Condensed Interim Financial Report

30 June 2019

CFT Group

Courtesy translation for the convenience of international readers.

SUMMARY

CFT S.p.a. Company Details

Registered and administrative office

CFT S.p.A

Via Paradigna 94/A

43122 Parma

Legal information

Share capital: Euro 10,000,000

No. of ordinary shares with no par value: 16,026,357

No. of multiple voting right shares with no par value: 3,000,000

No. of special shares with no par value: 133,334

Tax code and companies register no. 09935170960

Parma C.C.I.A.A economic administrative register no. 274277

SDI code IVV78YO

Corporate website: www.cft-group.com

CFT S.p.A Corporate Bodies

Board of Directors[1]

Roberto Catelli	Chairman of the Board of Directors
Alessandro Merusi	Chief Executive Officer
Livia Catelli	Director
Adele Catelli	Director
Niccolò Querci	Director
Gino Lugli	Director
Stefano Malagoli	Director
Stefano Rossi[2]	Director
Daniele Raynaud[2]	Director

Board of Statutory Auditors[3]

Guido Riccardi	Chairman of the Board of Statutory Auditors
Andrea Foschi	Statutory Auditor
Angelo Anedda	Statutory Auditor
Giovanni Tedeschi	Alternate Auditor
Cesare Giunipero	Alternate Auditor

[1] The Board of Directors was appointed by a resolution of the shareholders' meeting of the then Glenalta S.p.A on 19th April 2018, effective from the date of the merger on 30 July 2018, and will remain in office until approval of the financial statements as at 31 December 2020.

[2] Independent Director pursuant to the provisions of Article 174 of the Consolidated Law on Finance (TUF)

[3] The Board of Statutory Auditors will remain in office until approval of the financial statements as at 31 December 2020.

Related Parties Committee

Gino Lugli	Chairman
Daniele Raynaud	Member
Stefano Rossi	Member

Remuneration Committee

Stefano Malagoli	Chairman
Daniele Raynaud	Member
Stefano Rossi	Member

Extraordinary Transactions Committee

Alessandro Merusi	Chairman
Daniele Raynaud	Member
Stefano Malagoli	Member

Independent External Auditor[4]

PricewaterhouseCoopers S.p.A.

[4] The external auditor was appointed for the period 2018/2020

CFT Group Summary Information

(Thousands of Euros)	30.06.2019	31.12.2018	30.06.2018
Revenue	120,839	223,759	99,582
Ebitda	7,776	17,016	8,393
Ebitda %	6.44%	7.60%	8.43%
Profit	1,709	3,195	2,138
NFD	16,187	14,238	58,731
Group Equity	47,156	45,712	1,444

CFT Group makes use of certain alternative performance measures that, while not recognised or defined as accounting measures under IAS/IFRS, enable a better assessment of the Group's performance. Such measures are used to comment on performance in accordance with the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by Consob Communication no. 9543 of December 3, 2015. The alternative performance measures used are described below:

EBITDA: defined as net profit (or loss) for the period adjusted for:

(i) Income taxes;
(ii) Finance income and expenses;
(iii) Depreciation and amortization;
(iv) Impairment of financial assets;
(v) Provisions;
(vi) Non-monetary costs;
(vii) Investment acquisition transaction costs;
(viii) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.

Net Financial Debt (NFD): defined as the sum of the following:

(-) Cash and cash equivalents;
(+) Current and non-current loans;
(-) Financial receivables;
(+) Financial payables;
(+) Current and non-current right of use and lease liabilities.

CFT Group increased its product offering in the first six months of 2019, through the acquisition of Siapi S.r.l., a company specialised in the design, production and sale of technological solutions for blowing machines for bottles and other containers in PET, PP, PLA and other resins.

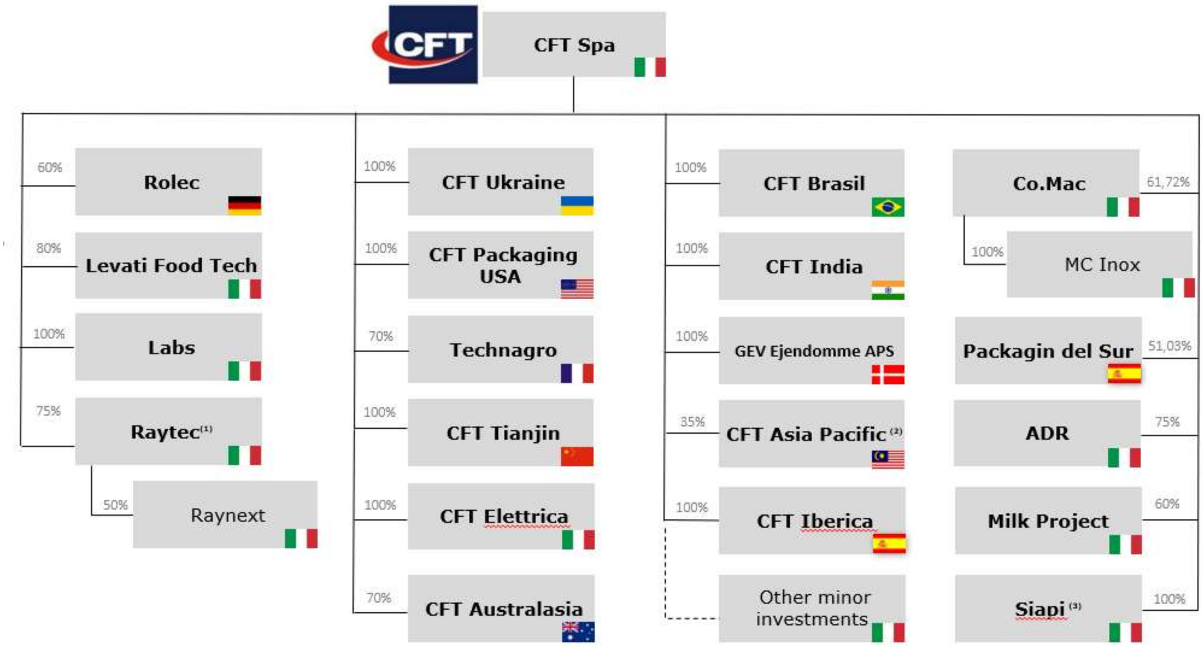
Consolidated revenue in the first six months of 2019 amounted to Euro 120,839 thousand, an increase of more than Euro 21 million (+21%) with respect to the corresponding period of the previous year.

EBITDA, as defined above, for the six months ended 30 June 2019, amounted to Euro 7,776 thousand, a decrease of 7% with respect to EBITDA for the corresponding period of the previous year.

Profit for the period amounted to Euro 1,709 thousand, a decrease of 20% with respect to the corresponding period of the previous year; Net Financial Debt amounted to Euro 16,187 thousand at 30 June 2019 and Group Equity at the same date amounted to Euro 47,156 thousand.

CFT Group Structure

As at 30 June 2019, the CFT S.p.A. group included CFT S.p.A. (the Parent), its consolidated subsidiaries in which it held the majority of voting shares and its associates.



1)Raytec also holds 49% of Gemini, 5% of DNA Phone and 1,08% of Xnext; 2) CFT Asia Pacific holds 100% of CFT Vietnam; 3) Siapi holds 100% of Siapi America Inc

INTERIM REPORT ON OPERATIONS

This document presents the interim financial report of CFT Group (hereafter ''**CFT**'', the ''**Company**'' or the ''**Parent**'' and together with its subsidiaries and associates the ''**Group**'' or the "**CFT Group**"), a company incorporated and domiciled in Italy, with registered offices in Parma (PR), Via Paradigna 94/A, organised under the laws of the Republic of Italy.

During 2018, a reverse takeover transaction pursuant to Article 14 of the AIM Italia Issuers' Regulation was completed and, with effect from 30 July 2018, CFT S.p.A. was merged by incorporation into the Special Purpose Acquisition Company (SPAC), Glenalta S.p.A., which at the same time changed its name to CFT S.p.A and established its registered offices in Parma.

Completion of the Significant Transaction resulted in CFT Spa shares being traded on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana Spa.

The Financial Report as at 30 June 2019, and others Financial Statement as at December 31, 2018 (for the Balance sheet comparison) and June 30, 2018 (for the Profit and Loss comparison) have been prepared in accordance with international financial reporting standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, pursuant to Regulation No. 1606/2002 of the European Parliament and of the Council and adopted by Legislative Decree No. 38/2005.

Significant events during the period

Key events during the first six months of 2019 included the following:

- On 9 May 2019, CFT S.p.A. acquired 100% of the share capital of Siapi S.r.l., a company based in Conegliano - Italy, specialised in the design, production and sale of technological solutions for blowing machines for bottles and other containers in PET, PP, PLA and other resins, in particular high-quality two-stage linear stretch blow-molding machines;
- On 10 May 2019, the extraordinary shareholders' meeting of CFT S.p.A. approved the voluntary reduction of the company's share capital to Euro 10 million, allocating the balance to a discretionary reserve with a view to creating a better configured and more flexible equity structure.
- On 12 June 2019, the company received notification of a search and seizure order involving documentation held by the Company, issued by the Parma Public Prosecutor in relation to an investigation into alleged offences pursuant to: i) Article 81 of the Italian Penal Code and Article 2621 of the Italian Civil Code, regarding fiscal years 2013 to 2016, and Article 2 of Legislative Decree 74/2000, regarding fiscal years 2015 and 2016, involving the Company's Chief Executive Officer; and ii) Article 81 of the Italian Penal Code and Article 2621 of the Italian Civil Code

regarding fiscal years 2013 to 2016, involving the Chairman of the Board of Directors. At the current date, the investigation has not yet been concluded, however, the company trusts that the results of the investigation will demonstrate the propriety of its actions. It is also noted that, to date, the company has not been included in any investigation pursuant to the terms of Legislative Decree n. 231/2001.

- On 25 June 2019, the Tax Police served the Company with a tax audit report (Processo Verbale di Constatazione – "PVC"), in which, based on the results of a tax review, claims are made in relation to fiscal years 2014 – 2015 – 2016 regarding alleged IRES and IRAP related tax infringements involving a total taxable amount of around Euro 1.45 million. In addition, with specific regard to fiscal year 2016, the report also includes a finding of a formal nature regarding VAT without any related claim of higher tax due. The Company has appointed a leading firm of Italian tax specialists to assist it in dealing with such claims. Following review of the tax audit report and related supporting documentation provided by CFT, on 26 July 2019 the specialist tax advisors provided the Board of Directors with a report containing the results of their initial examination of the matter, which highlighted the existence of valid arguments against the aforementioned claims as well as issues regarding the logic and legal nature of the arguments made in the tax audit report. Prior to the end of September, the specialist advisors will document the results of their analysis in a defence statement to be submitted to the competent office of the Tax Authorities.

  Based on a detailed review of the matter and also considering the results of the analysis performed by the aforementioned tax specialists, the Company believes it has valid defensive arguments in support of its position and that the risk of incurring liabilities associated with the claims made in the tax audit report should be considered possible but not probable. In addition to the above, it is noted that no formal tax assessment has yet been received by the Company as the competent office of the Tax Authorities has not yet ruled on the validity of the claims made in the tax audit report. In view of the above, no provision in respect of risks is made in the interim financial statements in relation to such findings.

Macroeconomic context

According to the latest update published by the International Monetary Fund (IMF), the first half of 2019 was characterised by a weakening of economic growth at the global level; estimated growth has fallen with respect to 2018 and overall the global economy is expected to grow by 3.3% in 2019. The main causes of such slowdown are the ongoing trade tensions between the United States and China and uncertainty regarding the outcome of Brexit. The IMF is predicting a downward correction for the developing economies, in particular India and Latin America, while the advanced economies are expected to maintain satisfactory levels of growth, especially the United States for which growth forecasts have been increased.

