FIRST HALF FINANCIAL REPORT
AS AT
June 30, 2015

CONTENTS

(Translation from Italian original which remain the definitive version)

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

The Shareholders' Meeting of the parent company Landi Renzo S.p.A. held on 24 April 2013 appointed the Board of Directors and the Board of Statutory Auditors for the three years 2013 - 2015, therefore until the meeting for approval of the Financial Statements on 31 December 2015.
As at 30 June 2015 the company appointments are distributed as follows:

Board of Directors.

Chairman and Chief Executive Officer	Stefano Landi
Honorary Chairperson - Director	Giovannina Domenichini
Executive director	Claudio Carnevale
Director	Antonia Fiaccadori
Director	Herbert Paierl
Independent Director	Alessandro Ovi (*)
Independent Director	Tomaso Tommasi di Vignano

Board of statutory auditors

Chairman of the Board of Statutory Auditors	Eleonora Briolini
Standing Auditor	Luca Gaiani
Standing Auditor	Marina Torelli
Alternate Auditor	Filomena Napolitano
Alternate Auditor	Pietro Gracis

Control and Risks Committee

Chairman	Alessandro Ovi
Committee Member	Tomaso Tommasi di Vignano

Committee for Remuneration

Chairman	Tomaso Tommasi di Vignano
Committee Member	Alessandro Ovi

Committee for Transactions with Related Parties

Committee Member	Alessandro Ovi
Committee Member	Tomaso Tommasi di Vignano

Surveillance Body pursuant to Legislative Decree 231/01

Chairman	Domenico Aiello
Member of the Body	Alberta Figari
Member of the Body	Enrico Gardani

Independent Auditors	KPMG S.p.A.

Manager in charge of writing up the accounting documents	Paolo Cilloni

(*) The Director also holds the office of *Lead Independent Director*

Registered office and company details

Landi Renzo S.p.A.

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Share capital: Euro 11,250,000

Tax Code and VAT No. IT00523300358
This report is available on the Internet at:
www.landi.it

1.2. GROUP STRUCTURE

1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE QUARTER	Q2 2015	Q2 2014	Change
Revenue	52,567	64,247	-11,680
Gross Operating Profit (EBITDA)	117	6,130	-6,013
Operating Profit (EBIT)	-3,721	2,376	-6,097
Result Before Tax	-5,445	1,256	-6,701
Net result for the Group and minority interests	-4,516	631	-5,147
Gross Operating Profit (EBITDA) / Revenue	0.2%	9.5%	
Operating Profit (EBIT) / Revenue	-7.1%	3.7%	
Net profit for the Group and minority interests / Revenue	-8.6%	1.0%	

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE HALF-YEAR	30/06/2015	30/06/2014	Change
Revenue	98,125	112,370	-14,245
Gross Operating Profit (EBITDA)	160	7,647	-7,487
Operating Profit (EBIT)	-7,556	166	-7,722
Result Before Tax	-8,936	-1,712	-7,224
Net result for the Group and minority interests	-7,233	-1,806	-5,427
Gross Operating Profit (EBITDA) / Revenue	0.2%	6.8%	
Operating Profit (EBIT) / Revenue	-7.7%	0.1%	
Net profit for the Group and minority interests / Revenue	-7.4%	-1.6%	

(Thousands of Euro)

CONSOLIDATED BALANCE SHEET	30/06/2015	31/12/2014	30/06/2014
Net tangible and other non-current assets	126,897	125,157	125,513
Operating capital (1)	54,197	47,455	49,739
Non-current liabilities (2)	-16,097	-17,290	-17,619
NET CAPITAL EMPLOYED	164,997	155,322	157,633
Net financial position (opening cash) (3)	63,707	47,246	49,983
Equity	101,290	108,076	107,650
BORROWINGS	164,997	155,322	157,633

(Thousands of Euro)

KEY INDICATORS	30/06/2015	31/12/2014	30/06/2014
Operating capital / Revenues (*rolling 12 months*)	24.8%	20.3%	22.3%
Net financial debt / Equity	62.9%	43.7%	46.4%
Gross tangible and intangible investments	7,367	13,799	5,613
Personnel (peak)	899	910	899

(Thousands of Euro)

CASH FLOWS	30/06/2015	31/12/2014	30/06/2014
Operational cash flow	-9,311	20,060	9,264
Cash flow for investment activities	-7,230	-13,370	-5,085
FREE CASH FLOW	-16,541	6,690	4,179

(1) This is calculated as the difference between Trade Receivables, Inventories, Work in Progress on Orders, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities;

(2) These are calculated by totalling Deferred Tax Liabilities, Defined Benefit Plans and Provisions for Risks and Charges;

(3) The net financial position is calculated in accordance with the provisions of CONSOB Communication DEM/6064293 of 28 July 2006;

1.4. SIGNIFICANT EVENTS DURING THE SIX MONTHS

April On 24 April 2015, the Shareholders' Meeting resolved, amongst other things, the following:

- allocation of annual profits of Euro 211,778.96 to the extraordinary reserve, as the statutory reserve has already reached one fifth of share capital;
- renewal of authorization for the purchase and disposal of treasury shares;
- in extraordinary meeting, amendment of the Articles of Association to introduce the mechanism of a majority of voting rights.

April The Group published the 2014 Sustainability Report, in order to strengthen the dialogue with *stakeholders,* as it is fully aware that day-to-day activities directed towards sustainability is a means of creating value not only for companies but, in a wider view, for the community as a whole and for all stakeholders with whom the Group interacts.

May On 14 May 2015, through the notice published by Borsa Italiana S.p.A., the “LANDI RENZO 6.10% 2015-2020” (ISIN: IT0005107237) bonded loan was admitted for trading on the ExtraMOT PRO market. The issue, totalling Euro 34 million, with a duration of five years and bullet repayment, a 6.10% gross fixed interest rate with six-monthly deferred coupon, was subscribed and placed by Banca Popolare di Vicenza and by KNG Securities LLP with primary Italian and European institutional investors.

This operation will allow the Group to widen its sources of funding and simultaneously lengthen the average duration of financial debt, and also to continue supporting strategic investment in development of alternative mobility technologies with funding suited to their medium-term profile.

2. INTERIM REPORT ON OPERATING PERFORMANCE

This consolidated six-monthly financial report at 30 June 2015 was prepared pursuant to Legislative Decree 58/1998 and subsequent modifications, as well as by the Issuer Regulations issued by CONSOB.

This consolidated six-monthly financial Report has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and has been prepared in accordance with IAS 34 - Interim Financial Reporting, applying the same accounting policies as adopted in preparing the consolidated financial statements at 31 December 2014.

In partial exception to the provisions of IAS 34, this report provides detailed rather than synthetic schemes in order to provide a clearer view of the economic-patrimonial and financial dynamics that occurred over the six-month period. All values presented below are expressed in thousands of Euro and comparisons are made with respect to data from the corresponding period of the previous year for the economic values and with respect to the data at 31 December 2014 for the financial data (shown in brackets), unless otherwise indicated. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the six-monthly financial statements.

2.1. OPERATING PERFORMANCE

Consolidated results

Revenues and profits were lower with respect both to the same period the previous year and Group forecasts at the start of the year in the first half of 2015, which was characterised by a heavy drop in average oil prices (around 46% lower than in the first half of 2014), in a market context still being affected by geopolitical instability on several reference markets for the sector.

In particular, the *After Market* suffered a reduction in demand linked to lower traditional fuel prices and, consequently, a lower economic benefit in conversion of cars to alternative fuels. This trend was only partially offset by the trend on the OEM sector, which was positive, and registered, according to Anfia data, an increase in the number of registrations of new cars during the six-month period, both in Europe (+8.2%) and in Italy (+15.2%) and a 10.2% increase in purchase of gas-powered cars on the Italian market.

Group Directors remain otherwise convinced that alternative fuels will continue to be one of the principal ecologically-friendly options for the automotive sector future. Indeed, development of the world's most important CNG conversion projects continued and an increasing number of LPG and CNG powered car models offered by car manufacturers are investing in the alternative fuels sector, as confirmed by the increase in supply of LPG and CNG powered models.

There was also good performance in sales of Distribution Systems, which registered a 4.8% growth in revenues compared with the same period of 2014, due to good sales performance, particularly in Italy and some Asiatic countries.

Moreover, in line with the strategies which have made it leader in the sector in which works, the Group is continuing and increasing its investments in innovation, partly as a result of issue of the "LANDI RENZO 6.10% 2015-2020" bonded loan, totalling Euro 34 million and with a duration of five years, which is also aimed at optimising the group's medium-term financial structure.

Total revenues in the first half of 2015 amounted to Euro 98,125 thousand, -12.7% compared to the corresponding period in 2014.

Although operating in the scenario described above, characterized by a significant decline in demand, the Group reported progress in the second quarter of 2015 compared to the first quarter, achieving revenues of Euro 52,567 thousand, an increase of Euro 7,009 thousand (+15.4%).

The gross operating profit for the first half of the year was Euro 160 thousand, compared to Euro 7,647 thousand in June 2014, equivalent to 0.2% in relation to revenues (6.8% in June 2014).

The net operating profit was negative at Euro -7,556 thousand (Euro 166 thousand in June 2014).

The first half of 2015 ended with a Group net loss of Euro -7,169 thousand (net loss of Euro -1,870 thousand in the same period of the previous year).

The following table shows the evolution of the main economic performance indicators for the first half of 2015 compared with the first half of 2014.

