OFFICINE MACCAFERRI S.p.A.

Half-year report to the bondholders

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of the Group's results of operations and financial condition based on interim condensed consolidated financial statements of the Company for the six month ended June 30, 2019 and 2018 (the "**Unaudited Interim Condensed Consolidated Financial Statements**") and other sources of Company data. The Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with Italian GAAP. We have, however, reclassified the Italian GAAP line items in a manner that makes them more easily comparable to the financial information of other business who do not use Italian GAAP.*

Some of the measures used in this first half-year report to the bondholders are not measurements of financial performance under Italian-GAAP, IFRS or any other generally accepted accounting principles and should not be considered an alternative to cash flow from operating activities, as a measure of liquidity or an alternative to operating income/(loss) or income/(loss) for the period, as indicators of the Company's operating performance or any other measures of performance derived in accordance with Italian-GAAP, IFRS or any other generally accepted accounting principles.

Overview

We are a global leader in the design, manufacture and provision of engineered products and solutions that are used in a broad array of end markets, including environmental protection, civil and urban infrastructure, hydraulic and coastal works and certain other industrial applications, such as, mining, oil and gas, agriculture and aquaculture among others. Within these markets our products are used for critical applications including: retaining walls, reinforced soils, road stabilization and support, tunneling, erosion and coastal protection, river training works, hydraulic structures, natural hazard mitigation, drainage and landfills, among others.
Our leadership position in key solutions is underpinned by engineering expertise acquired 140 years of industry experience.
We operate an integrated business model (design, manufacture, supply and after-sale support) through a network of about 70 companies and 30 production facilities strategically located in key markets, and a presence in more than 100 countries across five continents. In order to support the sale of our individual products, and strengthen our market position, a key part of our business model is to offer integrated solutions to the engineering issues faced by our clients, incorporating multiple products and solutions and providing advice and support in design, installation and maintenance.

We broadly classify our versatile products into four main categories:

• *Double twist mesh:* our "*Gabions*", "*Reno Mattresses*" and other products are steel-wire mesh baskets filled with rock, sand or other materials to form flexible, durable and permeable building blocks from which a broad range of structures can be built to prevent soil erosion, support unstable ground and strengthen soils within excavation and land-design works in mining, construction and other civil engineering projects;

• *Geosynthetics:* our geogrids, mats, drainage geocomposites, geomembranes and textiles are made from synthetic fibers and other components (such as steel) for construction engineering uses from soil reinforcement and erosion protection to landfill membranes and drainage;

• *Rockfall protection and snow net structures:* our light-weight and flexible structures are designed to protect assets and infrastructure from hydro-geotechnical hazards such as debris flows, rockfalls and avalanches;

• *Defence & Security:* our force and infrastructure protection systems are specifically developed to protect buildings, infrastructure and other installations at risk from attack. Our offer includes aesthetically pleasing and unobtrusive solutions against hostile vehicle intrusion and easy-to-deploy defensive modular barriers to provide ballistic protection and blast mitigation;

• *Other products and services:* we offer a range of products and services to address our clients' specific project needs, including *tunneling & flooring*, *vertical concrete retaining walls*, *engineering support services* and *wire manufacturing*.

Our expertise in each of our product areas allows us to offer clients integrated, engineered solutions, combining a range of products and technical expertise and know-how to address each client's specific requirements. Our vertically integrated

business model covers the full value chain, allowing us to offer bespoke solutions to our clients through our involvement in each step of the process: (i) we design and engineer the ideal solution for the end user foreseeing the utilization of our products; (ii) we manufacture our products in our own facilities around the world; (iii) we deliver our products to our clients' project sites (with transportation costs typically passed through to clients); and (iv) we can supervise installation and provide expert technical assistance through our local teams on the ground when our clients require it. Our comprehensive product offering and global infrastructure, along with our extensive relationships with customers and end-users, provide us with access to attractive markets worldwide, visibility into upcoming projects and the flexibility to serve customers regardless of geographic location. Furthermore, our extensive geographical footprint allows us to respond quickly and efficiently to new orders, which serves as a key competitive advantage relative to our peers.
We are active both in mature markets, like Western Europe and the United States, and emerging markets like Latin America, Russia, the Middle East, Africa, China and countries throughout Southeast Asia. In addition to our geographic diversification, we have a broad client base diversified across products and geographies with limited client concentration.

Results of Operations

Results of Operation for the six month period ended June 30, 2019 and 2018

The unaudited interim condensed consolidated financial statements reported in this report to the bondholders have been reclassified as described below:

- Consolidated balance sheet presented herein classifies assets and liabilities on the basis of their liquidity, where (i) non-current assets comprise those assets realizable after twelve months from the date and include mainly property, plant and equipment, intangible assets and investments; (ii) current assets comprise those assets realizable within twelve months from the reporting date; (iii) non-current liabilities comprise the payables due after twelve months from the reporting date, including financial liabilities, provisions for risks and charges and employee termination indemnities; and (iv) current liabilities comprise the payables due within twelve months of the reporting date, including the current portion of medium and long term loans, provisions for risks and charges and of employee termination indemnities;
- Consolidated income statement classifies costs by nature. Furthermore in order ensure the full comparability with the past years, the income statement separates the recurring income and expenses from the non-recurring income and expenses even if, this separation have been eliminated from the income statement schedule by the Italian General Accounting Principles;
- Consolidated statements of cash flows have been prepared on the basis of the indirect method distinguishing between cash flows from operating, investing and financing activities.

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the six and the three month period ended June 30, 2019 and 2018.

(Euro/000)	H1 2019	H1 2018	Amount	%
	For the six month period ended June 30,			
Revenue from sales and services	241.855	247.649	(5.795)	(2,3%)
Other revenue	5.591	12.841	(7.250)	(56,5%)
Total revenue	**247.446**	**260.491**	**(13.045)**	**(5,0%)**
Costs of materials and consumables	(140.908)	(145.650)	4.742	(3,3%)
Costs of services and use of third party assets	(52.629)	(53.338)	709	(1,3%)
Costs of personnel	(43.223)	(42.169)	(1.054)	2,5%
Other operating costs	(558)	(382)	(175)	45,8%
Total Operating costs	**(237.318)**	**(241.539)**	**4.221**	**(1,7%)**
EBITDA	**10.128**	**18.952**	**(8.823)**	**(46,6%)**
Amortization, depreciation and write downs	(10.543)	(9.174)	(1.369)	14,9%
Accrual to provision for risks and charges	(249)	(949)	700	(73,7%)
Total Amortization, depreciation, write downs and provisions	**(10.792)**	**(10.122)**	**(670)**	**6,6%**
Operating income	**(664)**	**8.830**	**(9.493)**	**(107,5%)**
Financial income	1.282	2.477	(1.195)	(48,3%)
Financial expenses	(9.957)	(9.112)	(845)	9,3%
Gains/(losses) from forex management*	(702)	(2.434)	1.732	(71,1%)
Gains/(losses) on participation**	-	(115)	115	(100,0%)
Net expenses and losses from financial activities	**(9.378)**	**(9.184)**	**(194)**	**2,1%**
Net non-recurring expenses and charges	(2.481)	(11.284)	8.802	(78,0%)
Profit/losses before taxes	**(12.523)**	**(11.638)**	**(884)**	**7,6%**
(Income taxes)/tax benefit	1.062	1.526	(465)	(30,4%)
Net Income / (Losses) for the period	**(11.461)**	**(10.112)**	**(1.349)**	**13,3%**
Attributable to non-controlling interests	246	302	(56)	(18,4%)
Attributable to equity holders of the parent	(11.707)	(10.414)	(1.293)	12,4%

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the six month period ended June 30, 2019 and 2018 and for the twelve month ended June 30, 2019.

