



The Clean Air Group
Driving the Future

**HALF-YEARLY FINANCIAL REPORT
AS AT 30 JUNE 2019**

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This report is a translation. The Italian version prevails.

1. GENERAL INFORMATION

1.1. CORPORATE OFFICERS AND INFORMATION

On 29 April 2019, the Shareholders' Meeting of the parent company Landi Renzo S.p.A. elected the Board of Directors and the Board of Statutory Auditors for the period 2019-2021. They will therefore remain in office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2021. The Meeting changed the number of board members to nine. Also on the same date, the Board of Directors appointed Cristiano Musi as Chief Executive Officer and General Manager and confirmed Stefano Landi as Executive Chairman.

On the date on which this Half-Yearly Financial Report was drafted, the company officers were as follows:

Board of Directors

Executive Chairman	Stefano Landi
Honorary Chairperson - Director	Giovannina Domenichini
Chief Executive Officer	Cristiano Musi
Director	Silvia Landi
Director	Angelo Iori
Director	Paolo Emanuele Maria Ferrero
Independent Director	Anton Karl
Independent Director	Sara Fornasiero (*)
Independent Director	Vincenzo Russi

Board of Statutory Auditors

Chairman of the Board of Statutory Auditors	Fabio Zucchetti
Statutory Auditor	Diana Rizzo
Statutory Auditor	Domenico Sardano
Alternate Auditor	Marina Torelli
Alternate Auditor	Gian Marco Amico di Meane

Control and Risks Committee

Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Remuneration Committee

Chairperson	Sara Fornasiero
Committee Member	Angelo Iori
Committee Member	Vincenzo Russi

Committee for Transactions with Related Parties

Chairperson	Sara Fornasiero
Committee Member	Vincenzo Russi

Supervisory Board (Italian Legislative Decree 231/01)

Chairperson	Jean-Paule Castagno
Board Member	Sara Fornasiero
Board Member	Domenico Sardano

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

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

Registered office and company details

Landi Renzo S.p.A.

Via Nobel 2/4

42025 Corte Tegge – Cavriago (RE) – Italy

Tel. +39 0522 9433

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Share capital: Euro 11,250,000

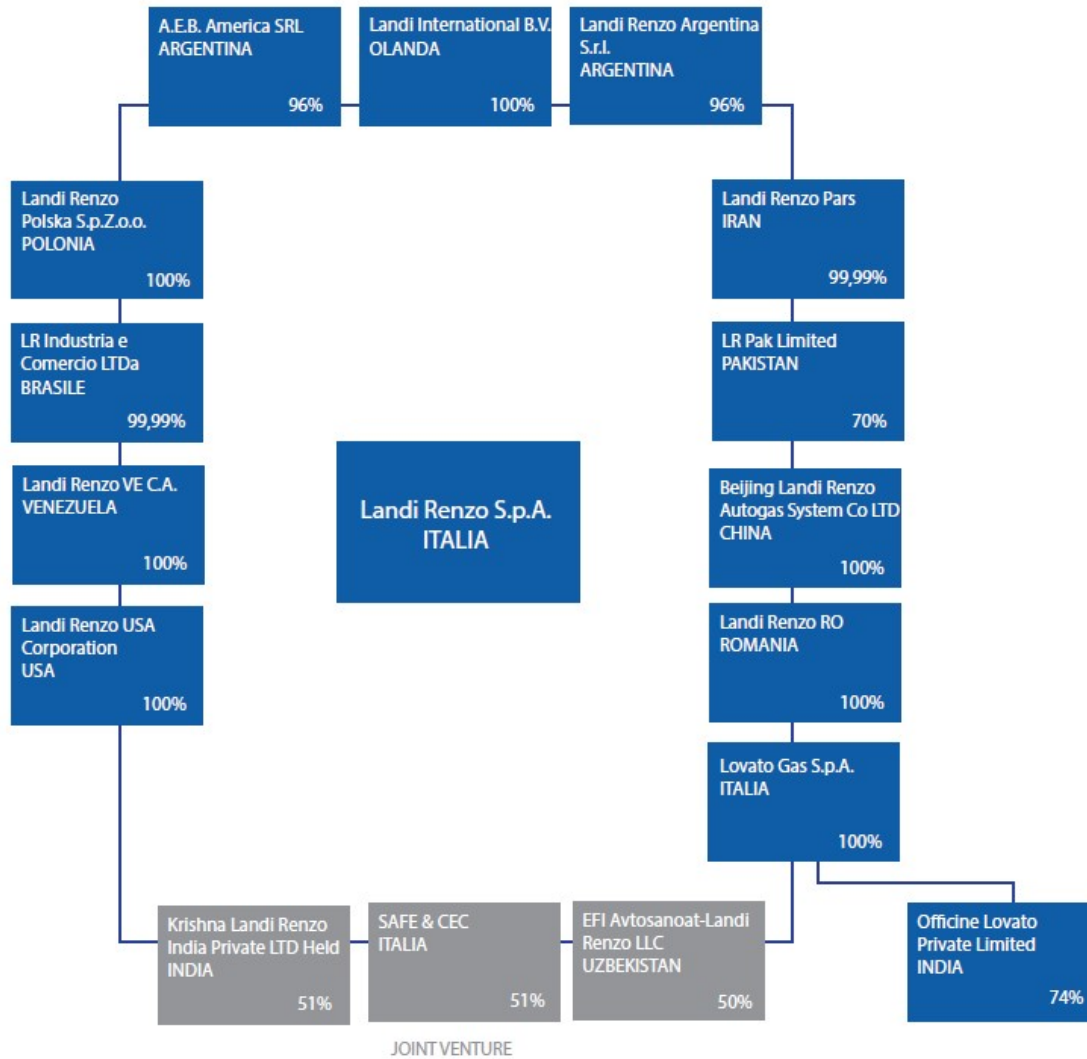
Tax Code and VAT Reg. No. IT00523300358

This report is available online at:

www.landirenzogroup.com

1.2. GROUP STRUCTURE

LANDI RENZO NEL MONDO



1.3. LANDI RENZO GROUP FINANCIAL HIGHLIGHTS

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE SECOND QUARTER	Q2 2019	Q2 2018	Change	Change %
Revenue	58,237	55,259	2,978	5.4%
Adjusted Gross Operating Profit (EBITDA) (1)	8,173	8,717	-544	-6.2%
Gross Operating Profit (EBITDA)	7,833	8,150	-317	-3.9%
Net Operating Profit (EBIT)	4,732	5,581	-849	-15.2%
Earnings before Tax	3,071	3,558	-487	-13.7%
Net profit (loss) for the Group and minority interests	2,296	2,867	-571	-19.9%
Adjusted Gross Operating Profit (EBITDA) / Revenue	14.0%	15.8%		
Gross Operating Profit (EBITDA) / Revenue	13.5%	14.7%		
Net profit (loss) for the Group and minority interests / Revenue	3.9%	5.2%		

(Thousands of Euro)

ECONOMIC INDICATORS FOR THE FIRST HALF-YEAR	30/06/2019	30/06/2018	Change	Change %
Revenue	102,035	97,296	4,739	4.9%
Adjusted Gross Operating Profit (EBITDA) (1)	13,612	14,077	-465	-3.3%
Gross Operating Profit (EBITDA)	13,272	12,683	589	4.6%
Net Operating Profit (EBIT)	7,007	7,460	-453	-6.1%
Earnings before Tax (EBT)	4,527	3,426	1,101	32.1%
Net profit (loss) for the Group and minority interests	2,886	1,692	1,194	70.6%
Adjusted Gross Operating Profit (EBITDA) / Revenue	13.3%	14.5%		
Gross Operating Profit (EBITDA) / Revenue	13.0%	13.0%		
Net profit (loss) for the Group and minority interests / Revenue	2.8%	1.7%		

(Thousands of Euro)

STATEMENT OF FINANCIAL POSITION	30/06/2019	31/12/2018	30/06/2018
Net fixed assets and other non-current assets	107,334	100,983	98,517
Operating capital (2)	23,630	18,893	20,970
Non-current liabilities (3)	-7,126	-7,428	-10,873
NET INVESTED CAPITAL	123,838	112,448	108,614
Net Financial Position (4)	60,709	52,872	51,625
Net Financial Position - standards remaining the same (5)	53,729	52,872	51,625
Equity	63,129	59,576	56,989
BORROWINGS	123,838	112,448	108,614

(Thousands of Euro)

KEY INDICATORS	30/06/2019	31/12/2018	30/06/2018
Operating capital / Turnover (rolling 12 months)	12.3%	10.0%	11.8%
Net financial debt / Equity	96.2%	88.7%	90.6%
Adjusted net financial debt (5) / EBITDA (rolling 12 months)	2.17	2.10	2.59
Personnel (peak)	512	494	492

(Thousands of Euro)

CASH FLOWS	30/06/2019	31/12/2018	30/06/2018
Gross operational cash flow	4,770	9,946	5,436
Cash flow for investment activities	-4,157	-8,269	-2,534
Gross FREE CASH FLOW	613	1,677	2,902
Non-recurrent expenditure for voluntary resignation incentives and TFR (severance pay)	-132	-4,377	-4,046
Net FREE CASH FLOW	481	-2,700	-1,144

(1) The data does not include accounting of non-recurring costs. As EBITDA is not identified as an accounting measure under IAS/IFRS, it may be calculated in different manners. EBITDA is a measure used by the company's management to monitor and evaluate its operating performance. The management believes that EBITDA is an important parameter to measure the company's operating performance, as it is not influenced by the effects of the different criteria for determining the tax base, the amount and characteristics of invested capital and the relative amortisation policies. The company's way of calculating EBITDA may not be the same as the methods adopted by other companies/groups, and therefore its value may not be comparable with the EBITDA calculated by others.

(2) This is calculated as the difference between Trade Receivables, Inventories, Contract Work in Progress, Other Current Assets and Trade Payables, Tax liabilities, Other Current Liabilities.

(3) These are calculated by totalling Deferred Tax Liabilities, Defined Benefit Plans for employees and Provisions for Risks and Charges.

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

(5) Not including the effects of the application of IFRS 16 - Leases.

1.4. SIGNIFICANT EVENTS DURING THE SIX MONTHS

February On 6 February 2019, Landi Renzo Industria e Comercio Ltda, the Brazilian branch of the Landi Renzo Group, entered into an exclusive partnership agreement with Uber, a company which directly connects passengers and drivers at global level, calling for the conversion of cars owned by Uber's partner drivers to CNG throughout Brazil, using the solutions offered by the Landi Renzo Group.

February On 28 February 2019, Krishna Landi Renzo, the Landi Renzo Group's Indian joint venture, entered into an exclusive collaboration agreement with Ford India. Under the agreement, Landi Renzo will supply and install its CNG systems for the new Ford Aspire, also providing after sales support through its local authorised garages. The number of vehicles subject to the supply agreement is around 2,000 per year, for a duration of roughly 5 years.

April On 29 April 2019, the Shareholders' Meeting of Landi Renzo S.p.A. resolved:

- to approve the financial statements for 2018, and to allocate to the Extraordinary Reserve the profit for the year of Euro 226,353.61, as the Statutory Reserve has already reached one fifth of the share capital;
- to appoint the Board of Directors for the 2019-2021 period, consisting of 9 members and led by Chairman Stefano Landi;
- to appoint the Board of Statutory Auditors for the 2019-2021 period;
- to be in favour of the first part of the Report on Remuneration pursuant to article 123-ter, paragraph 6 of Italian Legislative Decree 58/98;
- to approve the remuneration plan based on the assignment of Landi Renzo S.p.A. ordinary shares (the "2019-2021 Performance Shares Plan");
- to authorise the Board of Directors to purchase treasury shares for a duration of 18 months, after revoking the previous authorisation.

The Board of Directors meeting held on the same date confirmed Cristiano Musi as Chief Executive Officer as well as General Manager.

May In May 2019, Landi Renzo S.p.A. renewed the rental agreement with the related company Gireimm S.r.l. relating to the property used as its operating headquarters, expiring on 10 May 2019. The new 5-year agreement, renewable only by written agreement between the parties, was approved by the Committee for Transactions with Related Parties.

May On 4 May 2019, Cerved Rating Agency raised the Landi Renzo Group's rating from B2.1 to B1.2 considering the revision of its business model and the improvement of its competitive positioning. This is the second rating upgrade for the company, the first also assigned by Cerved in November 2018.

May On 14 May 2019, in order to improve the Group's financial debt profile, the Board of Directors of Landi Renzo S.p.A. approved the negotiation and signing of a new loan agreement with major credit institutions in order primarily to extinguish its financial debt deriving from the Optimisation Agreement signed on March 2017 and the "LANDI RENZO 6,10% 2015-2022" Bonded Loan (ISIN IT0005107237), aside from obtaining new resources for general cash requirements and to support its current and future investments. On the same date, the Company notified the bondholders of its

intention to proceed with the early full repayment at par of the "LANDI RENZO 6,10% 2015-2022" Bonded Loan, (ISIN IT0005107237), pursuant to art. 9 of the relative Regulation.

June

On 6 June 2019, the Company sent a letter to the lending banks notifying them of its intention:

- to proceed with the voluntary early repayment of the financial debt deriving from the Optimisation Agreement;
- to request from the lending banks the maintenance of the existing revocable commercial and current account credit lines and the other guarantees given, also outside the scope of the Optimisation Agreement;
- to proceed with the formal termination of the Optimisation Agreement.

On 20 June 2019, the Company also notified the lending banks of its irrevocable decision to proceed with the full repayment in advance of the expiry of the Optimisation Agreement, in accordance with paragraph 5.7 of such agreement, of the existing medium/long-term loans.

June

On 26 June 2019, Landi Renzo S.p.A., along with Lovato Gas S.p.A. and SAFE S.p.A., subsidiaries/associates still falling under the Optimisation Agreement, agreed with the lending banks to terminate the Optimisation Agreement by mutual consent and as a result to fully extinguish the financial debt and for the lending banks to maintain the existing commercial and current account credit lines and the other guarantees provided in favour of the Company and its subsidiaries/associates.

June

On 26 June 2019 Landi Renzo S.p.A. entered into a five-year medium-long term loan agreement with a pool of three major banks (BPM - mandated lead arranger and bookrunner, Intesa Sanpaolo and Unicredit) for a total of Euro 65 million under more favourable economic conditions, which will make it possible to reduce financial expenses compared to current levels as well as improve the Group's debt profile. The relative financial resources were used to repay the financial debt deriving from the Optimisation Agreement in full, on 28 June 2019, and the Bonded Loan, on 1 July 2019, for a total of Euro 55 million. The remainder of the new loan will be used to support current and future investments.