(Thousands of Euro)	30/06/2015	%	30/06/2014	%	Change	%
Revenues on goods and services	**98,125**		**112,370**		**-14,245**	-12.7%
Other Revenue and Income	864		876		-12	-1.4%
Operating costs	-98,829	-100.7%	-105,599	-94.0%	6,770	-6.4%
Gross Operating Profit	**160**	**0.2%**	**7,647**	**6.8%**	**-7,487**	**-97.9%**
Amortization, depreciation and impairment losses	-7,716	-7.9%	-7,481	-6.7%	-235	3.1%
Operating Profit	**-7,556**	**-7.7%**	**166**	**0.1%**	**-7,722**	n/a
Net financial charges and forex effect	-1,280	-1.3%	-1,801	-1.6%	521	-28.9%
Gain (loss) on equity investments consolidated using the equity method	-100	-0.1%	-77	-0.1%	-23	29.9%
Profit (Loss) before tax	**-8,936**	**-9.1%**	**-1,712**	**-1.5%**	**-7,224**	n/a
Current and deferred taxes	1,703	1.7%	-94	-0.1%	1,797	n/a
Net profit (loss) for the Group and minority interests, including:	**-7,233**	**-7.4%**	**-1,806**	**-1.6%**	**-5,427**	n/a
Minority interests	-64	-0.1%	64	0.1%	-128	n/a
Net Profit (Loss) of the Group	**-7,169**	**-7.3%**	**-1,870**	**-1.7%**	**-5,299**	n/a

Breakdown of sales by business segment

Second quarter 2015 compared to second quarter 2014

(Thousands of Euro)

Distribution of revenues per area of activity	Q2 2015	% of revenues	Q2 2014	% of revenues	Change	%
Gas Segment - car systems	41,186	78.4%	51,946	80.9%	-10,760	-20.7%
Gas Segment - distribution systems	6,579	12.5%	5,484	8.5%	1,095	20.0%
Total revenues - GAS sector	**47,765**	***90.9%***	***57,430***	***89.4%***	***-9,665***	***-16.8%***
Other (Alarms, Sound, Robotics, Oil and Gas and others)	4,802	*9.1%*	6,817	10.6%	-2,015	-29.6%
Total revenues	**52,567**	**100.0%**	**64,247**	**100.0%**	**-11,680**	**-18.2%**

First half 2015 compared to first half 2014

(Thousands of Euro)

Distribution of revenues per area of activity	At 30/06/2015	% of revenues	At 30/06/2014	% of revenues	Change	%
Gas Segment - car systems	79,207	80.7%	91,535	81.5%	-12,328	-13.5%
Gas Segment - distribution systems	11,150	11.4%	10,641	9.5%	509	4.8%
Total revenues - GAS sector	***90,357***	***92.1%***	***102,176***	***91.0%***	***-11,819***	***-11.6%***
Other (Alarms, Sound, Aquatronics (1), Robotics, Oil and Gas and others)	7,768	7.9%	10,194	9.0%	-2,426	-23.8%
Total revenues	**98,125**	**100.0%**	**112,370**	**100.0%**	**-14,245**	**-12.7%**

(1) The Aquatronics division was sold on1 April 2014

Overall revenues of the Group for the **six-month period** amounted to Euro 98,125 thousand, a decrease (-12.7%) compared with the same period of the previous year.

Revenues from sales of products and services in the **Gas segment** decreased over the six months in question from Euro 102,176 thousand in the first half of 2014 to Euro 90,357 thousand in the first half of 2015, recording a decrease of 11.6%.
The decrease in six-monthly sales in the gas segment – Car systems (-13.5%), was mainly a result of the drop in revenues on the *After Market* channel, which was only partially offset by positive performance on the OEM channel.
Revenues in the gas segment – Distribution Systems showed strong growth of 4.8% compared to the same period in 2014, thanks to good sales performance, especially in Italy and some asian countries.

Revenues of other divisions decreased from Euro 10,194 thousand to Euro 7,768 thousand, a 23.8% decrease linked mainly with the fall in sales of *Oil&Gas* systems; otherwise must be highlighed the positive trend in sales of *speakers* with the 18Sound brand.

During the quarter in question, revenues from sales of products and services in the Gas segment decreased, overall, from Euro 57,430 thousand in the second quarter of 2014 to Euro 47,765 thousand in the second quarter of 2015, a drop of 16.8%.
Within the Gas sector, revenues from sales of Systems for Cars decreased (-20.7%), while those related to sales of Distribution Systems increased by 20% from Euro 5,484 thousand to Euro 6,579 thousand.

In light of the limited importance of sales relating to other sectors, the group's sole business segment can be said to be the production of systems for cars and distribution systems (Gas Sector).

Breakdown of sales by geographical area

Second quarter 2015 compared to second quarter 2014

(Thousands of Euro)

Geographical distribution of revenues	Q2 2015	% of revenues	Q2 2014	% of revenues	Change	%
Italy	10,406	19.8%	11,267	17.5%	-861	-7.6%
Europe (excluding Italy)	22,534	42.9%	26,948	41.9%	-4,414	-16.4%
America	9,370	17.8%	10,896	17.0%	-1,526	-14.0%
Asia and the rest of the world	10,257	19.5%	15,136	23.6%	-4,879	-32.2%
Total	**52,567**	**100%**	**64,247**	**100%**	**-11,680**	**-18.2%**

First half 2015 compared to first half 2014

(Thousands of Euro)

Geographical distribution of revenues	At 30/06/2015	% of revenues	At 30/06/2014	% of revenues	Change	%
Italy	19,913	20.3%	22,191	19.7%	-2,278	-10.3%
Europe (excluding Italy)	44,396	45.2%	48,676	43.4%	-4,280	-8.8%
America	17,386	17.7%	18,357	16.3%	-971	-5.3%
Asia and the rest of the world	16,430	16.8%	23,146	20.6%	-6,716	-29.0%
Total	**98,125**	**100%**	**112,370**	**100%**	**-14,245**	**-12.7%**

With reference to the geographical distribution of revenues, during the first half of 2015 the Landi Group realized 79.7% (80.3% at 30 June 2014) of its consolidated revenues abroad (45.2% in Europe and 34.5% outside Europe), further details of which are provided below.

- Italy

The main factors affecting turnover for the first half of 2015 on the Italian market, down by 10.3% compared to the same six months of 2014, both in terms of sales of LPG and CNG systems as well as electronic components, are mainly related to a downturn in conversions on the After Market, combined with a higher level of competition in the sector.

According to data processed by Consorzio Ecogas, this sector registered a 23% reduction in conversions compared with the previous year. In spite of this decrease, the Group's domestic market share on the *After Market* channel at the end of the period is close to 33%.

With reference to OEM bifuel registrations, the sales mix of new vehicles equipped with LPG and CNG systems registered 10.2% growth compared with the same period of 2014, according to data published by ANFIA – Associazione Nazionale Filiera Industria Automobilistica.

- Europe

Revenues in Europe decreased by 8.8% compared with the first half of 2014, mainly as a result of negative performance on several markets in Eastern European being adversely affected by geopolitical instability factors.

- America

Sales in the first half of the year on the US market, totalling Euro 17,386 thousand, despite registering a slight decrease of 5.3% overall, indicated that the positive trend on the Brazilian, Argentinian and Colombian markets is continuing.

- Asia and rest of the world

Compared with the same period of 2014, there was a 29% decrease for the Asia and Rest of the World markets, substantially attributable to negative performance of sales in Pakistan, China and in Thailand. Sales performance on the Iranian market was good and more than doubled compared with the first six months of 2014, assisted partly by a lowering of international tension.

Profitability

The Gross Operating Profit (GOP) for the first half of 2015 was positive and totalled Euro 160 thousand, equal to 0.2% of revenues, a decrease of Euro 7,487 thousand compared with the figure for June 2014.

Although cost containment activities continue, the fall in profits reported in the first half of 2015 is mainly the result of lower volumes registered in the period, with an estimated value of Euro 4.6 million, and also more pressure on list prices and a different sales mix, which accounts for a further Euro 1.9 million, where the *After Market*, channel characterised by higher margins than the other ones, is strongly penalised.

Costs of Euro 350 thousand were also sustained during the period for a production plant transfer from an external plant to a local unit already operating within the Group, aimed at optimising production and reducing industrial costs. Further costs of around the same amount are expected for completion of the operation during the year.

Costs of raw materials, consumables and goods and changes in inventories decreased overall from Euro 50,635 thousand in the first half of 2014 to Euro 46,701 thousand in the first half of 2015, recording a decrease of Euro 3,934 thousand in absolute terms, as a result of the decrease in sales volumes.

Costs for services and use of third party assets decreased from Euro 31,273 thousand at 30 June, 2014, to Euro 28,659 thousand at 30 June, 2015, primarily due to a decrease in external processing correlated with the fall in revenues

Personnel costs of Euro 22,206 thousand were also substantially stable with respect to the same period of 2014 in this half of 2015 (Euro 21,921 thousand), as was the total workforce employed by the Group, which is 899 employees.

The Net Operating Profit of the period was negative and totalled Euro -7,556 thousand (Euro 166 thousand) after depreciation of tangible assets and amortisation of intangible assets totalling Euro 7,716 thousand (Euro 7,481 thousand).

Financial management (net financial charges and exchange gains) improved by Euro 521 thousand compared with the first half of 2014, mainly as a result of exchange gains, totalling a negative amount of Euro 1,280 thousand (negative for Euro 1,801 thousand)

The result before tax was negative at Euro -8,936 thousand (Euro -1,712 thousand), while the Net Result of the Group showed a loss of Euro -7,169 thousand (Euro -1,870 thousand).

The following table is included to provide a clearer representation and to understand the trend of the key *performance* indicators of the Group.

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	Q2 2015	% of revenues	Q1 2015	% of revenues	Q4 2014	% of revenues	Q3 2014	% of revenues
Revenues on goods and services	52,567		45,558		59,279		61,564	
Gross Operating Profit	117	0.2%	43	0.1%	4,168	7.0%	6,478	10.5%
Operating Profit	-3,721	-7.1%	-3,835	-8.4%	-308	-0.5%	2,714	4.4%
Profit Before Tax	-5,445	-10.4%	-3,491	-7.7%	-1,059	-1.8%	2,663	4.3%
Net profit (loss) for the Group and minority interests	-4,516	-8.6%	-2,717	-6.0%	-1,523	-2.6%	1,585	2.6%

Invested capital

(Thousands of Euro)

Balance Sheet and Financial Position	30/06/2015	31/03/2015	31/12/2014	30/06/2014
Trade receivables	40,427	35,828	35,055	41,894
Inventories	67,382	72,862	63,269	68,024
Work in progress on orders	3,993	2,732	2,590	4,812
Trade payables	-61,325	-59,875	-55,936	-68,293
Other net current assets	3,720	3,943	2,477	3,302
Net operating capital	**54,197**	**55,490**	**47,455**	**49,739**
Property, plant and equipment;	35,118	35,191	35,277	34,674
Intangible assets	71,235	71,351	71,680	72,037
Other non-current assets	20,544	19,772	18,200	18,802
Fixed capital	**126,897**	**126,314**	**125,157**	**125,513**
TFR and other provisions	-16,097	-17,676	-17,290	-17,619
Net capital employed	**164,997**	**164,128**	**155,322**	**157,633**
Financed by:				
Net Financial Position	63,707	58,219	47,246	49,983
Group shareholders' equity	100,630	105,184	107,485	107,128
Minority interests	660	725	591	522
Borrowings	**164,997**	**164,128**	**155,322**	**157,633**

Ratios	30/06/2015	31/03/2015	31/12/2014	30/06/2014
Net operating capital	54,197	55,490	47,455	49,739
Net operating capital/Turnover (*rolling*)	24.8%	24.1%	20.3%	22.3%
Net capital employed	164,997	164,128	155,322	157,633
Net capital employed/Turnover (*rolling*)	75.4%	71.2%	66.6%	70.6%

Net operating capital, amounting to Euro 54,197 thousand, increased by Euro 6,742 thousand compared to 31 December 2014, while the percentage indicator calculated on the rolling turnover increased from 20.3% to 24.8%.

