COFIDE

Gruppo De Benedetti

INTERIM FINANCIAL REPORT AT 30 JUNE 2019

CONTENTS

This interim financial report at 30 June 2019 has been prepared pursuant to art. 154 ter of Italian Legislative Decree 58/1998 and in accordance with applicable international financial reporting standards endorsed by the European Union pursuant to EC Regulation 1606/2002 of European Parliament and the Council of 19 July 2002, as well as all the measures issued in implementation of art. 9 of Italian Legislative Decree 38/2005.

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

COFIDE - Gruppo De Benedetti S.p.A.
Share Capital € 359,604,959
Register of Companies ref. no. and Tax Code 01792930016
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ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI **(*)**
Directors	MASSIMO CREMONA **(1) (2) (3)**
	EDOARDO DE BENEDETTI
	MARCO DE BENEDETTI
	PAOLA DUBINI **(1) (2)**
	PIERLUIGI FERRERO
	FRANCESCO GUASTI **(1) (2)**
	PIA HAHN MAROCCO **(2)**
	MARIA SERENA PORCARI **(2)**
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	RICCARDO ZINGALES
Standing Statutory Auditors	TIZIANO BRACCO
	ANTONELLA DELLATORRE
Alternate Statutory Auditors	LUIGI NANI
	LUIGI MACCHIORLATTI VIGNAT
	PAOLA ZAMBON

INDEPENDENT AUDITORS

KPMG S.p.A.

Notice in accordance with the recommendation of Consob contained communication no. DAC/RM/97001574 of 20 February 1997

(*) Powers as per Corporate Governance
(1) Member of the Appointments and Compensation Committee
(2) Member of the Internal Control and Risks Committee
(3) Lead Independent Director

Report on operations

at 30 June 2019

1. Introduction

IFRS 16 is being applied from 1 January 2019; put briefly, this means recognising all leased assets in the statement of financial position as a non-current asset under assets and as a lease liabilities under liabilities, calculating the figures by discounting the future lease instalments up to the end of the lease contract.

In addition to being reflected in the statement of financial position, application of this standard has an impact on the income statement as lease payments previously recognised as operating costs are now recorded partly as depreciation and partly as a financial expense.

The interim financial report at 30 June 2019 has been prepared by applying IFRS 16 and the effects, if significant, are disclosed where necessary throughout this report.

2. Key figures

Consolidated profit of the Cofide Group in the first half of 2019 came to € 0.7 million, compared with € 12.7 million in the same period last year.

The consolidated result is the net of the profit of the subsidiary CIR of € 1.1 million (€ 13.5 million in the first half of 2018) and the loss of the Parent COFIDE of € 0.4 million (loss of € 0.8 million in the first half of 2018).

In the first half of 2019, the consolidated profit was € 2.0 million, but it would have been € 13.5 million if we excluded the impact on the group of the impairment loss recognised by GEDI on the investment in Persidera in view of its disposal (€ -7.9 million), the effect of the new accounting standards (€ -1.6 million) and the charges incurred by the parent for the merger of CIR into COFIDE. The profit for the first half of 2018 amounted to € 24.1 million and the decrease to € 13.5 million derives from lower results by Sogefi and GEDI, due to the unfavourable performance of their respective key markets and lower net financial income earned by the parent and non-industrial subsidiaries.
As regards the performance of the industrial subsidiaries, KOS, with revenue of € 281.3 million, grew by 4.4%, thanks to development in all of its business areas. Operating profit came to € 31.6 million, compared with € 32 million in the first six months of 2018, and the profit for the period amounted to € 14.4 million, versus € 16.5 million in the corresponding period of 2018.
Sogefi reported revenue of € 777.8 million, down 3.0% at constant exchange rates and down 4.3% at historical exchange rates, with a better trend overall than its reference market which, as mentioned previously, decreased by 6.7%. The operating profit was € 24.4 million, versus € 38.1 million in the first six months of 2018, due to the reduction in volumes. The profit for the period amounted to € 6.9 million (€ 14.8 million in 2018).

Given the difficult context for the publishing sector, advertising sales in particular (print advertising investments in the first six months of 2019 fell by 12.6% compared with the same period of 2018), GEDI saw its revenue fall by 6.1% compared with the first half of last year; the operating profit amounted to € 4.3 million (€ 12.6 million in 2018) and the loss for the period came to € 1.7 million before profit from discontinued operations (a profit of € 4.5 million in the first half of 2018) and one of € 19.1 million including the expected impact of selling Persidera.

At 30 June 2019, Cofide's net financial indebtedness was € 11.4 million, an improvement compared with 25.9 million at 31 December 2018 due to the collection of dividends from CIR. On 10 July, after the end of the period, COFIDE distributed dividends to its shareholders for a total of € 10 million.

Consolidated equity at 30 June 2019 came to € 504.8 million, compared with € 515.8 million at 31 December 2018. The total € 11.0 million decrease is due to the purchase of treasury shares (€ 1.5 million) and the distribution of dividends (€ 10 million), only partly offset by the profit for the period (€ 0.7 million).

In order to provide further information on the financial performance of Cofide in the first six months of 2019, the income statement and statement of financial position include a breakdown of the contribution made by the subsidiaries to Cofide's net result and equity.

The **income statement** is as follows:

(in millions of euro)	*1st half 2019*	*1st half 2018 (*)*
Contributions of investments in subsidiaries:		
- CIR S.p.A.	1.1	13.5
TOTAL CONTRIBUTIONS	**1.1**	**13.5**
Net gains and losses on trading and measurement of securities	1.3	0.4
Net financial expenses	(0.4)	(0.4)
Net operating costs	(1.2)	(0.7)
PROFIT BEFORE TAXES	**0.8**	**12.8**
Income taxes	(0.1)	(0.1)
PROFIT FOR THE PERIOD	**0.7**	**12.7**

(*) Note that the effect of applying IAS 29 "Accounting Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.
Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

The **statement of financial position** at 30 June 2019 shows equity of € 504.8 million, net financial indebtedness of the parent of € 11.4 million and non-current financial assets of € 526.9 million.

(in millions of euro)	*30.06.2019*	*31.12.2018*
CIR S.p.A.	515.4	528.7
NON-CURRENT INVESTMENTS	**515.4**	**528.7**
Other non-current financial assets	11.5	13.5
TOTAL NON-CURRENT FINANCIAL ASSETS	**526.9**	**542.2**
Property, plant and equipment	1.1	1.1
Net receivables and payables	(11.8)	(1.6)
NET INVESTED CAPITAL	**516.2**	**541.7**
Financed by:		
Equity	**504.8**	**515.8**
Net financial indebtedness	**(11.4)**	**(25.9)**

The "Other non-current financial assets" of € 11.5 million consist mainly of Cofide's investment in the *Jargonnant* real estate fund for € 1.8 million, the investment in the *Three Hills Decalia* fund, which invests in small/medium-sized European companies, for € 7.1 million, and other investments in non-controlling investments for a total of € 2.6 million.

3. Performance of the Ǝroup

In the first half of 2019, consolidated revenue came in at € 1,362.0 million, versus € 1,404.6 million in the same period of 2018, with a drop of € 42.6 million (-3.0%). Sogefi recorded a 4.3% reduction in revenue (-3.0% at constant exchange rates) and GEDI a 6.1% drop, while KOS revenue grew by 4.4%. Revenue generated abroad represents 55.2% of the total, thanks to the international development of Sogefi.

	1st half					
(in millions of euro)	*2019*	*%*	*2018 (*)*	*%*	*Change amount*	*%*
Healthcare						
KOS Group	281.3	20.7	269.5	19.2	11.8	4.4
Automotive components						
Sogefi group	777.8	57.1	812.6	57.8	(34.8)	(4.3)
Media						
GEDI Gruppo Editoriale	302.9	22.2	322.5	23.0	(19.6)	(6.1)
Total consolidated revenue	**1,362.0**	**100.0**	**1,404.6**	**100.0**	**(42.6)**	**(3.0)**
of which: ITALY	609.8	44.8	630.0	44.9	(20.2)	(3.2)
OTHER COUNTRIES	752.2	55.2	774.6	55.1	(22.4)	(2.9)

(*) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.
Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

The following is the **comparative condensed consolidated income statement** of the COFIDE Group for the first half of 2019.

	1st half			
(in millions of euro)	*2019*	*%*	*2018 (*)*	*%*
Revenue	1,362.0	100.0	1,404.6	100.0
Gross operating profit *(1)*	**160.2**	**11.8**	**158.1**	**11.3**
Operating profit	**50.3**	**3.7**	**75.3**	**5.4**
Net financial expense *(2)*	(18.3)	(1.3)	(16.0)	(1.1)
Income taxes	(15.8)	(1.2)	(20.8)	(1.5)
Profit (loss) from discontinued operations	(13.3)	(1.0)	3.1	0.2
Profit including non-controlling interests	**2.9**	**0.2**	**41.6**	**3.0**
Non-controlling interests	(2.2)	(0.2)	(28.9)	(2.1)
Profit attributable to the owners of the Parent	**0.7**	--	**12.7**	**0.9**

(*) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.
Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

(1) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the consolidated income statement.
(2) This is the sum of "financial income", "financial expense", "dividends", "gains from securities trading", "losses from securities trading", "share of profit (loss) of equity-accounted investments" and "fair value gains (losses) on financial assets" in the consolidated income statement.

In the first half of 2019, **consolidated gross operating profit** (EBITDA) amounted to € 160.2 million (11.8% of revenue); excluding the effect of IFRS 16, the EBITDA would be equal to € 129.9 million (9.5% of revenues), down 17.8% compared with the first half of 2018, due to the reduction in the EBITDA of the Sogefi and GEDI groups.

Consolidated operating profit in the first six months of 2019 was € 50.3 million (3.7% of revenue), compared with € 75.3 million (5.4% of revenue) in the corresponding period of 2018. The effect of the new IFRS 16 is not significant on operating profit.

Net financial expense came to € 18.3 million compared with € 16.0 million in the first half of 2018; in detail:

- net financial expense is more or less stable (€ 25.1 million compared with € 24.5 million in the first half of 2018);
- net gains on trading of securities came to € 2.1 million compared with € 9.1 million in the first half of 2018, which benefited from an extraordinary dividend from Emittenti Titoli S.p.A. and from higher gains from private equity;
- adjustments to financial assets were positive for € 4.6 million, compared with losses of € 0.8 million in the first half of 2018.

The **condensed consolidated statement of financial position** of the Cofide Group at 30 June 2019, with comparative figures at 31 December 2018, is as follows:

(in millions of euro) (1)		*30.06.2019*	*31.12.2018*
Non-current assets	*(1)*	2,454.3	2,103.6
Other net non-current assets and liabilities	*(2)*	(115.5)	(181.6)
Net working capital	*(3)*	(135.1)	(163.0)
Net invested capital		**2,203.7**	**1,759.0**
Net financial indebtedness	***(4)***	**(812.0)**	**(323.0)**
Total equity		**1,391.7**	**1,436.0**
Equity attributable to the owners of the Parent		504.8	515.8
Non-controlling interests		886.9	920.2

(1) This item is the sum of "intangible assets", "property, plant and equipment", "rights of use", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.
(2) This item is the sum of "other receivables", "other financial assets" and "deferred tax assets" under non-current assets and of "other payables", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position. This item also includes "assets held for sale" and "liabilities held for sale" of the consolidated statement of financial position.
(3) This item is the sum of "inventories", "trade receivables", "other receivables" in current assets and "trade payables", "other payables" and "provisions for risks and charges" in current liabilities in the consolidated statement of financial position.
(4) This item is the sum of "loans receivable", "securities", "other financial assets", and "cash and cash equivalents" under current assets, of "bonds", "other loans and borrowings" and "financial payables for rights of use" under non-current liabilities and of "bank loans and borrowings", "bonds", "other loans and borrowings" and "financial payables for rights of use" under current liabilities in the consolidated statement of financial position.

Consolidated net invested capital at 30 June 2019 came to € 2,203.7 million versus € 1,759.0 million at 31 December 2018. The increase of € 444.7 million was caused almost entirely by the FTA of IFRS 16, which led to the recognition of € 451.1 million of "rights of use" under assets.

The **net financial indebtedness** at 30 June 2019, before the application of IFRS 16, showed indebtedness of € 368.8 million (compared with € 323.0 million at 31 December 2018), caused by:

- an indebtedness relating to the parent Cofide of € 11.4 million compared with € 25.9 million at 31 December 2018;
- cash flow for CIR and its non-industrial subsidiaries of € 325.3 million, unchanged on the € 325.5 million at 31 December 2018. During the half year, the payments refer to the distribution of dividends (€ 25.0 million) and the purchase of treasury shares (€ 3.2 million) against a positive operating cash flow of € 28.0 million;
- total indebtedness of the industrial subsidiaries of € 682.7 million compared with € 622.6 million at 31 December 2018; GEDI saw an increase in indebtedness of € 19.9 million, mainly caused by restructuring costs, and KOS one of € 33.3 million, after paying dividends for € 35 million and development investments of € 21 million, financed internally, as explained in paragraph 6 “Performance of the subsidiaries”.

The first time adoption (FTA) of IFRS 16 entailed the recognition by the industrial subsidiaries of lease, at 30 June 2019, amounting to € 442.6 million, which added to the net indebtedness mentioned above, resulted in total post-IFRS 16 net financial indebtedness of € 1,125.3 million.

Total equity at 30 June 2019 came to € 1,391.7 million compared with € 1,436.0 million at 31 December 2018, a decrease of € 44.3 million.

Equity attributable to the owners of the parent at 30 June 2019 amounted to € 504.8 million compared with € 515.8 million at 31 December 2018, a reduction of € 11.0 million.

Equity attributable to non-controlling interests at 30 June 2019 amounts to € 886.9 million compared with € 920.2 million at 31 December 2019, a reduction of € 33.3 million.

The **consolidated statement of cash flows** for the first six months of 2019, prepared according to a "management" format, which shows the changes in net financial position, can be summarised as follows.

(in millions of euro)	*1st half 2019*	*1st half 2018 (*)*
SOURCES OF FUNDS		
Profit from continuing operations	16.2	38.5
Amortisation, depreciation, impairment losses & other non-monetary changes	75.0	80.5
Self-financing	**91.2**	**119.0**
Change in working capital and other non-current assets and liabilities	**(28.5)**	**(20.3)**
CASH FLOWS GENERATED BY OPERATIONS	**62.7**	**98.7**
Capital increases	--	0.4
TOTAL SOURCES OF FUNDS	**62.7**	**99.1**
APPLICATION OF FUNDS		
Net investment in non-current assets	(82.5)	(79.6)
Consideration paid for business combinations	--	(20.2)
Net financial position of acquired companies	--	1.5
Payment of dividends	(29.4)	(32.9)
Purchase of treasury shares	(4.7)	(9.1)
Other changes	0.9	(5.8)
TOTAL APPLICATIONS OF FUNDS	**(115.7)**	**(146.1)**
CASH FLOWS USED IN CONTINUING OPERATIONS	**(53.0)**	**(47.0)**
CASH FLOWS FROM DISCONTINUED OPERATIONS	**7.2**	**3.1**
CASH FLOWS FOR THE YEAR	**(45.8)**	**(43.9)**
OPENING NET FINANCIAL INDEBTEDNESS	**(323.0)**	**(303.6)**
CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	**(368.8)**	**(347.5)**
FIRST-TIME ADOPTION OF IFRS 16	**(443.2)**	**--**
CLOSING NET FINANCIAL INDEBTEDNESS AFTER IFRS 16	**(812.0)**	**(347.5)**

(*) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.
Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

In the first half of 2019 the group recognised cash outflows of € 45.8 million (€ 43.9 million in the same period of 2018) resulting from sources of funds for € 62.7 million and application of funds for € 115.7 million, compared with € 146.1 million in 2018.

For the analysis of the net financial indebtedness, reference should be made to the condensed interim consolidated financial statements.

At 30 June 2019 the COFIDE group had 16,709 employees, compared with 16,365 at 31 December 2018.

4. Performance of the parent

The parent COFIDE S.p.A. closed the first half of 2019 with a profit of € 13.8 million compared with € 13.0 million in the first half of 2018.

The **condensed income statement** of COFIDE for the first half of 2019, compared with that of the first six months of 2018, is as follows:

(in millions of euro)		*1st half 2019*	*1st half 2018*
Net operating costs	*(1)*	(0.8)	(0.4)
Other operating costs, amortisation and depreciation	*(2)*	(0.4)	(0.3)
Operating loss		**(1.2)**	**(0.7)**
Net financial income	*(3)*	15.1	13.8
Profit (loss) before taxes		**13.9**	**13.1**
Income taxes		(0.1)	(0.1)
Profit (loss) for the year		**13.8**	**13.0**

(1) This item is the sum of "sundry revenue and income", "cost for services" and "personnel costs" in the income statement of COFIDE S.p.A.
(2) This item is the sum of "other operating expense" and "amortisation, depreciation and impairment losses" in the income statement of COFIDE S.p.A.
(3) This item is the sum of "financial income", "financial expense", "dividends", "gains from trading securities", "losses from trading securities" and "fair value gains (losses) on financial assets" in the income statement of COFIDE S.p.A.

The operating loss of the first half of 2019 came to € 1.2 million compared with an operating loss of € 0.7 million of the first six months of 2018.

Net financial income totalled € 15.1 million, compared with € 13.8 million in the first half of 2018. This result is due to the dividends of CIR for € 14.2 million, gains on financial assets for € 1.5 million and financial expense of € 0.4 million.

The **condensed statement of financial position** of COFIDE at 30 June 2019, compared with 31 December 2018, is as follows:

(in millions of euro)		*30.06.2019*	*31.12.2018*
Non-current assets	*(1)*	574.9	575.0
Other net non-current assets and liabilities	*(2)*	11.5	13.4
Net working capital	*(3)*	(11.7)	(1.5)
Net invested capital		**574.7**	**586.9**
Net financial indebtedness	*(4)*	**(11.4)**	**(25.9)**
Equity		**563.3**	**561.0**

(1) This item is the sum of "intangible assets", "property, plant and equipment", "investment property" and "equity investments" in the statement of financial position of COFIDE S.p.A..
(2) This item is the sum of "other assets" and "other financial assets" under non-current assets and of "other payables" and "deferred tax liabilities" under non-current liabilities in the statement of financial position of COFIDE S.p.A., the Parent.
(3) This item is the sum of "other assets" in current assets and "trade payables" and "other payables" in current liabilities in the statement of financial position of COFIDE S.p.A..
(4) This item is the sum of "securities" and "cash and cash equivalents" under current assets and of "other loans and borrowings" under non-current liabilities in the statement of financial position of Cofide S.p.A..

At 30 June 2019, Cofide's net financial indebtedness was € 11.4 million (€ 25.9 million at 31 December 2018).

Equity went from € 561 million at 31 December 2018 to € 563.3 million at 30 June 2019. The increase of € 2.3 million is due to the profit for the period for € 13.8 million, offset by purchase of treasury shares during the period for € 1.5 million and the distribution of dividends for € 10 million..

At 30 June 2019, the parent held 27,214,899 treasury shares (3.784% of the share capital) for a value of € 15.3 million, compared with 24,164,055 treasury shares (3.36% of the share capital) at 31 December 2018 for an amount of € 13.8 million.

5. Reconciliation of the parent's figures with the consolidated figures

The following is a reconciliation between the net result and equity attributable to the owners of the parent with the parent's figures.