2. INTERIM REPORT ON OPERATING PERFORMANCE

This consolidated half-yearly financial report at 30 June 2019 was prepared pursuant to Italian Legislative Decree 58/1998 and subsequent modifications, as well as the Issuer Regulations issued by CONSOB.

This consolidated half-yearly 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 drafted in accordance with IAS 34 - Interim Financial Reporting, applying the same accounting principles as adopted in preparing the consolidated financial statements at 31 December 2018, without prejudice to the new accounting standards applicable as of this year and described in detail below in this report and the explanatory notes.

As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics 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 2018 for the financial data, 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 half-yearly financial statements.

As described in more detail below in this report, as the Landi Renzo Group has the modified retrospective approach for the first time adoption as of 1 January 2019 of IFRS 16 - Leases, which does not require the restatement of comparative data, the income statement and balance sheet data at 30 June 2019 are not directly comparable with those from 31 December 2018 or with those relating to the same period of the previous year.

2.1. OPERATING PERFORMANCE

The first half of 2019 ended with positive results in terms of turnover as well as profit and in line with management forecasts as well as the Strategic Plan. The Group strives to be a key player in the mobility of the future, enhancing the importance and the role of gas-mobility which still has significant room for development, both in the Passenger Car segment and, especially, in the Heavy Duty segment. To that end, the Group has embarked upon a path of growth and technological development aiming to offer innovative and efficient solutions to its customers, which will make it possible to accelerate value creation, as set forth in the Strategic Plan. Indeed, at global level the Automotive segment is experiencing a historic phase of renewal and development due to the increasing attention placed on environmental issues, resulting in increasingly stringent greenhouse gas emissions limits imposed by a growing number of countries. In this context, the Group’s management has identified significant and appealing opportunities for gas-mobility in the Mid and Heavy Duty segment, increasingly oriented towards LNG, RNG and CNG solutions, as well as in the sector Passenger car and Light commercial vehicles (LCV), in which the Group can provide strategic support to the main automotive manufacturers in completing their “green” product range. In order to take the most advantage of these opportunities, as set forth in the Strategic Plan the Group has significantly increased its new product development activities for the OEM channel, with a particular focus on Mid and Heavy Duty vehicles, as well as the After Market channel.

The first six months of 2019 ended with turnover of Euro 102,035 thousand, up compared with the same period of the previous financial year (+4.9%), and a net profit of Euro 2,886 thousand (Euro 1,692 thousand at 30 June 2018).

As also highlighted in the 2018 Annual Financial Report, activities connected to the labour mobility plan agreed upon with the trade unions and the implementation of the “EBITDA improvement” project guidelines were completed in the previous year, with substantial positive effects for profit margins. In the first half of 2019, the validity and effectiveness of the actions undertaken by the management were confirmed, enabling the Group to maintain adequate profit margins consistent with the budget forecasts set forth in the Strategic Plan. Indeed, at 30 June 2019 EBITDA was Euro 13,272 thousand (equal to 13% of the turnover), up compared with Euro 12,683 thousand in the same period of the previous year. This result is particularly significant considering that compared with the same period of the previous year, this half-year was characterised by considerable sales in the OEM channel, which generally has lower profit margins than the After Market sales channel. Indeed, at 30 June 2019 OEM channel sales made up 43.5% of total sales (38.9% at 30 June 2018).

The result in terms of total sales in the OEM channel (+17.3%) was primarily due to increasing orders from several top European automotive manufacturers which are using LPG bifuel engines to develop their “green” product ranges and which have confirmed the Landi Renzo Group as their strategic partner, due to its well established experience in the sector. This confirms the Landi Renzo Group’s well established strategic positioning in the OEM channel and its recognition as a supplier of high quality, efficient and reliable components and systems.

In the After Market channel, the Group achieved turnover of Euro 57,620 thousand during the half-year, a slight decline compared with the same period of the previous year (Euro 59,423 thousand) mostly due to the decrease in the Rest of the World area and the current instability in South America, for which however there have been clear signs of a recovery since the second quarter of 2019. This result in any event confirms the adequacy of the efforts made in terms of expansion, and the Group’s strategic positioning, both in Italy and abroad.

In light of the continuous, clear improvement in the Group’s economic and financial performance and the favourable conditions in the financial markets in terms of the cost of money, in the first half of 2019 the management entered into important negotiations with several top financial institutions with a view to obtaining a new loan in order to extinguish the Group’s financial debt deriving from the Optimisation Agreement entered into in March 2017 and the “LANDI RENZO 6,10% 2015-2022” Bonded Loan (ISIN IT0005107237), as well as obtain a simultaneous reduction in financial expenses.

On 26 June 2019, Landi Renzo S.p.A., along with Lovato Gas S.p.A. and SAFE S.p.A., subsidiaries/associates still falling under the Optimisation Agreement, agreed with the lending banks involved in the agreement to formally terminate it, also calling for:

- the voluntary early repayment of the financial debt deriving from the Optimisation Agreement; and
- the maintenance of the existing revocable commercial and current account credit lines and the other guarantees given by the lending banks, also outside the scope of the Optimisation Agreement.

On the same date the Company entered into a five-year medium-term loan agreement with a pool of three major banks (BPM - mandated lead arranger and bookrunner, Intesa Sanpaolo and Unicredit) for a total of Euro 65 million under more favourable economic conditions, which will make it possible to reduce financial expenses compared to current levels as well as improve the Group’s debt profile. The relative financial resources were used to repay the financial debt deriving from the Optimisation Agreement in full, on 28 June 2019, and the Bonded Loan, on 1 July 2019, for a total of Euro 55 million. The remainder of the new loan will be used to support current and future investments.

The Net Financial Position at 30 June 2019 is Euro 60,709 thousand, of which Euro 6,980 thousand due to the application of IFRS 16 - Leases. With the standards remaining the same, i.e. without considering the effects of the application of that accounting standard, the Net Financial Position at 30 June 2019 would have been Euro 53,729

thousand, basically in line with 31 December 2018 (Euro 52,872 thousand), but with a significant improvement compared to the end of the previous quarter (Euro 59,697 thousand at 31 March 2019). This result is particularly positive considering that during the half-year significant investments were made in OEM product development projects (LNG and CNG), amounting to Euro 2,641 thousand.

Consolidated results

The following table shows the evolution of the main economic performance indicators for the first half of 2019 compared with the first half of 2018.

(Thousands of Euro)	30/06/2019	%	30/06/2018	%
Revenues from sales and services	102,035	100.0%	97,296	100.0%
Other revenues and income	229	0.2%	163	0.2%
Operating costs	-88,652	-86.9%	-83,382	-85.7%
Adjusted gross operating profit	13,612	13.3%	14,077	14.5%
Non-recurring costs	-340	0.3%	-1,394	1.4%
Gross operating profit	13,272	13.0%	12,683	13.0%
Amortisation, depreciation and impairment	-6,265	-6.1%	-5,223	-5.4%
Net operating profit	7,007	6.9%	7,460	7.7%
Financial income (charges) and exchange rate differences	-2,577	-2.5%	-2,882	-3.0%
Gain (loss) on equity investments valued using the equity method	97	0.1%	-1,152	-1.2%
Profit (loss) before tax	4,527	4.4%	3,426	3.5%
Current and deferred taxes	-1,641	-1.6%	-1,734	-1.8%
Net profit (loss) for the Group and minority interests, including:	2,886	2.8%	1,692	1.7%
Minority interests	-53	-0.1%	-93	-0.1%
Net profit (loss) for the Group	2,939	2.9%	1,785	1.8%

The consolidated revenues for the first six months of 2019 were Euro 102,035 thousand, an increase of Euro 4,739 thousand (+4.9%) compared with the same period in the previous year, especially thanks to the positive performance of the OEM channel (+17.3%). As mentioned above, sales in the OEM channel at 30 June 2019 represented 43.5% of the Group's total revenues compared with 38.9% in the same period of the previous year, especially due to the increase in turnover from several major European automotive manufacturers which are using LPG bifuel engines to develop their "green" product ranges and with which the Landi Renzo Group has worked for years as a strategic partner. In the After Market channel, revenues from sales at 30 June 2019 were down slightly during the half-year, mainly due to the decline in the Rest of the World market, due to the reduction of the positive effects deriving from the incentives from gas-mobility granted by some countries starting from the previous year and to the difficult situation of the Brazilian market penalized in particular during the first quarter.

Adjusted EBITDA at 30 June 2019 was Euro 13,612 thousand, compared with Euro 14,077 thousand in the same period of the previous year, confirming the validity and effectiveness of the actions undertaken by the management in terms of the company reorganisation and the reduction in fixed and variable costs. Indeed, the Group maintained

adequate profit margins despite the fact that there were higher sales during the half-year in the OEM channel, which has lower profit margins than the After Market Channel. Non-recurring costs, equal to Euro 340 thousand at 30 June 2019 and relating to strategic consultancy, were down significantly compared with the same period of the previous year (equal to Euro 1,394 thousand, also relating to strategic consultancy).

The Gross Operating Profit (EBITDA) was positive at Euro 13,272 thousand, up by 4.6% compared with the same period of the previous year (Euro 12,683 thousand).

The Net Operating Profit (EBIT) was positive at Euro 7,007 thousand, down by 6.1% compared with the same period of the previous year (Euro 7,460 thousand).

SEGMENT REPORTING

The Group operates directly only in the Automotive segment and indirectly in the “Gas Distribution and Compressed Natural Gas” segment through the joint venture SAFE & CEC S.r.l. which, in accordance with the contractual governance system, meets the joint control requirements as stipulated by IFRS 11, and is consolidated according to the equity method. This report provides information about the trend in this segment during the first six months of 2019, to provide a better understanding of the impact of this business unit on the Group’s accounts.

Breakdown of sales by geographical area

Second quarter of 2019 compared with second quarter of 2018

(Thousands of Euro)						
Geographical distribution of revenues	Q2 2019	% of revenues	Q2 2018	% of revenues	Change	%
Italy	10,908	18.7%	11,041	20.0%	-133	-1.2%
Europe (excluding Italy)	27,253	46.8%	21,888	39.6%	5,365	24.5%
America	9,316	16.0%	9,425	17.2%	-109	-1.2%
Asia and Rest of the World	10,760	18.5%	12,905	23.4%	-2,145	-16.6%
Total	58,237	100.0%	55,259	100.0%	2,978	5.4%

First half of 2019 compared with first half of 2018

(Thousands of Euro)						
Geographical distribution of revenues	At 30/06/2019	% of revenues	At 30/06/2018	% of revenues	Change	%
Italy	19,740	19.3%	18,960	19.5%	780	4.1%
Europe (excluding Italy)	49,709	48.7%	40,953	42.1%	8,756	21.4%
America	13,440	13.2%	15,061	15.4%	-1,621	-10.8%
Asia and Rest of the World	19,146	18.8%	22,322	23.0%	-3,176	-14.2%
Total	102,035	100.0%	97,296	100.0%	4,739	4.9%

Regarding the geographical distribution of revenues, during the first six months of 2019 the Group realised 80.7% (80.5% at 30 June 2018) of its consolidated revenues abroad (48.7% in Europe and 32.0% outside Europe), and in more detail:

- Italy

Sales in the Italian market of Euro 19,740 thousand were up by Euro 780 thousand compared with the same period of the previous year, in particular:

- New bi-fuel car registrations (OEM), for the set of new vehicles equipped with LPG and CNG systems, accounted for 9.0% of total vehicle registrations according to data published by UNRAE (Association of foreign car makers operating in Italy);
- The After Market was essentially stable in terms of the number of conversions compared with the same period in the previous year. The Group's domestic market share on the After Market channel at the end of the period was roughly 33%.

- Europe

The increase of Euro 8,756 thousand in revenues in Europe was primarily attributable to the increase in OEM sales to several major automotive manufacturers which, in the development of their "green" product ranges, are using LPG bifuel engines and have confirmed the Landi Renzo Group as their strategic partner.

- America

Sales in the first six months of 2019 in the American continent, equal to Euro 13,440 thousand, recorded a decrease of 10.8% (equivalent to Euro 1,621 thousand). This was mainly attributable to the current situation in the Brazilian market which was penalised, especially in the first quarter.

- Asia and Rest of the World

The Asia and Rest of the World markets marked a decline of 14.2% (Euro 3,176 thousand) compared with the first six months of 2018 due to the reduction in positive effects arising from the gas-mobility incentives granted by some countries starting in the previous year.

Profitability

In the first six months of 2019, the adjusted Gross Operating Profit (adjusted EBITDA) was positive, Euro 13,612 thousand, equivalent to 13.3% of revenues, substantially in line with the same period of the previous year (Euro 14,077 thousand at 30 June 2018). This result is particularly significant considering the sharp rise in sales in the OEM channel compared with the same period of the previous year. Indeed, although this channel has lower profit margins than the After Market channel, thanks to the policies enacted by the management to reduce fixed costs, the Group's profit margins were in any event very positive and met expectations.

The Gross Operating Profit (EBITDA) was positive at Euro 13,272 thousand, equal to 13% of revenue, and up by Euro 589 thousand compared with the first half of last year. Non-recurring costs, equal to Euro 340 thousand at 30 June 2019 and relating to strategic consultancy, were down significantly compared with the same period of the previous year (equal to Euro 1,394 thousand, also relating to strategic consultancy).

(Thousands of Euro)			
NON-RECURRING COSTS	30/06/2019	30/06/2018	Change
Strategic consultancy	-340	-1,394	1,054
Total	-340	-1,394	1,054

Costs of raw materials, consumables and goods and changes in inventories increased overall from Euro 46,580 thousand at 30 June 2018 to Euro 54,346 thousand at 30 June 2019, which in absolute terms is an increase of Euro 7,766 thousand. The increase in these costs was due to the increase in turnover compared with the same period of the previous year, particularly in the OEM channel.

The costs of services and use of third-party assets amounted to Euro 19,097 thousand, compared with Euro 21,816 thousand in the same period of the previous year. The reduction in this item was mainly linked to:

- lower non-recurring costs for strategic consultancy;
- the reduction in general, commercial and administrative costs;
- the application of IFRS 16 - Leases.

Personnel costs were Euro 14,237 thousand, a decrease compared with the same period of the previous financial year (Euro 14,981 thousand at 30 June 2018), while the Group had a total of 512 employees, a slight increase compared with the end of the previous year (494). Despite this increase in employees, personnel costs declined as the first half of 2018 benefitted only in part from the effects of the company restructuring concluded in the initial months of last year, as well as since the group heavily invested in highly specialised resources to support the increasing research and development performed for new products and solutions, capitalised when they meet the requirements laid out in IAS 38.

The Net Operating Profit (EBIT) for the period was Euro 7,007 thousand (Euro 7,460 thousand at 30 June 2018), after accounting for amortisation, depreciation and impairment of Euro 6,265 thousand (Euro 5,223 thousand at 30 June 2018). The increase in amortisation and depreciation was primarily due to the application of IFRS 16 - Leases.

Total financial expenses (interest income, interest charges and exchange rate differences) amounted to Euro 2,577 thousand (Euro 2,882 thousand at 30 June 2018) and are inclusive of Euro 436 thousand deriving from the recognition in the income statement of residual transaction costs incurred to sign the Optimisation Agreement and pending items following the measurement at amortised cost of the relative loans, subject to voluntary early repayment following the refinancing transaction illustrated above, and Euro 70 thousand deriving from the application of IFRS 16. Net of these effects, financial expenses alone would have amounted to Euro 1,867 thousand, in line with the same period of the previous year (Euro 1,924 thousand). The reduction in overall financial expenses is in any event primarily due to the reduction in exchange effects, thanks to greater stability in the exchange rates used by the group.

In the first six months of 2019, the effect of the valuation with the equity method of the equity investments in joint ventures was positive at Euro 97 thousand (Euro -1,152 thousand from write-down at 30 June 2018). This includes the Group's share of the profits for the period from the Joint Ventures Krishna Landi Renzo India Private Ltd Held (revaluation of Euro 297 thousand) and SAFE&CEC S.r.l. (write-down equal to Euro 200 thousand).

The first six months ended with a pre-tax profit of Euro 4,527 thousand against a pre-tax profit of Euro 3,426 thousand at 30 June 2018, after the recognition of gains on the valuation of equity investments of Euro 97 thousand.

The net result for the Group at 30 June 2019 was positive at Euro 2,939 thousand compared with a positive result of Euro 1,785 thousand in the same period of 2018.

In order to allow for a better understanding and comparability of the Group's economic and financial results, below are the details of the effects deriving from the application of IFRS 16 - Leases in the first half of 2019.

(Thousands of Euro)

	30/06/2019			30/06/2018
	Landi Renzo Consolidated	IFRS 16 Adjustment	Landi Renzo Consolidated with standards remaining the same	Landi Renzo Consolidated
Revenues from sales and services	102,035		102,035	97,296
Other revenues and income	229		229	163
Operating costs	-88,992	-1,362	-90,354	-84,776
Gross operating profit	13,272	-1,362	11,910	12,683
Amortisation, depreciation and impairment	-6,265	1,242	-5,023	-5,223
Net operating profit	7,007	-120	6,887	7,460
Financial income (charges) and exchange rate differences	-2,577	70	-2,507	-2,882
Gain (loss) on equity investments valued using the equity method	97		97	-1,152
Profit (loss) before tax	4,527	-50	4,477	3,426
Current and deferred taxes	-1,641	13	-1,628	-1,734
Net profit (loss) for the Group and minority interests, including:	2,886	-37	2,849	1,692
Minority interests	-53		-53	-93
Net profit (loss) for the Group	2,939	-37	2,902	1,785

Gas Distribution and Compressed Natural Gas operating segment performance

The "Gas Distribution and Compressed Natural Gas" segment was the subject in 2017 of a strategic aggregation with Clean Energy Fuels Corp, the aim of which was to create the world's second-largest group in the sector, in terms of business volume. The aggregation was based on the establishment of a newco called SAFE & CEC S.r.l. and subsequent contribution of 100% of SAFE S.p.A. by the Landi Group and 100% of Clean Energy Compressor Ltd (now "IMW Industries Ltd") by Clean Energy Fuels Corp. In accordance with the contractually required governance system, which reflects the joint control agreement between the two shareholders, the Group's share is classified as a "joint venture" pursuant to international accounting standards (IFRS 11) and therefore is consolidated via the equity method.

During the first six months of 2019, the "Gas Distribution and Compressed Natural Gas" segment achieved considerably improved results compared with the first half of 2018, with consolidated net sales of Euro 28,825 thousand (+9.5% compared with 30 June 2018), adjusted EBITDA of Euro 1,985 thousand (Euro 568 thousand at 30 June 2018), and a post-tax loss of Euro 394 thousand (compared with a loss of Euro 2,558 thousand at 30 June

2018).

Currently, the order portfolio is higher than forecast, with resulting impacts on production efficiency due to the need to respect the contractual deadlines set forth as much as possible. In this regard, it is also acknowledged that in April, SAFE S.p.A. entered into an agreement with ENI S.p.A. for the supply and maintenance of 20 CNG distribution systems, to be used in fuel stations in the ENI network for passenger cars as well as heavy duty vehicles. The agreement provides for a partnership over the next five years, in which SAFE S.p.A. will be committed in the first 3 years to the supply and installation of the equipment (consisting of the compressor, driver, distributor, control system and storage system), and in the following 2 years it will provide the relative maintenance services.

Invested capital

(Thousands of Euro)				
Balance Sheet and Financial Position	30/06/2019	31/03/2019	31/12/2018	30/06/2018
Trade receivables	43,349	34,498	35,131	36,409
Inventories	39,144	42,375	38,895	39,003
Trade payables	-59,231	-49,592	-55,166	-53,517
Other net current assets	368	-37	33	-925
Net operating capital	23,630	27,244	18,893	20,970
Tangible assets	11,920	12,254	12,745	13,397
Intangible assets	51,079	51,289	51,065	49,662
Right-of-use assets	7,029	4,616	0	0
Other non-current assets	37,306	37,137	37,173	35,458
Fixed capital	107,334	105,296	100,983	98,517
TFR (severance pay) and other provisions	-7,126	-7,794	-7,428	-10,873
Net invested capital	123,838	124,746	112,448	108,614
Financed by:				
Net Financial Position (*)	60,709	64,158	52,872	51,625
Group shareholders' equity	63,457	60,886	59,852	57,716
Minority interests	-328	-298	-276	-727
Borrowings	123,838	124,746	112,448	108,614
Ratios	30/06/2019	31/03/2019	31/12/2018	30/06/2018
Net operating capital	23,630	27,244	18,893	20,970
Net operating capital/Turnover (rolling)	12.3%	14.4%	10.0%	11.8%
Net invested capital	123,838	124,746	112,448	108,614
Net capital employed/Turnover (rolling)	64.2%	65.7%	59.8%	61.3%

(*) The net financial position at 30 June 2019 is inclusive of Euro 6,980 thousand for financial liabilities for rights of use deriving from the application of IFRS 16 - Leases as of 1 January 2019.

Net operating capital at the end of the period stood at Euro 23,630 thousand. This is an increase of Euro 4,737 thousand compared with the same figure recorded on 31 December 2018 as a result of the increase of Euro 8,218

thousand in trade receivables, which was offset only in part by the increase in trade payables. With respect to the first quarter of 2019, the impact of net invested capital on rolling 12-month sales posted a clear improvement, from 14.4% to 12.3%, a percentage substantially aligned with the values of the first half of 2018 (11.8%) and with Automotive segment best practices. The trend in working capital is under control and is essentially stable in relation to the growth in turnover.

Trade receivables stood at Euro 43,349 thousand, an increase of Euro 8,218 thousand compared with 31 December 2018. At 30 June 2019, derecognised receivables disposed through factoring stood at Euro 26,925 thousand, compared with Euro 25,391 thousand at 31 December 2018.

There was an increase of Euro 4,065 thousand in trade payables, which rose from Euro 55,166 thousand at 31 December 2018 to Euro 59,231 thousand, while the closing inventories, totalling Euro 39,144 thousand, were essentially in line with 31 December 2018 (Euro 38,895 thousand).

The increase in Fixed capital is linked primarily to the effects of the application of IFRS 16 - Leases, which entailed the recognition at 30 June 2019 of right of use assets of Euro 7,029 thousand.

At 30 June 2019, TFR (severance pay) and other provisions, totalling Euro 7,126 thousand at 30 June 2019, were basically in line with 31 December 2018.

Net of the effects of the application of IFRS 16 - Leases, Net Invested Capital totalled Euro 116,809 thousand, basically unchanged compared with December 2018 (Euro 112,448 thousand). The percentage indicator calculated on the rolling turnover also increased from 59.8% to 64.2%, mainly as a result of that effect.

Net Financial Position and cash flows

(thousands of Euro)	30/06/2019	31/03/2019	31/12/2018	30/06/2018
Cash and cash equivalents	51,348	17,156	15,075	23,188
Current financial assets	2,760	0	0	0
Bank financing and borrowings	-23,518	-25,026	-16,203	-16,932
Right-of-use liabilities	-1,989	-1,470	0	0
Bonds issued	-29,064	-3,863	-3,843	-6,345
Short-term borrowings	-419	-419	-419	-419
Net short term indebtedness	-882	-13,622	-5,390	-508
Borrowings	-54,836	-23,117	-23,054	-24,567
Right-of-use liabilities	-4,991	-2,991	0	0
Bonds issued	0	-24,218	-24,218	-26,131
Other borrowings	0	-210	-210	-419
Net medium-long term indebtedness	-59,827	-50,536	-47,482	-51,117
Net Financial position	-60,709	-64,158	-52,872	-51,625
Net Financial Position - accounting standards remaining the same (*)	-53,729	-59,697	-52,872	-51,625

(*) Not including the effects of the application of IFRS 16 - Leases.

In light of the continuous improvement in the Group's economic and financial performance and the favourable

conditions in the financial markets in terms of the cost of money, in the first half of 2019 the management entered into important negotiations with several top financial institutions with a view to obtaining a new loan in order to extinguish the Group's existing financial debt deriving from the Optimisation Agreement entered into on March 2017 and the "LANDI RENZO 6,10% 2015-2022" Bonded Loan (ISIN IT0005107237), as well as obtain a simultaneous reduction in financial expenses.

On 26 June 2019, Landi Renzo S.p.A., along with Lovato Gas S.p.A. and SAFE S.p.A., subsidiaries/associates still falling under the Optimisation Agreement, agreed with the lending banks involved in the agreement to formally terminate it, also calling for:

- the voluntary early repayment of the existing financial debt deriving from the Optimisation Agreement;
- the maintenance of the existing revocable commercial and current account credit lines and the other guarantees given by the lending banks, also outside the scope of the Optimisation Agreement.

On the same date the Company entered into a five-year medium/long-term loan agreement with a pool of three major banks (BPM - mandated lead arranger and bookrunner, Intesa Sanpaolo and Unicredit) for a total of Euro 65 million under more favourable economic conditions, which will make it possible to reduce financial expenses compared to current levels. The relative financial resources were used to repay the financial debt deriving from the Optimisation Agreement in full, on 28 June 2019, and the Bonded Loan, on 1 July 2019, for a total of Euro 55 million. The remainder will instead be used to support current and future investments.

The Net Financial Position at 30 June 2019 is Euro 60,709 thousand (Euro 51,625 at 30 June 2018 and Euro 52,872 thousand at the end of the previous year), and was impacted by the application of the new international accounting standard IFRS 16 - Leases, which entailed the recognition of financial liabilities for rights of use of Euro 6,980 thousand at 30 June 2019.

Net of the effect of the application of IFRS 16 - Leases, the Group's Net Financial Position would have been Euro 53,729 thousand, substantially in line with 31 December 2018 (Euro 52,872 thousand), but with a significant improvement compared with the first quarter of 2019 (Euro 59,697 thousand) despite the significant investments in development projects made during the half-year.

The following table illustrates the trend in total cash flow:

(thousands of Euro)	30/06/2019	31/03/2019	31/12/2018	30/06/2018
Gross operational cash flow	4,770	-3,860	9,946	5,436
Cash flow for investment activities	-4,157	-2,269	-8,269	-2,534
Gross Free Cash Flow	613	-6,129	1,677	2,902
Non-recurrent expenditure for voluntary resignation incentives and TFR (severance pay)	-132	0	-4,377	-4,046
Net Free Cash Flow	481	-6,129	-2,700	-1,144

Net cash flow from operating activities at the end of June, as shown in the Cash Flow Statement, was positive at Euro 4,638 thousand (net of non-recurring outlays of Euro 132 thousand), while net investment activities entailed a cash absorption of Euro 4,157 thousand.

Investments

Investments in property, plant, machinery and other equipment totalled Euro 1,281 thousand (Euro 1,386 thousand at 30 June 2018) and refer to purchases of plant and machinery, new production moulds and testing/control equipment.

The increase in intangible assets amounted to Euro 2,982 thousand (Euro 1,243 thousand at 30 June 2018) and mainly related to the capitalisation of costs of development projects relating to new products for the OEM and After Market channel, which meet the requirements of IAS 38 for recognition as balance sheet assets. As illustrated previously, at global level the Automotive segment is experiencing a historic phase of renewal and development due to the increasing attention placed on environmental issues, resulting in increasingly stringent greenhouse gas emissions limits imposed by a growing number of countries. In this context, the Group's management has identified significant and interesting opportunities for gas-mobility and, as also set forth in the strategic plan, has significantly increased its new product development activities in order to best take advantage of them.

Performance of the Parent Company

In the first half of 2019, Landi Renzo S.p.A. generated revenues of Euro 74,457 thousand. The Gross Operating Profit totalled Euro 9,493 thousand (inclusive of Euro 340 thousand in non-recurring costs), compared with Euro 7,259 thousand at 30 June 2018 (inclusive of Euro 1,394 thousand in non-recurrent costs), while the net financial position was Euro -62,156 thousand (Euro -56,210 thousand, net of the effects deriving from the application of IFRS 16) compared with Euro -54,538 thousand at 31 December 2018.

At the end of the six-month period, the Parent Company's workforce numbered 296 employees, basically in line with 31 December 2018 (300).

STATEMENT OF RECONCILIATION BETWEEN THE DATA OF THE PARENT COMPANY'S FINANCIAL STATEMENTS AND THE DATA OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation statement between the results for the period and the capital and reserves of the Group with the corresponding values of the Parent Company.

(Thousands of Euro)	Net Shareholder's equity at 30.06.2019	Result at 30.06.2019	Net Shareholder's equity at 30.06.2018	Result at 30.06.2018
RECONCILIATION STATEMENT				
Shareholder's equity and result for the year of the Parent Company	53,607	1,895	54,486	3,585
Difference in value between book value and pro rata value of the accounting equity of the consolidated companies	10,923	0	3,591	0
Pro rata results achieved by investees	0	1,783	0	2,659
Elimination of intra-group dividends	0	0	0	-2,964
Elimination of the effects of intra-group commercial transactions	-800	120	-1,224	241
Profits and losses on exchange from valuation of intra-group loans	-71	71	591	-591
Elimination of revaluation/write-down of investments and recognition of impairment of goodwill	0	-1,078	0	-1,220

Elimination of the effects of intra-group assets	-527	34	-455	-18
Other minor effects	-3	61	0	0
Shareholders' equity and result for the year from Consolidated Financial Statements	63,129	2,886	56,989	1,692
Shareholders' equity and result for the year of minority interests	-328	-53	-727	-93
Shareholders' equity and result for the year of the Group	63,457	2,939	57,716	1,785

2.2. INNOVATION, RESEARCH AND DEVELOPMENT

Research and Development activities in the first half of 2019 saw the continuation of projects initiated in the previous year as well as the launch of new initiatives, in particular:

- development of kits and components for the OEM channel for new vehicles and new engines for major automotive manufacturers, in particular for the new Euro6d-Temp and Euro6d-Full emissions limits, the first sales of which are expected to begin at the end of 2019 and the end of 2020, respectively. These systems include completely redesigned components (reduction gears, injectors and control units) which will make it possible to improve vehicle performance and reduce emissions;
- development of products for the Heavy Duty market, which is an important target for the Group as specified in the Strategic Plan, in particular:
 - development of a new pressure regulator for LNG, a solution increasingly adopted by OEM manufacturers in the sector as an alternative drive system for heavy duty vehicles, which will enable the Group to have a stronger commercial presence in that market;
 - development of a new pressure regulator for CNG with the relative control strategy for top OEM customers;
- development in collaboration with Hydrogenics of a new integrated hydrogen collector for fuel cells, complete with regulator and valves;
- development of conversion systems for the After Market channel intended for new vehicles and engines, particularly with reference to the creation of a new pressure regulator and new electronic control units, with higher performance and smaller size, equipped with “auto-calibration” software that will help to reduce the time for setting up and inspecting systems.

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 “Road shows” 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, periodic publications, official communications and real time updates on the share price, visit the Investors section of the website www.landirenzogroup.com.

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

Price at 2 January 2019	1.1080
Price at 28 June 2019	1.1180
Maximum price 2019 (2 January 2019 - 28 June 2019)	1.3800
Minimum price 2019 (2 January 2019 - 28 June 2019)	1.0660
Market Capitalisation at 30 June 2019 (thousands of Euro)	125,775
Group equity and minority interests at 30 June 2019 (thousands of Euro)	63,129
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.

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 and recoverability of intangible assets, particularly goodwill. Intangible assets totalling Euro 51,079 thousand are reported in the condensed half-yearly consolidated financial statements at 30 June 2019, including Euro 7,599 thousand for development expenditure, Euro 30,094 thousand for goodwill, Euro 13,386 thousand for patents and trademarks and also right-of-use assets of Euro 7,029 thousand and net prepaid tax totalling Euro 9,907 thousand. The recoverability of such values is related to the materialisation of future product development and sale plans and the cash generating unit to which they refer.
- Operating risks, 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 43.5% of total sales), the high competitiveness of the sector where the Group operates, product liability and protection of intellectual property.
- Financial risks, specifically:
 - a) Interest rate risk, linked to fluctuations in the interest rates applied on Group variable-rate loans;
 - b) Exchange rate risk, relating both to the marketing of products in countries outside the Euro area and to the conversion 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.

On 30 June 2019, existing financial covenants on loans were respected.

The Half-Yearly Financial Report at 30 June 2019 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 2018. There were no substantial changes in the

management of the risks mentioned above.

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 Half-Yearly Consolidated Financial Statements” to which you are referred. It should also be noted that sales and purchases between the parties are not classed as atypical or unusual since they fall within the regular operations of the Group companies and they are conducted at regular market rates.

Regarding the relationships with the parent company Girefin S.p.A., it should also be noted that the Directors of Landi Renzo S.p.A. deem that it does not exercise the administration and coordination activities envisaged by art. 2497 of the Italian Civil Code, because:

- the shareholder lacks the means and structures to perform these activities, since it does not have employees or other collaborators capable of providing support for Board of Directors’ activities;
- it does not prepare the budgets and business plans for Landi Renzo S.p.A.;
- it does not give any guidance or instructions to the subsidiary; it does not request to be informed in advance or to approve the subsidiary more significant transactions, nor those of ordinary administration;
- no committees or working groups, formal or informal, are established with representatives of Girefin S.p.A. and representatives of the subsidiary.

As of today, there have been no changes with regards to the conditions indicated above.

Lastly, please note that in accordance with CONSOB Regulation 17221/2010, and pursuant to Article 2391-bis of the Italian 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 28 July 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 and safeguarding of minority shareholders.

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 2018 and the first half of 2019 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. decided to adopt the opt-out system envisaged by arts. 70, par. 8, and 71, par. 1-bis, of CONSOB Regulation no. 11971/99 (as amended). It is therefore able to opt out from the disclosure of the information documents listed in 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

Significant events after closing of the six-month period

After the end of the six-month period and up to the present date we point out that, in compliance with the provisions of the Bonded Loan Regulation, on 1 July 2019 (as 30 June 2019 was not a business day) the Company paid the bondholders a total of Euro 29,064 thousand, of which Euro 28,286 thousand by way of full early repayment and Euro 778 thousand by way of interest accrued.

Likely future developments

With regard to the business outlook, taking into account the results of the first six months of 2019, the uncertainties in the reference market, and orders in the portfolio, the information already given at the time of approval of the Annual Financial Report at 31 December 2018 is confirmed, i.e. the revenues will prove to be between Euro 185 million and Euro 190 million, with an adjusted EBITDA of around Euro 27 million.

With respect to the joint venture SAFE & CEC, currently the order portfolio is higher than forecast, with resulting impacts on production efficiency due to the need to respect the contractual deadlines set forth as much as possible. On the basis on the most recent forecast, the revenues are expected in the range of Euro 65-70 million, in increase compared to 2018, with an adjusted EBITDA between Euro 6 million and Euro 7 million.

Cavriago, 11 September 2019

Chief Executive Officer
Cristiano Musi

3. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

3.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euro)

ASSETS	Notes	30/06/2019	31/12/2018
Non-current assets			
Land, property, plant, machinery and equipment	2	11,920	12,745
Development expenditure	3	7,599	6,932
Goodwill	4	30,094	30,094
Other intangible assets with finite useful lives	5	13,386	14,039
Right-of-use assets	6	7,029	0
Equity investments valued using the equity method	7	23,011	22,292
Other non-current financial assets	8	397	352
Other non-current assets	9	3,991	3,991
Deferred tax assets	10	9,907	10,538
Total non-current assets		107,334	100,983
Current assets			
Trade receivables	11	43,349	35,131
Inventories	12	39,144	38,895
Other receivables and current assets	13	8,228	8,016
Current financial assets	14	2,760	0
Cash and cash equivalents	15	51,348	15,075
Total current assets		144,829	97,117
TOTAL ASSETS		252,163	198,100

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES		30/06/2019	31/12/2018
Shareholders' Equity			
Share capital		11,250	11,250
Other reserves		49,268	43,931
Profit (loss) for the period		2,939	4,671
Total Shareholders' Equity of the Group		63,457	59,852
Minority interests		-328	-276
TOTAL SHAREHOLDERS' EQUITY	16	63,129	59,576
Non-current liabilities			
Non-current bank loans	17	54,836	23,055
Other non-current financial liabilities	18	0	24,427
Non-current liabilities for rights of use	19	4,991	0
Provisions for risks and charges	20	5,000	5,443
Defined benefit plans for employees	21	1,707	1,646
Deferred tax liabilities	22	419	339
Total non-current liabilities		66,953	54,910
Current liabilities			
Bank financing and short-term loans	23	23,518	16,203
Other current financial liabilities	24	29,483	4,262
Current liabilities for rights of use	25	1,989	0
Trade payables	26	59,231	55,166
Tax liabilities	27	2,471	2,385
Other current liabilities	28	5,389	5,598
Total current liabilities		122,081	83,614
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		252,163	198,100

3.2. CONSOLIDATED INCOME STATEMENT

(Thousands of Euro)

CONSOLIDATED INCOME STATEMENT	Notes	30/06/2019	30/06/2018
Revenues from sales and services	29	102,035	97,296
Other revenue and income	30	229	163
Cost of raw materials, consumables and goods and change in inventories	31	-54,346	-46,580
Costs for services and use of third party assets	32	-19,097	-21,816
Personnel costs	33	-14,237	-14,981
Allocations, write-downs and other operating expenses	34	-1,312	-1,399
Gross operating profit		13,272	12,683
Amortisation, depreciation and impairment	35	-6,265	-5,223
Net operating profit		7,007	7,460
Financial income	36	49	77
Financial expenses	37	-2,373	-1,924
Exchange gains (losses)	38	-253	-1,035
Gain (loss) on equity investments valued using the equity method	39	97	-1,152
Profit (loss) before tax		4,527	3,426
Current and deferred taxes	40	-1,641	-1,734
Net profit (loss) for the Group and minority interests, including:		2,886	1,692
Minority interests		-53	-93
Net profit (loss) for the Group		2,939	1,785
Basic earnings (loss) per share (calculated on 112,500,000 shares)	41	0.0261	0.0159
Diluted earnings (loss) per share	41	0.0261	0.0159

3.3. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Thousands of Euro)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	30/06/2019	30/06/2018
Net profit (loss) for the Group and minority interests:		2,886	1,692
<i>Profits/losses that will not be subsequently reclassified in the income statement</i>			
Remeasurement of employee defined benefit plans (IAS 19)	18	-45	6
Total profits/losses that will not be subsequently reclassified in the income statement		-45	6
<i>Profits/losses that could subsequently be reclassified in the income statement</i>			
Valuation of investments with the equity method	7	621	0
Exchange rate differences from conversion of foreign operations		91	-1,083
Total profits/losses that could subsequently be reclassified in the income statement		712	-1,083
Profits/losses recorded directly in Shareholders' Equity after tax effects		667	-1,077
Total consolidated income statement for the period		3,553	615
Profit (loss) for Shareholders of the Parent Company		3,605	672
Minority interests		-52	-57

3.4. CONSOLIDATED CASH FLOW STATEMENT

(Thousands of Euro)		
CONSOLIDATED CASH FLOW STATEMENT	30/06/2019	30/06/2018
Financial flows deriving from operating activities		
Pre-tax profit (loss) for the period	4,527	3,426
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	2,049	2,354
Amortisation of intangible assets	2,974	2,869
Depreciation of right-of-use assets	1,242	0
Loss (profit) from disposal of tangible and intangible assets	-28	-37
Impairment loss on receivables	9	83
Net financial expenses	2,577	2,882
Profit (loss) attributable to investments valued using equity method	-97	1,152
	13,253	12,729
<i>Changes in:</i>		
Inventories	-249	-2,441
Trade receivables and other receivables	-8,561	-7,130
Trade payables and other payables	3,823	4,385
Provisions and employee benefits	-427	-3,854
Cash generated from operations	7,839	3,689
Interest paid	-2,128	-1,841
Interest received	14	37
Income taxes paid	-1,087	-495
Net cash generated from operating activities	4,638	1,390
Financial flows from investments		
Proceeds from the sale of property, plant and equipment	106	95
Purchase of property, plant and equipment	-1,281	-1,386
Purchase of intangible assets	-341	-100
Development expenditure	-2,641	-1,143
Net cash absorbed by investment activities	-4,157	-2,534
Free Cash Flow	481	-1,144
Financial flows from financing activities		
Disbursements (reimbursements) of loans to associates	-2,760	0
Disbursements (reimbursements) of medium/long-term loans	35,815	-1,028
Change in short-term bank debts	3,895	8,673
Repayment of leases IFRS 16	-1,248	0
Net cash generated (absorbed) by financing activities	35,702	7,645
Net increase (decrease) in cash and cash equivalents	36,183	6,501
Cash and cash equivalents as at 1 January	15,075	17,779
Effect of exchange rate fluctuation on cash and cash equivalents	90	-1,092
Closing cash and cash equivalents	51,348	23,188

3.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euro)

	Share capital	Statutory Reserve	Extraordinary and Other Reserves	Share Premium Reserve	Future share capital increase contributions	Result for the year	Group Shareholders' Equity	Profit (Loss) attributable to minority interests	Capital and reserves attributable to minority interests	Total Shareholders' Equity
Balance at 31 December 2017	11,250	2,250	148	30,718	8,867	4,139	57,372	-437	-232	56,703
Effect of IFRS 9 application			-321				-321			-321
Balance as at 1 January 2018	11,250	2,250	-173	30,718	8,867	4,139	57,051	-437	-232	56,382
Result for the year						1,785	1,785	-93		1,692
Actuarial profits/losses (IAS 19)			6				6			6
Translation difference			-1,119				-1,119		36	-1,083
Total overall profits/losses	0	0	-1,113	0	0	1,785	672	-93	36	615
Other changes			-7				-7		-1	-8
Allocation of profit			4,139			-4,139	0	437	-437	0
Balance as at 30 June 2018	11,250	2,250	2,846	30,718	8,867	1,785	57,716	-93	-634	56,989
Balance as at 31 December 2018	11,250	2,250	2,096	30,718	8,867	4,671	59,852	-138	-138	59,576
Effect of IFRS 16 application			0				0			0
Balance as at 1 January 2019	11,250	2,250	2,096	30,718	8,867	4,671	59,852	-138	-138	59,576
Result for the year						2,939	2,939	-53		2,886
Actuarial profits/losses (IAS 19)			-45				-45			-45
Translation difference			90				90		1	91
Valuation of investments using equity method			621				621			621
Total overall profits/losses	0	0	666	0	0	2,939	3,605	-53	1	3,553
Other changes							0			0
Allocation of profit			4,671			-4,671	0	138	-138	0
Balance as at 30 June 2019	11,250	2,250	7,433	30,718	8,867	2,939	63,457	-53	-275	63,129

4. EXPLANATORY NOTES TO THE CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

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 (“Automotive” segment), and compressors for fuel stations through the SAFE and IMW trademarks (“Gas Distribution and Compressed Natural Gas systems” segment). The Group manages all phases of the process that leads to the production and sale of automotive fuel supply systems; it sells both to the main automobile manufacturers at a world-wide level (OEM channel) and to independent retailers and importers (After Market channel).

It should be noted that the structure of the Landi Renzo Group at 30 June 2019 has not changed compared with 31 December 2018.

The Parent Company of the Landi Renzo Group is Landi Renzo S.p.A. with registered office in Cavriago (RE), Italy, listed in the FTSE Italia STAR segment of the Milan Stock Exchange.

These Condensed Half-Yearly Consolidated Financial Statements are subject to limited auditing by PricewaterhouseCoopers S.p.A.

4.2. GENERAL ACCOUNTING STANDARDS AND CONSOLIDATION PRINCIPLES

4.2.1. Preamble

The abbreviated half-yearly consolidated financial statements at 30 June 2019 have been prepared pursuant to art. 154-ter of Italian Legislative Decree 58/1998 “Consolidated Financial Law (*Testo Unico della Finanza*)”, in accordance with the provisions of international accounting standards (IAS/IFRS) adopted by the European Union, and, in particular, those of IAS 34 “Interim Financial Reporting”. As a partial exception to the provisions of IAS 34, this report provides detailed rather than summary tables in order to provide a clearer view of the economic-equity and financial dynamics 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 half-yearly financial statements.

The Condensed Half-Yearly Consolidated Financial Statements at 30 June 2019, approved by the Board of Directors on 11 September 2019, must be read in conjunction with the Consolidated Annual Financial Statements at 31 December 2018.

The consolidation method for the financial statements of the group companies is specified below in these notes.

The valuation criteria used for the preparation of the consolidated financial statements for the six months ending 30 June 2019 are the same as those used for the consolidated financial statements at 31 December 2018.

In addition to the interim values of the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income at 30 June 2019, the balance sheet figures for the year ending 31 December 2018 and the income statement figures at 30 June 2018 are included in the tables below for purposes of comparison.

As described in more detail below in this report, given the application as of 1 January 2019 of IFRS 16 - Leases, the income statement and balance sheet data at 30 June 2019 are not directly comparable with those from 31 December 2018 or with those relating to the same period of the previous year. The application of this new international accounting standard also required a change in the structure of the cash flow statement.

The functional and reporting currency is the Euro. Figures in the statements and tables in this half-yearly financial report are in thousands of Euro, unless specified otherwise.

Amendments and revised accounting standards applied by the Group for the first time

The accounting standards adopted in preparing the condensed half-yearly consolidated financial statements at 30 June 2019 are consistent with those adopted for the preparation of the consolidated financial statements at 31 December 2018, with the exception of the adoption of the new accounting standards, amendments, improvements and interpretations applicable as of 1 January 2019 listed below.

EU endorsement regulation	Description
Regulation (EU) 2017/1986	<p>IFRS 16 Leases: the new standard, which replaces IAS 17, provides a revised definition of a lease and introduces a criterion based on control (right of use) of an asset in order to distinguish between leasing contracts and service contracts, identifying the following as discriminating factors:</p> <ul style="list-style-type: none"> - the identification of the asset, - the right to substitution of the asset, - the right to obtain substantially all the economic benefits from the use of the asset and - the right to direct the use of the asset underlying the contract. <p>The standard establishes a unique leasing contract recognition and assessment model for the lessee, which provides for the entry of the asset that is subject to the lease, including operating, in the assets set-off by a financial debt, with the possibility of not recognising a contract as a lease if the lease term is 12 months or assets of modest value.</p>
Regulation (EU) 2018/182	Annual Improvements to IFRS Standards 2014-2016 Cycle: amending IFRS 1, IFRS 12 and IAS 28.
Regulation (EU) 2018/289	IFRS 2 Classification and Measurement of Share-based Payment Transactions aims to clarify the accounting of certain types of share-based payment transactions.
Regulation (EU) 2018/400	<p>Amendments to IAS 40 regarding transfers of investment property. The amendment includes the following changes:</p> <ul style="list-style-type: none"> i) Paragraph 57 of IAS 40 is amended to state that an entity must transfer a property from, or to, the real estate investment category only when there is evidence of a change in use. ii) The list of examples indicated in paragraph 57 (a) – (d) is redefined as a non-exhaustive list. <p>These amendments do not apply to the Group's consolidated financial statements.</p>
Regulation (EU) 2018/498	The amendments to IFRS 9 Financial Instruments aim to allow the measurement at amortised cost or fair value through other comprehensive income of financial assets

	characterised by an early repayment option with the so-called “negative compensation”. These amendments do not apply to the Group’s consolidated financial statements.
Regulation (EU) 2018/519	IFRIC 22 — Foreign Currency Transactions and Advance Consideration covers foreign currency transactions if an entity recognises a non-monetary asset or liability from the payment or receipt of an advance before the entity recognises the relative asset, cost or revenue. The provision must not be applied to taxes, insurance or reinsurance contracts. This IFRIC does not apply to the Group’s consolidated financial statements.
Regulation (EU) 2018/1595	The interpretation IFRIC 23 – Uncertainty over Income Tax Treatments provides indications on how to present uncertainty of the tax treatment of a given phenomenon in accounting for income tax.

The accounting principles and modifications to the accounting principles described above, with the exception of IFRS 16, have not had significant effects on the Group’s financial statements.

The Group has applied IFRS 16 - Leases as of 1 January 2019 adopting the modified retrospective approach, recognising the lease liability at the present value of the remaining payments due, discounted using the marginal rate of financing at the date of initial application (if the implicit interest rate is unavailable) and enrolling the right of use asset at an amount equal to the lease liability, adjusted for the amount of any accruals and deferrals relating to the lease. The use of this methodology did not entail the restatement of comparative information and did not have any effects on the Group’s shareholders’ equity.

The Group has exercised the right not to apply the new standard to the following contracts:

- short-term lease agreements, namely with a duration of less than or equal to 12 months;
- lease agreements with a low-value underlying asset.

The Group instead did not rely on the practical expedient provided by the standard which makes it possible not to apply the new accounting to leases with a duration of less than 12 months as of the date of initial application (1 January 2019).

The application of this standard entailed the recognition in the financial statements at 1 January 2019 of right-of-use assets of Euro 4,943 thousand. Below are the effects deriving from the initial application of IFRS 16 on the consolidated statement of financial position at 1 January 2019.

(Thousands of Euro)

ASSETS	01/01/2019	FTA IFRS 16	01/01/2019 restated
Non-current assets			
Land, property, plant, machinery and equipment	12,745		12,745
Development expenditure	6,932		6,932
Goodwill	30,094		30,094
Other intangible assets with finite useful lives	14,039		14,039
Right-of-use assets	0	4,943	4,943
Equity investments valued using the equity method	22,292		22,292
Other non-current financial assets	352		352
Other non-current assets	3,991		3,991
Deferred tax assets	10,538		10,538
Total non-current assets	100,983	4,943	105,926
Current assets			
Trade receivables	35,131		35,131
Inventories	38,895		38,895
Other receivables and current assets	8,016		8,016
Cash and cash equivalents	15,075		15,075
Total current assets	97,117	0	97,117
TOTAL ASSETS	198,100	4,943	203,043

(Thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES	01/01/2019	FTA IFRS 16	01/01/2019 restated
Shareholders' Equity			
Share capital	11,250		11,250
Other reserves	43,931		43,931
Profit (loss) for the period	4,671		4,671
Total Shareholders' Equity of the Group	59,852	0	59,852
Minority interests	-276		-276
TOTAL SHAREHOLDERS' EQUITY	59,576	0	59,576
Non-current liabilities			
Non-current bank loans	23,055		23,055
Other non-current financial liabilities	24,427		24,427
Non-current liabilities for rights of use	0	3,207	3,207
Provisions for risks and charges	5,443		5,443
Defined benefit plans for employees	1,646		1,646
Deferred tax liabilities	339		339
Total non-current liabilities	54,910	3,207	58,117
Current liabilities			
Bank financing and short-term loans	16,203		16,203
Other current financial liabilities	4,262		4,262
Current liabilities for rights of use	0	1,736	1,736
Trade payables	55,166		55,166
Tax liabilities	2,385		2,385
Other current liabilities	5,598		5,598
Total current liabilities	83,614	1,736	85,350
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	198,100	4,943	203,043

Below we show the effects on the consolidated income statement of the Group at 30 June 2019.

(Thousands of Euro)

	30/06/2019			30/06/2018
	Landi Renzo Consolidated	IFRS 16 Adjustment	Landi Renzo Consolidated with standards remaining the same	Landi Renzo Consolidated
Revenues from sales and services	102,035		102,035	97,296
Other revenues and income	229		229	163
Operating costs	-88,992	-1,362	-90,354	-84,776
Gross operating profit	13,272	-1,362	11,910	12,683
Amortisation, depreciation and impairment	-6,265	1,242	-5,023	-5,223
Net operating profit	7,007	-120	6,887	7,460
Financial income (charges) and exchange rate differences	-2,577	70	-2,507	-2,882
Gain (loss) on equity investments valued using the equity method	97		97	-1,152
Profit (loss) before tax	4,527	-50	4,477	3,426
Current and deferred taxes	-1,641	13	-1,628	-1,734
Net profit (loss) for the Group and minority interests, including:	2,886	-37	2,849	1,692
Minority interests	-53		-53	-93
Net profit (loss) for the Group	2,939	-37	2,902	1,785

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Company

The following table lists the new international accounting standards, or the amendments of standards and interpretations already in force, which must begin being applied from 1 January 2020 or thereafter.

EU endorsement regulation	Description
12 October 2017	The IASB published amendments to IAS 28 – Investments in Associates and Joint Ventures to facilitate implementation. The amendments aim to clarify that IFRS 9 applies to long-term receivables from an associate company or joint venture which, substantially, are part of the net investment in the associate company or joint venture. The amendments will come into force on 1 January 2020.
12 December 2017	The IASB published the Annual Improvements to IFRSs 2015-2017 Cycle, including amendments to IAS 12 – Income Taxes, IAS 23 – Borrowing Costs, IFRS 3 – Business Combinations and IFRS 11 – Joint Arrangements. The amendments will come into force on 1 January 2020.
7 February 2018	The IASB published amendments to IAS 19 – Plan Amendment, Curtailment or Settlement, which clarifies the methodology for determining the cost relating to current labour supply and net interest when there is a change to the defined benefit plan. The amendments are applicable starting from the financial years starting from 1 January 2020. Early application is permitted.

The Group is evaluating the effects that the application of such standards may have on its financial statements. The Group did not exercise the option to apply them early.

During the year, the IASB made amendments to several international accounting standards issued previously and published new international accounting standards, for which the approval process has not yet been completed.

Date	IAS Publications
30 January 2014	<p>IFRS 14 entered into force on 1 January 2016, but the European Commission decided to suspend the endorsement process pending the new accounting standard on rate-regulated activities.</p> <p>IFRS 14 allows only entities which adopt IFRS for the first time to continue to recognise rate regulation balances in accordance with the previous accounting standards adopted. To improve comparability with entities that already apply IFRS and do not recognise such balances, the standard requires the effect of rate regulation to be presented separately from other items.</p>
18 May 2017	<p>The IASB published IFRS 17 – Insurance Contracts. The standard aims to improve understanding by investors, and others, of the exposure to risk, profitability and the financial position of insurers. IFRS 17 replaces IFRS 4, issued in 2004 as an interim Standard, and will come into force on 1 January 2021, but prior application is permitted.</p> <p>This standard is not applicable to the Group.</p>
22 October 2018	<p>The IASB published the amendment to IFRS 3 Business Combinations with a view to helping to determine whether a transaction is an acquisition of a business or a group of assets which does not qualify as a business pursuant to IFRS 3.</p> <p>The changes will be applied to acquisitions subsequent to 1 January 2020. However, early application is permitted.</p>
31 October 2018	<p>The IASB published the amendments to IAS 1 and IAS 8 which aim to clarify the definition of “material” to help companies decide whether information needs to be included in the financial statements.</p> <p>The amendments apply as of 1 January 2020. However, early application is permitted.</p>

The Group is evaluating the effects that the application of such standards may have on its financial statements.

4.2.2. [Consolidation procedures and valuation criteria](#)

The preparation of the Condensed Half-Yearly 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 Cash Flow Statement, and in disclosures provided. Estimates are used in recognizing goodwill, impairment of fixed assets, development costs, taxes, provisions for bad debts and inventories write-down, employee benefits and other provisions. The estimates and assumptions are reviewed periodically and the effects of each

variation are immediately reflected in the Income Statement.

However, 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 the 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 in total sales over the course of the year, except for the signing of new supply contracts on the OEM channel which may involve 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 the opening Equity according to the current exchange rates at the end of the period, and those due to the different method used for conversion of the result for the period, are recorded in the Statement of Comprehensive Income and classified among 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 (Currency against the Euro)						
	At 30/06/2019	Ave. H1 2019	At 31/12/2018	Average 2018	At 30/06/2018	Ave. H1 2018
Real – Brazil	4.351	4.342	4.444	4.308	4.488	4.142
Renminbi – China	7.819	7.668	7.875	7.808	7.717	7.709
Rial – Iran	47,796.000	47,450.936	48,090.000	48,209.878	49,651.000	47,664.675
Rupee – Pakistan	184.759	162.001	160.115	143.282	141.907	137.971
Zloty – Poland	4.250	4.292	4.301	4.261	4.373	4.221
Leu – Romania	4.734	4.742	4.663	4.654	4.663	4.654
Dollar - US	1.138	1.130	1.145	1.181	1.166	1.210
Peso - Argentina	48.568	46.800	43.159	32.909	32.705	26.038
Rupee - India	78.524	79.124	79.730	80.733	79.813	79.490

4.3. SCOPE OF CONSOLIDATION

The scope of consolidation 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. There has been no change to the scope of consolidation at 30 June 2019 compared with 31 December 2018.

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

Description	Registered Office	Share capital	% stake at 30 June 2019		Notes
			Direct investment	Indirect investment	
Parent Company					
Landi Renzo S.p.A.	Cavriago (RE) - Italy	EUR	11,250,000	Parent Company	
Companies consolidated using the line-by-line method					
Landi International B.V.	Utrecht (The Netherlands)	EUR	18,151	100.00%	
Landi Renzo Polska Sp.Zo.O.	Warsaw (Poland)	PLN	50,000		100.00% (1)
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 USA Corporation	Wilmington - DE (USA)	USD	3,067,131	100.00%	
AEB America S.r.l.	Buenos Aires (Argentina)	ARS	2,030,220	96.00%	
Lovato Gas S.p.A.	Vicenza (Italy)	EUR	120,000	100.00%	
Officine Lovato Private Limited	Mumbai (India)	INR	19,091,430		74.00% (2)
Associates and subsidiaries consolidated using the equity method					
SAFE&CEC S.r.l.	S. Giovanni in Persiceto (Bologna, Italy)	EUR	2,500,000	51.00%	(3)
Krishna Landi Renzo India Private Ltd Held	Gurugram - Haryana (India)	INR	118,000,000	51.00%	(4)
Other minor companies					
Landi Renzo VE.CA.	Caracas (Venezuela)	VEF	2,035,220	100.00%	(5)
Landi Renzo Argentina S.r.l. - in liquidation	Buenos Aires (Argentina)	ARS	1,378,000	96.00%	(5)
Lovato do Brasil Ind Com de Equipamentos para Gas Ltda	Curitiba (Brazil)	BRL	100,000		100.00% (5)
EFI Avtosanoat-Landi Renzo LLC	Navoiy Region (Uzbekistan)	USD	800,000	50.00%	(5)

Detailed notes on investments:

(1) Held indirectly through Landi International B.V.

(2) Held by Lovato Gas S.p.A.

(3) Company joint venture that controls 100% of SAFE S.p.A. and 100% of IMW Industries Ltd and its subsidiaries

(4) Company joint venture

(5) Companies not consolidated as a result of their irrelevance

4.4. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes reported hereafter have been calculated on the balances at 31 December 2018 as regards balance sheet items and on the values of the first half of 2018 as regards income statement items.

Following the application as of 1 January 2019 of IFRS 16 - Leases, the income statement and balance sheet data at 30 June 2019 are not directly comparable with those from 31 December 2018 or with those relating to the same period of the previous year.

4.4.1. SEGMENT REPORTING

During the first six months of 2019 the Group's direct operations were only in the Automotive segment.

The Group operates indirectly in the "Gas Distribution and Compressed Natural Gas" segment through the joint venture SAFE & CEC S.r.l. which, in accordance with the contractual governance system, meets the joint control requirements as stipulated by IFRS 11, and is consolidated according to the equity method.

Consolidated revenues recorded in the first six months of 2019 by the Landi Renzo Group are divided by geographical area as follows:

(Thousands of Euro)

Geographical distribution of revenues	At 30/06/2019	% of revenues	At 30/06/2018	% of revenues	Change	%
Italy	19,740	19.3%	18,960	19.5%	780	4.1%
Europe (excluding Italy)	49,709	48.7%	40,953	42.1%	8,756	21.4%
America	13,440	13.1%	15,061	15.4%	-1,621	-10.8%
Asia and Rest of the World	19,146	18.9%	22,322	23.0%	-3,176	-14.2%
Total	102,035	100.0%	97,296	100.0%	4,739	4.9%

NON-CURRENT ASSETS

4.4.2. LAND, PROPERTY, PLANT, MACHINERY AND OTHER EQUIPMENT

Tangible assets showed an overall net decrease of Euro 825 thousand, decreasing from Euro 12,745 thousand at 31 December 2018 to Euro 11,920 thousand at 30 June 2019.

The following is an analysis of changes in "Land, property, plant, machinery and other equipment" that took place during the period:

(Thousands of Euro)

Net value	31/12/2018	Acquisitions	(Disposals)	Depreciation rates	Other changes	Net Value at 30/06/2019
Land and buildings	811	4	0	-121	-25	669
Plant and machinery	6,134	182	0	-810	-186	5,320
Industrial and commercial equipment	2,968	414	-6	-712	-56	2,608
Other tangible assets	1,850	233	-72	-406	163	1,768
Assets in progress and payments on account	982	448	0	0	125	1,555
Total	12,745	1,281	-78	-2,049	21	11,920

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

- purchase of plant and machinery for Euro 182 thousand, mainly relating to new ultrasonic welders as well as improvements and upgrades on some machinery;
- purchase of industrial equipment for Euro 414 thousand, primarily relating to the purchase of moulds (Euro 202 thousand) and industrial equipment (Euro 97 thousand);
- other assets for Euro 233 thousand, mainly relating to the acquisition of motor vehicles, computers and printers;
- assets under construction and advance payments for Euro 448 thousand, mainly relating to test benches (Euro 201 thousand) and other equipment (Euro 130 thousand).

The main decreases in tangible assets for the first six months of 2019, totalling Euro 78 thousand, relate to disposals of industrial vehicles, equipment and furnishings, which did not have significant impacts on the income statement.

The significant amount with respect to the previous year in the item Assets in progress and advance payments, totalling Euro 1,555 thousand as at 30 June 2019 (Euro 982 thousand as at 31 December 2018), primarily includes investments made by the Parent Company in several new work benches for the specific production required to create new products for an important OEM customer. This machinery is currently in the completion phase and is expected to be used in the production process in the course of the coming months.

The column "Other changes" includes primarily conversion differences on assets held by companies abroad.

4.4.3. DEVELOPMENT COSTS

This item breaks down as follows:

(Thousands of Euro)

	Net Value at 31/12/2018	Increases	Depreciation and write-downs	Other changes	Net Value at 30/06/2019
Development expenditure	6,932	2,641	-1,974	0	7,599

Development costs amounted to Euro 7,599 thousand (Euro 6,932 thousand at 31 December 2018) and include the

costs incurred by the Group both for internal personnel and for services supplied by third parties, for projects meeting the requirements of IAS 38 to be capitalised.

As illustrated in the Interim Report on Operating Performance, indeed, at global level the Automotive segment is experiencing a historic phase of renewal and development due to the increasing attention placed on environmental issues, resulting in increasingly stringent greenhouse gas emissions limits imposed by a growing number of countries. In this context, the Group's management has identified significant and appealing opportunities for gas-mobility, especially in the Mid and Heavy Duty segment, but also in the sector Passenger car and Light commercial vehicles (LCV), to support the main automotive manufacturers in completing their "green" product range. In order to take the most advantage of these opportunities, as set forth in the strategic plan the Group has significantly increased its new product development activities for the OEM, with a particular focus on Mid and Heavy Duty vehicles.

Costs capitalised during the first half of 2019 totalled Euro 2,641 thousand (Euro 1,143 thousand at 30 June 2018) and refer mainly to the capitalisation of costs of development projects for new products for the OEM and After Market channel, 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 2019.

The increases for the period relate to development projects in progress at 30 June 2019, for which the grounds for recoverability have been verified.

4.4.4. GOODWILL

The Goodwill item totalled Euro 30,094 thousand, unchanged compared with 31 December 2018.

(Thousands of Euro)

CGU	30/06/2019	31/12/2018	Change
Automotive	30,094	30,094	0
Total	30,094	30,094	0

During the six months there were no events or circumstances that indicate possible impairment in relation to the goodwill mentioned above. In particular, the half-yearly results of the Group are in line with the budget.

Please also note that at the reporting date of these condensed half-yearly consolidated financial statements, the company's market capitalisation is significantly higher than the value of the consolidated shareholders' equity, further confirming the absence of indicators of possible impairment.

4.4.5. OTHER INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

This item breaks down as follows:

(Thousands of Euro)

	Net Value at 31/12/2018	Increases	Amortisation rates	Other changes	Net Value at 30/06/2019
Other intangible assets with finite useful lives	14,039	341	-1,000	6	13,386

Other intangible assets with finite useful lives, equal to Euro 13,386 thousand (Euro 14,039 thousand at 31 December

2018), predominantly include Rights to use intellectual property and trademarks owned by the Group, in particular the values of the Lovato (Euro 6,810 thousand), A.E.B. (Euro 5,052 thousand) and other minor brands, expressed at the fair value at the time of purchase, defined on the basis of valuations made by independent professionals, and amortised over 18 years, a period considered representative of the useful life of these brands.

During the six months there were no events or circumstances that indicate possible impairment in relation to the other intangible assets mentioned above.

4.4.6. RIGHT-OF-USE ASSETS

This item breaks down as follows:

(Thousands of Euro)

	Net Value at 31/12/2018	FTA of IFRS 16 01/01/2019	Increases	Depreciation rates	Other changes	Net Value at 30/06/2019
Buildings	0	4,553	4,139	-1,117	-1,149	6,425
Motor vehicles	0	390	339	-125	0	604
Total	0	4,943	4,478	-1,242	-1,149	7,029

Right-of-use assets recognised on first time adoption of the new accounting standard IFRS 16 - Leases on 1 January 2019 amounted to Euro 4,943 thousand.

The significant increases during the half-year of right-of-use assets on buildings are linked to the renewal with the related company Gireimm S.r.l. of the lease agreement on the property used as the operating headquarters of Landi Renzo S.p.A., the contractual expiry of which was scheduled for 10 May 2019. This agreement, which has a duration of 5 years, renewable only by written agreement between the parties, entailed mainly an increase in right-of-use assets and the relative liabilities of Euro 3,841 thousand.

The other changes are primarily linked to the agreement entered into by Landi Renzo S.p.A. and the related company Gireimm S.r.l. for the early termination without penalties of the lease agreement on the portion of the property located in Cavriago named New Technical Centre, no longer necessary to the Group. Following the termination of this agreement, the right of use assets declined by Euro 1,149 thousand.

4.4.7. EQUITY INVESTMENTS CONSOLIDATED USING THE EQUITY METHOD

This item, equal to Euro 23,011 thousand, includes the value of the Joint Venture Krishna Landi Renzo Prv Ltd, and SAFE & CEC S.r.l., assessed using the equity method.

(Thousands of Euro)

Description	31/12/2018	Increases	Decreases	30/06/2019
Krishna Landi Renzo India Private Ltd Held	384	298	0	682
SAFE & CEC S.r.l.	21,908	621	-200	22,329
Total	22,292	919	-200	23,011

In particular:

- The stake held in the Joint Venture Krishna Landi Renzo Prv Ltd was revalued by Euro 298 thousand due to the positive results for the period.
- The equity investment held in the joint venture SAFE&CEC S.r.l. was revalued for a total of Euro 412 thousand, of which Euro -200 thousand attributed to the income statement, for the Group's share of the loss for the period, and a positive Euro 621 thousand attributed to other components of the statement of comprehensive income, related to changes accounted for by the joint venture in the statement of comprehensive income.

4.4.8. OTHER NON-CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)			
Other non-current financial assets	30/06/2019	31/12/2018	Change
EFI Avtosanoat-Landi Renzo LLC	172	172	0
Landi Renzo Argentina	5	5	0
Guarantee deposits	199	167	32
Other financial assets	21	8	14
Total	397	352	46

Other non-current financial assets, totalling Euro 397 thousand (Euro 352 thousand at 31 December 2018) mainly include the value of the equity investment in the Joint Venture EFI Avtosanoat Landi Renzo – LLC of Euro 172 thousand and not consolidated because it is not significant, as well as guarantee deposits of Euro 199 thousand and other assets.

4.4.9. OTHER NON-CURRENT ASSETS

Other non-current assets, totalling Euro 3,991 thousand as at 31 December 2018, include the portion beyond the financial year of the receivables from AVL Italia S.r.l. regarding the sale of the company branch relating to the laboratory management part of the Technical Centre. This contract stipulates the receipt of 10 annual instalments and the charging of interests on the residual receivables at the end of each financial year.

4.4.10. DEFERRED TAX ASSETS

This item is shown in detail below (thousands of Euro):

Offsettable deferred tax assets and liabilities	30/06/2019	31/12/2018	Change
Deferred tax assets	13,201	14,253	-1,052
Deferred tax liabilities	-3,294	-3,715	421
Total net deferred tax assets	9,907	10,538	-631

The following table shows the values of the deferred tax assets and liabilities and their movements from 31 December 2018 to 30 June 2019:

Deferred tax assets	Deferred tax assets 31/12/2018	Uses	Write- downs	Temporary differences	Other changes	Deferred tax assets 30/06/2019
Goodwill and flat-rate tax	1,237	-292				945
Temporary differences	3,155	-406		392		3,141
Other deferred tax assets	986	-155				831
Tax losses	8,875	-591				8,284
a) Total deferred tax assets	14,253	-1,444	0	392	0	13,201
Deferred tax liabilities	Deferred tax liabilities 31/12/2018	Uses	Write- downs	Temporary differences	Other changes	Deferred tax liabilities 30/06/2019
Other temporary differences	0	-38		60		22
Intangible assets	3,715	-443				3,272
b) Total deferred tax liabilities	3,715	-481	0	60	0	3,294
a-b) Total net deferred tax assets	10,538	-963	0	332	0	9,907

In particular, net deferred tax assets, totalling Euro 9,907 thousand (Euro 10,537 thousand at 31 December 2018), related to both temporary differences between the book values of assets and liabilities on the balance sheet and the corresponding tax values recognised, and to the losses from the national tax consolidation scheme deemed to be recoverable on the basis of the company plans, the realisation of which is subject to the intrinsic risk of non-implementation inherent in its provisions.

At 30 June 2019 offsettable deferred tax liabilities totalled Euro 3,294 thousand (Euro 3,715 thousand at 31 December 2018), with a decrease of Euro 421 thousand, and are primarily related to temporary differences between the book values of certain tangible and intangible assets and the values recognised for tax purposes.

CURRENT ASSETS

4.4.11. TRADE RECEIVABLES

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 by geographical area	30/06/2019	31/12/2018	Change
Italy	6,149	5,281	868
Europe (excluding Italy)	9,953	5,992	3,961
America	17,531	15,954	1,577
Asia and Rest of the World	16,077	14,303	1,774
Provision for bad debts	-6,361	-6,399	38
Total	43,349	35,131	8,218

Trade Receivables totalled Euro 43,349 thousand, net of the Provision for Bad Debts equal to Euro 6,361 thousand, compared with Euro 35,131 thousand at 31 December 2018.

Total transactions for the sale of trade receivables through factoring without recourse, for which the corresponding receivables were derecognised, amounted to Euro 26,925 thousand (Euro 25,391 thousand at 31 December 2018).

Receivables from related parties totalled Euro 2,786 thousand (Euro 2,605 thousand at 31 December 2018) and related to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held and to the Joint Venture EFI Avtosanoat-Landi Renzo LLC. All the related transactions are carried out at arm's length conditions.

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	31/12/2018	Allocation	Uses	Other changes	30/06/2019
Provision for bad debts	6,399	9	0	-47	6,361

The allocations made during the period, necessary in order to adjust the book value of the payables to their assumed recovery value, amounted to Euro 9 thousand.

The following table provides information on the maximum credit risk divided by past due credit classes, gross of the bad debt provision:

(Thousands of Euro)

	Total	Not past due	Past due		
			0-30 days	30-60 days	60 and beyond
Trade receivables at 30/06/2019	49,710	29,535	6,669	2,181	11,325
Trade receivables at 31/12/2018	41,530	26,196	4,690	2,252	8,392

It is considered that the book 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.

4.4.12. INVENTORIES

This item breaks down as follows:

(Thousands of Euro)

Inventories	30/06/2019	31/12/2018	Change
Raw materials and parts	27,527	26,675	852
Work in progress and semi-finished products	10,154	9,896	258
Finished products	8,887	9,643	-756
Inventory write-down reserve	-7,424	-7,319	-105
Total	39,144	38,895	249

Closing inventories totalled Euro 39,144 thousand, net of the inventory write-down reserve of Euro 7,424 thousand, and they were essentially aligned with 31 December 2018. The Group estimated the size of the inventory write-down reserve 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 2019, this item totalled Euro 7,424 thousand, an increase of Euro 105 thousand compared with 31 December 2018.

4.4.13. OTHER RECEIVABLES AND CURRENT ASSETS

This item breaks down as follows:

(Thousands of Euro)			
Other receivables and current assets	30/06/2019	31/12/2018	Change
Tax assets	3,547	4,704	-1,157
Receivables from others	2,369	2,636	-267
Accruals and deferrals	2,312	676	1,636
Total	8,228	8,016	212

Tax assets consist primarily of VAT recoverable from the tax authorities for Euro 1,942 thousand and income tax credit of Euro 1,605 thousand.

Receivables from others refer to payments on account, credit notes to be received and other receivables, and to the short-term receivables from AVL Italia S.r.l. relating to the aforementioned sale of the company branch for a total of Euro 570 thousand, as well as the related accrued interest.

Accruals and deferrals relate mainly to prepaid expenses for long-term business services, insurance premiums, leases, association fees and hardware /software maintenance fees paid in advance, in addition to costs incurred in advance on commercial projects which will have economic benefits starting from next year.

4.4.14. CURRENT FINANCIAL ASSETS

This item breaks down as follows:

(Thousands of Euro)			
Current financial assets	30/06/2019	31/12/2018	Change
SAFE S.p.A. loan	2,760	0	2,760
Total	2,760	0	2,760

Following the signing of the new medium/long-term loan agreement, described below in this report, and the agreement for the early termination of the Optimisation Agreement, in which the Parent Company and SAFE S.p.A. participated, the Parent Company granted a loan maturing on 31 December 2019 to the latter so it could repay its medium/long-term loans falling under the above-mentioned Optimisation Agreement.

This loan is interest bearing and the relative rates were defined on the basis of current market values.

4.4.15. 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, breaks down as follows:

(Thousands of Euro)			
Cash and cash equivalents	30/06/2019	31/12/2018	Change
Bank and post office accounts	51,310	15,033	36,277
Cash	38	42	-4
Total	51,348	15,075	36,273

Cash and cash equivalents totalled Euro 51,348 thousand (Euro 15,075 thousand at 31 December 2018). The high amount of cash and cash equivalents at 30 June 2019 is primarily due to the above-mentioned refinancing agreement, which allowed the group to repay the existing medium/long-term loans falling under the Optimisation Agreement and the Bonded Loan in advance. While the existing medium/long-term loans were repaid, in accordance with the agreement with the lending banks, on 28 June 2019, the Bonded Loan was repaid on 1 July 2019, as set forth in the relative Regulation.

For analysis of the production and absorption of cash during the half-year, please refer to the Consolidated Statement of Cash Flows.

It is considered that the book value of the item "Cash and cash equivalents", not subject to a significant risk of changes in value, is aligned with its fair value at the date of the financial statements.

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.

4.4.16. SHAREHOLDERS' EQUITY

The following table provides a breakdown of shareholders' equity items:

(Thousands of Euro)			
Shareholders' Equity	30/06/2019	31/12/2018	Change
Share capital	11,250	11,250	0
Other reserves	49,268	43,931	5,337
Profit (loss) for the period	2,939	4,671	-1,732
Total Shareholders' Equity of the Group	63,457	59,852	3,605
Capital and Reserves attributable to minority interests	-275	-138	-137
Profit (loss) attributable to minority interests	-53	-138	85
Total Minority Interests	-328	-276	-52
Total Consolidated Equity	63,129	59,576	3,553

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.

The Consolidated Net Equity at 30 June 2019 shows a positive variation of Euro 3,553 thousand compared to 31 December 2018, mainly due to the profit for the period of Euro 2,886 thousand, and the recognition in the statement of comprehensive income of part of the valuation of the joint venture SAFE&CEC made using the equity method (positive Euro 621 thousand), i.e. share of the other components of the consolidated Statement of Comprehensive Income accounted for by the joint venture.

For further details on the changes compared with 31 December 2018, please refer to the Consolidated Statement of Changes in Equity.

The Other reserves are shown in detail below:

(Thousands of Euro)			
Other reserves	30/06/2019	31/12/2018	Change
Statutory Reserve	2,250	2,250	0
Extraordinary and Other Reserves	16,300	10,963	5,337
Share Premium Reserve	30,718	30,718	0
Total Other Reserves of the Group	49,268	43,931	5,337

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

The Extraordinary Reserve and other reserves refer to the profits made by the Parent Company and by the subsidiaries in previous financial years and rose by Euro 5,337 thousand due to the allocation of the profit from the previous financial year, as well as due to the recognition of part of the valuation with the equity method of the joint venture SAFE&CEC in the statement of comprehensive income.

The Share Premium Reserve originated as a result of the quotation operation for an amount equal to Euro 46,598 thousand, net of the related costs. This reserve was used during the 2017 financial year for Euro 15,880 thousand to partially cover the losses for the year 2016.

The minority interest represents the share of equity and result for the period of foreign subsidiaries not owned in full.

NON-CURRENT LIABILITIES

Refinancing of the Landi Renzo Group

In light of the continuous, clear improvement in the Group's economic and financial performance and the favourable conditions in the financial markets in terms of the cost of money, in the first half of 2019 the Group management entered into important negotiations with several top financial institutions with a view to obtaining a new loan in order to

extinguish the existing financial debt deriving from the Optimisation Agreement entered into on March 2017 and the "LANDI RENZO 6,10% 2015-2022" Bonded Loan (ISIN IT0005107237), as well as obtain a simultaneous reduction in financial expenses.

On 26 June 2019, Landi Renzo S.p.A., along with Lovato Gas S.p.A. and SAFE S.p.A., subsidiaries/associates still falling under the Optimisation Agreement, agreed with the lending banks involved in the agreement to formally terminate it, also calling for:

- the voluntary early repayment of the existing financial debt deriving from the Optimisation Agreement;
- the maintenance of the existing revocable commercial and current account credit lines and the other guarantees given by the lending banks, also outside the scope of the Optimisation Agreement.

On the same date the Company entered into a five-year medium-term loan agreement with a pool of three major banks (BPM - mandated lead arranger and bookrunner, Intesa Sanpaolo and Unicredit) for a total of Euro 65 million under more favourable economic conditions, which will make it possible to reduce financial expenses compared to current levels as well as improve the Group's debt profile. The relative financial resources were used to repay the financial debt deriving from the Optimisation Agreement in full, on 28 June 2019, and the Bonded Loan, on 1 July 2019, for a total of Euro 55 million. The remainder of the new loan will be used to support current and future investments.

The new loan agreement has a single covenant with regard to the EBITDA/Net Financial Position ratio, which had been respected at the date of this report.

On the basis of the loan agreement, the Company also committed to covering at least 50% of the notional amount of the two main lines of the loan with derivative financial instruments within 3 months of when the agreement was entered into. Please note that in July, the relative Interest Rate Swap ("IRS") contracts were signed with the lending banks to cover 70% of the nominal value of those lines in order to reduce the risk of interest rate volatility in the Group's financial statements.

4.4.17. NON-CURRENT BANK LOANS

This item breaks down as follows:

(Thousands of Euro)

Non-current bank loans	30/06/2019	31/12/2018	Change
Loans and financing	55,515	23,259	32,256
Amortised cost	-679	-204	-475
Total	54,836	23,055	31,781

This item includes the medium/long term portion of bank debts for unsecured loans and finance. It totalled Euro 54,836 thousand at 30 June 2019, compared with Euro 23,055 thousand at 31 December 2018.

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, totalling USD 4 million. The loans are not secured by real collateral and there are no clauses other than the early payment clauses normally envisaged by commercial practice.

The annual repayment plan for the medium/long-term loans, based on the balances at 30 June 2019, is shown below.

(Thousands of Euro)

Maturities	Loans and financing
2019 (2H)	4,000
2020 (1H)	4,000
Amortised cost	-288
Bank financing and short-term loans	7,712
2020 (2H)	4,391
2021	10,210
2022	10,210
2023	10,210
2024	20,494
Amortised cost	-679
Non-current bank loans	54,836
Total	62,548

4.4.18. OTHER NON-CURRENT FINANCIAL LIABILITIES

Following the full early repayment of the Bonded Loan, planned for 1 July 2019, the relative residual debt was all classified to current liabilities. As a result, at 30 June 2019, other non-current financial liabilities totalled zero (Euro 24,427 thousand at 31 December 2018).

4.4.19. NON-CURRENT LIABILITIES FOR RIGHTS OF USE

This item breaks down as follows:

(Thousands of Euro)

	Net Value at 31/12/2018	FTA of IFRS 16 01/01/2019	Increases	Repayments	Other changes	Net Value at 30/06/2019
Buildings	0	4,553	4,026	-1,121	-1,086	6,372
Motor vehicles	0	390	339	-127	6	608
Total	0	4,943	4,365	-1,248	-1,080	6,980
of which current						1,989
of which no-current						4,991

Following the initial application of the new accounting standard IFRS 16 - Leases as of 1 January 2019, the Group recognised right-of-use liabilities of Euro 4,943 thousand in its financial statements (Euro 6,980 thousand at 30 June 2019). This change is due primarily to the combined effect of:

- the recognition of a right-of-use liability equal to Euro 3,841 thousand following the signing of the new lease agreement on the property located at Via Nobel 2/4 used as the headquarters of the parent company, which had expired on 10 May 2019;

- decrease in right-of-use liabilities of Euro 1,086 thousand against the agreement signed by the Parent Company with Gireimm S.r.l. for early withdrawal, without penalties, from the lease agreement on the portion of the New Technical Centre property.

4.4.20. PROVISIONS FOR RISKS AND CHARGES

This item breaks down as follows:

(Thousands of Euro)

Provisions for risks and charges	31/12/2018	Allocation	Utilisation	Other changes	30/06/2019
Provision for product warranties	4,562	977	-1,079	1	4,461
Provision for lawsuits in progress	142		-52		90
Provisions for pensions	63	5	0		68
Other provisions	676	60	-355		381
Total	5,443	1,042	-1,486	1	5,000

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 was calculated with reference to the historical data of the Group, on the basis of specific contractual content. At 30 June 2019 this provision totalled Euro 4,461 thousand. The allocation, totalling Euro 977 thousand, was stated on the Income Statement under the item "Provisions, write-downs and other operating expenses". Uses of the risk provision totalling Euro 1,079 thousand are due to the coverage of warranty costs correlated with supplies of components in previous years.

The provision for lawsuits in progress relates to the probable payment for a current dispute with a service supplier declared bankrupt.

Provisions for pensions relate to the provision accrued for agents' additional customer indemnity, including provisions for the year of Euro 5 thousand.

The item Other provisions decreased following the disbursement of voluntary retirement incentives and the recognition of reimbursements to a top After Market channel customer.

4.4.21. DEFINED BENEFIT PLANS FOR EMPLOYEES

This item includes employee severance indemnity (TFR) 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 for employees	31/12/2018	Allocation	Utilisation	Other changes	30/06/2019
Employee severance pay reserve	1,646	15	-20	66	1,707

The provision is due to the effect of the revaluation of the TFR (severance pay) for current employees at the end of the period. Uses totalling Euro 20 thousand refer to amounts paid to employees who left their post, primarily based on the agreements signed as part of the company restructuring plan, while the other changes column relates to adjustment of the DBO (Defined Benefit Obligation) according to IAS 19.

Actuarial assumptions used for valuations	30/06/2019
Demographic table	SIM2017 / SIF2017
Discount rate (Euro Swap)	0.38%
Probability of request for advance	4.00%
Expected % of employees who will resign before pension	7.50% - 7.90%
Maximum % of TFR (severance pay) requested in advance	70.00%
Annual cost of living increase rate	1.00%

4.4.22. DEFERRED TAX LIABILITIES

At 30 June 2019, deferred tax liabilities that did not meet the offsetting requirements for the purposes of IAS 12 totalled Euro 419 thousand (Euro 339 thousand at 31 December 2018), with an increase of Euro 80 thousand, and are primarily related to temporary differences between the book values of certain intangible assets and the values recognised for tax purposes.

Deferred tax liabilities	Deferred tax liabilities 31/12/2018	Uses	Temporary differences	Other changes	Deferred tax liabilities 30/06/2019
Intangible assets	324	0	80	0	404
Other temporary differences	15	0	0	0	15
Total deferred tax liabilities	339	0	80	0	419

CURRENT LIABILITIES

4.4.23. BANK FINANCING AND SHORT-TERM LOANS

This item breaks down as follows:

(Thousands of Euro)	30/06/2019	31/12/2018	Change
Bank financing and short-term loans			
Advances, Import fin. and other current bank payables	15,806	12,991	2,815
Loans and financing	8,000	3,321	4,679
Amortised cost	-288	-109	-179
Total	23,518	16,203	7,315

“Bank financing and short-term loans”, totalling Euro 23,518 thousand (Euro 16,203 thousand at 31 December 2018), consists of the current portion of existing unsecured loans and financing and of the utilisation of short-term commercial

credit lines.

4.4.24. OTHER CURRENT FINANCIAL LIABILITIES

This item, totalling Euro 29,483 thousand (Euro 4,262 thousand at 31 December 2018), includes:

- the principal and interest accrued at 30 June 2019 on the LANDI RENZO 6,10% 2015-2022 Bonded Loan which, following the early full repayment, is classified in its entirety in current liabilities (Euro 29,064 thousand, inclusive of interest of Euro 778 thousand);
- Euro 419 thousand in the short-term portion of a subsidised loan disbursed by Simest to support a plan to expand trade in the USA.

(Thousands of Euro)

Maturities	Debenture loan	Simest Loan	Total
2019 (2H)	29,064	209	29,273
2020 (1H)	0	210	210
Other current financial liabilities	29,064	419	29,483
Total	29,064	419	29,483

As previously described, the Bonded Loan was repaid in full on 1 July 2019.

4.4.25. CURRENT LIABILITIES FOR RIGHTS OF USE

This item amounted to Euro 1,989 thousand and relates to the current portion of right-of-use liabilities recognised in the financial statements following the application of the new international accounting standard IFRS 16 - Leases.

4.4.26. TRADE PAYABLES

Trade payables totalled Euro 59,231 thousand, with an increase of Euro 4,065 thousand compared with 31 December 2018.

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

(Thousands of Euro)

Trade payables by geographical area	30/06/2019	31/12/2018	Change
Italy	46,216	45,860	356
Europe (excluding Italy)	10,901	6,140	4,761
America	1,494	927	567
Asia and Rest of the World	620	2,239	-1,619
Total	59,231	55,166	4,065

Trade payables to related parties are Euro 2,891 thousand and mainly refer to relations with the companies Gireimm S.r.l. and Gestimm S.r.l. for property lease payments.

All the related transactions are carried out at arm's length conditions.

4.4.27. 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, totalled Euro 2,471 thousand, compared with Euro 2,385 thousand at 31 December 2018.

4.4.28. OTHER CURRENT LIABILITIES

This item breaks down as follows:

(Thousands of Euro)			
Other current liabilities	30/06/2019	31/12/2018	Change
Payables to welfare and social security	1,252	1,460	-208
Other payables (payables to employees, to others)	4,030	3,889	141
Advance payments	71	203	-132
Accrued expenses and deferred income	36	46	-10
Total	5,389	5,598	-209

Other current liabilities totalled Euro 5,389 thousand, a decrease of Euro 209 thousand compared with 31 December 2018.

In particular, the "Other Payables" item, amounting to Euro 4,030 thousand, refers primarily to other payables for current pay and deferred pay to be settled in relation to employees.

The "Advance payments" item, Euro 71 thousand at 30 June 2019, mainly includes advances paid by customers.

INCOME STATEMENT

As previously shown, following the initial application of IFRS 16 - Leases, the income statement data for the first half of 2019, and in particular the items Costs for services and use of third-party assets, Amortisation, depreciation and impairment and Financial expenses, are not directly comparable with the same period of 2018.

4.4.29. REVENUES

(Thousands of Euro)			
Revenues from sales and services	30/06/2019	30/06/2018	Change
Revenues related to the sale of assets	99,102	95,476	3,626
Revenues for services and other revenues	2,933	1,820	1,113
Total	102,035	97,296	4,739

During the first half of 2019, the Landi Renzo Group achieved revenues of Euro 102,035 thousand, an increase of Euro 4,739 thousand compared with the same six months of the previous year. For more details, please refer to the

Interim Report on Operating Performance.

Revenues from related parties totalling Euro 971 thousand refer to supplies of goods to the Joint Venture Krishna Landi Renzo India Private Ltd Held and to the Joint Venture EFI Avtosanoat-Landi Renzo LLC, as well as to the supply of services.

4.4.30. OTHER REVENUES AND INCOME

Other revenues and income totalled Euro 229 thousand (Euro 163 thousand at 30 June 2018) and are formed mainly of contributions recognised to the Parent Company of Euro 166 thousand, contingent gains of Euro 35 thousand and gains on sales of fixed assets of Euro 28 thousand.

4.4.31. COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS

This item breaks down as follows:

(Thousands of Euro)			
Cost of raw materials, consumables and goods and change in inventories	30/06/2019	30/06/2018	Change
Raw materials and parts	44,644	37,724	6,920
Finished products intended for sale	8,693	7,957	736
Other materials and equipment for use and consumption	1,009	899	110
Total	54,346	46,580	7,766

The total costs for purchases of raw materials, consumables and goods (including the change in inventories) amount to Euro 54,346 thousand (Euro 46,580 thousand at 30 June 2018), an increase of Euro 7,766 thousand compared with 30 June 2018. The increase in these costs was due to the increase in turnover compared with the same period of the previous year, particularly in the OEM channel.

4.4.32. COSTS FOR SERVICES AND USE OF THIRD-PARTY ASSETS

This item breaks down as follows:

(Thousands of Euro)			
Costs for services and use of third-party assets	30/06/2019	30/06/2018	Change
Industrial and technical services	12,917	12,389	528
Commercial, general and administrative services	5,603	6,171	-568
Non-recurring strategic consultancy	340	1,394	-1,054
Costs for use of third-party assets	237	1,862	-1,625
Total	19,097	21,816	-2,719

Costs for services and use of third-party assets amount to Euro 19,097 thousand (Euro 21,816 thousand at 30 June

2018) with a decrease of Euro 2,719 thousand. The reduction in this item was mainly linked to:

- lower non-recurring costs for strategic consultancy;
- the reduction in general, commercial and administrative costs;
- the application of IFRS 16 - Leases.

The item “Non-recurring strategic consultancy” totalled Euro 340 thousand at 30 June 2019 (Euro 1,394 thousand at 30 June 2018) and relates to non-recurring services provided by major consulting firms in order to perform strategic, organisational and economic/financial analyses, as well as support the management in defining the new strategic plan. At 30 June 2018 this item included expenses relating to the appointment of a Top Consulting Firm engaged to support the Chief Executive Officer and the company management in preparing and implementing an EBITDA improvement action plan.

The reduction in costs for use of third-party assets was primarily caused by the application of IFRS 16 - Leases, which modified the method of accounting for operating leases. On the basis of that principle, for operating lease agreements entered into by the Group, right-of-use assets were recognised with the resulting recognition in the income statement of the relative depreciation and financial expenses for the half-year, unlike in the previous accounting model, which required the recognition of costs for lease payments in the income statement.

The residual amount of costs for use of third-party assets in the income statement mainly relates to contracts eligible for the simplification options established by the standard, or those relating to low-value assets or with a duration of 12 months or less.

4.4.33. PERSONNEL EXPENSES

This item breaks down as follows:

(Thousands of Euro)			
Personnel costs	30/06/2019	30/06/2018	Change
Wages and salaries, social security contributions and expenses for defined benefit plans	11,617	12,872	-1,255
Temporary agency work and transferred work	2,162	1,371	791
Directors' remuneration	458	738	-280
Total	14,237	14,981	-744

Personnel costs were Euro 14,237 thousand, a decrease compared with the same period of the previous financial year (Euro 14,981 thousand at 30 June 2018), while the Group had a total of 512 employees, a slight increase compared with the end of the previous year (494). Despite this increase in employees, personnel costs declined as the first half of 2018 benefitted only in part from the effects of the company restructuring concluded in the initial months of last year, as well as since the group heavily invested in highly specialised resources to support the increasing research and development performed for new products and solutions, capitalised when they meet the requirements laid out in IAS 38.

On 29 April 2019, the Shareholders' Meeting approved, pursuant to article 114-bis of Italian Legislative Decree 58/98, a compensation plan named the “2019-2021 Performance Shares Plan” concerning the free assignment of the right to

receive Landi Renzo S.p.A. ordinary shares free of charge (for a maximum total of 3,200,000 shares), based on the degree to which specific performance objectives are reached. The assignment of shares is subject to reaching at least one of the performance objectives as well as the existence, at the date of assignment of the shares, of the employment and/or management relationship with the Company or its subsidiaries.

The plan is for the Chief Executive Officer of the Parent Company as well as other managers to be identified based on their level of contribution to the business, autonomy and complexity of their position by the Board of Directors after consulting with the Remuneration Committee.

The plan aims to reward the achievement of targets for the 2019-2021 period, as well as incentivise the alignment of the interests of the management with those of the shareholders with a view to creating value over a medium/long-term horizon. The Plan lasts for three years and provides for the assignment of Shares in a lump sum at the end of the vesting period.

At the date on which these condensed half-yearly consolidated financial statements were drafted the plan beneficiaries, except for the CEO, had not yet been defined and the relative bilateral agreements had not yet been signed with them, therefore no costs relating to that plan were recognised for the half-year.

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

Company	30/06/2019	31/12/2018	30/06/2018
Landi Renzo S.p.A.	296	300	303
Lovato Gas S.p.A.	24	23	29
Foreign companies	192	171	160
Total	512	494	492

4.4.34. ALLOCATIONS, WRITE-DOWNS AND OTHER OPERATING EXPENSES

Allocations, write-downs and other operating expenses totalled Euro 1,312 thousand (Euro 1,399 thousand at 30 June 2018), a decrease of Euro 87 thousand. This item consists mainly of allocations to the provisions for product warranties and other operating costs.

4.4.35. AMORTISATION, DEPRECIATION AND IMPAIRMENT

This item breaks down as follows:

(Thousands of Euro)			
Amortisation, depreciation and impairment	30/06/2019	30/06/2018	Change
Amortisation of intangible assets	2,974	2,869	105
Depreciation of tangible assets	2,049	2,354	-305
Depreciation of rights of use	1,242	0	1,242
Total	6,265	5,223	1,042

Amortisation and depreciation amounted to Euro 6,265 thousand (Euro 5,223 thousand at 30 June 2018), an increase

of Euro 1,042 thousand. This increase is primarily linked to the application of IFRS 16 - Leases, which entailed the recognition for the first half of 2019 of higher depreciation of Euro 1,242 thousand. Net of this effect, amortisation and depreciation would have been essentially in line with the previous year (Euro 5,023 thousand at 30 June 2019, compared with Euro 5,223 thousand at 30 June 2018).

No elements emerged from the analysis which revealed the need to change the useful lifetime of tangible and intangible assets.

The amortisation of intangible assets refers primarily to the amortisation of development and design expenditure incurred by the Group, costs for the purchase and registration of trademarks and licenses and for software (applications and management systems) purchased over time.

The depreciation of tangible assets 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.

4.4.36. FINANCIAL INCOME

Financial income totalled Euro 49 thousand (Euro 77 thousand at 30 June 2018) and refers to interest income on bank deposits.

4.4.37. FINANCIAL EXPENSES

Financial expenses amounted to Euro 2,373 thousand (Euro 1,924 thousand at 30 June 2018). This increase is primarily linked to the above-mentioned early termination of the medium/long-term loans included within the Optimisation Agreement, which entailed the release to the income statement of the residual effects of pending transaction costs following the measurement of the relative financial payables at amortised cost (Euro 436 thousand).

4.4.38. EXCHANGE GAINS AND LOSSES

The net exchange differences amounted to Euro -253 thousand (Euro 1,035 thousand at 30 June 2018), of which Euro 84 thousand relating to net exchange gains from valuation.

At 30 June 2019, the Group did not have financial instruments hedging exchange rate risk.

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

This item, totalling Euro 97 thousand (Euro -1,152 thousand as at 30 June 2019), includes the valuation using the equity method of the Group's equity investments and joint ventures, namely:

- the write-down of the equity investment in the joint venture SAFE&CEC S.r.l. for Euro 200 thousand (write-down of Euro 1,320 thousand at 30 June 2018);
- the revaluation of the equity investment in the company Krishna Landi Renzo India Private Ltd for Euro 297

thousand (revaluation of Euro 168 thousand at 30 June 2018).

4.4.40. CURRENT AND DEFERRED TAXES

Taxes at 30 June 2019 totalled Euro 1,641 thousand, compared with Euro 1,734 thousand at 30 June 2018.

4.4.41. EARNINGS (LOSS) PER SHARE

The “base” earnings/loss per share were 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 per share, which corresponds with the “diluted” earnings (loss) per share since there are no convertible bonds or other financial instruments with possible diluting effects, is Euro 0.0261. The earnings per share for the first half of 2018 were Euro 0.0159.

OTHER INFORMATION

4.4.42. ANALYSIS OF THE MAIN DISPUTES IN PROGRESS

At 30 June 2019, the Group is involved in proceedings, brought both by and against it, for non-significant amounts.

4.4.43. 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 service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent of the property used as the operational headquarters of the Parent Company and the subsidiaries located in the town of Corte Tegge - Cavriago;
- the service contracts between Gireimm S.r.l. and Landi Renzo S.p.A. for rent payments, until 30 June 2019, the date of withdrawal agreed upon between the parties for withdrawal from the relative contract, for a portion of the New Technical Centre property;
- the service contracts between Gestimm S.r.l., a company in which a stake is held through the parent company Girefin S.p.A., and the company Landi Renzo S.p.A. for rent of the production plant on Via dell'Industria in Cavriago;
- the service contracts between Emilia Properties LLC, a company in which a stake is held through the parent company Girefin S.p.A. for the rents on properties used by the US company;
- supply of goods to the joint venture Krishna Landi Renzo India Private Ltd Held and to the joint venture EFI Avtosanoat-Landi Renzo LLC;
- supply of services between Landi Renzo S.p.A. and SAFE&CEC S.r.l. relating to the chargeback of service and IT costs.

The following table summarises the relationships with related parties:

Company	Sales revenues	Purchase of finished products	Costs for use of third-party assets	Expense (Income) from JVs valued using the equity method	Current financial assets	Receivables	Payables
SAFE & CEC	0	0	0	-297	2,760	0	0
Gestimm S.r.l.	0	0	317	0	0	0	104
Krishna Landi Renzo India Priv. Ltd	488	320	0	200	0	2,177	235
Efi Avtosanoat	483	0	0	0	0	609	0
Reggio Properties LLC	0	0	53	0	0	0	0
Gireimm S.r.l.	0	0	601	0	0	0	2,552
Total	971	320	971	-97	2,760	2,786	2,891

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

Pursuant to CONSOB communication no. 6064293 of 28 July 2006, note that during the first half of 2019 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 shareholders.

4.4.45. NON-RECURRING SIGNIFICANT EVENTS AND TRANSACTIONS

Pursuant to CONSOB communication no. 6064293 of 28 July 2006, it is stated that during the first half of 2019 no non-recurring significant events or transactions took place, except for the refinancing transaction described above.

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

Please refer to comments relating to this in the Interim Report on Operating Performance.

5. Certification of the condensed half-yearly consolidated financial statements pursuant to art. 154-bis of Italian Legislative Decree 58/98

- 1) Having regard to the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 dated 24 February 1998, the undersigned Cristiano Musi, CEO, and Paolo Cilloni, Officer in charge of preparing the accounting documents of Landi Renzo S.p.A., state:
- the adequacy in relation to the relative corporate characteristics, and
 - the effective application
- of the administrative and accounting procedures for preparing the condensed half-yearly consolidated financial statements as at 30 June 2019.
- 2) We furthermore declare that:
- 2.1) The condensed half-yearly consolidated financial statements at 30 June 2019:
- a) have been prepared in compliance with the international accounting standards recognized by the European Community in accordance with the Regulation (EC) no. 1606/2002 of 19 July 2002 of the European Parliament and Council
 - b) correspond with the accounting books and records
 - c) are capable of providing a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.
- 2.2) The interim report on performance includes a reliable analysis of the references to important events that occurred in the first six months of the year and to their impact on the condensed half-yearly consolidated financial statements, together with a description of the main risks and uncertainties for the remaining months of the year. The interim report on operating performance also includes a reliable analysis of the information on the significant transactions with related parties.

Cavriago, 11 September 2019

CEO

Cristiano Musi

Officer in charge of preparing the
company accounting documents

Paolo Cilloni



REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Landi Renzo SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Landi Renzo SpA (hereinafter also the “Company”) and its subsidiaries (hereinafter also “Landi Renzo Group”) as of 30 June 2019, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cashflow statement and related notes. The directors of the Company are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

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

Parma, 12 September 2019

PricewaterhouseCoopers SpA

Signed by

Nicola Madureri
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.