Growth in the Eurozone is forecast to be around 1.3% in 2019 and 1.6% in 2020, with German growth figures being revised downwards and growth estimates for France and Italy remaining unchanged.

Alternative performance measures

In addition to references to recognised IFRS financial measures, this report also makes reference to certain non-GAAP measures, which although derived from IFRS are not defined under IFRS.

Such measures are presented to aid understanding of the Group's financial performance and should not be considered as alternatives to recognised IFRS measures. Specifically, the non-GAAP measures used are the following:

- EBITDA: defined as profit (or loss) for the period adjusted for: (i) Income taxes; (ii) Finance income and expenses; (iii) Depreciation and amortization; (iv) Impairment of financial assets; (v) Provisions; (vi) Non-monetary costs; (vii) Investment acquisition transaction costs; (viii) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.
- Net Financial Debt (NFD): defined as the sum of the following: (-) Cash and cash equivalents; (+) Current and non-current loans; (-/+) Financial receivables/(payables); (+) Current and non-current lease and right of use liabilities.

The following table shows a breakdown of how Ebitda is calculated:

(Thousands of Euros)	As at June 30	
	2019	2018
Profit for the period	1,709	2,138
Income Taxes	452	1,123
Profit/(Loss) from foreign exchange	160	1,009
Profit/(Loss) from investments accounted for using the equity method	101	-
Financial Expenses	933	646
Financial Income	(1,470)	(11)
Depreciation of financial assets	181	(840)
Other net provisions	233	-
Depreciation and amortization of property, plant and equipment, intangibles assets	4,605	4,220
Other non-monetary movements	162	-
Other costs for equity investments	174	108
Non-recurrent income or expenses	536	-
EBITDA	7,776	8,393

Operating segments

IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker; and iii) for which discrete financial information is available.

The Company's operating segments are reflected in the internal reporting used by the Board of Directors to make decisions about strategy and resource allocation and assess performance.

For the purposes of IFRS 8, the Group organises and manages its business activities in terms of the following operating segments:

- the design, planning and production of turnkey solutions, including both individual machines and complete lines, for the transformation and processing of a wide range of food products, including the transformation of raw materials into semi-finished and/or finished products and the design and realisation of innovative solutions for the bottling and packaging of food and non-food products (lube oil) ("**Processing & Packaging**");
- development of a wide range of quality control and optical selection and inspection systems for fruit and vegetables ("**Sorting**").

(Thousands of Euros)	*30.06.2019*				*30.06.2018*			
	Processing & Packaging	*Sorting*	*Elimination*	*Total*	*Processing & Packaging*	*Sorting*	*Elimination*	*Total*
Revenue towards third parties	108,112	12,727	0	120,839	86,269	13,313	0	99,582
Revenue between segment	771	95	(866)	0	158	362	(520)	0
Total Revenue	108.883	12,822	(866)	120,839	86,427	13,675	(520)	99,582
EBITDA	5,494	2,282	0	7,776	6,158	2,235	0	8,393

The first six months of 2019 saw sales volumes in the "Processing & Packaging" segment account for a larger share of total volumes. Revenue in the "Processing & Packaging" segment amounted to Euro 108,112 thousand, while revenue in the "Sorting" segment amounted to Euro 12,727 thousand.

Review of Group results

CFT Group consolidated sales revenue in the first six months of 2019 amounted to Euro 120,839 thousand, compared to Euro 99,582 thousand in the corresponding period of the previous year(Euro 125 thousand on a like for like basis)., an increase of more than 20 percentage points.

Given the recent acquisitions made by CFT Group, in order to provide a better comparison of results with results for the corresponding period in the previous year, it is noted that consolidated income statement amounts for the first six months of 2019 include amounts relating to the companies acquired during 2018 (Co.Mac S.r.l., MC Inox S.r.l., Packaging Del Sur S.L. and ADR S.r.l.) for the entire six-month period, as well as well as amounts relating to Siapi S.r.l. and Milk Project S.r.l., which were acquired during 2019, from the relevant dates of acquisition. Consolidated income statement amounts for the first six months of 2018 do not include amounts relating to Co.Mac S.r.l. or MC Inox S.r.l., as such companies were only included within the scope of consolidation in the second half of 2018, however, do include amounts relating to Packaging Del Sur S.L. and ADR S.r.l., from the relevant dates of acquisition.

CFT Group consolidated EBITDA for the first six months of 2019 amounted to Euro 7,776 thousand, compared to Euro 8,393 thousand for the corresponding period of the previous year (Euro 11,100 thousand on a like for like basis).

(Thousands of Euros)	30.06.2019	30.06.2018
Revenue	120,839	99,582
Other Revenue	2,775	1,173
Total Revenue	**123,614**	**100,755**
Cost of services	(34,180)	(35,392)
Cost of raw material, ancillary and goods for resale	(53,152)	(36,814)
Personnel Costs	(27,838)	(19,487)
Other operating costs	(1,540)	(777)
Depreciation and amortization of property, plant and equipment, intangibles assets	(4,605)	(4,220)
Depreciation of financial assets	(181)	840
Other net provisions	(233)	0
Operating profit	**1,885**	**4,905**
Financial Income	1,470	11
Financial Expenses	(933)	(646)
Profit/(Loss) from investments accounted for using the equity method	(101)	0
Profit/(Loss) from foreign exchange	(160)	(1,009)
Profit before tax	**2,161**	**3,261**
Income taxes	(452)	(1,123)
Profit for the year	**1,709**	**2,138**
Profit for the year attributable to non-controlling interests	397	675
Profit for the year attributable to equity holders of the Parent	**1,312**	**1,463**

Group statement of financial position

The following table shows the Group's reclassified statement of financial position as at 30 June 2019 and 31 December 2018.

(Thousands of Euros)	30.06.2019	31.12.2018	Change
Trade and other receivables	62,521	61,737	784
Inventories	100,544	88,039	12,505
Trade and other payables	(75,867)	(75,966)	99
Income tax receivables	2,303	2,834	(531)
Other current assets	12,727	11,085	1,642
Other current liabilities (excluding Put Option)	(74,204)	(52,026)	(22,178)
Net working capital	**28,024**	**35,703**	**(7,679)**
Property, plant and equipment	41,691	34,129	7,562
Intangibles Assets	50,297	44,609	5,688
Financial Assets	6,940	6,334	606
Total non-current assets	**98,928**	**85,072**	**13,856**
Employee funds	(5,526)	(4,799)	(727)
Current and non-current Put Option debt	(30,174)	(31,451)	1,277
Other assets/(liabilities)	(5,657)	(2,549)	(3,108)
NET CAPITAL EMPLOYED	**85,595**	**81,976**	**3,619**
Cash and cash equivalent	51,417	41,798	9,619
Current bank borrowings	(2,022)	(489)	(1,533)
Non-current bank borrowings	(49,632)	(40,236)	(9,396)
NET FINANCIAL BANK INDEBTEDNESS	**(237)**	**1,073**	**(1,310)**
Financial receivables	0	0	0
Current lease liabilities	(2,984)	(3,512)	528
Non current lease liabilities	(10,948)	(10,151)	(797)
Financial Payables	(2,018)	(1,648)	(370)
NET FINANCIAL INDEBTEDNESS	**(16,187)**	**(14,238)**	**(1,949)**
Group Equity	(47,156)	(45,712)	(1,444)
Third parties Equity	(22,252)	(22,026)	(226)
Total Equity	**(69,408)**	**(67,738)**	**(1,670)**
TOTAL CASH FLOW	**(85,595)**	**(81,976)**	**(3,619)**

Net working capital amounted to Euro 28,024 thousand at 30 June 2019, as compared to Euro 35,703 thousand at 31 December 2018. Inventories amounted to Euro 100,544 thousand and Euro 88,039 thousand at 30 June 2019 and 31 December 2018 respectively and current liabilities amounted to Euro 74,204 thousand and Euro 52,026 thousand.

Total non-current assets amounted to Euro 98,928 thousand, an increase of Euro 13,856 thousand due to the change in the scope of consolidation and the capitalization of costs incurred in relation to the construction of the new industrial buildings owned by Raytec Vision Spa and Packaging del Sur S.L. The increase in property, plant and equipment was also due to a series of investments made as part of the ongoing renovation of production plant at certain subsidiaries, namely ADR S.r.l. and Co.Mac S.r.l.

Net financial debt amounted to Euro 16,187 thousand at 30 June 2019 and Euro 14,238 thousand at 31 December 2018; see the statement of cash flows for further details.

Key financial indicators

Further information on the Group's results and financial position is shown in the following table, which provides details of certain key financial indicators.

(Thousands of Euros)	30.06.2019	31.12.2018	30.06.2018
Ebitda	7,776	17,016	8,393
Ebitda/Revenue	6.44%	7.60%	8.43%
NFD/Ebitda*	0.99	0.84	na
NFD/Group Equity**	0.34	0.31	40.67

* Ebitda as at 30.06.2019 is calculated with "Last 12 Month" method, considering datas from 1st July 2018 to 30 June 2019.
**The total amount for Group Equity as at 30.06.2018 is not affected by Business Combination.

Related party transactions

As required by the AIM Italia Issuers' Regulation, the Company has a procedure governing related party transactions, the "Related Parties Procedure", which is published in the "Investor Relations" section of the corporate website www.cft-group.com.

In accordance with Article 2428 of the Italian Civil Code, details of receivables and payables and income and expenditure with subsidiaries, associates, controlling entities and entities under the control of the latter are disclosed in the information on related party transactions in the Notes to the Consolidated Financial Statements.

Human resources

During the period under review, an accident that resulted in the death of an employee occurred at one of productions plant owned by Co.Mac. Srl., while maintenance work was being carried out by an external company.

Criminal proceedings relating to the accident are currently pending completion of the preliminary examination stage and the prosecution has appointed a consultant to reconstruct the facts of the matter.

Co.Mac. Srl is covered by an adequate insurance policy and has in place an appropriate Organisation Management and Control Model in accordance with Legislative Decree 231/01. Co.Mac. is not under investigation in this regard.

No charges were reported during the period in respect of occupational illness, regarding employees or ex-employees, or mobbing for which the company has been found to be liable.

Environment

During the period under review, no sanctions or penalties were imposed on the Parent company or its subsidiaries for environmental offences or damages and there are no pending lawsuits in this respect.

Research and development

CFT Group continued its research and development activities during the first six months of 2019, employing both internal and external resources in the realisation of projects aimed at the modernisation of machinery with a view to achieving performance optimisation and technological improvement. CFT Group considers research and development to be fundamental to its being competitive and able to customise and improve the various products offered. For further details see the explanatory note in Note 9 "Notes to the consolidated statement of comprehensive income"

Treasury shares

As at 30 June 2019, the Company held 868,065 treasury shares, obtained through the Business Combination.

Risk factors

In conducting its business, CFT Group is exposed to the following risks that may have an impact on its financial position and operations:

Risks related to general market conditions

Market risk is linked to trends for processed products in the reference market segment. Such risk is mitigated through diversification of the product portfolio and the importance of the technical assistance and spare parts business.

Credit risk

The Group is exposed to risks related to delays in receiving customer payments and more generally to difficulties in cashing receivables. The Group manages such risk by monitoring receivables on an ongoing basis and applying various levels of follow up action, depending on the specific knowledge held regarding individual customers and the length of time that payment is overdue. In view of the measures in place to monitor such risk, the allowance for doubtful receivables is considered to be adequate with respect to existing credit risk.

Liquidity risk with respect to financial requirements

The Group manages liquidity risk with respect to its financial requirements through financial planning based on the monitoring of liquidity and both short and medium-term cash flows.

