VALSOIA SpA

Condensed Interim Financial Statements at June 30, 2018

Contributing to the wellness of people through informed food choices, promoting a culture of plant-based foods, educating about healthy nutrition with responsibility and passion: this is Valsoia Spa, which has, not coincidentally, its primary mission "wellness and health" in its logo.

A company that holds a prominent place within the landscape of Italian companies and maintains a leadership role thanks to the quality of its products, the strength and reputation of its brand and a long-term commitment to research and innovation.

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* marchio in distribuzione per l'Italia

To live a better and healthier life through our nutritional choices every day, this is the MISSION of Valsoia Spa. An Italian company that strives every day to offer a sound dietetic-nutritional response to the increasing demand for health and well-being.

QUALITY AND EXPERIENCE

Valsoia champions “plant-based nutrition” and “healthy eating” connected to the cultural values of quality and selecting excellent ingredients. Well-designed and controlled processes back up the precious know how we have gained over decades of experience. Valsoia is always actively researching products that are good, healthy and safe and therefore made with precious and unique ingredients.

NUTRITION RESEARCH

Our constant focus on recipes, the creation of new tastes and the selection of raw materials has led to improvement in the flavours and the realization of new proposals, so as to satisfy the ever-growing variety and complexity of the demand for nutritious foods.

PRODUCT VARIETY

Currently we offer plant-based alternatives, beverages, ice-creams, yoghurt, desserts, cookies, main dishes, cheeses and dressings all sold under the Valsoia trademark; moreover, our products include the Santa Rosa preserves and sorbets, marks of excellence in preserves and fruit processing and the Pomodorissimo tomato sauces, characterised by their unmistakable flavour.

ITALIAN TRADITION

All our products follow the nutritional tradition of Italy. Al the products are healthy and of high quality, ideal for the entire family and they are appropriate for every moment of the day, from breakfast to dinner. Our products feature the simplicity of the flavours that are the result of our careful preparation, distilling the experience of the best nutritionists.

new:

GRAN AFFETTATI

Valsoia introduces a new line of Affettati 100% vegetables, rich in proteins and to contained lower part of saturated fats. Available in two tastes, Bresaola and Speck, appetizing and nourishing, they are ideal for the one that is always to the search of new proposals 100% vegetables

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1 / General information

Condensed Interim Financial Statements at June 30, 2018

GENERAL INFORMATION

Corporate offices and positions

Board of Directors (1)

Chairman	Lorenzo Sassoli de Bianchi
Vice-Chairman	Furio Burnelli
Vice-Chairman	Ruggero Ariotti
Honorary Chairman	Cesare Doria de Zuliani
Chief Executive Officer and General Manager (2)	Andrea Panzani
Directors	Susanna Zucchelli
	Francesca Postacchini
	Gregorio Sassoli de Bianchi
	Camilla Chiusoli

Board of Statutory Auditors (1)

Chairman	Gianfranco Tomassoli
Statutory Auditors	Claudia Spisni
	Massimo Mezzogori
Alternate Auditors	Massimo Bolognesi
	Simonetta Frabetti

Supervisory Board (3)

Chairman	Gianfranco Tomassoli
Standing members	Angelo Castelli
	Maria Luisa Muserra

Independent Auditors (4)

KPMG S.p.A.

Manager in charge of financial reporting (5)

Carlo Emiliani

(1) Appointed on April 28, 2017, in office until the approval of the 2019 Financial Statements.

(2) Chief Executive Officer (since April 23, 2015) and General Manager (since February 4, 2014).

(3) Appointed on December 19, 2016, in office until the approval of the 2019 Financial Statements.

(4) Appointed on April 23, 2015, in office until the approval of the 2023 Financial Statements.

(5) Appointed on June 7, 2006. Since 2001, Executive in Valsoia S.p.A.
Auditor. Enrolled in the Register of Chartered Accountants and in the Register of Auditors of Ravenna.

Corporate data and Group structure

Company Name: Valsoia S.p.A.
Registered office: Via Ilio Barontini 16/5 - 40138 Bologna (BO) - Italy
Telephone no. +39 051 6086800
Fax no. +39 051 248220
Certified e-mail: valsoia@legalmail.it
Website: www.valsoiaspa.com – Investor Relations section

Share Capital - fully paid up: EUR 3,503,024.91
Tax Code and registration number in the Companies Register of Bologna: 02341060289
VAT no.: 04176050377
Member of the Chamber of Commerce of Bologna: no. BO-338352

Production facility:
C.so Matteotti 13 - 13037 Serravalle Sesia (VC) – Italy

The structure of the Valsoia Group, at the period-end date, in addition to the parent company Valsoia S.p.A., included the following subsidiaries:

Company Name	Share Capital	Main office	% Held
Valsoia Pronova d.o.o.	EUR 100,000	Ljubljana (Slovenia)	100

At the closing of this period, Valsoia does not own any other investments above 10% of the share capital, represented by shares with rights of voting, in non-listed companies, nor does it own shares in limited liability companies.

The Company has no branch offices.

Valsoia S.p.A. has decided to take the option authorised by Art. no. 70, section 8 and Art. 71, par. 1 *bis* of Consob Regulation no. 11971/99 (as amended) and therefore to dispense with the obligation to provide disclosure to the public in the event of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and disposals.

2 / Director's report

Condensed Interim Financial Statements at June 30, 2018

INTERIM MANAGEMENT REPORT

KEY FINANCIAL HIGHLIGHTS

Income statement ratios (EUR 000)	06.30.2018		06.30.2017 recl.		Change	
	EUR	%	EUR	%	EUR	%
Sales revenue (**)	42,627	100	43,150	100	(523)	(1.2)
Value of production	42,586	99.9	42,981	99.6	(395)	(0.9)
Gross Operating Result (EBITDA) (*)	5,908	13.9	5,857	13.6	51	0.9
Net operating result (EBIT)	4,867	11.4	4,903	11.4	(36)	(0.7)
Pre-tax profit	4,773	11.2	4,734	11.0	39	0.8
Net profit for the period	3,475	8.2	3,407	7.9	68	2.0

(*) The interim result is not defined as an accounting measure pursuant to the IFRSs, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies.
(**) See subsequent paragraph: adoption of new accounting standards IFRS 15 and IFRS 9

Financial ratios (EUR 000) (*)	Value			Changes 06.30.2018	
	06.30.2018	12.31.2017 recl.	06.30.2017 recl.	Vs 12.31.2017	Vs 06.30.2017
Net working capital (*)	3,850	3,890	5,003	(40)	(1,153)
Total non-current assets	42,653	42,882	34,251	(229)	8,402
Net Fin. Position - positive -	15,192	15,119	18,212	73	(3,020)

(*) With regard to the composition of the Items indicated, see the Notes at the end of this Report

ADOPTION OF THE NEW ACCOUNTING STANDARDS IFRS 15 AND IFRS 9

As from 2018 the adoption of the new accounting standards IFRS 15 – Revenue from contracts with customers and IFRS 9 – Financial instruments became mandatory, therefore the drafting of this Interim report was carried out in line with the matters envisaged by the new accounting standards. For an improved examination and understanding of the financial statement balances, the income statement for the 1st half of 2017 was reclassified on the basis of the new accounting rules envisaged by standard IFRS 15.

The new standard IFRS 15 establishes a new revenue recognition model which applies to all contracts executed with customers except for those within the scope of application of other IAS/IFRS standards, such as lease contracts, insurance contracts and financial instruments. The main contractual and operating circumstances of the Company which, following the carried out assessments, were subject to a different recognition due to the application of IFRS 15 are the following: sales of semi-finished products to third party manufacturers, sales to concessionaires, promotional contributions and other trade provisions, discounts offered to consumers during promotional campaigns. The adoption of IFRS 15 led to the following essential changes:

- the one-off recognition as at January 1st, 2017 (First time adoption) of a negative shareholders' equity reserve for EUR 201 thousand;
- the reclassification of the revenues and costs with respect to the previous accounting method which led to a reduction of EUR 13 million both on the period underway and for the same period last year;
- a change in the profit for the first half of 2017 for EUR 24 thousand;
- an insignificant effect on the operating margin of the Company.

On the basis of the analysis carried out by the Company, the adoption of the new accounting standard IFRS 9 - Financial instruments did not lead to any significant impacts on the first half of 2018.

MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

During the first half of 2018, the Company reported sales revenue of EUR 42.6 million (already stated according to the new accounting standard IFRS 15), down slightly by EUR 0.5 million (-1.2% vs. the same period in 2017).

This trend is the consequence of consumption which dropped overall in the last 6 months on the health food markets covered by Valsoia, together with a less favourable climatic season for sales of ice cream with respect to the same period in the previous year. These market performances fall within a context of total grocery consumption which has stagnated since the beginning of 2018: -1.5% vis-à-vis the first half of 2017 (source: Nielsen total iper+super+free service Italy).

The operating margin in the first half (EBITDA) came to EUR 5.9 million with an increase of 0.9% with respect to the corresponding period in 2017 and with an improvement in the operating margin ratio (EBITDA margin) of 13.9% compared with 13.6% in the same period last year.

In the period under review, the cost of sales fell as did the logistics costs due to a "cost saving" project realised during 2017 and a more favourable sales mix.

The Company continued the policy of heavy Consumer and Trade Marketing activities optimising the related costs, efficiency remaining the same.
The overheads were up by around EUR 400 thousand deriving not only from an inherent increase, but also from the enhancement of the organisation and the additional costs consequent to the reorganisation of the commercial structure implemented at the start of the year.

The Net Profit for the period, consequent to the matters described above, came to EUR 3.5 million, up compared with the same period in 2017 (+2%).

During the first half of the year:

(i) the Company implemented an important change in the commercial organisation aimed at making its approach to the markets increasingly efficient and "time to market", markets which in this phase are sharply and rapidly changing. The focus on the management of the Sales Outlets was at the same time strengthened, by means of a Company of "Sell out" specialists.

(ii) positive and in line with expectations was the launch of Diete.Tic, a Brand acquired in Autumn 2017, by way of confirmation of its absolute leadership in the segment of liquid sweeteners and leading most commonly sold individual items in the entire market of sweeteners, including powders and tabs.

(iii) The performances of the Company on international markets were positive during the interim period. In particular, mention is made of the coverage of more than 10,000 sales outlets between Hyper and

Supermarkets of Large-scale retail sector in Europe and the USA. The international plans already envisage for certain countries (USA and Germany) a number of consumer marketing and trade marketing initiatives supporting the rotations of our Brand.

(iv) A number of important innovations have been presented to the market regarding ice creams, vegetable yogurts and the innovative sector of plant-based alternatives to sliced meats. The research and development projects proceed in line with the development plans envisaged for the end of 2018 / beginning of 2019.

(v) The internal project for the development of human resources continues with a particular focus on the growth of Key people, incentivising the development in skills and role profiles. The work of the new Organisational and Control Management Department continued aimed at evolving and covering the prospects for growth of the Company.

(vi) A project was launched dedicated to entering the HO.RE.CA. channel by means of the establishment of a specific OOH (Out of Home) Division, to which staff already present in-house were dedicated.

The following table shows the sales revenues broken down by business area.

Products	06.30.2018		06.30.2017		Change
(EUR 000)	EUR	% Inc.	EUR	% Inc.	%
Health Food Products Division (a)	24,274	56.9	26,533	61.5	(8.5)
Food Products Division (b)	13,383	31.4	12,173	28.2	9.9
Other	2,213	5.2	2,137	5.0	3.6
TOTAL ITALIAN REVENUE	39,870	93.5	40,843	94.7	(2.4)
Sales abroad	2,757	6.5	2,307	5.3	19.5
TOTAL REVENUE	42,627	100.0	43,150	100.0	(1.2)

(a) Valsoia Bontà e Salute, Vitasoia, Naturattiva brands
(b) SantaRosa, Diete.Tic, Weetabix brands

The Health food division reported, overall, decreasing sales revenues (EUR -2.4 million) compared with the first half of 2017, in particular due to the delay of the Meal Solutions and Gelati lines. In particular, with regard to the latter the trend disclosed is the consequence of the recent entry of numerous competitors including plant-based and de-lactose alternatives only marginally present in the first half of 2017. Mention is also made of a climatic situation in the first half of 2018 unfavourable with regard to the consumption of ice cream, with an effect on the sell out of the alternative plant-based market estimated as around -10%.

The result of the Food Division was positive during the period, and in total came to EUR 13.4 million (+9.9% vs 2017).

The very positive performances of the sales abroad continued as already mentioned, +19.5% vs the same period both on the European and the US markets. The growth registered to-date mainly concerns the lines of ice creams which, thanks to their international growth, at least partly offset the delay in Italy described above.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

The following table shows the breakdown of the Net Financial Position at June 30, 2018, December 31, 2017 and June 30, 2017:

Description (EUR 000)	06.30.2018	12.31.2017	06.30.2017
Cash	4	3	4
Current accounts and bank deposits	25,995	15,934	19,137
Total cash and cash equivalents (A)	25,999	15,937	19,141
Current loans and borrowings (B)	(720)	(100)	(100)
Current net financial position (C=A-B)	25,279	15,837	19,041
Non-current loans and borrowings (D)	(10,087)	(718)	(829)
NET FINANCIAL POSITION (E=C+D)	15,192	15,119	18,212

At June 30th, the overall Net financial position of the Company was positive, in line with December 31, 2017. The reduction in the Net Financial Position with respect to the same period in the previous year is essentially attributable to the cash outlays deriving from the acquisition of the Diete.Tic business segment in the second half of the previous year.

During the first half of 2018, current operations continued the positive generation of cash with a primary operating cash flow of EUR 5.8 million. During the same period, the increase in net working capital, inherent in consideration of the seasonal nature of the activities linked to ice cream, absorbed liquidity for EUR 1.2 million and investments were made for EUR 817 thousand.
In line with its policy, Valsoia distributed dividends in the period for EUR 3.5 million.

It is also mentioned that the Company, so as to be able to rapidly deal with any investment opportunities and in consideration of the current level of the interest rates, during the period took out a medium/long-term unsecured loan for EUR 10 million with a leading bank.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks of a financial nature and derivative instruments

Foreign Exchange Risk

The Company purchases raw materials for its production in the international market and carries out business transactions in Euros and, as regards foreign currencies, in US dollars.

The foreign exchange risk derives primarily from soy purchase transactions on the US dollar markets.

During the period, the Company carried out currency forward purchase operations. The financial impact of these operations, carried out for hedging purposes but not meeting all the requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period; in particular, at the closing date of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of a negative component of less than EUR 1 thousand, recorded in the Statement of financial position under Non-current payables due to banks, were being carried out.

Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically shown an overall limited insolvency rate. Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

Given the capital and financial structure, and in consideration of the conditions under which the outstanding loans were taken out (fixed rate), it is believed that the Company is not particularly exposed to the risk of changes in the interest rates.

Cash and changes in Cash Flows risk

Considering the positive net financial position and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. Valsoia was also granted significant credit facilities, not used to date, granted by the banks, which are more than adequate with respect to its current needs.

Operating risks

Risks related to the food/health sector

Although Valsoia guarantees effective quality control on its own production and on externally acquired products through a constant monitoring of raw materials, production processes and finished goods, it cannot be excluded that, similarly to any other company operating in the food sector, the accidental contamination of the product by external agents, unpredicted in the formulation of the product, may occur.

In particular, Valsoia has always chosen to use only raw materials that are not genetically modified. For this purpose, the Company requires certifications from all the suppliers of raw materials, as a proof of their GMO-free status. In addition, the Company requires CSQA certifications to confirm the absence of genetically modified organisms both in the raw materials used and in the finished goods; however, Valsoia cannot exclude their accidental presence in marketed products.

In general, contamination of products by external agents, including genetically modified organisms above the tolerance threshold, would involve a recall of the products from the market, with related financial burdens, as well as the risk of penalties charged to the Company and to any responsible individual. It also cannot be excluded that, if the use of food produced by Valsoia causes harm to the health of the consumers, the Company may be subject to compensation claims or actions due to these events.

Risks related to safety at the workplace and environmental damages

Valsoia owns and manages a production facility in Italy, Serravalle Sesia (VC) for the production of some of the main products of the Company. Valsoia believes that it operates in full compliance with the regulations concerning occupational safety and the protection of the environment. However, it cannot be excluded that, for accidental reasons, the operations at the facility may cause harm to the employees of the Company, to third parties or to the surrounding environment.

Risks related to operations carried out at the production facilities of third parties and providers of logistic services

In addition to the Serravalle Sesia production facility, the Company partners with third parties for the supply of some products.

The marketing of products in Italy is carried out through a network of distribution centres specialised in the distribution logistics of food products.

The production facility, the suppliers and the distribution centres are subject to ordinary operating risks, including, but not limited to: malfunctioning of the equipment, non-compliance with applicable regulations, revocation of permits and licenses, insufficient labour force or work disruptions, circumstances that may involve an increase in production or transport costs, natural disasters, significant disruptions in the supply of raw materials or semi-finished products, and terrorist attacks.

Any sudden and extended business disruption, due to the aforementioned events and other events, may have a negative impact on the financial results of the Company. The use of products and distributors involves also some additional risks and charges among which are the resolution of a contract and less control on the supply/production chain. Any delay or defect in the supplied products or services, as well as the disruption or termination of existing agreements without alternative solutions available in the short term, can have a negative impact on the activities and financial results of Valsoia.

Risks related to relationships with purchasing centres

Valsoia offers its products to large scale retail distribution and boasts several hundred customers. In Italy, within large scale retail distribution, it is normal practice that the execution of trade agreements with the suppliers is carried out for the most part by a limited number of purchasing centres involving a large portion of the Italian current distribution. Even if, despite the relative degree of independence of each single affiliate, the possibility of the direct contact of Valsoia with the individual customers cannot be excluded, each centre avails itself of a significant contractual power in defining terms and conditions, and a possible termination of relationships with one or more of these centres may have a strong negative impact on the financial results of the Company.
Therefore, Valsoia, given the recognition of its trademarks, the high reputation of the services associated with its products and the efficient distribution network, has maintained for many years strong business relationships with all the main Italian purchasing centres.

Risks related with the termination of distribution contracts on behalf of third parties

Currently, 3% of the Company's revenue derives from the distribution of third party products.
A termination of these relationships would have a negative impact on the financial results of the Company.

Other general risks

Risks related to the competition

Given the fact that the Company operates in the consumer packaged food products sector, currently characterised by increased dynamics without particularly high entry barriers from a production perspective, an increase in competition by current and new competitors operating in related sectors, cannot be excluded.
An additional increase in competition could have negative impacts on the profitability of the company; therefore, Valsoia, a company leader in the main market segments in which it operates, has been developing for years a careful marketing policy aimed at strengthening its trademarks, already widely recognised and established.

Risks related to the price volatility of raw materials

The prices of raw materials used by the Company are subject to the volatility of the relevant markets. This situation concerns also the other costs for production, transport and distribution of the products that are, in many cases, directly affected by the fluctuations in oil prices.

In this uncertain scenario, an increase in the prices of the raw materials used that would result in a negative impact on the Company's margins cannot be precluded.

SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD AND BUSINESS OUTLOOK

In July, overall Italy sales were up with respect to the same period in the previous year. International sales also continued the sustained growth trend in line with the first half.

On July 2, 2018 an agreement was entered into with Conserve Italia Soc. coop. agricola, a leader in Europe with regard to fruit and plant-based preserves, for the concession under exclusive usage licence of the Pomodorissimo - Santa Rosa brand, which will remain the property of Valsoia S.p.A. The agreement will be effective as envisaged as from November 1, 2018, with a three-year extendable duration. This alliance makes it possible to strengthen the Pomodorissimo brand by means of the partnership with an important operator specialised in the sector, and permits Valsoia - maintaining its margin essentially unchanged - to focus on its core business.

OTHER INFORMATION

Research and development activities

During the period, research and development activities continued in line with the Marketing Plans objectives:

- checking of the qualitative performances of the Company's products vis-à-vis the market benchmarks with the aim of maintaining leadership in terms of Quality;
- research and development of new products representing a plant-based alternative to existing products, with high health-related performances, in addition to high organoleptic properties;
- research and development in the area of Santa Rosa jams, also in market segments adjoining the current lines.

Transactions with related parties

During the period Valsoia did not carry out transactions of particular economic and financial importance with related parties. For a complete analysis, please refer to the Notes to the Interim Financial Report.

NOTES

The Interim Financial Report of Valsoia S.p.A. for the period ended June 30, 2018 was prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with Art. 9 of Italian Legislative Decree 38/2005. The term IFRS includes all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

In detail, this interim financial report was drawn up in compliance with IAS 34 "Interim financial reporting", which envisaged a level of disclosure significantly lower that than necessary for the drafting of the annual financial statements, in the event that complete disclosure financial statements drawn up on the basis of the IFRS have previously been made available to the general public.

With regard to the Balance sheet indicators indicated in this report, the following are understood to have the definition indicated below.

- Net Working Capital: Total current assets (excluding Cash and cash equivalents)
- Total current liabilities (excluding Current payables due to banks).
- Non-current assets: Total non-current assets.
- Net Financial Position: see table presented above.

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Bologna, Italy, August 2, 2018

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

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Condensed Financial Statements

Condensed Interim Financial Statements at June 30, 2018

ACCOUNTING STATEMENTS

IN EUROS

STATEMENT OF FINANCIAL POSITION	Notes	June 30, 2017	December 31, 2017 redefined
CURRENT ASSETS			
Cash and cash equivalents	(1)	25,999,113	15,937,063
Trade receivables	(2)	18,064,176	14,413,518
Inventories	(3)	8,369,490	7,984,850
Other current assets	(4)	881,896	1,742,813
Total current assets		**53,314,675**	**40,078,244**
NON-CURRENT ASSETS			
Goodwill	(5)	8,198,307	8,198,307
Intangible assets	(6)	23,941,665	24,117,605
Property, plan and equipment	(7)	10,249,559	10,303,041
Financial assets	(8)	110,000	110,000
Deferred tax assets	(9)	0	0
Other non-current assets	(10)	153,116	153,015
Total non-current assets		**42,652,647**	**42,881,968**
TOTAL ASSETS		**95,967,322**	**82,960,212**

STATEMENT OF FINANCIAL POSITION	Notes	June 30, 2018	December 31, 2017 redefined
Current liabilities			
Current payables due to banks	(11)	720,252	100,492
Trade payables	(12)	20,446,053	17,870,683
Tax payables	(13)	506,864	456,170
Provision for risks	(14)	90,775	230,901
Other current liabilities	(15)	2,424,555	2,498,546
Total current liabilities		**24,188,499**	**21,156,792**
NON-CURRENT LIABILITIES			
Non-current payables due to banks	(16)	10,086,432	717,819
Provions for deferred taxes	(17)	1,273,621	567,690
Provions for post-employment benefits	(18)	436,153	507,050
Total non-current liabilities		**11,796,206**	**1,792,559**
SHAREHOLDERS' EQUITY	**(19)**		
Share Capital		3,503,025	3,503,025
Legal Reserve		700,605	690,082
Revaluation reserve		16,765,093	16,765,093
Other IAS/IFRS adjustments reserve		(1,202,290)	(1,202,290)
Other reserves		36,741,404	33,263,296
Profit		3,474,780	6,991,655
Total Shareholders' Equity		**59,982,617**	**60,010,861**
TOTAL		**95,967,322**	**82,960,212**

ACCOUNTING STATEMENTS

IN EUROS

INCOME STATEMENT	Notes	June 30, 2018	June 30, 2017 redefined (rideterminato)
VALUE OF PRODUCTION	(20)		
Revenue from sales and services		42,626,826	43,149,785
Changes in inventories of finished products		(235,716)	(348,987)
Other revenue and income		195,246	179,793
Total Value of production		**42,586,356**	**42,980,591**
OPERATING COSTS	(21)		
Purchases		(21,898,996)	(22,197,100)
Services		(9,488,580)	(10,027,767)
Cost of use of assets owned by other, of third party assets		(275,025)	(245,157)
Labour costs		(4,868,044)	(4,539,275)
Changes in raw materials inventory		456,824	448,332
Other overheads		(604,831)	(563,115)
Totale operating costs		**(36,678,652)**	**(37,124,082)**
GROSS OPERATING RESULT (EBITDA)		**5,907,704**	**5,856,509**
Amortisation and depreciation	(22)	(1,040,381)	(953,579)
Net operating result (EBIT)		**4,867,323**	**4,902,930**
Net financial income/(changes)	(23)	(94,459)	(168,770)
PRE-TAX PROFIT (LOSS)		**4,772,864**	**4,734,160**
TAXES	(24)		
Income taxes		(592,153)	(815,790)
Taxes - non-recurring effects		(705,931)	(511,138)
Total Taxes		**(1,298,084)**	**(1,326,928)**
PROFIT (LOSS) FOR THE PERIOD		**3,474,780**	**3,407,232**
Basic EPS	(25)	0.327	0.323
Diluted EPS	(25)	0.327	0.322

ACCOUNTING STATEMENTS

IN EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes (26)	June 30, 2018	December 31, 2017 redefined
PROFIT(LOSS) FOR THE PERIOD		**3,474,780**	**3,407,232**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD		0	0
Total		**0**	**0**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD		0	0
Total		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)		**3,474,780**	**3,407,232**

ACCOUNTING STATEMENTS

IN EUROS

	STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT	June 30, 2018	June 30, 2017
	(FIGURES IN THOUSANDS OF EUROS)		
A	**Opening short-term net cash**	**15,836,571**	**19,287,042**
B	**Cash flow from operating activities for the period**		
	. Profit (loss) for the period	3,474,780	3,407,231
	. Net financial income/(charges) and income taxes	1,392,542	1,495,698
	. Amortisation, depreciation and impairment losses Fixed assets	1,040,381	953,579
	. (gain)-loss on sold assets	6,366	388
	. SOP Charges	0	97,055
	. Net change in prevision and other non-monetary items	(111,027)	(14,018)
-	*Cash flow from operating activities before changes in work capital*	*5,803,042*	*5,939,933*
	(Increase) / Decrease in trade receivables	(3,651,282)	(4,781,941)
	(Increase) / Decrease in inventories	(413,115)	(215,917)
	Increase / (Decrease) in trade payables	2,575,371	5,322,074
	Net change in other current assets/liabilities	245,469	(1,898,596)
-	*Change in Working Capital*	*(1,243,557)*	*(1,574,380)*
-	*Changes in other operating assets/liabilities*	*(70,898)*	*(74,507)*
	Total (B)	4,488,587	4,291,046
C	**Taxes paid during the period**	**0**	**(317,647)**
D	**Cash flow used in investement activities**		
-	Net increases in property, plant and equipment	(759,492)	(555,990)
-	Net increases in intangible assets	(57,833)	(26,640)
-	Changes in other non-operating assets/liabilities	(100)	10,052
	Total (D)	**(817,425)**	(572,578)
E	**Cash flow used in financial activities**		
	Increased/(decrease) in payables Non- current financing and net financial income/(changes)	9,368,612	24,807
	Net financial income/(charges)	(94,459)	(168,770)
	Dividends	(3,503,025)	(3,503,025)
	Total (E)	**5,771,128**	(3,646,988)
F	**Cash flow for the period (B+C+D+E)**	**9,442,290**	**(246,167)**
G	**Closing short term net cash (A+F)**	**25,278,861**	**19,040,875**

ACCOUNTING STATEMENTS

IN EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	December 31, 2017 redefined	ADJ.RESERVE IAS/IFRS	OTHER RESERVES	PROFIT/(LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT JANUARY 1, 2017	3,503,025	690,082	13,595,782	(1,001,591)	31,287,264	8,793,866	56,868,428
FTA IFRS 15 adj				(200,699)			(200,699)
BALANCE AT JANUARY 1, 2017 REDEFINED	3,503,025	690,082	13,595,782	(1,202,290)	31,287,264	8,793,866	56,667,729
Changes in 1st half of 2017							
Allocation of 2016 profit					5,290,841	(5,290,841)	0
Dividends						(3,503,025)	(3,503,025)
2016-2019 SOP charges					97,055		97,055
Allocation subst.tax reserve			3,169,311		(3,169,311)		0
Comprehensive income (loss)							
- Result of the period						3,407,231	3,407,231
Balance at June 30, 2017	3,503,025	690,082	16,765,093	(1,202,290)	33,505,849	3,407,231	56,668,990
Balance at January 1, 2018	3,503,025	690,082	16,765,093	(1,001,591)	33,263,297	6,923,462	60,143,368
FTA IFRS 15 adj				(200,699)		68,193	(132,506)
BALANCE AT JANUARY 1, 2018 REDEFINED	3,503,025	690,082	16,765,093	(1,202,290)	33,263,297	6,991,655	60,010,862
Changes in 1st half of 2018							
Allocation of 2017 profit		10,523			3,409,914	(3,420,437)	0
Dividends						(3,503,025)	(3,503,025)
FTA IFRS 15 adj on 2017 profit					68,193	(68,193)	0
Comprehensive income (loss)							
- Result of the period						3,474,780	3,474,780
Balance at June 30, 2018	3,503,025	700,605	16,765,093	(1,202,290)	36,741,404	3,474,780	59,982,617

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Valsoia S.p.A. (hereinafter also "Valsoia" or the "Company") is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,503,024.91, and registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A.

The Interim Financial Report has been drawn up in compliance with Article 154 *ter* of Italian Legislative Decree no. 58/1998 and prepared in accordance with the International Financial Reporting Standards (IFRS) applicable, acknowledged by the European Parliament and Council, dated July 19, 2002, and in particular IAS 34 - Interim financial reporting, as well as the provisions issued in accordance with Article 9 of Italian Legislative Decree no. 38/2005.

Valsoia, at the closing date of the interim period, holds a controlling equity investment in Valsoia Pronova d.o.o. (SLO). In consideration of the insignificance of the financial figures of this subsidiary, Valsoia does not prepare consolidated financial statements.
As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group. The relevance will be based, *inter alia*, on the impact of the balance sheet assets and business volume developed by the subsidiaries, any indebtedness pertaining to them and any other factors that may be relevant for the user of the financial statements or the interim information.

The Interim Financial Report includes:

- the statement of the financial position at June 30, 2018, compared with the results of December 31, 2017. In the schedules presented in this section, the statements of financial position provide a classification based on the current, or non-current, nature of the items comprising it, where:
  - current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the ordinary operations of the company, by assets held for trading, by assets that are expected to be realised within twelve months from the reporting date. All other assets are classified as non-current;
  - current liabilities are the liabilities that will be presumably extinguished during the ordinary operations of the company or within 12 months from the reporting date, or the liabilities that do not have an unconditional right to the deferral of their extinction beyond twelve months. All other liabilities are classified as non-current;

Pursuant to Consob Resolution no. 15519 of July 27, 2006, the financial effects of the transactions with related parties, if significant, are recognised separately in the statement of financial position.

- The income statement for the first half of 2018, compared with the income statement of the same period in the previous year. In particular, it must be noted that the adopted income statement, compliant with the IAS 1 provisions, shows the following interim result, not defined as an accounting measurement according to the IFRSs (therefore it is possible that the definition criteria of such interim results may not be consistent with those adopted by other companies), since Company Management believes that it contains significant information for understanding the Company's results:
  - Gross Operating Result: comprises the Net profit (loss) for the period, before taxes, gains and losses arising from financial operations, amortisation/depreciation and write-downs of fixed assets carried out during the relevant period.

- The statement of comprehensive income for the first half of 2018, compared with the income statement of the same period in the previous year presented in accordance with the matters envisaged by IAS 1.

- The statement of cash flows for the first half of 2018, compared with the statement of cash flows of the same period of last year. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted.

- The statement of changes in equity for the first half of 2018 and the first half of 2017.

- These Notes to the Financial Statements.

This information, in its entirety, represents the Interim Financial Report at June 30, 2018 of Valsoia S.p.A. in accordance with the matters envisaged by IAS 34 and Article 154 *ter* of Italian Legislative Decree no. 58/1998.

The amounts are expressed in thousands of EUR.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU, EFFECTIVE FROM JANUARY 1, 2018

The accounting standards, amendments and interpretations in effect from January 1, 2018 which have been endorsed by the European Commission are shown below:

Classification and Measurement of Shared-based Payment Transactions (Amendments to IFRS 2) - The new regulation essentially ratifies the accounting treatment of the "accrual conditions" and the "non-accrual conditions" in transactions settled in cash and the accounts reporting of the transactions featuring the net settlement for the withholdings at source obligations.

Transfer of Investment Property (Amendments to IAS 40) - The amendments adopted on this principle clarify when a business is authorised to change the qualification of a property which was not an «investment property» as such and vice versa.

IFRIC 22 Foreign Currency Transaction and Advance Consideration – The principle establishes that the date of the transaction for the purposes of determining the exchange rate to be applied at the time of the initial recognition of the asset, the costs or the associated revenue (or part of the asset, cost or associated revenues) is the date when the entity initially recognises the non-monetary asset or non-monetary liability determined by the payment or the receipt of an advance.

IFRS 15 – Revenue from contracts with customers (applicable to accounting periods beginning on or after January 1, 2018). The standard establishes a new revenue recognition model to be applied to all contracts executed with customers except for those within the scope of application of other IAS/IFRS standards, such as lease contracts, insurance contracts and financial instruments. The fundamental passages for the recognition of revenues, according to the new model, are: 1) identify the contract(s) with customers; 2) identify the contractual performance obligations; 3) determine the transaction price, i.e. the amount of the expected consideration; 4) allocate the transaction price to the performance obligations stated in the contract; 5) recognise revenue when the entity fulfils a performance obligation. For details on the impacts deriving from the first-time application of said standard, please see the section Changes in Accounting Standards.

IFRS 9 – Financial instruments (applicable to accounting periods beginning on or after January 1, 2018). The standard introduces new provisions for the recognition and the measurement of financial assets, financial liabilities and some trading agreements referring to non-financial items. The standard replaces IAS 39 Financial instruments: Recognition and measurements. The standard applies to the periods starting on or after January 1, 2018; early application is permitted. With the exception of the hedge accounting, the retrospective application of the standard is required, however providing a comparison is not mandatory. As regards the hedge accounting, the standard is normally prospectively applied, with a few exceptions.
The adoption of these new standards, changes and interpretations did not have any impact on the company.

New accounting standards and interpretations endorsed by the EU but which are not yet in effect

The European Commission endorsed and published the following new accounting standards, amendments and interpretations to supplement the existing standards approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"):

IFRS 16 – Leases (applicable to accounting periods beginning on January 1, 2019). The new IFRS 16 accounting standard disciplines the accounting treatment of lease agreements for the parties which adopt the international accounting standards. The lease is an agreement on the basis of which the lessor grants the right to use an asset for a period of time in exchange for a fee, to another party known as the lessee. With respect to the previous accounting standard IAS 17, the most significant change lies in the distinction (to be made at the time of initial recognition of the lease in the financial statements) between lease and services agreements and whose measurement must be made each time that the terms and conditions of the agreement are changed/supplemented with respect to the original.
The most important aspect which characterises the new standard is the surpassing, for the purposes of the accounting treatment of the lease for the lessee, of the distinction between operating and finance lease. An agreement is a lease, or contains a lease, if it transfers the ownership of the right to control the use of a specific asset, for a period of time, established at origin, in exchange for an agreed fee, defining the conditions of use of the same and also if not specified, the maintenance of its effectiveness over time.
The asset leased can be directly or indirectly identified in the agreement. The lessee does not have the right of use if the lessor has the essential right to replace it with another asset during the agreement, making the same become a service agreement rather than a lease agreement.
Therefore, in order to establish whether the asset in question is leased or under a service agreement, account is taken of two essential elements: the control and the ability to identify the asset. The presence of both the elements makes it possible to distinguish a lease agreement from a service agreement. A lease agreement will take place when the lessee has control over the use and the attainment of the economic benefits from the asset, identified, covered by the agreement. By contrast in a service agreement, the lessor has control over the use and the attainment of the economic benefits from the asset covered by the agreement, and is the holder of any right to replace the asset, or better still there is no objective identification of the same, despite control existing.

Amendment to IFRS 9 – Prepayment Features with Negative Compensation (applicable to accounting periods beginning as from January 1, 2019), disciplines the joint application of IFRS 9 and IFRS 4 Insurance contracts.

The impact of the adoption of these new standards, changes and interpretations is still being assessed within the company.
With reference to IFRS 16, a mapping of the various contractual types is being implemented so as to accurately identify the effects on the Net Financial Position (expected to be detrimental) and on the gross operating margin (expected to be improving).

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY THE IASB WHICH HAVE NOT YET BEEN ENDORSED BY THE EU

At the date of these financial statements, the following new standards, amendments and interpretations were issued by the IASB, but they have not yet been endorsed by the EU.

Mandatory application beginning from	
IFRIC 23 (Uncertainty over Income Tax Treatments)	January 1, 2019
Long-term Interests in Associates and Joint Ventures (Amendment to IAS 28)	January 1, 2019
Plan Amendments, Curtailment or Settlement (Amendment to IAS 19)	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021
Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate/joint venture	Not yet defined

CHANGES IN ACCOUNTING STANDARDS

With the exception of the matters indicated below, this Interim Financial Report has been drawn up using the same accounting standards applied by the Company for the drafting of the Annual financial statements at December 31, 2017.
The Company adopted IFRS 15 as from January 1, 2018 with retrospective effect. The other new principles which came into force as from January 1, 2018 have not had significant effects on the Company's financial statements.

Further to the assessment activities relating to the effects deriving from the application of IFRS 15 carried out by the Company, the main contractual and operating circumstances of the Company which are subject to a different recognition are the following: sales of semi-finished products to third party manufacturers, sales to concessionaires, promotional contributions and other trade provisions, discounts offered to consumers during promotional campaigns.

The following Table contains a summary of the effects of the application of IFRS 15 on the individual items of the statement of financial position at December 31, 2017 and the income statement and statement of comprehensive income schedules at June 30, 2017.

Statement of financial position	12.31.2017 initial	Adjustments due to adopting IFRS 15	12.31.2017 reclassified
Assets			
Trade receivables, net	15,061	(647)	14,414
Inventories	7,521	464	7,985
Non-current liabilities			
Provision for deferred taxes	619	(51)	568
Shareholders' equity			
Other IAS/IFRS adjustments reserve	(1,002)	(201)	(1,202)
Profit for the period	6,923	68	6,992

Income Statement	*06.30.2017* initial	Adjustments due to adopting IFRS 15	*06.30.2017* Reclassified
Value of production			
Revenue from sales and services	56,416	(13,266)	43,150
Changes in inventories of finished goods	(618)	269	(349)
Operating costs			
Purchases	(28,303)	6,106	(22,197)
Services	(16,895)	6,867	(10,028)
Taxes			
Deferred tax liabilities/(assets)	(509)	(2)	(511)
Net profit	3,431	(24)	3,407

The following table shows the effects of the application of IFRS 15 on the opening Shareholders' equity at January 1, 2017.

Description	12.31.2016 Book value	Adjustments due to adopting IFRS 15	01.01.2017 reclassified re-opening balance IFRS 15
IFRS 15 Reserve	0	201	201
Total Shareholders' Equity	0	201	201

Analysis of the breakdown of the main items of the statement of financial position

Current assets

Note (1) – Cash and cash equivalents

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Cash	4	3
Current accounts and bank deposits	25,995	15,934
Total cash and cash equivalents	25,999	15,937

At June 30, 2018 the Company availed itself of receivable interest rates ranging between 0.0% and 0.1%.

Following are details on the Net Financial Position at June 30, 2018, December 31, 2017 and June 30, 2017. For details on the changes in the Net Financial Position, please refer to the Directors' Report, which accompanies this Interim Financial Report.

Description (EUR 000)	06.30.2018	12.31.2017	06.30.2017
Cash	4	3	4
Current accounts and bank deposits	25,995	15,934	19,137
Total cash and cash equivalents (A)	25,999	15,937	19,141
Current loans and borrowings (B)	(720)	(100)	(100)
Current net financial position (C=A-B)	25,279	15,837	19,041
Non-current loans and borrowings (D)	(10,087)	(718)	(829)
NET FINANCIAL POSITION (E=C+D)	15,192	15,119	18,212

Note (2) - Trade receivables (net)

Trade receivables derive from ordinary sale transactions, mainly with national operators in the Large-scale retail and Wholesale sectors.

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Trade receivables (nominal value)	19,123	15,472
Allowance for doubtful accounts	(1,059)	(1,058)
Total trade receivables	18,064	14,414

The increase in trade receivables is inherent on the basis of the development of the turnover and in consideration of the sales of ice cream concentrates in the Summer months with the collection deferred to the Autumn months.
The receivables are stated net of the allowance for doubtful accounts determined in accordance with the new accounting standard IFRS 9, based on a prudent estimate of the collection risks, having taken into account the information available as regards the solvency risk of the individual positions, their ageing and the losses on receivables recognised in the past for similar types of receivables, as well as the projections of the average collection timescales by type of counterparty and geographic area.
The following table shows a summary of the afore-mentioned Trade receivables, broken down by ageing. There have been no particular changes in the collection conditions with respect to the previous year.

Description	06.30.2018	12.31.2017
Trade receivables (nominal value)		
- past due by over 12 months	211	321
- past due by over 30 days	223	326
- past due within 30 days	4,953	3,869
- with subsequent expiry	13,736	10,956
Total trade receivables (gross)	19,123	15,472

The receivables that are past due by over 12 months are represented primarily by receivables pending legal resolution.

Following are the changes in the allowance for doubtful accounts.

Description	06.30.2018	12.31.2017
Opening balance	1,058	1,176
- (usage)	(115)	(333)
- allocations	116	215
Total allowance for doubtful accounts	1,059	1,058

Note (3) - Inventories

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Raw materials, ancillary and consumable materials	2,164	1,779
Work in process	189	118
Finished goods	6,016	6,088
Total inventories	8,369	7,985

The value of the raw and ancillary materials was up with respect to December 31, 2017 essentially due to the seasonal nature of the activities linked to ice cream. The value of the inventories of finished goods is overall stable compared with the end of 2017.

The measurement of the closing inventories is carried out net of the provision for inventory obsolescence, amounting to a total of EUR 131 thousand at the end of the period, in order to adjust its assessment to the value of the presumed realisation.

Inventories are not subject to any obligations or restrictions related to property rights.

Note (4) - Other current assets

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Tax receivables	285	1,354
Prepayments and accrued income	410	31
Other current receivables	187	358
Total other current assets	882	1,743

The decrease in tax receivables is due to the provision made for taxes pertaining to the period.

Prepayments refer to portions of costs incurred, partly pertaining to subsequent periods, mainly referring to insurance premiums, membership fees and maintenance charges.

Non-current assets

Note (5) - Goodwill

The item Goodwill shows the following changes for the period:

Description	06.30.2018		12.31.2017
	Net value	Other increases/ (decreases)	Net value
Santa Rosa Goodwill	3,230		3,230
Diete.Tic Goodwill	4,968	-	4,968
Total goodwill	8,198	-	8,198

The goodwill recognised derives:

- with regard to Santa Rosa, from the allocation of the residual amount from the premium of the investment value, compared with the fair value of the assets and liabilities of J&T Italia S.r.l., a company to which the Santa Rosa business made reference, following the merger by incorporation of the same finalised in previous years;
- with regard to Diete.Tic, from the process of Purchase Price Allocation as regards the positive difference between the Business Unit value concerning the liquid sweetener "Diete.Tic" acquired on October 2, 2017 and the fair value of the single assets that composed it.

Pursuant to the IAS/IFRS standards, goodwill is not amortised but is tested for impairment annually at the time of the drawing up of the annual financial statements, in accordance with the matters envisaged by IAS 36. At June 30, 2018 there were no indicators of permanent impairment losses which required the performance of this test also at the time of drafting of the Interim Financial Report.

Note (6) – Intangible assets

The item Intangible assets shows the following changes for the period:

Description	12.31.17	Changes for the period		06.30.2018
	Net value	Net Increases/ (decreases)	Amort./Write-downs	Net value
Trademarks	21,320	0	(44)	21,276
Industrial patents and intellectual property rights	2,753	15	(170)	2,598
Other	45	43	(20)	68
Intangible assets in progress	0	0	0	0
Intangible assets	24,118	58	(234)	23,942

There have been no particular increases in the period.

The item Trademarks mainly refers to the Santa Rosa trademark amounting to EUR 20,060 thousand, valued at fair value within the sphere of the allocation of the value of the equity investment of J&T Italian S.r.l. further to the afore-mentioned merger via incorporation of the same.

The Santa Rosa trademark, as allowed by IAS 38 and in line with that applied in previous years, has been considered as having an indefinite useful life and therefore it is not amortised, based on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with

options for the renewal of the legal protection at the expiry of the registration periods, with limited costs incurred;

- the products marketed by the company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the Santa Rosa trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector is sustainable for the Company and falls within the scope of the corporate strategies.

The value of the Santa Rosa trademark is tested for impairment at least annually at the time of the drawing up of the annual financial statements, in accordance with the matters envisaged by IAS 36. At June 30, 2016 there were no indicators of permanent impairment losses which require the performance of this test also at the time of drafting of the financial report.

Intangible assets also include trademarks and patents, valued upon their first recognition at fair value, belonging to the Business Unit producing the liquid sweetener "Diete.Tic", acquired during 2017. The net book value, at the end of the period, of the "Diete.Tic" trademark was EUR 1,214 thousand and the patents were EUR 2,324 thousand.

The fair value of the Diete.Tic trademark and of the Patents protecting the production process was measured with the support of a third party independent expert, using a market method called "relief from royalties". This method of measurement, which uses inputs that are observable from the market, is a methodology that is preferred by the accounting standards.

The Patents are amortised according to their residual useful life based on their expiry date; the "Diete.Tic" trademark, according to the considerations above, is amortised based on its useful life, estimated at 15 years.

Note (7) – Property, plant and equipment

Following is a breakdown of the Property, plant and equipment item at June 30, 2018.

Description	Historical cost	Accumulated Depreciation	Accounting Net Value
Land and buildings			
Land:			
- located in the Rubano municipality	908	-	908
- located in the Serravalle Sesia municipality	1,529	-	1,529
Buildings:			
- house in Serravalle Sesia	575	(107)	468
- industrial facilities in Serravalle Sesia	5,418	(2,172)	3,246
- light constructions/buildings at the Sanguinetto facility	1	(1)	0
Total land and buildings	**8,431**	**(2,280)**	**6,151**
Plant and equipment			
- fixed systems for offices	128	(87)	41
- plant/equipment for plant extract products	5,549	(4,721)	828
- plant/equipment for ice cream production	9,865	(8,508)	1,357
- plant/equipment for other food production	667	(627)	40
- generic plant/equipment at the Serravalle facility	1,495	(1,111)	384
- silos, vats, tanks at the Serravalle facility	484	(425)	59
- photovoltaic system	371	(232)	139
- plants for preserves production	3,177	(2,448)	729
- generic plant at the Sanguinetto facility	121	(61)	60
- sweeteners production plants	137	(8)	129
Total plant and equipment	**21,994**	**(18,228)**	**3,766**
Industrial and commercial equipment			
- furniture and equipment for the laboratory	386	(352)	34
- other small equipment	188	(159)	29
- other transportation means	249	(214)	35
Total industrial and commercial equipment	**823**	**(725)**	**98**
Other assets			
- electric and electronic machinery	591	(459)	132
- furniture and equipment for the offices	379	(321)	58
- cell phones	61	(49)	12

- vehicles	397	(364)	33
Total other assets	1,428	(1,193)	235
Fixed assets in progress	-	-	-
Total property, plant and equipment	32,676	(22,426)	10,250

The item Property, plant and equipment shows the following changes for the period.

Description	12.31.17	Changes for the period			06.30.2018
	Value	Increases/purchases	Other changes	Decreases	Value
Historical Cost					
Land and buildings	8,164	267	-	-	8,431
Plant and equipment	21,554	461	-	(22)	21,993
Industrial and commercial equipment	844	16	-	(37)	823
Other assets	1,399	32	-	(2)	1,429
Fixed assets in progress	0	0	-	-	0
Tot. Historical Cost (A)	31,961	776	-	(61)	32,676
Depreciation					
Land and buildings	2,166	114	-	-	2,280
Plant and equipment	17,645	599	-	(16)	18,228
Industrial and commercial equipment	717	26	-	(18)	725
Other assets	1,128	67	-	(2)	1,193
Fixed assets in progress	-	-	-	-	0
Tot. Acc. depreciation (B)	21,656	806	-	(36)	22,426
Total tangible assets (A-B)	10,305	(30)	-	(24)	10,250

The increases in property, plant and equipment mainly refer to the purchase of plant and machinery for the production of ice cream, plant-based extracts and jams.

There are no restrictions or encumbrances on the fixed assets.

Note (8) – Financial assets

This item is composed of Investments in subsidiaries and shows, for the period, the following changes:

Description	Holding held in share capital	12.31.17 Value	Changes in the period Increases/ Decreases		06.30.2018 Value
Valsoia Pronova d.o.o. – Slovenia	100%	110	-	-	110
Tot. Financial Assets		110	-	-	110

In the first half of 2018, the subsidiary Valsoia Pronova d.o.o. recorded sales for EUR 285 thousand with a provisional profit of around EUR 21 thousand. Consequently, there were no indicators of impairment.

Note (9) – Deferred tax assets

See the matters indicated in Note 17) Provision for deferred taxes.

Note (10) - Other non-current assets

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Guarantee deposits	35	35
Investments in other companies	5	5
Receivables from tax authorities, non-current	28	28
Receivables from subsidiary companies	85	85
Total Other non-current assets	153	153

The afore-mentioned assets did not disclose any changes during the period.
Non-current receivables due from the tax authorities comprise IRES credits due to the failure to deduct IRAP on payroll and related costs relating to the periods 2007-2011 with reference to which a rebate application was made as envisaged by Article 2 of Italian Decree Law no. 201/2011. Receivables from subsidiary companies

refer to interest-bearing loans granted to the subsidiary Valsoia Pronova d.o.o..

Liabilities and shareholders' equity

Current liabilities

Note (11) - Current payables due to banks

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Overdraft accounts	2	2
Payables for bank loans or bank lending (current instalments)	718	98
Total current payables due to banks	720	100

The item Loans and borrowings refers primarily to the instalments, maturing in less than 12 months, from a non-current financing agreement entered into in the first few months of 2018.

Note (12) – Trade payables

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Trade payables due to suppliers within 12 months	20,446	17,871
Total trade payables	20,446	17,871

The increase in trade payables at June 30, 2018 is inherent in relation to the seasonal nature of the production and marketing of ice cream. There have been no essential changes in the payment conditions.

Note (13) – Tax payables

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Due to the tax authorities for:		
- virtual revenue stamp tax and other taxes	9	4
- withholding taxes	391	452
- direct taxation and VAT	107	0
- substitute tax	0	0
Total tax payables	507	456

Tax payables refer to the payables due to the tax authorities for withholdings made on income from employment and freelance work and VAT payables.

Note (14) – Provisions for risks

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Sales return provision	91	231
Total Provision for risks	91	231

Provisions for risks comprise only the sales return provision. The estimate at June 30, 2018, involved use of EUR 140 thousand, compared with December 31, 2017.

It should be noted that a dispute is still pending, substantially unchanged from the end of the previous period, with the Tax Authority. This dispute, arising from an alleged minor registration fee paid in reference to the purchase of J&T Italia S.r.l., which occurred in 2011, finds Valsoia in a potential debit position toward the tax authorities, jointly with the company selling "J&T", for a total amount of EUR 723 thousand.
Valsoia, following the same approach of the previous period and keeping into account the opinion of its consultants, believes that to date there are no reasonable grounds for setting aside a provision for risks related

to this pending dispute.

Note (15) - Other current liabilities

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Amounts payable to social security institutions	384	388
Due to employees and on-going collaboration contracts	1,829	1,506
Amounts due to others	212	605
Accrued liabilities	0	0
Total Other current liabilities	2,425	2,499

Other current liabilities include primarily payables to employees for wages, bonuses pertaining to the period and deferred monthly salaries, accrued at June 30, 2018. The item amounts due to others includes advance payments received from Customers.

Non-current liabilities

Note (16) - Non-current payables due to banks

This item breaks down as follows:

Description	06.30.2018	12.31.2017
Non-current financial payables	10,085	706
Payables for Cash flow and Currency hedging	1	12
Total non-current amounts due to other providers of finance	10,086	718

The item non-current financial payables refers primarily to the instalments, maturing beyond 12 months, from a non-current financing agreement entered into in the first few months of 2018. With reference to this loan, there are no covenants, restrictions or encumbrances.

For comments on the Statement of financial position, see the Directors' Report.

With reference to the information required by IFRS 7, a summary is presented below of the nominal amounts due on the basis of the maturities envisaged in the loans and borrowings repayment plans mentioned above:

Year	EUR
2018	718
2019	1,340
2020	2,591
2021	2,603
2022	2,615
2023	731
2024	102
2025	103
Loans and borrowings	11,310

Note (17) - Provision for deferred taxes

This item breaks down as follows:

Description	06.30.2018		12.31.2017	
	Taxable amount	Taxes	Taxable amount	Taxes
Deferred tax assets/Provision for deferred taxes				
with contra entry in the Income Statement				
IRES/IRAP CHANGES				
- Trademarks and deferred charges not capitalised	124	34	147	41
pursuant to IAS/IFRS	(5,659)	(1,579)	(3,773)	(1,053)
- Dealloc. of accounting-tax amounts for "Santa Rosa"	(390)	(109)	(276)	(77)
trademark	0	0	339	81

Description	06.30.2018		12.31.2017	
	Taxable amount	Taxes	Taxable amount	Taxes
- Dealloc. of accounting-tax amounts for "Diete.Tic"	1,600	394	1,587	391
trademark			184	51
- Multi-annual deductible expenses ex Art. 108 Tuir	(50)	(14)	(9)	(2)
- Taxed risk and write-down provisions				
- FTA IFRS 15 impacts				
- Others				
Total A)	(4,375)	(1,274)	(1,801)	(568)

The item Deferred tax assets/(Provision for deferred taxes) refers to the recognition of temporary differences between the values recorded in the statement of financial position of the assets and liabilities and the related amounts recognised for tax purposes.
It is estimated that said payable is referring to differences that will be reabsorbed in the medium and long term.

Note (18) – Provision for post-employment benefits

No significant changes were registered in the first half of 2018 in the provision, other than the decreases deriving from the settlements made during the period, amounting in total to EUR 70 thousand.

Note (19) - Shareholders' equity

Share capital

The share capital of the Company is fully paid up and amounts to EUR 3,503,024.91, with 10,615,227 ordinary shares of a Nominal value of EUR 0.33 each.

Legal reserve
This is the reserve accrued pursuant to Art. 2430 of the Italian Civil code.

Revaluation reserve
This item is composed of the Revaluation Reserve accrued pursuant to Italian Law 488/2001 and Italian Law 350/2003.

Other IAS/IFRS adjustments reserve

In the IAS/IFRS reserve, the effects deriving from IFRS adjustments on Shareholders' Equity at January 1, 2004, were recognised.

Other reserves

The other reserves include:

- extraordinary reserve deriving from the allocation of profits accrued but not yet distributed on a voluntary basis in previous periods, as set forth by the Shareholders' Meeting;
- earnings brought forward due to the application of IAS/IFRS accounting standards, starting from the transition date of January 1, 2004;
- reserve set up within the scope of the Allowance for doubtful accounts, in application of the IAS 8 accounting standard occurring in 2006;
- actuarial gains/losses reserve: this includes the actuarial gains/losses deriving from the application of the IAS 19 standard;
- stock option reserve. This item includes the 2011-2016 Stock Option Plan reserve set aside for a total amount of EUR 490 thousand, corresponding to the charges applicable to the 5 validity periods of the Plan. This Plan was concluded in previous periods with the issuance of the equity-linked instruments and the related increase of the Share Capital.

During the period under review, a reserve for EUR 201 thousand was also recognised for the effects of first time application (FTA) of IFRS 15 as illustrated in the introduction.

For details on the items composing the Shareholders' Equity, see the table below:

Description	06.30.2018	12.31.2017	Possibility of use
Share capital	3,503	3,503	-
Legal reserve	701	690	B
Revaluation reserve	16,765	16,765	A, B, D
Other IAS/IFRS adjustments reserve	(1,202)	(1,202)	
Other reserves:			
- IAS 8 adjustment reserve	469	469	A, B, C
- earnings carried forward, according to IAS/IFRS	417	349	A, B, C
- extraordinary reserve	35,348	31,938	A, B, C

- 2011-2016 S.O.P. reserve	490	490	A, B, C
- Cash flow hedge reserve	0	0	
- actuarial gains/losses reserve	17	17	
Total other reserves	36,741	33,263	
Profit (loss):			
Profit for the period	3,475	6,992	
Total Shareholders' Equity	59,983	60,011	

Key notes possibility of use:

A. Available for share capital increases;

B. Available for loss hedging;

C. Available for shareholders distribution;

D. Available for the distribution to shareholders with the loss of the benefit of tax suspension.

It should also be noted that, during the first half of the year, dividends were distributed to the shareholders for a total of EUR 3.5 million, as an appropriation of profits for the year 2017.

Analysis of the breakdown of the main items of the income statement

Note (20) - Value of production

This item breaks down as follows:

Description	06.30.2018	06.30.2017
Revenue from sales and services:		
- Revenue - Italy	39,870	40,843
- Revenue - Abroad	2,757	2,307
Total Sales Revenue	42,627	43,150
Changes in inventories of work in progress, finished and semi-finished products:		
- Opening inventories	(6,151)	(5,811)
- Closing inventories	5,915	5,462
Total changes in inventories finished goods	(236)	(349)
Other revenue and income	195	180
Total Value of production	42,586	42,981

The sales revenue is concentrated essentially within the Italian territory and therefore its geographic breakdown is not believed to be significant.
Please see the Directors' Report for the description of the trend of sales broken down by main product line.

The item "Other revenue and income" is detailed as follows:

Description	06.30.2018	06.30.2017
- Chargeback to third parties	85	59
- Capital gains on sale of assets	0	1
- Other	110	120
Total Other revenue and income	195	180

The Chargeback to third parties is to be attributed to business and promotional costs incurred pursuant to distribution agreements charged to the counterparty and the recovery of costs incurred on behalf of third parties.
Other revenues refer to out-of-period income and insurance compensation.

Note (21) - Operating costs

This item breaks down as follows:

Description	06.30.2018	06.30.2017
Purchase costs		
- Raw materials	6,853	7,060
- Ancillary materials	1,250	1,090
- Consumable materials	267	283
- Finished products and goods	13,529	13,765
Total Purchases	21,899	22,198
Services		
- Industrial	1,963	2,121
- Marketing and sales	5,727	6,146
- Administrative and general	1,798	1,760
Total services	9,488	10,027

Cost of use of assets owned by other, of third party assets	275	245
Labour costs		
- Wage and salaries	3,590	3,214
- Social security charges	1,259	1,187
- Post employment benefits	3	0
- Personnel charges pursuant to SOP	0	97
- Other labour costs	16	41
Total labour costs	4,868	4,539
Changes in raw materials inventory	(456)	(448)
Other overheads	605	563
Total operating costs	36,679	37,124

In the period under review, the cost of sales fell as did the logistics costs due to a "cost saving" project realised during 2017 and a more favourable sales mix.
At the end of the period under review, the workforce of the company was composed as follows:

Description	06.30.2018	06.30.2017
- Executives	10	9
- Employees and managers	90	83
- Factory workers	23	22
- Seasonal workers	21	31
Total employees	144	145

The item Other overheads breaks down as follows:

Description	06.30.2018	06.30.2017
Other overheads:		
- Taxes and excise license	61	73
- Losses/provisions for risks on receivables	116	93
- Contingent liabilities	187	151
- Membership fees	82	65
- Other charges	159	181
Total Other overheads	605	563

The Other charges mainly consist of costs for the disposal of obsolete products, out-of-period expense, entertainment costs and contributions to trade associations.
Out-of-period expense refers to operating costs recognised in the period pertaining to previous years.

Note (22) – Amortisation, depreciation and write-downs of fixed assets

This item breaks down as follows:

Description	06.30.2018	06.30.2017
- Amortisation of intangible assets	234	97
- Depreciation of property, plant and equipment	806	857
Total amortisation, depreciation and write-downs	1,040	954

There were no particular changes in amortisation and depreciation. For greater details on the change in fixed assets, please see the matters described in Notes 6) and 7).

Note (23) – Net financial income/(charges)

This item breaks down as follows:

Description	06.30.2018	06.30.2017
- Other financial income	8	13
- Interest expense, currency discounts and bank charges	(94)	(82)
- Foreign exchange gains/(losses)	(8)	(100)
Total financial income/(charges)	(94)	(169)

The decrease in Financial charges mainly derives from the minor exchange losses reported during the period compared with the previous year.

Note (24) – Taxes

This item breaks down as follows:

Description	06.30.2018	06.30.2017
- Income taxes (IRES - IRAP)	592	816
- Deferred tax liabilities/(assets)	706	509
Total taxes	1,298	1,325

Income taxes also include deferred tax assets (net of the deferred tax liabilities) which were calculated on allowances and other temporary differences, the tax benefits of which are deferred. The main effect during the period deriving from this provision relates to the effects deriving from the deduction of the amortisation on the Santa Rosa trademark.
Details about the recognition of deferred taxes have been provided in Note 17.
The tax liability for the period was not influenced by particular non-recurrent phenomena.

It should be noted that the Company has submitted, in previous periods, a request for tax relief pursuant to Art. 1, paragraph 39, of the Law no. 190 of December 23, 2014 (so-called "Patent Box"). The activities aimed at determining, in advance, in a procedural due process of law with the Tax Authorities, the criteria for the identification of the positive and negative income components eligible for relief. Currently, based on our knowledge and the progress of the activities carried out, the Company believes that to date the conditions for the recognition of this relief do not apply.

Note (25) - Basic and diluted earnings per share

The basic earnings per share are determined by dividing the profit for the year by the number of shares (no. 10,615,227) which compose the share capital.
The diluted earnings per share were obtained by dividing the profit for the year by the number of shares which comprise the share capital. We do not estimate shares which potentially may be issued after the 2016 - 2019 SOP currently underway.

Non-recurring significant transactions and events

During the period ended June 30, 2018, no significant events/transactions, falling within the scope of the Consob Communication DEM/6064293 of July 28, 2006, were recorded. As instructed in said Communication, “atypical and/or unusual transactions are those that, because of their significance, importance, nature of the counterparties, purpose of the transaction, method for determining the transfer price or time of their occurrence (close to the end of the year), could give rise to doubts relating to: the accuracy and completeness of the information in the financial statements, a conflict of interest, the safeguarding of the company’s assets or the protection of non-controlling shareholders”.

Information on transactions carried out with the holding company and related parties

During the period under review, Valsoia provided the parent company Finsalute S.r.l. with accounting data processing and custody services which generated the following economic-financial impacts.

Holding company	revenue/(costs)	receivables/(payables)		Inc./(payments)
	1st half 2018	01.01.2018	06.30.2018	1st half 2018
Finsalute S.r.l.	3	0	2	3
Total transactions	3	0	2	3

During the first half of the year, the following transactions with related parties, including therein the subsidiary Valsoia Pronova d.o.o., were carried out on an arm's length basis, classified by nature:

Related party	revenue/(costs)	Receivables/(payables)		Inc./(payments)
	1st half 2018	01.01.2018	06.30.2018	1st half 2018
Membership fees	78/(82)	61	100	(116)
Directors’ remuneration	(5)	(10)	(10)	(13)
Dealings with subsidiary companies	137/17	147	178	89
Total transactions with related parties	215/(104)	198	268	(40)

There were no other transactions between the Company and related parties.

Commitments

At June 30, 2018 there were no other commitments besides that indicated in the Interim Financial Report.

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The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

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Statement pursuant to Art. 154-bis of Legislative Decree 58/98

STATEMENT PURSUANT TO ART. 154 *BIS*, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE NO. 58/98

The undersigned, Andrea Panzani, General Manager and Chief Executive Officer, and Carlo Emiliani, Manager in charge of financial reporting for Valsoia S.p.A., hereby certify, also taking into account the provisions of Art. 154 *bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of February 24, 1998:

- the adequacy in the relation to the characteristics of the company, and
- the actual application

of the administrative and accounting procedures for the preparation of the Interim Financial Report as at June 30, 2018.

It is also hereby certified that:

a) the abridged interim financial statements at June 30, 2018 fully reflect the accounting records and books;

b) the abridged interim financial statements at June 30, 2018 were prepared in compliance with the International Financial Reporting Standards, ratified by the European Union, as well as all provisions issued in implementation of Italian Legislative Decree no. 38/2005; they provide a truthful and correct representation of the equity, business and financial situation of the issuer;

c) The interim management report contains a reliable analysis of the references to the important events which took place in the first six months of the year and to their incidence on the abridged interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim management report also contains a reliable analysis of the information of the significant transactions with related parties.

Bologna, Italy, August 2, 2018

General Manager
Chief Executive Officer

Andrea Panzani

Manager in charge
of financial reporting

Carlo Emiliani

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Indipendent Auditors Reports

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

Report on review of condensed interim financial statements

To the shareholders of
Valsoia S.p.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of Valsoia S.p.A., comprising the statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2018. The company's directors are responsible for the preparation of these condensed interim 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 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 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 financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Valsoia S.p.A. as at and for the six months ended 30 June 2018 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 3 August 2018

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

www.valsoiaspa.com