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Condensed Consolidated Financial Report for the six months to 30 June 2018

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Share Capital
Euro 16,203,000.00 fully paid
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1. *CORPORATE OFFICE HOLDERS*

BOARD OF DIRECTORS [(1)]

Chairperson	Alberto Francois
Vice Chairperson	Cristina Valentini
Chief Executive Officer	Luigi Cologni
Directors	Massimo Giorgilli
	Livia Amidani Aliberti (independent director)
	Andrea Soprani (independent director)
	Francesco Megali (independent director)

BOARD OF STATUTORY AUDITORS [(2)]

Chairperson	Marinella Monterumisi
Statutory auditors	Marco Campidelli
	Guido Riccardi
Alternate auditors	Giovanni Tedeschi
	Mariangela Passerini

INDEPENDENT AUDITORS [(3)] BDO Italia S.p.A.

COMMITTEES [(4)]
Committee of the Board of Directors

Livia Amidani
Andrea Soprani
Alberto Francois

(1) The Board of Directors of Neodecortech S.p.A. in office at the Date of the Admission Document, appointed on 19 July 2017 and fully reconstituted on 14 September 2018, will remain in office for three financial years, and, specifically, until the date of the Meeting of Shareholders called to approve the Financial Statements for the year to 31 December 2019.
(2) The Board of Statutory Auditors of the Issuer was appointed on 19 July 2017 and will remain in office until the date of the Meeting of Shareholders called to approve the Financial Statements for the year to 31 December 2019.
(3) Mandate conferred on 23 June 2017 by the Ordinary Meeting of Shareholders of the Company. The mandate for the independent audit of the Financial Statements and the Consolidated Financial Statements for the years 2017, 2018 and 2019, pursuant to article 13 of Legislative Decree 39/2010 and the limited scope audit of the consolidated six-month interim financial report until termination at 30 June 2019.
(4) On 19 July 2017 the Board of Directors of Neodecortech S.p.A. set up the “Committee of the Board of Directors” which will carry out the following duties: Appointments, Remuneration, Controls and risk control, and related party transactions.

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2. *DIRECTORS' INTERIM REPORT ON OPERATIONS*

Dear Shareholders,

We submit for your attention the Condensed Consolidated six-monthly financial statements of the Neodecortech Group (hereinafter also the Group) prepared in accordance with international accounting principles (IAS/IFRS) and accompanied by the current report, which we present as an illustration of the trend of Group activities, both in regard of the six month period to which they relate and with regard to future expectations.

The six-month period under review shows a positive consolidated result of Euro 2,717,368, after imputed income tax provisions of Euro 677,212 and depreciation and amortisation of Euro 3,501,547.

It should be noted that the Group was established at the end of the first half 2017 and that the first consolidation was made at that date, and, therefore, in accordance with accounting principle IFRS 10 the comparison with the previous period is reported, on the basis of pro-forma consolidated figures at 30 June 2017; consequently, this Report refers to the consolidated figures thus reported.

The present Report, prepared in data expressed in thousands of Euros, is presented in support of the Condensed Consolidated six-month financial statements in order to provide, where possible, historic elements and prospective valuations relating to the economic, financial and operational information of the Group

2.1. Preface

Neodecortech S.p.A. (the "Company" or the "Issuer") is the parent company of the Group which manages the production chain of decorative papers for furnishing and flooring applications.

The Group, thanks to its constituent companies, Bio Energie Guarcino and Cartiera di Guacino, is proficient in realising all aspects of interior design projects, from wall coverings to furniture and flooring to satisfy all aspects of interior decoration.

The Issuer was established in Italy in 1947 as a joint-stock company, has its registered office in Italy and is subject to Italian law. Its registered office is in via provinciale 2, 24040 Filago (BG). The Issuer's website is: www.neodecortech.it.

Please refer to the Explanatory Notes for any details regarding the accounting principles adopted in the preparation of the Six-month Financial Report for the period ended 30 June 2018.

On 22 September 2017 the Group successfully completed the procedures for listing on the AIM Italia market. Initial trading in the shares of the Group commenced on 26 September 2017.

The following report illustrates the principal features of the trend of operations in the recently ended first semester and the current financial and capital structure of the Group.

2.2 *Group structure*

Neodecortech Group operates at three different business locations and its integrated business model enables it to take advantage of market opportunities.

The Group's continuous creative and stylistic research means that it can offer 1,000 decorative options that imitate natural materials such as wood and stone, surfaces in cement and metal and textures inspired by fabrics and by abstract geometry. Specifically, the Group offers about 51 products subdivided into the following categories: decorative papers/ print base papers; finish foil / melamine film; and LVT (luxury vinyl tiles).

The three Group operating divisions are:

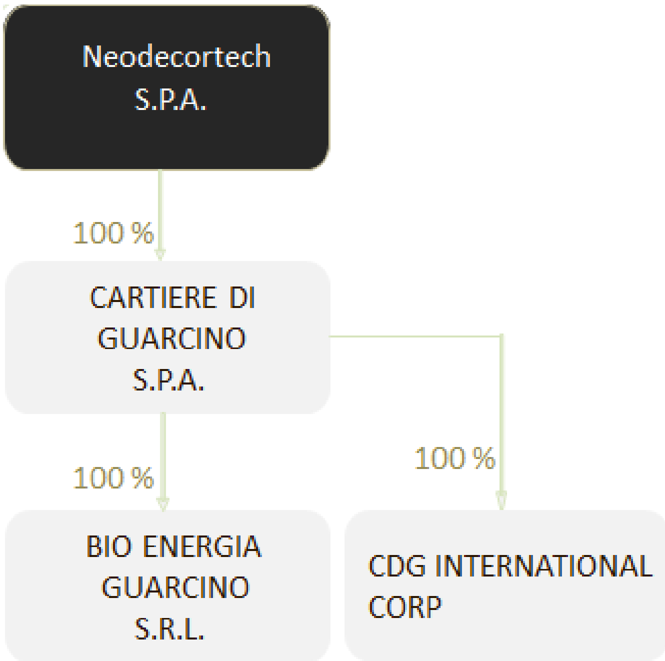
- **Neodecortech** (**"NDT"**)**:** with registered office in Filago (Bg), which produces and develops the Group's core products, centred on printing and paper finishing and impregnation as well as printing on plastic film.
  Neodecortech's aim is to act as a highly pro-active partner in decorative solutions to its clients in industry and in flooring, through the constant monitoring and interpretation of new stylistic trends.
  The parent company oversees the following activities for all its operating subsidiaries: (i) legal and corporate affairs, (ii) administration and investments, (iii) strategic planning and business development.

- **Cartiere di Guarcino** (**"CDG"**)**:** with registered office in Guarcino (FR), specialises in the production of technical decorative papers which then undergo further processes that include surface impregnation with thermosetting resins and high pressure lamination. The company is active in the domestic market and in international markets through a network of agents operating in various regions.

In order to provide maximum client satisfaction, the company has developed a *"Technical customer service"* division to ensure that the technical staff can provide step-by-step support to respond to customer requirements.

- **Bio Energia Guarcino ("BEG"):** with registered office in Guarcino (FR) owns a cogeneration energy plant which has been operational since May 2010 in the generation of electric and thermal energy to satisfy all of CDG's energy requirements and part of its thermal requirement.

- **CDG International Corporation:** is a company established under US law with registered office in Las Vegas.



At 30 June 2018 the Neodecortech Group had 337 employees of which 7 senior executives, 102 clerical staff and 228 manual workers. Neodecortech's personnel is composed of 2 senior executives, 50 clerical staff and 110 manual workers; Cartiere di Guarcino employs 5 senior executives, 50 clerical staff and 118 manual workers, while Bio Energia Guarcino employs 2 clerical staff in addition to personnel on secondment from Cartiere di Guarcino.

2.3 Significant events during the first semester 2018

Neodecortech

The market for decorative prints in the first half of 2018 was characterised by higher sales of all our products on the market. This performance is attributable both to a generally positive market climate and to the fact that the recovery in the "appeal" that the Company has experienced over the past few years has continued unabaited.

The latter factor is in turn related both to the continued offering of decorative products which have been enthusiastically appreciated by the market and which are totally complementary with the leading styles, and to the continued introduction of new products. Of these, the most striking is the Plastic Printed Film (PPF) used in the production of the newest range of flooring materials, Luxury Vinyl Tiles (LVT).

Until now Neodecortech has primarily concentrated on production of the pvc – based version of PPF, but it has now also completed the homologation of the use of polypropylene film (PP). This material is a more “green” material than pvc and is increasingly in demand in those markets which are morse sensitive to sustainability issues: Germany and Northern Europe.

The PPF product family registered the highest growth in the semester +19.6% compared with an increase in printed paper of 12.2%.

In terms of profitability, the Gross operating margin at 30 June 2018 was Euro 3.553 million compared to Euro 3.400 milion at 30 June 2017, representing an increase of 4.5%.

The total increase in sales amounted to 11.0 %, which was evenly distributed across all of the geographic regions in which the Company is active.

During 2017, there was an extraordinary rise in the cost of paper, our principal raw material. The rise in the price of paper began towards the end of 2016 and the increased costs were gradually passed on to selling prices albeit with a slight timing delay compared to the increases in the price of paper. At the end of the first half 2018, 90% of the price rises had been passed on to all of our customers. The effect of this transfer is clear from the almost total recovery in the contribution margin as a percentage of sales/value of production. Not all of the increased price of paper was passed on in selling prices, partly because we did not want to put any unnecessary pressure on our relationships with certain of our main clients, and partly because there was a significant improvement in productivity both during 2017 and in the first half of 2018.

Cartiere di Guarcino

The trend of sales for Cartiere di Guarcino in the first 6 months of 2018 compared with the same period of 2017 reveals a substantially flat revenue trend. This is due to the fact that the Italian market increased following the acquisition of new clients and the consolidation of the existing client base compared with 2017 while on foreign markets, where the company wanted to protect margins, it was decided to relinquish those orders that, due to higher raw material costs (titanium dioxide and cellulose fibre) would not have satisfied the company’s profitability objectives. It should also be taken into consideration that further increases in our prices in 2018 would not have been appreciated by a market that in the two previous years has been obliged to absorb increases of about 20%.

During the first half 2018 a new type of paper, KRAFT, was developed and put into production. This product is used in the HPL (high pressure laminate) and CPL (continuous pressure laminate) markets. The qualitative feedback from clients confirms that Cartiere di Guarcino has the potential to operate in this market niche. This price of this product is in line with the price of backer papers, but our interest in developing this product derives from the fact that, given higher productivity, they could generate margins in absolute values that are in line with the other decorative products. In addition the development of this product is consistent with the company’s strategy to broaden its product range to satisfy the demands or a larger, more differentiated market.

In terms of profitability, the Gross operating margin at 30 June 2018 was Euro 3.005 million compared with Euro 2.597 million at 30 June 2017, representing an increase of 15.7%.

Bio Energia Guarcino

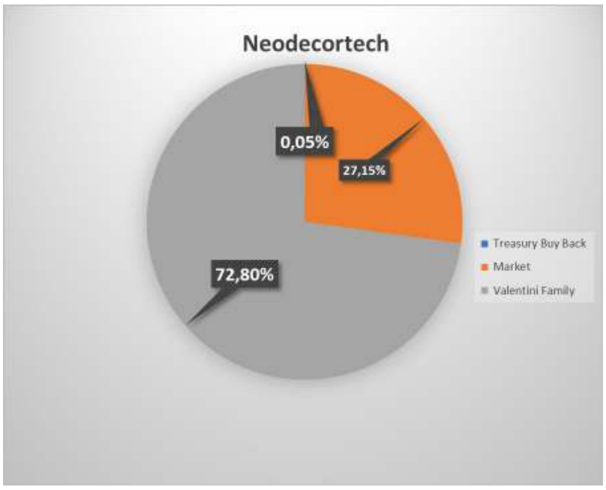
In the first six months of the year in the energy market, the BEG plant operated for 10,576 hours, an increase compared to 7,894 hours of activity in the first six months of 2017, generating total output of 64,865 MWh compared to 43,480 MWh in the same period of the previous year.
While there was a significant increase in the quantity of energy produced in the period, there was a decline in the incentivised unit price (ex greeen certificate) compared to 2017. This price fell from Euro 107.34 per MWh to Euro 98.95 per MWh for the full year 2018; As is already known, the level of the incentive is inversely proportional to the price of energy recorded in the previous year.
It is expected that there will be an increase in energy prices in the second half of the year partly as a consequence of the seasonal increase in demand and partly due to the growing expectations of the use of bio-combustible products in the energy sector.

It should, however be stressed that despite the reduction in the value of the incentive for the current year, this reduction was substantially absorbed by the rising price of energy and by the lower price of fuel from May of the current year.

Given the trend of production, revenues, net of intercompany transactions, were Euro 13.259 million at 30 June 2018 compared to the Euro 9.752 million reported at 30 June 2017.

The gross operating margin was Euro 1.812 million, an increase compared to the Euro 0.894 million reported in the same semester of the previous year, representing an increase of about 102%.

Shareholding structure
The following table illustrates the shareholding structure at 30 June 2018:



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Direction and coordination

In accordance with paragraph 5 of Article 2497-bis of the Italian Civil Code it is declared that the Company is not subject to any direction or coordination by third parties.

Principal Alternative Performance Measures (APMs)

The European Securities and Market Authority (ESMA) has published guidelines for Alternative Performance Measures (APMs) for listed issuers.
The APMs constitute information used by management and investors to analyse the trends and performance of the Group that are not directly identifiable from the Financial Statements. These Measures help management and investors to gauge the performance of the Group. Investors should not consider APMs as a substitute for performance measures directly stemming from Financial Statements but as additional information. It should be noted that the APMs as defined may not be comparable to APMs of a similar name used by other companies.

The definition of the main APMs used in the present Report on Operations are given below:

- EBITDA: is an alternative performance indicator that is not defined in IFRS but is used by the management of the Company to monitor and evaluate its operating performance as it is not affected by the volatility arising from the effects of the various criteria used to calculate tax payable, the amount and type of financing or by depreciation and amortisation policies. The Neodecortech Group defines EBITDA as Profit (Loss) for the period before depreciation and amortisation, write-downs of property, plant and equipment and intangible assets, provisions, financial income and expenses and taxes on income

- ADJUSTED EBITDA and ADJUSTED NET PROFIT: the first indicator is used by management to eliminate extraordinary income and expenses from EBITDA in the first semesters of 2018 and 2017, the IPO costs and the provision, calculated according to IFRS 2 – Share-based Payment, for the allocation of the shares for the 2017-2020 Stock Grant Plan. Adjusted net profit is calculated in the same way but is net of the the applicable tax charge.

- NET INVESTED CAPITAL is the sum of non-current and current assets net of financial assets less non-current and current liabilities net of financial liabilities.

- NET FINANCIAL DEBT: the figure shown is in line with net financial debt calculated under the CESR (Committee of European Securities Regulators) recommendations of 10 February 2005 used by Consob (the Italian securities markets regulatory authority)

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2.4 *Information regarding the Consolidated results of the Group*

The principal factors that affected the operating performance of the Group in the semester ended 30 June 2018 are described below. The economic data and cash flows for the six month period to 30 June 2018 are presented in a comparative format with those for the same period of the previous year.

The following table illustrates the Consolidated Income Statement data for the Group for the six month periods ending 30 June 2018 and 2017 (only the data referring to 2017 are presented Pro-Forma), together with the proportion of each item as a percentage of revenues.