Trade receivables totalled Euro 40,427 thousand and increased by 15.3% compared with 31 December 2014, both as a result of higher sales in the last part of the period and due to less use of factoring operations with credit maturity for which there was derecognition of the relative receivables, totalling Euro 30,143 thousand, compared with Euro 32,580 thousand in December 2014.

Closing inventories and work in progress on orders, totalling Euro 71,375 thousand, increased by 8.3% compared with the end of the previous year, partly as a result of the increase in stocks relating to contracts in progress for compressors for fuel stations compared with the orders' backlog, and also lengthening of several orders planned close to the end of the six-month period on the *After Market* channel.

Net invested capital, totalling Euro 164,997 thousand, increased compared with 31 December 2014, by Euro 9,675 thousand, due to dynamics of the net operating capital, while the percentage indicator, calculated on *rolling* turnover, increased from 66.6% to 75.4% .

Net Financial Position and cash flows

(thousands of Euro)	30/06/2015	31/03/2015	31/12/2014	30/06/2014
Cash and cash equivalents	58,942	22,588	31,820	28,127
Bank payables and short-term loans	-56,041	-52,847	-51,580	-47,286
Short-term loans	-268	-137	-137	-25
Net short term indebtedness	**2,633**	**-30,396**	**-19,897**	**-19,184**
Bonds issued (net value)	-32,994			
Medium-Long term loans	-33,346	-27,823	-27,349	-30,799
Net medium-long term indebtedness	**-66,340**	**-27,823**	**-27,349**	**-30,799**
Net financial position	**-63,707**	**-58,219**	**-47,246**	**-49,983**

With a view to strengthening sources of funding, the parent company issued a five-year bonded loan with bullet 2020 repayment in May 2015, called "LANDI RENZO 6.10% 2015-2020", for a total amount of Euro 34 million. The regulations envisage payment of six-monthly interest coupons and also annual covenants (Net Debt/Ebitda < 4.75; Net Debt/PN < 1). The bonds are traded on the ExtraMOT PRO Segment organised by Borsa Italiana S.p.A.

The success of this operation has allowed new medium-term bank loans to be signed, which has strengthened the Group's financial structure.

This strategy has contributed effectively to lengthening the duration of the debt and therefore to providing important resources to support strategic investments in development of alternative mobility technologies, with sources of funding suited to their medium-term profile and to supporting the current difficult market situation.

The net financial position was negative for Euro 63,707 thousand compared with a negative net financial position at 31 December 2014 equal to Euro 47,246 thousand (negative and equal to Euro 49,983 thousand at 30 June 2014).

Short-term financial exposure is positive for Euro 2,633 thousand, compared with a negative value of Euro 19,897 thousand at 31 December 2014, due to issue of the aforesaid bonded loan. Available funds totalling Euro 58,942 thousand, used partly in a Time Deposit, cover all short-term bank payables of current loans, which will decrease gradually in favour of medium-term debt.

During this half year, as already mentioned, new bank loans were taken out for an overall amount of Euro 31.5 million, while instalments on existing loans totalling Euro 11.7 million were repaid, as well as short-term bank loans totalling Euro 10.3 million.

The following table illustrates the *trend* of the total cash flow over the last 12 months:

(thousands of Euro)	30/06/2015	31/03/2015	31/12/2014	30/06/2014
Operational cash flow	-9,311	-7,833	20,060	9,264
Cash flow for investment activities	-7,230	-3,774	-13,370	-5,085
Free Cash Flow	***-16,541***	***-11,607***	***6,690***	***4,179***
Cash flow generated (absorbed) by financing activities	43,583	1,741	-7,816	-8,771
Overall cash flow	**27,042**	**-9,866**	**-1,126**	**-4,592**

The *Free Cash Flow* was negative at Euro 16.5 million, of which Euro 9,311 thousand came from the operating component.

In addition, the following table lists the amounts by year of expiry of medium/long term loans, including the bonded loan, equal to Euro 66,340 thousand.

(Thousands of Euro)	Year falling due		
	2016 - H2	2017	2018 and beyond
Medium-Long term loans	10,844	9,274	46,222

Investments

Gross investments in property, plant and machinery and other equipment totalled Euro 4,341 thousand (Euro 4,006 thousand at 30 June 2014) and relate mainly to the completion of the works for the plants of the new Technical Centre in addition to purchases of plant and equipment and of test and control tools.

The increase in intangible assets amounted to Euro 3,026 thousand (Euro 1,607 thousand at 30 June 2014) and refer primarily to the capitalization of costs for development projects that meet the requirements of IAS 38 in order to be recognized as balance sheet assets.

Performance of the Parent Company

In the first half of 2015 Landi Renzo S.p.A. generated revenue for Euro 43,320 thousand compared to Euro 46,820 thousand in the first half of 2014 (-7.4%).

The Gross Operating Profit registered a loss of Euro 3,100 thousand (loss of Euro 1,099 thousand), while the net financial position was Euro -60,461 thousand (Euro -44.273 thousand at 31 December 2014).

At the close of the six-month period, the Parent Company's workforce numbered 345 employees, an increase of 3 units compared with 31 December 2014.

2.2. INNOVATION, RESEARCH AND DEVELOPMENT

Research and Development activities in the first half of 2015 saw the continuation of projects initiated in the previous year as well as the launch of new initiatives, in particular:

- launch of the GIRS 12 new generation injectors, on both the *After Market* and in *mass production* for an important OEM customer.
- completion of development of the new LPG multivalves for both car manufacturers and the *After Market*. Functioning of this new component has been improved, reducing the manufacturing costs at the same time;
- introduction onto the market of a new range of electronic systems and the relative kits for all Group brands.

Study and design activities continued with European car manufacturers aimed at creating new gas systems for 2015 and 2016 car models

2.3. SHAREHOLDERS AND FINANCIAL MARKETS

The Landi Group maintains a constant dialogue with its Shareholders through a responsible and transparent activity of communication carried out by the *Investor Relations* office with the aim of providing a clear explanation of the company's evolution. The *Investor Relations* office is also assigned the task of organizing presentations, events and "*Roadshows*" that enable a direct relationship between the financial community and the Group's *Top management*.. For further information and to consult the economic-financial data, corporate presentations, periodical publications, official communications and real time updates on the share price you can visit the Investor Relations section of the site www.landi.it.

The following table summarizes the main share and stock market data for the period:

Price at 02 January 2015	0.992
Price at 30 June 2015	0.98
Maximum price 2015 (02/01/2015 - 30/06/2015)	1.249
Minimum price 2015 (02/01/2015 - 30/06/2015)	0.92
Market Capitalization at 30 June 2015 (Euro thousands)	110,250
Group shareholders' equity and minority interests at 30 June 2015 (Euro thousands)	101,290
Number of shares representing the share capital	112,500,000

The share capital is made up of 112,500,000 shares with a nominal value of Euro 0.10 per share, for a total of Euro 11,250,000.00.

At 30 June 2015, the quotation of the "LANDI RENZO 6.10% 2015-2020" (ISIN:IT0005107237), bonds traded on the ExtraMOT PRO professional segment of the ExtraMOT market organised and managed by Borsa Italiana was 99.35.

2.4. POLICY FOR ANALYSING AND MANAGING RISKS CONNECTED WITH THE ACTIVITIES OF THE GROUP

The Group is exposed to various risks associated with its activities, particularly in relation to the following types:

- Strategic risks relating to the macroeconomic and sector situation, the strategy of international expansion and growth;
- Operating risks relating to relations with *OEM* customers (in the six-month period in question, Group sales of systems and components to *OEM* customers accounted for around 33% of total sales of these products), the high competitiveness of the sector where the Group operates, product liability, protection of intellectual property and recoverability of intangible assets, particularly goodwill.

  Intangible assets totalling Euro 71,235 thousand are reported in the condensed interim consolidated financial statements at 30 June 2015, including Euro 7,491 thousand for development expenditure, Euro 39,942 thousand for goodwill, Euro 23,802 thousand for trademarks and licenses, as well as net prepaid tax totalling Euro 19,450 thousand. The recoverability of such values is related to the materialization of future product plans and the *cash generating unit* to which they refer.
- Financial risks, specifically:
  a) Interest rate risk, linked to fluctuations in the interest rates applied on the Group's variable rate loans;
  b) Exchange rate risk, relating both to the marketing of products in countries outside the Euro area and to the translation of financial statements of subsidiaries not belonging to the European Monetary Union for inclusion in the consolidated financial statements;
  c) Credit risk related to non-fulfilment of contractual obligations by a customer or counterparty;
  d) Liquidity risk, related to possible difficulties in meeting obligations associated with financial liabilities, taking into account that obligations to comply with financial covenants are required for certain loans.

The six-monthly financial report does not include all the information on the management of the above-mentioned risks required for the annual financial statements and should be read in conjunction with the Annual Financial Report prepared for the year ended 31 December 2014. There were no substantial changes in the management of the risks mentioned above or in the policies adopted by the Group during the period.

2.5. OTHER INFORMATION

Transactions with related parties

The creditor/debtor relationships and economic transactions with related companies are the subject of a specific analysis in "Explanatory Notes to the Condensed Interim Consolidated Financial Statements" to which you may refer. It should also be pointed out that sales and purchases between the parties are not classed as abnormal or unusual since they fall under the regular operations of the companies in the group and they are conducted at regular market rates. Regarding the relationships with the parent company Girefin S.p.A., also bear in mind that the Directors of Landi Renzo S.p.A. deem that it does not exercise direction and coordination under art. 2497 of the Civil Code. Lastly, please note that in accordance with CONSOB Regulation 17221/2010, and pursuant to Article 2391-bis of the Civil Code, the Board of Directors has adopted the specific procedure for transactions with related parties, available on the company website, to which you are referred.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to CONSOB communication no. 6064293 of July 28th 2006, note that during the period no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets, safeguarding the minority stockholders.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that during the year 2014 and the first half of 2015 the Parent company did not negotiate any treasury shares or shares of parent companies and does not at present hold any treasury shares or shares of parent companies.