(in thousands of euro)	*Equity 30.06.2019*	*Profit (loss) for the 1st half of 2019*	*Equity 31.12.2018*	*Profit (loss) for the 1st half of 2018*
Separate financial statements of Cofide S.p.A. (parent)	563,265	13,820	560,983	13,058
Derecognition of the carrying amount of consolidated equity investments	(573,821)	--	(573,821)	--
Recognition of equity and profit (loss) for the period of investments in subsidiaries	515,396	1,124	528,649	13,493
Goodwill	--	--	--	--
Dividends from consolidated companies	--	(14,187)	--	(13,823)
Derecognition of fair value gains (losses) on consolidated equity investments	--	--	--	--
Other consolidation adjustments	--	--	--	--
Condensed interim consolidated financial statements (share attributable to the owners of the Parent)	504,840	757	515,811	12,728

Main equity investments
at 30 June 2019

COFIDE
Gruppo De Benedetti

56.7% (*)

CIR

	59.5% (*)	56.7% (*)	45.8%	
	KOS	SOGEFI	GEDI GRUPPO EDITORIALE	Non-core investments
ACTIVITIES	*Residential care homes for the elderly, rehabilitation centres, diagnostics, cancer cure and hospital management*	*Global supplier of auto parts (filtration systems, air management and engine cooling systems and suspension components)*	*All communication areas: daily newspapers and periodicals, radio, internet and advertising sale*	• *Private Equity*

(*) Percentage calculated net of treasury shares.

6. Performance of the subsidiaries

CIR GROUP - As mentioned previously, in the first half of 2019, the consolidated profit for the year attributable to the owners of the parent of the CIR group was € 2.0 million, compared with € 24.1 million in the same period of 2018.

The contributions made to the consolidated profit for the period and equity of CIR of the main subsidiaries are summarised below.

(in millions of euro)	*1st half 2019*	*1st half 2018 (*)*
CONTRIBUTIONS TO THE PROFIT FOR THE PERIOD		
KOS Group	3.5	9.8
Sogefi group	3.9	8.4
GEDI Group	(8.7)	2.0
Total industrial subsidiaries	**3.7**	**20.2**
CIR and other non-industrial subsidiaries	(1.7)	3.9
Consolidated profit for the year attributable to the owners of the parent CIR	**2.0**	**24.1**

(*) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.
Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

The contribution made by the industrial subsidiaries to the consolidated profit was € 3.7 million compared with € 20.2 million in the first six months of 2018, while the combined contribution of CIR and the other non-industrial subsidiaries was negative for € 1.7 million (positive for € 3.9 million in the same period of 2018).

(in millions of euro)	*30.06.2019*	*31.12.2018*
CONTRIBUTIONS TO EQUITY		
KOS group	161.2	173.5
Sogefi group	110.8	109.5
GEDI group	230.6	239.2
Other subsidiaries	0.8	0.8
Total industrial subsidiaries	**503.4**	**523.0**
CIR and other non-industrial subsidiaries	**405.1**	**413.2**
- invested capital	80.4	87.7
- net financial position	324.7	325.5
Equity of the CIR group	**908.5**	**936.2**

Consolidated equity went from € 936.2 million at 31 December 2018 to € 908.5 million at 30 June 2019.

There now follows a more in-depth analysis of the business segments of the CIR group.

■ HEALTHCARE

The KOS group manages 85 facilities, mainly in central and northern Italy, for a total of 8,113 beds, operating in the following areas:

1) *Long Term Care*, operating in the management of residential care homes for the elderly mainly under the Anni Azzurri brand for a total of 5,574 beds in use and in the management of functional and psychiatric rehabilitation facilities, psychiatric treatment communities and day hospitals, mainly under the Santo Stefano (rehabilitation) and Neomesia (psychiatry) brands, for a total of 2,416 beds;
2) *Diagnostics and cancer cure*, contract management of high-tech diagnostic and radiotherapy services in both public and private structures, management of accredited radiological centres and clinics, under the Medipass brand in 16 facilities in Italy, in 3 facilities in the United Kingdom and in 16 facilities in India;
3) *Hospital Management* a public hospital, for a total of 123 beds.

In the first six months of 2019, the KOS group recognised **revenue** of € 281.3 million, 4.4% up compared with € 269.5 million in the same period last year. The *Long Term Care* segment recorded an increase thanks to the organic growth and full contribution of the acquisitions made in 2018; the Diagnostics, Cancer Cure and *Hospital Management* segment grew thanks to new services launched in 2018.

(in millions of euro)	*1st half 2019*		*1st half 2018*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Long Term Care	225.6	80.2	217.1	80.6	3.9
Diagnostics and Cancer Cure	36.8	13.1	33.6	12.5	9.5
Hospital Management	18.9	6.7	18.8	6.9	0.5
TOTAL	**281.3**	**100.0**	**269.5**	**100.0**	**4.4**

Gross operating profit amounted to € 65.9 million. Before IFRS 16, it would amount to € 48.8 (17.3% of revenue) in line with the first half of 2018 (€ 49.1 million).

Operating profit (loss) was € 31.6 million; before IFRS 16, operating profit (loss) amounted to € 30.0 million, slightly down on the first half of 2018 (€ 32.0 million) due to higher amortisation/depreciation and provisions for risks.

Profit for the period came in at € 14.4 million compared with € 16.5 million in the first six months of 2018; the decrease derives from FTA of IFRS 16 for € 1.1 million and the various elements mentioned earlier that impacted operating profit.

At 30 June 2019, the KOS group showed a **net financial indebtedness** before IFRS 16 of € 292.7 million, up by € 33.3 million on € 259.4 million at 31 December 2018, after the distribution of dividends for € 35.1 million during the period. Self-financing for the period was mainly used for capital investment (€ 30 million), of which € 21 million for the development of greenfield and new projects in the Diagnostics and Cancer Cure area.
The FTA of IFRS 16 entailed the recognition at 30 June 2019 of lease liabilities amounting to € 317.0 million, with the result that total net financial indebtedness amounted to € 609.8 million.

During the first half of 2019, that is in March 2019 the company acquired Selemar S.r.l., which manages an analysis laboratory in Urbino (Pesaro-Urbino province).

The KOS group had 7,741 employees at 30 June 2019 compared with 7,006 at 31 December 2018.

As regards the outlook for 2019, we can confirm the upward trend in revenue in line with the development strategy.

▪ AUTOMOTIVE COMPONENTS

In the first half of 2019, the world automotive market recorded a 6.7% decrease in production (source IHS - July 2019), with Europe decreasing by 6.1%, Asia by 12.4%, North America by 2.7% and South America by 3.2% (-33% in Argentine).

Sogefi recognised **revenue** of € 777.8 million, down 3.0% at constant exchange rates and 4.3% at historical exchange rates, compared with the same period in 2018, posting a better performance than the reference market, thanks to the resilience of the business in Europe.

As regards geographical segments, revenue at constant exchange rates decreased by 3.3% in Europe, 3.7% in North America and 14% in Asia, whereas it increase by 11% in South America.

By sector of activity, at constant exchange rates, *Suspensions* recorded a fall in revenue of 4.3% (-7.5% at current exchange rates), *Filtration* by 0.6% (-2.1% at current exchange rates) and *Air and Cooling* by 4.2% (-2.4% at current exchange rates)

(in millions of euro)	*1st half 2019*		*1st half 2018*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Suspension	292.3	37.6	316.0	38.9	(7.5)
Filtration	272.4	35.0	278.1	34.2	(2.1)
Air and Cooling	214.8	27.6	220.1	27.1	(2.4)
Other	(1.7)	(0.2)	(1.6)	(0.2)	--
TOTAL	**777.8**	**100.0**	812.6	100.0	**(4.3)**

Gross operating profit amounted to € 86.4 million (€ 80.3 million without considering the impact of IFRS 16), compared with € 95.3 million in the first half of 2018. The reduction in gross operating profit reflects in particular the reduction in volumes.

Operating profit totalled € 24.4 million, compared with € 38.1 million in the first half of 2018. Profitability (EBIT/revenue %) was 3.1%, compared with 4.7% in the first half of 2018, and the decrease is also essentially due to the reduction in volumes. The quarterly trend shows a slight improvement in the profitability of the second quarter compared with the first (from 2.9% to 3.4%), as well as a realignment with the figures of the same period in 2018 (3.8%).

Profit for the period amounted to € 6.9 million compared with € 14.8 million in first half of 2018.

Net financial indebtedness at 30 June 2019 was € 332.1 million, including € 64.8 million arising from the application of IFRS16. Excluding this amount, financial indebtedness at 30 June 2019 amounted to € 267.3 million, an amount substantially in line with net debt in June and December 2018.
At 30 June 2019, excluding non-controlling interests, equity came to € 195.4 million (€ 192.9 million at 31 December 2018).

The Sogefi group had 6,683 employees at 30 June 2019 compared with 6,967 at 31 December 2018. The reduction seen over the last 6 months is partially due to the decline in business activity and partially to the sale of the Fraize plant during the period (127 employees at 31 December 2018; 123 at 30 June 2018).

As regards forecasts for the automotive market, after the 6.7% drop in the first half of 2019, the sources normally used at sector level foresee a much lower decline (-0.4 %) in the second half of the year, which also reflects the weakness of the market in the second half of 2018. Based on these general prospects, as well as on specific factors, Sogefi expects that in the second half of the year sales will be substantially in line with the corresponding period of the previous year. Given the above, the operating profit margin in the second half of the year is expected to improve slightly compared with the first half.

▪ MEDIA

In the first five months of 2019, advertising investments decreased by 4.0% compared with the corresponding period of the previous year (Nielsen Media Research data). Among the main media, only radio and internet (excluding Search and Social) showed a positive trend with growth of 2.2% and 2.0% respectively. The press was the most penalised, with a decrease of 12.6%. As for circulation, in the first five months of 2019 newspapers reported a decline in newsstand and subscription sales of 7.7% (source: ADS - Accertamento Diffusione Stampa).

The GEDI group **revenue**, € 302.9 million, reported a decrease of 6.1% compared with the first half of 2018. Revenue from digital activities represents 12.2% of group revenue (15.2% related to the *La Repubblica* brand).

(in millions of euro)	*1st half 2019*		*1st half 2018*		*Change*
	Amounts	*%*	*Amounts*	*%*	*%*
Circulation and add-ons	155.6	51.4	163.4	50.7	(4.8)
Advertising	147.3	48.6	159.1	49.3	(7.4)
TOTAL	**302.9**	**100.0**	**322.5**	**100.0**	**(6.1)**

Circulation revenue declined by 5.2% compared with the corresponding period of the previous year and advertising revenue by 7.4%, with trends by media type substantially in line with the market.

Gross operating profit amounted to € 20.2 million; excluding the IFRS 16 effect, it would amount to € 13.0 million (€ 22.1 million in the first half of 2018), after restructuring expense of € 3.3 million.

Operating profit was € 4.3 million (€ 12.6 million in the first half of 2018). The quarterly trend indicates a realignment with the figures of 2018 with an operating profit in the second quarter, before non-recurring expenses, in line with the previous year.

The **loss for the period**, before the loss from discontinued operations, was a loss of € 1.7 million (compared with a profit of € 4.5 million in the first half of 2018). Furthermore, taking into account the planned sale of the investment in Persidera[1], the Company aligned its carrying amount to the expected sale price, with a negative impact of € 16.9 million, which leads to an overall loss for the period of € 19.1 million (profit of € 4.3 million in the first half of 2018).

[1] On 5 June 2019, in agreement with TIM S.p.A., the other vendor, GEDI signed a binding agreement with F2i and Ei Towers for the sale of its 30% stake in Persidera, which is considered a non-core asset of the group. The agreement envisages proceeds for GEDI of € 74.5 million, from which dividends distributed during 2019 (€ 4.3 million received in April) will be deducted at the closing date and to which interest accruing from 1 August until the closing date will be added. The value of the investment was written down by € 16.9 million, in order to adjust it to the agreed price.

Net financial indebtedness at 30 June 2019, before the FTA of IFRS 16, amounted to € 123.1 million, an increase compared with € 103.2 million at 31 December 2018 due to payments of € 23.0 million relating to ongoing reorganisation plans. The FTA of IFRS 16 led to the recognition at 30 June 2019 of lease liabilities and right-of-use assets for € 61.2 million, so net financial indebtedness after IFRS 16 amounts to € 184.4 million.

The group had 2,259 employees at 30 June 2019 a decrease of 100 employees compared to at 31 December 2018.

As regards the prospects for 2019, no change is expected in current market trends; however, as a result of the action taken by management and based on the trend seen in the second-quarter results, it is possible to forecast an improvement in profitability for the rest of the year compared with the first half.

▪ NON-CORE INVESTMENTS

They are represented by private equity, non-controlling investments and other investments amounting to € 63.5 million at 30 June 2019, compared with € 72.5 million at 31 December 2018.

PRIVATE EQUITY

CIR International, a group company, manages a diversified portfolio of investments in private equity funds. The overall fair value of the portfolio at 30 June 2019, based on the NAVs provided by the corresponding funds, came to € 42.8 million, a decrease of € 3.2 million compared with 31 December 2018, due to net disposals of the period and the adjustment to the fair value measurement. These adjustments, with the additional effect of commissions and exchange differences, partially offset by realised gains, led to an operating loss of € 1.0 million in the first half of 2019. Outstanding commitments at 30 June 2019 amounted to € 15.3 million.

OTHER INVESTMENTS

At 30 June 2019, CIR directly and indirectly held interests in non-controlling investments for a total of € 10.7 million and a non-performing loan portfolio for a total of € 10.0 million.

7. Events after the reporting period

On 19 July 2019, the extraordinary shareholders' meetings of COFIDE and CIR approved the merger which involves the merger of CIR into COFIDE, its parent. The merger will take effect for legal and tax purposes from the beginning of January 2020, subject to completion of the corporate procedure and signing of the merger deed.

8. Outlook

The trend for the rest of the year will depend on how things evolve in the three sectors of activity.

As regards KOS, revenue growth is expected to continue in line with the development strategy.

As regards Sogefi and GEDI, the trend in the remainder of the year will depend on the evolution of the automotive and publishing markets in Italy, both of which are currently showing negative trends and a general uncertainty in making forecasts.

In particular, for Sogefi, if the market trend confirms the current sector forecasts (a much lower decrease in vehicle production in the second half of 2019 (-0.4%) than was seen in the first half) sales could be substantially in line with the previous period and the operating profit margin could be slightly better than the first half of the year.

For GEDI, no change in current market trends is expected; moreover, as a result of the action taken by management and based on the trend seen in the second-quarter results, it is possible to forecast an improvement in profitability for the rest of the year compared with the first half.

9. Principal risks and uncertainties to which the group is exposed

The main risk factors to which the COFIDE group is exposed are substantially unchanged compared with those that characterised 2018.
For risks relating to specific cases, reference should be made to section 6 "Performance of the business segments" of this Report and to the Notes to the condensed interim consolidated financial statements at 30 June 2019.

10. Other information

TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

On 28 October 2010 the parent adopted the Regulations on Related Party Transactions envisaged in Consob Resolution no. 17221 of 12 March 2010, as amended by Resolution no. 17389 of 23 June 2010. This procedure is available in the Governance section of the parent's website (www.cofide.it).
The procedure lays down principles of conduct that the parent is required to adopt to ensure that related party transactions are handled properly. This means that it:
1. lays down the criteria and methods of identifying the parent's related parties
2. establishes principles for identifying related party transactions
3. governs the procedures for carrying out related party transactions
4. establishes ways to ensure compliance with the related disclosure requirements.

The Board of Directors has also appointed a Related Party Transactions Committee, establishing that its members coincide with those of the Control and Risk Committee, except for the system of substitutes envisaged in the procedures.
In accordance with the law, we would like to point out that during the first half of 2019 there has been no relationship with the ultimate parent Fratelli De Benedetti S.p.A., which exercises management control and coordination activities.

The following is worth mentioning with regard to transactions "of greater importance" with related parties.
The Board of Directors of COFIDE has applied to the Merger, on a voluntary basis, the rules envisaged by the OPC Procedure in relation to transactions with related parties "of greater importance", even though they believe that the Merger falls within the scope of the exemption contained in art. 14 of

Consob Regulation approved with resolution no. 17221 of 12 March 2010 and in art. 4.3 of the OPC Procedure, as it is being carried out with a subsidiary in which there are no significant interests of other related parties. The Operation was unanimously approved by the Board of Directors of COFIDE, subject to the favourable opinion of the Related Parties Committee.

The COFIDE group did not carry out any transactions with related parties, as defined by Consob, that could be considered transactions of an atypical or unusual nature, not part of normal business administration or such as to have a significant impact on the group's results, assets and liabilities or financial situation.

For further details on transactions with related parties, please refer to note 22 "Related party transactions".

OTHER

Cofide – Gruppo De Benedetti S.p.A. – has its registered office in Via Ciovassino 1, Milan, Italy and a branch in Via Nervesa 21, Milan, Italy.

Cofide shares, which have been quoted on the Milan Stock Exchange since 1985, have been traded on the Ordinary Segment – MTA (Reuter code: COFI.MI, Bloomberg code: COF IM) since 2004.

This report for the period 1 January – 30 June 2019 was approved by the Board of Directors on 29 July 2019.

The parent is subject to management and coordination activities by Fratelli De Benedetti S.p.A..

COFIDE GROUP

Condensed interim consolidated financial statements

at 30 June 2019

STATEMENT OF FINANCIAL POSITION

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN EQUITY

NOTES TO THE CONDESED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Statement of financial position

(in thousands of euro)

ASSETS	*Notes*		***30.06.2019 (*)***		***31.12.2018***
NON-CURRENT ASSETS			**2,669,895**		**2,328,789**
INTANGIBLE ASSETS	(3.a.)		1,139,049		1,139,840
PROPERTY, PLANT AND EQUIPMENT	(3.b.)		750,455		822,444
INVESTMENT PROPERTY	(3.c.)		17,808		18,677
RIGHTS-OF-USE ASSETS	(3.d.)		516,803		--
EQUITY-ACCOUNTED INVESTEES	(3.e.)		18,420		110,179
OTHER EQUITY INVESTMENTS	(3.f.)		11,748		12,525
OTHER ASSETS	(3.g.)		49,620		50,655
OTHER FINANCIAL ASSETS	(3.h.)		65,010		75,469
DEFERRED TAX ASSETS	(3.i.)		100,982		99,000
CURRENT ASSETS			**1,233,929**		**1,218,476**
INVENTORIES	(4.a.)		133,916		134,218
TRADE RECEIVABLES	(4.b.)		443,415		420,969
of which with related parties (**)	(4.b.)	*1,178*		*690*	
OTHER ASSETS	(4.c.)		102,472		79,283
of which with related parties (**)	(4.c.)	*105*		*105*	
LOANS ASSETS	(4.d.)		21,117		25,773
SECURITIES	(4.e.)		36,494		33,563
OTHER FINANCIAL ASSETS	(4.f.)		288,322		276,880
CASH AND CASH EQUIVALENTS	(4.g.)		208,193		247,790
ASSETS HELD FOR SALE	(4.h.)		**70,180**		**13,599**
TOTAL ASSETS			**3,974,004**		**3,560,864**

LIABILITIES	*Notes*		***30.06.2019 (*)***		***31.12.2018***
EQUITY			**1,391,744**		**1,436,037**
SHARE CAPITAL	(5.a.)		345,998		347,523
RESERVES	(5.b.)		44,262		51,490
RETAINED EARNINGS	(5.c.)		113,823		112,263
PROFIT FOR THE PERIOD			757		4,535
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT			**504,840**		**515,811**
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			886,904		920,226
NON-CURRENT LIABILITIES			**1,392,333**		**1,046,239**
BONDS	(6.a.)		233,308		270,254
OTHER LOANS AND BORROWINGS	(6.b.)		314,325		365,004
LEASE LIABILITIES	(6.c.)		443,489		--
OTHER LIABILITIES			61,300		63,003
DEFERRED TAX LIABILITIES	(3.i.)		173,357		169,864
EMPLOYEE BENEFIT OBLIGATIONS	(6.d.)		133,634		135,091
PROVISIONS FOR RISKS AND CHARGES	(6.e)		32,920		43,023
CURRENT LIABILITIES			**1,189,927**		**1,069,224**
BANK LOANS AND BORROWINGS	(4.g.)		15,707		13,046
BONDS	(7.a.)		41,600		113,801
OTHER LOANS AND BORROWINGS	(7.b.)		252,934		144,874
LEASE LIABILITIES	(7.c.)		64,767		--
TRADE PAYABLES	(7.d.)		505,059		497,420
of which with related parties (**)	(7.d.)	*2,612*		*2,238*	
OTHER LIABILITIES	(7.e.)		238,258		212,706
PROVISIONS FOR RISKS AND CHARGES	(7.f.)		71,602		87,377
LIABILITIES HELD FOR SALE	(4.h.)		**--**		**9,364**
TOTAL LIABILITIES AND EQUITY			**3,974,004**		**3,560,864**

(*) The group applied IFRS 16 "Leases" from the date of first-time adoption (1 January 2019) using the modified retrospective approach. The cumulative effect of adopting IFRS 16 was therefore recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative figures.