Consolidated Income Statement

(Euro thousands)	30 June 2018	(a)	30 June 2017	(a)	change	change %
Product sales revenues	62.286	92,7	58.071	92,9	4.215	7,3
Services	3.473	5,2	2.445	3,9	1.028	42,0
Other revenues and income	1.437	2,1	2.019	3,2	(582)	(28,8)
Total revenues	**67.196**	**100,0**	**62.536**	**100,0**	**4.660**	**7,5**
Change in inventories	**724**	**1,1**	**(447)**	**(0,7)**	**1.171**	**(261,9)**
Purchases of raw and semi-finished materials and consumables	(39.788)	(59,2)	(36.780)	(58,8)	(3.008)	8,2
Packaging materials	(616)	(0,9)	(639)	(1,0)	23	(3,5)
Services	(9.303)	(13,8)	(8.374)	(13,4)	(929)	11,1
Use of third party assets	(207)	(0,3)	(99)	(0,2)	(108)	109,4
Personnel	(9.148)	(13,6)	(8.712)	(13,9)	(436)	5,0
Other operating costs	(680)	(1,0)	(594)	(0,9)	(86)	14,5
Total operating costs	**(59.743)**	**(88,9)**	**(55.198)**	**(88,3)**	**(4.545)**	**8,2**
Gross Operating Profit	**8.177**	**12,2**	**6.891**	**11,0**	**1.286**	**18,7**
Amortisation intangible assets	(449)	(0,7)	(160)	(0,3)	(289)	180,5
Depreciation of tangible assets	(3.053)	(4,5)	(2.831)	(4,5)	(222)	7,8
Impairment	(19)	-	-	-	(19)	100,0
Operating profit	**4.656**	**6,9**	**3.900**	**6,2**	**756**	**19,4**
Financial income	118	0,2	321	0,5	(203)	(63,3)
Financial expenses	(1.380)	(2,1)	(1.602)	(2,6)	222	(13,9)
Profit/(loss) before taxes	**3.394**	**5,1**	**2.619**	**4,2**	**775**	**29,6**
Taxes on income for the period	(677)	(1,0)	(534)	(0,9)	(143)	26,8
Profit/(loss) for the period	**2.717**	**4,0**	**2.085**	**3,3**	**632**	**30,3**

(a) as a percentage of total revenues

Revenues in the semester to 30 June 2018 increased by 7.5% compared with the same period of the previous year, rising from Euro 62.536 million in the first half 2017 to Euro 67.196 million in the first half 2018.The higher cost of services recorded in the first half 2018 compared with the same period of the previous year is largely due to the higher costs of the power plant and an increase on the costs of industrial services.

Personnel costs in the period to 30 June 20108 include a provision for Euro 0.535 milion attributable to the Stock Grant plan 018-2020, a provision that was not present in the figures to 30 June 2017.

The figure for financial expenses includes an Intercompany Framework Agreement which facilitated treasury management at a Group level and generated consequent savings.

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2.4.1 *Breakdown of consolidated revenues by Business division*

The following tables illustrate revenues from the Sale of products and services, for the semesters ended 30 June 2018 and 30 June 2017, sub-divided by Business category:

Divisional breakdown of Consolidated Revenues 30 June 2018

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Sales of products	21.629	86,8	27.397	99,3	13.259	100,0	62.286	94,7
Services	3.291	13,2	182	0,7	-	-	3.473	5,3
Total Consolidated Reven	**24.920**	**100**	**27.579**	**100**	**13.259**	**100**	**65.759**	**100**

(a) *As a percentage of total Consolidated Revenues*

Divisional breakdown of Consolidated Revenues 30 June 2017

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Sale of products	20.215	89,3	29.653	100,0	8.202	100,0	58.071	96,0
Services	2.433	10,7	12	0,0	-		2.445	4,0
Total Consolidated Reven	**22.648**	**100**	**29.666**	**100**	**8.202**	**100**	**60.516**	**100**

(a) *As a percentage of total Consolidated Revenues*

Change in Consolidated Revenues by Division 30 June 2018

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Vendita Prodotti	1.415	7,0	(2.256)	(7,6)	5.056	61,6	4.215	7,3
Servizi	858	35,3	170	1.367,7	-		1.028	42,0
Total Consolidated Reven	**2.273**	**10,0**	**(2.087)**	**(7,0)**	**5.056**	**61,6**	**5.242**	**8,7**

(a) ***percentage representing the difference 30 June 2018 v. 30 June 2017***

It should be noted that the tables illustrating the breakdown of Revenues by Business Division that the Services revenues of the Company include Impregnation services amounting to Euro 3.199 million in the period to 30 June 2018 and Euro 2.309 million in the period to 30 June 2017, representing an increase of +38.5%

The increase in revenues reported by Bio Energia in the first half 2018 compared to first half 2017 is due to the fuill utilisation of all available generation plant.

2.4.2 *Geographical breakdown of consolidated revenues by business division*

The following tables report the revenues from consolidated "Sales of products" by business division and geographical region at 30 June 2018 and at 30 June 2017:

Consolidated revenues by geographical area 30 June 2018

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Italy	5.687	26,3	6.143	22,4	13.260	100,0	25.090	40,3
Foreign markets	15.942	73,7	21.254	77,6	-	-	37.196	59,7
Total Consolidated Revenues	**21.629**	**100**	**27.397**	**100**	**13.260**	**100**	**62.286**	**100**

(a) *As a percentage of total Consolidated Revenues*

Consolidated revenues by geographical area 30 June 2017

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Italy	5.222	25,8	4.645	15,7	8.204	100,0	18.071	31,1
Foreign markets	14.994	74,2	25.007	84,3	-		40.000	68,9
Total Consolidated Revenues	**20.216**	**100**	**29.652**	**100**	**8.204**	**100**	**58.071**	**100**

(a) *As a percentage of total Consolidated Revenues*

Change in Consolidated Revenues 30 June 2018- 30 June 2017 by geographical area

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Italy	465	8,9	1.499	32,3	5.056	61,6	7.019	38,8
Foreign markets	949	6,3	(3.753)	(15,0)	-		(2.805)	(7,0)
Total Consolidated Revenues	**1.414**	**7,0**	**(2.255)**	**(7,6)**	**5.056**	**61,6**	**4.215**	**7,3**

(a) ***Percentage change June 2018 v June 2017***

2.4.3 *Divisional breakdown of consolidated revenues by product category*

The following tables report the revenues from consolidated "Sales of products" by business division and product category at 30 June 2018 and at 30 June 2017:

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Consolidated Revenues by Product category 30 June 2018

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Printed paper	14.307	66,1					14.307	23,0
Impregnated paper	5.149	23,8					5.149	8,3
PVC	2.174	10,0					2.174	3,5
Backer			3.678	13,4			3.678	5,9
Unicolor			14.999	54,7			14.999	24,1
Print base			8.466	30,9			8.466	13,6
Underlay			235	0,9			235	0,4
Kraft			19	0,1			19	0,0
Energy and steam					13.259	100,0	13.259	21,3
Total Consolidated Reven	**21.629**	**100**	**27.397**	**100**	**13.259**	**100**	**62.286**	**100**

(a) *As a percentage of total Consolidated Revenues*

Consolidated Revenues by Product category 30 June 2017

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidato	%
Printed paper	12.746	63,0					12.746	21,9
Impregnated paper	5.653	28,0					5.653	9,7
PVC	1.817	9,0					1.817	3,1
Backer			3.037	10,2			3.037	5,2
Unicolor			18.201	61,4			18.201	31,3
Print base			8.129	27,4			8.129	14,0
Underlay			284	1,0			284	0,5
Kraft			-	-			-	-
Energy and steam					8.204	100,0	8.204	14,1
Total Consolidated Reven	**20.216**	**100**	**29.652**	**100**	**8.204**	**100**	**58.071**	**100**

(a) *As a percentage of total Consolidated Revenues*

Change in Consolidated Revenues by product category 30 June 2018 - 30 June2017

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidato	%
Carta stampata	1.560	12,2					1.561	12,2
Carta impregnata	(504)	(8,9)					(504)	(8,9)
PVC	356	19,6					356	19,6
Backer			641	21,1			641	21,1
Unicolori			(3.202)	(17,6)			(3.202)	(17,6)
Base Stampa			337	4,1			337	4,1
Underlay			(49)	(17,3)			(49)	(17,3)
Kraft			19	100,0			19	100,0
Energia e Vapore					5.057	61,6	5.056	120,0
Total Consolidated Reven	**1.412**	**7,0**	**(2.254)**	**(7,6)**	**5.057**	**61,6**	**4.215**	**7,3**

(a) *Percentage change 30 June 2018 v 30 June 2017*

2.4.3.1 Details of Other consolidated revenues

The following table reports reports in detail the components of “Other Consolidated revenues”

Breakdown of other revenues						
(euro thousands)	**30 June 2018**	**(a)**	**30 June 2017**	**(a)**	**change**	**change %**
Insurance Payments	-	-	339	16,8	(339)	(100,0)
Suppliers penalties	-	-	500	24,8	(500)	(100,0)
Other reimbursements	48	0,0	100	5,0	(52)	(51,6)
Extraordinary incomes	209	0,1	11	0,5	198	1.799,1
Research costs	409	0,3	475	23,5	(66)	(13,9)
Exchange gains	139	0,1	187	9,3	(48)	(25,8)
Other revenues	632	0,4	407	20,2	225	55,3
Total revenues	**1.437**	**100**	**2.019**	**100**	**(581,9)**	**(28,8)**

There was a significant reduction in the item “Other revenues” due to the absence in the first half 2018 of income relating to Insurance payments and Penalties paid by suppliers. The item “Extraordinary revenue” for the first half 2018 includes Euro125,200 deriving from the difference between the estimated value and calculated final value of the tax consolidation.

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2.4.4 Consolidated costs of raw materials

The following table reports the components of “Cost of raw materials” at 30 June 2018:

Breakdown of Raw Material Costs at 30 June 2018

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Resins	2.697	38,6					2.697	6,8
Inks	923	13,2					923	2,3
PVC	943	13,5					943	2,4
Untreated paper	2.040	29,2					2.040	5,1
Animal-derived sub-products					9.333	91,0	9.333	23,5
Lub Oil					126	1,2	126	0,3
Urea					165	1,6	165	0,4
Diesel					204	2,0	204	0,5
Cellulose			6.953	30,8			6.953	17,5
Dioxide			12.175	54,0			12.175	30,6
Chemical products			1.781	7,9			1.781	4,5
Other Costs	386	5,5	1.637	7,3	425	4,1	2.448	6,2
Total Cost of Raw Materials	**6.989**	**100**	**22.546**	**100**	**10.253**	**100**	**39.788**	**100**

(a) ***As a percentage of total costs of the Company***

Change in the Costs of Raw Materials 30 June 2018 - 30 June 2017

(Euro thousands)	Neodecortech	(a)	Cartiere	(a)	Bio Energia	(a)	Consolidated	%
Resins	200	8,0					200	0,5
Inks	80	9,5					80	0,2
PVC	34	3,7					34	0,1
Untreated paper	(2)	(0,1)					(2)	(0,0)
Animal-derived sub-products					1.560	20,1	1.560	3,9
Lub Oil					30	31,5	30	0,1
Urea					95	136,3	95	0,2
Diesel					(117)	(36)	(117)	(0,3)
Cellulose			(302)	(4)			(302)	(0,8)
Dioxide			356	3			356	0,9
Chemical products			149	9,1			149	0,4
Other costs	132	0,5	471	40,4	322	312,4	925	2,3
Total Cost of Raw Materials	**444**	**7**	**674**	**3**	**1.890**	**23**	**3.008**	**8**

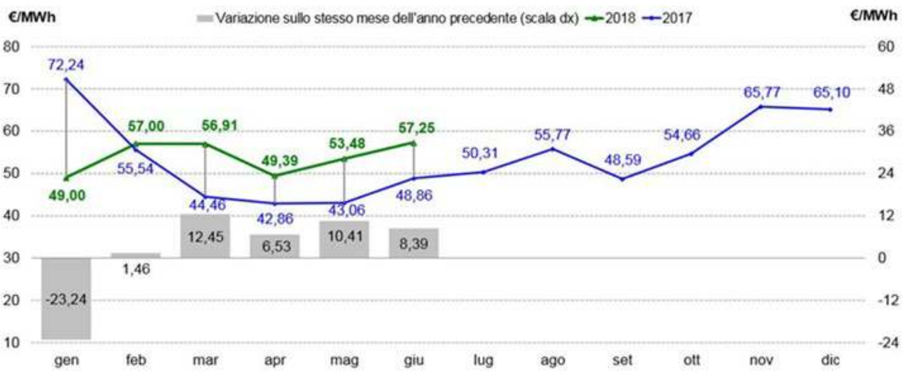
(a) ***Percentage change compared with 30 June 2017***

Breakdown of Raw Material Costs at 30 June 2017								
(Euro thousands)	**Neodecortech**	**(a)**	**Cartiere**	**(a)**	**Bio Energia**	**(a)**	**Consolidated**	**%**
Resins	2.497	38,2					2.497	6,8
Inks	843	12,9					843	2,3
PVC	909	13,9					909	2,5
Untreated paper	2.042	31,2					2.042	5,6
Animal-derived sub-products					7.773	92,9	7.773	21,1
Lub Oil					96	1,1	96	0,3
Urea					70	0,8	70	0,2
Diesel					321	3,8	321	0,9
Cellulose			7.255	34,3			7.255	19,7
Dioxide			11.819	57,3			11.819	32,1
Chemical products			1.632	7,7			1.632	4,4
Other Costs	254	3,9	1.166	0,7	103	1,2	1.523	4,1
Total Cost of Raw Materia	**6.545**	**100**	**21.872**	**100**	**8.363**	**100**	**36.780**	**100**

(a) ***As a percentage of total costs of the Company***

At June 2018 the average energy purchase price (PUN – National Single Price) was 17.2% higher than in the same month of the previous year, rising to its peak for the year. This increase was driven by a higher component of natural gas prices partly offset by renewable energy sources.

Grafico 1: MGP, Prezzo Unico Nazionale (PUN) Fonte: GME



Prices of vegetable oils, and particularly palm oil, reflected the high stock levels reported at the end of 2017 combined with the policies implemented by India regarding import duties and the good harvest in the current year, resulting in market weakness and a decline in average prices. The outlook for the harvest in the second half of the year remains positive.

The same trend was evident for the following animal-derived sub-products (SOA) the prices of which fell in the first six months of 2018. The following table illustrates the prices in the first 6 months reported in the zootechnical bulletin published by the Associazione Granaria di Milano (Grain industry trade association).

GRASSI ANIMALI	gennaio	febbraio	marzo	aprile	maggio	giugno
Sego 2-3 FFA-MIU 1 - FAC 7-9	672,5	637,5	600,0	558,8	522,5	512,5
Grasso acidità 4 - MIU 1	647,5	612,5	575,0	538,8	502,5	492,5
Grasso max 7 FFA - MIU 1	623,0	590,3	555,0	518,8	482,5	472,5
Grasso max 10 FFA - MIU 1	616,0	583,3	548,0	511,8	475,5	465,5

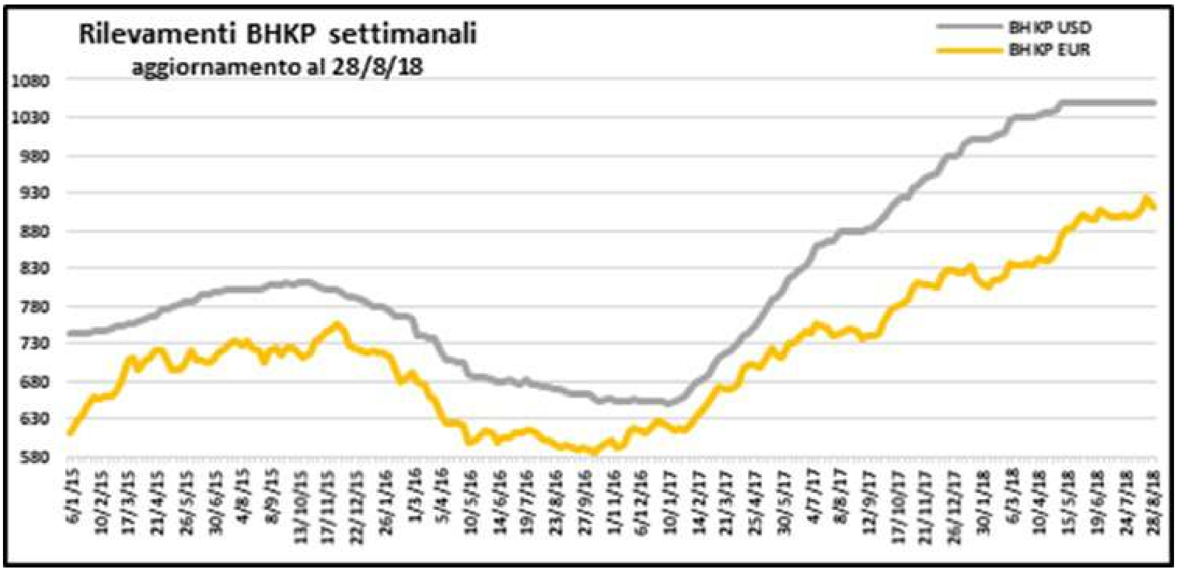
It is expected that prices will rise in the second half of the year partly due to seasonal trends and partly as a result of expectations regarding the utilisation of these products in the energy sector.

The reduction in the value of the incentive for the full year 2018 was partially absorbed by the rising energy prices and lower fuel costs.

In the raw materials market for untreated paper, rising prices at the start of the year confirmed that the cellulose market was following the same rising trend as 2017 with increases in the prices of both Short and Long Fibres and a general reduction in discounting.

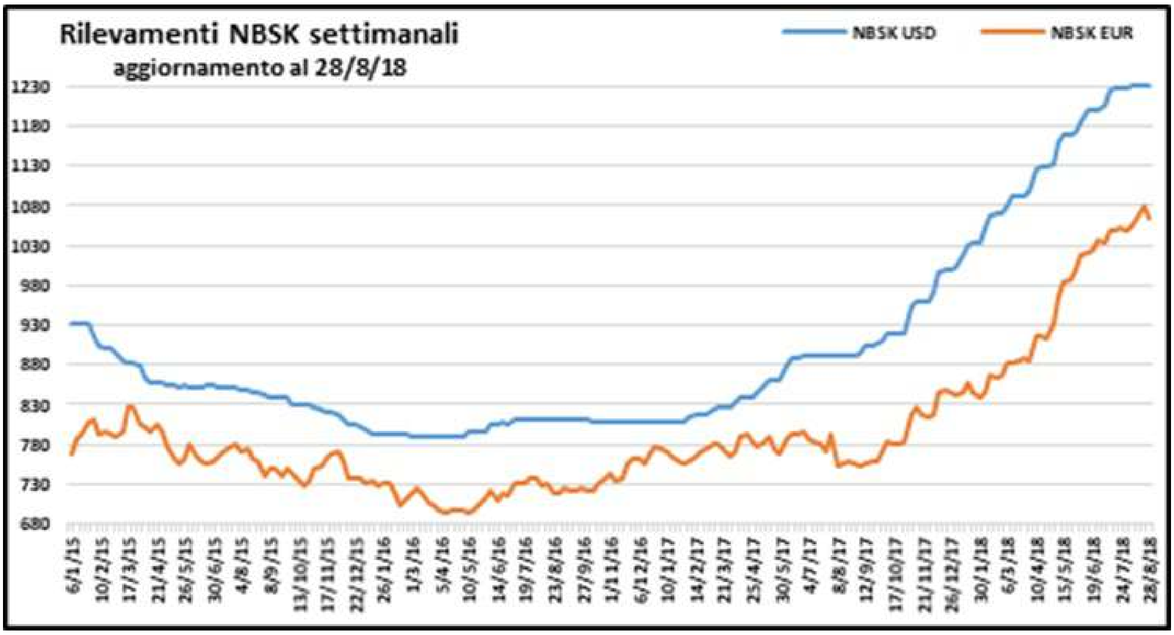
As the year progressed, the price of Short Fibre broadly stabilised despite a Truckers strike in Brazil which resulted in lower production by the main Brazilian cellulose factories. There is a notable trend to concentration in the sector following the acquisition last year of the Eldorado production plant by the Indonesian company APP which is expected to be completed in the current year and also the announcement of the merger of the two Brazilian giants Suzano and Fibria.

The following chart illustrates the trend of gross prices of Short Fibre (source: FOEX).



There was a sharper increase in Long Fibre prices which reflected the poor climatic conditions that affected Scandinavia and strong demand from China which revised its pulp import regulations as part of a policy to reduce pollution.

The following chart illustrates the trend of gross prices of Long Fibre Fibre (source: FOEX.)



The price of titanium dioxide TiO_2 continued to rise in the first half of the year, reaching its highest level since ICIS began to report market trends (Q4 2013). Trading in the third quarter (Q3) recorded the first price reduction in the past two years probably reflecting the peak in the market. Expectations for the last quarter exclude the likelihood of an increase in prices which would not be justified by low seasonal trends in the latter part of the year and in apparently high levels of availability. Market indications remain uncertain and also reflect the presence of multi-year commercial offers with a view to stabilising prices.

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2.4.5 Consolidated cost of Services

The following table reports the composition of Service costs which rose from Euro 8.374 million in June 2017 to Euro 9.303 million in June 2018 representing an increase of Euro 0.929 million.

Cost of Services

(Euro thousands)	30 June 2018	(a)	30 June 2017	(a)	change	change %
Outsourced services	2	0,0	17	0,2	(15)	(86,1)
Consultancy	1.042	11,2	865	10,3	177	20,4
Advertising and promotion	112	1,2	183	2,2	(71)	(39,0)
Bonuses and commission	617	6,6	674	8,0	(57)	(8,5)
Transport	1.543	16,6	1.566	18,7	(22)	(1,4)
Utilities	2.326	25,0	1.906	22,8	419	22,0
Directors and Statutory Auditors remı	268	2,9	229	2,7	39	16,9
Insurance	501	5,4	432	5,2	68	15,8
Bank commission	111	1,2	94	1,1	16	17,4
Employee expenses	5	0,1	3	0,0	1	42,2
Travel expenses	69	0,7	51	0,6	18	34,9
Misellaneous industrial services	1.666	17,9	1.347	16,1	319	23,7
Other services	1.041	11,2	1.004	12,0	37	3,7
Total Cost of Services	**9.303**	**100**	**8.374**	**100**	**929**	**11,1**

The main change in the "Costs of Services" are largely due to the following factors: a Euro 0.177 million increase in Consultancy costs attributable to the Listing on the AIM market, a Euro 0.419 million increase relating to higher energy costs (Tariff effect) and a Euro 0.319 million increase as a consequence of higher Maintenance and Waste Disposal costs.

2.4.6 *Consolidated EBITDA*

EBITDA is calculated as net profit for the period before depreciation and amortisation of property, plant and equipment and intangible assets, financial income and expenses and taxes.

In the first semester to 30 June 2018, EBITDA rose compared with the same period of the previous year, increasing from Euro 6.891 million to Euro 8.177 million, representing an improvement of 18.7%. The EBITDA margin also rose to 12.1% in the first semester 2018 compared with 11.0% in the first semester 2017. This result is primarily attributable to the 7.5% increase in revenues between the first semester 2018 and the same six-month period of 2017, despite a slight increase in the cost of raw materials as a percentage of revenues. (first semester 2018) offset by reduction in the Cost of Services and Personnel costs as a percentage of revenues (first semester 2018).

2.4.7 *ADJUSTED EBITDA*

In order to provide a better representation of the underlying performance of the Group the Adjusted EBITDA figure at 30 June 2018 and at 30 June 2017 are also presented below. Adjusted EBITDA is reported EBITDA adjusted for extraordinary income and expense, and for provisions, calculated in accordance with accounting principle IFRS 2 (Share-based payments) for the allocation of shares for the 2017-2020 Stock Grant plan, as approved by the Shareholders' Meeting of 23 June 2017. These adjustments, net of any related tax effects, are also reflected in Adjusted Net Profit.

The following tables illustrate the adjustments made:

Reconciliation EBITDA - Adjusted EBITDA

(Euro thousands)	30 June 2018	% of Total Revenues	30 June 2017	% of Total Revenues	Change	Change %
Consolidated Ebitda	**8.177**	**12,2**	**6.891**	**11,0**	**1.286**	**19**
Adjustment for extraordinary income/expe	(17)		(96)			
Stock Grant	535		0			
Total adjustments	518		(96)			
Adjusted Consolidated EBITDA	**8.695**	**12,9**	**6.795**	**10,9**	**1.900**	**28**
Adjusted Net Profit	**3.235**	**4,8**	**1.989**	**3,2**	**1.246**	**63**

Following these adjustments, there was an improvement in Adjusted EBITDA of Euro 1.900 milion compared to 30 June 2017. Adjusted Net Profit consequently improved by Euro 1.246 million compared with 30 June 2017. The adjustments for extraordinary income and expenses are mainly due to contingent assets and liabilities; while Euro 0.535 million represents an accounting provision relating to the 2018-2020 Stock Grant plan.

2.4.8 *Consolidated operating result (EBIT)*

The Operating result (EBIT) for the semester to 30 June 2018 compared with the same period of the previous year rose from Euro 3.900 million to Euro 4.656 million.

The operating margin for the semester to 30 June 2018 was 6.9% as a percentage of revenues, representing an increase compared with the operating margin of the previous year.

2.4.9 *Consolidated financial income/expense*

In the semester to 30 June 2018 the management of financial activities generated a negative net result of Euro (1.262) million, compared to the negative net result of Euro (1.281) million at 30 June 2017.

Consideration of each individual component of financial management reveals that financial income fell by Euro (0.203) million due to a negative exchange rate effect in the first half of 2018 compared to the same semester of 2017.

Financial expenses declined by Euro (0.222) million due to lower costs of bank financing attributable to the optimisation of cash management at a Group level.

In this respect the introduction of a 'Framework contract for Financing' signed on 6 December 2017 between the companies of the Neodecortech Group, with expiry in 31 December 2018 is a significant factor.

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2.4.10 *Consolidated net profit for the period*

In the semester to 30 June 2018 Consolidated net profit for the period increased compared with the same period of the previous year rising from Euro 2.085 million to Euro 2.717 million, due essentially to the increase in revenues to 30 June 2018.

2.5 Information regarding the consolidated financial resources of the Group

2.5.1 *Consolidated Net Debt*

The net financial position of the Group at 30 June 2018 and at 31 December 2017 may be summarised as follows:

Net Financial Position

(Euro thousands)	**30 June 2018**	**31 December 2017**	**Change**	**%**
A. Cash	(13)	(11)	(2)	13,6
B. Cash equivalents	(1.347)	(6.093)	4.746	(77,9)
C. Financial assets held for trading				
D. Liquidity (A) + (B) + (C)	**(1.360)**	**(6.104)**	4.744	(77,7)
E. Current financial receivables	0	(868)	868	(100,0)
F. Current bank loans	18.661	17.323	1.339	7,7
G. Current portion of non-current debt	2.845	2.510	335	13,3
H. Other current financial liabilities	1.826	2.216	(390)	(17,6)
I. Current financial debt (F)+(G)+(H)	**23.332**	**22.048**	1.284	5,8
J. Current net debt (I) + (E) + (D)	**21.973**	**15.076**	6.896	45,7
K. Non-current bank loans	18.967	18.455	512	2,8
L. Bonds in issue	567	567	(0)	(0,0)
M. Other non-current financial liabilities	11.672	12.812	(1.140)	(8,9)
N. Non-current financial debt (K) + (L) + (M)	**31.206**	**31.834**	(628)	(2,0)
O. Net financial debt (J) + (N)	**53.179**	**46.910**	6.269	13,4

Recommendation CESR 54/B 2005

Adjusted Net Financial Position

(Euro thousands)	30 June 2018	31 December 2017
O. Net financial debt (J) + (N)	**53.179**	**46.910**
Adjustments to M/L term Financial assets	(1.203)	(1.153)
O. Net Adjusted financial debt	***51.976***	**45.757**

The adjustment to the Net Financial Position, for the purposes of presentational clarity, relates to a non-current financial payable the maturity of which is tied to the payment of non-current debt. The Company believes that this item should be treated as a reduction in net debt as it is directly connected to the financing. However, the definition of net financial position established by CESR (the Committee of European Securities Regulators) and endorsed by Consob does not acknowledge non-current financial payables. It was therefore decided also to report what the net financial position might be if the aforementioned financial payable was not taken into account.

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Net current financial debt at 30 June 2018 amounted to Euro 23.332 million representing a slight increase of Euro 1.284 million compared to 31 December 2017 mainly due to an increase in short-term bank debt.

The net financial position at 30 June 2018 was Euro 53.1 million with a decrease of Euro 7.5 million compared to a Pro-forma net financial position of Euro 60.6 million at 30 June 2017.

Current financial liabilities

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Current bank payables	20.764	19.082	1.682	8,8
Payables to Leasing companies	1.817	1.818	(1)	(0,0)
Payables to shareholders	0	248	(248)	(100,0)
Other payables	0	150	(149)	(100,0)
Current portion of Corporate Bond	750	750	0	0,0
Total current financial liabilities	**23.332**	**22.048**	**1.284**	**5,8**

The Corporate bond will be settled on 31/12/2018.

The following table shows non-current financial liabilities at 30 June 2018 equal to Euro 31.206 million, representing a decrease compared to 31 December 2017 of Euro 0.628 million, and is summarised as follows:

Non-current financial liabilities

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
MICA Financing	4.685	4.628	57	1,2
BPM Secured loan	10.704	11.318	(614)	(5,4)
Non-current financing	8.263	7.137	1.126	15,8
Payables to Leasing companies	6.295	7.282	(988)	(13,6)
Payables to shareholders	866	968	(102)	(10,5)
Derivatives reserve (IAS 39)	346	453	(107)	(23,7)
Other	48	47	1	2,1
Total non-current financial liabilities	**31.206**	**31.834**	**(628)**	**(2,0)**

The table above shows the reduction in financial payables to BPM due to the repayment of the prime rate and the payment of the installments relating to the Leasing liabilities.

On 25/01/2018 Cartiere di Guarcino S.p.A. received subsidised lending of Euro 1.128 million from Banca del Mezzogiorno Medio Credito Centrale S.p.A., relating to the Completion of the programme stage (SAL – Stato avanzamento lavori) element of the research and development project with access to resourced provided by the decree of the Ministry of Economic Development 20 June 2013 – Sustainable Growth Fund- First Band Horizon 2020.

2.5.2 *Reclassified statement of financial position*

The following table shows the composition of the items included in the reclassified statement of financial position at 30 June 2018 and at 31 December 2017:

Reclassified Consolidated Statement of Financial Position (Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Trade receivables	30.092	26.333	3.759	14%
Inventories	32.609	32.127	482	1%
Trade payables	(28.708)	(33.597)	4.889	-15%
Operating working capital	**33.993**	**24.863**	**9.130**	**37%**
Other current receivables	5.477	6.895	(1.418)	-21%
Other current payables	(4.518)	(3.599)	(918)	26%
Tax	(1.060)	(1.220)	160	-13%
Net working capital	**33.892**	**26.938**	**6.954**	**26%**
Property, plant and equipment	72.746	72.563	183	0%
Goodwill	1.293	1.293	-	0%
Intangible assets	3.445	3.280	165	5%
Available for sale financial assets	2.387	2.074	313	15%
Non-current financial assets not included in Net Financial Position	1.647	1.665	(18)	-1%
Other non-current assets	36	-	36	100%
Fixed assets	**81.553**	**80.874**	**679**	**1%**
Post employment benefit provisions	(2.816)	(2.905)	89	-3%
Provisions for risks and charges	(455)	(457)	2	0%
Deferred tax assets and liabilities	(3.749)	(3.512)	(237)	7%
Net invested capital	**108.425**	**100.939**	**7.486**	**7%**

There was an increase in net working capital, which absorbed cash of Euro 6.954 million, in the six months to 30 June 2018. This trend is related primarily to the increase in sales in the first semester 2018.

Cash and cash equivalents were deployed for the reduction of trade payables.

Other current financial receivables amounting to Euro 0.868 million represented a credit issued to Industrie Valentini S.p.a. which was duly repaid in the first half 2018.

Current financial payables rose slightly by Euro 1.284 million due to the assumption of short-term bank debt to finance working capital.

There were no significant changes amongst the other items.

2.6 Business and market outlook

2.6.1 *Neodecortech*

A general market slowdown became evident at the end of June and our revenues followed the broad trend, impinging on the double digit growth rate that characterised the first six months of the year. This slowdown affected all areas of the world in which our sales are generated with a particular effect on S. America. An exception to this general trend was in sales of plastic printed film (PPF) which, thanks to the introduction of a new print-width of 224 cm which complements the standard width of 204 cm, amounted to the introduction of a new category of this product. This trend is continuing at present.

The trend of higher raw material costs, in particular, paper gradually decelerated in the first semester and slowed to a stop at the start of the third quarter of the year. Market sentiment is that there could be a gradual recovery in prices from the fourth quarter of the year albeit at a rate that is less exuberant than that seen between Q3/2016 and Q2/2018.

A particularly important development for the Company occurred on 1 September 2018 with the acquisition of the business division of Corbettafia, a company belonging to the Valentini Group that specialises in the production of laminate using CPL (continuous pressing lamination) technology. This acquisition was made not just too complete the range of products that NDT can offer to the market, but also to expand our presence in the Luxury Vinyl Tile (LVT) business segment.

The lamination plant capacity available at the production facility in Casoli di Atri (Te) it is also possible to laminate plastic printed film (PPF) with a transparent plastic film in order to obtain a composite film that, once embossed and lacquered, produces plastic printed laminate film (PPLF). This product will be launched on the market in November 2018 and should allow those producers of flooring who are not yet fully integrated in the LVT production chain to access the designer vinyl flooring market with the reinforcement of HDF (high density fibreboard) typical of their laminate flooring offering. As is known, laminate flooring is composed of a wood composite support material (HDF) laminated with melamine paper (our printed paper is impregnated) and a transparent impregnated paper film (overlay) which provides mechanical resistance to the surface of the product. The Company has high expectations of the results that could be achieved from sales of PPLF as it would consolidate NDT's position as one of the European leaders in this new market segment which is characterised both by double digit growth and substantial margins.

2.6.2 *Cartiere di Guarcino*

Projections for sales in the second semester of 2018 indicate that revenues should be in line with those of 2017, although it must be acknowledged that geopolitical problems afflicting certain countries, such as Turkey and Iran, in which Cartiere di Guarcino has an important market presence, could lead to a decline in sales.

In other markets a key factor will be the trend of prices of strategic raw materials, in particular Titanium (pressure to begin to reduce prices) and Cellulose (most probably there will be an increase). At present, many clients are hesitating to place significant orders, above all for white papers, as they are waiting to gain a better understanding about the outlook for raw material prices in the last few months of the year,

2.6.3 *Bio Energia Guarcino*

The use of animal-derived sub-products (SOA) has permitted Bio Energia Guarcino to obtain a major incentive related to the utilisation of nationally sourced bioliquids or supply chain framework agreements. In the first six months of the year SOA prices mainly traded at levels that were competitive compared with vegetable oil prices. Despite these circumstances and given the persistent weakness in the vegetable oil market, the potential to purchase palm oil as a hedge, even partial, for the years 2019 and 2020 is a possibility that is under consideration. Unlike animal-derived sub-products (SOA), the vegetable oil market allows prices to be agreed over a medium term horizon.

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CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS TO 30 JUNE 2018

Prepared in accordance with IAS/IFRS international accounting principles

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3. CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE SIX MONTHS TO 30 JUNE 2018

3.1. Consolidated statement of financial position at 30 June 2018

Neodecortech - Consolidated Statement of Financial Position

Assets (Euro thousands)	**Note**	**30/06/2018**	**31/12/2017**
Tangible assets	8	72.746	72.563
Goodwill	9	1.293	1.293
Intangible assets	10	3.445	3.280
Investments		-	0
Other non-current assets	11	36	36
Non-current financial assets	12	1.647	1.629
Prepaid tax assets	13	2.368	2.499
Avaiable for sale assets	14	2.387	2.074
Non-current assets		**83.921**	**83.374**
Inventories	15	32.609	32.127
Trade receivables	16	30.092	26.333
Tax receivables	17	2.149	3.230
Current financial assets	18	-	868
Other current assets	19	3.328	3.665
Cash and cash equivalents	20	1.360	6.104
Current assets		**69.538**	**72.326**
Total assets		**153.459**	**155.700**

Net equity and liabilities (Euro thousands)	**Note**	**30/06/2018**	**31/12/2017**
Share capital		16.203	16.203
Share premium reserve		17.357	17.357
Treasury shares		- 70	-
Other reserves		11.872	7.860
Other Comprehensive Income (OCI) Reserve		(126)	(145)
Fair Value Reserve		(162)	(178)
IAS Reserve		(1.303)	(1.303)
Retained profits/(losses)		8.757	8.755
Result for the period		2.717	5.480
Net equity		**55.246**	**54.029**
Reserve for risks and charges	21	455	457
Deferred taxes	22	6.117	6.012
Employee severance indemnity reserve	23	2.816	2.905
Non-current financial liabilities	24	31.207	31.834
Non-current liabilities		**40.594**	**41.208**
Trade payables	25	28.708	33.596
Tax payables	27	1.060	1.220
Financial liabilities	28	23.333	22.048
Other current liabilities	29	4.518	3.599
Current liabilities		**57.619**	**60.464**
Net equity and liabilities		**153.459**	**155.700**

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3.2. *Consolidated statement of comprehensive income at 30 June 2018*

Neodecortech - Consolidated Statement of Comprehensive Income

(Euro thousands)	Note	30/06/2018	30/06/2017
Sales of products		62.286	20.267
Services		3.473	2.433
Other revenues and income		1.438	332
Total Revenues	**33**	**67.196**	**23.032**
Change in inventories of finished, semi-finished goods and work in ț		(724)	(314)
Purchases of raw materials, semi-finished goods and r	34	40.405	12.518
Services	35	9.303	2.907
Use of third-party assets	36	207	17
Personnel	37	9.148	4.375
Other operating costs	38	680	129
Total Operating Costs		**59.019**	**19.632**
Gross Operating Profit (EBITDA)		**8.177**	**3.400**
Amortisation of intangible assets	39	449	50
Depreciation of tangible assets	39	3.053	967
Impairment and provisions		19	-
Total depreciation, amortisation, impairment and provisions		**3.520**	**1.017**
Operating Profit (EBIT)		**4.657**	**2.383**
Financial income	40	118	96
Financial expenses	40	(1.380)	(478)
Income (expense) from investments		-	1.449
Profit/(Loss) before taxes		**3.395**	**3.450**
Income tax for the period:	41	(677)	(345)
Profit/(Loss) for the year		**2.717**	**3.105**
Other components of the comprehensive income statement			
Profits/(losses) that will not subsequently be reclassified in the result for the period			
Actuarial Profits/(losses) net of tax effect		20	
Profits/(losses) that will subsequently be reclassified in the result for the period			
Profits/(losses) deriving from the conversion of the consolidated financial statements in currencies other than the Euro			
Comprehensive Profit/(loss) for the period		**2.737**	**3.105**
Utile base		0,21	0,61
Utile diluito		0,20	-

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3.3. Statement of changes in financial position to 30 June 2018

Statement of changes in Financial Position	30 June 2018	30 June 2017
Profit (loss) for the period	2.717	3.105
Taxes on income	443	342
Deferred /(prepaid) taxes	235	3
Financial expenses/(income)	1.262	381
(Dividends)	-	
(Capital gains)/losses arising from the sale of assets	(3)	
1 Profit (loss) for the period before income taxes, financial income dividends and gains/losses on asset disposals	**4.654**	**3.831**
Adjustments for non-cash items with no corresponding entry in net working capital:		
Staff leaving indemnity (TFR) provisions		
Provisions to other reserves	591	191
Depreciation and amortisation	3.502	1.017
Impairment for permanent reduction in value of assets		
Other adjustments for non-cash items		(1.449)
2 Cash flow before changes in net working capital	**8.746**	**3.590**
Change in net working capital		
Decrease/(increase) in trade receivables	(3.759)	3.370
Decrease/(increase) in revenues	(482)	(699)
Increase/(decrease) in payables to suppliers	(5.286)	901
Decrease/(increase) other receivables	1.418	(554)
Increase/(decrease) other payables	741	604
Other changes in net working capital		(61)
3 Cash flow after changes in net working capital	**1.378**	**7.151**
Other adjustments		
Interest received/(paid)	(794)	(382)
(Income taxes paid)	(45)	(238)
(Capital gains)/losses arising from the sale of assets		
Dividends received		
(Utilisation of reserves)	(2)	
(Utilisation of tfr staff leaving indemnity)	(109)	(246)
4 Cash flows after other adjustments	**428**	**6.285**
A Cash flow from operations	**428**	**6.285**

	30 June 2018	30 June 2017
A Cash flow from operations	**428**	**6.285**
Tangible fixed assets	**(3.233)**	**(140)**
(Investments)	(3.236)	(140)
Disposals	3	
Intangible fixed assets	**(613)**	**(747)**
(Investments)	(613)	(747)
Disposals		
Financial fixed assets	**(313)**	**(10.145)**
(Investments)	(313)	(10.145)
financing granted		
B Cash flow from investment activities	**(4.160)**	**(11.032)**
Financial liabilities	**1.058**	**4.716**
Increase (decrease) in payables to banks	(565)	846
Loans received	1.128	12.000
Repayment of loans	(373)	(8.130)
Change in financial payables to other financial institutions	868	
Shareholders' equity	**(2.072)**	**0**
Increase in share capital		11.403
Sale (purchase) of treasury shares	(70)	
Other changes in net equity (Dividend payments)	(2.002)	
C Cash flow from financing activities	**(1.013)**	**4.716**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**(4.744)**	**(32)**

Cash and equivalent at 1° January 2018	6.104
Cash and equivalent at 30 June 2018	1.360
Cash and equivalent Beg at 30 June 2017	1.359
Cash and equivalent CDG at 30 June 2017	

3.4. *Statement of changes in consolidated net equity to 30 June 2018*

(Euro thousands)	Net equity at 31 December 2017 (IFRS)	Allocation of the Result 31/12/2017		Increase in reserves	Result for the period	Net equity at 30 June 2018 (IFRS)
		Other allocations	Dividends			
Share capital	16.203					16.203
Share premium reserve	17.357					17.357
Treasury shares				(70)		(70)
Other reserve	7.860	3.478		534		11.872
OCI reserve	(26)			(100)		(126)
Fair value derivatives reserv	(178)			16		(162)
Ias reserve	(1.423)			120		(1.303)
Retained profits	8.755			2		8.757
Profit for the period	5.480	(3.478)	(2.002)		2.717	2.717
Total	**54.029**	**-**	**(2.002)**	**502**	**2.717**	**55.246**

NEO
DECOR
TECH

3.5. Explanatory Notes

1. General information

The Group promotes and/or markets its products to clients in the interior design and flooring sectors. Due to the integration of its companies, Bio Energia Guarcino and Cartiera di Guarcino, the Group has the ability to execute interior design projects that cover every detail from walls to furniture to flooring and the total decor.

The present condensed consolidated six-monthly financial report has been prepared in Euro, the currency that is currently used in the countries in which the Group is mainly present.

All of the values included in the following notes, except where otherwise indicated, are expressed in millions of Euros.

2. Consolidation area

The list of controlled companies included in the present Condensed Consolidated six-monthly Financial Report is shown in the following table.

Denominazione	Sede legale	Capitale sociale (€)	Criterio di valutazione	% possesso
Cartiere di Guarcino S.p.A.	Guarcino (Italia)	10.000.000	Consolidamento integrale	100%
Bio Energia Guarcino S.r.l. *	Guarcino (Italia)	1.100.000	Consolidamento integrale	100%
CDG Interntional Corp. *	Las Vegas (USA)	-	Consolidamento integrale	100%

* Indirectly controlled through Cartiere di Guarcino S.p.A.

The Financial Statements prepared in foreign currencies are converted to Euro in accordance with IAS 21. In order to determine the Euro value of balances expressed in foreign currencies by the American subsidiary CDG International Corp the following rates of exchange were used:

USD/EUR	30/06/2018
Saldi patrimoniali	1,1658
Saldi econimici	1,2108

3. General criteria used in the preparation of the Condensed Consolidated Interim Six-monthly Financial Report

The present Condensed Consolidated Half-year Financial Report refers to the period from 1 January 2018 to 30 June 2018 and has been prepared in accordance with IAS 34, relating to interim financial reporting. IAS 34 allows the preparation of interim financial statements in condensed form, i.e. on the basis of a reduced level of information that is substantially inferior to IFRS requirements in their entirety, in circumstances where a full Financial Report prepared in accordance with full disclosure of all information required by IFRS principles has previously been made publicly available.

The present Condensed Consolidated Half-year Financial Report was subject to a limited independent audit by the independent audit company.

The consolidated equity data to 30 June 2018 reflect the consolidation of all of the companies of the Group as described in paragraph 2.

The consolidated economic data, instead, reflect just the Issuer's Income Statement for the semester to 30 June 2018 as required by accounting principle IFRS 10.

The present Condensed Consolidated Half-year Financial Report to 30 June 2018 was prepared on a going concern basis and is composed of a consolidated statement of financial position, a consolidated income statement, statements of changes in consolidated net equity and explanatory notes. The comparative data for the income statement for the period ended June 2017 refer only to the income statement of the Parent Company and the Group was established on 30 June 2017.

The Condensed Consolidated Half-year Financial Statements are composed of:

- Consolidated statement of financial position of the Group at 30 June 2018;
- Consolidated statement of comprehensive income for the six months to 30 June 2018;
- Consolidated statement of change in financial position for the six months to 30 June 2018;
- Consolidated statement of changes in net equity at 30 June 2018.

4. Accounting principles

New accounting principles

As indicated in the consolidated financial statements for the period ended 31 December 2017 the following accounting principles are applicable from 1 January 2018:

- IFRS 15 “Revenue from contracts with customers”;
- IFRS 9 “Financial instruments”.

IFRS 15 specifies rules for the reporting of revenues for an amount that reflects the consideration to which the entity expects to be entitled in an economic exchange with a client for the transfer of goods or services. The new standard requires more subjective input and choices by directors in defining their policy of revenue recognition.

The new standard introduces a five-step model to analyse transactions and define revenue recognition with reference to the timing of recognition and amount to be recognised.

The analyses conducted by management indicated no amendment is necessary to the method of revenue recognition adopted by the Group.

IFRS 9 brings together all three aspects relating to accounting for financial instruments: classification and measurement, impairment and hedge accounting. In its application of the new principle, the Group has opted not to restate comparative period information.

The main areas affected by the rules contained in the principle are as follows.

Classification and measurement of financial assets and liabilities

The effects arising from application of the rules regarding classification and measurement introduced by IFRS 9 are not significant for the Group. The Group does not currently hold financial liabilities designated as fair value through profit and loss (FVTPL) as a result of adopting the so-called “fair value option”. With regard to financial assets the new principle prescribes that the classification of assets depends on the asset’s contractual cash flow characteristics and the entity’s business model for managing the financial asset.

Impairment

IFRS 9 requires that the Group recognise expected credit losses on all financial receivables held, financing and trade receivables, taking into consideration either a period of 12 months or the full contractual term of the instrument (e.g. lifetime expected loss). The Group has opted for the simplified approach and therefore will recognise expected losses on all trade receivables on the basis of their residual contractual term. However, the Group will continue to analyse the specific characteristics of the sector and certain clients in its evaluations.

Hedge accounting

In the event that the Group should in the future decide to put in place hedging operations using derivative financial instruments and to apply hedge accounting, it would have to adopt the rules contained in IFRS 9. Given that IFRS 9 does not amend the general principle that an entity should account for the effective hedging relationship, the main changes with respect to the former principle IAS 39 are as follows: - only a prospective hedging effectiveness assessment is required and may be based on qualitative aspects, substituting the former 80-125% assessment and focusing on the economic relationship between the hedging instrument and the hedged item; -

the possibility of designating as a hedged item only a component of risk, also for non-financial items (as long as the component of risk is separately identifiable and can reliably be estimated); - introduction of the “costs of hedging” concept; - greater possibilities of designating groups of items as a hedged item, including stratification and some net positions. In the absence of hedge accounting, differences in fair value of derivative financial instruments will continue to be recognised in profit & loss.

Given the aforementioned considerations, the application of IFRS 9 has no impact on the Group.

It should also be noted that the following accounting principles, amendments and interpretations, applicable from 1 January 2018, are not relevant or have not given rise to any effect on the Group:

- amendments to IFRS 4: jointly applicable to IFRS 9 “Financial instruments” and IFRS 4 “Insurance contracts”;
- interpretation IFRIC 22 “Foreign currency transactions and advance consideration”;
- amendments to IAS 40 “Amendments to transfers of investment property”;
- amendments to IFRS 2 “Classification and measurement of share-based payment transactions”;
- amendments to IFRS 1 “First time adoption of International Financial Reporting Standards”: deletion of short-term exemptions for first-time adopters;
- amendments to IAS 28 “Investments in associates and joint ventures”: clarification that recognition of an investment at its fair value recognised in the profit/(loss) for a financial year is a choice that is applicable to the individual investment;

As indicated in the consolidated financial statements at 31 December 2017, amongst the principles issued by the IASB, but not yet mandatorily effective for the preparation of the present financial statements, attention should be directed to IFRS 16 “Leases”, which will be applicable from 1 January 2019.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise all leasing contracts in the financial statements, including contracts qualified in accordance with current practice as operating leases (e.g. certain rental or hire agreements), on the basis of single model substantially similar to that used for the recognition of finance leases in accordance with IAS 17. At the start date of the leasing contract, the lessee must recognise a liability and future lease payments (i.e. the liability of the lease) and an asset which represents the right to use the underlying asset for the duration of the contract (i.e. the right-of-use asset). The lessee should separately recognise the interest expense on the lease liability and the amortisation of the right-of-use of the asset.

The lessee must also remeasure the liability relating to the leasing contract to reflect the impact of certain events (e.g. a change in the conditions of the leasing contract, a change in the future lease payments resulting from a change in an index or a rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The principle allows two exemptions for recognition by lessees:

- leasing contracts where the underlying assets have a low value (a specific example for the Group could be the operating rental agreements for office equipment such as photocopiers, currently recognised in the financial statements amongst “Other operating costs”);

- short term leasing contracts (e.g. contracts with a lease term of 12 months or less).

The Group will carry out its definition of the effects of IFRS 16 on its financial statements taking into account the possible changes that may affect current contractual agreements in place at the date of the present report and the options for early adoption and simplification allowed by the principle.

5. Valuation criteria

In preparing the condensed consolidated half-year financial statements, prepared in accordance with IAS 34 (Interim financial reporting) the Group has applied the same valuation criteria that were applied in the preparation of the Consolidated Financial Statements for the year to 31 December 2017 which are summarised below.

Financial assets and liabilities

These include investments held for trading and available for sale financial assets, non-current loans and receivables, trade receivables and other receivables originated by the business and other current financial assets such as cash and cash equivalents. Please see the definitions below for more information regarding financial assets such as investments in associates and other investments.

Cash and cash equivalents include bank and post-office accounts, easily liquidated securities which represent temporary investments of liquid assets and financial receivables that can be exercised within three months. These also include financial liabilities, trade payables and other payables and financial liabilities including derivative instruments.

Financial assets and liabilities are recognised in the accounts at the fair value determined by the contractual rights and obligations pertaining to the instrument. They are initially recognised taking into account directly attributable transaction costs associated with purchase of the instrument and issue costs which are included in initial value of all the assets or liabilities definable as financial instruments. Subsequent valuation depends on the nature of the instrument. In particular:

• *Held for trading assets*, excluding derivative instruments, are valued at fair value with differences in fair value recognised in profit and loss. This category is mainly composed of trading investments and so-called trading assets.

• *Other financial assets and liabilities*, different from derivative instruments and investments, with fixed or determinable payments, are valued at amortized cost. The nominal value of the asset is directly adjusted for any transaction costs incurred at the time of purchase/sale (e.g. fees, commissions or discounts at the time of issue, costs incurred in the acquisition of loans etc.). The financial income/expense is then recalculated using the effective interest rate method. Financial assets are subject to regular valuations to determine any possible existence of objective evidence that they might have experienced any impairment of value. The valuation of receivables takes into account the solvency of creditors and the characteristics of credit risk indicative of the payment capacity of each individual debtor. Any impairment in fair value is recognised as a cost in the income statement for the period. This category includes non-current receivables and loans, trade receivables and other receivables originated by the business, financial payables, trade payables and other payables and financial liabilities.

• *Available for sale assets*, are valued at fair value and any gains or losses are recognised in net equity, specifically in the “Other components of comprehensive income reserve” (OCI reserve). The recognised fair value is reclassified to profit and loss at the effective time of disposal. Losses on valuation at fair value are instead directly recognised in profit and loss where there exists objective evidence that the financial has experienced impairment even if the asset has not yet been sold. Investments in non-quoted assets for which fair value can not reliably be measured are valued at cost reduced for impairment or lasting loss of value. This category includes investments in which the shareholding owned is less than 20%.

Financial assets are derecognised from the statement of financial position when the right to receive cash flows expires and all risks and benefits connected with ownership of the asset have been substantially transferred or in the event that the item is considered to be definitively irrecoverable after all necessary procedures to attempt recovery have been completed.

Financial liabilities are derecognised in the financial statements when the specific contractual obligation under the liability expires. Expiry can also mean an amendment to existing contractual terms, when the new conditions represent a significant change to the original agreement and however, when the present value of the cash flows generated under the terms of the revised agreement are significantly different to the present value of the cash flows of the original liability.

Investments in associates and other businesses

These financial assets are initially valued at cost, including any expenses directly connected to the purchase. Thereafter, investments in associates are recognised in the financial statements using the net equity method, commencing from the date on which significant influence began until the moment that such significant influence ceases to exist, with the exception of cases in which they are held for sale.

Significant influence means the power to participate in the administrative and operational decisions of the investee without having control (IAS 28).

Under the net equity method, investments in associates are initially recognised in the balance sheet at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Where the losses of associates exceed the Group's interest in the associate, they are not recognised, unless the Group has undertaken an obligation to cover the said losses. The effects of the valuation are recognised in profit and loss.

Investments in other businesses which constitute available for sale financial assets are recognised at fair value, if determinable, in net equity and the profits and losses deriving from changes in fair value are recognised directly in net equity until they are sold or have experienced impairment; in these circumstances the comprehensive profits or losses previously recognised in net equity are reclassified to the income statement for the period.

Minor investments in other businesses, for which it is not possible to attribute fair value, are recognised at cost eventually adjusted for impairment if necessary.

Non-current intangible assets

The definition intangible assets may only include identifiable assets, controlled by the company, which are capable of generating future economic benefits. These include goodwill if acquired in exchange for economic consideration. These assets are recognised in the balance sheet at purchase or production cost, including ancillary costs in accordance with the criteria indicated for tangible fixed assets.

Research and development costs may also be capitalised on condition that the cost may reliably be calculated and that it can be demonstrated that the asset will be capable of generating future economic benefits. Intangible assets with a finite future life are systematically amortised over the period of their useful life from the moment that the asset becomes available for use.

Research costs are recognised in profit and loss in the period in which they are incurred.

Amortisation is calculated, on a straight line basis, applying the following useful life of 5 years.

Goodwill

Goodwill and other assets with indefinite useful life are not subject to systematic amortisation but are subject to an assessment of their recoverability, carried out at least once a year (the impairment test) which is conducted for each individual Cash Generating Unit (CGU) or group of cash generating units to which the asset with indefinite useful life may reasonably be allocated; the test is described below, in the section "Impairment". For goodwill, any adjustment for impairment may not subsequently be reversed.

When part or all of the previously acquired company which gave rise to goodwill is sold, the calculation of the capital gain or loss on disposal should take into consideration the corresponding residual value of goodwill.

Non-current tangible assets

Non-current tangible assets are initially recognised at the cost of acquisition or production or conferral, inclusive of any ancillary expenses or direct costs necessary to render the asset available for use. Costs incurred subsequent to purchase are capitalised only if they increase the future economic benefits that derive from use of the said asset.

All other costs are recognised in profit and loss when they are incurred. In particular ordinary maintenance costs are fully charged to the income statement in the period in which they are incurred.

Costs incurred for maintenance carried out at regular intervals are allocated to the assets to which they refer and are amortised in relation to the specific residual potential for use of the said assets.

Amortisation is calculated on a straight line basis on the cost of the assets net of related residual value on the basis of their estimated useful life.

Land is not amortised even if acquired jointly through the purchase of a building.

When the tangible asset is made up of several significant components each having different useful lives, amortisation is applied to each individual component, in application of the "component approach" recommended by the principle.

The residual value of the asset, the useful life and the applied methodologies are reviewed annually and updated, if necessary, at the end of each financial year. If there are indications of impairment of value, the tangible assets are subject to an Impairment test, which is illustrated below in the section "Impairment". Any eventual write-down may be reversed if the original reasons for the write-down are no longer valid.

Gains or losses deriving from the sale or divestment of assets are calculated as the difference between the proceeds of sale and the net book value of the asset and are recognised in profit and loss for the period.

Non-current leased assets

A lease is considered a finance lease when the terms of the contract transfer substantially all of the risks and rewards associated with the ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets acquired through finance leasing contracts are included amongst "non-current tangible assets" and recognised as assets of the Group at their fair value at the date the contract was signed, or, if less at the present value of the minimum payments due on the leasing contract. The value of the asset included amongst "non-current tangible assets" is subject to systematic depreciation on the basis of the technical-economic life of the said asset. If there is not a reasonable certainty that ownership of the asset will be acquired at the end of the leasing period, the asset must be fully depreciated over the shorter of the duration of the lease and the useful life of the asset.

The corresponding liability to the lessor is recognised in the balance sheet as a finance lease liability. The leasing payments are sub-divided into principal and interest in order to establish a constant interest rate on the residual liability. Financial expenses are directly recognised in the income statement for the period, unless these cannot be attributed to a specific asset, in which case they may be capitalised in accordance with the Group's general policies regarding financial expenses. The liability is progressively reduced on the basis of the repayment of principal plan contained in the contractually agreed leasing charges.

Business combinations

Business combinations are recognised in accordance with the acquisition method. This method requires that the consideration transferred in a business combination is valued at fair value, calculated as the total of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and the capital instruments issued in exchange for control of the acquired company. The ancillary costs of the transaction are generally recognised in the income statement at the time they are incurred.

At the date of acquisition, the identifiable assets acquired and the liabilities assumed are recognised at fair value at the date of acquisition; the following items are exceptions to this rule and are valued according to the relevant accounting principle applicable to them:

- Deferred tax assets and liabilities;

- Assets and liabilities relating to employee benefits;

- Liabilities or capital instruments relating to payments based on the shares of the acquired business or payments based on shares relating to the Group issued in substitution of contracts of the acquired company;

- Assets destined for sale and discontinued assets and liabilities.

Goodwill is measured as the difference between the consideration transferred for the business combination, the value of the net equity of non-controlling third parties and the fair value of any previously held equity interest in the acquiree in respect of the fair value of the net assets acquired and liabilities assumed at the date of acquisition. If the value of the net assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the value of the net equity of non-controlling third parties and the fair value of any previously held equity interest in the acquiree, this excess is recognised immediately in the income statement as income from the transaction.

The non-controlling interest in equity at the acquisition date may be valued at fair value or the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The measurement method is carried out transaction by transaction.

Any consideration subject to conditions contained in the business combination contract are valued at fair value at the acquisition date and included in the value of the consideration transferred in the business combination in order to determine any goodwill. Any subsequent changes in fair value, which qualify as adjustments arising during the measurement period, are included retrospectively in goodwill. Changes in fair value, which qualify as adjustments arising during the measurement period are changes deriving from additional information on the facts and circumstances which existed at the acquisition date and which emerge during the measurement period (which may not exceed the period of one year from the date of the business combination)

In the case of a business combination achieved in stages the investment previously held by the Group in the acquired entity is measured at fair value at the date that control is obtained and any resulting gain or loss is recognised in profit or loss. Any values arising from the previoulsy held investment and recognised amongst "Other comprehensive gains or losses" are reclassified in the income statement as though the investment had been sold.

If the initial values of a business combination are incomplete at the closing balance sheet date of the period in which the business combination occurred, the Group reports in its own consolidated financial statements the provisional value of the items for which it has not been possible to complete the assessment. These provisional values are adjusted in the measurement period to take into account new information obtained regarding the facts and circumstances which existed at the date of the acquisition which, had they been known, would have had an effect on the value of the assets and liabilities recognised at that date.

Impairment

At the end of each reporting period, the Group reviews the book value of its tangible and intangible assets to determine whether there are any indications that these assets have experienced impairment. If there is evidence of impairment, the recoverable value of the asset must be estimated to determine the potential amount by which the asset should be revalued. Where it is not possible to estimate the recoverable value of an individual asset, the Group will estimate the recoverable value of the cash flow generating unit to which the asset belongs.

Intangible assets with an indefinite useful life including goodwill, are tested at least annually and also whenever there are indications of a possible loss of value to determine whether there has been impairment.

The recoverable amount of the asset is the higher of its fair value less costs of disposal and its value in use. In determining value in use, the estimated future cash flows are discounted to present value using a discount rate net of taxes that reflects current market value of the cost of money and the specific risks of the asset. If the recoverable amount of an asset (or a cash flow generating unit) is estimated to be lower than the related book value, it is revalued to the lower recoverable value. Impairment is recognised immediately in profit and loss. When the reasons for impairment no longer exist, the book value of the asset (or cash flow generating unit), with the exception of goodwill, is adjusted to the new value deriving from the estimate of its recoverable value, although this value may not exceed the value that would have been measured if there had been no impairment. Reversal of Impairment is recognised immediately in profit and loss, unless the asset has been revalued in which case reversal of impairment is recognised in the revaluation reserve.

Inventories

Inventories are recognised at the lower of cost and net realisable value. The method of cost determination adopted by the Group is average weighted cost, a value that is on average no higher than the corresponding market price at the balance sheet date.

Net realisable value is the selling price in normal operational circumstances, net of estimated costs of completion and those necessary to achieve a sale. Risk of obsolescence is addressed by making suitable value adjustment provisions. Any eventual write-downs are eliminated in subsequent periods if the motives for them no longer exist.

Work in progress is valued at cost of production, with the exclusion of financial charges and general structural expenses. Work in progress to order, where it exists, is recognised on the basis of stage of completion (or percentage of completion) according to which the costs, revenues and margins are recognised on the basis of the stage of advancement of the production process, determined with reference to the costs incurred at the valuation date and the total cost expected to be incurred for the project or on the basis of units of product delivered.

Post employment benefits

The accounting principle states that the employee severance indemnities (In italy TFR – Trattamento di Fine Rapporto) constitutes a defined benefit plan subject to actuarial valuation (mortality, expected change in remuneration, etc.) in order to express the present value of the benefit, payable on cessation of employment, which accrue to employees at the balance sheet date. With reference to the classification of costs relating to defined benefit plans, costs relating to the provision of labour (current and past) are recognised in “personnel costs”. Interest costs, however, net of the expected return on assets servicing the plan, are recognised amongst “financial interest charges”

Provisions for risks and charges

Provisions for risks and charges are made when, based on the estimated probability, the Group must meet a present obligation stemming from a past event.

Provisions are made on the basis of the best estimate, based on the costs required to fulfil the obligation at the balance sheet date and are discounted to present value when the effect is significant. In this case, the discount procedure makes use of a pre-tax discount rate which reflects the current market level of the time value cost of money. The effect of the discounting to present value is recognised amongst financial expenses.

Derivative instruments

The assets and liabilities of the Group are primarily exposed to financial risks associated with changes in interest rates and changes in foreign currency exchange rates.

Derivative instruments are initially recognised at cost and adjusted to fair value in subsequent accounting periods with changes in fair value recognised in the income statement where they do not satisfy the criteria to be qualified as hedging instruments or by the type of instrument or if the company chooses not to carry out an efficacy test.

Derivative instruments are classified as hedging instruments (cash flow hedge) when the relationshp between the derivative and the hedged item is formally documented and hedge effectiveness, assessed periodically, corresponds to the definitions in IAS 39. When hedge derivatives cover the risk of fluctuations in cash flow of a hedged item, the effective portion of the difference in fair value of the derivative is recognised directly in net equity, while the ineffective part is recognised immediately in profit or loss.

When instead the derivative covers the risk of changes in the fair value of the hedged item (fair value hedge), the difference in the fair value of the derivative is recognised immediately in profit or loss; at the same time the carrying amount of the hedged instrument is adjusted for the corresponding gain or loss in the fair value associated with the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated or exercised or no longer meets the hedge accounting criteria.

At that point, the accumulated gains or losses of the hedging instrument recognised directly in net equity will be retained in equity until the expected transaction effectively takes place. If the expected transaction that is the object of the hedge no longer takes place the accumulated gains or losses recognised in net equity must be taken to profit or loss for the period.

Put and call options for the sale of non-quoted investments exercisable by third parties against the Group are recognised at the present value of the total consideration of the option and are valued as a component of the acquisition cost of the investment.

The fair value of these liabilities reflects the risk of non-fulfillment. The risk of non-fulfillment alo includes, amongst other things, the credit risk of the entity itself (as defined in IFRS 7 Financial instruments: Disclosures). In valuing the fair value of a liability, the effect of credit risk must be taken into consideration (credit worthiness) and any other factor that could influence the probability of fulfillment or otherwise of the obligation.

Embedded derivatives included in other financial instruments or in other contracts are treated as a separate derivative when their risks and characteristics are not strictly correlated to those of the host contract and the latter are not valued at fair value with recognition of the related gains and losses in the income statement.

Recognition of revenues and costs

Revenues and income, costs and expenses are recognised net of returns, discounts, rebates and bonuses and taxes directly connected to the sale of goods and the provision of services.

Revenues are recognised to the extent that it is probable that the economic benefits will be received by the company and the relevant amount can be reliably measured. The following specific reporting criteria for revenues must be respected before revenues can be recognised in the income statement:

Provision of services – Revenues arising from the provision of services are recognised when the service is supplied.

Sales of goods – Revenue is recognised when the company has transferred to the buyer all the significant risks and benefits connected with ownership of the good.

Interest – Interest is recognised as financial income following verification of the relevant interest receivable (using the effective interest method which is the rate that exactly discounts to present value the future expected cash flows on the basis of the expected life of the financial instrument at the net book value of the financial asset).

Taxes

Taxes for the period represent the total of current, pre-paid and deferred taxes.

Current taxes are calculated on the basis of the estimate of the taxable income for the period. The taxable income differs from the result reported in the income statement as it excludes positive and negative items which may be taxable or deductable in other periods and exclude other items that are not taxable or deductable.

The liability for current taxes is calculated using applicable rates or rates which are de facto applicable at the reporting date.

Deferred tax liabilities and pre-paid taxes are determined taking into account all the timing differences arising from the book values of the assets and liabilities and their corresponding values for tax purposes.

Prepaid taxes on tax losses and timing differences are recognised to the extent that it is probable that there will be taxable income in the future against which these prepaid taxes may be recovered.

Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the financial periods in which timing differences are realised or expire.

The book value of prepaid taxes is reviewed at each reporting date and reduced to the extent that it is no longer probable that there will be sufficient taxable income to allow full or partial recovery of these assets.

Deferred taxes are recognised directly in the income statement, with the exception of those relating to accounting items that are recognised directly in net equity, in which case the related deferred taxes are also recognised directly in net equity.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when they relate to taxes payable to the same fiscal authority and the company intends to liquidate the current tax assets and liabilities on a net basis.

Transactions in foreign currencies

The operational currency used in the presentation adopted by the company is the Euro. The monetary assets and liabilities denominated in different currencies, with the exception of fixed assets, are translated at the exchange rate in force at the end of the accounting period and the related gains or losses on conversion recognised in the income statement and any eventual net profit is allocated to a designated non-distributable reserve until it is realised. Revenues and income, costs and expenses relating to foreign currency transactions are recognised at the exchange rates prevailing at the time that the relevant transaction was carried out.

Earnings/Losses per share

Earnings or losses per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation in the period. Diluted earnings or losses per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares in circulation adjusted to incorporate the effect of all potential ordinary shares with a dilutive effect.

Use of estimates

Preparation of the financial statements requires the use of estimates and assumptions that have an impact on the values of the assets and liabilities in the statement of financial position and the information on potential assets and liabilities at the reporting date. The estimated results of the accounting items using the aforementioned estimates and assumptions may differ from those actually reported in the accounts due to the uncertainty inherent in all assumptions and the conditions on which estimates are based.

Estimates are used to recognise provisions for doubtful accounts, for obsolescence and slow moving inventory, for depreciation and amortisation, for impairment of assets, for employee benefits, for taxes and for other provisions for risks and charges. Estimates and assumptions are reviewed regularly and the effects of any change are recognised immediately in the financial statements.

The key valuation procedures and assumptions utilised in the application of the accounting principles regarding future events and which might have a significant impact on the valuations reported in the financial statements or which have exposure to risks that could result in significant adjustments to the book value of assets and liabilities in future reporting periods are summarised below.

The best possible estimates based on information available at the time when the financial statements are being prepared are used in the determination of certain revenue streams, provisions for risks and charges, impairment of receivables and other write-down reserves and tax liabilities.

The credit write-down reserve reflects the estimates regarding the losses attributable to the portfolio of receivables. The estimate of the credit write-down reserve is based on the losses expected by the Group, calculated on the basis of past experience of similar payables or current or historic expired receivables, closure rates, losses and income, and on careful monitoring of credit quality.

The Group is usually assisted in its affairs by legal and tax advisers. A verified liability is recognised amongst the number of potential liabilities when it is considered probable that it will give rise to a financial disbursement and when the amount of the loss arising from it may be reasonably estimated. In the event that a financial disbursement seems possible but the amount can not be determined, this fact is reported in the notes to the financial statements.

The use of estimates is particularly relevant with regard to amortisation (for goods with a definite future life) of tangible and inatngible assets and for those items, included amongst non-current assets with indefinite useful life, which are submitted to an impairment test.

In particular, the category of non-current assets includes intangible assets (including goodwill). The Group regularly reviews the book value of non-current assets held and utilised and of assets held for sale, when facts and circumstances require such revisions to be made. This activity is usually carried out through impairment tests and by carrying out estimates of the future cash flows expected from the utilisation or sale of the asset and employing suitable discount rates for the calculation of present values. When the book value of a non-current asset has suffered a loss of value, the company recognises a write-down for the amount of the difference between the book value and the recoverable value through use or sale of the said asset, which is determined also with reference to the most recent plans of the Group. It should also be noted that, given the uncertainty inherent in industrial plans, and the unforeseeable nature of the events contained therein and of the year and the degree to which such events will materialise, the recoverability of the assets contained in the financial statements may be conditional on the realisation of the said plans.

6. Risk management

The management of the risks to which the Group may be exposed is based on the principle according to which the operating or financial risk is managed by the manager of the company department directly involved.

The principal risks are reported and discussed by the Group's senior management which aims to put in place the necessary arrangements to cover the risks, insure against and value the residual risk.

Exchange rate risk

The Group prepares its financial information in Euro although, given its business model, a proportion of its costs and revenues are expressed in US Dollars.

This exposes the Group to the risk of fluctuations in the value of the Euro against this currency. Although this risk is mitigated by the fact that the Group incurs some of its costs and generates some of its revenues in US Dollars, the Group makes use of exchange rate hedges in relation to its activities on the basis of independent evaluations of existing and expected developments of market conditions

Interest rate risk

The Group makes use of financing agreements at variable interest rates and for that reason interest rate risk is partially mitigated through the use of derivative interest rate hedging instruments (IRS – Interest Rate Swaps)

The Group uses derivative instruments to manage the risk of fluctuations in interest rates which come within the contractual category of Interst Rate Swaps. In particular it is the Group's policy to convert a proportion of its variable interest payables into fixed rates in order to standardise its financial outgoings. These instruments are designated as cash flow hedges. Please refer to the notes to the financial statements for details of the types of instruments used, the notional amounts to which they refer and their fair value at the end of the period under review.

As established by IAS 39, derivative instruments are measured at fair value, corresponding to their mark to market value relating to their reference market and through valuation models and instruments, in order to verify their adequacy and effectiveness. The ineffective amount of their fair value is recognised in the income statement.

Derivative contracts are agreed with leading banking counterparties in order to reduce the risk of contractual non-fulfillment. This exposure to the risk of fluctuations in interest rates applies principally to the sources of finance of certain subsidiaries operating in the sector of energy production from renewable sources which make use of variable rate financing.

Credit risk

The current assets of the Group, with the exception of inventories, are mainly composed of trade receivables.

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It should be noted that the revenues of the Group principally derive from carrying out work to order, the price of which is established on the basis of production batches. In addition, the business of working to order is subject to potentially significant variations in short term revenue streams. Consequently, an increase or decrease of revenues in any given period may not be indicative of the longer term trend of revenues. Although the companies belonging to the Group have developed long term client relationships, any change in existing customer relationships or in the business strategies of any of them could have a negative effect on the economic, financial or capital situation of these companies and, therefore, ultimately on the Group.

The Issuer and the companies belonging to the Group are engaged in attentive monitoring of the recovery of trade receivables. In addition, the Issuer confirms its commitment – where possible and given the practices of the market in which it operates – to manage its trade receivables in order to minimise payment terms and credit risk, including the use of a policy of advance deposits and guarantees.

Liquidity risk

Liquidity risk occurs when conditions do not allow access to the financial resources necessary to carry out activities in the short term.

In order to mitigate liquidity risk, the majority of Group debt has been agreed on a medium long term basis.

The current net financial position guarantees sufficient financial resources to support the short term activity of the Group such that liquidity risk is not considered to be a relevant risk for the Group.

Risks relating to the energy market

The production of electrical energy from renewable sources permits access to the government incentives granted by Legislative Decree no. 28/2011 and the applicable decrees issued periodically by the Ministry for Economic Development. The management of these incentives has been devolved to the public company GSE S.p.A. (GSE)

BEG (Bio Energia Guarcino) receives the incentives for the production of renewable energy from GSE.
In 2009 the plant received the qualification of "plant powered by renewable sources" (IAFR) and was granted incentives until 31 December 2015, through the green certificate mechanism, for a period of fifteen years. This mechanism, beginning from 1 January 2016, was substituted by an incentivised tariff which applies to all entities which had qualified for the green certificate and which will continue to benefit for the remainder of the incentive period.

Ultimately, the energy business is tied to the cost of raw materals, in this case animal fats or vegetable oils, for which the Group does not have a hedging strategy. This fact could have a negative impact on the economic, financial and capital performance of these companies and, therefore, ultimately, on the Group.

7. Fair value of assets and liabilities valued according to amortised cost

The book value of the following assets and liabilities is valued at amortised cost and represents their fair value:

- financial assets held to expiry;
- trade receivables;
- other current assets;
- trade payables and other payables;
- payables and other financial liabilities;
- other current liabilities.

COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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NON-CURRENT ASSETS

8. Tangible assets

The following table shows a breakdown of tangible assets in the first semester 2018:

(Euro thousands)	Historic cost 31.12.2017	Revaluation / impairment	Acquisitions	Disposals	Reclassification	Historic cost 30.06.2018
Land	12.082	-	-	-	-	12.082
Buildings	14.347	9.948	131	-	-	24.426
Work on third party assets	5.440	-	779	-	-	6.219
Plant and machinery	98.002	31	1.303	(101)	1.480	100.715
Work in progress advances	0				(1.595)	(1.595)
Equipment	17.743	0	623	(1)	115	18.480
Other	4.205	1	401	(1)	0	4.606
TOTAL	**151.818**	**9.980**	**3.236**	**(103)**	**0**	**164.932**

(in migliaia di euro)	Accumulated Depreciation 31.12.2017	Revaluation / impairment	Depreciation	Disposals	Other	Accumulated Depreciation
Land	-	-	-	-	-	-
Buildings	5.176	-	288	-	-	5.464
Work on third party assets	2.034	-	438	-	-	2.472
Plant and machinery	63.266	-	1.765	(101)	-	64.930
Work in progress advances						
Equipment	15.149	-	468	(1)	-	15.615
Other	3.610	-	95	(1)	-	3.704
TOTAL	**89.235**	-	**3.053**	**(102)**	-	**92.185**

Revaluations / Write-downs have not been included in the Financial Statements to 30 June 2018 but have been recognised in the entries for previous periods.

At 30 June 2018, the principal tangible investmenst for the company Neodecortech are:

- Euro 0.318 million to upgrade plant and equipment;
- Euro 0.519 million for Cilindri (equipment);

For the company Cartiere di Guarcino at 30 June 2018 investments of Euro 1.480 million have been reclassified for Plant, Machinery and Equipment regarding investments made during the 2017 financial year.

For the company Bio Energia di Guarcino investments principally refer to structural investments for co-generation plant amounting to about Euro 0.780 million.

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9. Goodwill

Goodwill				
(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Goodwill	1.293	1.293	- 0	-

The positive balance (debit balance) of Euro 1.293 million, derives from the initial consolidation of the investment in BEG, in consideration of the projections of future results, was provisionally recognised in the item "Goodwill" taking advantage of the provision allowed in accounting principle IFRS 3 relating to the measurement period. This surplus will be reallocated at a later date.

The Group conducted an annual impairment test (for the Financial Statements to 31 December) and also when circumstances indicate the possibility of a reduction in the recoverable value of Goodwill. The Goodwill impairment test is based on a calculation of the value in use.

10. Intangible assets

(Euro thousands)	Balance at 31.12.2017	Acquisitions	Disposals	Amortisation	Reval. / Impairment	Reclassification	Balance at 30.06.2018
Industrial patent rights and intellectual property utilisation rights	303	141	-	(59)	-	-	384
Concessions, licences, brands and similar rights	10	-	-	(3)	-	-	7
Other intangible assets	133	472	-	(386)	-	2.834	3.054
Work in progress and advances	2.834	-	0	-	-	(2.834)	0
TOTAL	**3.280**	**613**	**0**	**(449)**		(0)	**3.445**

At 30 June 2018, the value of Intangible Assets amounted to Euro 3.445 million. During the semester ended 30 June 2018 a number of principal multi-year projects were completed under the category of Development Costs totalling about Euro 3.200 million of which Euro 2.834 million relate to previous periods.

These capitalised costs relate to the development of an innovative line of decorative papers for new applications and alternative uses, aimed at environmental protection and which are produced using advanced and efficient technologies, which facilitate increases in productivity, lower pollution and reduced generation of waste.

This programme was completed successfully, allowing Cartiere di Guarcino S.p.A. to be fully prepared and equipped to complete all of its industrial and experimental research activities aimed at the development and production of new minimal porosity papers which are characterised by function and suitability for printing which are fully consistent with the criteria establised and guaranteed by pre-impregnated papers, with an important competitive advantage – the use of clean technologies and recyclability.

In addition to the aforementioned qualities, obtained thanks to new formulated pulp mixtures and newly developed finishing technologies, the project has generated technical and qualitative high performance characteristics (high levels of tensile strength and stability) which guarantee its suitability for highly demanding and high profile applications (reproduction of 3D designs, wood effect, stone effect etc.) which are currently served by SYNCRO paper for flooring, which, thanks to the aforementioned innovations, may be extended to an ever broader market.

The Company has developed a plan predicated on full capacity of the said products to generate future income flows sufficient to cover the costs incurred for the development of the new product.

11. Other non-current assets

Other non-current assets				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Other non-current assets	36	36	-	-

The item “Other non-current assets” at 30 June 2018 amounting to Euro 0.036 million, includes recognition of a security deposit.

12. Non current financial receivables

Non-current financial assets				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Non-current financial assets	1.647	1.629	18	1,1

The item “Non-current financial receivables” at 30 June 2018, amounting to Euro 1.647 million, includes Euro 0.444 million represented by a receivable issued to ISFRE (Italian System for Renewable Energy) relating to Cartiere di Guarcino.

13. Prepaid tax assets

Prepaid tax assets				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Prepaid tax assets	2.368	2.499	- 132	(5,3)

The item “Prepaid tax assets” totalling Euro 2.368 million, includes Euro 1.497 million relating to tax losses carried forward while the remainder is principally attributable to differences in the income statement on application of IAS/IFRS accounting principles.

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14. Available for sale financial assets

Available for sale assets				
(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Available for sale assets	2.387	2.074	313	15,1

In the period March-May 2015, CDG International subscribed to financial products composed of 12 life assurance policies for eleven people, with average age of 74 years and average life expectancy of 13.29 years (AVS Underwriting LLC report of June 2016). This financial product has a nominal value of US Dollars 15.5 million. The insurance companies involved are: AXA Equitable Life Insurance Company, Accordia Life and Annuity Company, Voya Financial, Transamerica Advisors Life Insurance Company, Prudential, John Hancock Life Insurance Company and Protective Life Insurance Company

These policies: (i) are governed by laws other than Italian law (i.e. US law), (ii) submit the resolution of any potential disputes to arbtrators and/or judicial authorites of the said jurisdiction.

The Financial Product provides for the payment of a premium of between USD 0.412 million (average annual premium of the first 7 years from signing of the contract) and USD 0.597 million (average annual premium of the subsequent years comprising Life Expectancy).

At 30 June 2018 total premiums amounting to Euro 2.387 million had been paid, inclusive of the purchase price and the premiums paid.

It should be noted that CDG International has appointed Q Capital Strategies LLC to sell the aforementioned Financial Product.

CURRENT ASSETS

15. Inventories of raw materials and finished goods

Inventories of raw materials related principally to inks, paper and impregnation materials in the case of Neodecortech, cellulose and titanium dioxide in the case of Cartiere di Guarcino and animal-derived sub-products SOA in the case of Bio Energia Guarcino.

Inventories				
(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Raw materials, auxiliary materials and consumables	15.707	15.884	(177)	(1,1)
Finsihed products and goods	16.872	16.181	691	4,3
Advances	30	62	(32)	(52,0)
Total Inventories	**32.609**	**32.127**	**482**	**1,5**

16. Trade receivables

The following table illustrates details of this item at 30 June 2018:

Trade receivables				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Trade receivables	30.293	26.534	3.760	14,2
Receivables impairment reserve	(201)	(201)	-	-
Total Trade Receivables	**30.092**	**26.333**	**3.760**	**14,3**

The figure for Trade receivables at 30 June 2018 shows an increase compared with the same period of 2017 mainly due to the increase in sales at 30 June 2018 compared with the same period of the previous year. Average payment period at 30 June 2018 was 118 days compared with the first half of 2017 when the payment period was 118 days.

17. Tax assets

Tax receivables				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
IVA	952	2.958	(2.006)	(67,8)
IRES	119	121	(2)	(1,5)
IRAP	92	139	(47)	(33,9)
Witholding tax credits	405	10	395	3.973,5
Other tax receivables	581	2	580	32.854,9
Total Tax Receivables	**2.149**	**3.230**	**(1.081)**	**(33,5)**

The preceding table shows receipts of IVA (VAT) per Euro 2.006 million in the first half of 2018.

Other tax credits at 30 June 2018 is mostly composed of Euro 0.580 million relating to a tax consolidation credit which is payable in the second half of the year.

18. Current financial receivables

The financial receivable due from Industrie Valentini amounting to Euro 0.868 million at 31 December 2017 was received in the first half of 2018.

Current financial assets				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Current financial assets	-	868	(868)	- 100

19. Other current assets

The following table illustrates details of this item at 30 June 2018:

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Other current assets				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Credits for pre-paid expenses	1	7	(6)	(83,7)
Advances to suppliers	-	2	(2)	(100,0)
Accruals and deferrals	2.283	2.675	(392)	(14,7)
Other	1.044	981	62	6,4
Total Other Current Assets	**3.328**	**3.665**	**(337)**	**(9,2)**

20. Cash and cash equivalents

This item is composed of cash and deposits in bank current accounts. There is no restriction or constraint on cash or cash equivalents.

Cash and cash equivalents				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Bank and Post Office deposits	1.347	6.093	(4.745)	(77,9)
Cash in hand	13	11	1	11,4
Total Cash and Cash equivalents	**1.360**	**6.104**	**(4.744)**	**(77,7)**

The change in cash was used to manage working capital.

NON CURRENT LIABILITIES

21. Provisions for risks and charges

At 30 June 2018 Provisions for risks and charges totalled Euro 0.455 million of which Euro 0.435 million was recognised in the accounts of Cartiere di Guarcino at the time of the valuation of the investment in accordance with the net equity method of the associate, ISFRE (Italian System for Renewable Energy), in addition to the write-off of the investment a provision was made to cover future risks.

Reserve for risks and charges				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Reserve for risks and charges	455	457	- 2	(0,5)

22. Deferred tax liabilities

At 30 June 2018 Deferred tax liabilities amounted to Euro 6.117 million; Deferred taxes principally refer to timing differences between the accounting values and values for tax purposes arising with regard to the reporting of accounting revaluations conducted on owned tangible assets.

Deferred taxes

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Deferred taxes	6.117	6.012	106	1,8

23. Post employment benefits

The balance relates to emplyee severance indemnities (TFR) relating to the companies NDT and CDG and BIO ENERGIA.

Employee severance indemnities

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Employee severance indemnities	2.816	2.905	(90)	(3,1)

24. Non current financial liabilities

The following table illustrates details of this item at 30 June 2018:

Non-current financial liabilities

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
MICA Financing	4.685	4.628	57	1,2
BPM Secured loan	10.704	11.318	(614)	(5,4)
Non-current financing	8.263	7.137	1.126	15,8
Payables to Leasing companies	6.295	7.282	(988)	(13,6)
Payables to shareholders	866	968	(102)	(10,5)
Derivatives reserve (IAS 39)	346	453	(107)	(23,7)
Other	48	47	1	2,1
Total non-current financial liabilities	**31.205**	**31.834**	**(627)**	**(2,0)**

Finanziamento BPM

On 26 May 2017, as certified by the Notary deed of the offices of Notary Mauro Banco, BPM S.p.A. (“Banco BPM” or “BPM”) and the Issuer agreed a secured loan contract (the “BPM Contract”) amounting to Euro 12.000 million (the “BPM Loan”), to terminate the existing loan payable to Carim with a residual value of Euro 7.900 million (capital share) with the difference to be allocated to corporate financial requirements.

The agreed amount of the loan is allocated to the Issuer in a single payment on the signing of the BPM Contract which also establishes full and effectual settlement.

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In accordance with the BPM Contract, the Issuer undertakes to maintain, in substance and enforcable legally, the declared purpose for the full duration of the BPM Loan, under penalty of rescission of the contract in accordance with article 1456 of the Italian Civil Code; to that end, the Issuer accedes to all of the checks and inspections that BPM considers appropriate at any time and to re-imburse the expenses thereof. In the event that the Issuer fails to deploy the resources for the intended purposes, the Issuer must pay BPM a penalty that corresponds in the same way and in the same amount to the advance settlement of the loan. The BPM contract allows for the repayment of the BPM Loan in 108 months

The BPM Loan carries a nominal annual interest rate, convertible on a variable quarterly basis and automatically determined at 2.4 (two point four) points above the average previous month percentage Euribor rate (Euro Interbank Offered Rate) – 3 (three) months base 365 – (simple arithmetic average of the quotation by currency reported daily reported daily at 11:00 Central European Time, by the Euribor management committee). In the relevant month the average of the previous calendar month is applied; the rate is therefore updated each month effective from the beginning of the calendar month. In the event that it is not possible to carry out the calculation of this rate, the relevant index parameter will be the 3 month LIBOR rate relating to the Euro, which is quoted on the second working day preceding the end of each calendar quarter in the event of an increase or decrease in this reference parameter, the rate of interest will be adjusted to the extent of the difference commencing the first day of January, first day of April, first day of July, first day of October following the aforementioned difference, and will remain applicable for the duration of each calendar quarter. In addition, the Issuer underatkes to repay the deferred interest, calculated at the previously indicated interest rate, beginning from the date of signing of the BPM Contract until 30 June 2018 that must be paid in arrears through payment in 5 (five) tranches, due on 30 June 2017, 30 September 2017, 31 December 2017, 31 March 2018, and 30 June 2018 in the amount of Euro 23,000 for the first and Euro 62,000 each.

The Issuer may terminate the BPM Loan in advance through the payment of a consideration equal to 4.5% (four point five percent) of the capital repaid in advance.

In accordance with the BPM Contract, the Issuer underakes to repay the loaned capital in 36 tranches in arrears calculated according to the constant rate amortisation method concluding on 30 September 2018 at the earliest and and the latest on 30 June 2027.

The Company has hedged the interest rate risk of this loan by underwriting a derivative financial hedge instrument (IRS – Interest Rate Swap). The fair value of this instrument at 30 June 2018 was negative for Euro 0.346 million.

The Group's financing arrangements do not require observance of specific financial parameters.

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CURRENT LIABILITIES

25. Trade payables

Trade payables, amounting to Euro 28.708 million refers exclusively to payables to suppliers relating to the purchase of goods and services.

Trade payables

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Trade payables	28.708	33.596	(4.888)	(14,6)

There are no Trade payables of more than 12 months; the average debtor payment period at 30 June 2018 was 97 payment days compared to 124 average payment days at 30 June 2017. The Group has reduced average debtor payment days with the objective of obtaining discounts on purchases from suppliers.

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26. Payables relating to fiscal consolidation

Payables relating to fiscal consolidation, equal to Euro 1.236 million, payable to the controlling entity Finanziaria Valentini are sub-divisded as follows: Euro 0.957 million in the case of Neodecortech and Euro 0.279 million in the case of Cartiere di Guarcino.

27. Tax payables

The following table illustrates the composition of tax payables at 30 June 2018:

Tax payables

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
IVA	(15)	(177)	162	(91,5)
IRES	(145)	0	(145)	100,0
IRAP	364	209	154	0,7
Witholding tax payables	436	658	(222)	(0,3)
Other tax payables	420	529	(109)	(0,2)
Total tax payables	**1.060**	**1.220**	**(160)**	**(0,1)**

Tax payables recognised at 30 June 2018, includes liabilities a to Bio Energia Guarcino for excise duties payable.

28. Current financial payables

The item “Current financial payables” amounting to Euro 23.333 million at 30 June 2018 includes the current capital quota of debt and related interest liabilities for the relevant period of lending in place at 30 June 2018.

The following table illustrates the breakdown of the composition of Current financial payables:

Current financial liabilities

(Euro thousands)	30/06/2018	31/12/2017	Change	Change %
Current bank payables	20.764	19.082	1.682	8,8
Payables to Leasing companies	1.818	1.818	(1)	(0,0)
Payables to shareholders	0	248	(248)	(100,0)
Other payables	0	150	(149)	(100,0)
Current portion of Corporate Bond	750	750	0	0,0
Total current financial liabilities	**23.333**	**22.048**	**2**	**5,8**

29. Other current liabilities

The following table illustrates the components of Other current liabilities, of a non-tax nature, at 30 June 2018:

Other current liabilities				
(Euro thousands)	**30/06/2018**	**31/12/2017**	**Change**	**Change %**
Payables to insurance companies	950	1.019	(69)	(6,7)
Payables to employees	2.474	1.592	882	55,4
Payables to clients	681	684	(3)	(0,5)
Accruals and deferrals	12	61	(48)	(79,5)
Other	400	244	157	64,2
Total other current liabilities	**4.518**	**3.599**	**919**	**25,5**

30. Net equity

At 30 June 2018 the share capital amounted to Euro 16,203,000 subdivided into no. 13,101,500 shares with no indication of nominal value.

The Extraordinary Meeting of Neodecortech Shareholders held on 14 September 2018, approved, amongst other things, an increase in the share capital, in tranches and for payment, up to a maximum amount of Euro 13,101,500 as described below in “Subsequent Events”

31. Purchase and sale of treasury shares

At 30 June 2018, the Company held 6,500 treasury shares with a value of Euro 23,900.

It should be noted that on 23 June 2017, the Extraordinary Meeting of Shareholders in the Issuer granted approval to the administrative body to carry out purchases and sales of treasury shares in order to (i) utilise treasury shares for investment purposes to allow the efficient use of liquidity generated by the Company’s regular activities; (ii) purchase its own shares from beneficiaries of any stock option or stock grant plan approved by the relevant corporate bodies; and (iii) to allow the use of treasury shares in transactions consistent with normal operational activities or for projects that are consistent with the strategies the Company intends to pursue which may be achieved through an exchange of shares.

32. Stock option plans

On 23 June 2017 the Extraordinary Meeting of Shareholders in the Issuer approved a stock grant plan (the “Stock Grant Plan”) and at the same time approved the related Capital Increase in support of the Stock Grant Plan. For further information, please refer to the paragraph “Subsequent Events”. The plan was approved by the Board of Directors on 31 August 2017.

COMMENT ON THE PRINCIPAL ITEMS IN THE CONSOLIDATED INCOME STATEMENT

The following tables illustrate the results to 30 June 2018 compared with the results to 30 June 2017; as a consequence of the consolidation which took place on 30 June 2017, as previously indicated, the comparison between 30 June 2018 and 30 June 2017 is shown without commentary since the figures reported to 30 June 2018 relate to the Neodecortech Group while the figures to 30 June 2017 represent just those of the company Neodecortech spa.

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33. Revenues

The following table shows the components of revenue with reference to the semester ended 30 June 2018:

Total Revenues						
(Euro thousands)	**30 June 2018**	**(a)**	**30 June 2017**	**(a)**	**Change**	**Change %**
Sales of products	62.286	92,7	20.267	88,0	42.019	207,3
Services	3.473	5,2	2.433	10,6	1.040	42,7
Other revenues and income	1.437	2,1	332	1,4	1.105	332,8
Total Revenues	**67.196**	**100**	**23.032**	**100**	**44.164**	**191,7**

34. *Costs of raw materials and semi-finished goods*

This item, amounting to Euro 40.405 million at 30 June 2018, is composed of the following:

Raw materials, secondary materials, consumables and goods				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Raw materials,semi-finished goods, materials	39.788	12.267	27.521	224,3
Packaging	616	251	365	145,6
Total Purchases raw materials, semi-finished goods and materials	**40.405**	**12.518**	**27.887**	**222,8**

35. Cost of services

The item “Cost of services” for the semester ended 30 June 2018 amounts to Euro 9.303 million and includes the costs shown in the following table:

Services				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Consultancy	1.041	440	601	136,6
Advertising and promotion	112	183	(71)	(38,8)
Bonuses and commission	617	205	412	200,9
Transport	1.543	421	1.122	266,6
Utilities	2.326	627	1.699	271,0
Directors' and Statutory Auditors' Remuneratio	268	75	193	257,0
Insurance	501	145	356	245,4
Bank commissions	111	38	73	191,6
Travel expenses	69	47	22	47,8
Miscellaneous industrial services	1.666	480	1.186	247,2
Other services	1.041	246	795	323,3
Remuneration to external workers and service	7	-	7	100,0
Total Service costs	**9.303**	**2.907**	**6.396**	**220,0**

36. Costs for use of third party assets

Use of third party assets				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Leasing expenses	19	9	10	120,3
Rental and other costs	188	9	180	2.112,2
Total use of third party assets	**207**	**17**	**190**	**1.107,5**

37. Personnel costs

"Personnel costs" for the semester ended 30 June 2018 totalled Euro 9.148 million and predominantly include employee salaries and wages amounting to Euro 6.073 million.

The following table gives details of the relevant components:

Personnel costs				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Salaries and wages	6.073	3.077	2.996	97,4
Social security costs	2.038	987	1.051	106,4
TFR - employee severance costs	391	191	200	104,5
Other personnel costs	647	120	527	438,8
Total personnel costs	**9.148**	**4.375**	**4.773**	**109,1**

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38. Other operating expenses

Other operating costs				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Total other operating costs	680	129	551	427,4

39. Depreciation and amortisation

The following table provides detail of depreciation and amortisation expenses for the semester ended 30 June 2018:

Depreciation				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Other intangible items	449	50	399	797,7
Buildings	288	150	138	91,7
Work conducted on third party assets	438	12	426	3.549,5
Plant and machinery	1.752	364	1.388	381,4
Equipment	468	383	85	22,1
Other	107	58	49	84,8
Total depreciation	**3.502**	**1.017**	**2.485**	**244,3**

40. Financial income and expenses

The following table shows the breakdown of financial income and expenses:

Financial income and expense				
(Euro thousands)	**30/06/2018**	**30/06/2017**	**Change**	**Change %**
Interest income	18	96	(78,5)	(81,8)
Financial discounts	100	-	100,4	100,0
Total financial income	**118**	**96**	**21,9**	**22,8**
Interest expenses	(1.050)	(383)	(667,4)	174,3
Leasing related interest	(93)	-	(93,0)	(100,0)
Foreign currency differences	254	-	254,0	(100,0)
Financial discounts	(351)	(95)	(256,1)	269,6
Other expenses	(140)	-	(139,6)	(100,0)
Total Dinancial Expenses	**(1.380)**	**(478)**	**(902,1)**	**188,7**
Total Financial income & expense	**(1.262)**	**(382)**	**(880,2)**	**230,4**

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41. Taxes on income

The taxes on income for the semester under review are reported in accordance with the tax regulations in force on the basis of the best estimate of the effective tax rate expected for the full year.

Deferred taxes are calculated in accordance with the global allocation criteria, taking into consideration the cumulative amount of all timing differences, on the basis of the average rates applicable at the moment these timing differences are reversed.

Pre-paid taxes are reported to the extent that there is a reasonable certainty of their existence, in periods in which deductible timing differences are reversed, against which prepaid taxes have been recognised, of a taxable income that is not less than the differences that are to be eliminated.

The effective tax rate for the first half 2018, gross of the estimate of income from fiscal consolidation of Euro 0.445 million, is equal to 25%.

42. Earnings per share

Earnings per share for the period ended 30 June 2018 is Euro 0.21 and was calculated by dividing the net profit attributable to the Group (Euro 2.717 million) by the average weighted number of shares of the Issuer in circulation in the semester ended 30 June 2018 (13,094,500 shares).

The fully diluted earnings per share for the semester ended 30 June 2018 is Euro 0.20 Euro as a consequence of the aforementioned Stock Grant.

43. Potential liabilities

No other potential liabilities are reported, other than those giving rise to the provisions included amongst “provisions for risks and charges” described above.

44. Related party transactions

Related party transactions, including infragroup transactions, are neither atypical in nature nor unusual, and fall within the normal scope of business of the companies of the Group.

At the date of approval of the consolidated half-year statements the directors of the Company hold, directly and indirectly, a total of 0.42% of the share capital of the Issuer. At the same date, the members of the administrative, management and supervisory bodies and managers with strategic responsibility of the companies of the Group hold a total of 0.49% of the share capital of the Issuer.

The following table details related party transactions at 30 June 2018:

RELATED PARTY TRANSACTIONS	**Total 06/2018**	INDUSTRIE VALENTINI	VALENTINI FAMILY	CORBETTA FIA
Revenues	1.245	717		528
Total Revenues	**1.245**	**717**	**-**	**528**
Costs	(77)	(70)		(7)
Total Costs	**(77)**	**(70)**	**-**	**(7)**
Trade receivables	2.064	1.079		985
Financial receivables				
Total Receivables	**2.064**	**1.079**	**-**	**985**
Trade payables	(50)	(35)		(15)
Tax payables	(2.720)	(1.096)	(1.625)	
Financial payables	(10)		(5)	(5)
Total Payables	**(2.779)**	**(1.131)**	**(1.630)**	**(19)**

The following summary describes the related party transactions carried out by the Group.

Advisory services contract

On 26 June 2017 Finanziaria Valentini and the Issuer agreed a contract for the provision of advisory services by Finanziaria Valentini to the Issuer.

Under the terms of the Advisory Contract, Finanziaria Valentini undertakes to provide advisory services to the Issuer with the aim of supporting the process of listing on AIM Italia. A consideration was agreed, for provision of these services, based on a so-called success fee amounting to Euro 100,000 plus IVA (VAT), conditional on Borsa Italiana granting admission to listing by 31 December 2017. Payment of the consideration will take place when the conditions are proven to be satisfied.

Finanziaria Valentini Services Contract

On 26 June 2017, Finanziaria Valentini the Issuer agreed a contract for the of services by Finanziaria Valentini to the Issuer (the “Finanziaria Valentini Services Contract”). It was agreed that the duration of the Finanziaria Valentini Services Contract would commence 1 July 2017 until 31 December 2019 and, however, not beyond the eventual listing of the Issuer on the automated stock exchange (MTA).

Under the terms of the Finanziaria Valentini Services Contract, the said Finanziaria Valentini will provide the following services to the Issuer:

- Compliance – verification of the applicable regulations

Finanziaria Valentini undertakes to monitor the accounting regulations applicable to the companies of the Group and to issue relevant communications to each individual company regarding amendments to these regulations. In addition, Finanziaria Valentini will regularly carry out training courses and refresher courses for the Issuer’s personnel with regard to the aforementioned matters.

- IT Support– Information systems

Finanziaria Valentini will provide IT support and consultancy services to the Group in its analysis and implementation of the information system infrastructure of the Group to establish homogeneous flows of information with the aim of achieving a fully automated management control system that complies with the regulatory requirements of the MTA.

- Support for the transfer to MTA

Finanziaria Valentini will provide the Companies of the Group with support and consultancy services in its transfer to the MTA. In practical terms, this activity involves tutoring the implementation of the rules which the Issuer has already recognised as its objective. To that end, it will suport the companies of the Group in the process of adopting a self-regulatory code which is compliant with the requirements of the MTA, (e.g. assistance in the management of committees, training in the culture of Investor Relations, upgrading of systems and structures to the appropriate levels of corporate governance, upgrading to the model required by Legislative Decree 231/2001, etc.), reporting of related party procedures, support in the transition to IFRS reporting of individual financial statements.

- Tax support and consultancy

Finanziaria Valentini will provide companies belonging to the Group with support and consultancy advce regarding tax and tax-related services with particular regard to: (i) the tax efficiency of the Group, Group IVA (VAT) treatments, fiscal consolidation; and (ii) the correct compliance with the tax policies applicable to the fiscal policies applying to its commercial activities.

The annual payment agreed for the Finanziaria Valentini Services Contract is Euro 200,000 plus IVA (VAT) and will be paid in 4 (four) pre-paid equal quarterly instalments falling due on 1 July, 1 October, 1 January and 1 April of each year to which the Finanziaria Valentini Services Contract applies.

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Industrie Valentini Services Contract

On 26 June 2017 Industrie Valentini S.p.A and the Issuer agreed a contract for the provision of services by Industrie Valentini S.p.A. to the Issuer (the "Industrie Valentini Services Contract"). The Industrie Valentini Services Contract commence1 July 2017 expiring on 30 June 2018 and will be implicitly renewed annually unless explicitly terminated by one or other of the parties, by registered mail, with receipt requested, at least 3 (three) months prior to the date of each individual expiry date.

Under the terms of the Industrie Valentini Services Contract, Industrie Valentini S.p.A. undertakes to make available to to the Issuer, its production plant (presses, cutters etc.), located at its production site in Rimini, which are necessary for the Issuer to carry out quality control of its products in order to periodically carry out tests and experiments on its products in terms of technical quality and resistance in the finishing and cutting stages. The production facilities (e.g. the press, cutting lines etc.) will be made available on request on the basis of operational planning, on advance notice of at least two weeks.

Industrie Valentini S.p.A. will make available to the Issuer its own production plant for up to 8 (eight) days on an annual basis, consecutively or otherwise, and in blocks of no more than 3 (three) days each.

The consideration agreed for the Industrie Valentini Services Contract is Euro 0.140 million per annum, plus IVA (VAT), regardless of the number of days the Issuer makes us of.

Industrie Valentini Guarantee

On 6 July 2017 Finanziaria Valentini released an industrial guarantee in favour of the Issuer (the "Industrial Guarantee") in guarantee of trade receivables due from Industrie Valentini amounting to Euro 0.852 million, expiring on 31 December 2017 (the "Industrial receivables").

In particular, Finanziaria Valentini intends to guarantee the Industrial receivables that remain unsettled at 31 March 2018 up to the value of the payable that the Issuer will accrue, with reference to the tax year 2017, to Finanziaria Valentini in relation to the execution of the fiscal consolidation agreement signed by both parties on 18 June 2016 (the "Payable for fiscal consolidation 2017") still outstanding at the Date of the Admission to Listing Document.

As a result of the Industrial Guarantee, Finanziaria Valentini undertakes, irrevocably, to purchase from the Issuer at nominal value, within 15 working days from the expiry of the Payable for fiscal consolidation 2017, the Industrial receivables that remain outstanding at 31 March 2018 for a total amount equal to the Payable for fiscal consolidation.

Finanziaria will execute the payment of the amount relating to the Industrial receivables thus acquired esclusively through the total settlement of this payable to the Issuer with the corresponding Payable for fiscal consolidation 2017 that the said Issuer will accrue for payment to Finanziaria Valentini.

The Industrial guarantee was terminated on 8 January 2018.

The Industrie Framework Contract

On 31 August 2017 the Issuer and Industrie Valentini S.p.A. ("Industrie Valentini") agreed a framework supply contract (the "Industrie Framework Contract") which regulates the terms and general conditions of sale of certain specific products of the Issuer, with the aim of regulating the individual purchase orders issued by Industrie Valentini in the course of its contract.

The Industrie Framework Contract is valid for three years and provides for the payment of consideration for each purchase order will be made as follows:

- Invoices released by the Issuer until 31 March 2018 must be settled within 210 days from the date of issue;
- Invoices released by the Issuer between 1 April 2018 and 31 December 2018 must be settled within 180 days of the date of issue;
- Invoices released by the Issuer between 1 January 2019 and 31 December 2019 must be settled within 150 days of the date of issue;
- Invoices released by the Issuer from 1 January 2020 must be settled within 120 days of the date of issue.

In addition, under the terms of the Industrie Framework Contract, Industrie Valentini undertakes to purchase within a period of 6 months all outstanding stocks of printed paper agreed with the Issuer and present in its warehouse.

The Corbetta Framework Contract

On 31 August 2017 the Issuer and Corbetta Fia S.r.l. (“Corbetta FIA”) agreed a framework supply contract (the “Corbetta Framework Contract”) which regulates the terms and general conditions of sale of certain specific products of the Issuer, with the aim of regulating the individual purchase orders issued by Corbetta FIA in the course of its contract.

The Corbetta Framework Contract is valid for three years and provides for the payment of consideration for each purchase order within 90 days of the issue of an invoice by the Issuer.

In addition, undert the terms of the Corbetta Framework Contract, Corbetta FIA undertakes to purchase within a period of 6 months all outstanding stocks of printed paper agreed with the Issuer and present in its warehouse.

Under the terms of the contract regulating the Sale of the business divison agreed between Corbetta Fia and Neodecortech, this contract was completed on 31 August 2018.

The Finanziaria Valentini Commitment

Given that in 2015 CDG International subscribed for financial products composed of 12 insurance policies on the lives of eleven people (the “Financial Product”) and that, simultaneously, for the acquisition of the Financial Product, CDG issued to CDG International a loan of up to Euro 2,000,000.00 (the “Loan”) and that the date of issue of the Admission to Listing Document, the said CDG International granted a mandate to Q Capital Strategies, LLC to sell the aforementioned Financial Product, the Issuer, in the regular conduct of its direction and co-ordination activities, established that the sale of the Financial Product could result in a loss of up to USD 100,000.00 (one hundred thousand) deriving from the difference between the (A) the purchase cost of the Financial Product and the premiums paid and (B) the sale price (the Capital Loss).

Therefore on 1 September 2017, Finanziaria Valentini, the Issuer, CDG and CDG International agreed a contract, under the terms of which Finanziaria will assume an irrevocable commitment pursuant to article 1329 of the Italian Civil Code in respect of the Issuer and CDG in the event that the latter should receive an irrevocable proposal to acquire the Financial Product accepted by CDG and CDG International which could result in the realisation of a Capital Loss, to purchase the Financing and the entire investment held by CDG International for a consideration equal to the sum of the purchase price of the Financial Product and the premiums paid up until that date.

Contract for the provision of energy services

Cartiere di Guarcino approved and signed an Addendum to the energy services supply contract in force since 26 October 2010 which established for the year 2018 the electrical energy price sold at the Forward 2018 (Ask price) published by the relevant wholesaler at the time.

For subsequent years, the Parties can proceeed, from time to time, to set the price of the energy sold, on the basis of Forward quotations (Ask price) published by the relevant wholesaler at the time, at the latest by the last working day of the year preceding the year of reference.

Operations and Maintenance Contract

Beg S.r.l. signed an Operation & Maintenance contract with Cartiere di Guarcino, relating to all the necessary services required to ensure the correct and efficient management of the electricity co-generation plant located in Via Madonna di Loreto no. 2, Guarcino.

For all the activities covered by the contract, the consideration agreed by the parties amounts to Euro 25,000.00 (Twenty-five thousand) per month.

Infragroup Financing Framework Contract

In order to optimise the financial resources generated by the Group, a financing contract (the "Financing framework contract) has been agreed between the companies Neodecortech (Parent company) and its subsidiaries, Cartiere di Guarcino and Bio Energia.

The aforementioned Framework Contract is intended by the parties to regulate the terms and conditions of infragroup financing on a revolving credit basis that NDT may provide to Cartiere and BEG; This agreement expires on 31 December 2018 but may be extended by the parties on written request.

45. Seasonality

The Group is not exposed to significant seasonal variatons.

46. Significant non-recurring events and operations and positions and transactions relating to atypical and/or unusual transactions.

Other than the transactions previously described that occurred in the semester to 30 June 2018, there were no significant non-recurring events and operations and positions and transactions relating to atypical and/or unusual transactions to report.

Stock Grant Plan

On 23 June 2017 the Extraordinary Meeting of Shareholders of the Issuer approved a stock grant plan (the "Stock Grant Plan") and at the same time approved the related Capital Increase in support of the Stock Grant Plan. For further information, please refer to the Admission Document, paragraph 12.2.

Subsequent events

On 28 August an act of attestation was signed, and recorded on 30 August by the Notary Di Mauro, regarding subsequent events affecting matters such as conditions precedent on which the contract recorded on 3 August is predicated.

The Business Division is composed of personnel and all of the assets (plant and equipment) and liabilities of Corbetta and the related legal relationships identified on the basis of the evaluation at 31 May 2018. This division generates annual revenues of about Euro 8 million.

The consideration for the acquisition has been set at Euro 0.180 million and the transaction will be effective from 23.59 hours on 31 August 2018.

The Company believes that this transaction will allow it to make an initial entry in the highly promising European laminates market and, subsequently, following integration of its own expertise and skills with those of Corbetta, to broaden its offer also to PPLF products (Plastic Printed Laminated Film) or new laminated products obtained by combining printed pvc film and transparent pvc film, subsequently embossed and lacquered used in the production of LVT (Luxury Vinyl Tile) flooring where the Neodecortech is recognised leader in the European market. The transaction therefore signifies the acquisition of specific know-how and also the addition of related machinery. The profit margins of PPLF products are in line with those for LVT Flooring and will therefore be amongst the Group's highest margin product categories.

The transaction qualifies as a related party transaction as both the Company and Corbetta are under the indirect common control of Mr. Luigi Valentini.

The transaction is a related party transaction of lesser importance as defined both by the AIM Italia Regulations – Related Parties and by the procedures regarding related party transactions adopted by the Company.
The transaction was unanimously approved by the Board of Directors following the favourable opinion given by the Committee for Related Party Transactions which made use of a report prepared by a third-party independent consultant with regard to the valuation.

Warrants for the subscription of ordinary shares Neodecortech S.p.A.

The extraordinary Meeting of Shareholders in Neodecortech S.p.A, which met on 14 September 2018, approved, amongst other things, an increase in the share capital, in tranches and on payment, for a total amount, including share premium, of Euro 13,101,500, through the issue in one or more tranches of up to 3,275,375 ordinary shares, with no indicated nominal value (the "Conversion shares") exclusively and irrevocably attributable to the exercise of the rights of the holders of the "Neodecortech Warrant 2018-2020 (the "Warrant") to be issued and allocated free of charge and, without additional request from shareholders, allocated to shareholders in the Company as approved by the Extraordinary Meeting of Shareholders on the same date, on the basis of 1 Warrant for each 1 share held.
The same Extraordinary Meeting of Shareholders approved, amongst other things: the maximum number of Warrants to be 13,101,500 and the issue of a maximum number of 3,275,375 Conversion Shares, as well as the Subscription price (as defined and calculated below).

The maximum number of 13,101,500 Warrants valid for subsciption of a maximum number of 3,275,375 Conversion shares give right to the holders to subscribe for the conversion – in accordance with the terms indicated in this regulation (the "Regulation") - of 4 Warrants into 1 Conversion Share with regular dividend rights, at a subscription price of Euro 4 per share.

The Warrants are bearer securities and will be issued to the centralised administration system Monte Titoli S.p.A. on a dematerialised basis in accordance with articles 83-bis et seq. Of Legislative Decree no.58 of 24 February 1998

Following the resignation of Gianluca Valentini on 16 May 2018, the Meeting of Shareholders of 14 September was asked, in ordinary session, to restore the composition of the Board of Directors. The apointment was made on the basis of majority voting, without the application of "voting lists", which, in accordance with Article 21 of the Articles of Association, are required only when it is necessary to renew the entire Board of Directors.

The Shareholders' meeting appointed Francesco Megali as a new Independent Director.

On 3 August, the Notary Di Mauro rgistered "the contract for sale of the business division" signed by the sole proprietorship company Corbetta FIA S.r.l. ("Corbetta") and Neodecortech Spa.

47. Approval by the Administrative Body

The present six-month consolidated report was approved by the Board of Directors for publication on 28 September 2018.

Filago (BG), 28 September 2018

For and on behalf of the Board of Directors, the Chairperson
Alberto Francois

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Neodecortech S.p.A.

Relazione della società di revisione indipendente

Bilancio consolidato semestrale abbreviato al 30 giugno 2018

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Relazione della società di revisione indipendente

Al Consiglio di Amministrazione della
Neodecortech S.p.A.

Relazione sulla revisione contabile limitata del bilancio consolidato semestrale abbreviato

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio consolidato semestrale abbreviato, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal prospetto del conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, della Neodecortech S.p.A. e controllate (Gruppo Neodecortech) al 30 giugno 2018. Gli Amministratori sono responsabili per la redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea. E' nostra la responsabilità di esprimere una conclusione sul bilancio consolidato semestrale abbreviato sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto in conformità all'International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". La revisione contabile limitata del bilancio consolidato semestrale abbreviato consiste nell'effettuare colloqui, prevalentemente con il personale della società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità agli International Standards on Auditing e conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio consolidato semestrale abbreviato.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Neodecortech al 30 giugno 2018, non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Bologna, 28 settembre 2018

BDO Italia S.p.A.

Gianmarco Collico
Socio