Adoption of simplification of reporting obligations pursuant to CONSOB Resolution no. 18079 of 20 January, 2012.

Pursuant to art. 3 of Consob Resolution no. 18079 of 20 January, 2012, Landi Renzo S.p.A. has decided to adopt the opt-out system envisaged by arts. 70, paragraph 8, and 71, paragraph 1-b, of Consob regulation no. 11971/99 (and subsequent amendments and additions thereto), applying the possibility of derogating from the obligations of publication of the information documents envisaged by Annex 3B to said Consob Regulation, on occasion of significant mergers, demergers, increases in capital through contribution of goods in kind, acquisitions and disposals.

Sub-offices

No sub-offices were established.

2.6. SIGNIFICANT EVENTS AFTER CLOSING OF THE SIX-MONTH PERIOD AND FORECAST FOR OPERATIONS

After the closing of the period and up to today we point out that:

- registrations of motor vehicles in Italy in the period January-July (ANFIA figures) totaled 1,005,409 units, an increase of 15.2% compared to the same period in 2014. In July 2015, a total of 131,489 vehicles were registered, an increase of 14.5% compared with volumes in 2014. Also in July 2015 (UNRAE figures), OEM registration of LPG and CNG bi-fuel vehicles represented 12.4% of the total (15.8% in July 2014), of which 8.2% LPG and 4,2% CNG.

Outlook

As already announced in the press release put out on 15 July 2015, sales trend in the first half of the year does not correspond with Group forecasts for 2015.
As regards outlook, considering tensions linked with macroeconomic factors and some geopolitical situations, Landi Group forecasts for 2015 are turnover around Euro 210 million and consolidated Ebitda around Euro 10 million.
This result will be pursued through some initiatives to recover efficiency in a short term, already started during the second half of the year, which include activation of welfare support for employees of the parent company and an italian subsidiary, for a total of around 450 employees.
In parallel, the Group is preparing a plan to optimize the management both on fixed costs and indirect production costs side and also on improving economic efficiency of the production processes with significant efficiency gains useful to greater competitiveness on the market that allows, in relatively short times, to achieve satisfactory levels of profitability.

Cavriago, 27 August 2015

Chairman and Chief Executive Officer
Stefano Landi

3. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	30/06/2015	31/12/2014	30/06/2014
Non-current assets				
Land, property, plant, machinery and equipment	2	35,118	35,277	34,674
Development expenditure	3	7,491	7,101	6,329
Goodwill	4	39,942	39,942	40,190
Other intangible assets with finite useful lives	5	23,802	24,637	25,518
Equity investments consolidated using the equity method	6	297	180	364
Other non-current financial assets	7	797	773	535
Deferred tax assets	8	19,450	17,247	17,903
Total non-current assets		**126,897**	**125,157**	**125,513**
Current assets				
Trade receivables	9	38,001	33,069	41,301
Trade receivables - related parties	9	2,426	1,986	593
Inventories	10	67,382	63,269	68,024
Work in progress on orders	11	3,993	2,590	4,812
Other receivables and current assets	12	15,787	15,533	17,093
Cash and cash equivalents	13	58,942	31,820	28,127
Total current assets		**186,531**	**148,267**	**159,950**
TOTAL ASSETS		**313,428**	**273,424**	**285,463**

(Thousands of Euro)

TOTAL EQUITY AND LIABILITIES	Notes	30/06/2015	31/12/2014	30/06/2014
Equity				
Share capital	14	11,250	11,250	11,250
Other reserves	14	96,549	98,018	97,748
Profit (loss) for the period	14	-7,169	-1,783	-1,870
Total Equity attributable to the Shareholders of the Parent Company		**100,630**	**107,485**	**107,128**
Minority interests		660	591	522
TOTAL EQUITY		**101,290**	**108,076**	**107,650**
Non-current liabilities				
Non-current bank loans	15	32,299	26,171	30,138
Other non-current financial liabilities	16	34,041	1,178	661
Provisions for risks and charges	17	4,399	5,055	5,190
Defined benefit plans	18	3,374	3,818	3,613
Deferred tax liabilities	19	8,324	8,417	8,816
Total non-current liabilities		**82,437**	**44,639**	**48,418**
Current liabilities				
Bank overdrafts and short-term loans	20	56,041	51,580	47,286
Other current financial liabilities	21	268	137	25
Trade payables	22	59,569	54,632	67,192
Trade payables – related parties	22	1,756	1,304	1,101
Tax liabilities	23	2,360	4,492	4,120
Other current liabilities	24	9,707	8,564	9,671
Total current liabilities		**129,701**	**120,709**	**129,395**
TOTAL EQUITY AND LIABILITIES		**313,428**	**273,424**	**285,463**

3.2. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	Notes	30/06/2015	30/06/2014
Revenues on goods and services	25	97,990	111,618
Revenues (goods and services) - related parties	25	135	752
Other revenue and income	26	864	876
Cost of raw materials, consumables and goods and change in inventories	27	-46,701	-50,635
Costs for services and use of third party assets	28	-27,098	-30,025
Costs for services and use of third party assets – related parties	28	-1,561	-1,248
Personnel expenses	29	-22,206	-21,921
Accruals, doubtful debts and other operating expenses	30	-1,263	-1,770
Gross Operating Profit		**160**	**7,647**
Amortization, depreciation and impairment losses	31	-7,716	-7,481
Operating Profit		**-7,556**	**166**
Financial income	32	224	219
Financial expenses	33	-2,101	-2,237
Exchange rate gains (losses)	34	597	217
Gain (loss) on equity investments consolidated using the equity method	35	-100	-77
Profit (Loss) before tax		**-8,936**	**-1,712**
Current and deferred taxes	36	1,703	-94
Net profit (loss) for the Group and minority interests, including:		**-7,233**	**-1,806**
Minority interests		-64	64
Net profit (loss) for the Group		-7,169	-1,870
Basic earnings (loss) per share (calculated on 112,500,000 shares)	37	-0.0637	-0.0166
Diluted earnings (loss) per share		-0.0637	-0.0166

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	30/06/2015	30/06/2014
Net profit (loss) for the Group and minority interests:		**-7,233**	**-1,806**
Gains/losses that will not be subsequently reclassified in the income statement			
Restatement of defined employee benefit plans (IAS 19)	18	300	-134
Total gains/losses that will not be subsequently reclassified on the income statement		**300**	**-134**
Profits/losses that could subsequently be reclassified on the income statement			
Exchange rate differences from conversion of foreign operations		80	-235
Total profits/losses that could subsequently be reclassified on the income statement		**80**	**-235**
Profits/Losses recorded directly to Equity net of tax effects		**380**	**-369**
Total consolidated income statement for the period		**-6,853**	**-2,175**
Profit (loss) for Shareholders of the Parent Company		-6,837	-2,245
Minority interests		-16	70

3.4. CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euro)

CONSOLIDATED STATEMENT OF CASH FLOWS	30/06/2015	30/06/2014
Financial flows deriving from operating activities		
Profit (loss) for the period	-7,233	-1,806
Adjustments for:		
Depreciation of property, plant and equipment	4,383	4,593
Amortization of intangible assets	3,333	2,888
Impairment loss on receivables	215	287
Net financial charges	1,280	1,801
Changes in provisions and benefits for employees	-444	-126
Income tax for the year	-1,703	94
	-169	**7,731**
Changes in:		
Work in progress on orders	-5,516	-8,214
trade receivables and other receivables	-8,068	-4,620
trade payables and other payables	6,942	17,856
provisions and employee benefits	-356	-1,161
Cash generated from operating activities	**-7,167**	**11,592**
Interest paid	-1,562	-1,857
Income taxes paid	-582	-471
Net cash generated from operating activities	**-9,311**	**9,264**
Financial flows deriving from investment activities		
Proceeds from the sale of property, plant and equipment	111	226
Affiliates consolidated using the equity method	-117	-364
Purchase of property, plant and equipment	-4,335	-3,329
Purchase of intangible assets	-414	-186
Development expenditure	-2,475	-1,432
Net cash absorbed by investment activities	**-7,230**	**-5,085**
Financial flows deriving from financing activities		
Net proceeds on the bond issue	32,994	
Net repayments and loans	10,589	-8,771
Net cash generated (absorbed) by financing activities	**43,583**	**-8,771**
Net increase (decrease) in cash and cash equivalents	**27,042**	**-4,592**
Cash and cash equivalents at 1 January	31,820	32,953
Effect of exchange rate fluctuation on cash and cash equivalents	80	-234
Closing cash and cash equivalents	**58,942**	**28,127**

This report, as required by IAS 7, paragraph 18, has been prepared using the indirect method.