(**) As per Consob Resolution no. 6064293 of 28 July 2006.

2. Income statement

(in thousands of euro)

	Notes		*1st half 2019 (*)*		*1st half 2018 (***)*
REVENUE	(8)		1,362,006		1,404,620
CHANGE IN INVENTORIES			(1,642)		1,522
COSTS FOR THE PURCHASE OF GOODS	(9.a.)		(484,066)		(500,153)
COSTS FOR SERVICES	(9.b.)		(300,292)		(338,562)
of which with related parties (**)	(9.b.)	*(1,636)*		*(1,127)*	
PERSONNEL EXPENSES	(9.c.)		(391,293)		(390,201)
OTHER OPERATING INCOME	(9.d.)		18,287		14,687
of which with related parties (**)	(9.d.)	*774*		*963*	
OTHER OPERATING EXPENSE	(9.e.)		(42,841)		(33,767)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES			(109,868)		(82,802)
OPERATING PROFIT			**50,291**		**75,344**
FINANCIAL INCOME	(10.a.)		4,987		4,869
of which with related parties (**)	(10.a.)	--		--	
FINANCIAL EXPENSE	(10.b.)		(30,068)		(29,408)
DIVIDENDS			14		2,767
GAINS FROM SECURITIES TRADING	(10.c.)		3,900		6,744
LOSSES FROM SECURITIES TRADING	(10.d.)		(1,838)		(395)
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES	(3.e.)		161		161
FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(10.e.)		4,572		(773)
PROFIT BEFORE TAXES			**32,019**		**59,309**
INCOME TAXES	(11)		(15,783)		(20,780)
PROFIT FROM CONTINUING OPERATIONS			**16,236**		**38,529**
PROFIT FROM DISCONTINUED OPERATIONS	(12)		(13,299)		3,121
PROFIT FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS			**2,937**		**41,650**
- (PROFIT) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			(2,180)		(28,922)
- PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT			**757**		**12,728**
BASIC EARNINGS PER SHARE (in euro)	(13)		0.0011		0.0182
DILUTED EARNINGS PER SHARE (in euro)	(13)		0.0011		0.0182

(*) The group adopted IFRS 16 "Leases" from the date of first-time adoption (1 January 2019) using the modified retrospective approach. The cumulative effect of adopting IFRS 16 was therefore recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative figures.

(**) As per Consob Resolution no. 6064293 of 28 July 2006.

(***) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5

3. Statement of comprehensive income

(in thousands of euro)

	1st half 2019 (*)	*1st half 2018 (**)*
PROFIT FROM CONTINUING OPERATIONS	16,236	38,529
OTHER COMPREHENSIVE INCOME		
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS		
- ACTUARIAL GAINS (LOSSES)	(3,894)	1,137
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	661	(193)
SUBTOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	**(3,233)**	**944**
ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
- EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	48	(6,593)
- NET FAIR VALUE GAINS ON CASH FLOW HEDGES	407	1,679
- OTHER COMPREHENSIVE INCOME (EXPENSE)	--	--
- TAX EFFECT OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	(97)	(403)
SUBTOTAL OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	**358**	**(5,317)**
OTHER COMPREHENSIVE EXPENSE	**(2,875)**	**(4,373)**
COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	**13,361**	**34,156**
COMPREHENSIVE INCOME (EXPENSE) FROM DISCONTINUED OPERATIONS	**(13,299)**	**3,121**
COMPREHENSIVE INCOME	**62**	**37,277**
COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO:		
THE OWNERS OF THE PARENT	(178)	11,343
NON-CONTROLLING INTERESTS	240	25,934
BASIC COMPREHENSIVE EARNINGS (LOSS) PER SHARE (IN EURO)	(0.0003)	0.0162
DILUTED COMPREHENSIVE EARNINGS (LOSS) PER SHARE (IN EURO)	(0.0003)	0.0162

(*) The group adopted IFRS 16 "Leases" from the date of first-time adoption (1 January 2019) using the modified retrospective approach. The cumulative effect of adopting IFRS 16 was therefore recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative figures.

(**) Note that the effect of adopting IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and disconinued operations".

4. Statement of cash flows

(in thousands of euro)

	1st half 2019	*1st half 2018 (*)*
OPERATING ACTIVITIES		
PROFIT FROM CONTINUING OPERATIONS	16,236	38,529
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	109,868	82,802
NET FAIR VALUE GAINS ON EQUITY-ACCOUNTED INVESTEES	4,671	3,492
NET ACTUARIAL GAINS ON STOCK OPTION/STOCK GRANT PLANS	1,862	1,842
CHANGES IN EMPLOYEE BENEFIT OBLIGATIONS, PROV. FOR RISKS & CHARGES	(35,771)	(7,945)
NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(4,572)	773
GAINS ON DISPOSAL OF NON-CURRENT ASSETS	(1,622)	(4,889)
INCREASE (DECREASE) IN NON-CURRENT ASSETS/LIABILITIES	4,294	(2,848)
INCREASE IN NET WORKING CAPITAL	(19,760)	(15,171)
CASH FLOWS FROM OPERATING ACTIVITIES	**75,206**	**96,585**
of which:		
- interest paid	(16,546)	(16,542)
- income tax paid	(19,837)	(8,533)
INVESTING ACTIVITIES		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	--	(20,238)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	--	1,478
(PURCHASE) SALE OF SECURITIES	3,057	(17,075)
PURCHASE OF NON-CURRENT ASSETS	(97,973)	(79,620)
CASH FLOWS USED IN INVESTING ACTIVITIES	**(94,916)**	**(115,455)**
FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL INCREASES	--	357
OTHER CHANGES IN EQUITY	(929)	(5,735)
CHANGE IN OTHER LOANS RECEIVABLE	--	--
DRAWDOWN OF OTHER LOANS AND BORROWINGS/OTHER LOANS ASSETS	5,203	46,590
PURCHASE OF TREASURY SHARES OF GROUP COMPANIES	(4,686)	(9,127)
DIVIDENDS PAID	(29,385)	(32,850)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(29,797)**	**(765)**
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS OF CONTINUING OPERATIONS	**(49,507)**	**(19,635)**
OPENING CASH FLOWS/NET CASH & CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	**7,249**	**3,121**
OPENING NET CASH & CASH EQUIVALENTS	**234,744**	**245,514**
CLOSING NET CASH & CASH EQUIVALENTS	**192,486**	**229,000**

The Group applied IFRS 16 "Leases" from the date of first-time adoption (1 January 2019) using the modified retrospective approach. The cumulative effect of adopting IFRS 16 was therefore recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, without restating the comparative figures.

(*) Note that the effect of applying IAS 29 "Financial Reporting in Hyperinflationary Economies", recognised in the financial statements at 31 December 2018, has been spread over the four quarters of the year.

Certain 2018 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

5. Statement of Changes in Equity

(in thousands of euro)	*Attributable to the owners of the parent*													
	Share capital issued	*less treasury shares*	*Share capital*	*Share premium*	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Reserve for treasury shares*	*Other reserves*	*Retained earnings*	*Loss for the period*	*Total*	*Non-controlling interests*	*Total*
BALANCE AT 31 DECEMBER 2017	**359,605**	**(9,594)**	**350,011**	**5,044**	**23,585**	**22,854**	**(11,935)**	**9,594**	**30,719**	**97,758**	**(2,966)**	**524,664**	**956,109**	**1,480,773**
Adjustments on FTA of IFRS 15 net of tax	--	--	--	--	--	--	116	--	(3,628)	--	(1)	(3,513)	(7,675)	(11,188)
BALANCE RESTATED AT 31 DECEMBER 2017	**359,605**	**(9,594)**	**350,011**	**5,044**	**23,585**	**22,854**	**(11,819)**	**9,594**	**27,091**	**97,758**	**(2,967)**	**521,151**	**948,434**	**1,469,585**
Adjustments on FTA of IFRS 9 (net of tax)	--	--	--	--	--	(24,302)	(3,677)	--	(770)	27,979	--	(770)	(1,771)	(2,541)
BALANCE RESTATED AT 1 JANUARY 2018	**359,605**	**(9,594)**	**350,011**	**5,044**	**23,585**	**(1,448)**	**(15,496)**	**9,594**	**26,321**	**125,737**	**(2,967)**	**520,381**	**946,663**	**1,467,044**
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	928	928
Dividends to shareholders	--	--	--	--	--	--	--	--	--	(9,800)	--	(9,800)	(23,434)	(33,234)
Retained earnings	--	--	--	--	707	--	--	--	--	(3,674)	2,967	--	--	--
Fair value gains (losses) on treasury share transactions	--	(2,488)	(2,488)	--	--	--	--	2,488	(2,477)	--	--	(2,477)	--	(2,477)
Effects of changes in equity attributable to subsidiaries	--	--	--	--	--	(30)	(320)	--	5,893	--	--	5,543	(11,970)	(6,427)
Comprehensive income for the period Fair value gains on cash flow hedges	--	--	--	--	--	490	--	--	--	--	--	490	1,033	1,523
Effects of changes in equity attributable to subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Translation differences	--	--	--	--	--	--	(3,411)	--	--	--	--	(3,411)	(7,276)	(10,687)
Actuarial gains	--	--	--	--	--	--	--	--	550	--	--	550	1,300	1,850
Profit for the period	--	--	--	--	--	--	--	--	--	--	4,535	4,535	12,982	17,517
Comprehensive income for the period	--	--	--	--	--	*490*	*(3,411)*	--	*550*	--	*4,535*	*2,164*	*8,039*	*10,203*
BALANCE AT 31 DECEMBER 2018	**359,605**	**(12,082)**	**347,523**	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**30,287**	**112,263**	**4,535**	**515,811**	**920,226**	**1,436,037**
Adjustments on FTA of IFRS 16 net of tax	--	--	--	--	--	--	--	--	--	(1,534)	--	(1,534)	(3,252)	(4,786)
BALANCE RESTATED AT 1 JANUARY 2019	**359,605**	**(12,082)**	**347,523**	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**30,287**	**110,729**	**4,535**	**514,277**	**916,974**	**1,431,251**
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--	--	(10,034)	--	--	(10,034)	(29,385)	(39,419)
Retained earnings	--	--	--	--	554	--	--	--	887	3,094	(4,535)	--	--	--
Fair value gains (losses) on treasury share transactions	--	(1,525)	(1,525)	--	--	--	--	1,525	(1,505)	--	--	(1,505)	--	(1,505)
Effects of changes in equity attributable to subsidiaries	--	--	--	--	--	51	(72)	--	2,301	--	--	2,280	(925)	1,355
Comprehensive income for the period Fair value gains on cash flow hedges	--	--	--	--	--	100	--	--	--	--	--	100	210	310
Effects of changes in equity attributable to subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Translation differences	--	--	--	--	--	--	5	--	--	--	--	5	43	48
Actuarial losses	--	--	--	--	--	--	--	--	(1,040)	--	--	(1,040)	(2,193)	(3,233)
Profit for the period	--	--	--	--	--	--	--	--	--	--	757	757	2,180	2,937
Comprehensive income (expense) for the period	--	--	--	--	--	*100*	*5*	--	*(1,040)*	--	*757*	*(178)*	*240*	*62*
BALANCE AT 30 JUNE 2019	**359,605**	**(13,607)**	**345,998**	**5,044**	**24,846**	**(837)**	**(19,294)**	**13,607**	**20,896**	**113,823**	**757**	**504,840**	**886,904**	**1,391,744**

The group applied IFRS 16 "Leases" from the date of first-time adoption (1 January 2019) using the modified retrospective approach.

6. Notes to the condensed interim consolidated financial statements

1. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board ("IASB") and with the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union, in force at 30 June 2019. Please refer to the paragraph "basis of consolidation" for an explanation of the new standards in force from 1 January 2019. It should be noted that 2019 is the first period in which the group applies IFRS 16, the effects of which are described below.

These condensed interim consolidated financial statements have been prepared, in summary form, in accordance with IAS 34 "Interim Financial Reporting". Therefore they do not include all of the information required for annual financial statements and should be read in conjunction with the annual report for the year ended 31 December 2018. Even though they do not include all of the information required for complete financial statement disclosure, specific explanatory notes are included to explain the events and transactions that are relevant to understand the changes in financial position and performance of the group that have taken place since the last set of annual financial statements.

The condensed interim consolidated financial statements at 30 June 2019 include the Parent Cofide S.p.A. (hereinafter "COFIDE") and its subsidiaries, and were prepared using the financial statements of the individual companies included in the consolidation scope; these correspond to their separate financial statements or the consolidated statements of sub-groups, examined and approved by their respective boards and amended and re-stated where necessary to bring them into line with the accounting policies listed below and, where compatible, with Italian regulations.

The presentation criteria adopted are as follows:

- the statement of financial position is organised by matching items on the basis of current and non-current assets and liabilities;
- the income statement is shown by type of expenditure;
- the statement of comprehensive income shows the income and expense items that are in suspense in equity;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity gives a breakdown of the changes that took place in the reporting year and in the previous period;

These condensed interim consolidated financial statements have been prepared in thousands of euro, which is the group's functional and presentation currency in accordance with IAS 21, except where indicated otherwise.
In preparing these condensed interim consolidated financial statements, we would point out that management had to make assessments and estimates which affect the application of the accounting standards and the amounts of assets, liabilities, costs and revenue reported in the financial statements. In any case, it should be noted that, since these are estimates, the actual results may not

necessarily be the same as those presented in these condensed interim consolidated financial statements.
On 29 March 2017, the UK government, invoking the provisions of Article 50 of the Treaty of Lisbon, informed the European Council of its intention to leave the EU. The United Kingdom and the EU initially have a two-year period to reach an agreement on exit and their future relationships: this term may possibly be extended. At the moment, the Brexit process, as well as the timing and the outcome of negotiations on future agreements between the UK and the EU, are permeated by significant uncertainties.

Management has assessed the consequences of these uncertainties on the carrying amounts of the assets and liabilities shown in these condensed interim consolidated financial statements. As a result of this review, the Group did not identify any signs of impairment losses in its UK subsidiaries at 30 June 2019. For more information on the tax effect of the uncertainties relating to Brexit, see note 11.

In particular, the more complex assessments such as the determination of impairment losses on non-current assets, are generally carried out only when preparing the annual consolidated financial statements, when all the necessary information is more likely to be available with a reasonable degree of accuracy, except in cases where there are indications of impairment that require an immediate assessment of any impairment losses.

Income taxes are recognised on the basis of the best estimate of the weighted average tax rate for the entire year.

The condensed interim consolidated financial statements at 30 June 2019 were approved by the Board of Directors on 29 July 2019.

1.a. Translation of foreign companies' financial statements into euro

Foreign subsidiaries' financial statements outside the eurozone (assuming that they do not operate in a hyperinflationary economy as defined by IAS 29) are translated into euro at the closing exchange rate for the statement of financial position and at the average exchange rate for the income statement. Any exchange gains or losses arising on translation of shareholders' equity at the closing exchange rate and of the income statement at the average rate are recognised under "Other reserves" in equity.

With reference to subsidiaries in hyperinflationary countries, note that, in the SOGEFI group,the figures for the first half of 2018 have been recalculated following the application of "IAS 29 - Financial reporting in hyperinflationary economies". In the last quarter of last year, IAS 29 was applied to the subsidiaries in Argentina, which resulted in a positive effect on revenue, but a negative effect in terms of the profit or loss for the period. The adoption of IAS 29 requires that assets, liabilities and income statement items be restated to reflect changes in the general purchasing power and that they be converted into Euro at the closing exchange rate.

The main exchange rates used are the following:

	1st half 2019		1st half 2018	
	Average exchange rate	*30.06.2019*	*Average exchange rate*	*30.06.2018*
US dollar	1.1298	1.1380	1.2104	1.1658
Swiss franc	1.12946	1.1105	1.16975	1.1569
GB pound	0.8750	0.8966	0.8797	0.8860
Brazilian real	4.3277	4.3511	4.1413	4.4876
Argentine peso	48.8165	48.5678	26.0281	32.7048
Chinese renminbi	7.6799	7.8185	7.7101	7.7170
Indian rupee	79.5545	78.5240	79.4913	79.8130
New Romanian leu	4.7301	4.7343	4.6544	4.6631
Canadian dollar	1.5079	1.4893	1.5464	1.5442
Mexican peso	21.7960	21.8201	23.0787	22.8817
Moroccan dirham	10.8743	10.8990	11.2486	11.1080
Hong Kong dollar	8.8976	8.8866	9.4904	9.1468

1.b. Consolidation scope

The condensed interim consolidated financial statements at 30 June 2019 and those of the previous period are the result of the consolidation of COFIDE (parent) and all of the companies directly or indirectly controlled, jointly controlled or associated at those dates. Assets and liabilities held for saleof are reclassified to specific asset and liability items to highlight these circumstances.

A list of the equity investments included in the consolidation scope, with an indication of the consolidation method used, is provided in a specific section of this report, along with a list of those that have been excluded.

1.c. Change in the consolidation scope

The main changes in the consolidation scope compared with the previous period concern the following:

- *MEDIA*

The scope of consolidation has not changed from last period.

- *AUTOMOTIVE COMPONENTS*

During the first half of 2019, Sogefi Engine Systems Hong Kong Ltd sold its investment in the subsidiary MARK IV Asset (Shanghai) Auto Parts to the other partner in the JV (Shanghai Asset Industrial). This change did not have a significant effect on the consolidated financial statements at 30 June 2019.

- *HEALTHCARE*

During the first half of the year we point out the acquisition of 100% of the SELEMAR S.r.l. laboratory, for a price of € 580 thousand. The investment has not been consolidated on a line-by-line basis as it is expected to be merged into KOS Care S.r.l., its parent, in the coming months.

- *OTHER COMPANIES*

The consolidation scope has not changed from last year.

2. Basis of consolidation

With the exception of what is explained below, these condensed interim consolidated financial statements have been prepared using the same accounting policies applied by the Group to the consolidated financial statements as at and for the year ended 31 December 2018.

Standards, amendments and interpretations of IFRS applied from 1 January 2019

The following standards, amendments and interpretations were applied for the first time by the group with effect from 1 January 2019:

Application of IFRS 16

IFRS 16 introduces a single accounting model for leases in the lessees' financial statements according to which the group, as lessee, has recognised an asset that represents the right of use the underlying asset and a liability that reflects the obligation to pay lease liabilities. The Group has applied IFRS 16 using the modified retroactive approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Therefore, the information relating to 2018 has not been restated - that is, it is presented in accordance with IAS 17 and the related interpretations.

The details of the impacts deriving from the application of the aforementioned standard are indicated below.

Previously, the group used to establish at the beginning of the contract whether it was a lease or contained a lease according to IFRIC 4. Now, in compliance with IFRS 16, the group assesses whether the contract is a lease or contains a lease on the basis of the new definition of leasing. In fact, according to IFRS 16 the contract is a lease or contains a lease if, in exchange for a consideration, it transfers the right to use an identified asset for a certain period of time.

On the date of FTA of IFRS 16, the group decided to adopt the practical expedient that allowed companies not to re-examine which existing transactions constituted a lease. IFRS 16 was applied only to contracts that had previously been identified as a lease. Contracts that had not been identified as leases by applying IAS 17 and IFRIC 4 were not reassessed to establish whether or not they represented a lease under the new rules. The IFRS 16 definition of lease was therefore only applied to contracts signed or amended on or after 1 January 2019.

At the beginning of the contract or at the date of re-evaluation of a contract that contains a lease component, the Group assigns the consideration to each lease and non-lease component as priced in the contract.

Therefore, as a lessee, the group previously classified leases as operating or finance depending on whether the leases substantially transfer all of the risks and benefits of ownership. In accordance with IFRS 16, the group recognises in the statement of financial position the rights-of- use assets and lease liabilities for most of the leases.

However, the group has decided not to recognise the right-of-use assets and the lease liabilities relating to the leasing of assets of modest value. The Group therefore records the lease payments due for these leases as a cost on a straight-line basis over the duration of the lease contract.

The group presents the right-of-use assets that do not satisfy the definition of property investments as "rights-of-use assets". The carrying amount by nature of the assets for the right of use are set out below.

The group shows lease liabilities under "right-of-use lease liabilities" in the statement of financial position.

The group recognises the right-of-use asset and lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost, then subsequently at cost net of accumulated depreciation and impairment losses, and adjusted to reflect any increase in of the lease liability.

The group measures the lease liability at the present value of the lease payments not paid on the commencement date, discounting them at its incremental borrowing rate.
The lease liability is subsequently increased by the interest that accrues on this liability and decreased by the lease payments made; it is also revalued in the event of a change in future lease payments deriving from a change in the index or rate used, in the event of change in the amount that the group expects to pay as a guarantee on the residual value or when the group changes its assessment depending on whether or not it exercises a purchase, extension or cancellation option.
The group has estimated the lease term of certain contracts in which it acts as a lessee and which provide for renewal options. The group's assessment as to whether or not the option is likely to be exercised affects the estimate of the lease duration, which in turn significantly impacts the lease liabilities and right-of-use assets that are recognised.
On the date of FTA, in the case of contracts classified as operating leases according to IAS 17, the lease liabilities were determined at the present value of the residual lease payments, discounted at the group's incremental borrowing rate at 1 January 2019.
Right-of-use assets are measured at an amount equal to the lease liability, adjusted for any advance or accumulated lease payments.
The group has used the following practical expedients in applying IFRS 16 to contracts previously classified as operating leases under IAS 17.

- It has applied the exemption from recognition of right-of-use assets and lease liabilities on contracts with a duration of less than 12 months.
- It has also excluded the initial direct costs from the measurement of right-of-use assets at the date of FTA as they were considered immaterial.
- It used the experience gained in calculating the duration of leases containing extension or cancellation options.

The group leases some assets that were classified as finance leases according to IAS 17. For such leases, the carrying amount of a right-of-use asset and lease liability on 1 January 2019 is equal to the carrying amount of the leased asset and of the lease liability according to IAS 17 immediately prior to that date.

On FTA of IFRS 16 to contracts previously classified as finance leases, the group recognised right-of-use assets and lease liabilities of € 87.3 million and € 70.1 million, respectively.

During the initial application phase of IFRS 16, the group recognised additional right-of-use assets and lease liabilities of € 451.1 million and € 455.9 million, respectively. The differences are recorded under retained earnings.

The following table summarises the effects of the application of IFRS 16 at 1 January 2019.

STATEMENT OF FINANCIAL POSITION

(in thousands of euro)

ASSETS	31.12.2018	01.01.2019	Difference
Property, plant and equipment	822,444	735,175	(87,269)
Right-of-use assets	--	538,357	538,357
Deferred tax assets	99,000	100,787	1,787
Other assets – current assets	79,283	79,257	(26)

LIABILITIES	31.12.2018	01.01.2019	Difference
Equity attributable to the owners of the parent	515,811	514,277	(1,534)
Non-controlling interests	920,226	916,974	(3,252)
Other loans and borrowings – non-current liabilities	365,004	307,340	(57,664)
Lease liabilities -non-current liabilities	--	462,606	462,606
Provisions for risks and charges (non-current liabilities)	43,023	47,565	4,542
Other loans and borrowings - Current liabilities	144,874	132,419	(12,455)
Lease liabilities - current liabilities	--	63,456	63,456
Other current liabilities	212,706	209,856	(2,850)

As a result of this different classification of lease instalments, the group's consolidated income statement for the first half of 2019 recorded a greater gross operating profit (EBITDA) of € 30.3 million, an increase in amortisation and depreciation of € 27.9 million, an increase in financial expense of € 6.1 million and a decrease in taxes of € 0.8 million. The impact on the group's profit for the period was negative for € 0.9 million.
The impact of IFRS 16 on the consolidated net financial debt of the group at 30 June 2019 was negative for € 443.2 million (€ 317.0 for the KOS group, € 61.2 for the GEDI group, € 64.4 million for the Sogefi group and € 0.6 million for the subsidiary CIR S.p.A.). Note that adoption of the new standard has not had any effect on how covenants are calculated.

Other International Financial Reporting Standards

- Amendment to IFRS 9 "Prepayment Features with Negative Compensation" (published on 12 October 2017 and endorsed by the European Commission in March 2018). The amendment proposes that the amortised cost method or the fair value through other comprehensive income, depending on the business model adopted, could be applied to financial instruments with prepayment, which could give rise to a negative compensation.
- IFRIC 23 – Uncertainty over income tax treatments. In June 2017, the IASB published IFRIC 23 - Uncertainty over income tax treatments. The interpretation clarifies the application of recognition and measurement requirements under IAS 12 Income Taxes when there is uncertainty about the tax treatment.
- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures" (published on 12 October 2017). The amendment clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture, which, in substance, form part of the net investment in the associated company or joint venture. The amendment also provides that IFRS 9 should be applied to these

interests before the application of IAS 28, so that the entity does not take into account any adjustments to the long-term interests deriving from application of the IAS.

- "Annual Improvements to IFRS Standards 2015-2017 Cycle" (published on 12 December 2017). The changes introduced, which are part of the normal process of rationalisation and clarification of international financial reporting standards, concern the following: IAS 12 Income Taxes, IAS 23 Borrowing Costs and IFRS 3 Business Combination.
- Amendment IAS 19 - "Plan Amendment, Curtailment or Settlement" (published in February 2018). The amendment clarifies that the actuarial assumptions used in measuring the net liabilities/assets for defined benefits have to be updated any time there is a change in the defined benefit plan, so the cost related to current employment contracts and the net interest of the period between the date of the plan change and the reporting date must be calculated on the basis of the new actuarial assumptions.

These amendments/improvements/interpretations did not have significant effects for group companies.

Standards, amendments and interpretations of IFRS not yet endorsed by the European Union:

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following amendments and standards. The Directors are currently assessing the potential effects of these amendments on the Group's consolidated financial statements.

- Amendments to the Conceptual Framework. The amendments are effective from 1 January 2020.
- Business: the definition of a business according to IFRS 3 has been clarified, providing specific guidelines for its correct application, distinguishing the acquisition of a "business" from the acquisition of a "group". The amendments are effective from 1 January 2020.
- Materiality: the definition of materiality in IAS 1 has been improved in order to identify whether a piece of information, a transaction or an event has to be disclosed to users of the financial statements. The amendments are effective for the year beginning on 1 January 2020.
  IFRS 17 – Insurance contracts. The date on which it will come into force has been postponed to 1 January 2022.

Statement of financial position

3. Non-current assets

3.a. Intangible assets

2019	*Opening position*			*Changes for the period*							*Closing position*		
	Original cost	*Accumulated amortisation and impairment losses*	*Balance at 31.12.2018*	*Aquisitions*	*Business combinations and disposals*		*Exchange rate gains (losses)*	*Other changes*	*Net disposals*	*Amortisation and impairment losses*	*Original cost*	*Accumulated amortisation and impairment losses*	*Balance at 30.06.2019*
(in thousands of euro)					*increases*	*decreases*			*cost*				
Start-up and capital costs	36	(36)	--	--	--	--	--	--	--	--	36	(36)	--
Capitalised development costs													
- purchased	--	--	--	--	--	--	--	--	--	--	--	--	--
- produced internally	271,129	(188,594)	82,535	7,535	--	--	759	3,231	(134)	(15,634)	273,543	(195,251)	78,292
Industrial patents and intellectual property rights	61,876	(34,585)	27,291	530	--	--	--	--	--	(1,581)	62,410	(36,170)	26,240
Concessions, licences, trademarks and similar rights	109,440	(86,246)	23,194	2,392	--	--	9	518	--	(3,609)	112,368	(89,864)	22,504
Masthead and trademarks	453,999	(21,514)	432,485	--	--	--	--	--	--	--	453,999	(21,514)	432,485
Frequencies	91,242	--	91,242	377	--	--	--	--	--	--	91,619	--	91,619
Goodwill	1,004,558	(553,656)	450,902	--	432	--	(3)	3	--	(306)	1,004,973	(553,945)	451,028
Assets under development and payments on account													
- purchased	5,146	--	5,146	1,520	--	--	21	(2,496)	--	--	4,191	--	4,191
- produced internally	16,233	(3,277)	12,956	5,034	--	--	40	(1,198)	--	(375)	20,106	(3,649)	16,457
Other	28,718	(14,629)	14,089	2,244	--	--	10	510	--	(620)	31,509	(15,276)	16,233
Total	**2,042,377**	**(902,537)**	**1,139,840**	**19,632**	**432**	**--**	**836**	**568**	**(134)**	**(22,125)**	**2,054,754**	**(915,705)**	**1,139,049**

Intangible assets rose from € 1,139,840 thousand at 31 December 2018 to € 1,139,049 thousand at 30 June 2019.

GOODWILL, TRADEMARKS AND OTHER ASSETS WITH AN INDEFINITE USEFUL LIFE

A more detailed analysis of the main items making up intangible assets with an indefinite useful life is given in the following charts.

Masthead and trademarks:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
la Repubblica	219,782	219,782
Local newspapers	131,712	131,712
La Stampa and Il Secolo XIX	77,682	77,682
Other masthead and trademarks	3,309	3,309
Total	**432,485**	**432,485**

Frequencies:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Radio frequencies	91,619	91,242
Total	**91,619**	**91,242**

Goodwill:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Automotive sector (Sogefi group)	128,640	128,637
Media sector (GEDI group)	32,929	32,929
Healthcare sector (KOS group)	289,459	289,336
Total	**451,028**	**450,902**

Goodwill has been allocated to the CGUs that were identified in the same way that management of the Parent operates and manages its assets, based on the group's business segments. The above chart shows the allocation of goodwill by group business segment.

In order to perform the impairment test of goodwill and other intangible assets with an indefinite useful life, the recoverable amount of each cash generating unit, defined in accordance with IAS 36, was estimated with reference to its value in use or its fair value less costs to sell and having regard - where applicable in the specific circumstances - to the guidelines contained in the document entitled "Impairment testing of goodwill in the context of crises in financial markets and the real economy: guidelines" issued by the O.I.V. (Italian Valuation Board).
Value in use is calculated by discounting to present value future cash flows generated by the unit in the production phase and at the time of its disposal, using an appropriate discount rate (discounted cash flow or DCF method). More specifically, in accordance with what is required by international financial reporting standards, to test the value, cash flows are considered without taking into account inflows and outflows generated by financial management or any cash flows relating to tax management. The cash flows to be discounted are therefore distinctive, unlevered operating cash flows (as they refer to individual units).
The cash flows of the individual operating units are extrapolated from the budgets and forecasts made by the management of the operating units concerned. These plans were then processed on the basis of economic trends recorded in previous years and using the forecasts made by leading analysts on the outlook for the respective markets and more in general on the trend of each business segment.
To correctly estimate the value in use of a Cash Generating Unit, the following factors are evaluated: its expected future cash flows, expected changes in the amount and timing of these flows, the discount rate to be used and any other risk factors affecting the unit.

In order to determine the discount rate to be used, we calculated the weighted average cost of capital (WACC) invested at sector level, regardless of the financial structure of the individual company or subgroup.

The values used to calculate WACC (taken from leading financial sources) were the following:

- financial structure of the sector;
- unlevered beta for the sector;
- risk-free rate: annual average yield on government bonds in countries where group companies operate;
- risk premium: average market risk premium in countries where group companies operate.

The fair value less costs to sell of an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct disposal costs. If this information is not available, the fair value net of costs to sell is determined in relation to the following trading prices, in order of importance:

- the current price traded on an active market;
- prices for similar transactions executed previously;
- the estimated price based on information obtained by the company.

The recoverable amount of each asset is estimated with reference to the higher of its fair value less costs to sell or its value in use, if both are available.

As required by IAS 36, assets with and indefinite useful life are subject to impairment testing at least once a year, except in circumstances that suggest that an assessment of possible impairment losses should be carried out immediately.
For all information and assumptions used at the end of 2018 for impairment testing, in particular for the determination of the value in use and the fair value less costs to sell of the cash generating units and for the main hypotheses underlying the forecast plans, please refer to the annual financial report at 31 December 2018.

For the purpose of these condensed interim consolidated financial statements we monitored the main qualitative and quantitative indicators in order to check whether there were signs that they ought to be repeated.

In particular, with reference to the GEDI group, the impairment test carried out at 31 December 2018 showed a recoverable amount which, for certain publishing CGUs applying the Value in Use method, did not differ significantly from the carrying amount.
For the "La Repubblica" and "GNN Nord-Est" CGUs, there were a number of variances between budget and actual that required further investigation, also with the help of independent consultants, for which both internal and external sources were used in accordance with international standards (internal sources included an analysis of the variances that arose during the period, whereas external sources included the market, the newspaper advertising market in particular).

On the basis of the analyses conducted, no events or circumstances have been identified that would require the preparation of impairment tests as of 30 June 2019.

3.b. Property, plant and equipment

2019	Opening position			Changes for the period								Closing position		
	Original cost	Accumulated depreciation and impairment losses	Balance at 31.12.2018	Acquisitions	Business combinations and disposal		FTA - IFRS16 01.01.2019	Exchange rate gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance at 30.06.2019
(in thousands of euro)					increases	decreases				cost				
Land	52,500	(611)	51,889	882	--	--	(3,503)	(72)	(40)	--	--	49,808	(652)	49,156
Buildings used for operating purposes	403,382	(172,541)	230,841	990	--	--	(52,424)	(166)	2,636	--	(5,603)	344,127	(167,853)	176,274
Plant and machinery	975,904	(729,913)	245,991	6,287	--	--	(31,170)	478	18,727	(2,123)	(20,753)	921,341	(703,904)	217,437
Industrial and commercial equipment	315,918	(211,673)	104,245	5,330	--	--	(161)	736	5,351	(7)	(21,278)	323,685	(229,469)	94,216
Other assets	316,885	(249,483)	67,402	4,202	--	--	(11)	195	1,292	(23)	(7,491)	321,196	(255,630)	65,566
Assets under construction and payments on account	123,215	(1,139)	122,076	52,880	--	--	--	375	(26,432)	(1,093)	--	148,945	(1,139)	147,806
Total	2,187,804	(1,365,360)	822,444	70,571	--	--	(87,269)	1,546	1,534	(3,246)	(55,125)	2,109,102	(1,358,647)	750,455

Property, plant and equipment went from € 822,444 thousand at 31 December 2018 to € 750,455 thousand at 30 June 2019. The balance of the "FTA - IFRS 16" column refers to the reclassification made to item 3.d. "Right-of-use assets" on first-time adoption of IFRS 16 , relating to finance leases accounted for on the basis of IAS 17 already in existence at 31 December 2018. It should be noted that the balances of "Industrial and commercial equipment" and "Assets under construction and payments on account" at 30 June 2019 include the investments made by the Sogefi group in tooling for € 45,928 thousand and € 55,251 thousand respectively.

DEPRECIATION RATES

Description	*%*
Buildings used for operating purposes	3%
Plant and machinery	10-25%

Other assets:

- Electronic office equipment	20%
- Furniture and fittings	12%
- Motor vehicles	25%

3.c. Investment property

2019	Opening position			Changes for the period								Closing position		
	Original cost	Accumulated depreciation and impairment losses	Net balan at 31.12.2018	Acquisitions	Business combinations and disposals		Capitalised financial expense	Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance at 30.06.2019
(in thousands of euro)					increases	decreases				cost				
Buildings	29,397	(10,720)	18,677	--	--	--	--	--	--	(491)	(378)	28,485	(10,677)	17,808
Total	29,397	(10,720)	18,677	--	--	--	--	--	--	(491)	(378)	28,485	(10,677)	17,808

Investment property has gone from € 18,677 thousand at 31 December 2018 to € 17,808 thousand at 30 June 2019, mainly because of depreciation for the year and a disposal made by the KOS group.
The market value is considerably higher than the carrying amount.

DEPRECIATION RATES

Description	*%*
Buildings	3%

3.d. Right-of-use assets

2019	Opening position			Changes for the period							Closing position		
	Original cost	Accumulated depreciation and impairment losses	Balance at 01.01.2019	Increases	Business combinations and disposals		Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance at 30.06.2019
(in thousands of euro)					increases	decreases							
Land	3,503	--	3,503	--	--	--	--	--	--	--	3,503	--	3,503
Buildings used for operating purposes	519,496	(26,615)	492,881	7,603	--	--	599	1,483	--	(26,952)	528,555	(52,941)	475,614
Plant and machinery	70,864	(39,536)	31,328	141	--	--	26	--	--	(3,200)	71,072	(42,777)	28,295
Industrial and commercial equipment	1,195	(975)	220	68	--	--	--	--	--	(48)	1,267	(1,027)	240
Other assets	10,535	(110)	10,425	1,351	--	--	(25)	(504)	(56)	(2,040)	11,290	(2,139)	9,151
Assets under construction and payments on account	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	605,593	(67,236)	538,357	9,163	--	--	600	979	(56)	(32,240)	615,687	(98,884)	516,803

The right-of-use assets amount to € 516,803 thousand at 30 June 2019 and refer to the KOS group for € 391,607 thousand, the Sogefi group for € 65,063 thousand, the Gedi group for € 59,549 thousand and CIR S.p.A. for € 584 thousand.
On the date of first-time adoption (FTA) of IFRS 16 (01.01.2019) right-of-use assets were recognised for € 538,357 thousand. During the period, net increases of € 9,107 thousand were recorded, offset by depreciation and impairment losses of € 32,240 thousand.

3.e. Equity-accounted investees

(in thousands of euro)

	%	Balance at 31.12.2018	Increases (Decreases)	Impairment losses	Dividends	Pro-rata share of result		Other changes	Balance at 30.06.2019
						Loss	Profit		
Persidera S.p.A.	30.00	91,418	--	(16,908)	(4,330)	--	--	(70,180)	--
Editoriale Libertà S.p.A.	35.00	13,291	--	--	(434)	--	183	--	13,040
Editoriale Corriere di Romagna S.r.l.	49.00	3,389	--	--	(68)	--	28	--	3,349
Altrimedia S.p.A.	35.00	739	--	--	--	--	2	--	741
Le Scienze S.p.A.	50.00	88	--	--	--	(11)	--	--	77
Devil Peak S.r.l.	36.16	--	--	--	--	--	--	--	--
Apokos Rehab PVT Ltd	50.00	808	--	--	--	--	--	--	808
Huffingtonpost Italia S.r.l.	49.00	446	--	--		(41)	--	--	405
Total		**110,179**	**--**	**(16,908)**	**(4,832)**	**(52)**	**213**	**(70,180)**	**18,420**

At 31 December 2018, the investments held in Persidera S.p.A., Editoriale Libertà S.p.A. and Editoriale Corriere di Romagna S.r.l., were subjected to an impairment test, using methodologies and assumptions similar to those adopted for the Group CGU in determining both the fair value and value in use, taking into account the specific areas of activity of each company. For more details on the analyses and assumptions of the impairment test, see the annual report at 31 December 2018.
The equity investment in Persidera S.p.A., which was written down by € 11,155 thousand in the financial statements at 31 December 2018, was reclassified, for an amount of € 70,180 thousand, under item 4h. "Assets held for sale", to which reference is made for further information, and measured at fair value less costs to sell based on IFRS 5.
From the analyses carried out on the recoverability of the carrying amounts of the other equity investments, no signs of impairment losses emerged.

3.f. Other investments

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Radio Italia S.p.A.	6,500	6,500
Ansa S. Coop. A.R.L.	2,173	2,173
D-Share S.r.l.	--	1,000
Other	3,075	2,852
Total	**11,748**	**12,525**

The carrying amounts correspond to the cost, reduced where necessary for impairment, and are essentially considered to be equivalent to their fair value.

3.g. Other assets

"Other assets" at 30 June 2019 amounted to € 49,620 thousand compared with € 50,655 thousand at 31 December 2018.

At 30 June 2019 this item was mainly made up of:

- € 9,247 thousand (unchanged compared with 31 December 2018) of unsecured and mortgage-backed financial assets held by CIR International S.A.;
- € 3,546 thousand relating to guarantee deposits;
- € 22,503 thousand due from the Tax authority to the Sogefi group, relating to tax assets for research and development activities of the French subsidiaries.

3.h. Other financial assets

"Other financial assets" at 30 June 2019 amounted to € 65,010 thousand compared with € 75,469 thousand at 31 December 2018 and mainly referred to investments in private equity funds and non-controlling interests. The fair value measurement of these investments led to losses in the income statement for € 3,522 thousand recorded under item 10.e "Fair value gains or losses on financial assets" and exchange gains equal to € 210 thousand recorded under item 10.a "Financial income". During the period, gains for € 2,195 thousand (€ 4,900 thousand in 2018) were realised and recognised under item 10.c "Gains on securities trading".
The decrease in this item compared with 31 December 2018 mainly relates to the disposal of the investment in the TH CO Invest S.C.A. fund by the subsidiary CIR S.p.A..

At 30 June 2019, the residual commitment for investment in private equity funds stood at € 15.3 million.

3.i. Deferred tax assets and liabilities

The amounts relate to taxes resulting from deductible temporary differences and from benefits deriving from tax losses carried forward, which are deemed to be recoverable.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference is as follows:

(in thousands of euro)	*30.06.2019*		*31.12.2018*	
	Total temporary differences	*Tax effect*	*Total temporary differences*	*Tax effect*
Deductible temporary differences from:				
- current assets	66,995	16,476	62,250	12,282
- non-current assets	85,539	21,916	80,805	21,284
- current liabilities	29,213	8,883	24,138	7,179
- employee benefit obligations	79,829	17,723	74,592	16,913
- provisions for risks and charges	40,852	10,579	61,898	15,539
- long-term borrowings	--	--	--	--
- financial instruments	605	154	1,542	379
- tax losses from previous years	109,376	25,251	96,296	25,424
Total deferred tax assets	**412,409**	**100,982**	**401,521**	**99,000**
Taxable temporary differences from:				
- of current assets	10,586	2,592	8,241	2,018
- revaluation of non-current assets	588,498	159,954	587,901	159,601
- current liabilities	47,200	9,809	38,637	7,396
- measurement of employee benefit obligations	3,627	868	2,983	715
- provisions for risks and charges	448	134	448	133
- financial instruments	--	--	2	1
Total deferred tax liabilities	**650,359**	**173,357**	**638,212**	**169,864**
Net deferred taxes		**(72,375)**		**(70,864)**

Deferred tax assets have been recognised, at operational sub-group level, with reference to their recoverability based on the related business plans.

The changes in "Deferred tax assets and liabilities" during the period were as follows:

	Balance at 31.12.2018	*Use of deferred taxes from prior periods*	*Deferred taxes generated in the period*	*Exchange rate differences and other changes*	***Balance at 30.06.2019***
Deferred tax assets:					
- income statement	79,867	(6,616)	5,736	408	79,395
- equity	19,133	(12)	611	1,855	21,587
Deferred tax liabilities:					
- income statement	(147,000)	95	(3,478)	--	(150,383)
- equity	(22,864)	--	(35)	(75)	(22,974)
Net deferred taxes	**(70,864)**				**(72,375)**

4. Current assets

4.a. Inventories

Inventories can be broken down as follows:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Raw materials, supplies and consumables	78,124	76,890
Work in progress and semi-finished products	16,661	16,586
Finished products and goods	38,887	40,742
Payments on account	244	--
Total	**133,916**	**134,218**

The amount of inventories is shown net of any write-down made either in past years or this period and takes into account the degree of obsolescence of finished products, goods and supplies for € 17 million.

4.b. Trade receivables

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Customers	442,237	420,279
Associates	1,178	690
Total	**443,415**	**420,969**

The increase in "Customers" is essentially attributable to the Sogefi Group due to the growth in the group business in June 2019 compared with the end of the previous year, in addition to the increase in the average collection days.

"Receivables - customers" are interest-free and have an average maturity in line with market conditions.

Trade receivables are shown net of any write-downs that take credit risk into account.
In the first half of 2019, accruals to the loss allowance were made for a total of € 3,056 thousand (€ 2,469 thousand in the first half of 2018).

"Associates" refers to amounts due from companies consolidated as part the GEDI group using the equity method.

4.c. Other assets

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Associates	105	105
Tax receivables	45,309	35,552
Other	57,058	43,626
Total	**102,472**	**79,283**

The increase is mainly attributable to the Sogefi group and to the KOS group.

4.d. Loan assets

"Loan assets" fell from € 25,773 thousand at 31 December 2018 to € 21,117 thousand at 30 June 2019. This item includes € 5,208 thousand which relates to the fair value measurement of hedge accounting Cross Currency Swap contracts taken out by the Sogefi group for the purpose of hedging the interest rate and currency risk on the private bond placement of USD 115 million; it also includes € 11,217 thousand due to the KOS group by factoring companies for non-recourse assignments.

4.e. Securities

This item consists of the following categories of securities:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Equity investments in other companies	84	133
Investment funds and similar funds	25,364	22,563
Certificates of deposit and other securities	11,046	10,867
Total	**36,494**	**33,563**

At 30 June 2019, the item amounted to a total of € 36,494 thousand (€ 33,563 thousand at 31 December 2018) and includes investments in mutual investment funds by the subsidiary CIR Investimenti S.p.A. for €15,478 thousand (€ 14,202 thousand at 31 December 2018) and by the Parent COFIDE S.p.A. for € 9,886 thousand (€ 8,361 thousand at 31 December 2018), a structured security for € 11,046 thousand (€ 10,867 thousand at 31 December 2018) and equities held by the Parent COFIDE S.p.A.

The fair value measurement of "Securities" led to a fair value gain in the income statement of € 2,583 thousand.

4.f. Other financial assets

This item totals € 288,322 thousand (€ 276,880 thousand at 31 December 2018) and refers for € 45,557 thousand (€ 37,920 thousand at 31 December 2018) to investments in hedge funds and redeemable shares in asset management companies held by CIR International S.A.. The degree of liquidity of the investment is a function of the time required for the redemption of the funds, which normally varies from one to three months.

The fair value measurement of these funds involved a gain in the income statement of € 3,110 thousand. During the period, gains for € 644 thousand (€ 1,802 thousand in the same period of 2018) were realised and booked to item 10.c. "Gains on securities trading".
This item also includes € 242,765 thousand (€ 238,960 thousand at 31 December 2018) for whole-life insurance and capitalisation policies arranged with leading insurance companies by the subsidiary CIR Investimenti S.p.A., with yields linked to separate managed insurance funds and, in some cases, to unit-linked funds. The net yield during the period came to € 1,642 thousand (€ 1,362 thousand in the same period of 2018). The fair value measurement of policies with yields deriving from unit-linked funds has resulted in a gain in the income statement of € 2,163 thousand.

4.g. "Cash and cash equivalents" and "Bank loans and borrowings"

"Cash and cash equivalents" went from € 247,790 thousand at 31 December 2018 to € 208,193 thousand at 30 June 2019.

"Bank loans and borrowings" went from € 13,046 thousand at 31 December 2018 to € 15,707 thousand at 30 June 2019.

A breakdown of the changes is given in the statement of cash flows.

4.h. Assets and liabilities held for sale

On 5 June 2019, GEDI Gruppo Editoriale S.p.A., in agreement with TIM S.p.A., another seller, concluded a binding agreement with F2i SGR S.p.A. and Ei Towers S.p.A., for the sale of its 30% stake in Persidera S.p.A., a non-core asset of the group. The agreement provides for a consideration for GEDI Gruppo Editoriale S.p.A. of € 74,510 thousand, from which the dividends distributed during 2019 (€ 4,330 thousand received in April 2019) will be deducted at the closing date, and to which the interest accruing from 1 August 2019 till the closing date (at Euribor +4%, on an annual basis) will be added.
The transaction involves splitting Persidera S.p.A. into two entities: the first one will hold the rights to use the frequencies and will be assigned to F2i; the second one will hold the network infrastructure and will be allocated to Ei Towers S.p.A.. The transfer is subject to regulatory authorisations, completion of the demerger and the usual clauses envisaged in such agreements. This sale will conclude a process started in 2014 for the Gedi group to leave the television sector (already qualified as a "Discontinued Operation"). From this perspective, the investment in Persidera S.p.A. has always been considered transferable to third parties, but the requirements for classification under "Assets held for sale" were only satisfied with the signing of this agreement.
The transaction resulted in the recognition of a € 16,908 thousand impairment loss on the equity investment in order to adjust its carrying amount to fair value, based on IFRS 5, increased by € 408 thousand for costs to sell. In consideration of the above, the sum of these economic effects is shown for an amount of € 17,316 thousand in item 12 of the income statement "Profit (loss) from discontinued operations".

5. Equity

5.a. Share capital

Share capital at 30 June 2018 amounted to € 359,604,959.00, the same as at 31 December 2018, and consisted of 719,209,918 ordinary shares with a nominal value of € 0.50 each.
The share capital is fully subscribed and paid up.

At 30 June 2019 the parent held 27,214,899 treasury shares (3.784% of the share capital) for a value of € 15,345 thousand, compared with 24,164,055 treasury shares (3.36% of the share capital) for an amount of € 13,841 thousand at 31 December 2018.
In application of IAS 32, treasury shares held by the parent are deducted from total equity.

5.b. Reserves

The breakdown of "Reserves" is as follows:

(in thousands of euro)	*Share premium*	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Reserve for treasury shares*	*Other reserves*	*Total reserves*
Balance at 31/12/2017	**5,044**	**23,585**	**22,854**	**(11,935)**	**9,594**	**30,719**	**79,861**
Adjustments on FTA of IFRS 15 net of tax	--	--	--	116	--	(3,628)	(3,512)
Balance restated at 31/12/2017	**5,044**	**23,585**	**22,854**	**(11,819)**	**9,594**	**27,091**	**76,349**
Adjustments on FTA of IFRS 9 net of tax	--	--	(24,302)	(3,677)	--	(770)	(28,749)
Balance restated at 01/01/2018	**5,044**	**23,585**	**(1,448)**	**(15,496)**	**9,594**	**26,321**	**47,600**
Retained earnings	--	707	--	--	--	--	707
Equity transactions	--	--	--	--	2,488	(2,477)	11
Fair value measurement of cash flow hedges	--	--	490	--	--	--	490
Effects of changes in equity attributable to subsidiaries	--	--	(30)	(320)	--	5,893	5,543
Translation differences	--	--	--	(3,411)	--	--	(3,411)
Actuarial gains	--	--	--	--	--	550	550
Balance at 31/12/2018	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**30,287**	**51,490**
Adjustments on FTA of IFRS 16 net of tax	--	--	--	--	--	--	--
Balance restated at 1 January 2019	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**30,287**	**51,490**
Retained earnings	--	554	--	--	--	887	1,441
Dividends to Shareholders	--	--	--	--	--	(10,034)	(10,034)
Equity transactions	--	--	--	--	1,525	(1,505)	20
Fair value measurement of cash flow hedges	--	--	100	--	--	--	100
Effects of changes in equity attributable to subsidiaries	--	--	51	(72)	--	2,301	2,280
Translation differences	--	--	--	5	--	--	5
Actuarial losses	--	--	--	--	--	(1,040)	(1,040)
Balance at 30/06/2019	**5,044**	**24,846**	**(837)**	**(19,294)**	**13,607**	**20,896**	**44,262**

The "Fair value reserve", net of tax, was negative for € 837 thousand and refers to the measurement of hedges. The "Translation reserve" had a negative balance of € 19,294 thousand at 30 June 2019 with the following breakdown:

(in thousands of euro)	*31.12.2018*	*Increases*	*Decreases*	*30.06.2019*
Sogefi group	(19,160)	--	(49)	(19,209)
KOS group	13	--	(18)	(5)
Other	(80)	--	--	(80)
Total	**(19,227)**	**--**	**(67)**	**(19,294)**

The breakdown of "Other reserves" at 30 June 2019 was as follows:

Merger surplus	43
Revaluation reserve as per art. 6 D.lgs. 38/2005	887
Reserve for the difference between the carrying amounts of investee companies and the respective portions of consolidated equity	19,966
Total	**20,896**

5.c. Retained earnings (losses carried forward)

The changes in Retained earnings (losses carried forward) are shown in the "Statement of Changes in Equity".

6. Non-current liabilities

6.a. Bonds

The breakdown of the item "Bonds" is as follows:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Sogefi S.p.A. Bond 2013/2020 in USD	43,135	57,197
Sogefi S.p.A. Bond 2013/2020	--	24,981
Sogefi S.p.A. 2% 2014/2021 Convertible Bond	91,622	89,574
Private Placement KOS S.p.A. 2017/2024	63,677	63,684
Private Placement KOS S.p.A. 2017/2025	34,874	34,818
Total	**233,308**	**270,254**

With reference to the Sogefi S.p.A. 2013/2023 bond in USD, in May the parent repaid the third instalment for an amount of USD 16.4 million, as prescribed by the contract.

Note that the GEDI Gruppo Editoriale S.p.A. 2013/2020 Bond has been reclassified under item 7.a "Bonds" in current liabilities.

6.b. Other loans and borrowings

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Collateralised bank loans and borrowings	41,075	36,903
Other bank loans and borrowings	270,901	267,830
Leases	--	57,664
Other liabilities	2,349	2,607
Total	**314,325**	**365,004**

This item consists of loans to KOS group companies for € 141,986 thousand, loans to Sogefi group companies for € 136,310 thousand, loans to GEDI group companies for € 3,319 thousand and loans to the COFIDE for € 32,710 thousand.

It should be noted that the "Leases" item was reclassified, at the date of first application of the new accounting standard IFRS 16, to item 6.c. "Lease liabilities".

6.c. Lease liabilities

The item, amounting to € 443,489 thousand, refers to lease liabilities relating to KOS group companies for € 338,453 thousand, to Sogefi group companies of for € 57,444 thousand, to GEDI group companies for € 47,194 thousand and to the subsidiary CIR S.p.A. for € 398 thousand. The item includes lease liabilities amounting to € 57,664 thousand outstanding at 31 December 2018 and reclassified under this item on the date of first application of the new accounting standard IFRS 16, from item 6.b. "Other loans and borrowings".

6.d. Employee benefit obligations

The details of this item are as follows:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Post-employment benefits (TFR)	74,333	77,657
Pension funds and similar obligations	59,301	57,434
Total	**133,634**	**135,091**

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Opening balance	135,091	139,735
Accrual for labour provided during the year	10,664	27,044
Increases for interest	1,146	2,045
Actuarial gains or losses	3,894	(1,085)
Benefits paid	(6,741)	(11,211)
Increases or decreases due to changes in the consolidation scope	--	1,618
Other changes	(10,420)	(23,055)
Closing balance	**133,634**	**135,091**

6.e. Provisions for risks and charges

The breakdown and changes in the non-current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision for product warranties*	*Provision for other risks*	*Total*
Balance at 31 December 2018	12,833	1,545	4,281	24,364	43,023
Accruals of the period	1,232	962	1,754	2,336	6,284
Uses	(1,307)	(736)	(1,213)	(15,669)	(18,925)
Exchange gains	--	1	49	46	96
Other changes	(1,062)	(44)	--	3,548	2,442
Balance at 30 June 2019	**11,696**	**1,728**	**4,871**	**14,625**	**32,920**

The breakdown and changes in the current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance at 31 December 2018	6,173	21,531	59,673	87,377
Accruals for the period	--	--	4,898	4,898
Uses	(1,925)	(14,128)	(5,780)	(21,833)
Exchange gains	--	--	14	14
Other changes	1,146	--	--	1,146
Balance at 30 June 2019	**5,394**	**7,403**	**58,805**	**71,602**

Apart from the libel disputes regarding the GEDI group, which are typical of all publishing businesses, the provision for disputes pending also covers risks for litigation of a commercial nature and labour suits.

The provision for restructuring charges includes amounts set aside for restructuring plans that have been publicly announced and communicated to the parties concerned and refers in particular to the production reorganisation projects involving companies of the Sogefi and GEDI groups. Uses during the period mainly relate to the GEDI group's reorganisation plans for the editorial offices of the newspapers La Repubblica and L'Espresso and reorganisation of the local areas of the advertising concessionaire A. Manzoni & C. S.p.A.

The provision for product warranties relates to the Sogefi group.

The provision for other risks is mainly to cover disputes of miscellaneous nature of the various group companies.

7. Current liabilities

7.a. Bonds

This item, totalling € 41,600 thousand, includes € 24,988 thousand for the current portion of the Sogefi S.p.A. 2013/2020 Bond, € 14,436 thousand for the current portion of the Sogefi S.p.A. Bond 2013/2023 denominated in USD and € 2,176 thousand for the current portion of the private placements issued by KOS S.p.A..

The change in the balance with respect to 31 December 2018 is mainly due to the fact that on 9 April 2019 GEDI Gruppo Editoriale S.p.A. repaid on maturity the convertible bond with a nominal amount of € 100 million.

7.b. Other loans and borrowings

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Collateralised bank loans and borrowings	7,638	8,285
Other bank loans and borrowings	167,751	44,493
Leases	--	12,455
Other loans and borrowings	77,545	79,641
Total	**252,934**	**144,874**

This item consists of loans to GEDI group companies for € 160,242 thousand, loans to Sogefi group companies for € 71,700 thousand, loans to companies of the KOS group for € 20,856 thousand and loans and borrowings of CIR International S.A. for € 136 thousand.
“Other loans and borrowings” mainly refer to amounts due to factoring companies.
It should be noted that the "Lease" item was reclassified, at the date of the first application of the new accounting standard IFRS 16, to item 7.c. "Lease liabilities".