Risks related to fluctuations in exchange rates and interest rates

The Group mitigates risks linked to the effects on sales of exchange rate fluctuations by entering into currency hedge transactions when customer orders are accepted. The Parent company is also exposed to the risk associated with translating the financial statements of certain Group companies that are prepared in currencies other than the Euro.

Significant events occurring after the reporting period

There have been no significant events since the end of the reporting period such as to have an impact on the Interim Financial Report as at 30 June 2019.

Outlook

CFT Group is focused on achieving continuous growth through the strengthening of its global commercial presence and broadening of its product offering, thanks also to the acquisitions made during the past 24 months.

Chairman of the Board of Directors

Roberto Catelli

Parma, 27 September 2019

CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 JUNE 2019

Consolidated Statement of Financial Position

(Thousands of Euros)	Note	As at June 30, 2019	As at December 31, 2018
ASSETS			
Non-current assets :			
Right of use assets	8.1	15,655	13,490
Property, plant and equipment	8.2	26,036	20,639
Intangible assets	8.3	50,297	44,609
Investments accounted for using the equity method	8.4	217	426
Deferred tax assets	8.5	4,816	4,117
Non-current financial assets	8.6	1,907	1,791
Other non-current assets		-	-
Total non-current assets		98,928	85,072
Current assets :			
Inventory	8.7	100,544	88,039
Derivative financial instruments		-	97
Trade and other receivables	8.8	62,521	61,737
Income tax receivables	8.9	2,303	2,834
Cash and cash equivalents	8.10	51,417	41,798
Other current assets	8.11	12,727	11,085
Total current assets		229,512	205,590
TOTAL ASSETS		328,440	290,662
EQUITY			
Share Capital	8.12	10,000	98,300
Statutory reserve	8.12	151	71
Share premium reserve	8.12	(8,300)	(8,300)
Other reserves	8.12	42,527	(47,311)
Retained earnings	8.12	2,778	2,952
Equity attributable to equity h olders of the Parent		47,156	45,712
Non-controlling interests	8.12	22,252	22,026
TOTAL EQUITY		69,408	67,738
LIABILITIES			
Non-current liabilities :			
Non-current bank borrowings	8.13	49,632	40,236
Non-current lease liabilities	8.1	10,948	10,151
Non-current put option liabilities	8.14	28,774	28,603
Employee defined benefit payables	8.15	5,526	4,799
Non-current trade payables	8.16	876	1,151
Provisions for risks and charges	8.18	2,288	1,375
Other non-current liabilities	8.19	3,918	1,548
Total non-current liabilities		101,962	87,863
Current liabilities :			
Current bank borrowings	8.13	2,022	489
Current lease liabilities	8.1	2,984	3,512
Current put option liabilities	8.14	1,400	2,848
Derivative financial instruments	8.17	93	120
Current trade payables	8.16	75,867	75,966
Other current liablities	8.19	74,704	52,126
Total current liabilities		157,070	135,061
TOTAL EQUITY AND LIABILITIES		328,440	290,662

Consolidated Statement of Profit or Loss

(Thousands of Euros)	*Note*	For the period ended June 30, 2019	2018*
Revenue	9.1	120,839	99,582
Other revenue	9.2	2,775	1,173
Total revenue		123,614	**100,755**
Cost of services	9.3	(34,180)	(35,392)
Cost of raw material, ancillary and goods for resale	9.4	(53,152)	(36,814)
Personnel costs	9.5	(27,838)	(19,487)
Other operating costs	9.6	(1,540)	(777)
Depreciation and amortization of property, plant and equipment, intangibles assets	9.7	(4,605)	(4,220)
Depreciation of financial assets	9.8	(181)	840
Other net provisions	9.8	(233)	-
Operating profit		1,885	**4,905**
Financial income	9.9	1,470	11
Financial expenses	9.9	(933)	(646)
Profit/(Loss) from investments accounted for using the equity method	9.10	(101)	-
Profit/(Loss) from foreign exchange	9.9	(160)	(1,009)
Profit before tax		**2,161**	**3,261**
Income taxes	9.11	(452)	(1,123)
Profit for the year		**1,709**	**2,138**
Profit for the year attributable to non-controlling interests		397	675
Profit for the year attributable to equity holders of the Parent		1,312	**1,463**
Earnings per share	9.12	0.07	0,15**
Diluted earnings per share	9.12	0.07	0,15**

* non audited Financial Statement

** As at 30.06.2018 CFT's shares were non-listed in AIM market

Consolidated Statement of Comprehensive Income

(Thousands of Euros)	*Note*	For the period ended June 30, 2019	2018*
Profit for the year		1,709	**2,138**
Actuarial gains/(losses) on post-employment benefit obligations	8.15	83	83
Tax effect	8.15	(20)	(20)
Net other comprehensive income not being reclassified to profit or loss in subsequent year		63	63
Exchange rate gains/(losses) on the translation of foreign currency financial statements	8.12	102	173
Net other comprehensive income to be reclassified to profit or loss in subsequent year		102	173
Total comprehensive income		1,874	2,374
Total comprehensive income attributable to non-controlling interest		(397)	2,253
Total comprehensive income attributable to the equity holders of the Parent		1,477	121

Consolidated Statement of Changes in Equity

(Thousands of Euros)	Share Capital	Statutory reserve	Share premium reserve	Other reserves	Retained earnings	Total Equity attributable to the equity holders of the Parent	Total Equity attributable to non-controlling interests	Total Equity
Balance at of 1 January 2018	11,800	388	-	1,857	(152)	13,893	3,953	17,846
Transactions with shareholders:								
Allocation of earnings	-	-	-	-	957	957	2,238	3,195
Changes of the translation reserve	-	-	-	173	-	173	-	173
Actuarial gains on post-employment benefit obligations	-	-	-	-	65	65	-	65
Total comprehensive income	-	-	-	173	1,022	1,195	2,238	3,433
Transaction with shareholders:								
Allocation earnings for the prior year	-	233	-	4,419	(4,652)	-		-
Lease carve-out	-	-	-	(19,034)	1,109	(17,925)		(17,925)
Glenalta contribution	86,500	(550)	(8,300)	1,759	981	80,390		80,390
Put Option	-	-	-	(28,432)	-	(28,432)		(28,432)
Business combinations	-	-	-	-	-	-	15,985	15,985
Dividends	-	-	-	-	-	-	(150)	(150)
Other movements								
Stock Grant	-	-	-	134	-	134		134
CFT IPO's costs	-	-	-	(3,253)	-	(3,253)		(3,253)
Other movements and adjustments	-	-	-	(4,934)	4,644	(290)		(290)
Balance as at 31 December 2018	98,300	71	(8,300)	(47,311)	2,952	45,712	22,026	67,738
Balance at of 1 January 2019	98,300	71	(8,300)	(47,311)	2,952	45,712	22,026	67,738
Total comprehensive income:								
Allocation of earnings	-	-	-	-	1,312	1,312	397	1,709
Changes of the translation reserve	-	-	-	102	-	102	-	102
Actuarial gains on post-employment benefit obligations	-	-	-	(194)	-	(194)	-	(194)
Total comprehensive income	-	-	-	(92)	1,312	1,220	397	1,617
Transaction with shareholders:								
Allocation earnings for the prior year	-	80	-	1,516	(1,596)	-		-
Dividends	-	-	-	-	-	-	(174)	(174)
Change in consolidation scope	-	-	-	3	-	3	11	14
Derivatives	-	-	-	(13)	-	(13)	(8)	(21)
Other movements								
Stock Grant	-	-	-	162	-	162		162
Changes in equity	(88,300)	-	-	88,300	-	-		-
Other movements and adjustments	-	-	-	(38)	110	72		72
Balance as at 30 June 2019	10,000	151	(8,300)	42,527	2,778	47,156	22,252	69,408

For further details, see Note 8.13 "Equity"

Consolidated Statement of Cash Flows

(Thousands of Euros)	*Note*	For the period ended June 30, 2019	2018*
Profit before tax		**2,161**	**3,261**
Adjustments:			
Depreciation and amortization of property, plant and equipment, intangibles assets	9.7	4,605	4,220
Depreciation of financial assets and other net provisions	9.8	339	(840)
Profit/(Loss) from investments accounted for using the equity method	9.10	101	-
Net financial expenses and Profit/(Loss) on foreign exchange	9.9	(299)	1,644
Other non-monetary movements		(1,471)	(2,405)
Cash flow from operating activities before changes in net working capital		**5,436**	**6,240**
Changes in net working capital:			
- Inventory	8.7	(9,471)	(8,446)
- Trade Receivables	8.8	1,105	2,796
- Trade payables	8.16	(3,552)	(4,386)
- Other changes in net working capital	8.12	20,667	6,314
Net cash flow from changes in net working capital		**8,748**	**(3,722)**
Income tax paid	8.9 - 9.11	-	-
Employee defined benefit payables and provisions for risks and charges	8.15 - 8.18	671	(2,588)
Net cash flow provided by/(used in) operating activities		**14,856**	**(70)**
Net cash flow provided by/(used in) financing activities:			
Investments in:			
-Intangible assets and Property, plant and equipment	8.2 – 8.3	(9,430)	(7,002)
-Right of use	8.1	(2,109)	(2,383)
-Equity investments	8.6	(2)	(348)
Changes in current and non-current financial assets	8.6	(40)	465
Net assets acquired	7	(339)	(4,891)
Net cash flow provided by/(used in) investing activities		**(11,920)**	**(14,159)**
Net cash flow provided by/(used in) financing activities:			
Current bank borrowings	8.13	(600)	-
Non-current bank borrowings	8.13	9,913	-
Changes of bank borrowings liabilities		(379)	21,356
Changes of lease liabilities	8.1	(1,187)	(2,047)
Net financial expenses paid		(889)	(1,627)
Dividends paid	8.12	(174)	(150)
Other		-	803
Net cash flow provided by/(used in) financing activities		**6,684**	**18,335**
Total cash flow provided/(used) in the year		**9,619**	**4,106**
Cash and cash equivalents at the beginning of the period	8.10	41,798	15,873
Cash and cash equivalents at the end of the period	8.10	51,417	19,979

* non audited Financial Statement

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1 Introduction

CFT S.p.A. (hereafter ''**CFT**'', the ''**Company**'' or the ''**Parent**'' and together with its subsidiaries and associates ''**CFT Group**'' or the "**Group**") is a company whose shares are listed on the AIM Italia/Alternative Investment Market organised and managed by Borsa Italiana S.p.A. It is the result of a business combination, in the form of the merger by incorporation on 30 July 2018 of CFT S.p.A. into Glenalta S.p.A., a company established on 22 May 2017 under Italian law as a Special Purpose Acquisition Company (SPAC) and admitted to trading on 17 July 2017.

CFT S.p.A. is a company incorporated and domiciled in Italy, with registered offices in Parma (PR), Via Paradigna 94/A, organised under the laws of the Republic of Italy. The Company is jointly controlled by RPC S.r.l., A.E.A. S.r.l., Ma.Li. S.r.l. and F&B Capital Investments S.r.l., which together hold 61,54% of the voting share capital.

CFT Group operates internationally in the design and installation of plant and machinery, mainly for the food industry: it designs, manufactures and sells turnkey plant, both individual machines and complete lines, for the processing of food products, for the packaging of food and non-food (e.g. lube oil) products and for quality control and inspection purposes. Operations are carried out by the Parent CFT, together with a network of subsidiaries and associates, both in Italy and overseas, involved in both commercial and production activities.
The Group operates mainly in the following areas:

- the design, planning and production of turnkey solutions, including both individual machines and complete lines, for the transformation and processing of a wide range of food products, including the transformation of raw materials into semi-finished and/or finished products and the design and realisation of innovative solutions for the bottling and packaging of food and non-food products ("**Processing & Packaging**");
- development of a wide range of quality control and optical selection and inspection systems for fruit and vegetables **("Sorting")**.