Other information	30/06/2015	30/06/2014
(Increase)/Decrease in trade receivables and other receivables from related parties	-440	-404
(Increase)/Decrease in trade payables and other payables to related parties	452	667

3.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euro)

	Share capital	Legal Reserve	Extraordinary and Other Reserves	Share Premium Reserve	Result for the year	Equity attributable to the Shareholders of the Parent Company	Profit (Loss) attributable to minority interests	Capital and reserves attributable to minority interests	Total equity
Balance at 31 December 2013	**11,250**	**2,250**	**74,866**	**46,598**	**-25,558**	**109,406**	**-402**	**809**	**109,813**
Result for the year					-1,870	**-1,870**	64		**-1,806**
Discounted back profit/loss (IAS 19)			-135			**-135**		1	**-134**
Translation difference			-240			**-240**		5	**-235**
Total profits/losses			**-375**		**-1,870**	**-2,245**	**64**	**6**	**-2,175**
Other changes			-33			**-33**			**-33**
Other share capital increases						**0**		45	**45**
Allocation of profit			-25,558		25,558	**0**	402	-402	**0**
Total effects deriving from transactions with shareholders			**-25,591**		**25,558**	**-33**	**402**	**-357**	**12**
Balance at 30 June 2014	**11,250**	**2,250**	**48,900**	**46,598**	**-1,870**	**107,128**	**64**	**458**	**107,650**
Balance at 31 December 2014	**11,250**	**2,250**	**49,170**	**46,598**	**-1,783**	**107,485**	**39**	**552**	**108,076**
Result for the year					-7,169	**-7,169**	-64		**-7,233**
Discounted back profit/loss (IAS 19)			288			**288**		12	**300**
Translation difference			44			**44**		36	**80**
Total profits/losses			**332**		**-7,169**	**-6,837**	**-64**	**48**	**-6,853**
Other changes			-18			**-18**		85	**67**
Other share capital increases						**0**		0	**0**
Allocation of profit			-1,783		1,783	**0**	-39	39	**0**
Total effects deriving from transactions with shareholders			**-1,801**		**1,783**	**-18**	**-39**	**124**	**67**
Balance at 30 June 2015	**11,250**	**2,250**	**47,701**	**46,598**	**-7,169**	**100,630**	**-64**	**724**	**101,290**

4. EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2015

4.1. GENERAL INFORMATION

The LANDI RENZO Group (also “the Group”) has been active in the motor propulsion fuel supply system sector for more than sixty years, designing, producing, installing and selling environmentally-friendly LPG and CNG fuel supply systems (“car systems” division of the Gas Sector), compressors for fuel stations through the SAFE trademark (“distribution systems" division of the Gas Sector), and, as a secondary business, audio systems through its subsidiary Eighteen Sound S.r.l. and alarm systems through the MED trademark . The Group manages all the phases of the process leading to the production and sale of fuel supply systems for the automotive sector. The Group sells both to the main car manufacturers at a world-wide level (OEM customers) and to independent retailers and importers (*After Market* customers).

The structure of the Landi Group at 30 June 2015 has not changed compared with 31 December 2014.

The parent company of the Landi Renzo Group is Landi Renzo S.p.A. with its registered office in Cavriago (RE). The company is listed on the Milan Stock Exchange in the FTSE Italy STAR segment.

These Financial Statements are submitted to limited auditing by KPMG S.p.A.

4.2. GENERAL PREPARATION CRITERIA AND CONSOLIDATION PRINCIPLES

4.2.1. Premise

The condensed interim consolidated financial statements at 30 June 2015 have been prepared pursuant to art. 154-ter of Legislative Decree 58/1998 “Consolidated Financial Law (Testo Unico della Finanza)”, in accordance with the provisions of international accounting standards (IAS/IFRS) recognized in the European Community, and in particular those of IAS 34 “Interim Financial Statements”. In partial exception to the provisions of IAS 34, this report provides detailed rather than synthetic schemes in order to provide a clearer view of the economic-patrimonial and financial dynamics that occurred over the six-month period. The explanatory notes are also presented in compliance with the information required by IAS 34 with the supplements considered useful for a clearer understanding of the six-monthly financial statements.

The condensed interim consolidated financial statements at 30 June 2015, approved by the Board of Directors on 27 August 2015, must be read in conjunction with the consolidated annual financial statements as at 31 December 2014.

The consolidation method for the financial statements of the group companies is specified below in the sections “Companies consolidated using the line-by-line method” and “Companies consolidated using the equity method”.
The accounting policies used for the preparation of the consolidated financial statements for the six months closed at 30 June 2015 are the same as those used for the consolidated financial statements as at 31 December 2014.
In addition to the interim values of the consolidated income statement and the general consolidated income statement at 30 June 2015 , the balance sheet figures for the year closed at 31 December 2014 and the income statement figures at 30 June 2014 are included in the tables below for purposes of comparison. The functional and presentation currency is the Euro. Figures in the schedules and tables in this six-monthly financial report are in thousands of Euro.

The accounting standards followed by the Group in preparing these condensed interim consolidated financial statements are the same as those used in preparing the financial statements for the year ended 31 December 2014.
It is pointed out that the new accounting standards approved by the European Union that will come into force after 30 June 2015 have not been adopted in advance.

Accounting standards, amendments and interpretations applied by the Group for the first time

The following accounting standards, amendments and interpretations adopted by the European Commission have been applied for the first time as of 1 January 2015:
• *Annual Improvements to IFRSs 2011–2013 Cycle*
• Amendments to IAS 19 – Defined benefit plans: employee contributions
It should be noted that the entry into force of the above did not have any significant impact on the economic-financial values of the condensed interim consolidated financial statements at 30 June 2015 and did not result in any restatement of comparative values.

4.2.2. Consolidation procedures and Accounting policies

The preparation of the condensed interim consolidated financial statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances. Application of these estimates and assumptions affects the amounts presented in the financial statements, such as the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow, and in disclosures provided. Estimates are used in recognizing goodwill, impairment of non-current assets, development expenditure, taxes, provisions for bad debts and inventories, employee benefits and other accruals and provisions. The estimates and assumptions are reviewed periodically and the effects of all changes are normally reflected immediately on the income statement.
It is also pointed out that some valuation processes, especially the more complex ones such as establishing any loss in value of non-current assets, are normally carried out to a fuller extent only during preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are *impairment* indicators that require an immediate assessment of possible losses in value.
The Group performs activities that do not on the whole present significant seasonal or cyclical variations total sales over the course of the year, except for the signing of new supply contracts on the *OEM* channel which may provide for planned and differing delivery schedules in the individual quarters.

4.2.3. Conversion of the financial statements of foreign companies

The Financial Statements in the currency of the foreign subsidiaries are converted into the accounting currency, adopting the half-year end exchange rate for the consolidated Statement of Financial Position and the average exchange rate over the six months for the consolidated Income Statement. The conversion differences deriving from the adjustment of opening Equity to the current rates at the end of the period, and those due to the different method used for conversion of the result for the period, are accounted for in Equity under the other reserves.
The following table specifies the exchange rates used for the conversion of financial statements expressed in currencies other than the accounting currency.

Exchange rate (Value against the Euro)	At 30/06/2015	Ave. 1st half 2015	At 31/12/2014	Average 2014	At 30/06/2014	Ave. 1st half 2014
Real – Brazil	3.46	3.31	3.22	3.12	3.00	3.15
Renminbi – China	6.93	6.94	7.53	8.18	8.47	8.45
Iranian Rial	32,805.00	31,398.21	32,948.20	34,406.35	35,034.10	34,585.01
Pakistani Rupee	113.90	113.35	122.14	134.20	134.82	138.30
Zloty – Poland	4.19	4.14	4.27	4.18	4.16	4.18
Leu - Romania	4.47	4.44	4.48	4.44	4.38	4.46
US Dollar	1.11	1.11	1.21	1.32	1.37	1.37
Peso Argentina	10.16	9.83	10.27	10.77	11.11	10.73
Indian Rupee	71.18	70.12	76.71	81.04	82.20	83.29

4.3. CONSOLIDATION SCOPE

The consolidation area includes the parent company Landi Renzo S.p.A. and the companies in which it holds a direct or indirect controlling stake according to IFRS.

The consolidation area is unchanged compared with 31 December 2014, whereas, compared with 30 June 2014, it does not include Landi Renzo Ve C.A., excluded from consolidation due to irrelevance, starting from the consolidated financial statements at 31 December 2014.

The list of equity investments included in the consolidation area and the relative consolidation method is provided below.

Companies consolidated using the line-by-line method

Description	Registered Office		Share capital	Direct investment	Indirect investment	Notes
Landi Renzo S.p.A.	Cavriago (RE)	EUR	11,250,000	Parent Company		
Landi International B.V.	Utrecht (The Netherlands)	EUR	18,151	100.00%		
Eurogas Utrecht B.V.	Utrecht (The Netherlands)	EUR	36,800		100.00%	(*)
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)	PLN	50,000		100.00%	(*)
LR Industria e Comercio Ltda	Espirito Santo (Brazil)	BRL	4,320,000	99.99%		
Beijing Landi Renzo Autogas System Co. Ltd	Beijing (China)	USD	2,600,000	100.00%		
L.R. Pak (Pvt) Limited	Karachi (Pakistan)	PKR	75,000,000	70.00%		
Landi Renzo Pars Private Joint Stock Company	Tehran (Iran)	IRR	55,914,800,000	99.99%		
Landi Renzo RO srl	Bucharest (Romania)	RON	20,890	100.00%		

Landi Renzo Ve C.A.	Caracas (Venezuela)	VEF	2,035,220	100.00%		(^)
Landi Renzo USA Corporation	Wilmington - DE (USA)	USD	18,215,400	100.00%		
AEB S.p.A.	Cavriago (RE)	EUR	2,800,000	100.00%		
AEB America s.r.l.	Buenos Aires (Argentina)	ARS	2,030,220		96.00%	(§)
Eighteen Sound S.r.l.	Reggio Emilia	EUR	100,000		100.00%	(§)
Lovato Gas S.p.A.	Vicenza	EUR	120,000	100.00%		
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	BRL	100,000		100.00%	(#) (^)
Officine Lovato Private Limited	Mumbai (India)	INR	20,000,000		100.00%	(#)
SAFE S.p.A.	S.Giovanni Persic. (BO)	EUR	2,500,000	100.00%		
Safe Gas (Singapore) Pte. Ltd.	Singapore	SGD	325,000		100.00%	(ç) (^)
Emmegas S.r.l.	Bibbiano (RE)	EUR	60,000	70.00%		

Detailed notes on investments:

(*) held by Landi International B.V.

(§) held by AEB S.p.A.

(#) held by Lovato Gas S.p.A.

(ç)held by Safe S.p.A.
(^) not consolidated because not significant

Companies consolidated using the equity method

Description	Registered Office		Share capital	Direct investment	Indirect investment	Notes
Krishna Landi Renzo India Private Ltd Held	Gurgaon - Haryana (India)	INR	118,000,000	51.00%		
EFI Avtosanoat-Landi Renzo LLC	Navoi region - Uzbekistan	USD	800,000	50.00%		(^)

Detailed notes on investments:

(^) not consolidated because not significant

4.4. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes provided hereafter were calculated on the balances at 31 December 2014 as regards balance sheet items, and on the values of the first half of 2014 as regards income statement items.

4.4.1. SEGMENT REPORTING

Since the financial statements for the year closed at 31 December 2008, the Landi Renzo Group has adopted Accounting Standard IFRS 8 – Operating Segments. According to this Accounting Standard, the segments must be identified using the same procedures with which the internal management reporting is prepared for Top Management. Please see paragraph 2.1 of this Report for information by activity segment and by geographical area.

