HALF-YEAR CONSOLIDATED FINANCIAL REPORT

as at 30 June 2019

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Company data of the parent company Piovan S.p.A.

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Share capital: €6,000,000 fully paid-up

Tax code: 02307730289 VAT number: 02700490275

Venice Chamber of Commerce REA (Repository of Economic and Administrative information) no. 235320

INTERIM REPORT ON OPERATIONS

PARENT COMPANY PIOVAN S.P.A. ADMINISTRATIVE AND CONTROL BODIES

Board of Directors

In charge until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020.

NAME	IN CHARGE
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 charge until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2020.

NAME	IN CHARGE
Carmen Pezzuto	Chairman
Luca Bassan	Statutory auditor
Patrizia Santonocito	Statutory auditor
Kristian Sartor	Alternate auditor
Stefania Targa	Alternate auditor

Control, Risk Management and Sustainability Committee

NAME	IN CHARGE
Chiara Mio	Chairman
Marco Maria Fumagalli	
Marco Milani	

Appointments and Remuneration Committee

NAME	IN CHARGE
Lucia Giancaspro	Chairman
Marco Maria Fumagalli	
Chiara Mio	

Related Parties Committee

NAME	IN CHARGE
Marco Maria Fumagalli	Chairman
Lucia Giancaspro	
Marco Milani	

Significant equity investments in share capital

Based on the updated Shareholders' Register, the communications received pursuant to art. 120 of Legislative Decree no. 58/98 and other information available to the Company, the Piovan S.p.A.'s shareholders owning a stake over than 5% as at 30 June 2019 are the following:

Declarant	Direct shareholder	% of ordinary share capital (*)	% of voting share capital (**)	% of ordinary share capital (***)	% of voting share capital (****)
Nicola Piovan	Pentafin S.p.A.*	56.014	67.746	58.951	70.315
7INDUSTRIES HOLDING BV	7INDUSTRIES HOLDING BV	8.955	6.567	9.425	6.816
Allianz SE	ALLIANZ IARD SA	7.743	5.677	8.149	5.893

(*) Total number of ordinary shares: 53,600,000, including Piovan S.p.A.'s own shares amounting to 2,670,700

(**) Share capital expressed as number of votes pursuant to art. 120, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or "TUF"), including Piovan S.p.A.'s own shares.

(***) Total number of ordinary shares: 50,929,300, excluding Piovan S.p.A.'s own shares

(****) Share capital expressed as number of votes pursuant to art. 120, paragraph 1 of Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act or "TUF"), excluding Piovan S.p.A.'s own shares.

Manager responsible for preparing the Company's financial reports

Luca Sabadin, in charge until 30 September 2019.

Audit firm

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

Deloitte & Touche S.p.A.

PRESENTATION AND STRUCTURE OF THE GROUP

The Group's first activities date back to the early 1930s when Costante Piovan founded a small workshop in Padua specialising in precision mechanics and the production of dies for sheet metal working.

In 1964 Luigi Piovan began to diversify its reference markets and the Group entered the sector of auxiliary systems for the processing of plastic materials, introducing the first granulator to the Italian market, followed by the Convair dryer and the Convector feeder for injection presses. The Group increasingly specialised in the design and production of automation systems for the storage, transport and treatment of plastic materials and in 1969 moved its main production plant to Santa Maria di Sala (Venice).

Between 1970 and 1980 the Group began to progressively expand both its geographical distribution, with the establishment of the first foreign subsidiaries, in particular Piovan Germany in 1974, and its range of technologies and products, to include a complete range of machines used in the automation process for the storage, transport and processing of plastics, laying the foundations of future world leadership. In the same years the Company launched its first line of chillers and introduced on the market the first centralised system for feeding, dosing and dehumidifying granules.

In the same period the Group experienced a significant production growth that from a general base began to specialise in plastic applications for the packaging, automotive, consumer and construction markets, laying the foundations for a future specialisation in customers' industrial processes and the ability to offer innovative solutions. Moreover, anticipating future market trends, the Company developed the first plant supervision and control software, which guarantees constant monitoring of machinery operation.

In the 1990s the Group continued on a path of significant global growth and improvement in technological and quality skills, achieved the ISO 9001 certification and expanded sales and production in foreign markets with the opening of new subsidiaries.

In the early 90s Luigi Piovan's son, Nicola Piovan, joined the company. He has been the Chief Executive Officer since 2002 and Sole Director since 2011. The Group continued its expansion abroad and began opening production plants outside of Italy, in particular in Brazil and China. Subsequently, additional foreign subsidiaries were also opened in Mexico, Great Britain, Austria, Hungary and the Czech Republic, India, Turkey, Thailand, Indonesia and Vietnam.

The objective was to guarantee a global presence for its customers, providing a high and constant level of assistance and service "by the customers' side" for the good operation of the complex plants sold, as well as a commercial activity in every geographical area that became important over time, thus anticipating market trends. A continuous technological evolution, the vicinity to customers with a high level of technical and commercial service, as well as attention to employees and their professional and personal growth, are now in the Group's DNA.

In recent years the Group has developed the first solutions for the treatment of recycled plastics to build hundreds of plants in the coming years and achieve a technological leadership.

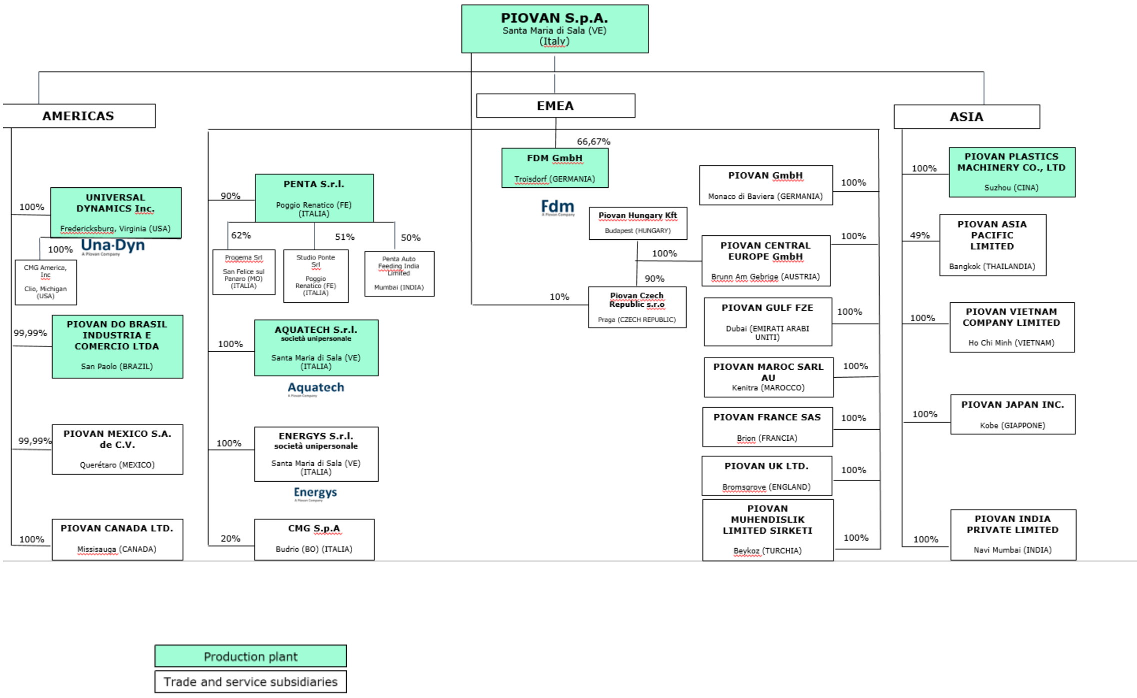
In 2007 the first version of the proprietary software "Winfactory" was launched on the market. Now at version 4.0 after various annual releases, Winfactory is still one of the Group’s strengths compared to its main competitors.

Moreover, continuous investment in high technology and energy saving solutions have made it possible to attract the world's leading groups in the packaging, construction, consumer goods, food and automotive sectors.

To date, the Group consists of a network that includes companies controlled directly or indirectly by Piovan S.p.A., with headquarters in Europe, America and Asia. The strategic, management and operational direction of the Piovan Group is directly entrusted to Piovan S.p.A. which, as at 30 June 2019, coordinates 24 service and commercial companies, including 7 production plants on 4 continents. In July 2019 the network was further expanded to 26 companies with the acquisition of FEA Process & Technological Plants S.r.l. in Italy and ToBaPNC Co. Ltd. in South Korea.

The widespread geographical distribution of the companies of the Piovan Group results in a significant competitive advantage, as it allows to offer customers in various reference markets a uniform service quality and level, as well as an extremely broad and constantly developing range of products. The latter represents one of the distinctive features of the Group's commercial offer, both for the automation processes for storage, transport and treatment of plastic materials, for each end sector of use, and for the transport and treatment of food powders, the most recent area of development of the Group's range of products thanks to the acquisition of the subsidiary Penta S.r.l..

Group structure as at 30 June 2019



GROUP PERFORMANCE

Macroeconomic scenario

The development of the world economy continues to benefit in part from favourable monetary policies. However, financial conditions are less favourable, especially for some emerging economies, and the growth of world trade is also slowing down due to some import duty policies, particularly in the bilateral trade between China and the United States.

Recent economic indicators and the latest results of cyclical surveys indicate, particularly in the euro area, that real GDP growth unexpectedly remained modest in the fourth quarter of 2018 and recent indicators point to activity levels that are substantially below expectations also in the first half of 2019. Moreover, more persistent adverse factors point to a slight weakening in economic trends compared to previous forecasts based on an analysis published by the ECB in March 2019. The latest data show a significant slowdown in Germany, Europe's leading manufacturing country.

In the latest update of the "*World Economic Outlook*", the International Monetary Fund (IMF) further reduces its estimates of global GDP growth for the current and next year, which stands at 3.2% in 2019 and 3.5% in 2020.

Persistent concerns about global trade policies, no-deal Brexit and a marked reduction in China’s growth rate seem to have had a more negative impact on business confidence in different countries. In general, however, business investments in the euro area are still considered as supported by a number of favourable underlying factors: the rate of utilisation of the production capacity remains above the long-term average and the lack of equipment is reported as an output limiting factor by a large share of businesses in the manufacturing sector; financing conditions should still be favourable, although gradually tighter over the time horizon of projection and businesses could increase investments to compensate for labour supply constraints.

In this context, the Piovan Group has an organisational structure characterised by the presence both of subsidiaries with production sites on different continents, and of a global network that provides technical and commercial assistance of equal quality in all areas of the world. This represents an advantage for minimising risks and seizing opportunities.

Significant events in the first half of 2019

On 17 April 2019, the Shareholders' Meeting of the Parent Company approved two medium/long-term incentive plans, the objective of which is to encourage and retain the beneficiaries, defined as individuals who play a key role in the achievement of the Group's goals, and align their remuneration with the increase of value and returns of shareholders’ investment. The beneficiaries of the first plan, called *"Performance Shares Plan 2019 - 2021"*, are Executive Directors, except for the Executive Chairman, and executives with significant responsibilities employed by the Italian companies of Piovan Group. This is an equity-settled shared based payment, which will assign Piovan S.p.A.’s shares already held by the Company. The beneficiaries of the second plan, called *"Long Term Monetary Incentive Plan 2019 - 2021*", are Executive Directors and executives with significant responsibilities employed in foreign subsidiaries of Piovan Group. This is an cash-settled shared based payment.

Both plans are based on performance *results* based on the Group's consolidated Revenue and EBITDA. For further information, please refer to the regulations of the plans published on the Company's website.

During the second quarter of 2019, the Piovan Group set up a commercial subsidiary in Morocco with the aim of better overseeing the North African area, which has important potential in perspective terms.

It should also be noted that over the last two years the Group has undertaken a project to expand production and technological improvement. The project is expected to be completed by 2019 and involves the expansion of the production and logistics capacity at the Company's headquarters. Project implementation is substantially in line with the planned schedule.

The non-recurring investment made during the first half of 2019 to increase the Group's production capacity in Italy amounted to €4.5 million.

Group economic performance

(amounts in €'000)	Economic performance indicators											
	2019			*% on total revenues and other income*		2018			*% on total revenues and other income*		2019 vs. 2018	*%*
	Total	Recurring	Non-recurring *	% on Total	*% on Recurring*	Total	Recurring	Non-recurring *	% on Total	*% on Recurring*	Changes on recurring	
Revenue	116,439	116,439		98.0%	98.0%	123,504	123,504		96.9%	98.4%	(7,065)	(5.7%)
Other revenue and income	2,325	2,325		2.0%	2.0%	3,925	2,039	1,886	3.1%	1.6%	286	14.0%
TOTAL REVENUE AND OTHER INCOME	**118,764**	**118,764**		100.0%	**100.0%**	**127,429**	**125,543**	**1,886**	**100.0%**	**100.0%**	**(6,779)**	**(5.4%)**
EBITDA	**14,853**	**15,083**	**(230)**	12.5%	**12.7%**	**19,793**	**18,349**	**1,444**	**15.5%**	**14.6%**	**(3,266)**	**(17.8%)**
OPERATING PROFIT	**12,287**	**12,517**	**(230)**	10.3%	**10.5%**	**18,224**	**16,780**	**1,444**	**14.3%**	**13.4%**	**(4,263)**	**(25.4%)**
PROFIT BEFORE TAXES	**11,944**			10.1%		**17,999**			**14.1%**			
Taxes	3,358			2.8%		5,037			4.0%			
NET PROFIT	**8,586**			7.2%		**12,962**			**10.2%**			
Attributable to:												
Owners of the parent company	**8,464**			7.1%		**12,329**			**9.7%**			
Non-controlling interests	**122**			0.1%		**633**			**0.5%**			
Earnings per share	**0.17**					**0.24**						
Basic and diluted earnings per share	**0.17**					**0.24**						

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

In the first half of 2019, **Total revenue and other income** of Piovan Group amounted to €118,764 thousand, down from €127,429 thousand in the first half of 2018 (-6.8%). Revenues in the first half of the year were positive compared to the same period of the previous year with reference to Plastics Systems Area and Service and Spare Parts Area. Conversely, the trend in revenues in Food Systems Area in the first half of 2019 did not benefit from a particularly positive trend, as was the case in the first half of 2018, particularly in relation to two major customers.

In the first half of 2018, the subsidiary Unadyn in the United States realised a capital gain of €1,886 thousand from the sale of the previous production site no longer used as a result of the transfer to the new headquarters in Virginia.

Excluding these non-recurring income, in the first half of 2018 the total revenue and other income of Piovan Group amounted to €125,543 thousand, the decrease recorded in the first half of 2019 amounted to -5.4%.

Revenue amount to €116,439 thousand, down from €123,504 thousand in the first half of 2018 (-5.7%). It should be noted that Revenue, calculated at constant exchange rates (i.e. at the average exchange rate for the first half of 2018), were €1,512 thousand lower, resulting in Revenue at constant exchange rates for the first half of 2019 of €114,927 thousand. The reduction of 6.9% compared to the first half of 2018 is mainly due to the fluctuation in the value of the USD.

Considering **recurring data only**, the **EBITDA** amounts to €15,083 thousand, down from €18,349 thousand in the previous year (-17.8%), with a decrease of €3,266 thousand. Referred to the recurring data as a percentage of Total revenue and other income, the value of EBITDA was 12.7%, down from 14.6% in the previous year.
The reduction is due both to lower sales volumes and to a slight increase in fixed costs determined by the strengthening of the structure with expert resources, decided in order to consolidate the growth trend in the future. The increase in fixed costs is mainly concentrated in the first quarter of 2019, as a number of savings initiatives with a positive impact were undertaken during the second quarter of 2019.
Furthermore, the application of the new accounting standard IFRS 16 on the accounting of lease contracts and operating lease contracts led to an improvement in EBITDA of €617 thousand.
Non-recurring costs in the first half of 2019 amount to €230 thousand and mainly relate to costs relevant to the transfer and/or increase of production capacity and, to a lesser extent, ancillary charges on the acquisition and incorporation of new companies.

The total **EBITDA**, including these non-recurring items, amount to €14,853 thousand, down from the €19,793 thousand of the previous year (-25.0%). The greater reduction in total EBITDA compared to the recurring EBITDA is mainly due to the absence in 2019 of the non-recurring income recorded in the first half of 2018 and determined by the capital gain of approximately €1.9 million deriving from the sale of the American plant in June 2018.

Considering **recurring data only**, the **operating result** amounts to €12,517 thousand, down from €16,780 thousand in the first half of 2018 (-25.4%), with a decrease of €4,263 thousand. The recurring gross operating profit as a percentage of total revenue and other income was 10.5%, down from 13.4% in the same period of the previous year.
The effect of the application of IFRS 16 on the accounting of lease contracts and operating lease contracts leads higher amortisation and depreciation in 2019 for €597 thousand at EBIT level; the net effect between lower costs for services and higher amortisation and depreciation at EBIT level is positive for €20 thousand.

The total **operating profit** amounts to €12,287 thousand, down from €18,224 thousand in the first half of the previous year (-32.6%).

The **net profit** for the period amounts to **€8,586** thousand, down from €12,962 thousand in the first half of 2018 (-33.8%), as a result of the above.

The **net profit** for the period **attributable to the owners of the Parent Company** amounts to €8,464 thousand in the first half of 2019 compared with €12,329 thousand in the first half of the previous year with a decrease of 31.3%. The **net profit** for the period **attributable to non-controlling interests** amounts to €122 thousand compared with €633 thousand in the first half of the previous year. The reduction in net profit attributable to non-controlling interests is mainly due to the fact that the Parent Company, compared with the first half of 2018, holds a further 25% stake in Penta S.r.l., acquired in September 2018, as well as to the lower profit realised by Penta S.r.l. in 2019 in relation to the decrease in sales related to Food Systems.

Earnings per share are €0.17 for the first half of 2019 compared with €0.24 for the first half of the previous year and are calculated net of own shares held by the Company.

<u>Revenue by market</u>

	First half of 2019	First half of 2018
Revenue from Plastic Systems	95,409	95,360
Revenue from Food Systems	6,979	15,603
Revenue from Service and Spare parts	14,050	12,541
Revenue	**116,439**	**123,504**

With regard to revenue trends broken down by market, the following can be noted:

- Revenue from Plastics Systems in the first half of 2019 is slightly up on the first half of the previous year, despite a slowdown in the reference market, confirming the leadership position held by the Group.

- Revenue from Food Systems in the first half of 2019 totals €6,979 thousand, with a decrease of €8,624 thousand compared with the first half of 2018, which, however, benefited from a particularly positive performance, mainly due to the two largest customers.

In addition, the reduction is due to the fact that the subsidiary Penta S.r.l. dedicated part of its production capacity to the production of systems for the treatment of plastic powders, using its traditional technical skills in this specific technological sector. Moreover, the Food Systems market, which also includes the production of systems for industrial uses other than plastic powders, is still in the development phase, benefiting from the same strategy already implemented in the Plastic Systems market.

- in the first half of 2019, the Services and Spare Parts market recorded revenues of €14,050 thousand, up by €1,509 thousand or 12.0% on the first half of the previous year.

Revenue by geographical area

	First half of 2019	First half of 2018
EMEA	72,771	78,954
ASIA	14,796	16,847
NORTH AMERICA	23,904	21,817
SOUTH AMERICA	4,968	5,886
Revenue	**116,439**	**123,504**

A growth in the North American markets can be noted. EMEA revenues include revenues achieved in Italy of €23,432 thousand in the first half of 2019 and €28,348 thousand in the first half of the previous year. The decrease in revenues in the EMEA area is mainly attributable to the Italian market and mainly concerns the Food Systems market. The reduction in revenues in Asia is due to the temporary cyclical nature of infrastructure investments in the area, while South America was affected by the negative effects of the macroeconomic trend, in particular related to the elections in Brazil and the situation in Argentina.

Balance sheet and Financial indicators of the Group

Net financial position

€'000	30.06.2019	31.12.2018	30.06.2018
A. Cash	25	29	31
B. Current accounts and post office deposits	28,066	39,084	28,886
C. Liquidity (A+B)	**28,091**	**39,113**	**28,917**
D. Current financial assets	**6,176**		
E. Current bank loans and borrowings	(14,092)	(12,995)	(10,243)
F. Current portion of non-current debt	(9,243)	(5,994)	(6,083)
G. Other current financial liabilities*	(205)	(280)	(473)
H. Current financial position (E+F+G)	**(23,540)**	**(19,269)**	**(16,799)**
I. Net current financial position (H+C+D)	**10,727**	**19,844**	**12,118**
J. Long term loans	(19,505)	(10,760)	(13,714)
K. Bonds issued	-		-
L. Other non-current financial liabilities*	(503)	(609)	(748)
M. Non-current financial position (J+K+L)	**(20,008)**	**(11,368)**	**(14,462)**
N. Net financial position (I+M) before IFRS16	**(9,281)**	**8,476**	**(2,344)**
€'000	**30.06.2019**	**31.12.2018****	**30.06.2018**
IFRS16 Lease Impact	**(5,446)**	**(5,866)**	**n.a.**
Current portion	(1,060)	(1,116)	**n.a.**
Non-current portion	(4,386)	(4,750)	**n.a.**
N. Net financial position (N+IFRS 16 impact)	**(14,728)**	**2,610**	**n.a.**

* The "Other current and non current financial liabilities" item in this table does not include the effect of the application of IFRS 16, shown below.

** we point out that the effect of the application of the new accounting standard IFRS16 Leases as at 31.12.2018 was shown for comparative purposes only, as this standard has been applied since 01/01/2019 using the "Modified Retrospective Method", chosen by the Company as the method of first application, on the basis of the provisions of IFRS16 itself.

The Group's net financial position as at 30 June 2019 (analysed for a better comparative purposes without the effect of IFRS 16 and compared with the amount as at 31 December 2018 and 30 June 2018) was negative by €9,281 thousand, compared with a positive net financial position of €8,476 thousand as at 31 December 2018 and a negative net financial position of €2,344 thousand as at 30 June 2018.

First of all, it is important to describe, for a better management understanding, which consider fluctuations during the year, the change in net financial position, without the effect of IFRS 16, between 30 June 2018 and 30 June 2019. The change is equal to €6.9 million of higher indebtedness, which results from the combined effect of (i) cash generated from operations for approximately €20.3 million and (ii) a cash absorption for non-operating items for €27.2 million (non-recurring investments related to the project for development of production capacity and technological improvement at the headquarters and in America for €11.1 million, payment for the purchase of a further 25% stake in the subsidiary Penta S.r.l. for €4 million, net cash out related to the listing process for €4.5 million and distribution of dividends for €7.7 million).

The change in net financial position, without the effect of IFRS 16, between 31 December 2018 and 30 June 2019, amounting to €17.7 million of higher debt, results from (i) an absorption of liquidity of approximately €5 million due to current operations, resulting from normal business cycles during the year, which generally absorb cash in the first half of the year to then generate it in the second half; and (ii) from non-operating items for €12.2 million (non-recurring investments related to production capacity development and technology improvement at the headquarters for €4.5 million and distribution of dividends for €7.7 million).

In addition, the impact of the application of IFRS 16 leads to an increase of net financial position of an amount €5.4 million compared with the end of the 2018 financial year.

Net financial position includes medium/long-term loans, mostly relating to the Parent Company, for €28.7 million, of which €9.2 million with expiration date within 12 months and the remaining part of €19.5 million within 5 years. Loans are not secured and are in euro.

In order to optimise the financial structure of the Group and to take advantage of the extremely favourable interest rate opportunities offered by the financial market, three *amortizing* loans for a total amount of €15 million were obtained during the first half of the year. These three new loans have an expiration date of 5, 4 and 2 years and an average interest rate of approximately 0.5%. One of the new loans, which amounts to €7 million, is a fixed interest rate loan, with an interest rate of 0.54% with a 4-year *amortizing* maturity.

Net non-current assets

Net non-current assets represented by tangible assets, intangible assets and equity investments amounted to €50,369 thousand, with an increase of €9,561 thousand, of which €5.4 million due to the application of *IFRS* 16.

Over the last two years, in fact, the Group has undertaken a project to expand production capacity and technological improvement, relating to the plant in the United States, completed in 2018, and to the Italian plant under construction at the headquarters of the Parent Company, which is expected to be completed by 2019. The non-recurring investment, made in 2019 to increase production capacity, is worth €4.5 million.

Net non-current assets (amounts in €'000)	**As at 30 June 2019**	**As at 31 December 2018**
Property, plant and equipment	43,603	34,531
of which Right of Use (IFRS 16 - Lease)	*5,409*	-
Intangible assets	6,378	6,007
Equity investments	388	270
Net non-current assets	**50,369**	**40,808**

In applying the new accounting standard IFRS 16 (Lease) at the transition date of 1 January 2019, and having chosen to adopt the "*Modified Retrospective Method*", the Group has recorded a right of use on tangible assets of € 5,866 thousand equal to the value of the financial liability at the transition date, as better described in the annual financial report as at 31 December 2018, to which reference should be made. This "right of use" was amortised in the first half of 2019, on the basis of the duration of each individual reference contract, for a value of €597 thousand and is therefore equal to €5,409 thousand as at 30 June 2019.

Please refer to note [1] of the notes to the half year condensed consolidated financial statements for further details.

Moreover, in the first quarter of 2019, a new commercial and distribution company, Piovan Maroc Sarl, was set up with headquarters in Kenitra, Morocco, in order to better serve the North African market. Piovan Maroc Sarl, a wholly-owned subsidiary, was not consolidated at 30 June 2019 as the effects would have been negligible, and the new incorporation therefore led to an increase in the value of the equity investments.

Net Trade Capital and Net Working Capital

Net working capital (amounts in €'000)	As at 30 June 2019	As at 31 December 2018
Current trade receivables	53,653	50,656
Inventories	26,854	28,049
Contract assets for work in progress	6,302	3,654
Trade payables	(30,171)	(39,937)
Advances from customers	(11,998)	(12,577)
Contract liabilities for work in progress	(1,852)	(2,703)
Net trade capital	**42,788**	**27,142**
Tax receivables	3,572	3,455
Other current assets	3,962	4,192
Tax liabilities and social security contributions	(5,242)	(6,422)
Other current liabilities	(13,841)	(12,241)
Net working capital	**31,240**	**16,126**

Net Trade Capital and Net Working Capital both increased compared with 31 December 2018, due to the performance of activities during the various months of the year, partly described in the comments on Net Financial Position. The specific analysis of the main items shows, from one side a substantial stability of inventories, thanks to the *business model* that includes the use of a distributed network of suppliers, added to contract assets for work in progress, and on the other side a reduction in trade payables resulting from the normal fluctuation between the different months which is connected to the micro timing of orders acquisition from customers and the consequent execution of the payables cycle with the supply network.

Medium/long-term liabilities

(amounts in €'000)	As at 30 June 2019	As at 31 December 2018
Liabilities for employee benefits plans	4,080	3,887
Provision for risks and charges	3,283	2,925
Other non-current liabilities	113	121
Deferred tax liabilities	3,188	3,505

(amounts in €'000)	As at 30 June 2019	As at 31 December 2018
Medium/long-term liabilities	**10,664**	**10,438**

As at 30 June 2019, medium/long-term liabilities increased by €226 thousand compared with 31 December 2018. The change is mainly due to higher provisions for risks set aside to cover potential charges arising from the Group's commercial activities and higher liabilities for employee benefits plans, amounting to €0.5 million, and lower deferred taxes liabilites, amounting to €0.3 million.

Investments

As already described, in the first half of 2019, Piovan Group made significant investments. Specifically, €5.5 million were invested, of which €4.9 million in tangible fixed assets, mainly related to investments to increase the production capacity of the plant at the parent company's headquarters and €0.6 million in intangible fixed assets, mainly aimed at improving the Information and Communication Technology structures and patent activities.

Recurring investments amounted to €1.2 million, equal to around 1% of turnover, in line with the Group's historical data.

Research & Development

In the first half of 2019, the Piovan Group incurred research and development expenses amounting to 4.1% of total revenues and other recurring income (€4,892 thousand compared with €4,507 thousand in the first half of 2018). In relation to 2019, €4.1 million are related to personnel employed in R&D and engineering activities, fully expensed in the statement of profit or loss, for complex and innovative projects. The level of the commitment to investment in research and development concretely shows the Group's strong orientation to present itself as a supplier of solutions and not of simple machinery or systems as has always been in the past and which has determined, over the years, a position of strong dominance on the market.

Alternative performance indicators

It should be noted that some financial information in this report contains intermediate profitability indicators, including the EBITDA. It should be noted, however, that this indicator is not identified as an accounting measure by IFRS, therefore the criterion for determining it may not be homogeneous with that indicated by other groups or companies.

In this report on operations, alternative performance indicators or intermediate profitability indicators are included in order to allow a better evaluation of the economic performance of the company and its equity and financial position. It should be noted, however, that these indicators are not identified as an accounting measure by IFRS, therefore the criterion for determination may not be homogeneous with that indicated by other groups or companies.

With regard to these indicators, on 3 December 2015 CONSOB issued Communication no. 92543/15 which renders the Guidelines issued on 5 October 2015 by the European Security and Markets Authority (ESMA) applicable, as regards their inclusion in the disseminated regulated information. The scope of these Guidelines, which update the previous CESR Recommendation (CESR/05-178b), is to promote the usefulness and transparency of alternative performance indicators included in regulated information or prospectuses falling within the scope of Directive 2003/71/EC, in order to improve their comparability, reliability and comprehensibility. In line with the above communications, the criteria used to construct these indicators are provided below.

Specifically, management considers EBITDA to be an important parameter for monitoring and evaluating the Group's operating performance, since it is not conditioned by the effects of the various methods for determining taxable income, by the amount and characteristics of capital employed, or by amortisation policies.

EBITDA

This parameter is represented by the net profit adjusted for the following components: (i) + income taxes, (ii) - Profit (losses) from investment carried at equity, -(iii) - gain (losses) on liabilities for options granted to non controlling investors, (iv) - exchange rate gains (losses), (v) + financial expenses, (vi) - financial income, (vii) + amortisation and depreciation and (viii) + provisions for risks and charges. The EBITDA Margin is calculated as a percentage of total revenue and other income.

Adjusted EBITDA

Adjusted EBITDA differs from EBITDA only for non-recurring items. Adjusted EBITDA margin is calculated as a percentage of total revenue and other income for recurring items only.

EBIT and Adjusted EBIT

EBIT corresponds to the operating result indicated in the financial statements while the Adjusted EBIT differs from EBIT only for non-recurring items. EBIT and Adjusted EBIT as a percentage are calculated as a ratio to the total Revenue and other income item.

Contribution Margin

The contribution margin is calculated as the sum of: (i) total revenue and income less, (ii) costs of raw materials, components, goods and changes in inventories, (iii) outsourcing, (iv) transport and (v) agency commissions. The contribution margin as a percentage is calculated as a ratio to the total Revenues and other income item.

Adjusted Contribution Margin

The Adjusted Contribution Margin differs from the Contribution Margin for non-recurring items only. The Adjusted Contribution Margin as a percentage is calculated as a ratio to total Revenue and other income item for recurring items only.

Net Financial Position

This is determined in accordance with CONSOB Communication of 28 July 2006 and in compliance with Recommendation ESMA/2013/319, to which reference should be made.

Research & Development costs

Research and development costs mainly include personnel costs for R&D and engineering activities incurred by the Group, capitalisation during the year, where applicable, and costs for the development of prototypes and systems for new products incurred by the Parent Company.

Recurring Capex and Non-recurring Capex

Recurring Capex includes the Group's total recurring investments in property, plant and equipment and intangible assets. They are calculated as the sum of the following items: (i) Capex in property, plant and equipment, which primarily includes costs relating to the purchase of production machinery, factory and car extraordinary maintenance; and (ii) Capex in intangible assets, which mainly includes costs for software licenses.

Extraordinary investments, mainly relating to the increase or shifting of long-term production capacity, are not included in the calculation of the Recurring Capex; these investments are defined as Non-Recurring Capex.

Net Trade Capital

Net trade capital is calculated as the sum of the positive values reported for current trade receivables, inventories and contract assets for work in progress and the negative values reported for contract liabilities for work in progress, trade payables and advance from customers.

Net working capital

Net working capital is calculated as the sum of the net trade capital and the values shown as positive relating to tax receivables and other current assets and the values shown as negative relating to tax liabilities and social security contributions and other current liabilities.

OTHER INFORMATION

Human Resources

In the first half of 2019, the Group employed an average of 1,057 people - compared with 1.038 in the first half of 2018 - in relation to the growth in activities in the various countries where the Group operates and in the Parent Company. The breakdown of personnel by category was as follows:

	First half of 2019		31.12.2018		First half of 2018	
	period end	average	period end	average	period end	average
Managers	27	28	35	36	29	28
Junior managers	62	62	56	56	58	58
White collars	585	586	572	568	576	571
Blue collars	377	382	381	384	382	381
Total	**1,051**	**1,057**	**1,044**	**1,044**	**1,045**	**1,038**

Transactions with parent, subsidiary and affiliated companies

There were numerous intra-group transactions, all of which were carried out in the ordinary course of business and at normal market conditions.

Intra-group transactions are inherent in the organisational structure of the Group itself. These transactions concern both the commercial activity (there are Piovan S.p.A.'s subsidiaries established in various countries that market the Group's products as agents or distributors) and the production phase (there are companies controlled by Piovan S.p.A. that, by producing certain types of systems, complement the offer of Piovan S.p.A. or their own offer to the customer by selling or purchasing machines to or from Piovan S.p.A.), as well as the participation in the tax consolidation with the parent company Pentafin S.p.A..

There are also financial transactions between the companies belonging to the Group, which are also carried out in the ordinary course of business and at normal market conditions.

There are no transactions that could be considered atypical with parent, subsidiary and affiliated companies or with other related parties.

For further information, reference should be made to the comments in the Notes to the chapter "Other information on the Condensed Consolidated Half-yearly Financial Statements".

Transactions with Related Parties

The "Regulation containing provisions on transactions with related parties", adopted by CONSOB resolution no. 17221 of 12 March 2010 and subsequently amended by CONSOB resolution no. 17389 of 23 June 2010, implemented article 2391-bis of the Italian Civil Code.

By resolution dated 12 November 2018, the Board therefore approved the procedure on transactions with related parties pursuant to Article 2391-bis of the Italian Civil Code and the CONSOB regulation adopted by resolution no. 17221 of 12 March 2010 and its subsequent amendments and additions.

The identification of transactions with related parties is carried out in accordance with the provisions of the aforementioned CONSOB regulation.

In addition to the intra-group transactions described above, the Company also has a business relationship with other related parties, mainly involving parties who perform administrative and management functions at Piovan S.p.A., or entities controlled by such parties. The transactions carried out are mainly of a real estate (leased premises) and commercial nature and are carried out as part of ordinary operations and at normal market conditions, as well as adherence to the tax consolidation with the parent company Pentafin S.r.l.

Transactions with related parties are commented on in the chapter “Other information on the Condensed Consolidated Half-yearly Financial Statements”, to which reference should be made for further information.

Information by operating segment

IFRS 8 defines an operating segment as a component (i) that engages in business activity from which it may earn revenues and incur expenses, (ii) whose operating results are reviewed regularly at the highest decision-making level and (iii) for which separate economic and financial data are available

The information analysed by the Board of Directors, which is the highest decision-making level for taking strategic decisions, allocating resources and analysing results, identifies a single operating segment.

In fact, the Group's structure identifies a strategic and unitary vision of the business and this representation is consistent with the way in which management takes its decisions, allocates resources and defines the communication strategy, which presently renders any divisional hypothesis of business uneconomical.

Therefore, the information required by IFRS 8 corresponds to that presented in the Consolidated Statement of Profit and Loss The breakdown of consolidated turnover by geographical area and market (Plastics/Food/Services and Spare Parts) has been reported for information purposes.

Main risks and uncertainties to which the Group is exposed

The Group is exposed to external risks and uncertainties deriving from external factors connected to the general macroeconomic context or specific to the operating sector in which its activities are developed, to financial markets and to risks deriving from strategic choices and related to operating management processes.
Excluding unexpected and significant factors of discontinuity, the main uncertainties that could have an impact on the results for the second half of the year concern the evolution of the macroeconomic and geopolitical context, the fluctuation in the prices of raw materials which are important, directly or indirectly, for the sector and the entry into new markets/countries.

For a more detailed examination of the risks to which the Group is exposed, reference should be made to the Annual Financial Report as at 31 December 2018, as there were no changes with reference to the indications concerning the risks to which the Group is exposed and their management.

Environmental and personnel information

The Group carries out activities without potential negative impact on the territory and the environment. However, it always tries to operate in compliance with best practices, working for the prevention of risk and the reduction and minimisation of environmental impacts. In addition, the Piovan Group pays great attention andis highly committed to worker safety, spreading the culture of safety within the Group and the various local organisations.

Atypical and/or unusual transactions

No significant atypical and/or unusual transactions occurred in the first half of 2019 for the Parent Company Piovan S.p.A. and the Piovan Group.

Off-balance sheet agreements

The Group has no agreements in place that are not shown in the Balance Sheet, except as indicated in the Notes.

Business outlook

The Parent Company and the Group continue to develop a strategy of service and commercial activity that is as widespread and close to customers as possible, with particular attention to large customers in the various geographical areas of the world in order to maintain technological leadership and service in the Plastics Area. At the same time, there is a strong focus on continuing to increase market shares and international development in the Food Systems area both through technological, commercial, service and mutual customer synergies with the Plastics Systems area and by improving organisational processes. The development strategy is clear and pursued strongly and consistently. Moreover, the Group continues to use the technical skills of its subsidiary Penta S.r.l. in the plastic and chemical powder market as well as in the *Food Systems* sector.

In a volatile and slightly shrinking macroeconomic context, the Group is committed to pursuing its development strategy.

Significant events after 30 June 2019

The Group confirms the strategic path, also disclosed during the roadshow for the listing in the Stock Exchange, focused on new acquisitions both in specific geographical areas in order to strengthen the commercial penetration and in companies with technologies and/or products which can extend the value chain of the Group. The first case includes the acquisition of Toba PNC, the second case the acquisition of FEA, detailed in the following.

In July 2019, Piovan S.p.A. finalised the acquisition of 51% of ToBaPNC Co. Ltd. (hereinafter also referred to as ToBaPNC), a leading company in South Korea specialising in the automation of industrial processes in the plastics sector and in particular in systems for the transport and storage of powders. This operation will enable the Group to expand its international profile and enter a strategic market such as South Korea in a significant way. This will also provide access to world leaders in electronics and automotive technology and will strengthen the Group's know-how in the powder treatment industry, which represents a significant growth area for the Group. ToBaPNC achieved a turnover of €4.6 million in 2018 and, in recent years, has managed projects in several countries, from South Korea to the United States, from Vietnam to China, thanks to strong relationships with some of the major South Korean industrial groups, of which it is a partner.

The operation was carried out through a purchase of shares by Piovan S.p.A. with a total disbursement of USD 872 thousand. In addition, ToBaPNC shareholders may exercise a put option on their shares up to 49% of the share capital in the period between 01.01.2023 and 31.12.2024, in one or more *tranches*, on the one hand, and Piovan S.p.A., on the other, may exercise a call option on the minority shareholders' shares of up to 49% of the share capital in the period between 01.01.2023 and 31.12.2024, in one or more tranches, according to certain economic and financial parameters defined in the agreements between the parties.

In July 2019, Piovan S.p.A. finalised the acquisition of 51% of the share capital of FEA Process & Technological Plants S.r.l. (hereinafter also referred to as FEA), a Cuneo-based company specialising in the automation of transport and storage systems for viscous liquids for the food industry. More specifically, the company, which had a turnover of €3 million in 2018, specialises in the installation and production of machinery for transporting creams of different density values.

The operation was carried out through a reserved capital increase of Piovan S.p.A., which subscribed the increase with a total disbursement of € 390 thousand. Furthermore, FEA's shareholders may, on the one hand, exercise a put option on all, and not a part of, their shares in the period between 30.04.2022 and 30.04.2024, while on the other hand, PIOVAN may exercise a call option on a single tranche of 12% of the shares held by FEA's historical shareholders, in the period between 30.04.2022 and 30.04.2024, according to certain economic and financial parameters defined in the agreements between the parties.

FEA is a historical industrial company operating in the field of confectionery and chocolate production and its know-how in the treatment and transport of complex liquid foodstuff completes the expertise of the Piovan Group in the field of transport and storage of food powders. The acquisition of FEA will allow to widen the range of turnkey plants in the food sector and increase the market shares of the Group.

In July 2019, the subsidiary Penta S.r.l. signed a sales contract with a historical shareholder for the purchase of a further 19.0% stake in the subsidiary **Progema S.r.l**.. The Group now has a shareholding in Progema S.r.l. equal to 81% of the entire share capital. The operation was carried out through a purchase of shares by Penta S.r.l. with a total disbursement of €185 thousand.

Finally, it should be pointed out that, in August 2019, the transfer of the headquarters of the subsidiary Aquatech S.p.A. to the new production plant is being finalised.

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT 30 JUNE 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)

ASSETS	Notes	30.06.2019	31.12.2018
NON-CURRENT ASSETS			
Property, plant and equipment	**Note 1**	43,603	34,531
Intangible assets	**Note 2**	6,378	6,007
Equity investments	**Note 3**	388	270
Other non-current assets	**Note 4**	302	325
Deferred tax assets	**Note 5**	4,658	4,663
TOTAL NON-CURRENT ASSETS		**55,329**	**45,796**
CURRENT ASSETS			
Inventories	**Note 6**	26,854	28,049
Contract assets for work in progress	**Note 7**	6,302	3,654
Trade receivables	**Note 8**	53,653	50,656
Current financial assets	**Note 9**	6,176	
Tax receivables	**Note 10**	3,572	3,455
Other current assets	**Note 11**	3,962	4,192
Cash and cash equivalents	**Note 12**	28,091	39,113
TOTAL CURRENT ASSETS		**128,610**	**129,119**
TOTAL ASSETS		**183,939**	**174,915**

LIABILITIES AND EQUITY	Notes	30.06.2019	31.12.2018
EQUITY			
Share capital	**Note 13**	6,000	6,000
Legal reserve	**Note 13**	1,200	1,200
Reserve for own shares in portfolio	**Note 13**	(2,250)	(2,250)
Translation reserve	**Note 13**	(1,340)	(1,594)
Other Reserves and retained earnings	**Note 13**	41,994	25,748
Net profit (loss)	**Note 13**	8,464	23,881
Equity attributable to the owners of the parent		**54,068**	**52,985**
Equity attributable to non-controlling interests	**Note 15**	3,829	3,791
TOTAL EQUITY		**57,897**	**56,775**
NON-CURRENT LIABILITIES			
Long-term loans	**Note 16**	19,505	10,760
Non-current financial liabilities	**Note 16**	4,889	609
Employee benefits plans	**Note 17**	4,080	3,887
Provision for risks and charges	**Note 18**	3,283	2,925
Non current liabilities for options granted to non-controlling investors	**Note 19**	-	3,185
Other non-current liabilities	**Note 20**	113	121
Deferred tax liabilities	**Note 5**	3,188	3,505
TOTAL NON-CURRENT LIABILITIES		**35,058**	**24,991**
CURRENT LIABILITIES			
Current portion of long-term loans	**Note 16**	9,243	5,994
Current bank loans and borrowings	**Note 16**	14,092	12,995
Current financial liabilities	**Note 16**	1,266	280
Trade payables	**Note 21**	30,171	39,937
Advances from customers	**Note 22**	11,998	12,577
Contract liabilities for work in progress	**Note 7**	1,852	2,703
Current liabilities for options granted to non-controlling investors	**Note 19**	3,280	-
Tax liabilities and social security contributions	**Note 23**	5,242	6,422
Other current liabilities	**Note 24**	13,841	12,241
TOTAL CURRENT LIABILITIES		**90,985**	**93,148**
TOTAL LIABILITIES		**126,042**	**118,139**
TOTAL LIABILITIES AND EQUITY		**183,939**	**174,915**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

(€'000)

Profit and Loss Account	Notes	30.06.2019	30.06.2018
Revenue	**Note 25**	116,439	123,504
Other revenue and income	**Note 26**	2,325	3,925
TOTAL REVENUE AND OTHER INCOME		**118,764**	**127,429**
Costs of raw materials, components and goods and changes in inventories	**Note 27**	45,721	53,114
Services	**Note 28**	25,722	23,701
Use of third-party assets	**Note 29**	790	1,272
Personnel expenses	**Note 30**	29,597	27,953
Other expenses	**Note 31**	2,081	1,596
Provisions for risks and charges	**Note 32**	420	139
Amortisation and depreciation	**Note 33**	2,146	1,430
TOTAL COSTS		**106,477**	**109,205**
OPERATING PROFIT		**12,287**	**18,224**
Financial income	**Note 34**	91	230
Financial expenses	**Note 34**	(273)	(272)
Net exchange rate gain (losses)	**Note 35**	10	(69)
Gains (losses) on liabilities for option granted to non controlling investors	**Note 36**	(96)	12
Profit (losses) from equity investments carried at equity	**Note 37**	(75)	(126)
PROFIT BEFORE TAXES		**11,944**	**17,999**
Income taxes	**Note 38**	3,358	5,037
PROFIT FOR THE PERIOD		**8,586**	**12,962**
ATTRIBUTABLE TO:			
Owners of the parent		8,464	12,329
Non-controlling interests		122	633
Earnings per share			
Basic earnings per share (in euros)	**Note 14**	**0.17**	**0.24**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€'000)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30.06.2019	30.06.2018
Net profit	**8,586**	**12,962**
Items that may be subsequently reclassified to profit or loss:	-	-
- Exchange rate differences	254	(79)
Items that may not be subsequently reclassified to profit or loss:	-	-
- Actuarial gains (losses) on employee benefits net of the tax effect	5	(27)
- Actuarial gains on agents' termination benefits net of the tax effect	-	-
Total Comprehensive income	**8,845**	**12,856**
attributable to:	-	-
- Owners of the parent	8,723	12,223
- Non-controlling interests	122	633

CONSOLIDATED STATEMENT OF CASH FLOW

(€'000)

Cash flow statement	30.06.2019	30.06.2018
OPERATING ACTIVITIES		
Net profit	**8,586**	**12,962**
Adjustments for:		
Amortisation and depreciation	2,146	1,430
Provisions	1,123	917
Net non-monetary financial charges	106	-
Net non-monetary financial (income)	-	-
Change in provisions for risks and charges and employee benefits liabilities	440	170
Net capital (gains) losses on sale of fixed assets and equity investments	(12)	(1,911)
Non-monetary changes related to liabilities for options granted to non-controlling shareholders	95	(12)
Investment equity valuation	75	-
Other non-monetary variations	(12)	(76)
Taxes	3,358	5,036
Operating cash flow before changes in working capital	**15,907**	**18,516**
(Increase)/decrease in trade receivables	(3,406)	(242)
(Increase) or decrease in inventories	1,131	(3,845)
(Increase)/decrease in other current assets	(1,958)	(8,299)
Increase/(decrease) in trade payables	(10,350)	1,182
Increase (decrease) in advances from customers	(579)	1,446
Increase (decrease) in other current liabilities	(2,314)	(6,364)
(Increase)/decrease in non-current assets	(83)	20
Increase/(decrease) in non-current liabilities	134	(89)
Income tax paid	(2,313)	(1,571)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	**(3,833)**	**754**
INVESTING ACTIVITIES		
Investments (disinvestments) in tangible assets	(4,906)	1,122
Investments (disinvestments) in intangible assets	(549)	(271)
Investments (disinvestments) in financial assets	(6,283)	-
Disinvestments (Investments) in Equity Investments	(92)	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(11,829)**	**850**
FINANCING ACTIVITIES		
Issuance of bank loans	15,000	-
Repayment of bank loans	(3,006)	(3,010)
Change in current bank liabilities	1,097	1,024
Repayment of bonds	-	(2,500)
Increase (decrease) in other financial liabilities	(740)	(163)
Purchase of minority interests in subsidiaries	-	-
Changes in equity investments	-	-
Dividends paid	(7,723)	(6,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	**4,628**	**(10,649)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**(11,034)**	**(9,045)**
EFFECT OF EXCHANGE RATE CHANGES ON BALANCE OF CASH AND CASH EQUIVALENTS	**12**	**76**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (E)	**39,113**	**37,885**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**28,091**	**28,917**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(11,034)**	**(9,044)**
INTEREST PAID	**226**	**264**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€'000)

Share capital	Share capital	Legal reserve	Reserve for treasury shares	Currency translation reserve	Other Reserves and retained earnings	Operating result attributable to parent shareholders	Net equity attributable to parent company shareholders	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance as at 01.01.2018	**6,000**	**1,200**	**(7,641)**	**(1,607)**	**14,312**	**19,553**	**31,817**	**4,866**	**36,683**
First time adoption of IFRS 9		-	-	-	(144)	-	(144)	-	(144)
Distribution of dividends					(6,000)		(6,000)		(6,000)
Allocation of prior year profit		-	-	-	19,553	(19,553)	-	-	-
Total comprehensive income		-	-	(79)	(27)	12,329	12,223	633	12,856
Balance as at 30.06.2018	**6,000**	**1,200**	**(7,641)**	**(1,686)**	**27,693**	**12,329**	**37,895**	**5,500**	**43,395**

	Share capital	Legal reserve	Reserve for treasury shares	Currency translation reserve	Other Reserves and retained earnings	Operating result attributable to parent shareholders	Net equity attributable to parent company shareholders	Equity attributable to non-controlling interests	TOTAL EQUITY
Balance as at 01.01.2019	**6,000**	**1,200**	**(2,250)**	**(1,594)**	**25,748**	**23,881**	**52,985**	**3,791**	**56,775**
Distribution of dividends		-	-	-	(7,639)		(7,639)	(83)	(7,723)
Allocation of prior year profit		-	-	-	23,881	(23,881)	-	-	-
Change in minority interests		-	-	-					-
Total comprehensive income				254	5	8,464	8,723	122	8,845
Balance as at 30.06.2019	**6,000**	**1,200**	**(2,250)**	**(1,340)**	**41,994**	**8,464**	**54,068**	**3,829**	**57,897**

NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

General information

Piovan S.p.A. ("the Company" or "the Parent Company") is the company heading the group of the same name and has its registered office in Via dell'Industria 16, Santa Maria di Sala (VE). It is a public limited company whose tax code and VAT number is 02700490275, listed in the Venice Register of Companies.
The Company is the operating holding company of a group of companies active in Italy and abroad (the "Group" or "Piovan Group") in automation systems for the storage, transport and processing of plastic materials ("Plastic Systems"), automation systems for the storage and transport of food powders ("Food Systems") and technical support and sale of spare parts and services ("Service & Spare Parts"). On the Plastic Systems market, the 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.
The plants 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 the Plastic and Food Systems market: (i) the design of machinery and engineering solutions; (ii) the production of plants and systems; and (iii) the installation at the customer's production facilities. 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 7 production plants and 23 commercial branches covering all the main geographic markets.

On October 5th, 2018 Piovan S.p.A. received CONSOB approval for the listing of its shares on the STAR segment of the Mercato Telematico Azionario. The trading of the shares on this market started on October 19th, 2018.

As part of the application for admission of its ordinary shares to the listing on the Mercato Telematico Azionario, organised 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 (hereinafter the "Prospectus"). These financial statements represented the first IFRS consolidated financial statements of Piovan S.p.A., in which IFRS 1 was therefore applied. The Directors in fact, point out that in previous years the Company opted not to prepare the consolidated financial statements, according to the exemption foreseen by Art. 27, paragraph 3, of Legislative Decree no. 127/1991, to prepare consolidated financial statements, as the ultimate parent, Pentafin S.p.A., already prepared them in accordance with the Italian accounting principles.

In this context, the Company did not prepare separate financial statements in accordance with international accounting standards, since it was not required to do so and had not formally opted for the adoption of such standards.

Following the assumption of the status of a listed company, Piovan S.p.A. is obliged to prepare its own separate financial statements in accordance with IAS/IFRS international accounting standards; therefore, the separate financial statements for the year 2018 were the first separate financial statements prepared by the Company in accordance with IAS/IFRS.

The Half Year Consolidated Financial Report at 30 June 2019 has been prepared in accordance with the provisions of Article 154-ter of Legislative Decree 58/98 and subsequent amendments, as well as the Issuers' Regulations issued by Consob.

The Half Year Consolidated Financial Report includes the economic results of the Parent Company and its subsidiaries.

The Board of Directors of Piovan S.p.A. approved the Half Year Consolidated Financial Report on 9 September 2019.

Content, form and criteria for the preparation of the Half-Year Condensed Consolidated Financial Statements at 30 June 2019

The Half Year Condensed Consolidated Financial Statements at 30 June 2019 (hereinafter "Half Year Condensed Consolidated Financial Statements") of the Piovan Group were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Condensed Consolidated Half-Year Financial Statements were prepared in accordance with IAS 34 – "Interim Financial Reporting".

The presentation of the financial statements is the same as those adopted in the Annual Financial Report at 31 December 2018. For comparative purposes, the Half Year Condensed Consolidated Financial Statements present as comparatives the consolidated statements of financial position of the consolidated financial statements at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the six months ended 30 June 2018. It should be noted that the half year condensed consolidated financial statements at 30 June 2018 were prepared for inclusion in the Prospectus.

The Half Year Condensed Consolidated Financial Statements 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 a going concern assumption pursuant to IAS 1.25/26 could be adopted, given its strong market position, very satisfactory profits and solid financial structure.

Pursuant to IAS 34, these notes have been prepared in a condensed format and do not include all the disclosures required for annual financial statements. They solely provide information about those captions that, due to their size, content or changes therein during the six months, are key to an understanding of the Group's interim financial position, performance and cash flows. Therefore, these Condensed Consolidated Half-Year Financial

Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018.

The Half Year Condensed Consolidated Financial Statements were prepared in thousands of Euro (€'000), which is the Piovan Group's functional currency and 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 Half Year Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the amounts presented therein and in the explanatory notes. Actual results may differ from these estimates. Reference should be made to the Annual Financial Report as at 31 December 2018 in relation to the main items that require the use of estimates and assumptions.

Consolidation scope and criteria

The Half Year Condensed Consolidated Financial Statements include the financial statements as at 30 June 2019 of the parent company and those of its Italian and foreign subsidiaries.
Subsidiaries are those entities over which the Piovan Group has control, as defined in IFRS 10 - "Consolidated financial statements". An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date it gains control until the date when the reporting entity ceases to control the subsidiary and with reference to associated companies, from the date on which significant influence is acquired until the date on which it ceases to exist.
The companies included in the consolidation scope as at 30 June 2019 are listed in paragraph "Other information on the Half Year Condensed Consolidated Financial Statements".

The consolidation criteria adopted in the preparation of the Half Year Condensed Consolidated Financial Statements are the same as those adopted and reported in the Consolidated Annual Financial Report at 31 December 2018.

The Company has decided not to consolidate line-by-line some equity investments in subsidiaries as they are considered not significant either individually or as a whole and as this accounting has not led to significant effects for the purposes of the correct representation of the equity, economic and financial situation of the Group.
The subsidiaries excluded from line-by-line consolidation are:

Company	% held as at 31.12.2018	% held as at 30.06.2019
Studio Ponte S.r.l.	51%	51%
Piovan Maroc Sarl	-	100%
CMG America Inc.(**)	-	100%

(*) the share indicated represents the % held by the subsidiary Penta S.r.l..

(**) CMG America Inc. is owned by Universal Dynamics Inc.

Summary of the standards applied

In preparing the Half Year Condensed Consolidated Financial Statements, the same accounting policies and preparation criteria of the Consolidated Financial Statements at 31 December 2018 have been applied, to which reference should be made, with the exception of the following.

<u>IFRS accounting standards, amendments and interpretations applicable to the Group and applied from 1 January 2019</u>

- The Accounting Principle IFRS 16 replaced *IAS 17 – Leases*, and the interpretations of *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*, and became effective on 1 January 2019.

  This new standard provides a new definition of "lease" and introduces a criterion based on the control (right of use) of an asset to distinguish leasing contracts from contracts for the supply of services, identifying as discriminating aspects:
  - the identification of the asset,
  - the right to replace it,
  - the right to obtain substantially all the economic benefits arising from the use of the asset, and
  - the right to direct the use of the asset which is the subject of the contract.

  The standard establishes a single model for the recognition and assessment of leasing contracts for the lessee, which provides for the recognition of the leased asset (including operating lease) against a financial liability, and also provides for the possibility of not recognising as a lease contracts relating to "low-value assets" and leases with a contract duration of 12 months or less. The standard does not provide for significant changes for lessors. Piovan is not a lessor.

  The evaluation process undertaken by the Piovan Group involved, in the first phase, involved the census of the contracts falling within the definition of the principle and consisted in the analysis of the same in the light of the requirements of the principle itself.

  Finally, the Group has chosen to adopt the "Modified Retrospective Method" approach, recognising the cumulative effect of the application of the standard in equity at 1 January 2019, in accordance with the provisions of paragraphs IFRS 16: C7-C13.

  For further details, reference should be made to the detailed description in the consolidated annual financial report as at 31 December 2018.

  In particular, the Group has accounted for leases previously classified as operating leases:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using an appropriate interest rate for each contract as required by the standard;
- a right of use equal to the value of the financial liability at the transition date, net of any effect deriving from the advance payment and deferred payment with respect to each due date.

The following table shows the impacts of the adoption of IFRS 16 at the transition date:

Assets (amounts in €/000)	Effects as at 01/01/2019
Land and buildings	5,297
Plant and machinery	
Industrial and commercial equipment	
Other tangible fixed assets	569
Total	**5,866**

Liabilities (amounts in €/000)	Effects as at 01/01/2019
Non-current financial liabilities	4,750
Current financial liabilities	1,116
Total	**5,866**

In adopting IFRS 16, the Group decided to adopt the exemption granted by paragraph IFRS 16:5(a) in relation to *"short-term leases"* for asset classes relating to land, buildings and motor vehicles.
Similarly, the Group adopted the exemption granted by IFRS 16:5(b) with regard to lease contracts for which the underlying asset is classified as a "*low-value asset*" (i.e. the assets underlying the lease contract do not exceed USD 5 thousand when new).
The contracts for which the exemption has been applied fall mainly within the following categories:

- computers, phones and tablets;
- printers;
- other electronic devices.

For these contracts, the introduction of IFRS 16 did not entail the recognition of the financial liability of the lease and the related right of use, but the lease payments were recorded in the profit and loss account on a straight line basis for the duration of the respective contracts.
The transition to IFRS 16 introduces some elements of professional judgement which involve the definition of certain accounting policies and the use of assumptions and estimates particularly in relation to the lease term and to the incremental borrowing rate. The main ones are summarised below:

- Lease term: the Group has analysed all the lease contracts, defining for each of them the lease term, given by the period "not cancellable", together with the effects of any extension or early termination clauses, the exercise of which was considered reasonably certain. Specifically, for real estate, this valuation took into account the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly company cars and equipment, the Group generally considered it unlikely that any extension or early termination clauses would be exercised in view of the Group's usual practice.

- Definition of the incremental borrowing rate: since in most of the lease agreements entered into by the Group there is no implicit interest rate, the discount rate to be applied to future lease payments was determined as the risk-free rate in each country in which the agreements were entered into, with maturities commensurate with the duration of the specific lease agreement, increase of the specific credit spread of the subsidiary/Group.

In order to provide a better understanding of the impacts arising from the first application of the standard, the following table provides a reconciliation between future commitments relating to lease contracts as at 31 December 2018 and the expected impact of the adoption of IFRS 16 as at 1 January 2019.

Reconciliation of commitments (amounts in €/000)	
Commitments under IFRS 16	**5,866**
Commitments for fees excluded from the principle *scope* (low value, short-time and non-lease components)	883
Discounting effect	532
Future commitments as at 31.12.2018	**7,281**

The net effect before taxes in the profit and loss account for the first half of 2019 was €37 thousand, broken down as follows:

- lower costs for services of €617 thousand.
- higher depreciation of €597 thousand
- higher financial expenses of €57 thousand

- On 12 October 2017 the IASB published an amendment to IFRS 9 "Prepayment Features with Negative Compensation”. This document specifies that early repayment instruments may comply with the Solely Payments of Principal and Interest ("SPPI") test even if the reasonable additional compensation to be paid in the event of early repayment is a negative compensation for the lender. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 7 June 2017, the IASB published its interpretation "Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)". The interpretation addresses the issue of uncertainties about the tax treatment of income taxes. In particular, the interpretation requires an entity to analyse uncertain tax treatments (individually or as a whole, depending on their characteristics) on the assumption that the tax authority will examine the tax position in question, with full knowledge of all relevant information. If the entity believes that it is not probable that the tax

authority will accept the adopted tax treatment, the entity shall reflect the effect of the uncertainty in measuring its current and deferred income taxes. In addition, the document does not contain any new disclosure requirements but underlines that the entity will have to determine whether it will be necessary to provide information on the considerations made by management and relating to the uncertainty inherent in the accounting for taxes, in accordance with the provisions of IAS 1.
The new interpretation has been applied since 1 January 2019. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 12 December 2017 the IASB published the document "Annual Improvements to IFRSs 2015-2017 Cycle", which incorporates the changes to certain standards as part of the annual process of improving them. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 7 February 2018 the IASB published the document "Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)". The document clarifies how an entity should recognise a change (i.e. a curtailment or settlement) in a defined benefit contributions plan. The amendments require the entity to update its assumptions and remeasure the net liability or asset arising from the plan. The amendments clarify that after the occurrence of such an event, an entity uses updated assumptions to measure the current service cost and interest for the remainder of the reporting period following the event. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

- On 12 October 2017 the IASB published the document "Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)". This document clarifies the need to apply IFRS 9, including impairment requirements, to other long-term interests in associates and joint ventures for which the equity method is not applied. The adoption of this amendment did not have a significant impact on the Group's consolidated financial statements.

<u>IFRS accounting standards, amendments and interpretations not yet approved by the European Union</u>

At the date of reference of this Half-yearly Financial Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- IFRS 17 - Insurance Contracts
- the document 'Definition of a Business (Amendments to IFRS 3)'
- the document “Definition of Material (Amendments to IAS 1 and IAS 8)”.
- The 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 in the Group's consolidated financial statements from the adoption of these amendments.

Valuation criteria

The same valuation criteria used to prepare the Yearly Financial Report as at 31 December 2018, to which reference should be made, have been applied in preparing the Half-Yearly Financial Report, with the exception of the following.

Translation criteria of foreign currency items

Receivables and payables originally expressed in foreign currency are translated into euro at the exchange rates of the date of execution of the operations that originated them. Exchange differences arising on the collection of receivables and the payment of payables in foreign currencies are recorded in the profit and loss account.
Revenues and income, expenses and charges relating to foreign currency transactions are recorded at the exchange rate in force on the date on which the transaction is carried out.
At year-end, assets and liabilities denominated in foreign currencies, with the exception of non-monetary non-current assets (which remain recorded at the exchange rate on the transaction date), are recorded at the spot exchange rate at the end of the financial year and the related foreign currency conversion gains and losses are allocated to the profit and loss account.
The main exchange rates (currency for €1) used to translate the foreign currency financial statements for the periods ended 30 June 2018 and 30 June 2019 (comparative data) are set out below:

Currencies		Average exchange rates		Closing exchange rates		
		30.06.2019	30.06.2018	30.06.2019	31.12.2018	30.06.2018
BRL	Brazilian real	4.34	4.14	4.35	4.44	4.49
CAD	Canadian dollar	1.51	1.55	1.49	1.56	1.54
CSK	Corona Rep, Czech	25.68	25.16	25.45	25.72	26.02
CNY	Renminbi	7.67	7.71	7.82	7.88	7.72
GBP	Pound Sterling	0.87	0.88	0.90	0.89	0.89
HUF	Hungarian forint	320.39	314.09	323.39	320.98	329.77
MXN	Mexican peso	21.65	23.08	21.82	22.49	22.88
SGD	Singaporean dollar	1.54	1.61	1.54	1.56	1.59
USD	US Dollar	1.13	1.21	1.14	1.15	1.17
THB	Baht	35.70	38.42	34.90	37.05	38.57
INR	Indian rupee	79.12	79.51	78.52	79.73	79.81
TRY	Turkish lira	6.35	4.96	6.57	6.06	5.34
AED	UAE Dirham	4.15	4.45	4.18	4.21	4.29
JPY	Yen	124.29	131.61	122.60	125.85	129.04
VND	Dong	26,269.30	27,565.50	26,527.00	26,547.00	26,832.75

Any goodwill or recognition of adjustments to the fair value of net assets on the occasion of the acquisition of foreign subsidiaries with a functional currency different from that of the Parent company, must be expressed in the functional currency of the foreign subsidiary and converted at the year-end exchange rate (according to the general rules for the conversion of financial statements with a functional currency different from those of the Parent company).

Use of estimates

There are no changes in the main sources of uncertainty in the estimates compared to those reported in the Annual Financial Report as at 31 December 2018.

Impairment testing of goodwill

At least once a year, the Group tests goodwill for impairment. For the purposes of this test, the recoverable value generated by the cash generating units (CGUs) was determined as value in use using the discounted cash flow method. The Piovan Group prepared the impairment tests as at 31 December 2018 and did not identify any impairment indicators that would require further testing as at 30 June 2019.

Liabilities for options granted to minority shareholders

In cases where less than 100 per cent of the shares of a subsidiary are acquired in a business combination, a put option may be granted to the seller that allows the seller to sell its remaining interest in the subsidiary to the buyer at a specified price. The acquisition of control of a business is accounted for in accordance with IFRS 3 Business Combinations. For the put option granted, regardless of whether the exercise price of the put option is a fixed or variable price, in accordance with IAS 32 (paragraph 23) a liability is recognised at a value equal to the present value of the amount that could be required to be paid to the counterparty. At the time of initial recognition, the value of the liability deriving from put options is recorded as a reduction in Group equity. Subsequent changes in the fair value of the liability are recognised in the profit and loss account. The Group also continues to recognise the portions of operating result and net equity attributable to minority shareholders until the put option is exercised.

Stock Grant

The Group has granted incentive plans based on equity-settled instruments and cash-settled incentives, on the basis of which the Group receives services from its employees, collaborators or delegated directors (excluding the executive chairman). These incentive plans are recognised and valued in accordance with IFRS 2.

Information on risks and financial instruments

The accounting principles applied in the preparation of the Half-Yearly Financial Report in relation to financial instruments are described in the section "Valuation criteria" of the Annual Financial Report at 31 December 2018.
The Group's operations expose it to a number of financial risks that can affect its financial position, net result, and cash flows due to the impact of its financial instruments.
There have been no changes with reference to what is indicated in the Annual Financial Report as at 31 December 2018 regarding the risks to which the Group is exposed and their management.

The following table shows the Group's exposure arising from foreign currency assets and liabilities, detailing the most material currencies for each year:

30.06.2019										
	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Other currencies	**Total**
Total assets	130,234	21,006	8,733	7,695	5,369	3,520	2,892	2,986	1,504	**183,939**
Total liabilities	91,350	14,620	3,759	3,929	4,438	4,219	2,120	928	680	**126,043**

31.12.2018										
	EUR	USD	CNY	BRL	MXN	THB	GBP	CAD	Other currencies	**Total**
Total assets	111,020	27,772	10,027	7,603	5,559	3,466	3,223	3,654	2,592	**174,915**
Total liabilities	78,821	15,004	5,414	3,722	4,793	3,827	2,476	1,880	2,204	**118,139**

The next table shows an analysis of revenue's sensitivity to the risk arising on the translation of foreign currency revenue into Euro, assuming a 10% increase or decrease in the average half-year exchange rate.

(€'000)	30.06.2019			30.06.2018		
Net revenue	Current Forex in €	Forex +10%	Forex - 10%	Current Forex in €	Forex +10%	Forex - 10%
EUR – Euro	78,856	78,856	78,856	84,069	84,069	84,069
USD – US Dollar	23,906	21,739	26,570	22,340	20,253	24,753
CNY – Renminbi	7,159	6,508	7,955	9,568	8,699	10,632
BRL – Real	2,704	2,458	3.005	3,085	2,769	3,384
GBP – Pound sterling	2,267	2,061	2,518	2,375	2,159	2,639
THB – Bath	624	567	693	1,333	1,212	1,481
TRY – Turkish lira	220	200	244	468	425	519
INR – Indian rupee	517	470	574	237	216	263
JPY – Japanese yen	19	17	21	3	3	3
MXN – Mexican peso	16	14	18	3	3	3
AED – United Arab Emirates dirham	5	4	5	23	21	26
VND – Vietnamese Dong	148	134	164	-	-	-
TOTAL	**116,440**	**113,029**	**120,623**	**123,504**	**119,829**	**127,772**

The next table shows an analysis of earnings before tax's sensitivity to the risk arising on the translation of foreign currency pre-tax profit into Euro, assuming a 10% increase or decrease in the average half-yearly exchange rate.

(€'000)	30.06.2019			30.06.2018		
Result before taxes	Current Forex in €	Forex +10%	Forex -10%	Current Forex in €	Forex +10%	Forex -10%
EUR – Euro	11,351	11,351	11,351	13,795	13,795	13,795
USD – US Dollar	34	31	38	1,644	1,495	1,827
CNY – Renminbi	446	405	495	1,962	1,782	2,178
BRL – Brazilian real	(341)	(310)	(378)	(21)	(19)	(23)
GBP – Pound sterling	42	38	47	141	128	156
THB – Thai bath	(364)	(331)	(405)	(37)	(33)	(41)
TRY – Turkish lira	(61)	(56)	(68)	(29)	(26)	(32)
INR – Indian rupee	220	200	245	21	19	23
JPY – Japanese yen	34	31	38	(72)	(65)	(80)
CAD – Canadian dollar	277	252	308	312	284	347
MXN – Mexican peso	185	168	206	379	344	421
AED – United Arab Emirates dirham	46	41	51	29	26	32
VND – Dong	38	34	42	(22)	(20)	(24)
HUF - Hungarian forint	(22)	(20)	(24)	(18)	(16)	(20)
CSK – Czech koruna	59	52	64	(85)	(77)	(94)
TOTAL	**11,944**	**11,889**	**12,009**	**17,999**	**17,617**	**18,465**

Moreover, as the Company prepares its financial statements in Euros, fluctuations in the exchange rates used to translate the figures of financial statements of the foreign subsidiaries, originally expressed in a foreign currency, could affect the Group's equity and financial position.

The next table shows an analysis of interest expenses sensitivity to the risk arising on the fluctuation of interest rate regarding variable loans, assuming an increase/decrease of 0.25% and 0.50% of the interest rate.

Interest expense on variable rate loans (€'000)	Interest expenses	+0.25%	+0.50%	-0.25%	-0.50%
30.06.2019	15	24	33	4	-
30.06.2018	49	63	77	36	30

Notes to the Consolidated Statement of Financial Position

[1] Property, plant and equipment

At 30 June 2019, property, plant and equipment amounted to € 43,603 thousand, compared to €34,531 thousand at 31 December 2018. They are made up as shown in the following tables, which show their composition and changes during the first half of 2019.

CHANGES DURING THE PERIOD	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Balance at 31 December 2018	**21,871**	**3,007**	**550**	**3,604**	**5,498**	**34,531**
including:						
- Historical cost	**25,543**	**10,190**	**4,247**	**15,503**	**5,498**	**60,982**
- Depreciation fund	**(3,672)**	**(7,182)**	**(3,697)**	**(11,900)**	**-**	**(26,452)**
IFRS16 - Lease impact at 01.01.2019	**5,297**			**569**		**5,866**
Changes in 2019						
- Investments	8	94	115	252	4,439	**4,908**
- New contracts IFRS16				140		**140**
- Disposals (Historical Cost)		(25)		(64)		**(89)**
- Disposals (Accumulated depreciation)	-	22	-	65	-	**87**
- Currency translation difference (Historical cost)	80	19	0	63	-	**162**
- Currency translation difference (accumulated depreciation)	(13)	(9)	(0)	(42)	-	**(64)**
- Depreciation	(333)	(295)	(120)	(584)		**(1,331)**
- Depreciation IFRS16	(447)			(159)		**(606)**
Balance at 30 June 2019	**26,451**	**2,813**	**545**	**3,845**	**9,937**	**43,603**
including:						
- Historical cost	**30,917**	**10,278**	**4,362**	**16,463**	**9,937**	**71,969**
- Depreciation fund	**(4,465)**	**(7,464)**	**(3,817)**	**(12,620)**	**-**	**(28,367)**

As already described in the Annual Financial Report at 31 December 2018, starting from 2018, the Group has undertaken a project to expand production and improve technology at its Italian and US plants. In Italy, an enlargement project is being carried out at the Parent Company's headquarters with the aim of constructing two separate buildings with a total surface area of approximately 15,000 m2 to be used as a logistical warehouse connected with the current production areas and as a new production plant for the subsidiary Aquatech S.p.A. The purpose of the enlargement is to increase production efficiency and, above all, to increase production capacity in support of production growth in line with the

expected development of turnover in future years. The project in Italy should be completed by 2019.
The investments included in the item *Fixed assets under construction and advances* of €4,439 thousand are mainly related to the progress of the expansion project in Italy, which is proceeding in line with the schedule.

No property, plant and equipment are bound by mortgages or liens at 30 June 2019.
Tangible fixed assets are adequately covered from risks deriving from loss and/or damage to assets by insurance policies taken out with leading agencies.
It should also be noted that the Group does not have any financial expenses directly attributable to the acquisition, production or construction of property, plant and equipment.

Finally, in applying the new accounting standard IFRS 16 (Lease) as of 1 January 2019, and having chosen to adopt the "*Modified Retrospective Method*", the Group has recorded a right of use equal to € 5,866 thousand, as described in the Annual Financial Report as of 31 December 2018, to which reference should be made. This "Right of use" was amortised in the first half of 2019, on the basis of the duration of each individual reference contract, for a value of €597 thousand and is therefore equal to €5,409 thousand at 30 June 2019. In the first half of 2019, new contracts were also signed for a total right of use of €140 thousand.
The following table shows the movements during the period for each class of Right of Use:

CHANGES DURING THE PERIOD	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances	Total
Balance at 31 December 2018						
Balance at 01 January 2019	**5,297**			**569**		**5,866**
including:						
- Historical cost	**5,297**			**569**		**5,866**
- Depreciation fund	**-**			**-**		**-**
Changes in 2019						
- New contracts IFRS16				140		**140**
- Depreciation	(447)			(150)		**(597)**
- Revaluations (change in rate)	-					-
Balance at 30 June 2019	**4,850**	**-**	**-**	**559**	**-**	**5,409**
including:						
- Historical cost	**5,297**	**-**	**-**	**709**	**-**	**6,006**
- Depreciation fund	**(447)**	**-**	**-**	**(150)**	**-**	**(597)**

The breakdown of Property, plant and equipment by geographical area is as follows:

Property, plant and equipment	30.06.2019	31.12.2018
EMEA	33,012	24,220
- of which Italy	28,884	23,119
NORTH AMERICA	8,625	8,609
- of which the United States of America	*8,389*	*8,456*
ASIA	417	305
SOUTH AMERICA	1,550	1,397
Total	**43,603**	**34,531**

[2] Intangible fixed assets

At 30 June 2019, they amounted to € 6,378 thousand compared to €6,007 thousand at the end of 2018. Changes in Intangible fixed assets are shown below:

CHANGES DURING THE PERIOD	Goodwill	– Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Fixed assets under construction and advances	Total
Balance at 31 December 2018	**5,427**	**353**	**39**	**110**	**77**	**6,007**
Changes in 2019						
- Investments		421	54		85	560
- Disposals (Historical Cost)			-			-
- Currency translation difference (Historical cost)	20	(0)	8	5	0	33
- Currency translation difference (accumulated depreciation)		(0)	(8)	(6)		(14)
- Depreciation		(173)	(28)	(8)		(209)
Balance at 30 June 2019	**5,447**	**600**	**65**	**102**	**162**	**6,378**

Intangible assets are broken down by geographical area as follows:

Intangible assets	30.06.2019	31.12.2018
EMEA	2,958	2,635
- of which Italy	*2,980*	*2,456*
NORTH AMERICA	3,290	3,271
- of which the United States of America	*3,290*	*3,271*
ASIA	22	32
SOUTH AMERICA	107	69
Total	**6,378**	**6,007**

At 30 June 2019, goodwill amounts to €5,447 thousand, compared to €5,427 thousand at 31 December 2018. The goodwill entered mainly refers to:

- the acquisition of the US subsidiary Universal Dynamics Inc. (the so-called "Unadyn) in 2008;
- the acquisition of the controlling interest in 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	31.12.2018	Increase	Decrease	Change in currency translation reserve	30.06.2019
UnaDyn	3,271			20	3,291
Penta and Progema	1,872				1,872
Energys	276				276
Other goodwill	8				8
Total	**5,427**			**20**	**5,447**

The Group has no goodwill whose value is tax-deductible.
It should be noted that no transaction occurred between the Group and third parties during the first six months of 2019, and that the change in goodwill related to Universal Dynamics Inc. is due to the different USD/Euro exchange rates at each period, therefore such changes represent non-cash movements.

With reference to the investee companies, the Parent Company holds a number of options to purchase minority shares, in particular it holds the option to purchase a 10% of Penta S.r.l. and the option to purchase 33.33% of FDM Gmbh.
These options, which can only have a positive value for the Parent Company since they are in the hands of the latter, have not been valued in consideration of the fact that the contractual provisions that trigger the right to exercise are mainly in the Company's hands and that the occurrence of these is considered highly unlikely by management. On the basis of these assumptions, the fair value of these options would have a value near to zero.

[3] Equity investments

At 30 June 2019, equity investments amounted to €388 thousand, compared with €270 thousand at 31 December 2018.
Details of equity investments movements are as follows:

Company	Registered office	% Share	31.12.2018	Purchase /Sales	Valuation at equity	30.06.2019
CMG S.p.A.	Budrio (BO)	20%	266		(20)	246
Piovan South Est Asia	Bangkok (Thailand)	100%	-			-
Studio Ponte S.r.l.	Poggio Renatico (FE)	51%	-		52	52
Penta Auto Feeding India Ltd	Navi Mumbai (India)	50%	-			-
Piovan Maroc Sarl.AU	Kenitra (Morocco)	100%	-	92	(6)	86
CMG America Inc.		100%	-		-	-
Other			4			4
Total			**270**	**92**	**26**	**388**

The investments in associated companies and joint ventures indicated in the above table were valued using the equity method and a similar valuation method was used with reference to investments in subsidiaries for which, as indicated in the paragraph "Area and Consolidation criteria", the Directors decided not to proceed with full consolidation as they are not considered significant either individually or as a whole. This approach did not have a significant impact on the correct representation of the Group's equity, economic and financial position.

With reference to the associated company CMG S.p.A., it should be noted that this interest was acquired in 2015 through the transfer of a business unit that was the subject of an appraisal and consequent capital increase in the associated company. The initial book value is equal to the cost incurred for the acquisition, corresponding to the current value of the assets transferred on that date. Valuation using the equity method resulted in the recognition of a €20 thousand reduction in the value of the investment. The Company has the option to buy an additional 45% stake in CMG at a price equal to the *fair value* of the investment optioned at the date of exercise.

With reference to the investee company Penta Auto Feeding India Ltd., it should be noted that the value of the investment had been written off and a provision for risks had also been set up, which at 30 June 2019 amounted to €21 thousand as the investee company's net equity at the valuation date was negative for this amount.

With reference to the subsidiary Studio Ponte S.r.l., the value of the investment has been reinstated and amounts to €52 thousand as the shareholders' equity of the subsidiary, at the valuation date, is positive for this amount.

In the first quarter of 2019, a new commercial and distribution company, Piovan Maroc S.a.r.l, was set up with headquarters in Kenitra, Morocco, in order to better serve the North African market. The value of the equity investment has been aligned with the value of the shareholders' equity of the investee company at the valuation date and amounts to €86 thousand.

On 29 April 2019, the subsidiary Universal Dynamics Inc. acquired 100% of the company CMG America Inc. through the payment of USD 1. The value of the equity investment has been written off and a provision for risks has been set up, which at 30 June 2019 amounts to €150 thousand as the shareholders' equity of the investee company, at the valuation date, was negative for this amount.

The company, although a subsidiary, has not been consolidated on a line-by-line basis as it is irrelevant; however, the valuation of this entity using the equity method has made it possible to obtain, albeit briefly, the same effects.

[4] Other non-current assets

At 30 June 2019, other non-current assets amounted to €302 thousand compared to €325 thousand at 31 December 2018. 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] Advance taxes and deferred tax liabilities

At 30 June 2019, *deferred tax assets* amounted to € 4,658 thousand compared to €4,663 thousand at the end of 2018. The Group has recognised advance or deferred on temporary differences between the book value and the tax values.
Specifically, deferred tax assets and liabilities derive from the allocation of taxes on future costs or benefits with respect to the year in question, mainly due to the effect of increasing tax changes generated by the failure to deduct, in the various years, losses on receivables, write-downs of equity investments, directors' fees not yet paid, and other deductible amortisation and depreciation in subsequent years and provisions for risks.
Taxation is calculated on the basis of the rates in force at the time when the temporary differences will flow to the various countries in which the Group operates.

Deferred tax assets does not include assets arising from the valuation of tax losses.

At 30 June 2019, deferred tax liabilities amounted to €3,188 thousand, compared with €3,505 thousand at 31 December 2018.

The movement in advance and deferred taxes are presented in the next table:

	31.12.2018	Effect on profit and loss account	30.06.2019
Deferred tax assets	4,663	(5)	4,658
Deferred tax liabilities	(3,505)	317	(3,188)
Total	**1,158**	**312**	**1,463**

[6] Inventories

At 30 June 2019, this caption amounted to €26,854 thousand compared to €28,049 thousand at 31 December 2018. The caption is broken down as follows:

Inventories	30.06.2019	31.12.2018
Raw materials	5,388	4,366
Semi-finished products	10,137	13,562
Finished goods	13,942	12,239
Advances	423	611
Obsolescence provision	(3,035)	(2,729)
Inventories	**26,854**	**28,049**

At 30 June 2019, the balance of inventories decreased by €889 thousand, gross of obsolescence reserve. The changes, which consists of an increase in the value of raw materials for finished products and a decrease in the value of semi-finished products, is mainly linked to the normal performance of the Group's production activities.
Obsolete or slow-moving inventories are covered by a provision for obsolescence reserve which reflects the difference between the cost and estimated realisable value of raw materials, semi-finished products and finished goods at risk of obsolescence. The accrual to was recognized in the caption *Costs of raw materials, components and goods and changes in inventories* in the statement of profit or loss.

[7] Contract assets and liabilities for work in progress

At 30 June 2019, the *Contract asset for work in progress* caption amounted to €6,302 thousand compared to €3.654 thousand at the end of 2018.
At 30 June 2019, the *Contract liability for work in progress* caption amounted to €1,852 thousand compared to €2,703 thousand at the end of 2018.
Specifically, this refers to work in progress on orders relating to the subsidiary Penta S.r.l..
The following table shows the amount due from customers, net of the related payments on account (included in *the Contract assets for work in progress* item), and the amount due to customers, net of the relevant stage of completion of the respective contracts (included in Contract *liabilities for work in progress*):

Contract assets for work in progress	30.06.2019	31.12.2018
Valuation of contracts in progress (costs incurred added to profits recognised)	14,694	13,762
Progress payments received	(8,392)	(10,108)
Amounts due from customers	**6,302**	**3,654**

Contract liabilities for work in progress	30.06.2019	31.12.2018
Valuation of contracts in progress (costs incurred added to profits recognised)	730	1,210
Progress payments received	(2,583)	(3,913)
Amounts due to customers	**(1,852)**	**(2,703)**

The increase in *Contract assets for work in progress* compared to December 30, 2018 is due both to the higher number of contracts in progress and to the fact that the stage of completion of each contracts is greater than the value of advances from customers agreed in the contract and obtained. At 30 June 2018, the total net value of *Contract assets for work in progress* was €5.1 million.
The reduction in Contract *Liabilities for work in progress* compared to 31 December 2018 is due both to a different trend in the invoicing of advances to customers and to the stage of completion of each contracts, as well as to the timing of receipt of payment of advances by customers. At 30 June 2018, the total net value of Contract *Liabilities for work in progress* was €2.2 million.

Revenues from contract work amounted to €15,042 thousand in the first half of 2019 and mainly relate to the subsidiary Penta S.r.l.. At the end of June 2018, revenues from contract costs amounted to €17.9 million.

The table below represents the movements of Contract assets and liabilities for work in progress.

	31.12.2018	Decrease	Increase	30.06.2019
Contract assets for work in progress	3,654	(3,270)	5,918	6,302
Contract liabilities for work in progress	(2,703)	3,774	(2,923)	(1,852)

[8] Trade receivables

At 30 June 2019, they amounted to € 53,653 thousand compared to €50,656 thousand at the end of 2018. This item, which represents the exposure to third parties, can be broken down as follows:

Trade receivables	30.06.2019	31.12.2018
Gross trade receivables	57,954	54,136
Provisions for doubtful debts	(4,301)	(3,480)
Trade receivables	**53,653**	**50,656**

Receivables	30.06.2019	31.12.2018
EMEA	29,805	28,612
of which Italy	12,990	9,188
NORTH AMERICA	11,501	9,629
ASIA	9,199	9,155
SOUTH AMERICA	3,148	3,260
Receivables	**53,653**	**50,656**

The value of receivables at 30 June 2019, gross of the provision, increased compared to the end of 2018 (+7.5%). This trend is related to the cyclical nature of the business and the normal management of collection times.
The bad debt provision represent management estimates on 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. The annual provision is included in the *Other operating costs* item.

The breakdown of receivables by maturity bucket and movements in the bad debt provision is shown below:

Receivables and Fund	30.06.2019		31.12.2018	
	Receivables	Provision for bad debt	Receivables	Provision for bad debt
Receivables due to expire	32,296	(163)	32,901	(162)
Receivables overdue within 30 days	11,280	(57)	7,588	(38)
Receivables overdue between 1 and 12 months	11,238	(1,239)	10,446	(1,054)
Receivables overdue over 12 months	3,140	(2,842)	3,201	(2,226)
Total	**57,954**	**(4,301)**	**54,136**	**(3,480)**

As at 30 June 2019 the receivables overdue within one month is equal to €11,280 thousand, increasing of €3,692 compared to the end of 2018. In July 2019, approximately 61% of the receivables within this range were collected. This trend is partly related to the normal management of collection times. The past due between 1 and 12 months increased by about 7.58%. With reference to this time bucket, it should be noted that approximately €1.2 million were collected in July from one of the Group's main customers.

Finally, receivables overdue by more than 12 months, in reduction compared to 31 December 2018, are covered by the provision for doubtful debts for 91% of their value.

Provisions for doubtful debts	
31.12.2018	**3,480**
Provision	856
Utilisation	(51)
Foreign currency translation differences	16
30.06.2019	**4,301**

[9] Current financial assets

During the first quarter of 2019, the parent company Piovan S.p.A. invested approximately €6,283 thousand in securities. These instruments were measured at *fair value* at 30 June 2019 as required by IFRS 9 and were classified as current financial assets in line with the aim of investing part of the available liquidity in low-risk instruments that can be readily disposed of.

The total effect of the valuation for the first half of 2019 was a net charge of €107 thousand.

[10] Tax receivables

At 30 June 2019, they amounted to € 3,572 thousand compared to €3,455 thousand at the end of 2018.

Tax receivables	30.06.2019	31.12.2018
VAT receivables	2,386	2,776
Other tax credits	1,186	679
Tax receivables	**3,572**	**3,455**

The value of VAT receivables is mainly attributable to the subsidiaries Penta S.r.l., Aquatech S.r.l. and Progema S.r.l.. *Other tax receivables* include receivables for direct taxes mainly relating to the subsidiary Piovan Do Brasil for tax advances paid, in addition to the receivable for the contribution to research and development of Piovan S.p.A..

[11] Other current assets

At 30 June 2019, they amounted to € 3,962 thousand compared to €4,192 thousand at the end of 2018. The item can be broken down as follows:

Other current assets	30.06.2019	31.12.2018
Advances to suppliers	1,361	1,197
Receivables from parent companies	786	1,493
Accruals and deferrals	823	769
Other receivables	991	733
Other current assets	**3,962**	**4,192**

The *Receivables from parent companies* item refers to receivables from the parent company Pentafin S.p.A. relating to IRES refund requests presented by the tax consolidating company on behalf of Piovan S.p.A. with reference to the failure to deduct IRAP from IRES taxable income for the years 2007-2011 (Decree-Law 201 of 2011) and 2005-2007 (Legislative Decree 85 of 2008) for an amount of €786 thousand.

[12] Cash and cash equivalents

At 30 June 2019, this amounted to €28,091 thousand compared to €39,113 thousand at 31 December 2018.

Cash and cash equivalents	30.06.2019	31.12.2018
Current accounts and post office deposits	24,166	39,084
Cash equivalents	3,900	-
Cash	25	29
Cash and cash equivalents	**28,091**	**39,113**

Reference should be made to the Consolidated Statement of Cash Flow for details of changes in the Group's cash and cash equivalents. In summary, the cash flow generated by operations was mainly absorbed by the payment of dividends for €7.7 million and by the investments made in fixed assets, which were mainly non-recurring.

Bank accounts and post office deposits are classified as current assets, as they are highly liquid and readily convertible to known amounts of cash with an exchange rate risk which is not considered significant.
During the first quarter of 2019, the Parent Company entered into a *time deposit* agreement for a value of €3.9 million with the possibility of early disposal. This amount is included under "Cash equivalents".

At 30 June 2019, the Group’s current account credit balances were not restricted in any way.

[13] Equity attributable to the Owners of the parent

Equity is made up as follows:

Equity attributable to the owners of the parent	30.06.2019	31.12.2018
Share capital	6,000	6,000
Legal reserve	1,200	1,200
Reserve for treasury shares	(2,250)	(2,250)
Currency translation reserve	(1,340)	(1,594)
Other Reserves and retained earnings	41,994	25,748
Result of the period	8,464	23,881
Equity attributable to the owners of the parent	**54,068**	**52,985**

The ***share capital*** of the Parent Company, fully subscribed and paid up, consisted as at 30 June 2019 of 53,600,000 ordinary shares with no nominal value.

As at 30 June 2019, the Parent Company directly held 2,670,700 treasury shares, equal to 4.98% of the share capital, for a total value of €2,250 thousand as at 30 June 2019.
The purchase of treasury shares originally took place by a resolution of the shareholders' meeting of 25 October 2012 for €4,012 thousand and by resolution of the shareholders' meeting of 14 October 2013 for €4,140 thousand. During 2016, part of treasury shares of the Parent Company were sold to Filippo Zuppichin for a price higher than the carrying value. At the beginning of 2018 the number of treasury shares was 9,070,700, for a total value of €7,641 thousand. During the second half of 2018, 6,400,000 treasury shares of the Parent Company were cancelled.
The Company's ordinary shareholders' meeting of 6 July 2018 resolved to authorise the purchase of treasury shares, in one or more *tranches*, for a period not exceeding eighteen months, starting from the date of the resolution's effectiveness, in compliance with current legislative and regulatory provisions. As at 30 June 2019, no further purchases had been made under this resolution.

The ***Currency translation reserve*** includes the currency translation reserve differences deriving from the translation of the opening shareholders’ 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.

The ***Other reserves and retained earnings*** item mainly includes other income-related and equity-related reserves of the Parent Company, in addition to retained earnings from prior years and the effects of adjustments due to adopting IFRS. The movements in the item during 2019 were due to the allocation of the previous year's fiscal year result and to the distribution of dividends amounting to €7,639 thousand fully paid in May 2019 to the Parent's shareholders.

[14] Earnings per share

On 29 June 2018 the Shareholders' meeting approved an increase in the number of shares of the Company in the ratio of 100 (one hundred) new shares with no nominal value for each 1 old share. Following this resolution, which had no effect on the the share capital, there were 60,000,000 shares in circulation and after the cancellation of 6,400,000 treasury shares, they now amount to 53,600,000.
The average number of shares used to calculate earnings per share is 50,929,300, corresponding to the total number of existing shares (53,600,000) less the number of treasury shares held (2,670,700).

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 in circulation during the period. The Group did not repurchase or issue ordinary shares in the financial years in question, nor were there potential ordinary shares that could be converted with dilutive effects.

The earnings per share are as follows:

Earnings per share	30.06.2019	30.06.2018
Profit for the period attributable to Parent Company shareholders (in thousands of Euros)	8,464	12,329
Weighted average of number of outstanding ordinary shares (in thousands of units)	50,929	50,929
Basic and diluted earnings per share (in Euros)	**0.17**	0.24

[15] Equity attributable to non-controlling interests

At 30 June 2019, minority interest shareholders' equity amounted to €3,829 thousand compared to €3,791 thousand at 31 December 2018. Includes minority interests in the subsidiaries Penta S.r.l., Progema S.r.l. and FDM GmbH.

Equity attributable to non-controlling interests				
31.12.2018	Profit for the period	Dividends distributed	Changes in scope of consolidation	30.06.2019
3,791	122	(83)	-	3,829

[16] Current and non-current financial liabilities

This item is broken down as follows:

Current financial liabilities	30.06.2019	31.12.2018
Short-term bank loans	14,092	12,995
Current portion of medium/long-term loans	9,243	5,994
Other financial liabilities	1,266	280
of which Loans for leases	205	280
of which rental payables (IFRS16)	1,060	-
Current financial liabilities	**24,601**	**19,269**

Non-current financial liabilities	30.06.2019	31.12.2018
Medium/long-term bank loans	19,505	10,760
Debenture loan	-	-
Other financial liabilities	4,889	609
of which Loans for leases	503	609
of which rental payables (IFRS16)	4,386	-
Total non-current liabilities	**24,394**	**11,369**

The following table shows the main characteristics of the bank loans by maturity at 30 June 2019 and at 31 December 2018:

30.06.2019	Currency	Original amount	Maturity	Interest rate	Terms	Residual debt	Current	Non-current
Mediocredito II	EUR	5,000	30/06/2020	Variable	Euribor 3m +0,75%	1,333	1,333	0
Mediocredito III	EUR	8,000	31/03/2022	Variable	Euribor 6m+0.55%	4,800	1,600	3,200
Credem	EUR	6,000	05/04/2021	Fixed	0.48%	3,014	1,503	1,511
BNL II	EUR	7,500	06/06/2022	Fixed	0.50%	4,522	1,500	3,022
Credem II	EUR	7,000	03/05/2023	Fixed	0.54%	7,000	1,736	5,264
BNL III	EUR	3,000	13/06/2021	Variable	Euribor 6m+0.62%	3,000	1,000	2,000
Credit Agr. -Friuladria	EUR	5,000	05/08/2024	Variable	Euribor 6m+0.65%	5,000	500	4,500
Other	EUR					78	70	7
Total		**41,500**				**28,747**	**9,243**	**19,505**

31.12.2018	Currency	Original amount	Maturity	Interest rate	Terms	Residual debt	Current	Non-current
Mediocredito II	EUR	5,000	30/06/2020	Variable	Euribor 3m +0,75%	2,000	1,333	667
Mediocredito III	EUR	8,000	31/03/2022	Variable	Euribor 6m+0.55%	5,600	1,600	4,000
Credem	EUR	6000	05/04/2021	Fixed	0.48%	3,763	1,499	2,264
BNL II	EUR	7500	06/06/2022	Fixed	0.50%	5,270	1,497	3,773
Other	EUR					120	65	56
Total		**26,500**				**16,753**	**5,994**	**10,760**

Short-term bank borrowings refer to the utilisation of lines of credit for operations. There were no guarantees for loans at 30 June 2019.

The following tables show changes in current and non-current financial liabilities (including cash and non-cash movements):

Current financial liabilities	31.12.2018	IFRS 16 - Lease impact at 01.01.2019	31.12.2018 restated	Net cash flows	Change in consolidation scope	Increases for new rent/lease	30.06.2019
Short-term bank loans	12,995		12,995	1,097			14,092
Current portion of medium/long-term loans	5,994		5,994	3,249	-		9,243
Other financial liabilities	280	1,116	1,396	(166)	-	35	1,266
Current financial liabilities	**19,269**	**1,116**	**20,385**	**4,181**	**-**	**35**	**24,601**

Non-current financial liabilities	31.12.2018	IFRS 16 - Lease impact at 01.01.2019	31.12.2018 restated	Net cash flows	Change in consolidation scope	Increases for new rent/lease	30.06.2019
Medium/long-term bank loans	10,760		10,760	8,745	-		19,505
Debenture loan	-		-	-			-
Other financial liabilities	609	4,750	5,359	(575)	-	105	4,889
Non-current financial liabilities	**11,369**	**4,750**	**16,119**	**8,169**	**-**	**105**	**24,393**

As required by IFRS 7, the table below shows the cash flows of the Group's financial liabilities by maturity:

30.06.2019	Total	Total flows	Within 1 year	From 1 to 5 years	Over 5 years
Medium/long-term bank loans	19,505	19,636		19,636	
Ordinary debentures after the next financial year	0				
Loans for leases after the financial year	503	503		503	
Other borrowings	4,386			4,386	
Non-current financial liabilities	**24,394**	**20,138**	**0**	**24,524**	**0**
Current portion of medium/long-term loans	9,243	9,351	9,351		
Current bank loans and borrowings	14,092	14,093	14,093		
Loans for leases within the financial year	205	205	205		
Other borrowings	1,060		1,060		
Current financial liabilities	**24,601**	**23,649**	**24,709**	**0**	**0**

[17] Liabilities for defined benefit plans for employees

This caption mainly consists of the Group's liability for post-employment benefits recognised by the Italian Group entities (€4,053 thousand at 30 June 2019 and €3,862 thousand at 31 December 2018). These liabilities qualify as defined benefit plans pursuant to IAS 19 and therefore underwent an actuarial calculation.
The remaining part of the balance (€27 thousand at 30 June 2019 and €25 thousand at 31 December 2018) consists of employee benefits recognised by foreign branches individually and in non significant amounts.

Liabilities for employee benefits	30.06.2019	31.12.2018
Opening balance	**3,862**	**3,885**
Change in consolidation scope		
Other changes	(23)	(34)
Employee benefits paid	(88)	(256)
Currency translation difference		
Provision	659	1,218
Transfer to pension funds and INPS treasury	(428)	(1,016)
Actuarial earnings (losses)	(4)	(105)
Interest cost	75	169
Closing balance	**4,053**	**3,862**

With respect to the actuarial assumptions illustrated in the Notes to the Consolidated Financial Report as at 31 December 2018 no facts or events emerged that would require an update of the actuarial calculation and assumption used.

[18] Provisions for risks and charges

At 30 June 2019, provisions for risks and charges amounted to €3,283 thousand, compared to €2,924 thousand at 31 December 2018. The following table provides a breakdown and changes of this item:

Provisions for risks and charges	31.12.2018	Provisions	Utilisation / Reversals	Currency translation difference	30.06.2019
Provision for legal and tax risks	1,939	375	(98)	14	2,230
Product warranty provision	748	42	(30)	3	763
Provision for additional client expenses	109	4	(51)	(2)	59
Pension provision	35	2			37
Provision for risks on investments	70	150	(49)		171
Other provisions for risks	23				23
Provisions for risks and charges	**2,924**	**523**	**(179)**	**15**	**3,283**

The *provision for legal and tax risks* at 30 June 2019 mainly comprises:

- a provision of €467 thousand of the subsidiary Penta S.r.l., recognised in previous years, for the estimated potential future charges linked to a legal dispute in progress and in relation to which the subsidiary has assessed the risk of losing the case as probable;
- a provision of €64 thousand of the subsidiary Piovan France Sas set aside since 2017 to cover the estimated potential future charges associated with the reorganisation of the sales network in the French market and used in 2019 for approximately €98 thousand. The amount set aside in the first half of 2019 amounts to €32 thousand;
- a provision for the subsidiary Piovan Do Brasil of €635 thousand set aside in previous years to cover a contingent liability that could arise from a more restrictive interpretation of the relevant tax regulations for the calculation of taxes. The subsidiary engaged tax consultants with proven expertise to analyse the case and quantify the amounts accrued; The amount set aside in the first half of 2019 amounts to €26 thousand;
- a provision accrued from 2018 by the US company for an amount of $477 thousand at 30 June 2019 (equal to €419 thousand) against a potential liability linked to indirect taxes on commercial activity in the individual internal states. The amount accrued in the first half of 2019 amounts to €160 thousand;
- a provision accrued from 2018 for an amount of €634 thousand at 30 June 2019 which represents the best estimate of potential charges connected with the commercial activities of Piovan S.p.A., the company Penta S.r.l. and the company Unadyn. The amount accrued in the first half of 2019 amounts to €156 thousand, mainly by the subsidiary Penta S.r.l.;
- a provision of €10 thousand, set aside from 2018 and adjusted in 2019, for the subsidiary Unadyn and relating to a pending legal dispute in respect of which the subsidiary has assessed the risk of losing the case. This provision has been adjusted with respect to 31 December 2018 as a result of legal updates.

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 experience 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 fund was used by Piovan S.p.A. for approximately €51 thousand to cover the termination of the relationship with an Italian agent.

The *provision for risks on investments* includes €150 thousand accrued in the first half of 2019 to cover the negative shareholders' equity of the recently acquired subsidiary CMG America Inc.

[19] Current and non-current liabilities for options granted to non controlling investors

These items refer to put options liabilities and commitments issued to the Penta S.r.l. minority shareholders. Piovan acquired control of Penta S.r.l. at the end of December 2014 by acquiring 51% of its quota capital. Furthermore, under this acquisition agreement, Piovan S.p.A.:

- assumed the commitment to acquire (hereinafter the “Commitment”) and the seller (hereinafter referred to as the "Seller") also assuming the commitment to sell, an additional 14% interest in the investee company. The purchase of this second tranche *(second closing)* took place in 2016.
- granted the Seller a put option on Penta S.r.l.’s quotas for up to 35% of its equity (hereinafter 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 based on the average economic and financial indicators extracted from Penta S.r.l.’s financial statements prepared in accordance with Italian GAAP.

After analysing the acquisition agreement, the Directors established that control of Penta S.r.l. was acquired when the Group purchased the 51% of the investee company. At the date of transition to IFRS, the Commitment and the Put Option were recognised 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 new director was appointed to Penta S.r.l.’s board of directors in April 2015 and acquired a 10% minority interest in the company from the Seller. Piovan S.p.A. simultaneously granted its new quota-holder a put option (or “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 is defined by a formula based on economic and financial indicators extracted from Penta S.r.l. financial statements prepared in accordance with Italian accounting principles and available at the date on which the option is exercised (2020-2022). The Put Option therefore remained for a 25% stake.

With reference to this Put Option relating to 25%, it should be noted that 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 contract governed the terms and conditions of the sale and provided for the termination by mutual consent of the parties of the Put Option as well as the simultaneous transfer of the shares subject of the same.

At 30 June 2019 the liability relating to the Put Option 2 for the remaining 10% interest in Penta S.r.l. remains. In order to determine the value of this liability as at 30 June 2019, the Parent Company estimated the equity and financial data on the basis of the formula defined in the contract and mentioned above. The value has been discounted.

It should be remembered that the conditions on the basis of which these liabilities exist, as well as their valuation based on contractual provisions, are based on estimated future forecasts of economic and financial parameters; therefore, the aforesaid estimates and assumptions may differ from the historical values reported in the financial statements due to the intrinsic uncertainty that characterises the assumptions and the conditions on which these estimates are based.

Therefore, the book value of the liabilities for put options represents the best estimate, at each reference date, of their present value; changes in fair value are reflected in the profit and loss account under the item *Gains (losses) on liabilities for option granted to non controlling investors.*

	31.12.2018	Increases	Decreases	Charges (Income) from valuation	Reclassifica tions	30.06.2019
Put Option	-		-			-
Put Option 2	3,185			96		3,281
Total Put Options	**3,185**	**-**	**-**	**96**		**3,281**
Total current and non-current put options	**3,185**	**-**	**-**	**96**		**3,281**
including						
non-current	3,185				(3,185)	(3,185)
Current	-				3,281	3,281

With reference to the subsidiary FDM, the minority shareholder of the latter holds a put option on its shareholding (33.33%). This option has not been valued because its exercise by the third party is subject to actions that the Parent Company must implement and therefore under the control of the latter and considered unlikely.

[20] Other non-current liabilities

At 30 June 2019, *Other non-current liabilities* amounted to €113 thousand compared to €121 thousand at 31 December 2018. They refer to tax liabilities of the subsidiary Piovan Do Brasil.

[21] Trade payables

At 30 June 2019, they amounted to € 30,171 thousand compared to €39,937 thousand at the end of 2018. The change in trade payables is linked to the different payment terms negotiated with suppliers, which vary according to the various countries in which the Group operates. The decrease is linked to the decrease in turnover and there are no significant overdue items.

[22] Advances from customers

At 30 June 2019, *Advance from customers* amounted to € 11,998 thousand compared to €12,577 thousand at 31 December 2018. This item refers to advances received from customers relating to contracts in which performance obligations are met at a point in time.

[23] Tax liabilities and social security contributions

At 30 June 2019, this caption amounted to €5,242 thousand compared to €6,422 thousand at 31 December 2018. This item is broken down as follows:

	30.06.2019	31.12.2018
Social security contributions	2,284	3,042
VAT payables	1,050	1,400
Payables for withholding taxes on employees	987	1,471
Income tax payables (IRES and IRAP)	702	327
Other	219	182
Tax liabilities and social security contributions	**5,242**	**6,422**

[24] Other current liabilities

At 30 June 2019, they amounted to € 13,840 thousand compared to €12,241 thousand at the end of 2018. This item is broken down as follows:

	30.06.2019	31.12.2018
Payables to employees	6,447	5,951
Payables to parent companies	2,646	669
Accrued expenses and deferred income	3,487	3,923
Other payables	1,260	1,699
Other current liabilities	**13,840**	**12,241**

Payables to employees refer to wages and salaries and accrued holidays and leave. Payables to parent companies are mainly represented by liabilities of Penta S.r.l., Piovan S.p.A. and Aquatech S.p.A. and related to the consolidated tax agreement in place with parent company Pentafin S.p.A.. In particular, such caption as of 30 June 2019 includes the liability relating to the balance for the fiscal year 2018 and the accrual for the first six months of 2019 of income taxes.

Notes to the Consolidated Statement of Profit or Loss

[25] Revenue

This caption amounted to €116,439 thousand in the first half of 2019 compared to €123,504 thousand for the same period of 2018, with a decrease of 5.7%. Revenue is shown net of discounts and allowances.

In order to provide adequate disclosure on the nature and characteristics of revenues, details of revenues are provided below, broken down by market and geographical area. These details are those regularly monitored by Group Management.

Revenue is broken down by market as follows:

	First half of 2019	First half of 2018
Revenue from Plastic Systems	95,409	95,360
Revenue from Food Systems	6,979	15,603
Revenue from Service & Spare parts	14,050	12,541
Revenue	**116,439**	**123,504**

As described in the "Accounting policies" paragraph of the Consolidated Annual Financial Report at 31 December 2018, 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 €15.0 million in the first half of 2019, while in the first half of 2018 it amounted to €17.9 million. These revenues mainly relate to the subsidiary Penta S.r.l..

A breakdown of revenues by geographical area is as follows:

	First half of 2019	First half of 2018
EMEA	72,771	78,954
ASIA	14,796	16,847
NORTH AMERICA	23,904	21,817
SOUTH AMERICA	4,968	5,886
Revenue	**116,439**	**123,504**

EMEA revenues include the portion of revenues generated in Italy, which amounted to €23,432 thousand in the first half of 2019 and €28,348 thousand in the first half of the previous year. The decrease in revenues reported in Italy in 2019 is due mainly to a decrease in sales in the Food Systems market.

For further information on the trend in revenues by reference market and geographical area, reference should be made to the Interim Report on Operations.

[26] Other revenues and income

Other revenues amounted to €2,325 thousand, down by €1,600 thousand compared to the first half of the previous year. In the first half of 2018, this item also included non-recurring income of €1,886 thousand relating to the capital gain on the sale of the old US office by Unadyn. Net of this item, therefore, this item shows a slight increase.

The item may be broken down as follows:

	First half of 2019	First half of 2018
Ancillary transport services on sales	1,269	1,081
Machinery hire	30	92
Grants related to income	188	222
Prior years income	133	141
Capital gains for disposal of tangible and intangible assets	11	1,911
Recharges to suppliers	83	19
Insurance compensation	89	30
Agency commissions	101	50
Sale of scrap materials	27	55
Increases in fixed assets for internal works	73	0
Other	320	324
Other revenue and income	**2,325**	**3,925**

The *Ancillary transport services on sales* item mainly refers to revenue from ancillary transport services related to sales transactions with customers.
The *Machinery leasing* item, which decreased compared to previous years, refers to income from the hire of own-produced goods, generally for demonstration purposes or for the time elapsing until delivery of the system ordered by the customer.
Grants related to income were mainly grants for research and development activities of Piovan S.p.A.
The item *Prior years income* mainly consists of differences arising on estimated costs related to prior years.
The item *Gains for disposal of tangible and intangible assets* recorded in the first half of 2018 mainly relates to the net capital gain of €1,886 thousand on the sale by the subsidiary Unadyn of its production site in Virginia.
The *Other* item mainly includes recharges and penalties applied to customers.

[27] Cost of raw materials, components and goods and changes in inventories

This item totalled €45,721 thousand in the first half of 2019 compared to €53,114 thousand in the first half of the previous period. The item may be broken down as follows:

	First half of 2019	First half of 2018
Purchase of raw materials, components and goods	42,771	54,473
Purchase of consumables	1,726	2,061
Change in inventories of raw materials and goods	(999)	(2,484)
Change in inventories of finished goods and semi-finished products	2,223	(936)
Purchase of raw materials, consumables and goods and changes in inventories	**45,721**	**53,114**

The change is mainly due to the lower purchase of raw materials (-€11,702 thousand), which varies in relation to both the decrease in revenues and the trend in inventories.
Specifically, the decrease in purchases of raw materials, components and goods is due to both the decrease in sales and the lower weight of sales in the Food Area compared to total Group sales, which are characterised by a higher cost of purchase materials and installation and assembly costs.

[28] Costs for services

Costs for services amounted to €25,722 thousand in the first half of 2019 compared to €23,259 thousand in the first half of 2018, an increase of €2,021 thousand, of which €57 thousand for non-recurring consultancy costs.

The item may be broken down as follows:

	First half of 2019	First half of 2018
Outsourced processing	11,196	9,458
Transport costs	3,140	3,493
Business trips and travel	2,251	2,082
Agency commissions	2,032	1,805
Fees to directors, statutory auditors and independent auditors	995	903
Consultancies	1,568	1,600
Maintenance and repairs	852	826
Marketing and advertising costs	918	900
Utilities	685	676
Insurance	471	538
Telephone and internet connections	292	286
Other costs for services	1,323	1,134
Costs for services	**25,722**	**23,701**

of which non-recurring	**(57)**	**(442)**
Costs for services excluding non-recurring services	**25,665**	**23,259**

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

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

- outsourced processing costs of €11,196 thousand as at 30 June 2019 (43.6% of total *Costs for services excluding non-recurring* services) resulting from the production methods of the Group, which concentrates high value-added and core processing and activities within the Group. In the first half of 2018, this item amounted to €9,458 thousand and to 41% of total *Costs for services excluding non-recurring* services. The increase in the weight of outsourcing as a percentage of turnover is mainly due to the greater weight of external installations for some projects in France and China. The fluctuation in the weight of this cost, as well as in the item purchases of raw materials, consumption, goods and changes in inventories, in the various quarters is typical of the Group's business if analysed in the very short term.
- transport costs for purchases; the decrease is connected to business performance;
- 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.
- the increase in commissions is due to the different geographical sales mix in the short term.

[29] Use of third party assets

Costs for use of third-party assets amounted to €790 thousand at 30 June 2019, compared to €1,272 thousand in the first half of 2018.
The item may be broken down as follows:

	First half of 2019	First half of 2018
Rental expenses	316	852
Leases	191	178
Hires	284	242
Costs for use of third-party assets	**790**	**1,272**

The decrease in this item is mainly due to the effect of the application of the new accounting standard IFRS 16 - Lease.
Starting from 01/01/2019, for hire contracts falling within the scope of IFRS 16, the Group records a financial liability, and the related leases will not be recorded in the statement of profit and loss on a straight-line basis, but instead the depreciation of the related right of use will be recorded for the duration of the respective contracts.

[30] Personnel expenses

This caption amounted to €29,597 thousand for first six months of 2018 compared to €27,953 thousand for the same period of 2018. A breakdown of personnel costs and the workforce by employee category is as follows:

	First half of 2019	First half of 2018
Wages and salaries	22,350	21,059
Social security charges	6,283	5,920
Costs for defined benefit plans	653	609
Other personnel expenses	311	365
Personnel expenses	**29,597**	**27,953**

	First half of 2019		First half of 2018	
	year end	average	year end	average
Managers	27	28	29	28
Middle managers	62	62	58	58
White-collar workers	585	586	576	571
Blue-collar workers	377	382	382	381
Total	**1,062**	1,058	**1,045**	**1,038**

The increase in costs and personnel from 30 June 2018 to 30 June 2019 is essential for the development of the Group and to ensure proximity to customers.

[31] Other expenses

This item totalled €2,081 thousand compared to €1,596 thousand in the previous period. The item may be broken down as follows:

	First half of 2019	First half of 2018
Other taxes and duties	459	667
Bad debt provision recognition	845	530
Entertainment costs	198	169
Other	579	230
Other expenses	**2,081**	**1,596**

The *Other taxes and duties* item mainly includes indirect taxes on property or other local taxes for operational management in the various countries, particularly in Brazil and China.

[32] Provisions for risks and charges

Provisions for the first half of 2019 amounted to €420 thousand compared to €139 thousand in the first half of the previous year.
In 2019 the provision was mainly related to legal and tax risks, as described in greater detail in note [18].

	First half of 2019	First half of 2018
Provision for legal and tax risks	374	139
Provision for product warranty	42	0
Provision for additional client expenses	4	0
Provisions for risks and charges	**420**	**139**

[33] Amortisation and depreciation

This item totalled €2,146 thousand compared to €1,430 thousand in the first half of 2018. The item may be broken down as follows:

	First half of 2019	First half of 2018
Depreciation of intangible fixed assets	208	153
Depreciation of property, plant and equipment	1,342	1,277
Right of use depreciation (IFRS 16)	596	-
Amortisation/depreciation and write-downs	**2,146**	**1,430**

The increase in this item is mainly due to the application of IFRS 16, as described in note [1].

[34] Financial income and expenses

Net financial expense for first six months of 2019 amounted to €182 thousand compared to €42 thousand for the same period of 2018. The item may be broken down as follows:

	First half of 2019	First half of 2018
Interest income	83	92
Income on financial assets	-	60
Other financial income	8	78
Financial income	**91**	**230**
Bank interest expenses	75	59
Other interest expenses	88	98
Other financial expenses	110	116
Financial expenses	**273**	**273**

	First half of 2019	First half of 2018
Net financial income (charges)	**(182)**	**(42)**

[35] Net exchange rate gains (losses)

The item amounts to a positive €10 thousand in the first half of 2019 compared to a negative €69 thousand in the first half of 2018. The item may be broken down as follows:

	First half of 2019	First half of 2018
Exchange rate gains	999	1.983
Foreign currency conversion losses	(989)	(2,052)
Net exchange rate gain (losses)	**10**	**(69)**

[36] Gains (losses) on liabilities for option granted to non controlling investors

A fair value loss of €96 thousand was recorded in the first half of 2019, compared to a gain of €12 thousand in the first half of 2018. The caption relates to the fair value measurement of the put options of non-controlling investors in Penta S.r.l., Reference should be made to note [18] for more details.

[37] Profit (losses) on equity investment carried at equity

The item amounts to a loss of €75 thousand at 30 June 2019 and relates to investments valued using the equity method. Reference should be made to note [3] for more details.

[38] Taxes

This caption amounted to €3,358 thousand for the first six months of 2019 compared to €5,037 thousand for the same period of 2018. Taxes for the six month period of 2018 were determined considering the best estimate of the average annual effective tax rate expected for the full year in accordance with IAS 34. Reference should be made to note [5] in relation to changes in prepaid and deferred taxes.

Other information on the Half-Year Condensed Consolidated Financial Statements

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 internal reports and operating activities that generate revenues and costs, the results of which are periodically reviewed at the highest operating decision-making level in order to make decisions on the allocation of resources and the assessment of results, no operating segments other than the Group as a whole have been identified.

Information about products sold and services rendered and geographical areas is provided in note [25].

Non-recurring items

CONSOB Communication no. DEM/6064293 of 28 July 2006 requires information on significant events and transactions whose occurrence is non-recurring or on transactions or events that are not repeated frequently in the normal course of business.

Non-recurring income refers to non-repeatable income.

No non-recurring income was recorded in the first half of 2019.

During the first half of 2018, on the other end, the non-recurring income with an impact on the operating result related to the capital gain of €1,886 thousand from the sale of the old production site no longer used in the United States following the transfer and expansion of production capacity at the new plant in Fredericksburg, Virginia (United States).

Non-recurring charges in the first half of 2019 mainly refer to costs relating to the transfer and/or increase of long-term production capacity relating to the transfer of a factory from an external site to the site of the Group's headquarters, in addition to the transfer of the finished products warehouse. The transfer is expected to be completed on time during the second half of the year.

Non-recurring charges in the first half of 2018 refer to the portion of costs relating to the Company's listing on the Stock Exchange.

Non-recurring items	First half of 2019	First half of 2018
Capital gains on the sale of real estate	-	1,886
Listing Expenses	-	(442)
Costs for services	(57)	-
Personnel costs	(173)	-
Total	**(230)**	**1,444**

Classes 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 Annual Financial Report at 31 December 2018, to which reference should be made for further information.

30.06.2019	IFRS 9 categories	Book value	Level 1	Level 2	Level 3
Current accounts and post office deposits	Receivables and loans	28,066		28,066	
Cash	Receivables and loans	25		25	
Cash and cash equivalents		**28,091**		28,091	
Trade receivables	Receivables and loans	**53,653**			**53,653**
Current financial assets	Receivables and loans	**6,176**	**6,176**		
Total financial assets		**81,744**		**28,091**	**53,653**
Bank borrowings	Liabilities at amortised cost	19,505		19,505	
Payables to other lenders	Liabilities at amortised cost	4,889		4,889	
Non-current financial liabilities		**24,393**		**24,393**	
Short-term bank loans	Liabilities at amortised cost	14,092		14,092	
Short-term bank loans	Liabilities at amortised cost	9,243		9,243	
Payables to other lenders	Liabilities at amortised cost	1,266		1,266	
Current financial liabilities		**24,601**		**24,601**	
Trade payables	Liabilities at amortised cost	**30,171**			**30,171**
Advances from customers	Liabilities at amortised cost	**11,998**			**11,998**
Liabilities for commitments and put options	Liabilities at fair value	**3,280**			**3,280**
Total financial liabilities		**94,444**		**48,993**	**45,449**

Transactions with related parties

The Group carried out commercial transactions with some related parties in 2018 and 2019. 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.
On 12 November 2018, the Board of Directors approved, subject to the favourable opinion of the Committee for Transactions with Related Parties, the procedure for transactions with related parties ("RPT Procedure") in implementation of article 2391-bis of the Italian Civil Code and the regulations adopted by CONSOB with resolution 17221 of 12 March 2010. The

RPT procedure governs the approval and execution of transactions with related parties carried out by the company, either directly or through subsidiaries, in order to ensure the transparency and substantive and procedural correctness of such transactions. The RPT procedure is available on the Company's website (piovangroup.com) in the procedures and regulations section, to which reference should be made for every detail.
It should be noted that in the reference period:

- no transactions of greater importance as defined in the RPT Procedure pursuant to the aforementioned CONSOB regulations were concluded,
- there were no individual transactions with related parties that had a significant impact on the balance sheet or results of the Company and/or the Group.

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 2018, reference should be made to the Annual Financial Report as at 31 December 2018, while with reference to the figures as at 30 June 2019 there are no significant transactions or balances except for the tax consolidation payable to Pentafin S.p.A. described in note [24] and the IRAP refund receivable from Pentafin S.p.A. described in note [11].

Transactions at 30.06.2019	Nature of transactions	Current trade receivables	Other current assets	Trade payables	Financial liabilities	Other current liabilities	Revenue	Expenses
Pentafin S.p.A.	Piovan S.p.A. parent company	-	786			2,263		
CMG S.p.A.	Associated company	-	-	245				558
Studio Ponte S.r.l.	Associated company			46				171
Penta Auto Feeding India Ltd.	Subsidiary	49					3	
Piovan Maroc Sarl AU	Subsidiary			37				37
CMG America Inc.	Subsidiary			576				581
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	-				55		646
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.							273
Carsil S.r.l.	Company owned by Nicola Piovan's relatives	-			1,012			145
TOTAL		**49**	**786**	**904**	**1,012**	**2,318**	**3**	**2,410**

Assets and liabilities at 31.12.2018	Nature of transactions	Current trade receivables	Other current assets	Trade payables	Other current liabilities
Pentafin S.p.A.*	Piovan S.p.A. parent company		1,402		671
CMG S.p.A.	Associated company		12	504	
Studio Ponte S.r.l.	Associated company			97	
Penta Auto Feeding India Ltd.	Subsidiary	167			
TOTAL		**167**	**1,414**	**602**	**671**

*During 2018, non-depreciable assets were sold for €988 thousand to the parent Company Pentafin S.p.A.

Transactions at 30.06.2018	Nature of transactions	Expenses
CMG S.p.A.	Associated company	577
Studio Ponte S.r.l.	Associated company	217
Nicola Piovan	Chairman of the BoD of Piovan S.p.A. and Sole shareholder of Pentafin S.p.A.	657
Filippo Zuppichin	Chief executive officer and shareholder of Piovan S.p.A.	9
Carsil S.r.l.	Company owned by Nicola Piovan’s relatives	144
Spafid S.p.a. (Delta Erre S.p.A.)	Trust company - registered on behalf of Nicola Piovan	68
TOTAL		**1.672**

Commitments and risks

At 30 June 2019, the Group had outstanding guarantees given to third parties, as indicated below:

- €5,808 thousand for guarantees provided to third parties in connection with advances and payments received for contract work in progress and *performance bonds*;
- €499 thousand for guarantees given in favour of third parties by the Parent Company Piovan S.p.A. for the commercial activity
- future fees payables of €883 thousand for lease and rental contracts that do not fall within the scope of IFRS 16.

Contingent liabilities

We are not aware of the existence of any further disputes or proceedings that could have significant repercussions on the economic and financial situation of the Group.

Fees paid to the directors and statutory auditors

The table below shows the remuneration paid to Directors, Statutory Auditors and Key Managers, as defined in the Remuneration Report available on the Company's website, for the year ended 31 December 2018 compared to the previous year:

	First half of 2019	First half of 2018
Directors	675	675
Key managers	736	395
Statutory auditors	22	21

Significant events after 30 June 2019

With reference to significant events occurring after 30 June 2019, reference should be made to the section "Other information" in the Interim Report on Operations.

List of equity investments included in the consolidated financial statements and other equity investments

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

Company name	Registered office	Country	Currency	Share capital at 30/06/2019	% of shareholding at 30/06/2019	Shares held Shareholder-Partner	Consolidation method
Parent Company:							
Piovan S.p.A.	Santa Maria di Sala	Italy	EUR	6,000,000			
Investments in subsidiaries:							
Piovan India Private Limited	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 Limited	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.	Fredericksburg, Virginia (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 (CAN)	Canada	CAD	10	100.00%	Piovan S.p.A.	Full
Piovan Asia Pacific Limited	Bangkok (TH)	Thailand	THB	5,999,900	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)	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	50.00%	Penta S.r.l.	Equity method
Piovan South East Asia Ltd (in liquidation)	Bangkok (Thailand)	Thailand	THB	9,000,000	100.00%	Piovan S.p.A.	Equity method
Piovan Maroc Sarl. AU	Kenitra	Morocco	MAD	1,000,000	100.00%	Piovan S.p.A.	Equity method
CMG America Inc.	Clio	Michigan	USD	70,000	100.00%	Universal Dynamics Inc.	Equity method
Shareholdings in associated companies:							

Company name	Registered office	Country	Currency	Share capital at 30/06/2019	% of shareholding at 30/06/2019	Shares held	Consolidation method
						Shareholder-Partner	
CMG S.p.A.	Budrio (BO)	Italy	EUR	1,250,000	20%	Piovan S.p.A.	Equity method

(*) The shareholding in the company Piovan Asia Pacific Ltd is fully owned, through direct control for 49% and indirect control through a trust for the remaining share, in order to bring the corporate structure in line with local regulations in relation to the activity carried out by the Company.

Santa Maria di Sala (Venice), 9 September 2019

For the Board of Directors

The Chairman
Nicola Piovan

CERTIFICATION OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-TER OF CONSOB REGULATION

Santa Maria di Sala, 9 September 2019

The undersigned Filippo Zuppichin, Chief Executive Officer, and Luca Sabadin , Manager responsible for preparing the company financial reports of Piovan S.p.A., hereby certify, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business, and
- the effective implementation

of the administrative and accounting procedures for the preparation of the Consolidated Half-Yearly Financial Report during the first half of 2019.
No major issues have emerged in this respect.

We also certify that the Consolidated Half-Yearly Financial Report at 30 June 2019:

a) has been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) a) corresponds to the results of the accounting books and records;
c) provides a true and fair view of the balance sheet, income statement and financial position of the issuer and of all the companies included in the consolidation.

The interim report on operations includes a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the Consolidated Half-Yearly Financial Report, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

The Chief Executive Officer	The Manager in charge of drawing up the financial statements corporate accounting documents
Filippo Zuppichin	Luca Sabadin

REPORT OF THE INDEPENDENT AUDITORS ON THE REVIEW OF THE HALF- YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

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REPORT ON REVIEW OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Piovan S.p.A.

Introduction

We have reviewed the accompanying half-year condensed consolidated financial statements of Piovan S.p.A. and subsidiaries (the "Piovan Group"), which comprise the consolidated statement of financial position as of June 30, 2019 and consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-year condensed 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 half-year condensed 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-year financial statements under Resolution n° 10867 of July 31, 1997. A review of half-year 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 half-year condensed consolidated financial statements of the Piovan Group as of 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.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Treviso, Italy
September 9, 2019

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

Version 1.0

Half-Year Consolidated
Financial Statement as at 30
June 2019 of Piovan S.p.A.

PIOVAN S.p.A.
Via delle Industrie 16 – 30036
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