2. Summary of significant accounting policies

2.1 General principles applied

The interim financial report of CFT Group as at 30 June 2019 has been prepared in accordance with the requirements of Article 154-ter, Paragraph C2 of Legislative Decree No. 58/98 - Consolidated Law on Finance (TUF), as subsequently supplemented and amended, and comprises:

- a consolidated statement of financial position, with assets and liabilities classified in terms of whether they are current or non-current;
- a consolidated statement of profit or loss with costs classified according to their nature;
- a consolidated statement of comprehensive income;
- a consolidated statement of cash flows prepared using the indirect method;
- a consolidated statement of changes in equity;
- Explanatory notes to the interim financial report.

The statements included in the Consolidated Interim Financial Report have been prepared in accordance with IAS 34; specifically, comparative figures in the consolidated statement of financial position are those as at 31 December 2018, while comparative figures in the consolidated statement of profit or loss and consolidated statement of comprehensive income are those relating to the period ended 30 June 2018.

The interim financial report is presented in Euro, the Company's functional currency. Financial amounts, explanatory notes and tables are expressed in thousands of Euro.

2.2 Declaration of conformity with international accounting standards

The Interim Financial Report of CFT Group as at 30 June 2019 has been prepared in accordance with the International Accounting Standards adopted by the European Commission in Regulation (EC) No. 1606/2002 and in force as at 31 December 2018. The designation ''EU-IFRS'' includes all "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee (''IFRIC''), formerly the Standing Interpretations Committee (''SIC'').

Specifically, the Interim Financial Report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and, as a result, the explanatory notes are presented in "condensed" form and do not include all of the information required when preparing annual financial statements as they relate solely to those financial statement components or changes necessary to gain an understanding of the company's results and financial position as at 30 June 2019. The present document should therefore be read together with the financial statements for the year ended 31 December 2018, available on the corporate website www.cft-group.com.

Other than as explained below in Note 3 "Recently issued accounting standards", the accounting policies adopted in preparing the Interim Financial Report are the same as those adopted in preparing the Consolidated Financial Statements as at 31 December 2019.

This document was approved by the Company's Board of Directors on 27 September 2019; the balances as at 30 June 2019 and 31 December 2018 have been audited by PricewaterhouseCoopers S.p.A., the Company's independent auditors, while the financial statements as at 30 June 2018 have not been audited.

2.3 Basis and principles of consolidation

The Interim Financial Report includes details of the results and financial position of the Company and its subsidiaries, prepared based on the accounting records of the individual companies, adjusted as necessary to align them with EU-IFRS.

The following table provides, for each of the subsidiaries and associates, a summary of the company name, location of registered office, percentage share capital held directly or indirectly by the Company and consolidation method used.

	Registered Office	Share capital in € Thousands	% Shareholding	Consolidation method	As at June 30 2019	As at December 31 2018	As at June 30 2018
Parent Company							
CFT S.p.A.	Parma	10,000	n.a.	n.a.	x	x	x
Subsidiaries							
Raytec Vision Spa	Italia	1,000	75	Full consolidation	x	x	x
GEV Enjedomme A.p.s.	Danimarca	731	100	Full consolidation	x	x	x
CFT Ukraine L.L.C.	Ucraina	4,472	100	Full consolidation	x	x	x
Catelli Food Technology Limited (CFT India)	India	71	100	Full consolidation	x	x	x
CFT Food Equipment Co. L.t.d. (CFT Tianjin)	Cina	1,296	100	Full consolidation	x	x	x
CFT Brasile	Brasile	230	99.86	Full consolidation	x	x	x
CFT Packaging USA Inc	Usa	101	100	Full consolidation	x	x	x
Labs Srl	Italia	188	100	Full consolidation	x	x	x
Rolec Prozess GMBH	Germania	50	60	Full consolidation	x	x	x
Levati Food Tech Srl	Italia	222	80	Full consolidation	x	x	x
Techn'Agro Sas	Francia	350	70	Full consolidation	x	x	x
CFT Elettrica Srl	Italia	50	100	Full consolidation	x	x	x
Raynext Srl (*)	Italia	50	38.25	Full consolidation	x	x	x
Packaging Del Sur S.L.	Spagna	3	51.03	Full consolidation	x	x	x
ADR S.r.l.	Italia	119	75	Full consolidation	x	x	x
Catelli Food Technology Iberica S.L	Spagna	100	99.90	Full consolidation	x	x	
Co.Mac S.r.l.	Italia	1,000	61.72	Full consolidation	x	x	
Mc Inox S.r.l.	Italia	50	61.72	Full consolidation	x	x	
CFT Australasia Pty Ltd	Australia	31	70	Full consolidation	x		
Siapi Srl	Italia	2,000	100	Full consolidation	x		
Siapi America Inc (***)	USA	88	100	Not consolidated			
Milk Project S.r.l.(**)	Italia	102	60	Full consolidation	x		
Associates							
PE Labellers & CFT Asia Pacific Sdn	Malaysia	89	35	Equity method	x	x	x
Gemini S.r.l.	Italia	300	37	Equity method	x	x	x

(*) 51% held directly by Raytec Vision S.p.a.
(**) The Group's percentage shareholding at 31 December 2018 was 40%
(***) Non consolidated company because of its irrelevant values

There were no associates included within the scope of consolidation at 30 June 2019.

The main changes in the scope of consolidation are briefly described below (for details of the accounting effects, see Note 7 – Business combinations).

The following transactions took place during the first six months of 2019:

- the incorporation on 28 March 2019 of CFT Australasia Pty Ltd, a trading company active operating in Australia and New Zealand, in which the Group holds a 70% interest;
- the acquisition on 16 April 2019 of a further 20% of the share capital of Milk Project S.r.l., a company operating in the design and sale of machinery and equipment for the dairy industry;
- the acquisition on 9 May 2019 of 100% of the share capital of Siapi S.r.l., a company specialised in the design, production and sale of technological solutions

for blowing machines for bottles and other containers in PET, PP, PLA and other resins, in particular high-quality two-stage linear stretch blow-molding machines.

***

The criteria followed to define the scope of consolidation and the related consolidation principles adopted in preparing the Interim Financial Report are the same as those used in preparing the Consolidated Financial Statements as at 31 December 2018. This section describes the criteria followed to define the scope of consolidation and the related consolidation principles adopted.

Translation of financial statements expressed in foreign currencies

The financial statements of subsidiaries are prepared in the currency of the country in which the respective registered office is located. The rules for the translation of financial statements expressed in currencies other than the Euro are as follows:

- assets and liabilities are translated at the exchange rate in force on the reporting date;
- income statement items are translated at the average exchange rate for the year/period;
- exchange differences generated by the translation of balances at exchange rates other than those in force at the reporting date, as well as differences reflecting the translation of opening equity at rates other than year-end exchange rates, are taken to "Exchange rate gains / (losses) on the translation of foreign currency financial statements" included in other comprehensive income;
- goodwill and fair value adjustments relating to the acquisition of overseas entities are recognised as assets and liabilities of the overseas entity and translated at the year/period-end exchange rate.

The following table shows the exchange rates used for the respective periods to translate the financial statement balances of companies expressed in currencies other than the Euro.

	Exchange rate			Average exchange rate for the period ended		
Currency	As at June 30, 2019	As at December 31, 2018	As at June 30, 2018	As at June 30, 2019	As at December 31 2018	As at June 30, 2018
US Dollar	1.1380	1.1450	1.1658	1.1298	1.1810	1.2104
Brazilian Real	4.3511	4.4440	4.4876	4.3417	4.3085	4.1415
Indian Rupee	78.5240	79.7298	79.813	79.1240	80.7332	79.4909
Chinese Yuan	7.8185	7.8751	7.717	7.6678	7.8081	7.7086
Ukrainian Hryvnia	29.7654	31.7362	30.6868	30.4227	31.1091	32.3742
Danish Krone	7.4636	7.4673	7.4525	7.4651	7.4532	7.4476
Australian Dollar	1.6244	-	-	1.6063	-	-

3. Recently issued accounting standards

Accounting standards not yet applicable as not yet endorsed by the European Union

As at the date of approving this Interim Financial Report, the following standards and amendments had not yet been endorsed by the EU.

Standard/amendment	Approved by EU	Effective date
IFRS 17 Insurance Contracts	NO	Years beginning on or after 1 January 2021
Amendments to IAS 1 and IAS 8: Definition of Material	NO	Years beginning on or after 1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	NO	Years beginning on or after 1 January 2020
Amendment to IFRS 3 Business Combinations	NO	Years beginning on or after 1 January 2020
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	NO	Effective date to be confirmed

Accounting standards, amendments and interpretations endorsed by the European Union but not yet adopted by the Group

As at the date of approving this Interim Financial Report, the following standards and amendments had been endorsed by the EU, but not yet adopted by the Group:

Standard/amendment	Description	Effective date
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	On 12 October 2017, the IASB published the amendment to IAS 28 to clarify that an entity applies IFRS 9 " Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	On 7 June 2017, the IASB published IFRC 23 "*Uncertainty over Income Tax Treatments*". The interpretation clarifies how the recognition and measurement requirements of IAS 12 Income taxes, are applied where there is uncertainty over income tax treatments. In such case an entity should recognise and measure deferred and current income tax assets and liabilities by applying the IAS 12	Years beginning on or after 1 January 2019

	requirements based on taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	
Amendments to IFRS 9: Prepayment Features with Negative Compensation	On 12 October 2017, the IASB published the amendment to IFRS 9 to address concerns relating to financial assets involving prepayment features with negative compensation. The Group does not expect there to be any financial impact as a result of the entry into force of such standard	Years beginning on or after 1 January 2019
Annual Improvements 2015-2017 (IFRS 3, IFRS11, IAS 12 and IAS 23)	On 14 March 2019, the European Commission issued Commission Regulation (EU) n. 2019/412, which adopted certain improvements as part of the 2015-2017 Annual Improvements Cycle. Specifically, it adopted: - amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. - amendments to IAS 12 Income Taxes: the amendments clarify that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. - amendments to IAS 23 Borrowing Costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalisation rate on general borrowings. The Group does not expect there to be any financial impact as a result of the entry into force of such standard.	Years beginning on or after 1 January 2019
Amendments to IAS 19: Plan Amendment , curtailment or settlement	On 13 March 2019, the European Commission issued Commission Regulation (EU) n. 2019/412, which adopted certain limited amendments to IAS 19 - Employee Benefits. The changes relate to accounting for defined benefit plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement. The Group does not expect there to be any financial impact as a result of the entry into force of such standard.	Years beginning on or after 1 January 2019

4. Estimates and assumptions

The preparation of financial statements in conformity with relevant accounting standards and methods in certain cases requires management to make estimates and assumptions based on difficult and subjective judgments, in turn based on past experience and hypotheses considered reasonable and realistic, given the information known at the time.

Such estimates have an effect on the amounts reported in the financial statements, including the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the related notes to the financial statements. Actual results may then differ, even significantly, from those reported in the financial statements due to changes in the factors considered in determining the estimates, given the uncertainties that characterise the assumptions and conditions on which estimates are based.

The accounting estimates that more than others involve a high degree of subjectivity and judgement on the part of management, and where a change in the conditions underlying the assumptions could have a significant effect on the Group's financial results, are detailed below:

a) *Impairment of Assets:* goodwill and tangible, intangible and right of use assets with a finite useful life are tested for impairment when indicators of impairment are identified that suggest the full asset value may not be recovered through use. The recoverable amount is estimated and the carrying amount of the asset is reduced accordingly. Identification of the existence of such indicators of impairment requires management to exercise judgement based on experience and information available both within the Group and in the broader marketplace. If impairment indicators are identified, management employs what it considers to be the most appropriate measurement techniques to estimate such impairment. Both the correct identification of the indicators of impairment of tangible, intangible and right of use assets and the related estimates of the extent of such impairment depend upon factors that may change over time, thereby influencing measurements and management estimates.
b) *Allowance for doubtful receivables*: such allowance reflects management estimates regarding the historical and expected recoverability of such receivables.
c) *Provisions for risks and charges*: identification of the existence of a current (legal or constructive) obligation is in certain circumstances not a simple matter. Management reviews such matters on a case by case basis, together with estimates of the outflow of resources required to satisfy the obligation. When managers believe the likelihood of a liability occurring to be only possible, the relevant risks are disclosed in the note on risks and charges, but no provision is made.
d) *Useful economic life of property, plant and equipment and intangible assets*: useful economic life is determined when the asset is first recognised in the financial statements. Considerations regarding an asset's useful life are based on historical experience, market conditions and expected future events that may affect them, such as

technological changes. An asset's actual useful life may, therefore, differ from its estimated useful life.

e) *Deferred tax assets*: deferred tax assets are recognised to the extent it is probable that future taxable profit will be available against which temporary differences or tax loses can be utilised.

f) *Inventories*: Inventories of finished products that show signs of obsolescence or are slow moving are tested for impairment and written down in the case in which their recoverable value is lower than their book value. Such write down are based on management estimates and assumptions, in turn based on their experience and past results.

g) *Contract work*: application of the cost to cost method requires the prior estimation of total costs for each project and related updates of such cost estimates at each reporting date based on management assumptions. These assumptions may be influenced by many factors such as, for example, the multi-year timeframe over which certain projects are to be completed, the high technological level and innovative content of projects, changes in contract terms and price revisions, guarantees regarding the performance of machinery, as well as contractual risks, where applicable. Such factors and circumstances make it difficult to estimate the total costs of projects and also, therefore, estimates of the value of contract work in progress at the reporting date.

5. Management of financial risks

In terms of business-related risks faced, the main risks identified, monitored and, as described below, actively managed by the Group as noted in the report on operations, are the following:

- market risk, relating to changes in the exchange rate between the Euro and other currencies in which the Group operates and changes in interest rates; credit risk, relating to the risk of default on the part of a counterpart; and
- liquidity risk, relating to a lack of financial resources to meet financial obligations.

The Group's objective is to maintain a balanced approach to managing its financial exposure by matching assets and liabilities and achieving operational flexibility through the use of liquidity generated by current operating activities and bank loans.

The Group's ability to generate liquidity from operations together with its borrowing capacity enable it to satisfy its operational requirements to fund working capital, invest and meet its financial obligations.

Treasury and financial risk management are centralised within the Group. Specifically, the central finance function is responsible for evaluating and approving forecast financial requirements, monitoring trends and taking corrective action as necessary.

The following paragraphs provide qualitative and quantitative information relating to the Group's exposure to the aforementioned risks.

5.1 Market risk

Currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates to those of its business activities conducted in currencies other than the Euro. Revenues and costs denominated in other currencies may be influenced by changes in foreign exchange rates, resulting in an impact on margins (economic risk), just as trade and financial receivables and payables denominated in other currencies may be affected by the exchange rates used, resulting in an impact on results (transaction risk). Finally, exchange rate fluctuations also impact on the Group's consolidated results and equity, as the financial statements of certain Group companies are prepared and presented in currencies other than the Euro and then translated (translation risk).

The main foreign exchange rates to which the Group is exposed are:

-Euro/USD, relating to transactions entered into in US Dollars;
-Euro/GBP, relating to transactions entered into in Sterling;

The Group does not adopt any specific policies to hedge against changes in foreign exchange rates. It is noted, however, that in order to mitigate currency risk, the Group does engage in hedge transactions, as required, when customer orders are received.

Interest rate risk

The Group makes use of external debt and invests available liquidity in market instruments. Changes in interest rates influence both the cost of borrowing and returns on investments and therefore have an impact on consolidated net finance expenses. Group policy in this regard is aimed at limiting the risk of changes in interest rates by entering into long-term fixed-rate or variable-rate loan agreements; there are no hedging operations in place involving derivative financial instruments.

5.2 Credit risk

The Group manages its exposure to the credit risk inherent in the possibility of default and/or worsening of creditworthiness on the part of its customers, through ongoing review of each counterpart by a dedicated organizational unit, equipped with appropriate tools to perform ongoing daily monitoring of the behaviour and creditworthiness of its customers.

The Group optimises working capital and minimises credit risk by monitoring receivables on an ongoing basis and applying various levels of follow-up action, depending on the specific knowledge held regarding individual customers and the length of time that payment is overdue.

5.3 Liquidity risk

Liquidity risk is the risk that, owing to an inability to access new funds or sell assets, the Group is unable to meet its payment obligations, leading to a negative impact on results if it is then obliged to incur additional costs to meet its obligations or deal with insolvency.

The liquidity risk to which the Group may be subject is the inability to find adequate funds to finance its operations and develop its business and commercial activities. The two key factors that determine the Group's liquidity position are, on the one hand, cash generated or used by operating and investing activities and, on the other hand, the nature of debt maturity and renewal terms and financial investment liquidity, as well as market conditions.

The Group has immediately available liquidity as well as significant access to credit lines granted by a range of leading banking institutions. Management believes that currently available funds and credit lines, together with funds that will be generated by operating and financing activities will enable the Group to fund its investing activities, meet its working capital requirements and repay its debts as they fall due.

5.4 Capital management

The Group's capital management is aimed at guaranteeing solid credit ratings and adequate capital indicators to support its investment plans, while meeting contractual obligations with lenders.

The Group ensures it has sufficient capital to finance its business development needs and meet operating requirements; to guarantee a balanced financial structure and minimise the total cost of capital, finances are sourced through a mix of risk capital and debt to the benefit of all stakeholders.

Returns on capital are monitored by reviewing market trends and business performance, net of other commitments, including borrowing costs. In order to ensure the Group's going concern status, develop the business and provide an adequate return on capital, Management monitors the Group's debt to equity ratio and also monitors debt levels in relation to business trends and expected future cash flows in the medium/long term.

5.5 Financial assets and liabilities by category and fair value

Fair value

For assets and liabilities recognised in the statement of financial position at fair value, IFRS 13 requires that such values be classified according to a hierarchy of levels that reflects the significance of the inputs used in the calculation of fair value. The fair value hierarchy classifies the inputs to valuation techniques used to measure fair value as follows:

- Level 1 : fair value is calculated with reference to quoted prices (unadjusted) in active markets for identical financial instruments. Accordingly, the emphasis within Level 1 is on determining both of the following: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and (b) whether the entity can enter into a transaction for the asset or liability at the price in that market at the measurement date.
- Level 2: fair value is calculated using valuation techniques based on observable inputs in active markets. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads and market-corroborated inputs.

- **Level 3**: fair value is calculated using valuation techniques based on unobservable market inputs.

5.6 Changes in liabilities arising from financing activities

In accordance with IAS 7, the following tables show changes to payables due to banks as a result of cash flows generated by and/or used by financing activities as well as non-cash changes.

(Thousands of Euros)	Balance as at December 31, 2018	Changes in Cash flow	Other non-monetary changes	Balance as at June 30, 2019
Current bank borrowings	489	1,446	87	2,022
Non-current bank borrowings	40,236	9,396	-	49,632

6. Operating segments

The following disclosure regarding operating segments is provided in accordance with IFRS 8 "Operating segments" (hereafter "IFRS 8"), which requires that such disclosure reflects the manner in which management manages the business and makes operational decisions. Accordingly, the operating segments and related disclosures are based on internal reporting used by management to make decisions about resources to be allocated to the various operating segments and assess performance.

IFRS 8 defines an operating segment as a component of an entity that: i) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and iii) for which discrete financial information is available.

The Group organises and manages its business activities in terms of the following operating segments: (i) Processing & Packaging and (ii) Sorting. Operating segments are monitored based on: i) Total Revenues; and ii) EBITDA, where EBITDA is defined as profit (or loss) for the period adjusted for: (i) Income taxes; (ii) Finance expenses; (iii) Finance income; (iv) Share of (profit)/loss of investments accounted for using the equity method; (v) Exchange rate gains/(losses); (vi) Impairment of financial assets; (vii) Other net provisions; (viii) Depreciation and amortization (ix) Non-monetary costs; (x) Investment acquisition transaction costs; and (xi) Income and expenses that by their nature are not reasonably expected to re-occur in future periods.

The following table shows details of the Group's operating segments for the six-month periods ended 30 June 2019 and 30 June 2018.

(Thousands of Euros)	For the period ended							
	June 30, 2019				June 30, 2018			
	Processing & Packaging	*Sorting*	*Eliminations*	*Total*	*Processing & Packaging*	*Sorting*	*Eliminations*	*Total*
Revenues from third parties	108,112	12,727	—	120,839	86,269	13,313	—	99,582
Intra-segment revenues	771	95	(866)	—	158	362	(520)	—
Total Revenues	**108,883**	**12,822**	**(866)**	**120,839**	**86,427**	**13,675**	**(520)**	**99,582**
EBITDA	**5,494**	**2,282**	**—**	**7,776**	**6,158**	**2,235**		**8,393**
Non-operating costs				(872)				(108)
Depreciation and amortization of property, plant and equipment and intangible assets				(4,605)				(4,220)
Depreciation of financial assets				(181)				840
Other net provisions				(233)				-
Finance income				1,470				11
Finance expenses				(933)				(646)
Profit / (loss) from investments accounted for using the equity method				(101)				-
Profit / (loss) from foreign exchange				(160)				(1,009)
Profit before taxes				**2,161**				**3,261**
Income taxes				(452)				(1,123)
Profit for the year				**1,709**				**2,138**
Profit for the year attributable to non-controlling interests				397				675
Profit for the year attributable to the Group				1,312				1,463

Details of revenues by category and geographic area are provided in Note 9.1, to which reference is made.

Management believes that the aforementioned indicators provide a good indication of the performance of the operating segments identified. Given the range of services and products sold by the Group, there are no significant concentrations of revenues with individual customers. From a balance sheet viewpoint, management does not monitor assets by segment.

In accordance with the requirements of paragraph 33 of IFRS 8, the following table provides a breakdown of property, plant and equipment and intangible assets by geographical area. The assets have been allocated based on the location in which they generate revenues, with the exception of goodwill which is identified as being "Non-allocated".

(Thousands of Euros)	As at	
	June 30, 2019	December 31,2018
Property, plant and equipment:		
Italy	17,710	13,870
Overseas	8,326	6,769
Total property, plant and equipment	**26,036**	**20,639**
Intangible assets:		
Italy	11,714	10,332
Overseas	428	39
Non-allocated	38,155	34,238
Total intangible assets	**50,297**	**44,609**

7. Business combinations

This note describes the business combinations, as defined in IFRS 3 – "Business Combinations", entered into by the Group during the six-month period ended 30 June 2019.

7.1 Acquisition of SIAPI S.r.l.

On 9 May 2019, the Group acquired 100% of the share capital of Siapi S.r.l. ("**SIAPI**"), a company specialised in the design, production and sale of technological solutions for blowing machines for bottles and other containers in PET, PP, PLA and other resins, in particular high-quality two-stage linear stretch blow-molding machines.

The date of first consolidation is considered to have been 1 May 2019 as no significant transactions took place between 1 May 2019 and 9 May 2019.

The total consideration for the transaction amounted to Euro 5,400 thousand, including the agreed earn-out amount of Euro 2,400 thousand.

Costs relating to the transaction were fully recognised in the income statement during the period.

The acquisition of SIAPI resulted in increased revenue of Euro 3.3 million during the period between the acquisition date and 30 June 2019. If the acquisition had taken place on January 1, 2019, SIAPI would have contributed a further Euro 2.1 million in increased revenues. Such amounts have been calculated based on SIAPI's accounting records, adjusted as necessary to align them with Group accounting policies.

The assets acquired and liabilities assumed were recognized at fair value, together with goodwill amounting to Euro 4,026 thousand, calculated as shown in the table below:

(Thousands of Euros)	Fair Value
Net identifi cable assets acquired	1,374
(+) Goodwill	4,026
Net assets acquired (Price)	5,400

The fair values of the assets acquired and liabilities assumed are provisional as of the reporting date, as is the value attributed to goodwill. In accordance with IFRS 3, such amounts may be retrospectively adjusted during the twelve-month measurement period following the acquisition to recognize their fair value at the acquisition date, with any such adjustment involving the recalculation of goodwill.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Price paid at acquisition date	(2,500)
Cash and cash equivalents at acquisition date	2,205
Net cash flow from the acquisition	(295)

7.2 Acquisition of Milk Project S.r.l.

On 16 April 2019, the Group acquired 20% of the share capital of Milk Project S.r.l. ("MILK"). As a result of the transaction, the Group increased its shareholding in the then associate from 40% to 60%, including it within the scope of consolidation from 1 May 2019. The consideration for the transaction amounted to Euro 40 thousand.

The assets acquired and liabilities assumed were recognised at fair value.

Net cash flows relating to the acquisition are shown in the following table:

(Thousands of Euros)	
Price paid at acquisition date	(40)
Cash and cash equivalents at acquisition date	36
Net cash flow from the acquisition	(4)

In accordance with IFRS 3, the transaction has been accounted for as a step-up acquisition, resulting in recognition of a loss amounting to Euro 79 thousand.

8. Notes to the consolidated statement of financial position

8.1 Current and non-current right of use assets and lease liabilities

"Right of use assets", amounting to Euro 15,655 thousand as at 30 June 2019 (Euro 13,490 thousand as at 31 December 2018), relates to the assets underlying the lease contracts.

The following table shows movements in "Right of use assets" during the six months ended 30 June 2019:

(Thousands of Euros)	Cost	Accumulated depreciation	Impairment	Net book value
Balance as at December 31, 2018	18,544	(5,054)	-	13,490
Increase	2,315	(1,570)	-	745
Decrease*	(2,289)	2,289	-	0
Change in consolidation scope	1,425	-	-	1,425
Currency difference	(5)	-	-	(5)
Balance as at June 30, 2019	19,990	(4,335)	-	15,655

*Decrease relates to contracts ending or terminated in advance during the period

As at 30 June 2019, the Group had not identified any indicators of impairment of right to use assets.

The following table provides details of the Group's undiscounted lease liabilities as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	Within 1 year	1 – 5 years	Over 5 years	Total contractual value	Book value
Lease liabilities as at June 30, 2019	3,155	9,968	1,611	14,734	13,922
Lease liabilities as at December 31, 2018	3,385	8,018	2,677	14,080	13,663

With regard to the lease contracts held by the Group at 30 June 2019, mainly in the role of lessee: right of use assets amounted to Euro 15,655 thousand; lease liabilities amounted to Euro 13,922 thousand; amortization of right of use assets amounted to Euro 1,570 thousand; finance lease expenses amounted to Euro 108 thousand; and costs amounted to Euro 1,677 thousand. Right of use assets included Euro 1,350 thousand of non-amortized assets, relating to assets under construction that will become operative during the second half of 2019.

8.2 Property, plant and equipment

The following table provides a breakdown of property, plant and equipment and movements during the period:

(Thousands of Euros)	Land and buildings	Plant and machineries	Industrial and commercial equipment	Other assets	Assets under construction and advances	Total
Balance as at December 31, 2018	9,861	5,455	616	1,801	2,906	20,639
Increase	132	2,392	128	725	3,663	7,041
Business combinations	–	268	13	109	49	439
Decrease	(24)	(416)	(3)	(284)	(245)	(973)
Transfers	–	–	–	15	–	15
Lease carve-out	–	–	–	–	–	–
Amortizations	(82)	(519)	(176)	(347)	–	(1,124)
Currency difference	–	–	–	(1)	–	(1)
Reclassifications	–	–	–	–	–	–
Balance as at June 30, 2019	9,887	7,180	578	2,018	6,373	26,036

Additions to property, plant and equipment during the six months ended 30 June 2019 totalled Euro 7,041 thousand and mainly related to:

- additions to "Plant and machinery" totalling Euro 2,392 thousand, mainly relating to ADR Srl's investment in laser cutting machinery amounting to Euro 1,180 thousand and modernisation work carried out by other group companies;
- additions to "Assets under construction and advances" totalling Euro 3,663 thousand, of which Euro 2,257 thousand relating to costs incurred for the construction of Raytec's new production plant and Euro 842 thousand relating to ongoing investment in Packaging del Sur's new production plant;
- additions to "Other assets" totalling Euro 725 thousand.

No indicators of impairment of "Property, plant and equipment" were identified during the period under review.

8.3 Intangible assets

The following table provides a breakdown of intangible assets as at 30 June 2019 and 31 December 2018 and movements during the period:

(Thousands of Euros)	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar	Goodwill	Assets under construction and advances	Other intangible assets	Total
Balance as at December 31, 2018	6,115	999	382	34,238	984	1,891	44,609
Increase	939	598	322	4,027	1,779	66	7,732
Business combinations	–	113	–	–	–	12	125
Decrease	–	–	–	–	(161)	(2)	(164)
Transfers	740	1	(1)	–	(740)	(15)	(15)
Lease carve-out	–	–	–	–	–	–	–
Amortizations	(1,315)	(404)	(144)	–	–	(128)	(1,991)
Currency difference	–	1	–	–	–	–	1
Balance as at June 30, 2019	6,479	1,308	558	38,265	1,862	1,825	50,297

Additions to intangible assets during the six months ended 30 June 2019 totalled Euro 7,732 thousand.

The increase in "Development costs" related to capitalisation of development expenditure during the period.

The increase in "Assets under construction and advances" included Euro 592 thousand relating to costs incurred in relation to the implementaion of the new management system in Comac and Mc Inox.

No indicators of impairment of "Intangible assets" were identified during the period under review.

Even considering average market capitalization levels during 2019, which were above consolidated shareholders' equity at 30 June 2019, no indicators of impairment of the Group's intangible assets were identified such as to require further analysis by management.

Impairment of goodwill

Each cash-generating unit (CGU) to which goodwill is allocated, representing the level at which it is monitored by Company management, corresponds with the legal entity associated with each company acquired by the Group.

No impairment test was carried out as at 30 June 2019 and therefore reference is made to the balances reported at 31 December 2018.

During the first six months of 2019 no CGU related conditions were identified such as to require the performance of impairment tests in relation to the aforementioned goodwill.

At 30 June 2019, goodwill was allocated as follows:

Description	Amount
Rolec Prozess goodwill	4,161
ADR goodwill	381
PKS goodwill	4,094
Co.Mac goodwill	25,602
Siapi goodwill	4,026
Balance as at June 30, 2019	**38,265**

8.4 Investments accounted for using the equity method

The following table provides a breakdown of "Investments accounted for using the equity method" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
PE Labellers & CFT Asia Pacific Sdn Bhd	173	198
Gemini Srl	44	119
Milk Project S.r.l. (*)	–	109
Total Investments accounted for using the equity method	217	426

(*) Included within the scope of consolidation from May 2019

During the six months ended 30 June 2019 the Group increased its shareholding in Milk Project S.r.l from 40% to 60%, including it within the scope of consolidation from 1 May 2019. For further details, see Note 2.4 – "Basis and principles of consolidation" – and Note 7 "Business combinations".

8.5 Deferred tax assets and deferred tax liabilities

The following table provides a breakdown of "Deferred tax assets":

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Deferred tax assets	5,793	5,028
Deferred tax liabilities	(977)	(911)
Total	4,816	4,117

Movements in "Deferred tax assets" during the periods under review were as follows:

(Thousands of Euros)	As at December 31, 2018	Net provisions to income statement	Net provisions to comprehensive income	Other changes	As at June 30, 2019
Allowance for doubtful receivables	505	125	–	–	630
Guarantee provision	221	–	–	–	221
Depreciation of deferred deductions	577	82	–	–	659
Obsolescence allowance on inventories	1,409	1,001	–	–	2,410
Employee benefit provision	52	20	(20)	–	52
Allowance for disputes	91	133	–	–	225
Contract liabilities	1,107	392	–	–	1,499
Fiscal losses	925	(836)	–	–	89
Others	141	(136)	–	–	7
TOTAL DEFERRED TAX ASSETS	5,028	785	(20)	–	5,793
Intangible assets	(94)	38	–	–	(56)
Trademark (business combinations)	(155)	–	–	–	(155)
Capital gain	(662)	(104)	–	–	(766)
TOTAL DEFERRED TAX LIABILITIES	(911)	(66)	–	–	(977)
TOTAL NET DEFERRED TAX ASSETS	4,117	719	(20)	–	4,816

Temporary differences reported above reverse during the following year and subsequent years.

8.6 Non-current financial assets

The following table provides a breakdown of "Non-current financial assets" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 30, 2018
Investments in other companies	911	908
Non-current other trade receivables	951	879
Others	45	4
Total non-current financial assets	1,907	1,791

Investments in non-consolidated subsidiaries related to the subsidiary company Siapi America Inc., valued at fair value of zero, as a result of having been fully written down; for further details, see Note 2.3 "Basis and principles of consolidation".

The following table provides a breakdown of investments in other companies as at 30 June 2019:

(Thousands of Euros)	As at June 30, 2019
Emiliana Conserve	488
DNA Phone	238
Xnext S.r.l.	56
Banca di Parma	49
Banca Credito Cooperativo	30
Iren Spa	15
Parma partecipazioni calcistiche	10
Tomato News	10
So. Ge. A.P. Spa	9
Banca della Marca	2
Omani Eurofood	1
Banco Popolare	1
Caaf Industria E.R.	1
Immobiliare Caprazucca Spa	-
Consorzio CONAI	-
Consorzio Eurofidi	-
Unionfidi	-
Consorzio Copom	-
Total Investments in other companies	911

8.7 Inventories

The following table provides a breakdown of "Inventories" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Raw, ancillary and consumable materials	25,528	20,381
Work in progress and semi-finished goods	62,747	52,884
Finished products and goods for resale	10,413	12,436
Advances	1,856	2,338
Total Inventories	100,544	88,039

"Inventories" are stated net of an "Obsolescence allowance on inventories", in respect of obsolete or slow-moving items, amounting to Euro 7,935 thousand and Euro 4,959 thousand as at 30 June 2019 and 31 December 2018 respectively.

8.8 Trade and other receivables

The following table provides a breakdown of "Trade and other receivables" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Trade receivables from customers	62,178	60,927
Trade receivables from associates	343	810
Total Trade and other receivables	62,521	61,737

"Trade and other receivables" includes an "Allowance for doubtful receivables" amounting to Euro 4,555 thousand and Euro 3,283 thousand as at 30 June 2019 and 31 December 2018 respectively.

Movements in the "Allowance for doubtful receivables" during the six months ended 30 June 2019 are shown in the following table:

(Thousands of Euros)	Taxed	Ordinary	Total
Balance as at December 31, 2018	**2,639**	**644**	**3,283**
Net Increase	84	243	326
Change in consolidation scope	978	23	1,001
Decrease	(44)	(11)	(55)
Balance as at June 30, 2019	3,657	899	4,555

8.9 Income tax receivables

Income tax receivables relate to amounts due from the tax authorities in relation to IRES and IRAP current taxes, net of related amounts payable.

8.10 Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents" as at 30 June 2019 and 31 December 2018:

(Thousands of Euro)	As at June 30, 2019	As at December 31, 2018
Post office and bank accounts	51,383	41,766
Cheques and cash	34	32
Total Cash and cash equivalents	51,417	41,798

Cash and cash equivalents were not subject to any constraints or restrictions. For details regarding movements in "Cash and cash equivalents", reference is made to the statement of cash flows.

8.11 Other current assets

The following table provides a breakdown of "Other current assets" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Tax receivables	6,880	5,431
Other receivables	2,857	4,560
Accrued and deferred income	2,990	1,094
Total Other current assets	12,727	11,085

8.12 Shareholders' equity

The following table provides a breakdown of "Equity" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Share capital	10,000	98,300
Statutory reserve	151	71
Share premium reserve	(8,300)	(8,300)
Other reserves	42,527	(47,311)
- *First-time-adoption reserve*	(3,764)	(3,832)
- *Capital increase costs reserve*	(5,177)	(5,177)
- *Translation reserve*	(839)	(941)
- *Company own shares reserve*	(8,681)	(8,681)
- *Others*	60,988	(28,680)
Retained earnings	2,778	2,952
Equity attributable to the Group	47,156	45,712
Equity attributable to non-controlling interests	22,252	22,026
Total Equity	69,408	67,738

Share capital

As at 30 June 2019, the fully paid up share capital of CFT S.p.A. amounted to Euro 10,000 thousand and comprised 16,026,357 ordinary shares traded on the AIM Italia market, number 3,000,000 multiple voting shares and number 133,334 special shares, all with no par value.

On 10 May 2019, the extraordinary shareholders' meeting of CFT S.p.A. approved the voluntary reduction of the company's share capital to Euro 10 million, allocating the balance to a discretionary reserve with a view to creating a better configured and more flexible equity structure.

The following table provides a breakdown of CFT's fully subscribed and paid up "Share capital" as at 30 June 2019:

Category	n. shares	% on share capital	Listed
Ordinary shares	16,026,357	83.65%	AIM Italia
Special shares	133,334	0.70%	Non-listed
Multiple voting shares	3,000,000	15.66%	Non-listed
Total	19,159,691	100.00%	

The following table shows details of significant shareholdings:

Shareholder	Number of shares	% of share capital with voting right	% of voting rights
RPC S.r.l.	2.664.408	14.67%	18.48%
A.E.A. S.r.l.	2.650.808	14.60%	18.42%
Ma.Li S.r.l.	2.653.808	14.61%	18.44%
F&B Capital Investment	898.087	4.95%	6.20%

It is noted that the Company holds 868,065 treasury shares, the voting rights of which are suspended. It is further noted that the Company has issued warrants that may be exercised in accordance with the terms and conditions set out in the warrant regulation (hereafter, the "**Regulation**") at any time after the third day of trading of the second calendar month following the effective date (5 September 2018) and before expiry of the exercise rights, which becomes effective on the earlier of the following dates: (i) the fifth anniversary of their effective date (i.e. 31 July 2023); and (ii) the sixtieth day following the communication of acceleration (as defined in the Regulation), except in the event of suspension as provided for in Article 3.7 of the Regulation. As at 30 June 2019, there were 4,739,577 warrants in circulation.

Statutory reserve

As at 30 June 2019, the statutory reserve amounted to Euro 151 thousand.

Share premium reserve

As at 30 June 2019, the "Share premium reserve" had a negative balance of Euro 8,300 thousand resulting from the merger between Glenalta S.p.A. and CFT.

Other reserves

As at 30 June 2019, "Other reserves" totalled Euro 42,527 thousand and mainly included:

a) First time adoption (FTA) reserve

As at 30 June 2019, the "First time adoption (FTA) reserve" amounted to Euro 3,764 thousand and represented the effects of the transition from Italian GAAP to EU-IFRS. Such effects relate to the process of transition from Italian GAAP to EU-IFRS in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1"), followed by CFT Group, with effect from 1 January 2017, the date of first-time adoption.

b) Capital increase cost reserve

As at 30 June 2019, the "Capital increase costs reserve" amounted to Euro 5,177 thousand. The amount reflects costs incurred by Glenalta and CFT directly related to the share capital increase which, in accordance with IAS 32 – "Financial Instruments" are recognised, not in profit and loss but rather as a deduction from equity. Specifically, Euro

1,014 thousand related to costs incurred by Glenalta in relation to its prior listing on AIM Italia and Euro 4,163 thousand related to the costs incurred by CFT e Glenalta for the subsequent merger and share capital increase transactions.

c) <u>Translation reserve</u>

The "translation reserve" includes differences arising on the translation into Euro of financial statements expressed in foreign currencies of subsidiaries included within the scope of consolidation.

d) <u>Treasury shares reserve</u>

The "Treasury shares reserve" had a negative balance of Euro 8,681 thousand and related to the purchase of treasury shares following the exercise of the right of withdrawal by Glenalta shareholders.

<u>Retained earnings</u>

As at 30 June 2019, "Retained earnings" amounted to Euro 2,778 thousand and related to earnings brought forward by CFT Group.

8.13 Current and non-current bank borrowings

Bank borrowings totalled Euro 51,654 thousand and Euro 40,725 thousand as at 30 June 2019 and 31 December 2018 respectively.

During 2018, the Parent entered into a new medium/long-term loan agreement (the "**Loan Agreement**") for a total amount of Euro 100 million, to be utilised over a period of 36 months, to support the growth of CFT group, as well as refinance current bank indebtedness, at better terms and conditions.

The Loan Agreement was entered into with a syndicate of seven banks, including Crédit Agricole Cariparma in the role of agent and lead arranger and HSBC, BNL, Banco BPM, Intesa San Paolo, BMPS and Unicredit as other lending banks.

The main terms of the Loan Agreement are as follows:

- 6 years' maturity, expiring in November 2024;
- available for utilization over 36 months;
- annual interest rate of 6m EURIBOR (with a 0% floor) plus a spread of 100 bps (basis points)[5]

In line with normal market practice in such cases, the terms and conditions of the Loan Agreement require compliance with a series of financial covenants (leverage ratio not

[5] In the event the Leverage Ratio (Net Financial Debt/EBITDA) is greater than 1.75x, the spread is increased to 150 bps.

greater than 1.75x) as well as a series of obligations on completion of certain transactions, non-compliance with which could result in mandatory early reimbursement of the loan. As at 30 June 2019, all such covenants and obligations had been complied with.

8.14 Current and non-current put option liabilities

"Current and non-current put option liabilities" amounted to Euro 30,174 thousand as at 30 June 2019 and Euro 31,451 thousand as at 31 December 2018. It is noted that the value at 30 June 2019 of the put options granted to the minority shareholders in Rolec is based on actual realizable value. The net positive effect on the 2019 income statement, accounted for under finance income and expenses, amounted to Euro 1,448 thousand.

8.15 Employee benefit liabilities

The following table provides details of "Employee benefit liabilities" as at 30 June 2019 and 31 December 2018 and movements during the period:

(Thousands of Euros)	Total
Balance as at January 1, 2019	**4,799**
Service cost	353
Financial charges	32
Advances and benefit paid out during the year	(117)
Changes in the scope of consolidation	181
Actuarial gains / (losses) due to experience	(15)
Actuarial gains (losses) due to demographic assumptions	(5)
Actuarial gains / (losses) due to changes in financial assumptions	298
Balance as at June 30, 2019	**5,526**

"Employee benefit liabilities" relate mainly to the employee severance indemnity ("TFR") due to employees of the Group's Italian companies. It is noted that the item also includes the end of mandate indemnity ("TFM") due to Co.Mac. and Siapi directors. As is the case with the employee severance indemnity, the TFM is a defined benefit plan accounted for (discounted) in accordance with IAS 19.

The value of the severance and end of mandate indemnities, both of which meet the defined benefit plan criteria defined by IAS 19, is calculated on an actuarial basis. The assumptions adopted in determining the liabilities as at 30 June 2019 and 31 December 2018 are described below.

The following table details the main financial and demographic assumptions adopted in the actuarial calculations:

Financial assumption	30/06/2019		31/12/2018	
	TFR	TFM	TFR	TFM
Discount rate	0.77%	0.00%	1.57%	0.12%
Inflation rate	1.50%	n.a.	1.50%	n.a.
Annual rate of growth of employee benefit provision	2.625%	n.a.	2.625%	n.a.
Annual rate of growth of wages	1.00%	n.a.	1.00%	n.a.

Demographic assumptions	
Death	Mortality table RG48 published by Ragioneria Centrale dello Stato
Disability	Tables provided by INPS by age and gender
Retirement	100% at achievement of AGO requirements

Turnover and employee benefit provision advances annual frequency	31/12/2018	31/12/2018
Advances frequency	1.00%	1.00%
Turnover frequency	3.50%	3.50%

The following table shows the results of sensitivity analyses performed for each actuarial assumption as at 30 June 2019, highlighting the effects (in absolute terms) that would have occurred upon reasonable possible changes in actuarial assumptions:

(Thousands of Euros)

Changes in the assumptions	TFR	TFM
Turnover rate +1.00%	4.450	n.a.
Turnover rate -1.00%	4.542	n.a.
Inflation rate +0.25%	4.562	n.a.
Inflation rate -0.25%	4.426	n.a.
Discount rate +0.25%	4.327	703
Discount rate -0.25%	4.595	708

(Thousands of Euros)

Service cost e Duration	TFR	TFM
Service cost and annual pro futuro	299	32
Duration	16	2

The following table provides a summary overview of expected plan disbursements:

(Thousands of Euros)

Expected future disbursements	TFR	TFM
Years		
1	603	246
2	522	253
3	206	255
4	270	-
5	225	-

8.16 Current and non-current trade payables

The following table provides a breakdown of “Current and non-current trade payables” as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Trade payables to suppliers	76,660	77,041
Payables due to associates	83	76
Total Trade payables	**76,743**	**77,117**

8.17 Derivative financial instruments

"Derivative financial instruments" amounted to Euro 93 thousand as at 30 June 2019 and Euro 120 thousand as at 31 December 2018 and related mainly to contracts entered into to hedge foreign exchange risk in respect of sales contracts involving the Group.

8.18 Provisions for risks and charges

The following table provides a breakdown of "Provisions for risks and charges" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Guarantee provision	873	873
Other provisions	1,415	502
Total Provisions for risks and charges	2,288	1,375

The "Guarantee provision" amounted to Euro 873 thousand as at 30 June 2019 and related to guarantees given regarding plant sold.

"Other provisions" amounted to Euro 1,415 thousand as at 30 June 2019 (Euro 502 thousand as at 31 December 2018) and mainly related to provisions for costs considered likely in respect of contract-related actions brought against the Group, as well as other likely future expenditures.

The following table shows movements in provisions for risks and charges during the six months ended 30 June 2019:

(Thousands of Euros)	Guarantee provision	Other provisions	Total
Balance as at December 31, 2018	873	502	1,375
Net increase	–	2,117	2,117
Decrease	–	(196)	(196)
Changes in the scope of consolidations	–	724	724
Reclassifications	–	(1,731)	(1,731)
Balance as at June 30, 2019	873	1,415	2,288

It is noted that during 2019 CFT S.p.a. was served with a tax audit report and that management, supported by the company's legal and tax advisers, considers the risk of incurring liabilities associated with the claims made to be possible but not probable; for further details, see the Interim Report on Operations.

8.19 Other current and non-current liabilities

The following table provides a breakdown of "Other current and non-current liabilities" as at 30 June 2019 and 31 December 2018:

(Thousands of Euros)	As at June 30, 2019	As at December 31, 2018
Advances	47,163	31,928
Contract liabilities	6,100	4,612
Tax payables	1,989	2,708
Payables due to social security institutes	2,380	2,938
Other payables	12,931	7,741
Accruals and deferred income	8,059	3,747
Total	**78,622**	**53,674**

"Advances" amounted to Euro 47,163 thousand as at 30 June 2019 and Euro 31,928 thousand as at 31 December 2018 and related to customer payments on account in respect of goods and services not yet transferred.

"Contract liabilities" includes the liability relating to the Company's obligation to provide services to customers in respect of which the company has received payment or for which payment is due).

"Tax payables" amounted to Euro 1,989 thousand as at 30 June 2019 (Euro 2,708 thousand as at 31 December 2018) and mainly related to Irpef payables regarding employees, self-employed staff, directors and other staff.

"Payables due to social security institutes" amounted to Euro 2,380 thousand as at 30 June 2019 and Euro 2,938 thousand as at 31 December 2018 and related to amounts due to Inps, Inail, Previndai, Cometa and Enasarco.

"Other current and non-current payables" amounted to Euro 12,931 thousand as at 30 June 2019 and Euro 7,741 thousand as at 31 December 2018 and related to amounts due to Inps, Inail, Previndai, Cometa and Enasarco and the earn-out related payable due to Siapi amounting to Euro 2,400 thousand. "Non-current payables" included the loan from the minority shareholders of PKS.

"Accruals and deferred income" comprised revenues relating to partially invoiced orders not relating to the period in question.

9. Notes to the consolidated statement of comprehensive income

9.1 Revenue

The following table provides a breakdown of "Revenue" by operating segment for the for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	As at June 30, 2019	As at June 30, 2018
Processing & Packaging	108,112	86,269
Sorting	12,727	13,313
Total Revenues	120,839	99,582

The following table provides a breakdown of "Revenue" by product line for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Machinery and production lines	95,903	80,267
After Sales	24,560	19,175
Other revenues	377	140
Total Revenues	120,839	99,582

The following table provides a breakdown of "Machinery and production lines" by geographical area for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Italy	18,297	8,092
Overseas	77,606	72,175
Total Revenues from machinery and production lines	95,903	80,267

9.2 Other revenue

"Other revenue" amounted to Euro 2,775 thousand and Euro 1,173 thousand for the six-month periods ended 30 June 2019 and 30 June 2018 respectively and related for the main part to the relevant share of capital grants and other income.

9.3 Cost of services

"Cost of services" for the six-month periods ended 30 June 2019 and 30 June 2018 amounted to Euro 34,180 thousand and Euro 35,392 thousand respectively.

9.4 Cost of raw material, ancillary and goods for resale

The following table provides a breakdown of "Cost of raw material, ancillary and goods for resale" for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Raw materials	(63,104)	(44,684)
Changes in inventory, work in progress, semi-finished and finished goods	4,028	2,061
Changes in inventory of raw, ancillary, consumables and goods for resale	5,924	5,809
Total Cost of raw material, ancillary and goods for resale	(53,152)	(36,814)

9.5 Personnel costs

The following table provides a breakdown of "Personnel costs" for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Wages and salaries	(20,461)	(14,261)
Social security contributions	(5,699)	(4,342)
Other personnel costs	(1,678)	(884)
Total Personnel costs	(27,838)	(19,487)

The following table shows the average number of Group's employees by category for the periods ended 30 June 2019 and 31 December 2018:

Category	Number as at		Average Number as at	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Managers	38	33	36	33
Office workers	562	507	556	474
Production workers	328	285	324	278
Total	928	825	916	785

During 2018, the Group adopted the "CFT S.p.A Stock Grant Plan" (hereafter, the "**Plan**"), a multi-year incentive plan involving the Company's ordinary shares. The Plan provides for the granting to beneficiaries of the right to receive CFT S.p.A. ordinary shares (up to a maximum of 5% of the number of post-merger shares) free of charge, on achieving certain pre-determined measurable performance objectives, by the date the financial statements for the year ended 31 December 2022 are approved.

The Plan is restricted to the Company's executive directors and key management personnel.

In accordance with IFRS 2, the assigned options were measured at fair value at the time of their assignation (3 August 2018). Such measurement, which was determined using a Monte Carlo simulation model based on the performance components included in the Plan, was carried out by an independent external expert. The fair value so calculated, amounting to Euro 1,430 thousand, was recognised in the income statement based on a vesting period with expiry in 2022. Such estimate resulted in Euro 162 thousand being recognised in

Personnel costs in the six months ended 30 June 2019, with the corresponding entry being recognised in Equity.

As at 30 June 2019, none of the options had been exercised.

9.6 Other operating costs

"Other operating costs" for the six-month periods ended 30 June 2019 and 30 June 2018 amounted to Euro 1,540 thousand and Euro 777 thousand respectively.

9.7 Depreciation and amortization of Tangibles and Intangibles Asset

The following table provides a breakdown of "Depreciation and amortization" for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Amortization of intangible assets	(1,991)	(2,307)
Amortization of property, plant and equipment	(1,106)	(1,166)
Amortization of right of use asset	(1,508)	(747)
Total Depreciation and amortization o f Tangibles and Intangibles Asset	(4,605)	(4,220)

9.8 Impairment of financial assets and other net provisions

The following table provides a breakdown of "Impairment of financial assets and other net provisions" for the periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Provisions for risks and charges	(233)	-
Allowance for doubtful receivables	(181)	840
Total Impairment of financial assets and other net provisions	(414)	840

Detailed breakdowns of the composition of and movements in "Provisions for risks and charges" and the "Allowance for doubtful receivables" for the periods ended 30 June 2019 and 2018 are included in Note 8.18 – "Provision for risks and charges" and Note 8.8 – "Trade receivables".

9.9 Financial management

The following table provides a breakdown of the results of financial management for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Other financial income	1,470	11
Total Financial income	1,470	11

Interest expenses and other financial expenses	(933)	(646)
Total Financial expenses	(933)	(646)
Total Profit / (loss) from foreign exchange	(160)	(1,009)
Total Financial management	377	(1,644)

"Other financial income" includes the income from exercise of the put option relating to the subsidiary company Rolec, amounting to Euro 1,448 thousand.

"Interest expense and other financial expenses" for the main part related to medium and long-term bank borrowing and in part to short-term bank loans at market rates. The item also included bank costs and, to a lesser extent, employee benefit-related finance expenses resulting from the measurement of defined benefit plans in accordance with IAS 19 and costs relating to the discounting of the put-related payables.

Exchange rate gains/(losses) related to the Group's overseas non-Euro denominated sales operations.

9.10 Profit / (loss) from investments accounted for using the equity method

"Profit / (loss) from investments accounted for using the equity method" amounted to Euro 101 thousand in the six-month period ended 30 June 2019 and zero in the six-month period ended 30 June 2018.

See Note 8.4– "Investments accounted for using the equity method" for a breakdown of investments accounted for using the equity method.

9.11 Income taxes

The following table provides a breakdown of "Income taxes" for the six-month periods ended 30 June 2019 and 2018:

(Thousands of Euros)	For the period ended as at June 30,	
	2019	2018
Taxes for the period	(385)	(475)
Prior year taxes	152	–
Net deferred tax assets and liabilities	(219)	(648)
Total Income taxes	**(452)**	**(1,123)**

The following table shows the reconciliation between the theoretical tax charge and the reported tax expense for the period:

	For the period ended as at June 30,	
(Thousands of Euros)	2019	%
Profit before taxes	2,161	
Theoretical IRES	(518)	24,0%
IRAP	(84)	
Other changes	150	
Total income tax	**1,709**	**20,9%**

9.12 Earnings per share

	30.06.2019	31.12.2018
Profit for the year attributable to equity holder of the Parent *(Thousands of Euros)*	1,312	1,463
Weighted average of number of outstanding shares	18,291,626	9,847,500
Earnings per share (in Euro)	0.07	0.15*

* As at 30.06.2018 CFT's shares were non-listed in AIM market

Diluted earnings per share is equal to basic earnings per share as no financial instruments having potential dilutive effects had been issued.

10. Related party transactions

Details of related party transactions are provided below. The companies mentioned are considered to be related parties because they are directly or indirectly related to the shareholders of the Group.

The following table shows Group receivables and payables due from/to related parties:

(Thousands of Euros)		As at June 30, 2019		As at December 31, 201 8	
	Nature of the transaction	Receivables	Payables	Receivables	Payables
Companies under common control:					
Newco Immobiliare 1 S.r.l.	Commercial	3	–	3	–
Newco Immobiliare 4 S.r.l.	Commercial	–	–	–	53
Alfa Immobiliare S.r.l.	Commercial	–	–	–	52
RAL Immobiliare S.r.l.	Commercial	–	7	–	81
Total		3	7	3	186
Subsidiaries					
Siapi America	Financial	–	3	na	na
Minority shareholders PKS	Financial	–	1,518	–	1,500
Minority shareholders Milk	Financial	–	20	–	–
Total		–	1,541	–	1,500
Associates					
CFT ASIA	Commercial	159	3	655	66
The Packaging Company Ltd	Commercial	34	80	–	–
Gemini	Commercial	150	–	155	–
Gemini	Financial	300	–	300	–
DNA Phone	Commercial	–	–	–	10
Total		643	83	1,100	76
Total related parties		646	1,632	1,103	1,762

The following table shows details of Group transactions with related parties:

(Thousands of Euros)		As at June 30, 2019		As at December 31, 2018	
	Nature of the transaction	Costs	Revenues	Costs	Revenues
Companies under common control:					
Newco Immobiliare 1 S.r.l.	Commercial	–	–	–	–
Newco Immobiliare 4 S.r.l.	Commercial	260	–	–	–
Alfa Immobiliare S.r.l.	Commercial	243	–	240	–
RAL Immobiliare S.r.l.	Commercial	72	–	–	–
Total		575	–	240	–
Subsidiaries:					
Siapi America	Financial	3	–	na	na
Minority shareholders PKS	Financial	18	–	–	–
Total		21	–	–	–
Associates:					
CFT ASIA	Commercial	93	62	2	88
The Packaging Company Ltd	Commercial	98	–	–	49
Gemini	Commercial	–	1	–	–
DNA Phone	Commercial	24	–	–	–
Total		216	63	2	137
Total related parties		812	63	242	137

11. Commitments and risks

Guarantees granted in favour of third parties

It is noted that as at 30 June 2019, the Group had granted bank guarantees amounting to Euro 13,583 thousand, in respect of trading commitments.

12. Compensation due to directors, statutory auditors and key management personnel

Compensation due to directors and statutory auditors for the six-month periods ended 30 June 2019 and 2018 amounted to Euro 1,125 thousand and Euro 924 thousand respectively.

No loans or advances were granted to directors or shareholders during the period.

13. Fees due to independent auditors

Fees due to independent auditors for the six-month periods ended 30 June 2019 and 2018 amounted to Euro 136 thousand and Euro 56 thousand respectively.

14. Significant events occurring after the reporting period

Up to the date of preparing this report, there have been no significant events after the reporting period

INDEPENDENT AUDITOR’S REPORT

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REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CFT SPA

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
CFT SpA

Foreword

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

Scope of Review

We conducted our work in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of CFT Group do not give a true and fair view of the financial position of CFT Group as of 30 June 2019 and of its financial performance and cash flows for the period then ended in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

PricewaterhouseCoopers SpA

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Other Matters

The consolidated interim financial statements of CFT Group for the period ended 30 June 2018 were neither audited nor reviewed.

Parma, 27 September 2019

PricewaterhouseCoopers SpA

Nicola Madureri
(Partner)

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