NON-CURRENT ASSETS

4.4.2. LAND, PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment show an overall net decrease of Euro 159 thousand, decreasing from Euro 35,277 thousand at 31 December 2014 to Euro 35,118 thousand at 30 June 2015.
The following is an analysis of changes in "Land, property, plant and equipment" that took place during the period:

(Thousands of Euro)

	Net Value at 31/12/2014	Acquisitions	Disposals	Depreciation rates	Other changes	Net Value at 30/06/2015
Land, property, plant and equipment	**35,277**	4,341	-630	-4,383	513	**35,118**

The main increases in tangible assets during the six-month period relate to:

- purchase of industrial equipment for Euro 1,581 thousand relating to, testing and control tools, moulds and other equipment;
- advances paid to suppliers and assets under construction for Euro 1,405 thousand, mainly relating to the completion of the fitting of plants in the new Research Centre of the Group.
- Purchase of plant and machinery for Euro 796 thousand;

The main decreases in tangible assets in the first half of 2015 relate to the sale of plant and industrial and commercial equipment, which have not generated major impacts on income statement.

4.4.3. DEVELOPMENT EXPENDITURE

(Thousands of Euro)

	Net Value at 31/12/2014	Acquisitions	Depreciation and impairment	Net Value at 30/06/2015
Development expenditure	**7,101**	2,475	-2,085	**7,491**

Development expenditure amounted to Euro 7,491 thousand (Euro 7,101 thousand) and includes the costs incurred by the Group both for internal personnel and for services rendered by third parties, for projects meeting the requirements IAS 38 to be capitalised. In particular, costs capitalized during the first half of 2015, for a total of Euro 2,475 thousand, refer to innovative projects, aimed at new market segments, capable of expanding and optimizing the product range, the value of which is expected to be recovered through revenue flows generated in future years.
It is expected that new product development activities will continue during the second half of 2015.
All the increases for the period relate to development projects not yet concluded at 30 June 2015, for which the grounds for recoverability have been verified.
To evaluate any losses in value of capitalized development cots, the Group attributes such costs to the corresponding

cash-generating units (CGUs) and evaluates their recoverability, calculating the value of use with the discounted financial flow method.

4.4.4. GOODWILL

The item Goodwill is equal to Euro 39,942 thousand, unchanged compared with 31 December 2014. The following table analyses this amount broken down by CGU (*cash generating unit*):

(Thousands of Euro)

CGU	30/06/2015	31/12/2014	Change
Lovato Gas S.p.A.	35,021	35,021	0
AEB S.p.A.	2,373	2,373	0
MED S.p.A. (merged into Landi Renzo in 2010)	2,548	2,548	0
Total	**39,942**	**39,942**	**0**

During the period there were no events or circumstances that would indicate impairment in relation to the goodwill mentioned above. It's been verified the economic and financial performance of the CGUs to be substantially in line with *budget* plans used at 31 December 2014, and the assumptions underlying the determination of WACC (cost of capital) at 31 December 2014 were found to be still valid at 30 June 2015. Following this check, no trigger events emerged that would have required, also considering the forecasts approved by respective Board of Directors, reformulation of the *impairment test* at 30 June 2015, partly since all the Goodwill items were subject to the*impairment test* at 31 December 2014.

4.4.5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

(Thousands of Euro)

	Net Value at 31/12/2014	Acquisitions	Depreciation rates	Other changes	Net Value at 30/06/2015
Other tangible assets with finite useful lives	**24,637**	551	-1,248	-138	**23,802**

Other tangible assets with finite useful lives, totalling Euro 23,802 thousand (Euro 24,637 thousand), consist mainly of use of inventions and proprietary Group trademarks, particularly the values of the LOVATO trademark (Euro 10,562 thousand), the A.E.B. and 18SOUND trademarks (Euro 9,389 thousand), the Baytech trademark (Euro 1,196 thousand), SAFE trademark (Euro 770 thousand) and the Emmegas trademark (Euro 260 thousand), expressed at the *fair value* at the moment of purchase, based on evaluations made by independent professionals and amortised over 18 years, a period considered to represent the useful lifetime of trademarks, with the exception of the SAFE and Emmegas trademarks, which are amortised over a useful lifetime of 7 years.

4.4.6. EQUITY INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD

This item includes the value calculated by applying the equity method to Joint Venture Krishna Landi Renzo Prv Ltd, owned by the Landi Renzo group, equal to Euro 297 thousand. The increase of Euro 117 thousand compared with 31 December 2014 is due to evaluation of the period, formed of a loss of Euro 100 thousand and a contribution of capital of Euro 217 thousand.

4.4.7. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets, totalling Euro 797 thousand (Euro 773 thousand) mainly include the value of the equity investment in the Joint Venture EFI Avtosanoat Landi Renzo – LLC for Euro 300 thousand and the equity investment in Safe Gas (Singapore) Pte. Ltd. for Euro 203 thousand, as well as guarantee deposits and other assets.

4.4.8. DEFERRED TAX ASSETS

Deferred tax assets, equal to Euro 19,450 thousand (Euro 17,247 thousand), refer primarily to the following main cases:

- remission of the goodwill pursuant to Legislative Decree no. 185/2008, stated by subsidiary Lovato Gas S.p.A. before acquisition by the Landi Renzo Group;
- temporary differences deriving from asset adjustment funds posted primarily by the Italian companies of the Group;
- temporary differences deriving from adjustments for consolidation;
- tax losses suffered by group companies

The allocation of deferred tax assets is carried out for each company of the Group by assessing the existence of the conditions of future recoverability of such taxes on the basis of the updated strategic plans, together with the corresponding tax plans, taking the applicable tax rules into consideration and the inclusion of the Italian companies in the national consolidated tax scheme.

CURRENT ASSETS

4.4.9. TRADE RECEIVABLES (including related parties)

Trade receivables (including trade receivables due from related parties), stated net of the related depreciation fund, are analysed by geographical segment as follows:

(Thousands of Euro)

Trade receivables per geographical area	30/06/2015	31/12/2014	Change
Italy	8,747	7,435	1,312
Europe (excluding Italy)	10,639	10,240	399
America	11,906	10,302	1,604
Asia and the rest of the world	15,082	12,927	2,155
Provision for bad debts	-5,947	-5,849	-98
Total	**40,427**	**35,055**	**5,372**

Trade Receivables totalled Euro 40,427 thousand, net of the Provision for Bad Debts equal to Euro 5,947 thousand, compared with Euro 35,055 thousand at 31 December 2014.
Total operations for assignment of trade receivables through pro-soluto factoring*,* for which the corresponding receivables were *derecognized*, amounted to Euro 30,143 thousand (Euro 32,580 thousand at 31 December 2014).

Receivables from related parties totalled Euro 2,426 thousand (Euro 1,986 thousand) and related to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held, to the Joint Venture EFI Avtosanoat-Landi Renzo LLC and to the Pakistani company AutoFuels. The change, amounting at Euro 440 thousands, is mainly attributable to the sale of platns and machineries to the Joint Venture Krishna Landi Renzo India Private Ltd Held. All the related transactions are carried out at normal market conditions. For transactions with related parties, please refer to paragraph 4.4.39 of this report.

The provision for bad debts, which was calculated using analytical criteria on the basis of the data available and, in general, of the historical trend, changed as follows:

(Thousands of Euro)

Provision for bad debts	31/12/2014	Allocation	Utilization	Other Changes	30/06/2015
Provision for bad debts	5,849	195	-131	34	5,947

The allocations made during the period, necessary in order to adjust the book value of the payables to their assumed recovery value, amount to Euro 195 thousand. Utilization of Euro 131 thousand refers to the write-off of definitively irrecoverable receivables by the Group companies

In accordance with the requirements of Accounting Principle IFRS 7, the following table provides information on the maximum credit risk divided by expiry classes, gross of the Provision for Bad Debts:

(Thousands of Euro)

		Past due			
	Not past due	0-30 days	30-60 days	60 and beyond	Provision for Bad Debts
Trade Receivables at 30/06/2015	33,349	3,269	1,228	8,528	-5,947
Trade Receivables at 31/12/2014	25,672	3,203	1,343	10,686	-5,849

It is considered that the carrying value of the item Trade Receivables approximates the *fair value* thereof.
Checks performed by the company on these customers did not reveal any particular solvency risks not already covered by the related provision.

4.4.10. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	30/06/2015	31/12/2014	Change
Raw materials and parts	45,377	41,809	3,568
Work in progress and semi-finished products	10,756	9,251	1,505
Finished products	16,424	17,191	-767
(Provision for inventories)	-5,175	-4,982	-193
Total	**67,382**	**63,269**	**4,113**

Closing inventories totalled Euro 67,382 thousand, net of the provision for inventories of Euro 5,175 thousand, and therefore record a slight increase of Euro 4,113 thousand compared to 31 December 2014.
The Group estimated the size of the provision for inventories so as to take account of the risks of technical obsolescence of inventories and to align the book value with their assumed recovery value. At 30 June 2015 this item was equal to Euro 5,175 thousand, an increase of Euro 193 thousand compared with 31 December 2014.

4.4.11. WORK IN PROGRESS ON ORDERS

The item refers to contracts for fuel station compressors in progress at 30 June 2015, stated using the percentage of completion method with the *cost to cost* criterion, for a total of Euro 3,993 thousand. At the end of 2014, this item amounted to Euro 2,590 thousand and the increase is related to the increase in the orders' backlog and the state of progress on contracts.

4.4.12. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)

Other receivables and current assets	30/06/2015	31/12/2014	Change
Tax assets	8,858	10,819	-1,961
Amounts due from others	3,166	3,158	8
Prepayments and accrued income	3,763	1,556	2,207
Total	**15,787**	**15,533**	**254**

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 4,713 thousand and income tax credit of Euro 2,685 thousand.
Amounts due from others relate to payments on account, credit notes to be received and other receivables.
Prepayments and accrued income relate mainly to prepayments on insurance premiums, leases, association fees and

hardware e *software* maintenance fees and are substantially in line with the amount of June 2014.

4.4.13. CASH AND CASH EQUIVALENTS

This item, consisting of the active balances of bank current accounts and cash in hand in both Euro and foreign currency, is analysed as follows:

(Thousands of Euro)

Cash and cash equivalents	30/06/2015	31/12/2014	Change
Bank and post office accounts	58,876	31,775	27,101
Cash	66	45	21
Total	**58,942**	**31,820**	**27,122**

Cash and cash equivalents amount to Euro 58,942 thousand (Euro 31,820 thousand). The change respect to December 2014 derives from loans received in May and June 2015, and an amount of Euro 19 million is invested in time deposits at 30 June 2015.

For an analysis relating to the generation and absorption of cash during the year, please refer to the consolidated cash flow statement in paragraph 3.4 of this report.

The values stated can be readily converted into cash and are subject to an insignificant risk of change in value. It is considered that the carrying value of Cash and cash equivalents is aligned with their *fair value* at the balance sheet date.

The credit risk relating to Cash and cash equivalents is therefore deemed to be limited since the deposits are split over primary national and international banking institutions.

4.4.14. EQUITY

The following table provides a breakdown of equity items

(Thousands of Euro)

Equity	30/06/2015	31/12/2014	Change
Share capital	11,250	11,250	0
Other reserves	96,549	98,018	-1,469
Profit (loss) for the period	-7,169	-1,783	-5,386
Total Equity attributable to the Shareholders of the Parent	**100,630**	**107,485**	**-6,855**
Capital and Reserves attributable to minority interests	724	552	172
Profit (loss) attributable to minority interests	-64	39	-103
Total Minority Interests	**660**	**591**	**69**
Total Consolidated Equity	**101,290**	**108,076**	**-6,786**

The share capital stated is the fully subscribed and paid-up share capital of the company Landi Renzo S.p.A. which is equal to a nominal Euro 11,250 thousand, subdivided into a total of 112,500,000 shares, with a nominal value equal to Euro 0.10.

Consolidated Shareholders' Equity showed a decrease of Euro -6,786 thousand compared with 31 December 2014, primarily as a result of the loss for the period. For further details on the changes compared with 31 December 2014, please refer to the table of changes in consolidated shareholders' equity in paragraph 3.5 of this report.

The other reserves are analysed as follows:

(Thousands of Euro)

Other reserves	30/06/2015	31/12/2014	Change
Legal Reserve	2,250	2,250	0
Extraordinary and Other reserves	47,701	49,170	-1,469
Share premium reserve	46,598	46,598	0
Total Other Reserves of the Group	**96,549**	**98,018**	**-1,469**

The balance of the Legal Reserve totalled Euro 2,250 thousand and remains unchanged since it has reached one fifth of the share capital.

The Extraordinary Reserve and the other reserves refer to the profits recorded by the Parent Company and by the subsidiary companies in the preceding years and have decreased by Euro 1,469 thousand as a result of the previous year's loss and the profit discounted to DBO at 30 June 2015 according to the principles of IAS 19.

The Share Premium Reserve originated as a result of the floatation operation for an amount equal to Euro 46,598 thousand, net of the related costs.

Minority interests represent the portion of shareholders' equity and profit for the period of those foreign subsidiaries not wholly owned. During the six-month period this item increased by Euro 69 thousand due to the result for the period and the contribution of capital on subsidiary Emmegas S.r.l. by a minority shareholder.

NON-CURRENT LIABILITIES

4.4.15. BANK LOANS

This item, totalling Euro 32,299 thousand (Euro 26,171 thousand), includes the medium/long term portion of the bank debts for unsecured loans and finance.

The Group had no loans or other financial liabilities with six-monthly financial covenants at 30 June 2015.

The structure of the debt is exclusively at a variable rate indexed to the Euribor and increased by a spread aligned with the normal market conditions; the loan currency is the Euro, except for the loans provided in United States dollars by the Bank of the West. The loans are not secured by collateral and there are no clauses other than the early payment clauses normally envisaged by commercial practice.

The Group does not have any derivatives to cover the loans.

The breakdown of the Group's Net Financial Position is provided in paragraph 2.1 of this Report.

4.4.16. OTHER NON-CURRENT FINANCIAL ASSETS

The item, totalling Euro 34,041 thousand (Euro 1,178 thousand) includes the remaining debt of the "LANDI RENZO 6,10% 2015-2020" bonded Euro 34 million loan, minus the related charges for issuing, of Euro 32,994 thousand, and, for the remainder, the instalments of a subsidised loan disbursed by Simest S.p.A. to the parent company in order to support a plan to expand trade in the USA.

The issue, totalling Euro 34 million, with a duration of five years and bullet repayment, a 6.10% gross fixed interest rate with six-monthly deferred coupon, was subscribed and placed by Banca Popolare di Vicenza and by KNG Securities LLP with primary Italian and European institutional investors and is also traded on the ExtraMOT PRO professional segment of the ExtraMOT Market organised and managed by Borsa Italiana

4.4.17. PROVISIONS FOR RISKS AND CHARGES

These provisions can be broken down as follows:

(Thousands of Euro)

Provisions for risks and charges	31/12/2014	Allocation	Utilization	Other changes	30/06/2015
Provision for product warranties	4,040	172	-874	14	3,352
Provision for lawsuits in progress	270	23		-6	287
Provisions for pensions	91	5			96
Other provisions	654			10	664
Total	**5,055**	**200**	**-874**	**18**	**4,399**

The item "Provision for Product Warranties" includes the best estimate of the costs related to the commitments that the Group companies have incurred as an effect of legal or contractual provisions, in relation to the expenses connected with providing product warranties for a fixed period of time starting from the sale thereof.

This estimate has been calculated with reference to Group historical data, specific contractual contents and business agreements with car manufacturers.

At 30 June 2015, this provision amounted to Euro 3,352 thousand (Euro 4,040 thousand). The provision, equal to Euro 172 thousand, was stated on the Income Statement under the item "Accruals, impairment losses and other operating expenses".

The utilization of the Provision for Product Warranty Risks amounting to Euro 874 thousand is mainly due to the covering of warranty costs related to supplies of components in previous years.

The item "Other provisions" includes provisions of previous years relating to disputes with the Revenue Administration of several Italian companies.

4.4.18. DEFINED BENEFIT PLANS

This item includes exclusively employee severance indemnity funds set up in compliance with the regulations in force. The following is the overall change in defined benefit plans for employees:

(Thousands of Euro)

Defined benefit plans	31/12/2014	Allocation	Utilization	Other changes	30/06/2015
Employee termination indemnities	3,818	60	-286	-218	3,374

The allocation is due to the effect of the revaluation of the TFR for employees in existence at the end of the period. Uses totalling Euro 286 thousand refer to amounts paid to employees who left the Group, while the column other changes relates to adjustment of the DBO according to IAS 19.

For the purposes of calculating the Present Value, an interest rate of 2.06% was adopted, corresponding with the benchmark rate represented by the “Markit iBoxx Euro Corporate AA 10+ “ rate measured at 30 June 2015, compared with the rate of 1.49% in December 2014.

4.4.19. DEFERRED TAX LIABILITIES

Deferred tax liabilities amounted to Euro 8,324 thousand (Euro 8,417 thousand) and relate primarily to temporary differences between the carrying values of certain tangible and intangible assets and the values recognized for tax purposes.

CURRENT LIABILITIES

4.4.20. BANK OVERDRAFTS AND SHORT-TERM LOANS

“Bank overdrafts and short-term loans”, equal to a total of Euro 56,041 thousand (Euro 51,580 thousand), consists of the current portion of existing unsecured loans and financing totalling Euro 33,748 thousand (Euro 19,742 thousand at 31 December 2014), while the remaining Euro 22,293 thousand refers to the utilization of various credit facilities on current accounts.
Note that the above-mentioned loans are not secured by guarantees, are at variable rate and are not covered by derivatives.
The breakdown of the Group's Net Financial Position is provided in paragraph 2.1 of this Report.

4.4.21. OTHER CURRENT FINANCIAL LIABILITIES

This item. totalling Euro 268 thousand (Euro 137 thousand), is formed solely of the short-term portions of a subsidised loan disbursed by Simest to support a plan to expand trade in the USA.

4.4.22. TRADE PAYABLES (including related parties)

Trade payables totalled Euro 61,235 thousand, with an increase of Euro 5,389 thousand compared with 31 December 2014. The increase is due mainly to greater purchases of components and final products linked with the quarterly increase in sales and also the orders' backlog in gas sector-systems for distributions for the second half of the year.

Trade payables (including trade payables to related parties) can be analysed by geographical segment as follows::

(Thousands of Euro)

Trade payables per geographical area	30/06/2015	31/12/2014	Change
Italy	46,936	40,458	6,478
Europe (excluding Italy)	9,606	6,121	3,485
America	1,203	1,158	45
Asia and the rest of the world	3,580	8,199	-4,619
Total	**61,325**	**55,936**	**5,389**

Trade payables to related parties of Euro 1,756 thousand refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments and to Secomnet S.r.l. for the supply of IT services.
All the related transactions are carried out at normal market conditions. For transactions with related parties, please refer to paragraph 4.4.39 of this report.

4.4.23. TAX LIABILITIES

Tax liabilities, consisting of total amounts payable to the Tax Authorities of the individual States in which the companies of the Group are located, amount to Euro 2,360 thousand, compared with Euro 4,492 thousand at 31 December 2014.

4.4.24. OTHER CURRENT LIABILITIES

(Thousands of Euro)

Other current liabilities	30/06/2015	31/12/2014	Change
Amounts owed to pension and social security institutions	2,062	2,389	-327
Other payables (amounts owed to employees, to others)	5,591	4,178	1,413
Payments on account	1,672	1,555	117
Accrued expenses and deferred income	382	442	-60
Total	**9,707**	**8,564**	**1,143**

Other current liabilities amount to Euro 9,707 thousand, an increase of Euro 1,143 thousand compared with 31 December 2014.
In particular, the item "other payables" amounting to Euro 5,591 thousand refers primarily to other receivables for current pay and deferred pay to be settled for employees.
The item "Payments on account" includes mainly advances paid by customers.

INCOME STATEMENT

4.4.25. REVENUES (including related parties)

(Thousands of Euro)

Revenues on goods and services	30/06/2015	30/06/2014	Change
Revenues related to the sale of assets	96,074	110,806	-14,732
Revenues for services and other revenues	2,051	1,564	487
Total	**98,125**	**112,370**	**-14,245**

During the first half of 2015, the Landi Renzo Group achieved revenues of Euro 98,125 thousand, a decrease of Euro 14,242 thousand compared with the previous year.

Revenues from related parties totalling Euro 135 thousand refer entirely to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held and to the Pakistani company AutoFuels. For transactions with related parties, please refer to paragraph 4.4.39 of this report.

4.4.26. OTHER REVENUE AND INCOME

Other revenue and income totalled Euro 864 thousand (Euro 876 thousand) and is formed mainly, in-house construction of plant and machinery and gains on sales of fixed assets and extraordinary income.

4.4.27. COST OF RAW MATERIALS, CONSUMABLES AND GOODS

(Thousands of Euro)

Cost of raw materials, consumables and goods and change in inventories	30/06/2015	30/06/2014	Change
Raw materials and parts	37,568	38,505	-937
Finished products intended for sale	7,569	10,777	-3,208
Other materials and equipment for use and consumption	1,564	1,353	211
Total	**46,701**	**50,635**	**-3,934**

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 46,701 thousand (Euro 50,635 thousand), a decrease of Euro 3,934 thousand compared with 30 June 2014, related to trends in revenues.

4.4.28. COSTS FOR SERVICES AND USE OF THIRD PARTY ASSETS (including related parties)

This item breaks down as follows:

(Thousands of Euro)

Costs for services and use of third party assets	30/06/2015	30/06/2014	Change
Industrial and technical services	16,281	19,258	-2,977
Commercial, general and administrative services	9,446	9,335	111
Costs for use of third party assets	2,932	2,680	252
Total	**28,659**	**31,273**	**-2,614**

Costs for services and use of third party assets amount to Euro 28,659 thousand (Euro 31,273 thousand) with a decrease of Euro 2,614 thousand.

The decrease in costs for industrial and technical services is linked to the reduction in external processing related to the trend in turnover.

For transactions with related parties, please refer to paragraph 4.4.39 of this report.

4.4.29. PERSONNEL EXPENSES

Personnel expenses are analysed as follows:

(Thousands of Euro)

Personnel expenses	30/06/2015	30/06/2014	Change
Wages and salaries, social security contributions and expenses for defined benefit plans	20,398	20,193	205
Loaned and transferred work	1,298	1,130	168
Directors' fees	510	598	-88
Total	**22,206**	**21,921**	**285**

Personnel costs for the six-month period remained basically stable at Euro 22,206 thousand (Euro 21,921 thousand).

The slight increase of Euro 285 thousand is the result of greater recourse to temporary work.

The following table lists the number of employees in the workforce, broken down between Italian and foreign companies.

Company	30/06/2015	31/12/2014	30/06/2014
Landi Renzo S.p.A.	345	348	324
A.E.B. S.p.A.	127	126	150
Eighteen Sound S.r.l.	42	43	44

Lovato Gas S.p.A.	102	108	106
SAFE S.p.A.	75	75	71
Emmegas S.r.l.	8	13	14
Foreign companies	200	197	190
Total	**899**	**910**	**899**

4.4.30. ACCRUALS, IMPAIRMENT LOSSES AND OTHER OPERATING EXPENSES

Accruals, impairment losses and other operating expenses amount to Euro 1,263 thousand (Euro 1,770 thousand), a decrease of Euro 507 thousand. This item consists mainly of allocations to the provisions for product warranties and for bad debts, and of other operating costs.

4.4.31. AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

(Thousands of Euro)

Amortization, depreciation and impairment losses	30/06/2015	30/06/2014	Change
Amortization of intangible assets	3,333	2,888	445
Depreciation of property, plant and equipment	4,383	4,593	-210
Total	**7,716**	**7,481**	**235**

Amortisation totalling Euro 7,716 thousand (Euro 7,481 thousand), an increase of Euro 235 thousand mainly attributable to higher amortisation of research and development costs capitalised in previous years.
From the analysis performed no elements emerged that would necessitate recognition of impairment of assets at 30 June 2015.
The amortization of intangible assets refers primarily to the amortization of development and design costs incurred by the Group, costs for the purchase and registration of trademarks and licenses and for software (applications and management) purchased over time.
Depreciation of property, plant and equipment refers primarily to property, plant and machinery for production, assembly and running-in of the products, to industrial and commercial equipment for the purchase of moulds, to testing and control tools and to electronic processors.

4.4.32. FINANCIAL INCOME

Financial income totalled Euro 224 thousand (Euro 219 thousand) and refers to interest income on bank deposits.

4.4.33. FINANCIAL EXPENSES

Financial expenses amount to Euro 2,101 thousand (Euro 2,237 thousand) and the decrease, amounting to Euro 136 thousand, is primarily due to the decrease in bank commission and charges.

4.4.34. EXCHANGE RATE GAINS AND LOSSES

Net exchange gains totalled Euro 597 thousand, compared with net exchange gains of Euro 217 thousand in the first half of the previous year. The improvement of Euro 380 thousand derives mainly from the evaluation component, as a consequence of general depreciation of the Euro against the other currencies in the six months in question.
At 30 June 2015, the Group did not have financial instruments covering exchange rates.

4.4.35. PROFIT (LOSS) FROM EQUITY INVESTMENTS MEASURED USING THE EQUITY METHOD

This item totalled Euro -100 thousand and includes the Group portion of profits, stated using the equity method, in the Joint Venture Krishna Landi Renzo India Private Ltd Held.

4.4.36. CURRENT AND DEFERRED TAXES

Taxes at 30 June 2015 totalled Euro 1,703 thousand, compared with a negative amount of Euro 94 thousand at 30 June 2014. In the presence of the expected taxable income as shown in the tax plans of the Group companies, deferred tax assets have been recognized on tax losses, as in previous years.
The theoretical rate used for the calculation of taxes on the income of Italian companies is 31.4% of the taxable income subject to IRES and IRAP for the year. The taxes of the foreign companies are calculated according to the rates applicable in the respective countries.

4.4.37. EARNINGS (LOSS) PER SHARE

The "base" earnings/loss per share was calculated by relating the net profit/loss of the Group to the weighted average number of ordinary shares in circulation in the period (112,500,000). The "base" earnings/loss per share, which corresponds to the "diluted" earnings/loss per share since there are no convertible bonds or other financial instruments with possible diluting effects, is equal to Euro -0.0637. Earnings per share for the first half of 2014 were Euro - 0.0166.

OTHER INFORMATION

4.4.38. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

The Group companies are involved in proceedings, for both assets and liabilities, for non-significant amounts. The directors of the Parent Company, supported by the opinion of its lawyers, did not deem it necessary to make provision for any further funds in the financial statements beyond those already allocated as at 31 December 2014.

A number of Italian companies have disputes in progress with the Financial Authorities for which provisions were prudentially set aside in previous years to cover the related potential liability.

4.4.39. TRANSACTIONS WITH RELATED PARTIES

The Landi Group deals with related parties at market conditions considered to be normal in the markets in question, taking account of the characteristics of the goods and the services supplied.

Transactions with related parties listed below include:

- the relationships for supply of services between Gireimm S.r.l. and Landi Renzo S.p.A., Emmegas S.r.l. and Safe S.p.A. for rent of the property used as the operational headquarters of the Parent Company and of the subsidiaries companies;
- the relationships for supply of services between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company A.E.B. S.p.A. for rent of the property used as the operational headquarters of the subsidiary;
- the relationships for supply of services between Secomnet S.r.l., a company subject to considerable influence of one member of the Board of Directors of the Parent Company, and the company A.E.B. S.p.A. and Eighteen Sound S.r.l. for supply of IT services;
- the relationships for supply of services to the Pakistani company AutoFuels (held by a minority shareholder of the Pakistani subsidiary LR PAK), to Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC.

The following table summarizes the relationships with related parties:

Incidence of Transactions with Related Parties (Thousands of Euro)	Total item	Absolute value related parties	%	Related party
a) incidence of the transactions or positions with related parties on balance sheet items				
Trade receivables	40,427	2,426	6.0%	Autofuels, Krishna Landi Renzo, EFI Avtosanoat
Trade payables	61,325	1,756	2.9%	Gireimm, Gestimm, Secomnet
b) incidence of the transactions or positions with related parties on income statement items				
Cost for services and use of third party assets	-28,659	-1,561	5.4%	Gireimm, Gestimm, Secomnet
Revenues on goods and services	98,125	135	0.1%	Autofuels, Krishna Landi Renzo

4.4.40. POSITIONS OR TRANSACTIONS DERIVING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to CONSOB communication no. 6064293 of July 28th 2006, note that during the first half of 2014 no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets, safeguarding the minority stockholders.

4.4.41. NON-RECURRING SIGNIFICANT EVENTS AND OPERATIONS

Pursuant to CONSOB communication no. 6064293 of 28th July 2015, it is stated that during the first half of 2011 no non-recurring significant events or operations took place.

4.4.42. SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR

Please refer to comments relating to this in the interim directors' report.

5. Declaration of the condensed interim consolidated financial statements pursuant to art. 81-ter of Consob regulation no. 11971 of 14 may 1999, as subsequent modifications and supplements

The undersigned Stefano Landi, Managing Director, and Paolo Cilloni, Officer in charge of preparing the corporate financial statements of Landi Renzo S.p.A., state, having regard also to the provisions of art. 154-bis, paragraphs 3 and 4, of legislative decree No. 58 dated 24 February 1998:

- the adequacy of the consolidated financial statements in relation to the relative corporate characteristics, and
- the effective application of the administrative and accounting procedures for preparing the condensed interim consolidated financial statements as at 30 June 2015.

There are no significant aspects to report in relation thereto.

We furthermore declare that:

1) the condensed interim consolidated financial statements at 30 June 2015:
   - have been prepared in compliance with the international accounting standards issued by the International Accounting Standards Board and adopted by the European Commission in accordance with the procedure specified in art. 6 of Regulation (EC) no. 1606/2002 of 19 July 2002 of the European Parliament and Council;
   - correspond with the accounting books and records;
   - are capable of providing a true and correct representation of the patrimonial, economic and financial situation of the issuer and of the companies included in the consolidation.

2) The interim report on performance includes a reliable analysis of the references to the important events that occurred in the first six months of the year and to their impact on the six-monthly consolidated financial statements, together with a description of the main risks and uncertainties for the remaining months of the year. The interim report on performance also includes a reliable analysis of the information on the significant transactions with related parties.

Cavriago, 27 August 2015

Chairman and CEO	Officer in charge of preparing corporate Financial Statements
Stefano Landi	Paolo Cilloni

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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Landi Renzo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Landi Renzo Group, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2015. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as adopted in Italy (Italian-ISA) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Landi Renzo Group as at and for the six months ended 30 June 2015 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 27 August 2015

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit