM EQUITY INVESTMENTS CARRIED AT EQUITY

This item amounted to a net loss of € 126 thousand in the first nine months of 2018 and relates to equity investments valued using the equity method. Reference should be made to note [3] for more details.

[37] INCOME TAXES

This item totalled EUR 7,584 thousand in the first nine months of 2018 compared to € 5,333 thousand of 2017. Taxes for the period were determined considering the best estimate of the average annual effective tax rate expected for the full year. Reference should be made to note [5] for information about changes in deferred tax assets and liabilities and their composition.

[38] SEGMENT REPORTING

Under IFRS 8, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Based on the Group's internal reporting system, the business activities for which it earns revenue and incurs expenses and the operating results which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated and to assess its performance, the Group has not identified individual operating segments but is an operating segment as a whole.
The disclosure required also for entities that have a single reportable segment in relation to product and services and geographical areas are provided in note [24].

[39] OTHER INFORMATION

Categories of financial instruments and fair value hierarchy

With regard to the allocation of financial assets and liabilities required by IFRS 7, it should be noted that there were no transfers between the fair value levels indicated in IFRS 13 compared to those indicated in the consolidated financial statements at 31 December 2017, to which reference should be made for further information.

Related party transactions

The Group carried out commercial transactions with some related parties in 2017 and 2018.
In compliance with the provisions of IAS 24, Related Parties are considered to be the following entities: (a) companies that directly or indirectly, through one or more intermediate companies, control or are controlled by or are under common control with the company that prepares the financial statements; (b) associated companies; (c) natural persons who directly or indirectly have a voting power in the company that prepares the financial statements that gives them a dominant influence over the company and their close family members; (d) executives with strategic responsibilities, i.e. those who have the power and responsibility for planning, management and control of the company that prepares the financial statements, including directors, officers and their close relatives; (e) companies in which any natural person described under (c) or (d) has, directly or indirectly, significant voting power, or over which such person is able to exercise significant influence. Case (e) includes companies owned by the directors or major shareholders of the company drawing up the financial statements as well as companies having a manager with strategic responsibilities in common with the company drawing up the financial statements.
All transactions are regulated at market conditions for goods and services of equal quality. With reference to the balance sheet balances as at 31 December 2017, reference should be made to the consolidated financial statements as at 31 December 2017, while with reference to the figures as at 30 September 2018 there were no significant transactions or balances except for the tax consolidation debt due to Pentafin S.p.A. described in note [23] and the receivable for reimbursement of IRES (corporate income tax) on irap also due to Pentafin S.p.A. described in note [10].

List of investees included in the consolidated financial statements and other investees

The following table shows the investees directly and indirectly controlled by the parent company as well as all the legally-required disclosures
necessary to prepare consolidated financial statements.

Company name	Registered office	Country	Currency	Share capital at 30/09/2018	% shareholding 30/09/2018	Shares held Shareholder-Partner	Consolidation method
Parent:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Equity investments in subsidiary companies:							
Piovan India Private Ltd	Mumbai	India	INR	350,000	100.00%	Piovan S.p.A.	Full
Piovan Plastics Machinery Ltd	Suzhou (CN)	China	CNY	5,088,441	100.00%	Piovan S.p.A.	Full

Piovan Do Brasil Ltda	Osasco (BRA)	Brazil	BRL	11,947,356	99.99%	Piovan S.p.A.	Full
Piovan Mexico S. A.	Queretaro (MX)	Mexico	MXN	706,540	99.99%	Piovan S.p.A.	Full
Piovan Central Europe GmbH	Brunn am Gebirge (A)	Austria	EUR	35,000	100.00%	Piovan S.p.A.	Full
Piovan UK Ltd	Bromsgrove (GB)	United Kingdom	GBP	25,000	100.00%	Piovan S.p.A.	Full
Piovan Czech Republic s.r.o.	Prague (CZ)	Czech Republic	CZK	200,000	100.00%	Piovan Central Europe GmbH (90%) Piovan S.p.A. (10%)	Full
Piovan France Sas	Chemin du Pognat (F)	France	EUR	1,226,800	100.00%	Piovan S.p.A.	Full
Universal Dynamics Inc.	Woodbridge (U.S.A.)	USA	USD	3,500,000	100.00%	Piovan S.p.A.	Full
Piovan GmbH	Garching (D)	Germany	EUR	102,258	100.00%	Piovan S.p.A.	Full
Piovan Canada Ltd	Mississauga - Ontario	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Ltd	Bangkok (TH)	Thailand	THB	4,020,000	100.00%(*)	Piovan S.p.A.	Full
FDM GmbH	Troisdorf (DE)	Germany	EUR	75,000	66.67%	Piovan S.p.A.	Full
Piovan Muhendslik Ltd	Beikoz (TR)	Turkey	TRY	10,000	100.00%	Piovan S.p.A.	Full
Penta S.r.l.	Ferrara (IT)	Italy	EUR	100,000	90.00%	Piovan S.p.A.	Full
Energys S.r.l.	Venice (IT)	Italy	EUR	10,000	100.00%	Piovan S.p.A.	Full
Piovan Japan Inc.	Kobe (J)	Japan	JPY	6,000,000	100.00%	Piovan S.p.A.	Full
Piovan Gulf FZE	Dubai (UAE)	United Arab Emirates	AED	1,000,000	100.00%	Piovan S.p.A.	Full
Aquatech S.r.l.	Venice (IT)	Italy	EUR	40,000	100.00%	Piovan S.p.A.	Full
Piovan Vietnam Company Ltd	Mai Chi Tho	Vietnam	VND	1,136,500,000	100.00%	Piovan S.p.A.	Full
Progema S.r.l.	San Felice sul Panaro (MO)	Italy	EUR	25,000	62.00%	Penta S.r.l.	Full
Piovan Hungary Kft	Budapest	Hungary	HUF	3,000,000	100.00%	Piovan Central Europe GmbH	Full
Studio Ponte S.r.l.	Poggio Renatico (FE)	Italy	EUR	10,000	51.00%	Penta S.r.l.	Equity method
Penta Auto Feeding India Ltd	Navi Mumbai (India)	India	INR	10,750,000	50%	Penta S.r.l.	Equity method
Piovan South East Asia (in liquidation)	Bangkok (Thailand)	Thailand	THB	9,000,000	100.00%	Piovan S.p.A.	Equity method
Equity investments in affiliated companies:							
CMG S.p.A.	Budrio (BO)	Italy	EUR	1,250,000	20%		Equity method

(*) The investment in the company Piovan Asia Pacific Ltd is wholly owned through direct control for 49% and indirect through a trust, in order to make the corporate structure compliant with local regulations in relation to the activity carried out by the Company

Events after the reporting date

Reference should be made to the section "Group performance".

Santa Maria di Sala (Venice), 12 November 2018

For the Board of Directors

The Chairman
Nicola Piovan

Declaration of the manager responsible for preparing the company's financial reports pursuant to the provisions of paragraph 2 of Article 154-bis of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

The undersigned Luca Sabadin, Chief Financial Officer of the Piovan Group, in his capacity as Manager in charge of preparing the company's financial reports, hereby declares that the interim consolidated financial statements as at 30 September 2018 correspond to the documented results, books and accounting records.

The Manager responsible for drawing up the company's financial reports.
Luca Sabadin

Version 1.0

Periodic financial statements
of Piovan S.p.A.

PIOVAN S.p.A.
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S. Maria di Sala VE - Italy