7.c. Lease liabilities

The item, amounting to € 64,767 thousand, refers to lease liabilities relating to KOS group companies for € 37,809 thousand, to companies in the Sogefi group for € 12,756 thousand, to GEDI companies for € 14,031 thousand and to the subsidiary CIR S.p.A. for € 171 thousand. The item includes lease liabilities amounting to € 12,455 thousand outstanding at 31 December 2018 and reclassified under this item on the date of the first application of the new accounting standard IFRS 16, from item 6.b. "Other loans and borrowings".

7.d. Trade payables

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Joint ventures	--	9
Associates	2,612	2,229
Suppliers	466,792	456,799
Payments on account	35,655	38,383
Total	**505,059**	**497,420**

“Suppliers” mainly include € 284.1 million due to the Sogefi group, € 99 million due to the GEDI group and € 82.2 million due to the KOS group.

"Payments on account" mainly include the liabilities recognised by the Sogefi group on FTA of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

7.e. Other payables

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Due to employees	87,638	75,681
Tax liabilities	53,487	44,215
Social security payables	41,721	50,682
Other	55,412	42,128
Total	**238,258**	**212,706**

The item "Other " includes the amount of € 10,034 thousand relating to the approved dividend of the parent Cofide which will be paid during July 2019.

NOTES TO THE INCOME STATEMENT

8. Revenue

BREAKDOWN BY BUSINESS SEGMENT

(in millions of euro)	*1st half 2019*		*1st half 2019*		*Change*
	amount	*%*	*amount*	*%*	*%*
Automotive components	777.8	57.1	812.6	57.8	(4.3)
Media	302.9	22.2	322.5	23.0	(6.1)
Healthcare	281.3	20.7	269.5	19.2	4.4
Total consolidated revenue	**1,362.0**	**100.0**	**1,404.6**	**100.0**	**(3.0)**

BREAKDOWN BY GEOGRAPHICAL SEGMENT

(in millions of euro)

1st half 2019	*Total revenue*	*Italy*	*Other European countries*	*North America*	*South America*	*Asia*	*Other countries*
Automotive components	777.8	40.1	431.1	153.0	76.1	73.8	3.7
Media	302.9	302.9	--	--	--	--	--
Healthcare	281.3	266.8	4.8	--	--	9.7	--
Total consolidated revenue	**1,362.0**	**609.8**	**435.9**	**153.0**	**76.1**	**83.5**	**3.7**
Percentages	100.0%	44.8%	32.0%	11.2%	5.6%	6.1%	0.3%

1st half 2018	*Total revenue*	*Italy*	*Other European countries*	*North America*	*South America*	*Asia*	*Other countries*
Automotive components	812.6	49.3	439.2	153.0	84.7	83.5	2.9
Media	322.5	322.5	--	--	--	--	--
Healthcare	269.5	258.2	4.8	--	--	6.5	--
Total consolidated revenue	**1,404.6**	**630.0**	**444.0**	**153.0**	**84.7**	**90.0**	**2.9**
Percentages	100.0%	44.9%	31.6%	10.9%	6.0%	6.4%	0.2%

The types of products marketed by the Group and the nature of its business segment mean that revenue flows are reasonably linear throughout the PERIOD and are not subject to any particular cyclical phenomena on a like-for-like basis.

9. Operating expenses and income

9.a. Costs for the purchase of goods

Costs for the purchase of goods rose from € 500,153 thousand in the first half of 2018 to € 484,066 thousand in the corresponding period of 2019. The decrease is mainly attributable to the Sogefi group.

9.b. Costs for services

This item went from € 338,562 thousand in the first half of 2018 to € 300,292 thousand in the first half of 2019, as can be seen from the following breakdown:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Technical and professional consulting	55,338	51,628
Distribution and transport costs	51,539	56,354
Outsourcing	21,037	17,724
Other	172,378	212,856
Total	**300,292**	**338,562**

The decrease in the item essentially reflects the different treatment of leases following the application starting from 1 January 2019 of IFRS 16.

9.c. Personnel expenses

Personnel expenses amounted to € 391,293 thousand in the first half of 2019 (€ 390,201 thousand in the first half of 2018) and are made up as follows:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Salaries and wages	272,736	272,817
Social security contributions	86,835	85,177
Post-employment benefits	10,876	10,966
Pensions and similar benefits	(212)	1,272
Measurement of stock option plans	1,862	1,842
Other costs	19,196	18,127
Total	**391,293**	**390,201**

The group had an average of 16,516 employees in the first half of 2019 (16,005 in the first half of 2018).

9.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Grants related to income	61	523
Gains on asset disposals	3,765	1,813
Prior period and other income	14,461	12,351
Total	**18,287**	**14,687**

9.e. Other operating expense

This item can be broken down as follows:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Impairment and credit losses	3,033	2,310
Accruals to provisions for risks and charges	6,522	1,708
Indirect taxes	17,524	15,807
Restructuring charges	4,364	2,730
Losses on asset disposals	3,683	1,750
Miscellaneous losses and other costs	7,715	9,462
Total	**42,841**	**33,767**

"Restructuring charges" relate to the costs involved in the restructuring plans already being implemented by the Sogefi group.

10. Financial income and expense

10.a. Financial income

This item includes the following:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Interest income on bank accounts	278	189
Interest income on securities	347	347
Other interest income	2,776	2,315
Interest rate derivatives	1,351	1,615
Exchange gains	235	403
Total	**4,987**	**4,869**

10.b. Financial expense

This item includes the following:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Interest expense on bank accounts	7,477	5,924
Interest expense on bonds	7,813	9,871
Interest on lease liabilities	7,099	--
Other interest expense	2,898	3,817
Interest rate derivatives	214	4,634
Exchange losses	907	29
Other financial expense	3,660	5,133
Total	**30,068**	**29,408**

10.c. Gains from trading securities

The breakdown of "Gains from trading securities" is as follows:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Other securities and other gains	3,900	6,744
Total	**3,900**	**6,744**

10.d. Losses from trading securities

The breakdown of "Losses from trading securities" is the following:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Other securities and other losses	1,838	395
Total	**1,838**	**395**

10.e. Fair value gains on financial assets

The net gain of € 4,572 thousand and refers for € 7,856 thousand to the fair value gain on "Securities" and "Other financial assets" classified as current assets, and for € 3,284 thousand to the fair value loss of "Other financial assets" classified as non-current assets.

11. Income taxes

Income taxes can be broken down as follows:

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Current taxes	14,491	13,799
Deferred taxes	1,937	6,944
Income taxes from prior periods	(645)	37
Total	**15,783**	**20,780**

Management recognises income taxes on the basis of the best estimate of the weighted average tax rate for the entire year, applying it to the pre-tax profit for the period, adjusted to reflect the tax effect of certain elements that arose entirely during the period. The effective tax rate in the condensed interim consolidated financial statements may therefore differ from that estimated by management for the entire year.

The group's effective tax rate for continuing operations during the six-month period ended 30 June 2019 was 49.3% (compared with 35% in the first six months of 2018).

As indicated in note 1, there are still many uncertainties about how long the EU laws currently in force in member states will remain in force in the UK and which laws will apply to the UK after its exit from the EU. Following the negotiations between the UK and the EU, the UK tax regime could change with consequences for the Group. However, at present, the level of uncertainty makes it impossible to forecast the methods and timing of any change in the tax regime.

12. Loss from discontinued operations

The item in question, which is negative for € 13,299 thousand, refers for € 17,316 thousand to the loss recorded by the Gedi group, following the signing of the binding agreement with F2i and Ei Towers for the sale of 30% of the investment in Persidera S.p.A.. The item includes the € 16,908 thousand impairment loss recognised on the equity investment to adjust its carrying amount to fair value in accordance with IFRS 5, increased by € 408 thousand for costs to sell.

The balance at 30 June 2019 also includes the gain of € 4,017 thousand deriving from the Sogefi group's sale of the Fraize production site of the French subsidiary Sogefi Air & Cooling S.A.S., which is dedicated to a non-core business. The location was sold in April 2019. Note that at 31 December 2018 the assets and liabilities relating to the Fraize location were classified as assets and liabilities held for sale. During 2019 all of the information needed to determine the economic effects of this discontinued operation was disclosed. The operating profit for the first half of 2019, amounting to € 1,574 thousand (€ 3,121 thousand in the first half of 2018) and the related capital gain on disposal, net of tax, amounting to € 2,443 thousand, have therefore been booked to "Profit (loss) from discontinued operations".

The effects on cash flows relating to assets held for sale, positive for € 7,249 thousand, are shown in a specific item in the "cash flow statement".

13. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders by the weighted average number of shares in circulation. Diluted earnings per share is calculated by dividing the profit for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation during the year, adjusted for the dilutive effect of outstanding options. Treasury shares are not included in the calculation.
The parent has neither outstanding options nor treasury shares so the diluted earnings per share is equal to the basic earnings per share.

The following chart provides information on the shares used to calculate basic and diluted earnings per share.

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Profit for the period attributable to the owners of the parent (in thousands of euro)	757	12,728
Weighted average number of ordinary shares in circulation	692,667,140	698,305,568
Basic earnings per share (euro)	**0.0011**	**0.0182**

(in thousands of euro)	*1st half 2019*	*1st half 2018*
Comprehensive income attributable to the owners of the parent (in thousands of euro)	(178)	11,343
Weighted average number of ordinary shares in circulation	692,667,140	698,305,568
Basic earnings (loss) per share (euro)	**(0.0003)**	**0.0162**

14. Dividends paid

The Parent did not distribute dividends during the first half of 2019.

15. Financial risk management: additional disclosures (IFRS7)

The COFIDE group operates in various industry and service sectors, both nationally and internationally, so its business is exposed to various kinds of financial risk, including market risk (currency risk and price risk), credit risk, liquidity risk and interest rate risk.
The group uses hedging derivatives to minimise certain types of risks.
Risk management is carried out, through CIR, by the central finance and treasury function on the basis of policies approved by top management and communicated to the subsidiaries on 25 July 2003.

15.a. Market risk

Foreign currency risk

As the group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities. The Sogefi group produces and sells mainly in the Eurozone a, but it is subject to currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.
Regarding the translation risk regarding the financial statements of international subsidiaries, the operating companies generally have a high degree of convergence between the currencies of their sourcing costs and their sales revenue, are active both in their own domestic markets and abroad and, if necessary, can arrange funding locally.

15.b. Credit risk

Credit risk can be assessed both in commercial terms by customer type, contractual terms and sales concentration, and in financial terms by type of counterparty used in financial transactions. There is no significant concentration of credit risk within the group.

Some time ago adequate policies were put in place to ensure that sales are made to customers of good standing. The counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The group has policies that limit credit exposure to individual financial institutions.
Credit risk can vary depending on the business segment concerned. In the "Automotive Components" segment there is no excessive concentration of credit risk since the Original Equipment and After-market distribution channels with which it operates are car manufacturers or large purchasing groups without any particular concentration of risk.
The "Media" segment does not have any significant areas of credit risk and in any event the group adopts operating procedures that prevent the sale of products or services to customers without an adequate credit profile or collateral.
The "Healthcare" segment has different concentrations of receivables depending on the nature of the activities carried on by the operating companies, as well as by their different target customers, mitigated, however, by the fact that the credit exposure is spread over a large number of counterparties and customers. For example, the concentration of receivables is lower than in the case of management of residential care homes, whose revenue derive more than 50% from the number of guests in the facility and whose receivables recorded in the financial statements from public entities (mainly local health authorities and municipalities) are due from a plurality of subjects. The concentration of receivables is greater than in the case of hospital management (or of diagnostic imaging departments in hospitals) due to the fact that almost all of the revenue derive from a single subject.
The monitoring of credit risk versus customers includes grouping receivables together by type, age, whether the company is in financial difficulty or is involved in disputes and the existence of legal or insolvency proceedings.
Since 2006, the COFIDE Group has also carried on a business involving the acquisition and management of non-performing loans. As part of this activity, it carries out assessment procedures to determine the fair value of receivable portfolios.

15.c. Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and negotiable securities and ensuring an adequate supply of credit facilities to ensure adequate funding.
The group systematically meets its maturities and commitments, and such conduct enables it to operate on the market with the necessary flexibility and reliability to maintain a correct balance between funding and deployment of its financial resources.
The companies heading up the three main business segments manage their own liquidity risk directly and independently. Tight control is exercised over the net financial position and its outlook in the short, medium and long term. In general, the COFIDE Group follows an extremely prudent financial policy using mainly medium/long-term funding arrangements. Treasury management is centralised for the operating groups at individual group level.

15.d. Interest rate risk (fair value and cash flow)

Interest rate risk depends on fluctuations in market rates, which can cause changes in the fair value of cash flows of financial assets or liabilities.
Interest rate risk mainly concerns long-term bonds issued at a fixed rate, which exposes the Group to the risk of fluctuations in their fair value as interest rates change.
In line with the risk management policies, the Parent and the subsidiaries have entered into various IRS contracts and other derivatives with leading financial institutions over the years in order to hedge interest rate risk on their bond issues and loans and borrowings.

15.e. Derivatives

Derivatives are measured at fair value.

For accounting purposes hedging transactions can be classified as:

- fair value hedges, if they are subject to price changes in the market value of the underlying asset or liability;
- cash flow hedges, if they are entered into against the risk of changes in cash flows from an existing asset and liability, or from a future transaction;
- hedges of net investments in foreign operations, if they are entered into to protect against currency risk from the translation of subsidiaries' equity denominated in a currency other than the group's functional currency.

For derivatives classified as fair value hedges, gains and losses resulting from both the determination of their market value and the fair value gains or losses of the element underlying the hedge are recognised in the income statement.

For instruments classified as cash flow hedges (interest rate swaps), gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised to the income statement.

For instruments classified as hedges of a net investment in a foreign operation, gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised in the income statement.
On initial recognition under hedge accounting, derivatives are accompanied by an effective hedging relationship which designates the individual derivative as a hedge and specifies its effectiveness parameters in relation to the financial instrument being hedged.
Hedge effectiveness is tested at regular intervals, with the effective part of the relationship being recognised in equity and the ineffective part, if any, in the income statement. More specifically, the hedge is considered effective when fair value gains or losses or changes in the cash flows of the instrument being hedged is "almost entirely" offset by the fair value gains or losses or changes in the cash flow hedges, and when the results achieved are in a range of 80%-125%.

15.f. Capital ratios

Management modulates the use of leverage to guarantee solidity and flexibility in the capital structure of CIR and its financial holding companies, measuring the ratio of funding sources to investment activities.

15.g. Borrowing conditions

Some of the group's borrowing agreements contain special clauses which, in the event of failure to comply with certain economic and financial covenants, give the financing banks an option to claim immediate repayment if the company involved does not immediately remedy the infringement of such covenants as required under the terms and conditions of the agreements.
At 30 June 2019, all contractual clauses relating to medium and long term financial liabilities were fully complied with by the group.

Below is a summary of the main covenants relating to the borrowings of the operating sub-holding companies outstanding at the end of the first half of 2019.

▪ Sogefi group

The covenants relating to the borrowing outstanding at 30 June 2019 are described below:

- loan of € 20,000 thousand - Mediobanca S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 25,000 thousand - Mediobanca S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 50,000 thousand - Unicredit S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 80,000 thousand - Banca Nazionale del Lavoro S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 55,000 thousand - Ing Bank N.V.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 50,000 thousand - Intesa Sanpaolo S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- bond of USD 115,000 thousand: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 3.5; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 4;
- bond of € 25,000 thousand: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 3.5; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 4.

At 30 June 2019, these covenants were all respected.

▪ KOS group

The KOS group has undertaken to comply with the following covenants relating to some of its loans:

- loans obtained by the parent KOS: ratio of consolidated net financial position to gross operating profit (loss) less than or equal to 3.5, ratio of gross operating profit (loss) to financial expense greater than or equal to 3 and a loan to value ratio less than 60%.

At 30 June 2019, these covenants were all complied with, even if they do not consider the effect of IFRS 16.

Certain loan agreements also contain negative pledge, pari passu and change of control clauses, as well as limitations on the distribution of dividends. At the reporting date there have not been any breaches of these clauses and covenants.

15.h. Measurement of financial assets and liabilities and fair value hierarchy

The fair value of financial assets and liabilities is calculated as follows:

- the fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured on the basis of prices published on the active market;
- the fair value of other financial assets and liabilities (except for derivatives) is measured using commonly accepted valuation techniques based on analytical models using discounted cash flows, which as variables use prices observable in recent market transactions and broker listed prices for similar instruments;
- the fair value of derivatives that are listed on an active market is measured on the basis of market prices; if no prices are published, different approaches are used according to the type of instrument.

In particular, for the measurement of certain investments in bond instruments with no regular market, i.e. where there is an insufficient number of frequent transactions with a sufficiently limited bid-ask spread and a sufficiently limited volatility, the fair value of these instruments is measured principally on the basis of prices supplied by leading international brokers at the parent's request. These prices are then validated by comparing them with market prices, even if limited in number, or with prices that are observable for other instruments with similar characteristics.
In measuring investments in private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators.

With reference to capitalisation policies, these instruments cannot be classified as fair value level 1. This is because they are not listed and the price cannot be obtained from public info providers. It should also be considered that, given the impossibility for the investor/insured party to sell these instruments to third parties (they are linked to the life-span of the insured person), there are not even transactions that can identify the instrument as "liquid". The fair value is instead configured as level 2 because, even though they are not listed instruments, the method for determining their value is the same for all policyholders who invest in the same fund, based on information provided by the counterparty or available on the websites of insurance counterparties.

The following table shows the carrying amount and fair value of each financial asset and liability, including the related level of the fair value hierarchy.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS

Category of financial assets and liabilities at 30 June 2019	Classification	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
NON-CURRENT ASSETS					
OTHER FINANCIAL ASSETS	FVTPL	65,010	--	62,876	2,134
CURRENT ASSETS					
SECURITIES	FVTPL	36,494	25,448	11,046	--
OTHER FINANCIAL ASSETS	FVTPL	288,322	--	288,322	--

During the first half of 2019 there were no transfers between the various levels of the fair value hierarchy.

In detail, financial assets classified as level 3 refer for € 134 thousand to venture capital investments held by the subsidiary CIR International S.A., for investments in companies operating in the IT and communications sector and for € 2,000 thousand to the investment made by the subsidiary CIR S.p.A. in Lendix S.A..

16. Guarantees and commitments

At 30 June 2019 the position of guarantees and commitments was the following:

COFIDE

To back these loans, CIR shares have been pledged to lending institutions for a total carrying amount of € 335,278 thousand.

- CIR and financial holding companies

Commitments for private equity fund investments by CIR International for € 15.3 million.

- Sogefi group

Investment commitments

At 30 June 2019 there are binding commitments for investments relating to the purchase of property, plant and equipment of € 4,630 thousand.

Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*30.06.2019*	*31.12.2018*
Guarantees given to third parties	4,688	4,661
Other unsecured guarantees given to third parties	2,690	2,690
Secured guarantees given for borrowings shown in the financial statements	839	1,116

The sureties given to of third parties relate to guarantees given to certain customers, to suppliers for operating lease contracts and for environmental problems and to the Tax Authorities for VAT and other indirect taxes; sureties are shown at the value of the outstanding commitment as of the reporting date. These items indicate risks, commitments and guarantees given by group companies to third parties.
"Other unsecured guarantees given to third parties" refer to the commitment of Sogefi HD Suspensions Germany GmbH to the employees' pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.

The secured guarantees relate exclusively to the subsidiaries Sogefi Air & Cooling Canada Corp. and Allevard IAI Suspensions Private Ltd which, for the loans obtained, have granted to the lenders secured guarantees over their property, plant and equipment and trade receivables.

Other risks
At 30 June 2019 the Sogefi group held assets belonging to third parties on its premises for € 15,103 thousand.

▪ GEDI group

At 30 June 2019 the group had outstanding commitments of € 34,184 thousand in relation to:

- contracts for the purchase of plants and other printing equipment for € 824 thousand;
- guarantees given by the Parent to the companies involved in the group VAT for € 27,681 thousand;
- other guarantees for € 5,679 thousand, which mainly relate to guarantees given by the parent and the subsidiaries A. Manzoni & C. S.p.A. and GEDI News Network S.p.A.

▪ KOS group

The following is a breakdown of the bank guarantees and other sureties given by the KOS group for a total of € 20,328 thousand:

- a guarantee on behalf of KOS S.p.A. for the lease of the Via Durini offices for € 46 thousand;
- a guarantee on behalf of KOS Care S.r.l. for lease contracts worth € 19,926 thousand;
- a guarantee on behalf of Medipass S.r.l. and its subsidiaries for lease contracts worth € 131 thousand;
- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand.

At 30 June 2019, other commitments and risks amounted to € 9,758 thousand, mainly related to:

- assets on free loan for € 3,013 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 thousand;
- tenders for € 77 thousand;
- contractual commitments of around € 5,715 thousand.

17. Information on the business segment

The business segments coincide with the groups of companies that Cofide S.p.A. controls through CIR. In detail:

- Sogefi group: automotive components;
- GEDI group: media;
- KOS group: healthcare.

From a geographical point of view, with the exception of the Sogefi group, business is conducted almost exclusively in Italy.

Financial information by primary business segment is provided in the following table, whereas details of revenue by segment and geographical segment (secondary sector) can be found in Note 8.

STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

(in millions of euro)

CONSOLIDATED / COMBINED	*30.06.2019* Non-current assets (1)	Other net non-current assets and liabilities (2)	Net working capital (3)	Net financial position (inbtedness) (4)	Total equity	Equity attributable to non-controlling interests	Equity attributable to the owners of the parent	*31.12.2018* Equity attributable to the owners of the parent
KOS group - Healthcare	974.3	(18.6)	(69.3)	(609.8)	276.6	185.2	91.4	98.0
Sogefi group - Automotive components	729.6	(101.7)	(81.1)	(331.7)	215.1	152.3	62.8	61.8
GEDI group - Media	728.6	(67.7)	28.2	(184.4)	504.7	373.8	130.9	135.1
Other subsidiaries	--	(0.4)	0.6	0.6	0.8	0.3	0.5	0.4
Total industrial subsidiaries	**2,432.5**	**(188.4)**	**(121.6)**	**(1,125.3)**	**997.2**	**711.6**	**285.6**	**295.3**
CIR and other non-industrial subsidiaries	20.7	61.5	(1.8)	324.7	405.1	175.3	229.8	233.4
Cofide								
Non-current assets	1.1				1.1		1.1	1.1
Other net non-current assets and liabilities		11.4			11.4		11.4	13.4
Net working capital			(11.7)		(11.7)		(11.7)	(1.5)
Net financial position				(11.4)	(11.4)		(11.4)	(25.9)
Total attributable to the owners of the parent	**2,454.3**	**(115.5)**	**(135.1)**	**(812.0)**	**1,391.7**	**886.9**	**504.8**	**515.8**

1) *This item is the sum of "intangible assets", "property, plant and equipment", "rights-of-use assets", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.*

2) *This item is the sum of "other receivables", "other financial assets" and "deferred tax assets" under non-current assets and of "other liabilities", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position. This item also includes "assets held for sale" and "liabilities held for sale" of the consolidated statement of financial position.*

3) *This item is the sum of "inventories", "contract work in progress", "trade receivables" and "other assets" in current assets and "trade payables", "other payables" and "provisions for risks and charges" in current liabilities in the consolidated statement of financial position.*

4) *This item is the sum of "loans receivable", "securities", "other financial assets", and "cash and cash equivalents" under current assets, of "bonds", "other loans and borrowings" and "lease liabilities" under non-current liabilities and of "bank loans and borrowings", "bonds", "other loans and borrowings" and "lease liabilities" under current liabilities in the consolidated statement of financial position.*

18. Joint ventures

The group does not hold equity investments in joint ventures at 30 June 2019.

19. Net financial indebtedness

The net financial indebtedness can be analysed as follows:

(in thousands of euro)		*30.06.2019*	*31.12.2018*
A. Cash and bank deposits		208,193	247,790
B. Other cash equivalents		288,322	276,880
C. Securities held for trading		36,494	33,563
D. Cash and cash equivalents (A) + (B) + (C)		**533,009**	**558,233**
E. Current loan assets		**21,117**	**25,773**
F. Current bank loans and borrowings	(*)	(191,096)	(65,824)
G. Bonds		(41,600)	(113,801)
H. Current portion of non-current debt		(77,545)	(92,096)
I. Lease liabilities		(64,767)	--
J. Current financial indebtedness (F)+(G)+(H)+(I)		**(375,008)**	**(271,721)**
K. Current net financial position (J)+(E)+(D)		**179,118**	**312,285**
L. Non-current bank loans and borrowings	(**)	(311,976)	(304,733)
M. Bonds issued		(233,308)	(270,254)
N. Other non-current liabilities	(**)	(2,349)	(60,271)
O. Lease liabilities		(443,489)	--
P. Non-current financial indebtedness (L)+(M)+(N)		**(991,122)**	**(635,258)**
Q. Net financial indebtedness (K) + (P)		**(812,004)**	**(322,973)**

(*) 175,389 thousand (€ 191,096 - € 15,707) is classified in the Statement of Financial Position under "Other loans and borrowings".

(**) Classified under "Other loans and borrowings" – Non-current Liabilities.

For an analysis of the changes that took place during the period, reference should be made to the "statement of cash flows" in the report on operations prepared according to a management format.

20. Disclosures regarding share-based payment plans

20.a. Employee payment plans at 30 June 2019 (CIR)

The following chart shows the payment plans of the subsidiary CIR S.p.A.:

CIR - STOCK OPTION PLANS AT 30 JUNE 2019

	Options in circulation at start of period		Options granted during the period		Options exercised during the period		Options vested during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Average strike price	Average duration (years)	No. of options	Weighted average strike price
Extraordinary stock option plan - 4th tranche	2,203,500	1.0718	-	-	-	-	2,203,500	1.0718	-	-	-	-	-
1st tranche 2009	1,924,800	0.9907	-	-	-	-	-	-	1,924,800	0.9907	0.25	1,924,800	0.9907
2nd tranche 2009	3,086,000	1.5449	-	-	-	-	-	-	3,086,000	1.5449	0.67	3,086,000	1.5449
1st tranche 2010	3,146,000	1.6208	-	-	-	-	-	-	3,146,000	1.6208	1.25	3,146,000	1.6208
2nd tranche 2010	3,068,000	1.4982	-	-	-	-	-	-	3,068,000	1.4982	1.67	3,068,000	1.4982
Total	**13,428,300**	**1.3949**	**-**	**-**	**-**	**-**	**2,203,500**	**1.0718**	**11,224,800**	**1.4584**	**1.03**	**11,224,800**	**1.4584**

CIR - STOCK GRANT PLANS AT 30 JUNE 2019

	Instruments outstanding at start of period		Instruments granted during the period		Instruments exercised during the period		Instruments vested during the period		Instruments outstanding at end of period			Instruments exercisable at end of period	
	No. of Units	Opening amount	No. of Units	Opening amount	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Opening amount	Average duration (years)	No. of Units	Opening amount
Stock Grant Plan 2015	1,343,666	1.0916	22,005	0.9950	64,375	1.0916	691,250	1.0916	610,046	1.0916	5.83	610,046	1.0916
Stock Grant Plan 2015 for the CEO	1,034,923	1.0940	38,728	0.9950	-	-	-	-	1,073,651	1.0940	5.83	1,073,651	1.0940
Stock Grant Plan 2016	1,589,602	1.0587	13,602	0.9950	93,800	1.0587	-	-	1,509,404	1.0587	6.84	377,092	1.0587
Stock Grant Plan 2017	1,464,042	1.4359	2,401	0.9950	27,329	1.4359	-	-	1,439,114	1.4359	7.83	66,575	1.4359
Stock Grant Plan 2018	2,073,486	0.8799	-	-	-	-	30,000	0.8799	2,043,486	-	8.83	-	-
Stock Grant Plan 2019	-	-	2,043,060	0.9160	-	-	-	-	2,043,060	0.9160	9.84	-	-
Total	**7,505,719**	**1.0936**	**2,119,796**	**0.9189**	**185,504**	**1.1257**	**721,250**	**1.0828**	**8,718,761**	**0.8460**	**7.98**	**2,127,364**	**1.0978**

20.b. Employee payment plans at 30 June 2019 (GEDI group)

The following table shows the stock option plans of the GEDI group:

GEDI GRUPPO EDITORIALE - STOCK OPTION PLANS AT 30 JUNE 2019

	Options in circulation at start of period		Options granted during the period		Options cancelled during the period		Options exercised during the period		Options in circulation at end of period			Options exercisable at end of period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	Average duration (years)	No. of options	Weighted average strike price
Extraordinary stock option plan 2009 - 4th tranche	598,100	1.37	--	--	598,100	1.37	--	--	--	--	--	--	--
Ordinary stock option plan 2009 - 1st tranche	338,850	1.00	--	--	--	--	--	--	338,850	1.00	0.25	338,850	1.00
Ordinary stock option plan 2009 - 2nd tranche	1,608,500	1.86	--	--	--	--	--	--	1,608,500	1.86	0.75	1,608,500	1.86
Ordinary stock option plan 2010 - 1st tranche	1,752,500	2.25	--	--	--	--	--	--	1,752,500	2.25	1.25	1,752,500	2.25
Ordinary stock option plan 2010 - 2nd tranche	1,586,900	1.58	--	--	--	--	--	--	1,586,900	1.58	1.75	1,586,900	1.58
Total	**5,884,850**	**1.80**	--	--	**598,100**	**1.37**	--	--	**5,286,750**	**1.85**	**1.18**	**5,286,750**	**1.85**

GEDI GRUPPO EDITORIALE - STOCK GRANT PLANS AT 30 JUNE 2019

	Units in circulation at start of period		Units granted during the period		Units cancelled/expired during the period		Units exercised during the period		Units in circulation at end of period		Units exercisable at end of period	
	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of options	Weighted average strike price
2011												
Time-based units	146,723	1.81	--	--	--	--	--	--	146,723	1.81	146,723	1.81
2012												
Time-based units	340,781	0.98	--	--	--	--	--	--	340,781	0.98	340,781	0.98
Performance-based units	138,927	0.98	--	--	--	--	--	--	138,927	0.98	138,927	0.98
2013												
Time-based units	262,819	0.83	--	--	--	--	--	--	262,819	0.83	262,819	0.83
Performance-based units	176,903	0.83	--	--	--	--	--	--	176,903	0.83	176,903	0.83
2014												
Time-based units	312,808	1.70	--	--	--	--	25,625	1.70	287,183	1.70	287,183	1.70
2015												
Time-based units	397,302	1.24	--	--	--	--	28,678	1.24	368,624	1.24	368,624	1.24
Performance-based units	525,000	1.24	--	--	525,000	1.24	--	--	--	--	--	--
2016												
Time-based units	507,186	0.95	--	--	--	--	50,626	0.95	456,560	0.95	248,460	0.95
2017												
Time-based units	707,500	0.78	--	--	30,000	0.78	--	--	677,500	0.78	--	--
Performance-based units	707,500	0.78	--	--	30,000	0.78	--	--	677,500	0.78	--	--
2018												
Time-based units	932,500	0.44	--	--	30,000	0.44	--	--	902,500	0.44	--	--
Performance-based units	932,500	0.44	--	--	30,000	0.44	--	--	902,500	0.44	--	--
2019												
Time-based units	--	--	900,000	0.37	--	--	--	--	900,000	0.37	--	--
Performance-based units	--	--	900,000	0.37	--	--	--	--	900,000	0.37	--	--

20.c. Employee payment plans at 30 June 2019 (Sogefi group)

The following table shows the total number of rights existing with respect to the stock grant plans for the period 2011-2018:

	30 June 2019	*31 December 2018*
Not exercised/not exercisable at the start of the period	1,109,427	1,036,192
Granted during the period	--	415,000
Cancelled during the period	(73,526)	(129,295)
Exercised during the period	(109,585)	(212,470)
Not exercised/not exercisable at the end of the period	926,316	1,109,427
Exercisable at the end of the period	50,467	87,650

The following table shows the total number of options outstanding and refers to the stock option plans for the period 2009-2010 with their average strike price:

	30 June 2019	
	No. of options	*Average strike price*
Not exercised/not exercisable at the start of the period	75,000	1.88
Granted during the period	--	--
Cancelled during the period	(55,000)	1.73
Exercised during the period	--	--
Vested during the period	--	--
Not exercised/not exercisable at the end of the period	20,000	2.30
Exercisable at the end of the period	20,000	2.30

The line "Not exercised/not exercisable at the end of the period" refers to the total amount of the options net of those exercised or cancelled during the current or prior periods.

The line "Exercisable at the end of the period" refers to the total amount of the options vested at the end of the year but not yet exercised.

20.d. Employee payment plans at 30 June 2019 (KOS group)

The chart below shows the stock option plans of the KOS group:

KOS - STOCK OPTION PLANS AT 30 JUNE 2019

	Options in circulation at start of period		*Options granted during the period*		*Options exercised during the period*		*Options expired during the period*		*Options in circulation at end of period*			*Options exercisable at end of period*		*Expiry date*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*Number*	*Weighted average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*	*Vesting date*	*Expiry date*
Stock Option Plan '10 rev	1,661,083	3.05	--	--	--	--	--	--	1,661,083	2.65	13.90	1,661,083	2.65	31/12/2014	17/05/2033
Stock Option Plan '16	1,495,000	7.17	--	--	--	--	--	--	1,495,000	6.88	13.90	299,000	6.88	17/05/2023	17/05/2033
Total	**3,156,083**	**5.00**	**--**	**--**	**--**	**--**	**--**	**--**	**3,156,083**	**4.65**	**13.90**	**1,960,083**	**3.30**		

21. Disputes

Certain group companies have legal disputes pending, against which their Boards have set aside risk provisions for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant liabilities will actually occur.

Gedi group

On 21 March 2018, GEDI Gruppo Editoriale S.p.A. was informed of criminal proceedings for alleged participation in the offence envisaged by art. 640, paragraph 2, no. 1 of the Italian Criminal Code against the Chief Executive Officer, the Central Director of Human Resources and the General Manager of the National Press, as well as for the offence referred to in art. 24 of Italian Legislative Decree 231/2001 (as the result of an offence committed by certain individuals in the interest or to the advantage of the entity) against the company and some of its subsidiaries.
The investigation conducted by the Rome Public Prosecutor's Office concerns an alleged fraud against INPS in relation to the allegedly irregular access to redundancy payments (CIGS) by some employees during the period from 2012 to 2015 wanting to obtain early retirement as provided for by Law 416/81.
The Company was convinced that it was in compliance with current legislation, which is also corroborated by internal audits aimed at examining compliance with the procedure provided for by the relevant legislation and by an authoritative labour law opinion, so the company retains that, for the time being, it is not in the condition to objectively assess the specific conduct that allegedly would complement the hypotheses of crime, nor the number of former employees who would have illegitimately had access to early retirement, nor consequently any tax evasion to be compensated. No court documents or notifications supplementing or amending those received on 21 March 2018 have been received. This situation therefore makes it impossible to assess the degree of risk and the consequent quantification of the same, in accordance with IAS 37.
In the event of a final conviction for the administrative offence pursuant to art. 24 of Legislative Decree 231/2001, the pecuniary administrative sanctions are those provided for in the combined provisions of articles 10, 11 and 24 of the decree.

Sogefi group

In October 2016, Sogefi S.p.A. received four notices of assessment relating to the tax years 2011 and 2012, following a tax audit in the first half of 2016, containing the following two observations: i) undue deduction of € 0.6 million of VAT paid on goods and services, ii) undue deduction for IRES purposes (and related non-deductible VAT of € 0.2 million) in costs for services rendered by the parent CIR S.p.A. for a total taxable amount of € 1.3 million, plus interest and penalties. The notices have already been appealed before the Mantua Provincial Tax Commission, which, on 14 July 2017, issued ruling 119/02/2017 that was entirely favourable to the company.
The sentence was partially appealed by the Tax Authorities, which requested confirmation only of the assessments notified for VAT purposes, definitively renouncing the assessment notices issued for IRES purposes. The company presented counter-arguments against this partial appeal and is waiting for the hearing to be scheduled.
The Directors, backed by the professional opinion of the company's tax consultant, consider that the risk of losing is possible, but not probable.

For this reason, the Company has not recorded any related tax provisions in the condensed interim consolidated financial statements at 30 June 2019.

22. Other information

EVENTS AFTER THE REPORTING DATE

On 19 July 2019, the Extraordinary Shareholders' meetings of CIR and COFIDE approved the merger plan for CIR to be merged into COFIDE. The merger will take effect for statutory and tax purposes from the beginning of January 2020, subject to completion of the corporate procedure and the signing of the merger deed.

RELATED PARTY TRANSACTIONS

On 28 October 2010 the parent adopted the Regulations on Related Party Transactions envisaged in Consob Resolution no. 17221 of 12 March 2010, as amended by Resolution no. 17389 of 23 June 2010.

The procedure lays down principles of conduct that the parent is required to adopt to ensure that related party transactions are handled properly. This means that it:

1) lays down the criteria and methods of identifying the parent's related parties;
2) establishes principles for identifying related party transactions;
3) governs the procedures for carrying out related party transactions;
4) establishes ways to ensure compliance with the related disclosure requirements.

The Board of Directors has also appointed a Related Party Transactions Committee, establishing that its members coincide with those of the Internal Control Committee, except for the system of substitutes envisaged in the procedures.
The following have been identified as related parties:

- the ultimate parent of COFIDE S.p.A., its subsidiaries, also joint ventures, and its associates;
- the subsidiary entities (whose relationships are eliminated in the consolidation process), jointly controlled and the associated entities of COFIDE S.p.A.;
- individuals with strategic responsibilities, their close family members and any companies directly or indirectly controlled by them or subject to joint control or significant influence;

Transactions with the subsidiary CIR S.p.A. consisted of administrative and financial services. The main concern of COFIDE S.p.A. in relation to these services is to ensure quality and a high level of efficiency of the services rendered, which derive from specific knowledge of the group's business activities.

It should also be noted that COFIDE S.p.A. has entered into a lease with the subsidiary GEDI Gruppo Editoriale S.p.A..

The group's related party transactions are settled at arm's length, taking into consideration the quality and the specific nature of the services provided.

The following is worth mentioning with regard to transactions "of greater importance" with related parties.

The Board of Directors of COFIDE has applied to the Merger, on a voluntary basis, the rules envisaged by the OPC Procedure in relation to transactions with related parties "of greater importance", even though they believe that the Merger falls within the scope of the exemption contained in art. 14 of Consob Regulation approved with resolution no. 17221 of 12 March 2010 and in art. 4.3 of the OPC Procedure, as it is being carried out with a subsidiary in which there are no significant interests of other related parties. The Operation was unanimously approved by the Board of Directors of COFIDE, subject to the favourable opinion of the Related Parties Committee.

The Board of Directors of CIR has applied to the Merger the rules envisaged by the OPC Procedure regarding transactions with related parties "of greater importance". The Operation was unanimously approved by the Board of Directors, subject to the favourable opinion of the Related Parties Committee.

The COFIDE group did not carry out any transactions with related parties, as defined by Consob, or with entities other than related parties that could be considered transactions of an atypical or unusual nature, not part of its normal business administration or such as to have a significant impact on the group's results, assets and liabilities or financial situation.