(Euro/000)	Q2 2019	Q2 2018	Amount	%
			For the three month period from April to June 30,	
Revenue from sales and services	132.184	135.941	(3.757)	(2,8%)
Other revenue	(540)	3.539	(4.079)	(115,3%)
Total revenue	**131.645**	**139.481**	**(7.836)**	**(5,6%)**
Costs of materials and consumables	(73.861)	(77.291)	3.430	(4,4%)
Costs of services and use of third party assets	(28.434)	(27.819)	(615)	2,2%
Costs of personnel	(21.057)	(21.290)	232	(1,1%)
Other operating costs	(547)	(158)	(389)	247,1%
Total Operating costs	**(123.899)**	**(126.557)**	**2.658**	**(2,1%)**
EBITDA	**7.746**	**12.924**	**(5.179)**	**(40,1%)**
Amortization, depreciation and write downs	(5.677)	(4.586)	(1.091)	23,8%
Accrual to provision for risks and charges	(162)	(623)	461	(74,0%)
Total Operating costs	**(5.839)**	**(5.208)**	**(631)**	**12,1%**
Operating income	**1.906**	**7.716**	**(5.809)**	**(75,3%)**
Financial income	572	1.358	(786)	(57,9%)
Financial expenses	(5.012)	(4.829)	(183)	3,8%
Gains/(losses) from forex management*	(581)	(1.579)	998	(63,2%)
Gains/(losses) on participation**	-	(178)	178	(100,0%)
Net expenses and losses from financial activities	**(5.022)**	**(5.229)**	**207**	**(4,0%)**
Net non-recurring expenses and charges	(1.512)	(10.069)	8.557	(85,0%)
Profit/losses before taxes	**(4.627)**	**(7.582)**	**2.955**	**-39%**
(Income taxes)/tax benefit	93	1.253	(1.160)	(92,6%)
Net Income / (Losses) for the period	**(4.534)**	**(6.328)**	**1.795**	**-28,4%**
Attributable to non-controlling interests	295	231	64	27,9%
Attributable to equity holders of the parent	(4.829)	(6.559)	1.730	(26,4%)

(Euro/000)	H1 2019	% of Total Revenue	H1 2018	% of Total Revenue	LTM	% of Total Revenue	YE2018
Revenue from sales and services	241.855	97,7%	247.649	95,1%	514.774	98,7%	520.569
Other revenue	5.591	2,3%	12.841	4,9%	6.881	1,3%	14.131
Total revenue	**247.446**	**100,0%**	**260.491**	**100%**	**521.655**	**100,0%**	**534.700**
Costs of materials and consumables	(140.908)	(56,9%)	(145.650)	(55,9%)	(288.492)	(55,3%)	(293.234)
Costs of services and use of third party assets	(52.629)	(21,3%)	(53.338)	(20,5%)	(107.927)	(20,7%)	(108.636)
Costs of personnel	(43.223)	(17,5%)	(42.169)	(16,2%)	(85.833)	(16,5%)	(84.778)
Other operating costs	(558)	(0,2%)	(382)	(0,1%)	(1.477)	(0,3%)	(1.302)
Total Operating costs	**(237.318)**	**(95,9%)**	**(241.539)**	**(92,7%)**	**(483.729)**	**(92,7%)**	**(487.950)**
EBITDA	**10.128**	**4,1%**	**18.952**	**7,3%**	**37.927**	**7,3%**	**46.750**
Amortization, depreciation and write downs	(10.543)	(4,3%)	(9.174)	(3,5%)	(21.402)	(4,1%)	(20.033)
Accrual to provision for risks and charges	(249)	(0,1%)	(949)	(0,4%)	(292)	(0,1%)	(992)
Total Amortiz., deprec., write downs and prov.	**(10.792)**	**(4,4%)**	**(10.122)**	**(3,9%)**	**(21.694)**	**(4,2%)**	**(21.025)**
Operating income	**(664)**	**(0,3%)**	**8.830**	**3,4%**	**16.232**	**3,1%**	**25.725**
Financial income	1.282	0,5%	2.477	1,0%	3.287	0,6%	4.483
Financial expenses	(9.957)	(4,0%)	(9.112)	(3,5%)	(19.974)	(3,8%)	(19.128)
Gains/(losses) from forex management*	(702)	(0,3%)	(2.434)	(0,9%)	(2.466)	(0,5%)	(4.198)
Gains/(losses) on participation**	-	0,0%	(115)	(0,0%)	(512)	(0,1%)	(627)
Net expenses and losses from financial activities	**(9.378)**	**(3,8%)**	**(9.184)**	**(3,5%)**	**(19.664)**	**(3,8%)**	**(19.471)**
Net non-recurring expenses and charges	(2.481)	(1,0%)	(11.284)	(4,3%)	(27.501)	(5,3%)	(36.304)
Income before taxes	**(12.523)**	**(5,1%)**	**(11.638)**	**(4,5%)**	**(30.933)**	**(5,9%)**	**(30.049)**
(Income taxes)/tax benefit	1.062	0,4%	1.526	0,6%	1.994	0,4%	2.459
Net Income / (Losses) for the period	**(11.461)**	**(4,6%)**	**(10.112)**	**(3,9%)**	**(28.939)**	**(5,5%)**	**(27.590)**
Attributable to non-controlling interests	246	0,1%	302	0,1%	(2.239)	(0,4%)	(2.183)
Attributable to equity holders of the parent	(11.707)	(4,7%)	(10.414)	(4,0%)	(26.700)	(5,1%)	(25.407)

* Up to H2 2018 it was named “gain/(losses) on exchange rate”. Starting from Q3 2018 it includes also revaluation and devaluation of hedging financial instruments previously included in Financial income or Financial expenses.
** New item created starting from Q3 2018. It includes dividend revenues and gain and losses on participation previously included in Financial income or Financial expenses.

Revenue from sales and services

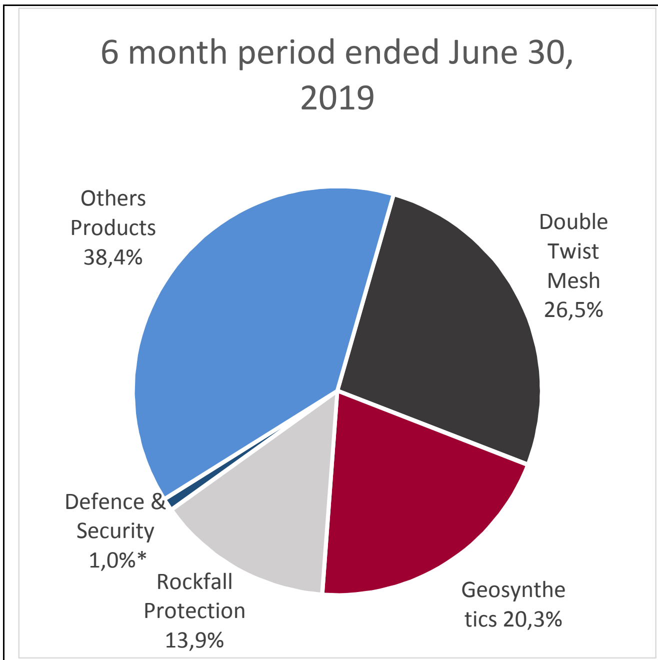
The following table shows revenues from sales and services for the six month period ended June 30, 2019 and 2018.

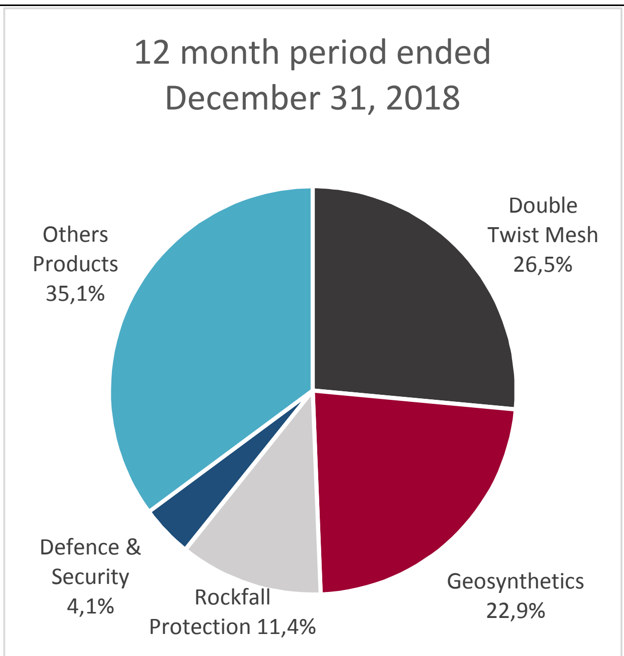
	For the six month period ended June 30,	
(Euro/000)	**H1 2019**	**H1 2018**
Revenues from sales of goods	227.410	234.010
Revenues from services	14.445	13.640
Total revenues from sales and services	**241.855**	**247.649**

	For the three month period from April to June 30,	
(Euro/000)	**Q2 2019**	**Q2 2018**
Revenues from sales of goods	122.252	129.163
Revenues from services	9.932	6.778
Total revenues from sales and services	**132.184**	**135.941**

The revenue from sales and services for the three month period ended June 30, 2019, decreased 2.8% to €132.2 million from €135.9 million for the comparable period of 2018. The decrease of €3.8 million is due to lower revenue from sales of goods for €6.9 million, mainly due to the lack of sales of Defence and Security products in the USA, partially offset by higher revenue of sales of services from for €3.2 million.

The chart below shows our total revenue by product category for the six month period ended June 30, 2019 compared to the twelve month period ended December 31, 2018:





*Q1 2019 value of Defence & Security restated

The difference in the product mix, compared to previous year, is mainly due lack of Defence & Security products and Geosynthetics in favor of Rockfall Protection and Other Products.

Other revenues

Other revenues for the three month period ended June 30, 2019, decreased to €-0.5 million from € 3.5 million for the comparable period of 2018. The decrease of €4.1 million was primarily due to the following combined effects: consumption of stock of semi-finished goods (€ 5.9 million) partially offset by increase of stock of finished goods (€1.2 million).

The following table shows our total revenue by geographical area for the six and three month period ended June 30, 2019 and 2018.

			For the six month period ended June 30,	
(Euro/000)	**H1 2019**	**H1 2018**	**Amount**	**%**
Latin America	54.415	56.058	(1.643)	(2,9%)
EMEA (Ex Italy)	78.521	82.453	(3.933)	(4,8%)
Asia Pacific	59.481	52.681	6.800	12,9%
Italy	38.773	37.797	976	2,6%
NAFTA	16.256	31.501	(15.245)	(48,4%)
Total	**247.446**	**260.491**	**(13.045)**	**(5,0%)**

			For the three month period from April to June 30,	
(Euro/000)	**Q2 2019**	**Q2 2018**	**Amount**	**%**
Latin America	27.333	29.202	(1.869)	(6,4%)
EMEA (Ex Italy)	43.359	45.705	(2.345)	(5,1%)
Asia Pacific	31.125	27.163	3.963	14,6%
Italy	20.843	19.889	954	4,8%
NAFTA	8.983	17.522	(8.539)	(48,7%)
Total	**131.645**	**139.481**	**(7.836)**	**(5,6%)**

The decrease of €7.8 million in total revenue was primarily attributable to a combination of the following:

- The revenue decrease of 48.7 % in the region is mostly related to the delay of Defence orders of the US subsidiary compared to Q2 2018. Regarding core business, the good performance on Geosynthetics and Rockfall sales is negatively offset by Double Twist products for coastal applications (in 2018 the US subsidiary took also advantage of a large delivery to Puerto Rico due to hurricane recovery projects). Mexican region is also underperforming due to the delays in financing of public infrastructure following the recent change of Government..

- In EMEA total revenue decreased 5.1% mainly due to the lack of the significant projects realized in the first half of 2018 in Central Europe Area and Middle East (in particular in Oman). Turkey is still suffering from the political and economic instability but with good opportunity to recover in the second semester. Very good performance of Spain, also thanks to the increase in sales of wire allowed by the investments in the production capacity increase. Positive performance of South Africa, Russia and UK. France in line with previous year. Minor underperformance in some areas like Albania, Greece and Romania.

- revenue in Latin America is in line at constant exchange rate (+€2.1 mln), but 6,4% behind Q2 2018. Brazil performance is affected by the local political situation and the delay of public investment in the infrastructure sector. Argentina registered a positive performance in local currency, despite a difficult economic situation. Negative performance of Colombia, in particular for Double Twist and geosynthetics products supplied to the local market. Costa Rica underperformed because the socio-economic crisis resulting in a reduction of public infrastructure spending as well as in the private sector. Bolivia in line with previous year.

- Asia Pacific revenues increased by 14,6% mainly thanks to China performance in the hydraulic sector. India is increasing sales mainly thanks to the outstanding performance of Geosynthetic business, while Rockfall is performing well in South East Area, especially in Malaysia.

- Italy performed better than previous year, with Tunneling performance expected to boost in the second half of the year thanks to new railway deliveries contracted in Italy (over 35 mln by 2021).

Cost of materials and consumables

Cost of materials and consumables for the three month period ended June 30, 2019, decreased 4.4% to €73.9 million from €77.3 million for the comparable period of 2018 as a consequence of reduction in sales. The incidence of the costs of materials and consumables on total revenue has been 0.7% higher than the comparable period of the previous year mainly because a different mix of products.

Costs of services and use of third party assets

The following tables shows our costs for services and use of third party assets for the six and the three month period ended June 30, 2019 and 2018.

	For the six month period ended June 30,			
(Euro/000)	**2019**	**2018**	**Amount**	**%**
Transport expenses	8.017	8.347	(330)	(3,9%)
Accessory purchase expenses	2.055	2.751	(696)	(25,3%)
Technical, legal, fiscal and consulting expenses	4.851	4.270	581	13,6%
Remuneration of directors, Board of auditors	442	475	(33)	(6,9%)
Advertising expenses	1.338	1.189	149	12,5%
Commissions	3.041	3.865	(823)	(21,3%)
Utilities expenses	3.322	3.192	130	4,1%
Travel expenses	4.312	3.294	1.018	30,9%
Banking service expenses	613	660	(47)	(7,1%)
Insurance expenses	1.026	787	239	30,4%
External manufacturing	403	480	(78)	(16,2%)
External maintenance	1.133	987	146	14,8%
IT consulting	1.537	1.460	77	5,3%
Information on client and debt collection	707	565	142	25,1%
Telephone and other communication expenses	563	693	(130)	(18,7%)
Audit Costs	426	429	(2)	(0,5%)
Other services	15.125	16.705	(1.580)	(9,5%)
Total cost of services	**48.912**	**50.148**	**(1.236)**	**(2,5%)**
Plant and equipment rents	1.766	1.367	399	29,2%
Selling and marketing rents	895	902	(7)	(0,8%)
Technical rents	112	231	(120)	(51,7%)
General and administrative rents	945	691	255	36,8%
Total cost for use of third parties assets	**3.717**	**3.190**	**527**	**16,5%**
Costs of services and use of third party assets	**52.629**	**53.338**	**(709)**	**(1,3%)**

	For the three month period from April to June 30,			
(Euro/000)	**Q2 2019**	**Q2 2018**	**Amount**	**%**
Transport expenses	4.237	4.729	(491)	(10,4%)
Accessory purchase expenses	1.196	1.736	(540)	(31,1%)
Technical, legal, fiscal and consulting expenses	2.750	2.220	530	23,9%
Remuneration of directors, Board of auditors	257	247	9	3,8%
Advertising expenses	752	553	199	36,1%
Commissions	1.576	1.958	(382)	(19,5%)
Utilities expenses	1.668	1.582	86	5,5%
Travel expenses	2.170	1.609	561	34,9%
Banking service expenses	280	344	(65)	(18,8%)
Insurance expenses	556	374	182	48,7%
External manufacturing	312	410	(99)	(24,0%)
External maintenance	631	584	46	7,9%
IT consulting	813	739	75	10,1%
Information on client and debt collection	381	303	78	25,7%
Telephone and other communication expenses	303	330	(27)	(8,2%)
Audit Costs	194	262	(68)	(26,0%)
Other services	8.459	8.184	275	3,4%
Total cost of services	**26.534**	**26.164**	**370**	**1,4%**
Plant and equipment rents	914	677	237	35,1%
Selling and marketing rents	443	472	(30)	(6,3%)
Technical rents	40	70	(29)	(41,9%)
General and administrative rents	503	436	67	15,4%
Total cost for use of third parties assets	**1.900**	**1.655**	**246**	**14,8%**
Costs of services and use of third party assets	**28.434**	**27.819**	**615**	**2,2%**

Costs of services and use of third party assets for the three month period ended June 30, 2019, increased 2.2% to €28.4 million from €27.8 million for the comparable period of 2018. The increase of €0.6 million is primarily due to the combined effect of the following: (i) higher consulting expenses for €0.6 million (ii) higher travel expenses for €0.6 million (iii) higher services for €0.3 million (iv) higher plant and equipment rents for €0.2 million (v) higher advertising expenses for €0.2 million (vi) higher insurance cost for €0.2 million (vii) lower transport expenses on sales and accessory purchase expenses for a total amount of €1 million as a consequence of the reduction in the Group sales (viii) lower commission on sales for €0.4 million mainly in Maccaferri Inc. (USA) as a consequence of the above mentioned lack of Defense & Security products, and in Maccaferri De Mexico S.A. De C.V. as a consequence of the above mentioned slow-down of sales in particular of Rockfall products.

Cost of personnel

Cost of personnel for the three month period ended June 30, 2019, decreased 1.1% to €21.1 million from €21.3 million for the comparable period of 2018. The decrease of €0.2 million includes a positive exchange rate effect of about €0.3 million coming, mainly, from the weakening of the Argentinian Pesos, Brazilian Real and Turkish Lira and.

Other operating costs

Other operating costs for the three month period ended June 30, 2019, increased to €0.6 million from €0.2 million of the comparable period of 2018. Its incidence on total revenue at 0.4% increased compared the 0.1% of the comparable period of 2018.

Amortization, depreciation and write-downs

The following table shows our amortization, depreciation and write-downs for the six and the three month period ended June 30, 2019 and 2018.

	For the six month period ended June 30,			
(Euro/000)	**H1 2019**	**H1 2018**	**Amount**	**%**
Amortization of intangible assets	3.272	2.765	506	18,3%
Depreciation of property, plant and equipment	5.226	4.851	374	7,7%
Accrual to allowance for doubtful accounts	2.045	1.557	488	31,4%
Total Amortization, depreciation and write downs	**10.543**	**9.174**	**1.369**	**14,9%**

	For the three month period from April to June 30,			
(Euro/000)	**Q2 2019**	**Q2 2018**	**Amount**	**%**
Amortization of intangible assets	1.753	1.386	367	26,5%
Depreciation of property, plant and equipment	2.642	2.310	331	14,3%
Accrual to allowance for doubtful accounts	1.283	889	393	44,2%
Total Amortization, depreciation and write downs	**5.677**	**4.586**	**1.091**	**23,8%**

Amortization, depreciation and accrual to allowances for bad debt provision for the three month period ended June 30, 2019, increased 23.8% to €5.7 million from €4.6 million for the comparable period of 2018. The increase of €1.1 million was attributable for €0.7 million to the higher depreciation of capex and for €0.4 million to the higher accrual to allowance for doubtful account receivables mainly in India.

Income/(Losses) from financial activities

The following table shows our net expenses and losses from financial activities for the six and the three month period ended June 30, 2019 and 2018.

	For the six month period ended June 30,			
(Euro/000)	**H1 2019**	**H1 2018**	**Amount**	**%**
Financial income	1.282	2.477	(1.195)	(48,3%)
Financial expenses	(9.957)	(9.112)	(845)	9,3%
Gain/(losses) from forex management	(702)	(2.434)	1.732	(71,1%)
Gain/(losses) on participation	-	(115)	115	(100,0%)
Net income/(losses) from financial activities	**(9.378)**	**(9.184)**	**(194)**	**2,1%**

	For the three month period from April to June 30,			
(Euro/000)	**Q2 2019**	**Q2 2018**	**Amount**	**%**
Financial income	572	1.358	(786)	(57,9%)
Write-down of investments	(5.012)	(4.829)	(183)	3,8%
Losses on disposal of participations	(581)	(1.579)	998	(63,2%)
Financial expenses	-	(178)	178	(100,0%)
Net income/(losses) from financial activities	**(5.022)**	**(5.229)**	**207**	**(4,0%)**

Net income and losses from financial activities for the three month period ended June 30, 2019 decreased 4.0% to €5.0 million from €5.2 million of the comparable period of 2018. The decrease of €0.2 million is mainly due to lower net losses on exchange rates of €1 million partially offset by lower financial income of €0.8 million.

Net non-recurring expenses and charges

Net non-recurring expenses and charges for the three month period ended June 30, 2019 decreased to €1.5 million from €10.1 million for the comparable period of 2018. The decrease o €8.6 million is mainly due to the fact that Q2 2018 was affected for €6.7 million by a cyber fraud that hit the US subsidiary and for €2 million by the compensation for the lawsuit with COIM construction consortium that after many years had an unexpectedly negative outcome.

Income taxes

Income taxes for the three month period ended June 30, 2019 decreased to an income of €0.1 million from €1.3 million for the comparable period of 2018. The decrease of €1.2 million is mainly due lower loss before tax of the period and the different taxable income mix in relation to the single tax jurisdiction with apply to the single companies in the consolidation area.

Consolidated balance sheet

The following table sets forth the interim unaudited condensed consolidated balance sheet of the Company for the six month period ended June 30, 2019 and December 31, 2018.

CONSOLIDATED BALANCE SHEET

(Euro/000)	June 30, 2019	December 31, 2018
Intangible assets	32.767	33.879
of which goodwill	*18.614*	19.588
Property, plant and equipment	99.019	98.735
Investment in subsidiaries, associates, joint ventures and other companies	547	477
Other non-current assets	40.983	38.007
of which deferred tax assets	*36.575*	33.686
Total non-current assets	**173.316**	**171.098**
Cash and cash equivalents	34.065	56.121
Other current financial assets	22.850	22.505
Trade receivables	116.819	113.317
Inventories	113.545	101.833
Current tax receivables	27.268	21.274
Other current non-financial assets	22.545	16.663
Total current assets	**337.092**	**331.713**
Total assets	**510.409**	**502.812**
		-
Shareholders' equity and liabilities		-
Share capital	33.400	33.400
Reserves	(19.753)	3.481
Profit / (Loss) for the Year Group	(11.707)	(25.407)
Equity attributable to equity holders of the parent	**1.940**	**11.474**
Equity attributable to non-controlling interests	**29.349**	**31.338**
Total shareholders' equity	**31.289**	**42.812**
Non-current portion of banks loans and other financial liabilities	20.113	16.289
Non-current bonds	190.000	190.000
Employees' termination indemnity	1.649	1.165
Provisions for risks and charges	9.086	11.434
Deferred tax liabilities	7.076	6.454
Total non-current liabilities	**227.926**	**225.342**
Current portion of banks loans and other financial liabilities	76.466	49.100
Advance from customers	5.775	4.727
Trade payables	94.775	98.676
Current tax payables	16.286	12.590
Other current non-financial liabilities	57.892	69.565
Total current liabilities	**251.194**	**234.657**
Total liabilities	**479.119**	**460.000**
Total shareholders' equity and liabilities	**510.409**	**502.812**

Liquidity and Capital Resources

Cash flows

The following table summarizes our consolidated statements of cash flows for the six and three month period ended June 30, 2019 and 2018.

INTERIM CONSOLIDATED CASH FLOW

	For the six month period ended June 30,		For the three month period from April to June 30,	
(Euro/000)	***June 30, 2019***	***June 30, 2018***	***Q2 2019***	***Q2 2018***
Net cash flow from operating activities	(42.853)	(33.640)	(11.328)	(9.180)
Net cash flow used in investing activities	(6.590)	(6.260)	(3.458)	(4.935)
Net cash flow from/(used in) financing activities	26.508	38.245	8.801	24.666
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	879	(2.296)	851	(2.652)
Cash and cash equivalent at the beginning of the period	**56.121**	**65.406**	**39.199**	**53.556**
Changes in cash and cash equivalent	(22.056)	(3.951)	(5.134)	7.899
Cash and cash equivalent at the end of the period	**34.065**	**61.455**	**34.065**	**61.455**

Net cash flow from operating activities

Three month ended June 30, 2019 and 2018

Our operating activities used net cash of €11.3 million in the three month ended June 30, 2018, compared to cash used of €9.2 million in the three month ended June 30, 2018. The increase of €2 million is primarily due to increase of the working capital.

Net cash flow used in investing activities

Three month ended June 30, 2019 and 2018

Our investing activities used net cash of €3.5 million in the three month ended June 30, 2019, compared to net cash used of €4.9 million in the second quarter of 2018. The cash used in the second quarter of 2019 is primarily due investment in intangible and tangible asset for about €3.0 million and investment in participation for €4.0 million mainly due to the followings: (i) the purchase of 100% shareholding of Incofil Tech S.r.l. (Zenobia Group) for about €0.8 million (ii) increase from 50% to 100% in the shareholding of Tekno Maccaferri Cerve Teknolojilieri now renamed Maccaferri Turkey for about €0.1 million (iii) increase in the stake of the Group's subsidiaries with minority shareholding of "Fondo Unico" managed by Simest S.p.A. for about €2.4 million (iv) the purchase of 19% of shareholding of Maccaferri Balkans Sh. P.K. from the parent company SECI S.p.A. for about €0.5million.

Net cash flow from financing activities

Three month ended June 30, 2019 and 2018

Our financing activities generated net cash of €8.8 million in the three month ended June 30, 2019, compared to €24.7 million produced in the comparable period in 2018. The decrease of €15.9 million is primarily originated by lower short terms debts.

Net financial Indebtedness

The following table presents a reconciliation of our net financial indebtedness to line items of our balance sheet as of June 30, 2019 and December 31, 2018:

Net Financial Indebtness		
(Euro/000)	**June 30, 2019**	**December 31, 2018**
Non-current portion of banks loans and other financial liabilities	(20.113)	(16.289)
Non-current bonds	(190.000)	(190.000)
Current portion of banks loans and other financial liabilities	(76.466)	(49.100)
Gross Financial Indebtness	**(286.580)**	**(255.389)**
Other current financial assets (1)	22.850	22.505
Cash and cash equivalents	34.065	56.121
Net Financial Indebtness	**(229.664)**	**(176.763)**

(1) Refers entirely to receivables due to the Issuer from SECI by OM.

"Net financial indebtedness" is calculated as the sum of current and non-current bank loans and other financial liabilities and non-current bonds, less other current financial assets and cash and cash equivalents. Net financial indebtedness is not a measure of financial liquidity under Italian GAAP, IFRS or any other generally accepted accounting principles and should not be considered as an alternative to any other measures of performance derived in accordance with Italian GAAP.

Over the periods presented, we increased our Gross Financial Indebtness mainly due the increase in the current portion of bank loans and other financial liabilities, is primarily due to the seasonal factors affecting our business, primarily the tendency for projects utilizing our products to be suspended during the winter months at the beginning of the year. As a result, we rely on short-term debt to a greater extent at the beginning of the year, but this debt is reduced during the course of the autumn and winter as our cash generation increases.

Net working capital

Our working capital and trade working capital levels vary as a result of several factors, including the impact of raw material prices and selling prices, the improvement in efficiency of production of process, the variability of working capital related to production stoppages and maintenance works, changes in payment terms in the case of key suppliers, foreign exchange rates, our decisions to hold inventories, the operating level of our business and cyclicality of the industries that we supply.

The following table summarizes our net working capital as of June 30, 2019 and December 31, 2018.

Working capital		
(Euro/000)	**June 30, 2019**	**December 31, 2018**
Inventories	113.545	101.833
Trade receivables	116.819	113.317
Advances from customers	(5.775)	(4.727)
Trade payables	(94.775)	(98.676)
Other element of net working capital	(33.452)	(55.652)
Net working capital	**96.363**	**56.095**

The table below provides the breakdown of the other elements of working capital as of June 30, 2019 and December 31, 2018

Other elements of net working capital		
(Euro/000)	**June 30, 2019**	**December 31, 2018**
Current Tax Receivables	27.268	21.274
Other current non-financial assets	22.545	16.663
Current tax payables	(16.332)	(12.590)
Other current non-financial liabilities	(57.847)	(69.565)
Provisions for risks and charges	(9.086)	(11.434)
Other elements of net working capital	**(33.452)**	**(55.652)**

The increase of €40.3 million in the working capital from €56.1 million to €96.4 million as of June, 2019 is primarily due followings: (i) the increase of €11.7 million in inventory due to the seasonality of our business (ii) the decrease of the other current non-financial liabilities for €11.7 million mainly due lower amount of reverse factoring payable (iii) increase of the current tax receivables for €6.0 million mainly for VAT (iv) the increase of the other current non-financial asset for €5.9 million of which Euro 2 million due to increase in the With recourse factoring credits.

Capital Expenditures

The following table summarizes our net capital expenditures for the six month period ended June 30, 2019 and December 31, 2018:

(Euro/000)	**June 30, 2019**	**June 30, 2018**
Investment in property, plant, equipment and intang. assets	4.341	6.883
Disposal and dismission of property, plant, equipment and intang. assets	(1.343)	(1.631)
Net capital expenditures	**2.998**	**5.252**

(Euro/000)	**Set up and expansion costs**	**Development costs**	**Industrial patent rights and rights to use intellectual properties**	**Concessions, licenses, trademarks and similar rights**	**Goodwill**	**Intangible assets under development and downpayments**	**Other**	**Total intangible assets**
Historical costs	1.802	3.178	727	14.056	34.920	4.702	10.890	70.275
Cumulated amortization	(1.137)	(2.453)	(586)	(10.502)	(15.331)	-	(6.386)	(36.395)
Carrying amount as of December, 2018	**664**	**725**	**141**	**3.555**	**19.588**	**4.702**	**4.504**	**33.879**
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	-	-	-	13	229	-	1	243
Increase for acquisition and internal constructions	-	-	-	380	-	825	653	1.858
Decrease due to sale	-	-	-	2	-	-	-	2
Reclassification and other movements	-	117		142	-	(1.004)	749	5
Current period amortization	(121)	(105)	(50)	(749)	(1.206)	-	(1.041)	(3.272)
Exchange rate differences	1		1	31	2	4	13	53
Total current year variation	**(120)**	**12**	**(49)**	**(181)**	**(975)**	**(175)**	**376**	**(1.112)**
Historical costs	1.805	3.594	724	14.668	35.151	4.527	12.323	72.793
Cumulated amortization	(1.261)	(2.858)	(632)	(11.295)	(16.537)	-	(7.443)	(40.026)
Carrying amount as of June, 2019	**544**	**737**	**92**	**3.373**	**18.614**	**4.527**	**4.880**	**32.767**

(Euro/000)	Lands and buildings	Plant and machinery	Indutrial and commercial equipment	Other fixed assets	Fixed assets in progress and advances	Total property, plant and equipment
Historical costs	59.909	109.517	9.624	12.864	5.577	197.491
Cumulated amortization	(17.101)	(65.705)	(5.752)	(10.053)	(146)	(98.755)
Carrying amount as of December, 2018	**42.808**	**43.813**	**3.871**	**2.812**	**5.431**	**98.735**
Increase for acquisition and internal constructions	148	1.336	182	225	592	2.483
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	2.197	678	108	19	-	3.003
Decrease due to sale	(718)	(69)	(12)	(34)	(511)	(1.344)
Reclassification and other movements	355	1.815	146	482	(2.803)	(5)
Current period depreciation and write-down	(939)	(3.491)	(364)	(432)	-	(5.226)
Exchange rate differences	684	586	55	21	28	1.373
Total current period variation	**1.726**	**855**	**115**	**282**	**(2.695)**	**284**
Historical costs	62.933	114.752	10.213	13.287	2.737	203.921
Cumulated amortization	(18.398)	(70.084)	(6.227)	(10.193)	-	(104.902)
Carrying amount as of June, 2019	**44.534**	**44.668**	**3.987**	**3.094**	**2.737**	**99.019**

For the six month period ended June 30, 2018 and 2019, the total net capital expenditures decreased from €5.3 million to €3.0 million. This amount does not include the €3.2 million coming from the variance in the consolidation area that refers to Incofil Tech S.r.l. (Zenobia Group) purchased in the Q1 2019 but entered in the consolidation area in Q2 2019.

The investment in tangible assets are mainly attributable to: (i) Plant and machinery for €1.3 million, in particular for investments made by Maccaferri Tunnelling S.r.l. (Italy) for specific machineries used in the tunneling business (€0.5 million), Maccaferri Manifattura Italia S.r.l. for extraordinary maintenance on specific equipment for the Double Twist line (€0.1 million) (ii) Fixed asset in progress for €0.6 million in particular for investments made by Bianchini Ingeniero for equipment for the new zinc line (€0.2 million) and improvements in of the building (€0.2 million).

The investments in intangible assets are mainly attributable to the following: (i) Intangible assets in progress for €0.8 million mainly due to R&D costs borne at HQ level (ii) Other intangibles asset for €0.7 million of which €0.2 related to to Maccaferri Manifattura Italia S.r.l. and Maccaferri Tunneling S.r.l. for improvements of third party asset used for its production process (iii) Concessions, licenses, trademarks and similar rights for €0.4 million mainly due to the capitalization of rights for the use of software and related implementation costs mainly SAP and CRM project.

Commitment, guaranties and potencial liabilities not resulting from the balance sheet

COMMITMENT, GUARANTIES AND POTENCIAL LIABILITIES NOT RESULTING FROM THE BALANCE SHEET

Euro/000	June 30, 2019	December 31, 2018
Guarantees and performance bonds issued for the benefit of third parties	12.153	16.275
Total commitment, guaranties and potencial liabilities not resulting from the balance sheet	**12.153**	**16.275**

Quantitative and qualitative disclosure of market risk

Upon completion of the Transactions, we are principally exposed to market risk from changes in foreign currency exchange rates, credit risk and, to a lesser extent, liquidity risk and changes in the prices of raw materials. We monitor and manage those risks as an integral part of our overall risk management which recognizes the unpredictability of financial markets and seeks to reduce their potentially adverse effects on our results.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various Group entities. The Group is exposed to currency risk, particularly in relation to fluctuations of Brazilian Reals, Indian rupees, Pounds Sterling and U.S. dollars.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency. If that is the case, such differences are hedged through forward purchase and sales contracts. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro or the different subsidiaries' functional currencies. However, such hedging activities have not been and may not be in the future always be sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument will be unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments. The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. The Group accrues an allowance for doubtful accounts equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics. Many of the Group's trade receivables are due from leading operators in our various markets and/or from longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the financial statements. There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk relates to the Group's ability to meet its obligations arising from financial liabilities. The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiration dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions. The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the Group has always met its obligations on time.

Raw material price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly steel wire, steel wire rod, ingots for zinc coating, aluminum, polymeric compounds, yarns and monofilaments and plastic. We typically manage to pass increases in raw materials prices through to our customers; however, volatility in the prices of our core raw materials could ultimately affect our operating income and results of operations, Raw material shortages or significant increases in the price of raw materials could increase our costs and may reduce our operating income if we are not able to pass through all of the increases to our customers.

Critical accounting Estimates and judgement

Our significant accounting policies, which we have applied consistently, are fully described in our annual consolidated financial statements.
We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require subjective judgments by management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Estimates are based on past experience and other factors considered reasonable in the circumstances. Actual amounts could differ from these estimates, based on different assumptions or different operating conditions.

CONSOLIDATED BALANCE SHEET	*June 30, 2019*	*December 31, 2018*
(Euro/000)		
ASSETS		
A) Subscribed capital, unpaid:		
B) Fixed assets:		
I – Intangible assets:		
1) set up and expansion costs	544	664
2) development costs	737	725
3) industrial patent rights and rights to use intellectual properties	92	141
4) concessions, licences, trademarks and similar rights	3.373	3.555
5) Goodwill	18.614	19.588
6) Intangible assets under development and downpayments	4.527	4.702
7) other	4.880	4.504
Total intangible assets	**32.767**	**33.879**
II – Property, plant and equipment:		
1) land and buildings	44.534	42.808
2) plant and machinery	44.668	43.813
3) industrial and commercial equipment	3.987	3.871
4) other fixed assets	3.094	2.812
5) fixed assets in progress and advances	2.737	5.431
Total property, plant and equipment	**99.019**	**98.735**
III – Financial assets:		
1) investments in:		
a) subsidiaries	349	289
b) associated companies	69	67
d bis) other companies	129	121
Total investments	547	477
2) Long-term receivables:		
a) subsidiaries;	-	-
b) associated companies;	-	-
c) due from parent	-	-
- within 12 months	22.850	22.505
- beyond 12 months	-	-
Total due from parent	22.850	22.505
d) company subject to the control of the parent company	-	-
- within 12 months	-	-
- beyond 12 months	-	-
Total due company subject to the control of the parent company	-	-
d bis) due from others	-	-
- within 12 months	1.772	1.772
- beyond 12 months	2.636	2.549
Total due from others	**4.408**	**4.320**
Total Long-term receivables	**27.258**	**26.826**
Total financial assets	**27.805**	**27.303**
Total fixed assets	**159.591**	**159.917**
C) Current Assets:		
I - Inventories:		
1) raw materials, secondary materials, and consumables	35.590	30.969
2) semi-finished goods	6.032	9.414
3) Work in progress on order	18	-
4) finished products and goods	65.121	56.512
5) Advances paid to supplier	6.783	4.939
Total inventories	**113.545**	**101.833**

II – Receivables:		
1) trade receivables		
- within 12 months	112.976	110.726
- beyond 12 months	-	-
Total trade receivables;	**112.976**	**110.726**
2) receivables from subsidiaries		
- within 12 months	637	695
- beyond 12 months	-	-
Total receivables from subsidiaries;	**637**	**695**
4) receivables from parent		
- within 12 months	7.706	6.841
- beyond 12 months	-	-
Total receivables from parent;	**7.706**	**6.841**
5) receivables company subject to the control of the parent company		
- within 12 months	3.941	2.137
- beyond 12 months	-	-
Total receivables company subject to the control of the parent company	**3.941**	**2.137**
5-bis) receivables from tax authorities		
- within 12 months	19.601	14.616
- beyond 12 months	-	-
Total receivables from tax authorities;	**19.601**	**14.616**
5 ter) deferred tax assets	36.575	33.686
5 quater) receivables from other parties	-	-
- within 12 months	16.942	12.335
- beyond 12 months		
Total receivables from other parties	**16.942**	**12.335**
Total receivables	**198.378**	**181.035**
III – Financial assets not constituting fixed assets:		
5) active financial instruments - derivates	24	25
6) other securities;	-	-
Total financial assets non constituting fixed assets	**24**	**25**
IV – Cash and cash equivalent:		
1) bank and postal deposits	33.898	55.854
2) cheques	93	202
3) cash on hand	74	66
Total cash and cash equivalent	**34.065**	**56.121**
Total current assets	**346.012**	**339.015**
D) accrued income and prepaid expenses:		
- accrued income	3.343	2.867
- prepaid expenses	1.462	1.013
Total accrued income and prepaid expenses	**4.805**	**3.880**
TOTAL ASSETS	**510.409**	**502.812**

L I A B I L I T I E S

A) Shareholders' equity:		
I – share capital	33.400	33.400
II - Share premium reserve	-	-
III – revaluation reserve	10.641	10.641
IV – Legal reserve	3.494	3.494
V - statutory reserve	-	-
VI - other reserves	(25.895)	(10.650)
VII - Reserves for hedging of expected cash flows	(5)	(5)
VIII - Profits (losses) carried forward	(7.989)	-
IX – net income for the year	(11.707)	(25.407)
Total shareholders' equity of the Group	**1.940**	**11.474**
Equity attributable to non-controlling interests	29.349	31.338
Total shareholders' equity	**31.289**	**42.812**
B) Provisions for risks and charges:		
1) pension and similar provisions	2.735	2.612
2) Provision for tax litigation and for deferred tax liabilities	7.747	7.560
3) Fund Financial Instruments Derivatives	646	953
4) Other provisions	5.035	6.763
Total provisions for risks and charges	**16.163**	**17.888**
C) employees termination indemnity	1.649	1.165
D) payables		
1) bond issued		
- beyond 12 months	190.000	190.000
Total bond issued;	**190.000**	**190.000**
4) bank loan and overdraft		
- within 12 months	68.017	45.429
- beyond 12 months	18.539	13.743
Total bank loan and overdraft	**86.556**	**59.172**
5) loans from other lenders		
- within 12 months	8.449	3.671
- beyond 12 months	1.575	2.546
Total loans from other lenders	**10.023**	**6.217**
6) advances from customer	5.775	4.727
7) trade payables		
- within 12 months	90.827	96.056
- beyond 12 months	-	-
Total trade payables;	**90.827**	**96.056**
11) payables due to parent		
- within 12 months	3.679	2.617
- beyond 12 months	-	-
Total payables due to parent;	**3.679**	**2.617**
11 bis) payables due to company subject of the control of the parent company		
- within 12 months	2.638	2.260
- beyond 12 months	-	-
Total payables due to company subject of the control of the parent company	**2.638**	**2.260**
12) tax payables		
- within 12 months	13.918	10.334
- beyond 12 months	-	-
Total tax payables	**13.918**	**10.334**
13) social security payables		
- within 12 months	1.643	2.002
- beyond 12 months	-	-
Total social security payables	**1.643**	**2.002**
14) other payables		
- within 12 months	48.387	58.449
- beyond 12 months	-	-
Total other payables	**48.387**	**58.449**
Total payables	**453.446**	**431.832**
E) accrued expenses and deferred income:		
- accrued expenses	6.103	7.055
- deferred income	1.759	2.059
Total accrued expenses and deferred income	**7.862**	**9.114**
TOTAL SHAREOLDERS' EQUITY AND LIABILITIES	**510.409**	**502.812**

CONSOLIDATED INCOME STATEMENT	June 30, 2019	June 30, 2018
(Euro/000)		
A) Value of production:		
1) revenues from sales and services	241.855	247.649
2) change in inventory of semi-finished and finished goods	74	7.577
3) Change in work in progress on orders	18	-
4) Increase in fixed assets from in-house works	275	304
5) other revenues	5.704	5.065
Total value of production	**247.926**	**260.595**
B) Costs of production:	-	
6) Costs of raw materials, secondary materials and consumables	148.569	158.755
7) Costs for services	49.013	50.308
8) Costs for use of third parties assets	3.717	3.190
9) Costs of personnel:	-	
a) wages and salaries	33.096	33.066
b) social security contributions	6.331	5.653
c) employees' termination indmenity	502	295
d) pension and similar costs	462	423
e) other personnel costs	4.398	3.137
Total costs of personnel	**44.789**	**42.575**
10) amortization, depreciations and write-down:	-	
a) amortization of intangible assets	3.272	2.765
b) depreciation of property, plant and equipment	5.226	4.851
c) other write-down of intangible assets and property, plant and equipment	-	-
d) write-downs of receivables	2.045	1.557
Total amortization, depreciation and write-down	**10.543**	**9.174**
11) change in inventory of raw materials, secondary materials and consumables	(7.662)	(13.105)
12) Accrual of provision for risks and charges	249	1.949
13) other provisions	-	-
14) other operating costs	1.548	10.166
Total costs of production	**250.767**	**263.011**
Difference between value of production and costs of production	**(2.842)**	**(2.417)**
C) Financial income and charges:	-	-
15) income from investments:	-	-
a) from subsidiaries	-	-
b) from associated companies	-	-
c) parent company	-	-
d) company subject to the control of the parent company	-	-
d bis) other companies	-	63
16) other financial income:	-	-
a) from subsidiaries	11	11
b) from associated companies	-	-
c) from parent company	909	1.992
d) company subject to the control of the parent company	-	-
d bis) from other companies	362	473
Total other financial income	**1.282**	**2.477**
Total financial income	**1.282**	**2.540**

17) interest and other financial charges:		
d bis) other companies	9.957	9.162
Total interest and other financial charges	**9.957**	**9.162**
17 bis) gain/(losses) on exchange rate	(544)	(1.808)
Total financial income and charges	**(9.220)**	**(8.430)**
D) adjustments to financial assets	-	-
18) Revaluation	-	-
a) Revalutation on equity investment;	-	-
b) Revaluation of financial assets;	-	-
c) Revaluation of securities held as current assets;	-	-
d) Revaluation of Revaluation of Hedging financial instruments	23	72
Total revaluation	**23**	**72**
19) write-down	-	-
a) write-down of investments	-	128
b) Devaluation of financial assets;	250	-
c) Devaluation of securities held as current assets.	-	-
d) Devaluation of Hedging financial instruments	181	698
Total write-down	**431**	**826**
Total adjsutments to financial assets	**(408)**	**(754)**
Profit/(Losses) before tax	**(12.469)**	**(11.601)**
20) income and deferred taxes	-	-
- current income taxes	797	1.718
- deferred tax liabilties	537	483
- deferred tax assets	(2.342)	(3.690)
Total income and deferred taxes	**(1.008)**	**(1.489)**
21) Net profit/(losses) for the year	**(11.461)**	**(10.112)**
Attributable to non-controlling interests	(246)	(302)
Attributable to equity holders of the parent	(11.707)	(10.414)

			For the three month period ended June 30,	
INTERIM CONSOLIDATED CASH FLOW	**H1 2019**	**H1 2018**	**Q2 2019**	**Q2 2018**
(Euro/000)				
A. Financial flows deriving from operating activities				
Net Income / (Loss) for the period	**(11.461)**	**(10.112)**	**(4.534)**	**(6.328)**
Income tax for the year	(1.008)	(1.489)	(190)	(1.223)
Financial expenses / (financial income)	8.676	6.685	4.440	3.521
Losses / (gains) on exchange rate	544	1.808	557	969
(Dividends)	0	(63)	0	(1)
(Gains) / Losses due to assets disposal	(20)	(183)	9	(586)
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal	**(3.269)**	**(3.353)**	**283**	**(3.647)**
Adjustments for non-cash items that had no counterpart in net working capital				
Accrual to provision for risk and charges	2.796	3.800	1.773	2.639
Depreciation and Amortization	8.498	7.617	4.394	3.696
Other accrual for non-cash items	(530)	459	(293)	513
Total adjustment for non-cash items	**10.763**	**11.876**	**5.874**	**6.848**
2. Financial flows beforee changes in Net Working Capital	**7.494**	**8.523**	**6.157**	**3.201**
Changes in Net Working Capital				
Decrease / (increase) of inventories	(9.811)	(20.828)	4.417	(873)
Decrease / (increase) of trade receivables	(3.386)	(22.530)	(2.119)	(14.858)
Increase / (decrease) of trade payables	(6.691)	19.603	1.031	8.418
Decrease / (increase) of other credits	(4.813)	(3.441)	(2.694)	2.386
Increase / (decrease) of other debts	(10.065)	(5.104)	(8.342)	(2.283)
Decrease / (increase) of Prepayments and accrued income	(905)	(316)	322	53
Increase / (decrease) of Prepaid income	(1.318)	(28)	(1.796)	(478)
Other Changes in Net Working Capital	950	(691)	1.402	1.359
Total changes in Net Working Capital	**(36.038)**	**(33.336)**	**(7.780)**	**(6.277)**
3. Financial flows after changes in Net Working Capital	**(28.544)**	**(24.813)**	**(1.623)**	**(3.076)**
Other Changes				
Interests paid	(8.955)	(7.825)	(7.507)	(7.797)
(Losses) / gains on exchange rate	(544)	(1.808)	(557)	(969)
Income taxes paid	(3.574)	1.410	(835)	3.278
Dividends received	0	63	0	1
Utilization of funds	(1.236)	(666)	(805)	(616)
4. Total other changes	**(14.309)**	**(8.827)**	**(9.704)**	**(6.104)**
Net cash flow from operating activities (A)	**(42.853)**	**(33.640)**	**(11.328)**	**(9.180)**
B. Financial flows deriving from investment activities				
Tangible assets				
(Investments)	(2.471)	(3.465)	(1.571)	(2.131)
Sales price of disposal of assets	1.364	1.813	1.187	580
Intangible assets				
(Investments)	(1.858)	(1.159)	(300)	(711)
Sales price of disposal of assets	(2)	0	(2)	0
Invesments				
(Investments)	(3.912)	(3.474)	(3.055)	(2.792)
Sales price of disposal of assets	0	0	0	0
Current financial activities				
(Investments)	2	24	(3)	118
Sales price of disposal of assets	0	1	0	1
Acquisition or disposal of subsidiaries or branches of businesses, net of cash acquired	287	0	287	0
Net cash flow used in investing activities (B)	**(6.590)**	**(6.260)**	**(3.458)**	**(4.935)**
C. Financial flows deriving from financing activities				
Third parties				
Increase /(decrease) short terms debts vs banks	20.942	31.219	6.246	19.801
Proceeds from borrowing	5.456	12.250	5.456	7.375
Reimbursement of borrowing	(1.813)	(5.087)	()	(4.046)
(Increase) / Decrease short terms credits vs shareholders for financing	(345)	0	(392)	0
Increase / (Decrease) debts vs other financial instituition	2.650	(328)	(2.509)	742
Equity				
Subscription of equity upon payment / (Equity reimbursement)	0	0	()	0
Dividends paid	(382)	190	()	793
Total Financial flows deriving from financing activities (C)	**26.508**	**38.245**	**8.801**	**24.666**
Net effect of foreign currencies exchange rate and other variations	879	(2.296)	851	(2.652)
Change in cash and cash equivalent (A ± B ± C)	**(22.056)**	**(3.951)**	**(5.134)**	**7.899**
Cash and cash equivalent at the beginning of the period	**56.121**	**65.406**	**39.199**	**53.556**
Cash and cash equivalent at the end of the period	**34.065**	**61.454**	**34.065**	**61.454**