The following table gives a summary of transactions with related parties:

INCOME STATEMENT - Transactions with related parties

(in thousands of euro)	*Revenue*	*Costs for the purchase of goods*	*Costs for services*	*Other operating expense*	*Other operating income*	*Financial income*	*Financial expense*	*Dividends*
Parents	--	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	--	--	--	--
Associates	--	--	(1,636)	--	723	--	--	--
Joint ventures	--	--	--	--	--	--	--	--
Other related parties	--	--	--	--	51	--	--	
Total	**--**	**--**	**(1,636)**	**--**	**774**	**--**	**--**	**--**

STATEMENT OF FINANCIAL POSITION - Transactions with related parties

	Non-current assets	*Current assets*		*Non-current liabilities*	*Current liabilities*		
(in thousands of euro)	*Other assets*	*Trade receivables*	*Other assets*	*Other loans and borrowings*	*Other loans and borrowings*	*Trade payables*	*Other liabilities*
Parents	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	--	--	--
Associates	--	1,178	105	--	--	2,612	--
Joint ventures	--	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--	--
Total	**--**	**1,178**	**105**	**--**	**--**	**2,612**	**--**

SUMMARY OF THE KEY FIGURES FROM THE LATEST FINANCIAL STATEMENTS

OF THE COMPANY EXERCISING MANAGEMENT CONTROL AND COORDINATION

The key figures of the financial statements of F.lli De Benedetti S.p.A. at 31 December 2018 are reported below.

STATEMENT OF FINANCIAL POSITION
(in euro)

Assets	*31.12.2018*
B) Fixed assets	245,310,097
C) Current assets	517,075
D) Prepayment and accrued income	23,291
Total assets	245,850,463

Liabilities	*31.12.2018*
A) Net Equity	194,759,066
D) Payables	51,028,343
E) Accrued expenses an deferred income	63,054
Total liabilities	245,850,463

INCOME STATEMENT
(in euro)

	2018
A) Production revenues	13,689
B) Production cost	(310,954)
C) Financial income and charges	4,897,602
Profit (loss) before taxes	4,600,337
Income taxes for the period, current and deferred	--
Net Profit for the period	4,600,337

CERTIFICATION OF THE CONDESED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019 PURSUANT TO ART. 154-BIS OF DECREE LAW 58/98

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1. The undersigned, Rodolfo De Benedetti, the Chairman, and Giuseppe Gianoglio, the executive responsible for the preparation of the condensed interim consolidated financial statements of Cofide S.p.A., hereby certify, also taking into account the provisions of art. 154 -*bis*, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness, in relation to the characteristics of the business, and the effective application
- of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2019, for the period 1 January - 30 June 2019.

2. In this respect, no significant issues have arisen which need to be reported.

3. We also certify that the condensed interim consolidated financial statements at 30 June 2019:

- are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- agree with the balances on the books of account and accounting entries;
- are able to give a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the consolidation.

The report on operations at 30 June 2019 includes a reliable analysis of the Group's performance and results of operations, as well as the general situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 29 July 2019

Rodolfo De Benedetti
Chairman

Giuseppe Gianoglio
Executive responsible for the preparation
of the company's financial statements

LIST OF EQUITY INVESTMENTS

AT 30 JUNE 2019

pursuant to art. 38.2 of Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

(in euro or foreign currency)

Company name	Registered office	Share capital	Currency	Held by	% of ownership
COFIDE GROUP					
CIR S.p.A. (*)	Italy	397,146,183.50	€	COFIDE S.P.A.	45.80
CIR GROUP					
CIR INTERNATIONAL S.A.	Luxembourg	15,000,000.00	€	CIR S.p.A.	100.00
CIGA LUXEMBOURG S.à.r.l.	Luxembourg	1,000,000.00	€	CIR S.p.A.	100.00
NEXENTI ADVISORY S.r.l.	Italy	100,000.00	€	CIR S.p.A.	100.00
NEXENTI S.r.l.	Italy	50,000.00	€	CIR S.p.A.	100.00
JUPITER MARKETPLACE S.r.l.	Italy	100,000.00	€	NEXENTI S.r.l.	100.00
CIR INVESTIMENTI S.p.A.	Italy	12,426,162.00	€	CIR S.p.A.	100.00
INSTITUT D'ÉCOLE PRIMAIRE LÉMAN S.A (in liquidation)	Switzerland	3,695,000.00	CHF	CIR S.p.A.	94.59
GEDI GROUP					
GEDI GRUPPO EDITORIALE S.p.A. (**)	Italy	76,303,571.85	€	CIR S.p.A.	43.78
GEDI NEWS NETWORK S.p.A.	Italy	195,044,788.00	€	GEDI GRUPPO EDITORIALE S.p.A.	99.85
A. MANZONI & C. S.p.A.	Italy	21,933,535.00	€	GEDI GRUPPO EDITORIALE S.p.A.	68.39
				GEDI NEWS NETWORK S.p.A.	31.61
					100.00
GEDI PRINTING S.p.A.	Italy	33,637,114.00	€	GEDI NEWS NETWORK S.p.A.	100.00
GEDI DISTRIBUZIONE S.p.A.	Italy	677,608.00	€	GEDI GRUPPO EDITORIALE S.p.A.	100.00
ELEMEDIA S.p.A.	Italy	25,000,000.00	€	GEDI GRUPPO EDITORIALE S.p.A.	100.00
GEDI DIGITAL S.r.l	Italy	278,846.00	€	GEDI GRUPPO EDITORIALE S.p.A.	82.07
				GEDI NEWS NETWORK S.p.A.	17.93
					100.00
MO-NET S.r.l.	Italy	35,800.00	€	GEDI DIGITAL S.r.l	83.00
SOGEFI GROUP					
SOGEFI S.p.A. (***)	Italy	62,461,355.84	€	CIR S.p.A.	55.60
SOGEFI FILTRATION ITALY S.p.A.	Italy	8,000,000.00	€	SOGEFI FILTRATION S.A.	99.88
SOGEFI FILTRATION S.A.	France	120,596,780.00	€	SOGEFI S.p.A.	99.99998
SOGEFI FILTRATION Ltd	UK	5,126,737.00	GBP	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION SPAIN S.A.U.	Spain	14,249,084.96	€	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI FILTRATION S.A.	100.00
SOGEFI SUSPENSIONS S.A.	France	73,868,383.00	€	SOGEFI S.p.A.	99.999
FILTER SYSTEMS MAROC S.a.r.l.	Morocco	95,000,000.00	MAD	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION RUSSIA LLC	Russia	6,800,000.00	RUB	SOGEFI FILTRATION S.A.	100.00
SOGEFI GESTION S.A.S.	France	100,000.00	€	SOGEFI S.p.A.	100.00
SOGEFI U.S.A. Inc.	United States	20,055,000	USD	SOGEFI S.p.A.	100.00
SOGEFI AIR & COOLING S.A.S.	France	54,938,125.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	70,380,912.00	BRL	SOGEFI FILTRATION S.A.	87.7772527
				SOGEFI FILTRATION SPAIN S.A.U.	12.2227459
				SOGEFI SUSPESION BRASIL Ltda	0.0000014
					100.00
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	118,423,329.00	ARS	SOGEFI FILTRATION S.A.	99.681788
				SOGEFI FILTRATION ITALY S.p.A.	0.31821
					99.999998

(*) 56.73% net of the treasury shares
(**) 45.75% net of the treasury shares
(***) 56.72% net of the treasury shares

(in euro or foreign currency)

Company name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	China	13,000,000.00	USD	SOGEFI S.p.A.	100.00
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd	China	37,400,000.00	USD	SOGEFI S.p.A.	100.00
ALLEVARD SPRINGS Ltd	UK	4,000,002.00	GBP	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI PC SUSPENSIONS GERMANY GmbH	Germany	50,000.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI SUSPENSION ARGENTINA S.A.	Argentina	61,356,535.00	ARS	SOGEFI SUSPENSIONS S.A.	89.999
				SOGEFI SUSPENSIONS BRASIL Ltda	9.9918
					99.99
IBERICA DE SUSPENSIONES S.L. (ISSA)	Spain	10,529,668.00	€	SOGEFI SUSPENSIONS S.A.	50.00
SOGEFI SUSPENSION BRASIL Ltda	Brazil	37,161,683.00	BRL	SOGEFI SUSPENSIONS S.A.	99.997
				ALLEVARD SPRINGS Ltd	0.003
					100.00
UNITED SPRINGS Ltd	UK	4,500,000.00	GBP	SOGEFI SUSPENSIONS S.A.	100.00
UNITED SPRINGS B.V.	Holland	254,979.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SHANGHAI ALLEVARD SPRING Co., Ltd	China	5,335,308.00	€	SOGEFI SUSPENSIONS S.A.	60.58
UNITED SPRINGS S.A.S.	France	5,109,000.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI HD SUSPENSIONS GERMANY GmbH	Germany	50,000.00	€	SOGEFI PC SUSPENSIONS GERMANY GmbH	100.00
S.ARA COMPOSITE S.A.S.	France	13,000,000.00	€	SOGEFI SUSPENSIONS S.A.	96.15
SOGEFI ENGINE SYSTEMS INDIA Pvt Ltd	India	21,254,640.00	INR	SOGEFI FILTRATION S.A.	64.29
				SOGEFI AIR & COOLING S.A.S.	35.69
				SYSTEMES MOTEURS CHINA S.à.r.l.	0.02
					100.00
ALLEVARD IAI SUSPENSIONS Pvt Ltd	India	432,000,000.00	INR	SOGEFI SUSPENSIONS S.A.	74.23
SOGEFI AIR & COOLING CANADA CORP.	Canada	9,393,000.00	CAD	SOGEFI AIR & COOLING S.A.S.	100.00
SOGEFI AIR & COOLING USA Inc.	United States	100.00	USD	SOGEFI AIR & COOLING S.A.S.	100.00
SYSTÈMES MOTEURS CHINA S.à.r.l.	Luxembourg	12,500.00	€	SOGEFI AIR & COOLING S.A.S.	100.00
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V.	Mexico	126,246,760.00	MXN	SOGEFI AIR & COOLING CANADA CORP.	99.9999992
				SOGEFI AIR & COOLING S.A.S.	0.0000008
					100.00
S.C. SOGEFI AIR & COOLING S.r.l.	Romania	7,087,610.00	RON	SOGEFI AIR & COOLING S.A.S.	99.9997
				SOGEFI FILTRATION SPAIN S.A.U.	0.0003
					100.00
SOGEFI ENGINE SYSTEMS HONG KONG Ltd	Hong Kong	1,000.00	HKD	SYSTÈMES MOTEURS CHINA S.à.r.l.	100.00
SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.p.A.	Italy	6,000,000.00	€	SOGEFI SUSPENSIONS S.A.	99.88
SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.p.A.	Italy	8,000,000.00	€	SOGEFI SUSPENSIONS S.A.	99.88
SOGEFI SUSPENSION EASTERN EUROPE S.R.L.	Romania	26,161,870.00	RON	SOGEFI SUSPENSIONS S.A.	100.00

(in euro or foreign currency)

Company name	***Registered office***	***Share capital***	***Currency***	***Held by***	***% of ownership***
KOS GROUP					
KOS S.p.A.	Italy	8,848,103.70	€	CIR S.p.A.	59.53
OSPEDALE DI SUZZARA S.p.A.	Italy	120,000.00	€	KOS S.p.A.	99.90
MEDIPASS S.r.l.	Italy	700,000.00	€	KOS S.p.A.	100.00
ELSIDA S.r.l.	Italy	100,000.00	€	MEDIPASS S.r.l.	100.00
ECOMEDICA S.p.A.	Italy	380,000.00	€	MEDIPASS S.r.l.	98.31
MEDIPASS HEALTHCARE LTD	UK	5,997.00	GBP	MEDIPASS S.r.l.	98.00
CLEARMEDI HEALTHCARE LTD	India	10,717,240.00	INR	MEDIPASS S.r.l.	82.07
				CLEARVIEW HEALTHCARE LTD	17.93
					100.00
MEDIPASS HEALTHCARE LEEDS & BELFAST LTD	UK	1,000.00	GBP	MEDIPASS HEALTHCARE LTD	100.00
MEDIPASS LEEDS LTD	UK	2.00	GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
MEDIPASS BELFAST LTD	UK	2.00	GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
KOS CARE S.r.l.	Italy	2,550,000.00	€	KOS S.p.A.	100.00
CLEARVIEW HEALTHCARE LTD	India	4,661,880.00	INR	MEDIPASS S.r.l.	85.19
HSS REAL ESTATE S.r.l.	Italy	2,064,000.00	€	KOS S.p.A.	100.00
ABITARE IL TEMPO S.r.l.	Italy	100,826.00	€	KOS CARE S.r.l.	54.00
SANATRIX S.r.l.	Italy	843,700.00	€	KOS CARE S.r.l.	90.42
SANATRIX GESTIONI S.r.l.	Italy	300,000.00	€	SANATRIX S.r.l.	99.61
JESILAB S.r.l.	Italy	80,000.00	€	KOS CARE S.r.l.	100.00
FIDIA S.r.l.	Italy	10,200.00	€	KOS CARE S.r.l.	60.00
VILLA MARGHERITA S.r.l.	Italy	20,000.00	€	KOS CARE S.r.l.	100.00
CASA DI CURA SANT'ALESSANDRO S.r.l.	Italy	200,000.00	€	KOS CARE S.r.l.	100.00
KOS SERVIZI SOCIETÀ CONSORTILE a r.l.	Italy	115,000.00	€	KOS S.p.A.	3.68
				KOS CARE S.r.l.	82.19
				MEDIPASS S.r.l.	2.07
				OSPEDALE DI SUZZARA S.p.A.	2.15
				SANATRIX GESTIONI S.r.l.	3.02
				ABITARE IL TEMPO S.r.l.	4.94
				FIDIA S.r.l.	0.43
				JESILAB S.r.l.	0.43
				HSS REAL ESTATE S.r.l.	0.43
				VILLA MARGHERITA S.r.l.	0.43
				ELSIDA S.r.l.	0.23
					100.00

EQUITY INVESTMENTS IN ASSOCIATES
CARRIED AT EQUITY

(in euro or foreign currency)

Company Name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
CIR GROUP					
DEVIL PEAK S.r.l.	Italy	69,659.00	€	NEXENTI S.r.l.	36.16
GEDI GROUP					
LE SCIENZE S.p.A.	Italy	103,400.00	€	GEDI GRUPPO EDITORIALE S.p.A.	50.00
HUFFINGTONPOST ITALIA S.r.l.	Italy	250,000.00	€	GEDI GRUPPO EDITORIALE S.p.A.	49.00
EDITORIALE CORRIERE DI ROMAGNA S.r.l.	Italy	1,756,766.00	€	GEDI NEWS NETWORK S.p.A.	49.00
EDITORIALE LIBERTÀ S.p.A.	Italy	1,000,000.00	€	GEDI NEWS NETWORK S.p.A.	35.00
ALTRIMEDIA S.p.A.	Italy	517,000.00	€	GEDI NEWS NETWORK S.p.A.	35.00
GRUPPO CIR INTERNATIONAL					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.55
KOS GROUP					
APOKOS REHAB PVT Ltd	India	169,500,000.00	INR	KOS S.p.A.	50.00

EQUITY INVESTMENTS IN ASSOCIATES
HELD FOR SALE

(in euro or foreign currency)

Company Name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
GEDI GROUP					
PERSIDERA S.p.A.	Italy	21,428,572.00	€	GEDI GRUPPO EDITORIALE S.p.A.	30.00

EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES
MEASURED AT COST (*)

(in euro or foreign currency)

Company Name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
GEDI GROUP					
KSOLUTIONS S.r.l. *(in liquidation)*	Italy	100,000.00	€	GEDI DIGITAL S.r.l.	100.00
CLUB D.A.B. ITALIA – CONSORTILE S.p.A.	Italy	240,000.00	€	ELEMEDIA S.p.A.	37.50
LIGURIA PRESS S.r.l.	Italy	240,000.00	€	GEDI NEWS NETWORK S.p.A.	20.00
KOS GROUP					
OSIMO SALUTE S.p.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
SELEMAR S.r.l.	Italy	10,000.00	€	KOS CARE S.r.l.	100.00
GRUPPO CIR INTERNATIONAL					
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) Non-significant, non-operating equity investments or recently acquired equity investments, if not otherwise indicated

EQUITY INVESTMENTS IN OTHER COMPANIES
MEASURED AT COST (*)

(in euro or foreign currency)

Company Name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
GEDI GROUP					
AGENZIA A.N.S.A. S. COOP. a.r.l.	Italy	10,783,355.63	€	GEDI GRUPPO EDITORIALE S.p.A.	3.68
				GEDI NEWS NETWORK S.p.A.	20.59
					24.27
CONSULEDIT S. CONSORTILE a.r.l. *(in liquidation)*	Italy	20,000.00	€	GEDI GRUPPO EDITORIALE S.p.A.	6.64
				GEDI NEWS NETWORK S.p.A.	9.18
					15.82
IMMOBILIARE EDITORI GIORNALI S.r.l.	Italy	830,462.00	€	GEDI NEWS NETWORK S.p.A.	7.96
CONSORZIO EDICOLA ITALIANA	Italy	15,539.00	€	GEDI GRUPPO EDITORIALE S.p.A.	16.67
				GEDI NEWS NETWORK S.p.A.	16.67
					33.34
AGENZIA INFORMATIVA ADRIATICA d.o.o.	Slovenia	12,768.00	€	GEDI NEWS NETWORK S.p.A.	19.00
AUDIRADIO S.r.l. *(in liquidation)*	Italy	258,000.00	€	A. MANZONI & C. S.p.A.	7.50
PRESTO TECHNOLOGIES Inc. *(non-operative)*	United States	7,663,998.4	USD	GEDI DIGITAL S.r.l.	7.83
TELELIBERTÀ S.p.A.	Italy	2,200,000.00	€	GEDI NEWS NETWORK S.p.A.	4.32
PREMIUM PUBLISHER NETWORK - consortium	Italy	8,095.00	€	GEDI GRUPPO EDITORIALE S.p.A.	16.96
				GEDI NEWS NETWORK S.p.A.	7.00
					23.96
TAVOLO EDITORI RADIO S.r.l.	Italy	10,000.00	€	ELEMEDIA S.p.A.	12.50
C.S.E.D.I. consortium	Italy	103,291.38	€	GEDI DISTRIBUZIONE S.p.A.	11.11
FIDIMPRESA LIGURIA S. Coop p.A.	Italy	15,480,000.00	€	GEDI NEWS NETWORK S.p.A.	0.01
TRENTO PRESS SERVICE S.r.l.	Italy	260,000.00	€	GEDI NEWS NETWORK S.p.A.	1.60
RADIO ITALIA S.p.A.	Italy	580,000.00	€	GEDI GRUPPO EDITORIALE S.p.A.	10.00
SOGEFI GROUP					
AFICO FILTERS S.A.E.	Egypt	14,000,000.00	EGP	SOGEFI FILTRATION ITALY S.p.A.	17.77
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	80,756,000.00	€	KOS CARE S.r.l.	1.11

EQUITY INVESTMENTS IN SUBSIDIARY, ASSOCIATES AND IN OTHER COMPANIES
NOT INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in euro or foreign currency)

Company Name	***Registered office***	***Share capital***	***Currency***	**Held by**	***% of ownership***
CIR GROUP					
FINAL S.A. *(in liquidation)*	France	2,324,847.00	€	CIGA LUXEMBOURG S.à.r.l.	47.73

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

Report on review of condensed interim consolidated financial statements

To the shareholders of
Cofide – Gruppo De Benedetti S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Cofide Group, comprising the statement of financial position as at 30 June 2019, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (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 condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Cofide Group as at and for the six months ended 30 June 2019 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 7 August 2019

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit