INTEK GROUP

INTERIM FINANCIAL REPORT
AS AT 30 JUNE 2017
(1st HALF 2017)

Pursuant to article 154 ter of the TUF

Board of Directors
meeting of 20 September 2017

Registered and Administrative Office:
20121 Milan - Foro Buonaparte, 44
Share capital Euro 314,225,009.80 fully paid-up
Tax Code and Companies Register
of Milan no. 00931330583
www.itkgroup.it

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Company Bodies

Board of Directors *(appointed by shareholders at the meeting of 19 June 2015)*

Chairman	Vincenzo Manes [B]
Deputy Chairwoman	Diva Moriani [B]
	Marcello Gallo
	Giuseppe Lignana [A,C]
	James Macdonald
	Ruggero Magnoni
	Alessandra Pizzuti
	Luca Ricciardi [A,C]
	Franco Spalla [A,C]

A. Independent Director
B. Executive Director
C. Member of the Control and Risk Committee (*Chairman: Giuseppe Lignana*)

Board of Statutory Auditors *(appointed by shareholders at the meeting of 19 June 2015)*

Chairman	Marco Lombardi
Standing Statutory Auditors	Francesca Marchetti
	Alberto Villani
Alternate Statutory Auditors	Elena Beretta
	Andrea Zonca

Manager in charge of Financial Reporting	Giuseppe Mazza
Independent Auditors *(appointed by shareholders at the meeting of 31 May 2016)*	Deloitte & Touche SpA
Common Representative of the of the Savings Shareholders	Simonetta Pastorino
Common Representative of the "Intek Group SpA 2015/2020 Bonds" Holders	Rossano Bortolotti

Interim directors’ report

Dear Shareholders,

Also during the half year under review, Intek Group SpA (hereinafter also referred to as “Intek” or the “Company”) carried on business as a diversified investment holding company, actively managing its investments for the purpose of value appreciation. The Company’s primary objective is to dynamically manage the investments and assets held, with a strong focus on their potential to generate cash and appreciate over time.

Intek invests with a medium to long term horizon, with the objective of developing and maintaining a flexible portfolio of assets. Its investment cycles are shorter than in the past, allowing for faster cash generation. As a consequence, the Company takes advantage of the disinvestment opportunities offered by the market, focusing on better performing and promising sectors while exiting segments, whether industrial or financial, with limited potential for appreciation or a realisation time not in line with the Group's management policies.

In line with this strategic redefinition, the Company’s management believes that, in evaluating Intek’s overall performance, it is necessary to consider not only the results for the period, but also and above all the appreciation of the individual assets over time and their potential for creating shareholder value.

This interim management report is presented, consistently with the separate and consolidated financial statements as at 31 December 2016 and the Financial Report as at 30 June 2016, by applying the accounting standards envisaged for investment entities (amendments to IFRS 10, IFRS 12 and IAS 27) introduced by Regulation (EU) no. 1174/2013.

It is hereby reiterated that, starting from the 2014 financial statements, as a result of the application of the accounting standards relative to investment entities, the investments in subsidiaries not providing services that are related to the Company’s investment activity are not fully consolidated, but are measured at fair value through profit or loss.

Equity investments held for investment purposes – including KME AG, the holding company of the KME Group, active in the “copper” sector and representing the largest investment of the Company – are excluded from the scope of consolidation.

Culti Milano SpA (hereinafter “Culti Milano”), recently listed on the AIM (Alternative Investment Market), and ErgyCapital SpA (hereinafter “ErgyCapital”), which has concluded agreements for the sale of its photovoltaic systems and for which merger into Intek is expected to be finalised by the end of the year, have also been identified as not providing services that are related to the Company’s investment activity, and are therefore excluded from the scope of consolidation.

It is hereby noted that the operations of Intek are not considered as collective management of savings and, therefore, the Company is not required to be registered in the Register of investment firms.

Here below are the highlights for the half year under review:

(i) restructuring of the copper sector

- **(a)** progress in the restructuring of the copper sector, for which future strategic developments could lead to agreements with third parties and the sale of certain business segments;
- **(b)** EBITDA for the first half of 2017 amounted to Euro 36.2 million, up 30.1% from the first half of 2016 (Euro 27.8 million), confirming the positive effect of the streamlining and flexibility measures adopted.

(ii) listing of Culti Milano SpA

(a) in July, the company's shares were admitted to trading on the AIM market, following the placement of 865,500 newly issued ordinary shares that resulted from a capital increase backed by the contribution of financial resources worth Euro 4.5 million. The listing price was set at Euro 5.20 per share. The company's free float is equal to 27.96% of its share capital;

(b) in the first half of 2017, the company recorded a positive performance, with a significant increase in the main economic indicators from the first half of the prior year and in line with the budget (turnover up 35%).

(iii) sale of ErgyCapital photovoltaic systems

in August, an agreement was signed with ContourGlobal, a leading international player in the energy sector, for the sale of the investments held in solar energy companies for a total consideration of Euro 21.3 million.

(iv) simplification and reorganisation of the Group's corporate structure

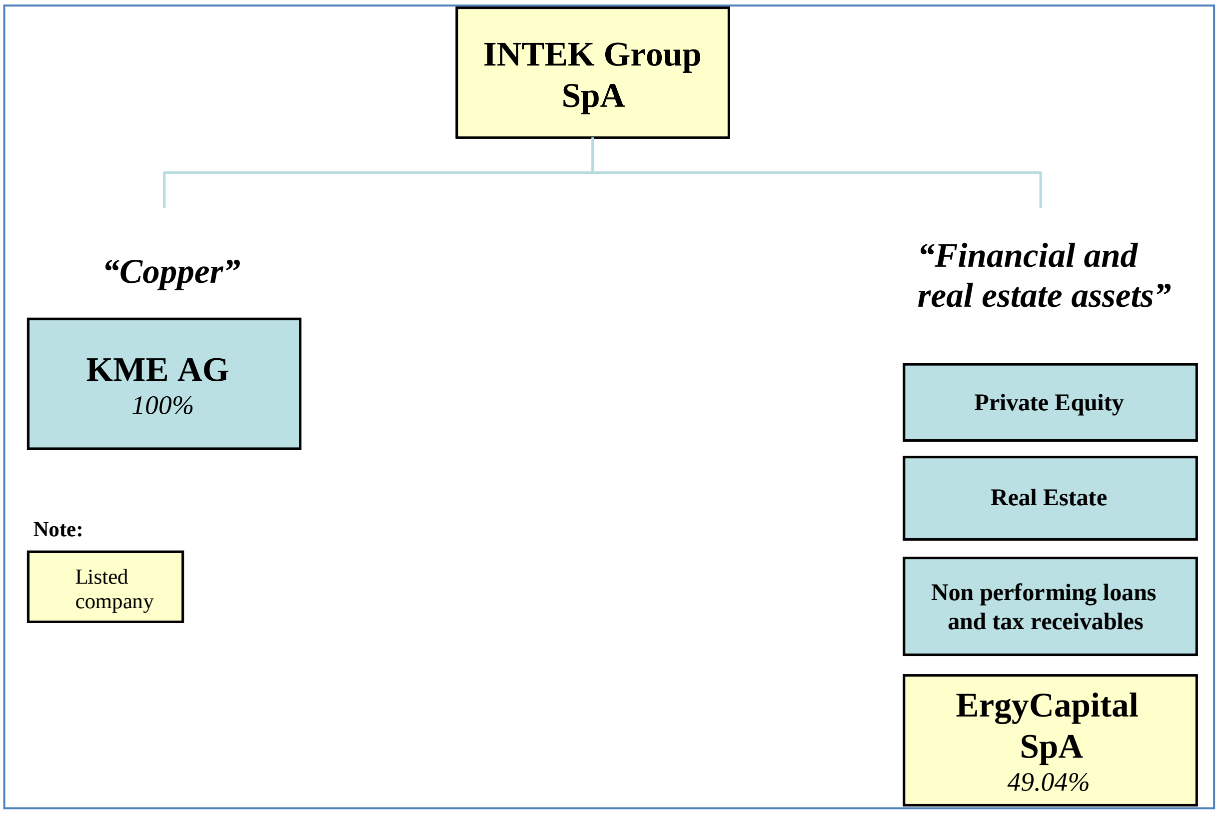
during the half year under review, the shareholders' meetings of Intek and ErgyCapital approved the plan for the merger of ErgyCapital into Intek, which is expected to be finalised in the last quarter of 2017. This merger is part of the reorganisation process that started in 2016 with the mergers of KME Partecipazioni SpA and FEB - Ernesto Breda SpA into Intek, in May and December 2016, respectively.

The conclusion of this transaction would allow the shareholders of ErgyCapital to keep the investment in a company whose financial instruments are listed on the electronic share market (MTA) organised and managed by Borsa Italiana. Moreover, it would allow Intek to expand its shareholder base, with expected positive effects on liquidity and share trade volumes.

(v) negotiations by I2 Capital Partners Fund (of which Intek holds 19.15%) for the sale of the equity investment in Nuovi Investimenti SIM and its subsidiary Alpi Fondi

The sale of 100% of Alpi Fondi and 68% of NIS was concluded in August, thereby allowing the fund to collect approximately Euro 5.4 million which can be distributed to investors by the end of 2017. The agreements with the buyers provide for the transfer of the remaining portion to NIS by the end of 2017.

Summary of the Group's corporate structure



The percentages indicated above also include the shares classified among current financial assets for ErgyCapital.

The **investment sectors** of Intek are the following:

- the traditional "**copper**" sector, which includes the production and marketing of copper and copper-alloy semi-finished products, under the German subsidiary KME AG;
- the "**financial and real estate assets**" sector, which includes the private equity activity, carried out mainly through the closed-ended investment fund I2 Capital Partners (the "**Fund**"), and the management of receivables (tax receivables, non-performing loans and receivables arising from insolvency proceedings) and real estate. The equity investment in ErgyCapital is included under financial and real estate assets.

With regard to "financial and real estate assets", in the half year under review the Company continued pursuing the programmes aimed at accelerating their gradual realisation, and collections are reported for Euro about 1.2 million.

With regard to private equity investments, the current programmes aim to appreciate the assets of I2 Capital Partners Fund, which ended its investment period at the end of July 2012 and whose term is in July 2018 (initially July 2017) pursuant to the regulation, though it can be extended for one additional year.

As mentioned above, in August 2017 an agreement was concluded for the sale of the investments held by the ErgyCapital Group in companies belonging to the photovoltaic sector, which represent almost the entirety of the company activity.

The Parent company Intek Group

In the past, Intek has invested with a medium to long term horizon, combining its entrepreneurial spirit with a solid financial structure. Its current strategy aims at a flexible portfolio, with shorter investment cycles and faster cash generation

In line with this strategic redefinition, it should be noted that, as illustrated above, in evaluating Intek's overall performance, it is necessary to consider not only the results for the period, but also and above all the appreciation of the individual assets over time.

This assessment is at the heart of the choices made by management in allocating financial resources, rewarding only those sectors which appear better performing and promising while exiting segments, whether industrial or financial, with limited potential for appreciation or a realisation time not in line with the Group's current management policies. To maximise the value of the assets managed, the Company carefully defines business strategies and controls its subsidiaries; looks for agreements and/or partnership opportunities; enhances the value of specific assets; and manages extraordinary operations involving its subsidiaries.

Intek's financial highlights as at 30 June 2017, compared to 31 December 2016, can be summarised as follows:

Condensed separate statement of financial position				
(in thousands of Euro)	*30 Jun 2017*		*31 Dec 2016*	
Copper	**452,311**	**86.90%**	**454,616**	**86.99%**
Financial and real estate assets				
Private Equity	*6,371*		*6,209*	
Non-operating assets	*6,049*		*7,176*	
Real Estate/Others	*25,715*		*25,341*	
ErgyCapital/Other services	*21,188*		*21,411*	
Total financial and real estate assets	**59,323**	**11.40%**	**60,137**	**11.51%**
Other assets/liabilities	**8,844**	**1.70%**	**7,836**	**1.50%**
Net investments	**520,478**	**100.00%**	**522,589**	**100.00%**
Outstanding bonds (*)	*(102,905)*		*(105,379)*	
Net cash from third parties	*14,017*		*15,981*	
Net financial debt to third parties	**(88,888)**		**(89,398)**	
Cash investments in KME	*7,840*		*9,000*	
Net financial debt of the holding company to third parties	**(81,048)**	**15.57%**	**(80,398)**	**15.38%**
Total equity	**439,430**	**84.43%**	**442,191**	**84.62%**

Notes:

- *In the table, investments are showed net of any financial receivable/payable transactions outstanding with the Intek Group.*
- *(*) including accruing interests.*

Investments

As at 30 June 2017, the Company's investments totalled Euro 520.5 million, in line with the figure as at 31 December 2016. The weight of the individual sectors is also unchanged, with the "copper" sector continuing to represent the largest single area of investment (approximately 87%).

Equity

The equity of the holding company is Euro 439.4 million (Euro 442.2 million as at 31 December 2016); the change is due to the loss for the period of Euro 2.8 million. Equity per share was Euro 1.13, in line with the figure as at 31 December 2016.

The **Share capital** as at 30 June 2017, unchanged compared to 31 December 2016, was Euro 314,225,009.80, divided into 345,506,670 ordinary shares and 50,109,818 savings shares, all without par value.

As at 30 June 2017, Intek held 5,713,572 ordinary treasury shares (1.65% of the share type capital) and 11,801 own savings shares (0.024% of the share type capital).

Financial management

Net financial debt of the holding company to third parties totalled Euro 80.4 million as at 31 December 2016. The balance as at 30 June 2017 was Euro 81.0 million. There are no financial payables to third parties other than the bonds issued in February 2015.

Intek's reclassified net financial position as at 30 June 2017, compared to 31 December 2016, can be broken down as follows:

Reclassified net financial position			
(in thousands of Euro)		*30 Jun 2017*	*31 Dec 2016*
Cash and cash equivalents		(1,850)	(9,216)
Other financial assets		(2,173)	(6,775)
Current financial receivables from subsidiaries		(23,150)	(23,966)
(A) Net financial assets	**(A)**	**(27,173)**	**(39,957)**
Short-term financial payables		1,817	4,395
Financial payables to subsidiaries		11,558	11,812
(B) Short-term financial payables	**(B)**	**13,375**	**16,207**
(C) Short-term net financial position	**(A) - (B)**	**(13,798)**	**(23,750)**
Long-term financial payables		-	4
Intek Group 2015-2020 bonds		101,094	100,990
(D) Medium-to-long term financial payables		**101,094**	**100,994**
(E) Net financial position	**(C) - (D)**	**87,296**	**77,244**
Non-current financial receivables from subsidiaries		(35,727)	(35,722)
Non-current financial receivables from third parties		(10,000)	-
(F) Non-current financial receivables		**(45,727)**	**(35,722)**
(G) Reclassified net financial position	**(E) + (F)**	**41,569**	**41,522**

- *(E) Defined as per CONSOB communication DEM/6064293 of 28 July 2006 enforcing the CESR recommendations of 10 February 2005.*

The cash flows for the period can be summarised as follows:

Statement of cash flows – indirect method			
(in thousands of Euro)		*1st half 2017*	*1st half 2016*
(A) Cash and cash equivalents at the beginning of the year		**9,216**	**7,785**
Profit/(loss) before taxes		(3,071)	(5,570)
Amortisation and depreciation		30	31
Impairment of non-current non-financial assets		-	798
Impairment/(reversal of impairment) of current and non-current financial assets		321	3,069
Changes in pension funds, post-employment benefits and stock options		(109)	(9)
Changes in provisions for risks and charges		(402)	(303)
(Increase)/decrease in equity investments		(1,907)	1,296
(Increase)/decrease in other financial investments		4,655	18,975
Increase/(decrease) in financial payables to related companies		(254)	2,303
(Increase)/decrease in financial receivables from related companies		811	(17,520)
(Increase)/decrease in current receivables		3,970	(3,192)
Increase/(decrease) in current payables		180	(227)
(B) Total cash flows from/(used in) operating activities		**4,224**	**(349)**
(Increase) in non-current intangible assets and property, plant and equipment		(3)	(34)
Decrease in non-current intangible assets and property, plant and equipment		-	72
Increase/decrease in other non-current assets/liabilities		1,062	2
(C) Cash flows from/(used in) investing activities		**1,059**	**40**
Payment of interests on Bonds		(5,068)	(5,068)
Increase/(decrease) in current and non-current financial payables		2,591	2,600
(Increase)/decrease in current and non-current financial receivables		(10,172)	672
(D) Cash flows from/(used in) financing activities		**(12,649)**	**(1,796)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(7,366)**	**(2,105)**
(F) Cash and cash equivalents contributed by the merged company		**-**	**1,362**
(G) Cash and cash equivalents at the end of the period	**(A) + (E) + (F)**	**1,850**	**7,042**

The **Income statement** below was reclassified by indicating in a dedicated section the results of the investments, including investment management costs.

Reclassified income statement		
(in thousands of Euro)	*1st half 2017*	*1st half 2016*
Fair value changes and other gains/losses from investment management	(237)	(2,938)
Investment management costs	(258)	(85)
Gross profit/(loss) from investments	**(495)**	**(3,023)**
Commission income on guarantees given (a)	1,974	2,028
Net management costs (b)	(2,226)	(2,236)
Overheads (a) - (b)	*(252)*	*(208)*
Operating profit/(loss)	**(747)**	**(3,231)**
Net finance expense	**(1,790)**	**(1,997)**
Profit/(loss) before gains/(losses) on investments and non-recurring items	**(2,537)**	**(5,228)**
Non-recurring income/(expenses)	(534)	(342)
Profit/(loss) before taxes	**(3,071)**	**(5,570)**
Taxes for the year	297	252
Net profit (loss) for the period	**(2,774)**	**(5,318)**

"Fair value changes and other gains/losses from investment management" are positively influenced by the performance of ErgyCapital's share prices and, on the other hand, negatively influenced by the adjustment made on the equity investment in Progetto Ryan 3. Due to the lack of objective elements or significant effects produced after updating the estimates, unlisted investments have mainly been kept at the 31 December 2016 values.

"*Net finance expense*" dropped due to the higher interest income from loans granted to related companies.

* * *

As far as the **business outlook** is concerned, the results will depend mainly on the performance of the individual investments and on any disinvestments relating to the former Intek activities. Furthermore, commissions on financial guarantees given to subsidiaries will fall due. As regards performance of the equity investments, reference should be made to the following sections on forecasts for future developments in Intek's investment sectors.

* * *

Performance in the various investment sectors

Below is the performance of Intek's investments existing as at 30 June 2017, which consist of the following main equity investments: KME AG, the holding company of the KME Group, Rede Immobiliare Srl, ErgyCapital, Culti Milano and Breda Energia SpA in liquidazione. Furthermore, the 19.15% stake in I2 Capital Partners Fund is defined as investment.

It is hereby reiterated that the equity investments held for investment purposes are measured at fair value through profit or loss.

The other equity investments in the Company's portfolio, which have been considered to provide services related to the Company's investment activity, include: I2 Capital Partners SGR, I2 Real Estate, and Immobiliare Pictea. As a result of the application of the accounting standards relative to investment entities, these companies are included in the scope of consolidation together with the parent company Intek.

With regard to subsidiaries which provide services related to the Company's investment activity, a brief summary of the assets, liabilities, financial position and profit or loss recorded in the first half of 2017 is provided after the comment on the investments.

* * *

<u>"Copper" sector</u>

The investment in the "copper" sector can be summarised as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
KME AG investment	411,546	411,546
KME Beteiligungsgesellsch.mbH investment	1,300	1,300
Financial receivables from KME AG	35,000	35,000
Other	4,465	6,770
Total "copper"	**452,311**	**454,616**

The "copper" sector includes the production and marketing of copper and copper-alloy semi-finished products under the German subsidiary KME AG, and represents the Intek Group's largest industrial investment.

Due to their wide field of application, the demand for copper and copper-alloy semi-finished products is very closely connected to the general economic performance in the reference markets.

In this regard, global economic recovery strengthened as from the end of 2016, but did not translate into a solid recovery of worldwide trade. The economic activity could be supported by the implementation of the new US administration's fiscal expansion programme, the characteristics of which are however currently uncertain. Moreover, there is a risk that the global economic recovery could be slowed down by protectionist trends and potential turbulence in emerging economies.

In the Euro area, where KME Group is mostly present, growth continues to be moderate but gradually consolidating, driven by domestic demand. Uncertainty regarding the performance of the global economy, which is partially affected by geopolitical tensions, is the greatest risk factor insofar as economic activity is concerned.

As already described in previous management reports, the difficult macroeconomic scenario of the last years has led the operating units of the "copper" sector to strengthen operational efficiency and organisational flexibility and to rationalise the business portfolio, with the objective of focusing resources on a series of high value-added businesses and markets with higher growth potential.

This has led to a clearly defined strategic approach and to the launch of a series of investments for the expansion of alloy rolled products with higher added value in Germany, produced for electrical mobility and digital applications which are characterised by a high demand for connectors.

Regarding the increased operating efficiency, restructuring projects were concluded at many production facilities, which aimed to reduce excess production capacity, streamline structure and optimise business costs, with a significant impact on operations in terms of efficiency and profitability recovery.

In Germany, the reorganisation of the production units led to the concentration of tube production within a single plant (Menden) and the closure of similar production operations in the Osnabrück plant. This was accompanied by a drastic reduction in the costs for centralised services, which, together with the restructuring of the tube segment, led to the dismissal of around 350 employees.

In the first half of 2017, an agreement was reached for the restructuring of the marine applications division, with the dismissal of around 67 employees by the end of August 2017.

In France, the agreements signed with the Cupori Group, a Finnish operator in the copper tube sector, have been implemented, with the establishment of a joint venture involving the French plants of Givet and Niederbruck, each respectively insofar as their operations in the sectors of tubes and copper rods, as well as the activities involving the copper tubes at the Italian plant of Serravalle Scrivia (Alessandria), previously owned by KME Italy SpA.

The transaction with Cupori made it possible to resume development of activities in France, both through the significant restructuring of labour costs negotiated with the trade unions – thereby avoiding the announced closure of the Givet plant and consequently keeping almost all the jobs – and through the industrial synergies to be pursued with the Finnish group.

After the completion of the cost-cutting actions, the main objectives of the operations currently underway in France are price stability and recovery of market shares.

As regards Italy, where the transfer of the production of rolled and special products to other group units was considered as a possible strategic option, at the end of June 2016 an agreement was reached to relaunch operations by adopting solutions and measures that reduce the social impact as much as possible while providing a solution to the problem of the heavy financial losses, despite the massive investments made in the past. To support this new strategy, a new managing director was appointed, whose specific mandate is to take the measures required in order to achieve this objective.

Following the closure of the “Asarco” furnace pursuant to the new business plan, in December 2016, after the necessary technical changes, the melting furnace “Loma” was brought back into operation. It will cover the needs of Fornaci di Barga, thereby containing costs and improving efficiency. In the first half of 2017, the furnace’s production capacity reached the objectives that had been set.

Furthermore, the Italian rolled products consolidated their position also thanks to the fact that a significant competitor closed several plants, which could lead to recovery of market shares in the brass rods area.

Again in Italy, it is reminded that in June 2016, the Company concluded an agreement with trade unions which provides for the necessary reabsorption of redundant personnel into the workforce through alternative personnel management measures, leaving indemnities and solidarity. Placement in other activities, such as Social Valley in Campo Tizzoro is included among the alternative measures. This takes place on a rotation basis and following the appropriate training. The duration of the agreement was set until September 2018.

Regarding the strategy of focusing on markets with higher growth potential, the project aimed at creating, through a joint venture, a new production plant for rolled products for connectors in China, is at an advanced stage of completion. The cold rolling and annealing line is expected to be completed by autumn 2017, while the foundry and hot rolling line is scheduled for the end of the first half of 2018. Meanwhile, Chinese customers were able to sample and approve the quality of the first finished products to be distributed in China, obtained starting from semi-finished products from the German production plant of Stolberg or other KME Group units. In October 2016, a new shareholder, Chongqing Wanzhou Economy Technology Development (a state-owned special purpose vehicle) acquired a 16% stake in the joint venture, thereby consolidating the company’s asset structure and strengthening its financial position. KME AG maintained its shareholdings at 50%. In the first half of

2017, operations within the Chinese facility in Henan, aimed at completing the installation of the production equipment, proceeded according to schedule.

Regarding market performance, the demand for **copper and copper-alloy semi-finished products for the building sector** continues to be characterised by underlying weakness, which thwarts the positive effect of the increase in added value obtained through a high quality policy, a broad range of products, continuous customer support, and the development of design ideas promoting innovative solutions for residential architecture, interior design, and large public spaces in general.

The sale volumes and prices of plumbing tubes for the building sector were slightly lower in the first half of 2017 compared to 2016. In the first half of 2017, market demand for industrial tubes was up 2% in Europe.

The evolution of the demand for **copper and copper-alloy semi-finished products for the industrial sector**, which KME Group intends to support as a significant partner by providing its metallurgical know-how, is confirming signals of stability, although not uniform, through the various segments. The trend is positive in all the automotive-related applications, while traditional sectors remained more or less stable; there are interesting growth prospects also in the e- mobility sector.

In the second quarter of 2017, the **special products division** was affected by two extraordinary events. The first, in April, was a fire that damaged a production plant, thereby requiring production to be interrupted for restoration of the facility. The second was the implementation of a restructuring plan providing for the reduction of personnel, mainly in the marine applications sector, but also in other sectors belonging to the division.

Within the special products division, the market conditions insofar as marine applications have not changed substantially when compared to the difficulties that initially arose in 2016. The turnover of this division is significantly lower than expectations and has led to the already mentioned restructuring measures. For engineered products, revenues and performance lagged behind expectations, negatively influenced by operating interruptions connected with the incident described above, which directly affected production capacity and, therefore, sales In the first half of 2017, incoming orders were just slightly over budget; in the second half of 2017 the division will gradually recover its performance levels, according to forecasts. Sales and incoming orders of extruded and drawn products in the first half of 2017 were in line with objectives, with expectations being essentially positive. In Europe, the German market remains stable while demand in Spain, Italy and France is in line with the previous year. In the United States as well, operations remained at 2016 levels.

In the second quarter of 2017, there has been a recovery compared to the second half of 2016 and the beginning of 2017 for the **rods division**. However, strong pressure on prices, especially on the Italian market, has had a negative influence on the division’s performance despite the streamlining programme and the measures undertaken to cut costs in the Group’s facilities.

Key consolidated results of the copper sector

Key results of the copper sector		
(in millions of Euro)	*1st half 2017*	*1st half 2016*
Revenue	954.9	893.2
Revenue (net of raw materials)	251.3	264.5
EBITDA	36.2	27.8
EBIT	20.5	10.9
Profit/(loss) before non-recurring items	6.9	2.0
Non-recurring income/(expenses)	(7.4)	(14.6)
Profit/(loss) net of taxes before IFRS inventory measurement	(3.3)	(14.4)
Effect of IFRS inventory measurement	12.3	(15.1)
Share of profit/(loss) of equity-accounted investees	(4.4)	(2.5)
Consolidated net profit/(loss)	3.8	(29.3)
Net financial debt *	183.7	270.6
Equity attributable to owners of the Parent *	198.3	199.3

(*) Data as at 30 June 2017 and as at 31 December 2016

Consolidated revenue for the first half of 2017 amounted to Euro 954.9 million, up 6.9% compared to the first half of 2016 (Euro 893.2 million). Revenue, net of the value of raw materials, declined from Euro 264.5 million to Euro 251.3 million, down 5% (+1.4% on a like-for-like basis).

EBITDA for the first half of 2017 stood at Euro 36.2 million, up 30.1% compared to the first half of 2016 (Euro 27.8 million), confirming the positive effect of the streamlining and flexibility measures adopted by the Group (+26.7% on a like-for-like basis).

EBIT stood at Euro 20.5 million (Euro 10.9 million in the first half of 2016).

Profit before non-recurring items was Euro 6.9 million (Euro 2.0 million in the first half of 2016).

Loss net of taxes before IFRS inventory measurement was Euro 3.3 million (loss of Euro 14.4 million in the first half of 2016).

Consolidated net profit in the first half of 2017 was Euro 3.8 million (loss of Euro 29.3 million in the first half of 2016).

The result for the first half of 2017 is adversely affected by **Non-recurring expenses** of Euro 7.4 million, which are mostly due to the costs incurred as part of the restructuring programme of the operating units.

The **Net financial position** as at 30 June 2017 was negative to the tune of Euro 183.7 million, compared to Euro 270.6 million at the end of December 2016. This improvement was attributable for Euro 19.8 million to the performance of the fair value of LME contracts and metal commitments.

On 27 June 2016, the KME Group concluded an agreement with its lending banks to extend to 31 July 2018 (with an option to extend for an additional year) credit lines totalling Euro 505 million, which can be used on a revolving basis to cover lending needs mainly connected to inventories.

In March 2017, Raiffeisen Bank International AG joined the agreement as Lead Arranger; consequently, the amount of the loan increased by Euro 30 million.

On 30 June 2016, Mediocredito Italiano SpA provided credit lines totalling Euro 150 million, also expiring 31 July 2018 and with an option for a one-year extension, that both the French and the Italian companies can use for non-recourse factoring. An additional agreement was concluded on 28 July 2016 with Factofrance SA for the extension of credit lines totalling Euro 250 million, also expiring 31 July 2018, usable by Group companies for non-recourse factoring.

Lastly, the KME AG Group has an existing loan with UniCredit SpA, the residual amount of which was Euro 5.2 million as at 30 June 2017 (Euro 9.5 million at the end of 2016), guaranteed by SACE SpA, for funding of the costs of industrial investments or acquisitions of foreign entities. Loan instalments are every six months until the end of March 2018.

All loans require similar financial covenants, which have been complied with as at 30 June 2017.

Equity was Euro 198.3 million at 30 June 2017.

In the first half of 2017, **investments** amounted to Euro 8.7 million (Euro 5 million in 2016).

The number of **Employees** at 30 June 2017 was 3,735 (3,787 at the end of 2016).

As for the **outlook**, the ongoing restructuring and streamlining of manufacturing operations, launched in recent months, are expected to generate additional benefits by reducing operating costs. With the consolidation of production recovery in Europe, the KME Group will be able to take advantage of its improved competitive position to further improve economic performance, including through further positioning of products with higher profit margins for industrial sectors, consistently with the implementation of the strategic plan, also by taking further actions on the product portfolio aimed at focusing on higher margin products.

In the first half of 2017, the **price of copper** increased, compared to the previous year, by 18.2% in US$ (from US$ 4,863/tonne to US$ 5,749/tonne) and by 20.8% in Euro (from Euro 4,400/tonne to Euro 5,313/tonne). In terms of trend, in the second quarter of 2017 average copper prices decreased by 2.9% in US$ compared to the first quarter of 2017 (from US$ 5,832/tonne to US$ 5,662/tonne), and by 6.1% in Euro (from Euro 5,476 /tonne to Euro 5,142/tonne).

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<u>Private Equity</u>

The investment in the private equity area is represented by the Company's equity investment in I2 Capital Partners SGR, the credit-debt relationship with the latter, and the share of the I2 Capital Partners fund held directly by Intek Group.

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
I2 Capital Partners fund	5,112	4,993
I2 Capital Partners SGR investment	2,501	2,501
Financial payables to I2 Capital Partners SGR	(1,312)	(1,301)
Other	70	16
Total Private Equity	**6,371**	**6,209**

For comments on the equity investment in I2 Capital Partners SGR, reference should be made to the section “*Main subsidiaries which provide services related to the Intek Group's investment activity*”.

I2 Capital Partners fund

Intek owns 19.15% of the Fund, which began operating in 2007, collecting subscriptions for Euro 200 million, the maximum amount allowed by the Regulation. Subscriptions were collected from qualified investors only.

The Fund’s investment activity, which ended on 31 July 2012, consisted of acquiring controlling financial instruments, autonomously or with others, issued by entities which were established or had their registered offices in Italy or which carried out substantial part of their operations in Italy, whether directly or indirectly.

Consistently with the indications set forth in the Fund regulation, the company’s Advisor Committee and board of directors have resolved to extend the term of the fund by one year, until 31 July 2018. This will allow for the disposal of the remaining investments and the full repayment of shares at the best possible conditions.

As at 30 June 2017, the total called-up amount since the launching of the Fund's operations was Euro 125.3 million, while the callable residual contributions totalled approximately Euro 9.4 million.

Between the end of June and August 2017, the Fund, through two complex and connected transactions, which are shown below, sold 100% of Alpi Fondi SGR SpA ("Alpi Fondi"), wholly owned by Nuovi Investimenti SIM SpA ("NIS"), and 67.99% of the latter to two different groups of buyers.

- on 23 June 2017, following several complex and structured transactions and pursuant to the agreements signed in December 2016, NIS sold the equity interest in Alpi Fondi to Gruppo Fiduciaria Orefici SIM SpA ("GFO"). The sale took place against the amount of Euro 2 million plus an earn out depending on the future value of the funds managed by the company, estimated at approximately Euro 700 thousand;
- on 8 August 2017, the equity interest in Nuovi Investimenti was sold to some financial consultants and Banca Finint against a price of approximately Euro 8.6 million for 100% of the share capital, without calculating prior NIS tax losses, to be defined in the future.

With the sale of the equity interest in Alpi Fondi and Nuovi Investimenti, including the 9% stake of the latter sold in October of last year, the Fund has collected approximately Euro 7.3 million until now, of which Euro 750 thousand deposited in an escrow account for guarantees issued to GFO, in addition to real estate valued at approximately Euro 350 thousand. Some of the NIS buyers also committed to purchase the 23.01% equity interest still remaining in the Fund portfolio against approximately Euro 1.25 million, issuing a guarantee of Euro 1 million to I2 Capital Partners to this effect. Finally, by the first half of 2018, the Fund is expected to earn Euro 1.5 million due to the reduction of the capital in Nuovi Investimenti.

Upon completion of the transactions, excluding uncertain components related to the assets managed for Alpi Fondi and the revaluation of past losses for NIS, the Fund expects to receive a total of approximately Euro 10 million from the two divestments, net of costs totalling approximately Euro 300 thousand.

Meanwhile, progress is continuing in speeding up the liquidation of investments still in existence, which are currently simpler and refer to Isno 3 (which has brought a lawsuit for a significant amount against a foreign credit institution), Isno 4 (which is owed tax credits of Euro 2 million, for which reimbursement has been applied for), Benten, in which the fund has a 30% interest (which is owed tax credits) and Safim Leasing. These investments have very positive prospects, in many cases.

Assessment of the investments in Nuova GS (Selecta) and Alitalia is more problematic and uncertain.

The table below shows the fair value of the main investments existing at 30 June 2017, in respect of the stake owned by the Intek Group, compared to 31 December 2016.

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
ISNO 3 Srl - official assignee of Festival Crociere SpA’s composition	1,781	1,781
ISNO 4 Srl - official assignee of OP Computers SpA’s composition	575	575
Nuovi Investimenti SIM SpA	1,532	1,915
Benten Srl - official assignee of Mediafiction SpA’s composition	197	197
Safim Leasing SpA in liquidation	5	5
Editoriale Vita	-	-
Alitalia – Compagnia Aerea Italiana SpA	-	-
Nuova GS Srl / Selecta SpA	-	-
Total investments	**4,090**	**4,473**

Following is a brief description of the main investments existing at 30 June 2017.

Isno 3 Srl – Festival Crociere Proceedings

During the half year, there were no developments in regard to the only litigation still in existence against Crédit Agricole and other respondents. It should be mentioned that in December 2012 the Court of Genoa issued a first instance ruling which rejected the main claims made by Isno 3 Srl, sentencing GIE Vision Bail SA, wholly owned by Calyon, to pay Euro 6.8 million, plus interests, as a bankruptcy rescindment. The Genoa Court of Appeals accepted the appeal filed by the Company. In the hearing of July 2017, the judge set the deadlines for the depositions of the parties. The outcome of the appeal is expected in the spring of 2018.

Isno 4 Srl/OP Computers SpA

As at 30 June 2017, the assets of Isno 4 in liquidazione consisted of cash of approximately Euro 1.6 million and tax credits, claimed as a refund, of approximately Euro 2 million. The closure of the liquidation procedure, with extinguishment of all debts, is expected by the end of the year.

Benten Srl

As at 30 June 2017, the assets to be realised consisted of cash for Euro 1.6 million and tax credits of a significant amount, the realisation of which will lead to further positive results.

Safim leasing SpA in liquidation

To date, the company’s assets consist of cash and cash equivalents and tax credits, for which reimbursement has already been requested.

To speed up the liquidation process, the Fund has reached an agreement to purchase the 7% stake of the company which is held by third parties. The liquidator expects this to occur by the end of 2017, after extinguishment of all the debts.

Alitalia

As the company was recently put into administration, no forecasts can currently be made regarding the outcome of the situation and future business developments.

Editoriale Vita

This company, in which the Fund has a modest investment, has found itself in financial difficulty, which it intends to overcome through an agreement with the offeror supported by the contributions of old and new shareholders interested in ensuring the continuation of this entity’s publishing activities.

Nuova GS SpA/Gruppo Selecta Srl – Investment in the Venturini Group

The economic/financial performance for the half year ended 30 June 2017 was essentially in line with the forecasts of the new Business Plan prepared by management for 2015-2027, on which the update of the 2011 Agreement with Poste Italiane SpA was based.

The pre-closure consolidated data for the first half of 2017 show (i) turnover equal to Euro 20.5 million (Euro 19 million as at 30 June 2016) and EBITDA that is positive for Euro 3.8 million (17% of period sales), against EBITDA of Euro 3.3 million recognised in the previous half year. This performance places Selecta in first place in its reference segment, in terms of operating efficiency.

Despite this fact, the overall status of Selecta is considerably precarious. Its reference market, i.e. that of printing and putting into envelopes of mandatory communications, remains difficult. The progressive dematerialisation of communications (due to a general and increasing preference for sending communications in digital format) places strong pressure on volumes and margins, and the company has to face significant competition from operators that offer the same service, in bundled form with forwarding, at more and more competitive prices.

As at 30 June 2017, the consolidated net debt was Euro 28.3 million, almost entirely owed to Poste Italiane SpA. Euro 2 million is owed to Nuova GS SpA for the transaction involving the acquisition of the equity interest in the real estate company Civi Holding Srl in liquidazione. In this framework, as already mentioned, an agreement was recently signed pursuant to article 67, paragraph 3, letter D of the Italian Bankruptcy Law, after the agreement of October 2011, which led to the approval of a new plan sworn pursuant to article 67 of the Italian Bankruptcy Law, with this important creditor which is also a competitor (through its subsidiary Postel) and a provider of forwarding services.

As at 30 June 2017, the New GS group's consolidated debt totalled Euro 40 million, of which Euro 12 million owed to two banks which funded Selecta's acquisition.

In the last few years, Selecta has begun to diversify, including activities that are adjacent and accessory to the company's traditional activities, in particular digital customer interaction services through the subsidiary Selecta Digital Services SpA and contact center activities through the subsidiary Selecta Customer Services Srl.

The Board of Directors of I2 Capital Partners recently approved the sale of its own equity interest as part of a complex management buyout transaction, which should be concluded within 2017.

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Non-operating assets

They can be summarised as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
Breda Energia investments	6,162	6,162
Intek Investimenti investments	680	680
Former Fime receivables (net of advances)	5,145	5,625
Other non-performing receivables (tax receivables and from compositions with creditors)	2,279	3,144
Net assets/(liabilities) concerning former Isno 2	(780)	(780)
Provisions for risks	(3,095)	(3,095)
Financial payables to Breda Energia in liquidazione	(3,676)	(3,822)
Other	(666)	(738)
Total non-operating assets	**6,049**	**7,176**

The Euro 1.1 million change compared to 31 December 2016 is due to collections during the period.

The Provision for risks, amounting to Euro 3.1 million, mainly refers to disputes connected with the former Fime's previous management.

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The credit recovery activity related to the former Fime and Isno 2 assets continued, and resulted in collections, during the first half, totalling Euro 0.3 million.

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Real Estate/Other assets

Real Estate/Other assets can be broken down as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
I2 Real Estate investment	11,750	11,750
Rede investment	2,362	2,362
Land and buildings	32	32
Land and buildings IFRS 5	941	941
Financial receivables from I2 Real Estate	7,579	7,335
Financial receivables from Rede Immobiliare	2,366	2,337
Progetto Ryan 2/Mecchld investment	218	317
Other	467	267
Total Real Estate/Others	**25,715**	**25,341**

No significant events took place in the half year under review.

ErgyCapital/Other services

The assets can be broken down as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
ErgyCapital investment	5,651	4,718
Culti Milano and Progetto Ryan 3 (former Culti Srl) investment	11,433	10,330
Il Post investment	545	545
Payables to Progetto Ryan for investment acquisition	(2,206)	-
Financial receivables from ErgyCapital	4,802	4,731
Financial receivables from Progetto Ryan 3 (former Culti Srl)	400	547
Financial receivables from Culti Milano	60	60
Other	503	480
Total ErgyCapital/Other services	**21,188**	**21,411**

ErgyCapital

In the financial statements of Intek at 30 June 2017, the equity investment in ErgyCapital is measured at fair value and amounts to Euro 5.7 million, corresponding to the stock exchange price at 30 June 2017.

As already mentioned, the company’s extraordinary shareholders’ meeting held on 23 June 2017 resolved to approve the merger of ErgyCapital into Intek. This provides for the exchange of one ordinary Intek share for every 4.5 ErgyCapital shares.

The merger is expected to begin by the end of this year, after the deadline set for opposition by the creditors pursuant to article 2503 of the Italian Civil Code has been reached and the conditions precedent set in the projects have been fulfilled.

To this end, it is noted that the deadlines for exercising the right to withdraw have expired and the declarations that have been received involve costs of a modest amount which are lower than the Euro 500 thousand threshold defined as the condition precedent.

Other conditions precedent refer to:

- the agreement of the funding entities of the ErgyCapital group regarding the merger;

- the non-applicability of the Material Adverse Clause (MAC).

With regard to ErgyCapital, reference should be made to the agreement signed in early August 2017 with a company belonging to the ContourGlobal group, leading international operator in the energy sector, for the disposal of investments held in solar energy companies.

The completion of the transaction is subject to the occurrence of some conditions precedent, namely:

- the non-occurrence of events or circumstances affecting the financial condition, business and/or assets of the companies to be disposed of;
- the approval of the transaction by the lending banks of the companies Ergyca One Srl and Ergyca Tracker Srl;
- the disposal by Ergyca Tracker Srl of the equity interest in Ergyca Tracker 2 Srl.

The consideration for the transaction is equal to Euro 21.3 million and was defined on the basis of the economic and financial position of the companies to be disposed of as at 31 December 2016. This consideration is considered appropriate, taking into account any payments made by the companies to be disposed of to related parties between 1 January 2017 and the closing date.

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At the date this report was approved, the Board of Directors of ErgyCapital had not yet approved the condensed consolidated interim financial statements as at 30 June 2017.

Intek owns 49.04% of the share capital of ErgyCapital and holds de facto control thereof.

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Culti Milano SpA

Culti Milano SpA operates in the luxury market, producing and selling high-end room fragrances. The strengths of the products it distributes are the *Made in Italy* style, the exclusiveness and sophistication of the fragrance, and the refined design which makes the brand iconic.

In July, Culti Milano was admitted to trading on the Alternative Investment Market (AIM) with a capital increase of Euro 4.5 million. These resources were not incorporated in the subsidiary’s half-year data, but were instrumental in significantly modifying the company’s equity profile, providing it with the resources necessary to adequately carry out significant business development planned both in Italy and abroad, including through the presence of Culti Milano branded points of sale, together with qualified partners where appropriate. The first step of this development plan involves the opening of a third Italian boutique in Naples in October.

The company was listed following the placement of 865,500 newly issued ordinary shares. The listing price was set at Euro 5.20 per share. The overall placements totalled Euro 4.5 million (gross of expenses and placement commissions). The expected free float is equal to 27.96% of capital.

In addition, free warrants, also listed, were granted to all shareholders in the ratio of 1 warrant per share held.

In the first half of 2017, the company recorded a positive performance, with a significant increase in the main economic indicators from the first half of the prior year and in line with the budget.

Turnover amounted to Euro 2.7 million, up 35% compared to the same period in 2016. EBITDA came in at Euro 209 thousand (loss of Euro 79 thousand as at 30 June 2016) and EBIT at Euro 75 thousand (loss of Euro 135 thousand in the first half of 2016). Net profit was equal to Euro 31 thousand (loss of Euro 392 thousand in 2016).

The net financial position as at 30 June 2017 showed a net debt of Euro 206 thousand compared to Euro 1,421 thousand at 31 December 2016.

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Financial management

The Parent company has no debts to third parties, except for the bond loan of Euro 101.2 million which expires in February 2020.

In the first half of the year, the annual coupon payable in February was paid, and the entire harmonised UCITS (investment funds) portfolio, in which the company's liquidity was momentarily invested, was fully liquidated.

It is furthermore noted, as already mentioned in this report, that Intek Group has an ongoing loan with the subsidiary KME AG of Euro 35 million, which falls due on 30 September 2018. Based on the agreement signed at the time of the renewal of the syndicated loans, it can be repaid early only in the event that Tranche B of the syndicated loans granted to KME AG is reduced by at least Euro 30.0 million.

As at 30 June 2017, Intek is a creditor of an additional Euro 7.8 million to KME AG, as part of the current account in existence.

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Group results

The result for the period, lacking significant results in *"Net income from investment management"*, was a loss of Euro 2.9 million due to the imbalance in financial management and the poor performance of net income from investment management.

Consolidated income statement		
(in thousands of Euro)	*1st half 2017*	*1st half 2016*
Net income from investment management	(276)	(3,158)
Guarantee fees	1,974	2,028
Other income	526	1,580
Labour costs	(955)	(1,008)
Amortisation, depreciation, impairment and write-downs	(267)	(1,069)
Other operating costs	(2,512)	(2,260)
Operating profit/(loss)	**(1,510)**	**(3,887)**
Finance income	1,140	1,073
Finance expense	(2,873)	(3,081)
Net finance expense	*(1,733)*	*(2,008)*
Profit/(loss) before taxes	**(3,243)**	**(5,895)**
Current taxes	492	(47)
Deferred taxes	(200)	277
Total income taxes	**292**	**230**
Profit/(loss) for the period	**(2,951)**	**(5,665)**

With respect to the **financial position**, consolidated equity can be summarised as follows:

Consolidated equity		
(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
Share capital	314,225	314,225
Reserves	127,852	132,131
Profit/(loss) for the period	(2,951)	(4,378)
Equity attributable to owners of the Parent company	**439,126**	**441,978**
Non-controlling interests	-	-
Total equity	**439,126**	**441,978**

Changes are almost exclusively related to the result of the period.

The Consolidated net invested capital is as follows:

Consolidated net invested capital		
(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
Net non-current assets	519,167	509,747
Net working capital	15,276	17,615
Net deferred tax	2,560	2,786
Provisions	(4,424)	(4,943)
Net invested capital	**532,579**	**525,205**
Total equity	439,126	441,978
Net financial position	93,453	83,227
Sources of finance	**532,579**	**525,205**

"Net invested capital" is a financial indicator which is not defined by IFRS *and should not be considered as an alternative to the indicators defined by IFRS. Its components are given here below:*

- *"Net non-current assets" consist of the sum of non-current assets except for deferred tax assets.*
- *"Net working capital" consists of the sum of the items "Trade receivables" net of "Trade payables" and "Other current assets/liabilities", except for the items previously considered in the definition of "Net financial debt".*
- *"Net provisions" include the items "Employee benefits" and "Provisions for risks and charges".*

The "*Net financial position*" can be broken down as follows:

Reclassified consolidated net financial position			
(in thousands of Euro)		*30 Jun 2017*	*31 Dec 2016*
Short-term financial payables		2,619	5,201
Medium-to-long term financial payables		6,847	7,063
Financial payables to Group companies		3,676	3,823
(A) Financial payables	**(A)**	**13,142**	**16,087**
Cash and cash equivalents		(3,040)	(10,444)
Other financial assets		(2,172)	(6,775)
Financial receivables from Group companies		(15,571)	(16,631)
(B) Cash and current financial assets	**(B)**	**(20,783)**	**(33,850)**
(C) Consolidated net financial position (net of outstanding securities)	**(A) + (B) + (C)**	**(7,641)**	**(17,763)**
(D) Outstanding debt securities (net of interest)		**101,094**	**100,990**
(E) Consolidated net financial position	**(D) + (E)**	**93,453**	**83,227**
(F) Non-current financial assets		***(56,842)***	***(46,731)***
(G) Total net financial debt	***(F) + (G)***	***36,611***	***36,496***

The cash flows for the period may be summarised in the Consolidated statement of cash flows, prepared using the indirect method, as follows:

Consolidated statement of cash flows – indirect method			
(in thousands of Euro)		*1st half 2017*	*1st half 2016*
(A) Cash and cash equivalents at the beginning of the year		**10,444**	**10,947**
Profit/(loss) before taxes		(3,243)	(5,895)
Amortisation and depreciation		213	216
Impairment/(reversal of impairment) of non-current assets other than financial assets		54	853
Impairment/(reversal of impairment) of investments and financial assets		294	3,305
Changes in pension funds, post-employment benefits and stock options		(103)	(50)
Changes in provisions for risks and charges		(402)	(303)
(Increase)/decrease in investments		(2,096)	(1,336)
(Increase)/decrease in financial investments and financial assets		4,847	21,193
Increase/(decrease) in current and non-current financial payables to related companies		(147)	1,424
(Increase)/decrease in current and non-current financial receivables from related companies		949	(17,314)
(Increase)/decrease in current receivables		3,782	(2,678)
Increase/(decrease) in current payables		37	(67)
Taxes paid during the year		-	-
(B) Total cash flows from/(used in) operating activities		**4,185**	**(652)**
(Increase) in non-current intangible assets and property, plant and equipment		(27)	(57)
Decrease in non-current intangible assets and property, plant and equipment		-	72
Investments in instrumental equity interests net of acquired cash		-	-
Increase/decrease in other non-current assets/liabilities		1,528	2
(C) Cash flows from/(used in) investing activities		**1,501**	**17**
(Purchase)/sale of treasury shares and similar shares		-	-
Increase/(decrease) in current and non-current financial payables		(2,873)	(2,788)
(Increase)/decrease in current and non-current financial receivables		(10,217)	670
(D) Cash flows from/(used in) financing activities		**(13,090)**	**(2,118)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(7,404)**	**(2,753)**
(F) Cash and cash equivalents at the end of the period	**(A) + (E)**	**3,040**	**8,194**

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Update in matters of governance

Following past practice, on the occasion of the presentation of the Interim Report, the Company considers it appropriate to update the information on corporate governance provided with the financial statements.

The shareholders' meeting held on 23 June 2017 approved the Board of Directors report and the financial statements for the year ended 31 December 2016, as well as the proposal to cover the loss of Euro 4,440,689 as follows:

- Euro 2,122,907 through full use of the "merger deficit reserve" which, as a result, was zeroed;
- the remaining amount of Euro 2,317,782 through use of the "extraordinary reserve" which, as a result, was reduced from Euro 11,899,957 to Euro 9,582,175.

Furthermore, the shareholders' meeting approved, on a consultative basis, the report on remuneration pursuant to article 123 ter of Italian Legislative Decree 58/1998.

On 13 July 2017, the special savings shareholders' meeting was held on third call, which tasked the Common Representative with submitting to the Company a proposal for the mandatory conversion of the Company saving shares into Intek Group ordinary shares, at the exchange of 18 ordinary shares for every 10 saving shares being converted. The Board of Directors decided that this proposal would be assessed at a future meeting.

There were no changes to the amount and composition of the share capital. It is hereby reiterated that, starting from 2 May 2013, the outstanding savings shares have had a single listing line characterised by the following ISIN codes:

- IT0004552375 as regards registered savings shares;
- IT0004552367 as regards unregistered savings shares.

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Other information

Treasury shares

As at the date of this report, the Company held 5,713,572 ordinary treasury shares equal to 1.65% of voting capital (1.44% of overall capital) and 11,801 own savings shares (0.024% of the share type capital).

In the first half of 2017, no acquisitions or disposals of ordinary or savings shares were made by the Company or its subsidiaries.

Parent company and ownership structure

The Company is controlled by Quattroduedue Holding BV, which is based in Amsterdam (Holland), Wibautstraat 192, through Quattroduedue SpA, a wholly owned subsidiary of the aforementioned Quattroduedue Holding BV. At 30 June 2017, Quattroduedue Holding BV held 158,067,506 Intek Group ordinary shares (45.749% of the Company's ordinary share capital) and 1,424,031 savings shares (2.842% of the share type capital).

As at the date of this report, there exists a mandatory convertible bond loan named "*Intek Group SpA 2012-2017 Mandatory Convertible Loan*", of a total nominal value of Euro 32,004,000.00 consisting of 4000 bonds with a nominal value of Euro 8,001.00 each, subscribed by Quattroduedue SpA at a unit issue price of Euro 6,000.00. A fraction of this bond loan, equal to 526 bonds, of a total nominal amount of Euro 4,208,526, is held by Intek itself, due to its merger with FEB.

Pursuant to the mandatory convertible bond loan Regulation, on 25 September 2017 (as the expiration of 24 September 2017 falls on a Sunday) the bonds will be automatically converted to a maximum of 28,452,150 newly issued ordinary Intek shares (24,710,693 net of the bonds which are held directly by Intek itself).

It is hereby noted that, pursuant to the new reference regulation, any holders of so-called potential and/or long equity investments in the Issuer's capital shall provide relevant disclosure to Consob and the Issuer itself. To this end, in the previous year the Company received a declaration from Intesa Sanpaolo SpA, regarding the ownership of financial instruments with characteristics of equity (reverse convertible) which would provide an approximately 25% stake in the Company's ordinary share capital, if the conditions for their conversion were to apply.

For further information concerning the ownership structure, the Company governance, and any other related issue, reference should be made to the report compiled for 2016 pursuant to art. 123 bis of Italian Legislative Decree 58/98, which is attached to the financial statements.

Related party transactions

Related party transactions, including intra-group transactions, were neither atypical nor unusual, in that they were part of the Group companies' day-to-day business and were all conducted on an arm's length basis or according to standard criteria.

As at 30 June 2017, Intek had a loan of Euro 35.0 million, expiring on 30 September 2018, with KME AG. The loan can be repaid early only in the event that Tranche B of the syndicated loans granted to KME AG is reduced by at least Euro 30.0 million. The annual rate applied is 3.75%, reviewable quarterly based on KME AG's borrowing cost.

As at 30 June 2017, in addition to the loan of Euro 35.0 million, Intek is a creditor of an additional Euro 7.8 million to KME AG, as part of the current account in existence. Intek is also a creditor by additional Euro 4.2 million to KME AG and its subsidiaries for guarantees and interest charged.

As at 30 June 2017, loans were in existence with the following direct and indirect subsidiaries:

- ErgyCapital, amounting to Euro 4.5 million;
- Rede Immobiliare Srl, amounting to Euro 2.4 million;
- ErgycaOne, amounting to Euro 0.3 million;
- Progetto Ryan 3 in liquidazione (former Culti Srl), amounting to Euro 0.4 million.

Intek also has a loan of Euro 7.6 million to I2 Real Estate, which was eliminated in the consolidated financial statements, and a loan of Euro 0.2 million to I2 Capital Principal.

The existing loans payable with non-consolidated companies refer solely to Breda Energia SpA in liquidazione (Euro 3.7 million) which also holds a financial loan of Euro 2.1 million to the parent company Quattroduedue SpA.

There are two loans payable with consolidated companies with the following balances:

- Euro 1.3 million to I2 Capital Partners SGR;
- Euro 6.6 million to Immobiliare Pictea.

The breakdown of transactions with subsidiaries and parent companies is included in the Notes to the interim financial statements.

Disputes

In the first half of 2016, certain savings shareholders filed complaints against Intek regarding the alleged violation of their rights in relation to the distribution of reserves resolved by the Ordinary Shareholders' Meeting of 19 June 2015 and implemented by assigning the 3,479,875 savings shares in the Company's portfolio to all shareholders, receiving in some cases injunctions, which were promptly opposed.

To counter such initiatives, the Company has taken action through the initiation of proceedings which are currently pending at the Courts of Milan, Rome and Bari, in order to ascertain that no savings shareholders' rights were violated and therefore that their claim in relation to the already mentioned distribution is unfounded.

With reference to the judgments resulting from such proceedings, in May 2017 the Court of Bari, accepting the opposition of the Company, revoked the previously issued injunction, stating that the saving shareholder's claim was unfounded and ordering the latter to pay legal costs and compensation for vexatious litigation. This judgment was challenged by the losing party and is currently being reviewed by the Bari Court of Appeal.

As regards the main litigation concerning the former Fime Leasing, note should be taken of the lawsuit which was ruled upon by the Naples Court of Appeal in 2014, sentencing Intek to pay Euro 2.6 million (against which a specific risk provision was allocated in 2014) to the bankruptcy receivers of Mareco Sistemi Industriali Srl as part of the lawsuits connected to the operations of the former Fime Leasing. This ruling, which is under appeal before the Supreme Court of Cassation (*Suprema Corte di Cassazione*), was suspended and we are awaiting for the hearing date to be set for the definitive judgement.

There are no significant updates regarding the other disputes in which the Company is involved. For further details regarding such disputes, reference should be made to the Report on the financial statements as at 31December 2016.

Personnel

As at 30 June 2017, Intek had 11 employees, of whom 1 executive and 10 clerical.

The average number of employees in the consolidated companies, as compared with the previous year, is as follows:

	30/06/2017	*31/12/2016*	*Change*	*% Change*
Executives	3	4	(1)	-25.00%
	21.43%	26.67%		
Clerical workers	11	11	-	0.00%
	78.57%	73.33%		
Total employees (average)	**14**	**15**	**(1)**	**-6.67%**
	100.00%	100.00%		

* * *

The Company's Board of Directors, at its meeting of 14 September 2012, decided, among other things, to apply the exception envisaged by articles 70, paragraph VIII, and 71 bis of the Issuers' Regulation, which exempts the Company from publishing an Information Document in the case of significant mergers, demergers, share capital increases through transfers in kind, acquisitions and sales.

* * *

Adjustment to Title VI of the Market Regulation - Consob Regulation no. 16191/2007

With reference to the provisions of articles 36, 37, and 38 of the Regulation in question, it should be noted that:

- with regard to the provisions of article 36, Intek does not hold relevant investments, pursuant to article 151 of Consob Issuers' Regulation, in non-EU Countries;
- although a subsidiary of Quattroduedue Holding BV, the Company considers itself not to be subject to management and coordination as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Market Regulation, insofar as that:
  - it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
  - it does not participate in any centralised treasury arrangements operated by the parent Quattroduedue Holding BV or any other company under the parent’s control;
  - the number of independent Directors (3 out of 9) is such as to ensure that their opinions have a material influence on board decisions;
- with regard to the provisions of article 38, the Company does not fall within its scope of application, as its corporate purpose does not exclusively envisage equity investment activity in accordance with predetermined limitations.

* * *

Risk Management

In its position as a dynamic investment holding company, Intek is directly exposed to risks connected with investments and disinvestments. The Company's financial results mainly depend on these transactions and on the dividends distributed by investees and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the investees.

Corporate equity investments involve by their nature a certain level of risk, as these types of investments do not provide the certainty that the invested capital will be refunded in full or they could produce cash flows that are insufficient for remuneration of the capital investment or in any case result in performances that could trail behind market performances.

Furthermore, the disinvestment process could require more time than expected and/or be carried out on the basis of terms and conditions that are not fully satisfactory or remunerative. In particular, regarding equity investments in unlisted companies, whether held directly or indirectly, the absence of risks connected mainly to the liquidability of these equity investments and their valuation cannot be guaranteed, in consideration: (a) of the possible absence in these companies of control systems similar to those required of companies with listed shares, with the possible consequent unavailability of information flows that are at least equal, insofar as quantity and quality, to the ones available for companies with listed shares; and (b) of the difficulties inherent in carrying out independent audits of the company and therefore assessing the completeness and accuracy of the information it provides. For non-controlling equity investments, whether in listed or unlisted companies, the possibility of influencing the management of the equity investments in order to promote their growth, including through a relationship with the management and the shareholders of the investee, could be limited.

For further information on corporate risks, reference should be made to the relevant paragraph included in the Notes to the interim financial statements.

Significant events after 30 June 2017

No significant events occurred after the reporting period other than those set out above.

Main subsidiaries which provide services related to the Intek Group's investment activity

Following is a summary of the comments regarding the operations carried out in the first half of 2017 by the main companies identified as providing services related to Intek's investment activity and by their subsidiaries.

For further details, reference should be made to the relevant note regarding operations in the different investment sectors.

I2 Capital Partners SGR SpA

I2 Capital Partners SGR is active in the collective management of savings through the promotion, establishment, organisation and management of closed-end mutual investment funds focused on private equity and particularly the Special Situations area.

To date, the company manages a single fund, I2 Capital Partners, which collected total subscriptions of Euro 200 million, the maximum amount allowed. Subscriptions were collected from qualified investors only, including Intek, which currently holds 19.15% of the Fund.

The Fund’s investment activity ended on 31 July 2012, therefore further transactions are limited to add-ons on investments that have already been made or resolved upon prior to the closing of the investment period.

In March of the current year, the Fund’s Advisory Committee and the company’s Board of Directors resolved to extend the duration of the fund by one year, up to 31 July 2018.

As at 30 June 2017, the company’s equity was Euro 2.4 million, after having incurred a loss for the half year of Euro 131 thousand.

I2 Real Estate Srl

This company was established in 2004 and its purpose is to purchase, sell and manage real estate and provide property management services, also through investees.

The company provides services related to the operations of Intek, and is therefore accounted for at cost, adjusted as needed for impairment, in the separate financial statements, and is consolidated.

In addition to that indicated in the section “*Real Estate/Other assets*”, it is hereby noted that equity as at 30 June 2017 amounted to Euro 11.7 million (Euro 11.8 million at 31 December 2016), and the result for the period was negative for Euro 71 thousand.

With regard to the activities planned for 2017, the company continues to seek the best solutions for the Ivrea property and the equity investment in Tecno Servizi Srl, and the Varedo property in particular. To date, there have been no significant negotiations for these assets.

Immobiliare Pictea Srl

This company, which Intek assumed full control of during 2015, owns the building located in Milan - Foro Buonaparte 44, where Intek and some of its subsidiaries have their headquarters.

The company had equity of Euro 5.8 million and reported a positive result for the period of Euro 0.1 million.

INTEK GROUP

Condensed consolidated interim financial statements as at 30 June 2017

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Statement of financial position – Assets

(in thousands of Euro)	*Ref. Note*	*30 Jun 2017*	*of which related parties*	*31 Dec 2016*	*of which related parties*
Investments in equity interests and fund units	*4.1*	447,280	*442,140*	445,404	*440,384*
Non-current financial assets	*4.2*	57,031	*46,981*	48,782	*48,732*
Property, plant and equipment	*4.3*	11,332		11,519	
Investment property	*4.4*	3,512		3,566	
Intangible assets	*4.5*	7		6	
Other non-current assets	*4.6*	5		470	
Deferred tax assets	*4.21*	5,574		5,866	
Total non-current assets		**524,741**		**515,613**	
Current financial assets	*4.7*	21,619	*19,072*	27,621	*20,522*
Trade receivables	*4.8*	11,743	*5,064*	14,448	*7,407*
Other current receivables and assets	*4.9*	10,014	*2,181*	10,599	*1,628*
Cash and cash equivalents	*4.10*	3,040		10,444	
Total current assets		**46,416**		**63,112**	
Non-current assets held for sale	*4.11*	1,784		1,784	
Total assets		**572,941**		**580,509**	

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.22.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Statement of financial position – Liabilities

(in thousands of Euro)	*Ref. Note*	*30 Jun 2017*	*of which related parties*	*31 Dec 2016*	*of which related parties*
Share capital		314,225		314,225	
Other reserves		36,651		41,073	
Treasury shares		(1,820)		(1,820)	
Retained earnings/(accumulated losses)		72,305		72,261	
Mandatory convertible loan		20,844		20,844	
Technical provisions for consolidation		-		-	
Other comprehensive income reserve		(128)		(227)	
Profit/(loss) for the period		(2,951)		(4,378)	
Equity attributable to owners of the Parent	***4.12***	**439,126**		**441,978**	
Non-controlling interests		-		-	
Total equity	***4.13***	**439,126**		**441,978**	
Employee benefits	*4.13*	294		411	
Deferred tax liabilities	*4.21*	3,014		3,080	
Non-current financial payables and liabilities	*4.14*	6,847		9,064	
Bonds	*4.15*	101,094		100,990	
Other non-current liabilities	*4.16*	3,385	*1,064*	2,321	
Provisions for risks and charges	*4.17*	4,130		4,532	
Total non-current liabilities		**118,764**		**120,398**	
Current financial payables and liabilities	*4.18*	9,796	*3,676*	12,915	*3,823*
Trade payables	*4.19*	1,183	*182*	1,027	*131*
Other current liabilities	*4.20*	4,072	*1,938*	4,191	*1,988*
Total current liabilities		**15,051**		**18,133**	
Total liabilities and equity		**572,941**		**580,509**	

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.22.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Statement of profit or loss for the period and other comprehensive income

(in thousands of Euro)	*Ref. Note*	*1st half 2017*	*of which related parties*	*1st half 2016*	*of which related parties*
Net income from investment management	*5.1*	(276)		(3,158)	
Commissions on Guarantees given	*5.2*	1,974	*1,974*	2,028	*2,027*
Other income	*5.3*	526	*29*	1,580	*75*
Personnel costs	*5.4*	(955)	-	(1,008)	*(19)*
Amortisation, depreciation, impairment and write-downs	*5.5*	(267)		(1,069)	
Other operating costs	*5.6*	(2,512)	*(912)*	(2,260)	*(740)*
Operating profit/(loss)		**(1,510)**		**(3,887)**	
Financial income		1,140	*1,139*	1,073	*1,064*
Financial expense		(2,873)	*(47)*	(3,081)	*(224)*
Net financial expense	*5.7*	*(1,733)*		*(2,008)*	
Profit/(loss) before taxes		**(3,243)**		**(5,895)**	
Current taxes	*5.8*	492		(47)	
Deferred taxes	*5.8*	(200)		277	
Total income taxes		**292**		**230**	
Net profit/(loss) for the year		**(2,951)**		**(5,665)**	
Other comprehensive income:					
Measurement of employee defined benefits		*14*		*(22)*	
Items that will not be reclassified to profit or loss		14		(22)	
Net change in cash flow hedge reserve		112		(274)	
Taxes on other comprehensive income		(27)		66	
Items that may be reclassified to profit or loss		85		(208)	
Other comprehensive income, net of tax effect:		99		(230)	
Total comprehensive income for the year		**(2,852)**		**(5,895)**	
Profit/(loss) for the period attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(2,951)		(5,665)	
Profit/(loss) for the period		(2,951)		(5,665)	
Total comprehensive income attributable to:					
- non-controlling interests		-		-	
- owners of the Parent		(2,852)		(5,895)	
Total comprehensive income for the period		(2,852)		(5,895)	

Earnings per share (in Euro)		
Basic earnings/(loss) per share	(0.0076)	(0.0146)
Diluted earnings/(loss) per share	(0.0076)	(0.0146)

The notes are an integral part of these condensed consolidated interim financial statements.

Details of related party transactions are disclosed in note 4.22.

Statement of changes in equity as at 31 December 2016

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Mandatory convertible loan*	*Other comprehensive income reserve*	*Profit/(loss) for the year*	*Total equity attributable to owners of the Parent*	*Non-controlling interests*	*Total consolidated equity*
Equity as at 31 December 2015	**314,225**	**37,186**	**(2,456)**	**68,539**	**24,000**	**(138)**	**6,169**	**447,525**	**-**	**447,525**
Allocation of Parent company's profit/(loss)	-	4,040	-		-	-	(4,040)	-	-	-
Allocation of subsidiaries' profit/(loss)	-	(1,596)	-	3,722	-	3	(2,129)	-	-	-
Deferred taxes on equity items	-	(44)	-	-	-	-	-	(44)	-	(44)
FEB merger	-	1,487	636	-	(3,156)	-	-	(1,033)	-	(1,033)
Comprehensive income items	-	-	-	-	-	(92)	-	(92)	-	(92)
Profit/(loss) for the year	-	-	-	-	-	-	(4,378)	(4,378)	-	(4,378)
Total comprehensive income	-	-	-	-	-	(92)	(4,378)	(4,470)	-	(4,470)
Equity as at 31 December 2016	**314,225**	**41,073**	**(1,820)**	**72,261**	**20,844**	**(227)**	**(4,378)**	**441,978**	**-**	**441,978**
Reclassification of treasury shares	(1,820)	-	1,820	-	-	-	-	-	-	-
Equity as at 31 December 2016	**312,405**	**41,073**	**-**	**72,261**	**20,844**	**(227)**	**(4,378)**	**441,978**	**-**	**441,978**

At 31 December 2016, the Parent company directly held 5,713,572 ordinary shares and 11,801 savings shares, all without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Statement of changes in equity as at 30 June 2017

Consolidated statement of changes in equity as at 30 June 2017

(in thousands of Euro)	*Share capital*	*Other reserves*	*Treasury shares*	*Retained earnings/(accumulated losses)*	*Mandatory convertible loan*	*Consolidation reserves*	*Other comprehensive income reserve*	*Profit/(loss) for the period*	*Total equity attributable to owners of the Parent*	*Non-controlling interests*	*Total consolidated equity*
Equity as at 31 December 2016	**314,225**	**41,073**	**(1,820)**	**72,261**	**20,844**	**-**	**(227)**	**(4,378)**	**441,978**	**-**	**441,978**
Allocation of Parent company's profit/(loss)	-	(4,041)	-		-	-	-	4,041	-	-	-
Allocation of subsidiaries' profit/(loss)	-	(381)	-	44	-	-	-	337	-	-	-
Comprehensive income items	-	-	-	-	-	-	99	-	99	-	99
Profit/(loss) for the period	-	-	-	-	-	-	-	(2,951)	(2,951)	-	(2,951)
Total comprehensive income	-	-	-	-	-	-	99	(2,951)	(2,852)	-	(2,852)
Equity as at 30 June 2017	**314,225**	**36,651**	**(1,820)**	**72,305**	**20,844**	**-**	**(128)**	**(2,951)**	**439,126**	**-**	**439,126**
Reclassification of treasury shares	(1,820)	-	1,820	-	-	-	-	-	-	-	-
Equity as at 30 June 2017	**312,405**	**36,651**	**-**	**72,305**	**20,844**	**-**	**(128)**	**(2,951)**	**439,126**	**-**	**439,126**

At 30 June 2017, the Parent company directly held 5,713,572 ordinary shares and 11,801 savings shares, all without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Statement of cash flows – indirect method

(in thousands of Euro)		*1st half 2017*	*1st half 2016*
(A) Cash and cash equivalents at the beginning of the year		**10,444**	**10,947**
Profit/(loss) before taxes		(3,243)	(5,895)
Amortisation and depreciation		213	216
Impairment/(reversal of impairment) of non-current assets other than financial assets		54	853
Impairment/(reversal of impairment) of investments and financial assets		294	3,305
Changes in pension funds, post-employment benefits and stock options		(103)	(50)
Changes in provisions for risks and charges		(402)	(303)
(Increase)/decrease in investments		(2,096)	(1,336)
(Increase)/decrease in financial investments and financial assets		4,847	21,193
Increase/(decrease) in current and non-current financial payables to related companies		(147)	1,424
(Increase)/decrease in current and non-current financial receivables from related companies		949	(17,314)
(Increase)/decrease in current receivables		3,782	(2,678)
Increase/(decrease) in current payables		37	(67)
(B) Total cash flows from/(used in) operating activities		**4,185**	**(652)**
(Increase) in non-current intangible assets and property, plant and equipment		(27)	(57)
Decrease in non-current intangible assets and property, plant and equipment		-	72
Increase/decrease in other non-current assets/liabilities		1,528	2
(C) Cash flows from/(used in) investing activities		**1,501**	**17**
Increase/(decrease) in current and non-current financial payables		(2,873)	(2,788)
(Increase)/decrease in current and non-current financial receivables		(10,217)	670
(D) Cash flows from/(used in) financing activities		**(13,090)**	**(2,118)**
(E) Change in cash and cash equivalents	**(B) + (C) + (D)**	**(7,404)**	**(2,753)**
(F) Cash contributed by change in scope of consolidation		**-**	**-**
(G) Cash and cash equivalents at the end of the period	**(A) + (E)**	**3,040**	**8,194**

The notes are an integral part of these condensed consolidated interim financial statements.

Intek Group – Condensed consolidated interim financial statements as at 30 June 2017

Notes

1. General information

Intek Group is a diversified investment holding company, whose main objective is to manage its portfolio of assets and investments with a dynamic entrepreneurial perspective, focusing on cash generation and growth in the value of investments over time, also through sales functional to the development strategies.

Intek Group is a joint-stock company (*Società per Azioni*) registered in Italy with the Milan Companies Register under no. 00931330583 and its shares are listed on the electronic share market (MTA) organised and managed by Borsa Italiana SpA.

Although it is owned by Quattroduedue Holding BV through the wholly-owned subsidiary Quattroduedue SpA, Intek Group is not subject to management and coordination as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Market Regulation, insofar as that:

- it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
- it does not participate in any centralised treasury arrangements operated by the parent or any other company under the parent’s control;
- the number of independent Directors (3 out of 9) is such as to ensure that their opinions have a material influence on board decisions.

The Condensed consolidated interim financial statements as at 30 June 2017 were approved by the Board of Directors on 20 September 2017 and will be published in accordance with legal requirements.

2. Accounting policies

2.1. Assessment of Investment Entity status

Intek Group considers that it possesses all the elements set forth in paragraphs 27 and 28 of IFRS 10 to qualify as an investment entity.

Paragraph 27 of IFRS 10 requires that the company:

a) obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services;

b) commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

c) measure and evaluate the performance of substantially all of its investments on a fair value basis.

The typical characteristics of investment entities as provided by paragraph 28 of IFRS 10 are the following:

a) it has more than one investment;

b) it has more than one investor;

c) it has investors that are not related parties of the entity; and

d) it has ownership interests in the form of equity or similar interests.

The Condensed consolidated interim financial statements as at 30 June 2017 were therefore prepared by applying the accounting standards relative to investment entities and measuring at fair value the investments in subsidiaries not providing services that are related to the Company’s investment activity, which therefore are not fully consolidated, in line with the financial statements as from 31 December 2014.

2.2. *Basis of presentation*

The Condensed consolidated interim financial statements as at 30 June 2017 have been prepared pursuant to article 154 ter of Italian Legislative Decree 58/1998 and are compliant with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure as set out in art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as with the provisions issued in implementation of art. 9 of Italian Legislative Decree 38/2005 where applicable.

The Condensed consolidated interim financial statements as at 30 June 2017 are composed of the consolidated statement of financial position, the consolidated statement of profit or loss for the period and other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, as well as the Notes thereto.

The financial statements and the notes thereto include, besides the amounts relating to the reference period, the corresponding comparative data:

- at 31 December 2016 for the statement of financial position and
- at 30 June 2016 for the statement of cash flows and the statement of profit or loss for the period and other comprehensive income.

There were no changes to the structure of the statements compared to those at 31 December 2016.

The statement of financial position has been prepared by separately classifying current and non-current assets and current and non-current liabilities.

The Group has opted for presentation of a single consolidated statement of profit or loss for the period and other comprehensive income, in which the items of revenue and cost recognised during the reporting period are presented by nature, including finance expense, profit (loss) of associated companies and joint ventures accounted for using the equity method, tax charges, and a single amount relative to total discontinued operations. Section "*Other comprehensive income*" provides details on the items which, following the specific provisions of individual IFRSs, are recognised separately from the profit (loss) for the current period. These items are divided into two categories as follows:

- items that will not be subsequently reclassified to profit or loss;
- items that will be subsequently reclassified to profit or loss, when specific conditions are met.

The amount attributable to the owners of the parent as well as the amount attributable to non-controlling interests are given.

The statement of cash flows is presented using the indirect method, according to which the profit (loss) for the period is adjusted for:

- changes in receivables and payables generated from operating activities, which also include investing activities;
- non-cash activities;
- all other items for which the cash effects are cash flows from investing or financing activities.

The cash flows from investments in equity interests and mutual funds, including financial receivables and payables to related companies, are classified under cash from operating activities. In case of changes in the scope of consolidation, the changes in the assets are considered on the basis of the first consolidation date.

In preparing these financial statements, the Directors have applied the principles of accruals, going concern, clarity, significance, materiality, reliability, neutrality, prudence and comparability, and applied accounting policies consistent with those used for the financial statements for the year ended 31 December 2016, since no new IFRS accounting standard, amendment and interpretation is effective from 1 January 2017.

The Group has not yet applied the accounting standards listed below in paragraph 2.21, which, although already issued by the IASB, will become effective after the date of these consolidated financial statements or which have not yet completed the endorsement process by the European Union.

Events and transactions affecting the Company are recognised and presented with respect to their economic substance rather than legal form.

Specific notes contained in the management report disclose the content and meaning of the non-IFRS alternative performance indicators, where applicable, in compliance with CESR recommendation 05 - 178b published on 3 November 2005.

These financial statements are presented in Euro, the functional currency of the Parent company and all the consolidated subsidiaries. The tables and data in the notes are in thousands of Euro, unless otherwise indicated.

2.3. Basis of consolidation

The consolidation standards only affect equity investments in ancillary services subsidiaries, as equity investments held for investment purposes are excluded from the scope of consolidation.

Subsidiaries are all those companies over which the Intek Group simultaneously has:

- power, i.e. it holds legitimate rights that bestow upon it the actual capacity to manage *relevant activities*, i.e. activities that have a significant effect on returns;
- exposure or rights to variable returns arising from the relationship with the company itself;
- capacity to exercise its power.

The assets and liabilities, income and expenses of the subsidiaries consolidated on a line-by-line basis are recognised in the financial statements at their full value; the carrying amount of the investments is eliminated by offsetting it against the underlying interest in the respective equity, and the individual assets and liabilities are measured at their fair value at the date when control of the investee was established. Any difference, if positive, is recognised under asset item "*Goodwill and goodwill arising on consolidation*"; if negative, in profit or loss. The portion of equity and profit (loss) attributable to non-controlling interests is recognised under the relevant items. After initial recognition, "goodwill" is measured at cost less accumulated impairment losses as required by IAS 36 – *Impairment of Assets.*

Unrealised profits on intra-group transactions, if material, are eliminated. Receivables, payables, income, expenses, guarantees, commitments and contingencies in connection with transactions between and among consolidated companies are also eliminated. Intra-group losses are not eliminated as they are deemed to represent an impairment loss on the asset sold. All financial statements of subsidiaries, if necessary, have been adjusted to ensure consistency of accounting policies and standards with those of the Group.

The financial year of all consolidated subsidiaries is the calendar year. They draft their financial statements using the Euro.

In the case of the sale or transfer of an investee, the deconsolidation is accounted for from the date of effective loss of control.

In the case of the transfer of a subsidiary to a jointly-controlled or associated company, the profit or loss from the loss of control is recognised in profit or loss, as provided for by IFRS 10, paragraph 25. In this case, the parent:

a) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position;

b) recognises any investment retained in the former subsidiary at the corresponding fair value on the date the control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. This fair value becomes the basis for the next posting of the investment;

c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest;

d) reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs, the amounts previously recognised in other comprehensive income in relation to the former subsidiary.

The following table lists all subsidiaries consolidated on a line-by-line basis:

Name	**Registered office**	**Currency**	**Share capital**	**Activity**	**% ownership**	
					direct	**indirect**
Intek Group SpA	Italy	Euro	314,225,010	Holding company	Parent company	
I2 Capital Partners SGR SpA	Italy	Euro	1,500,000	Management of investment funds	100.00%	
I2 Real Estate Srl	Italy	Euro	110,000	Real Estate	100.00%	
Immobiliare Pictea Srl	Italy	Euro	80,000	Real Estate	100.00%	

There were no changes to the scope of consolidation during 2017.

2.4. Investments in equity interests and fund units

This item includes investments, including controlling investments, in equities, made in order to obtain returns from capital appreciation, investment income, or both. This item also includes investment fund units.

These assets are measured at fair value through profit or loss.

Fair value measurement

The initial fair value is determined on the basis of the transaction price, and is therefore equal to the consideration paid.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices.

The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions relating to market conditions at the reporting date. The valuation techniques used are the discounted cash flow method, the market multiples or transaction multiples method, the cost method, and the equity method.

The valuation techniques based on discounted cash flows generally consist in determining an estimate of the expected future cash flows throughout the life of the instrument. The model requires to estimate cash flows and adopt market parameters for the discounting: the discount margin or rate reflects the credit and/or financing spread required by the market for instruments with similar risk and liquidity profiles, so as to define a “discounted value”.

The market multiples method consists in estimating the current theoretical value considering the indications expressed by the market with regard to a sample of listed companies which are similar in nature of business to the company to be evaluated. The comparable transaction multiples method consists in recognising the company at a value equal to the prices of recent transactions involving companies which are similar and operate in the same sector as the one to be evaluated.

The equity method is based on balance sheets, adjusting the assets and liabilities based on their fair value.

2.5. Investment property

These are properties which are not used in the production or supply of goods or services by the Group. These assets are initially recognised at fair value with any subsequent changes recognised in profit or loss, and are consequently not systematically amortised.

For determination of the fair value, reference is made to a specific value, mainly provided through external appraisals carried out by independent third parties who possess recognised professional qualifications and have experience in the specific type of properties. These appraisals are based on the value per square meter as estimated based on assessments made by the land registry office for buildings located in the same area and used for the same purpose, and take into consideration the state of upkeep and future potential of the property.

2.6. Financial assets and liabilities

The financial assets and liabilities acquired or held mainly for sale are classified as "*Financial assets or liabilities at fair value through profit or loss*".

Fair value measurement

The fair value of financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, on initial recognition, is determined on the basis of the transaction price, and is therefore equal to the consideration paid or received.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices. The market prices used for derivatives are the bid prices, whereas ask prices are used for financial liabilities. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions relating to market conditions at the reporting date.

The fair value of non-derivative financial instruments is determined by discounting future cash flows at the market interest rate at the reporting date.

Non-derivative financial assets and liabilities, except for equity instruments, with fixed or determinable payments, not listed on an active market and not included in any of the above categories, are classified as "*Loans and receivables*" and are carried at amortised cost using the effective interest method. The amortised cost of current *loans and receivables,* and all short-term trade payables and receivables for which the time value of money is immaterial, is deemed to correspond to their carrying amount.

Determination of impairment losses

All financial assets and liabilities, with the exception of "*Financial assets and liabilities at fair value through profit or loss*", are tested for impairment in accordance with IAS 39, paragraphs 58-70.

A financial asset is impaired when there is objective evidence that one or more events have had an adverse effect on estimated future cash flows generated by that asset.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss on an available-for-sale financial asset is determined with reference to the *fair value* of that asset.

All impairment losses are recognised in profit or loss. Any accumulated impairment losses relating to an available-for-sale financial asset previously recognised in equity, if considered material and permanent, are transferred to profit or loss even if the financial asset has not been derecognised.

Losses are reversed if the subsequent increase in recoverable amount can be objectively related to an event occurring after recognition of the impairment loss. Reversals of impairment losses on assets carried at amortised cost and available-for-sale assets which are debt instruments are recognised in profit or loss.

2.7. Property, plant and equipment

Investments in operating assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable costs, and are shown net of accumulated depreciation and any impairment losses determined in accordance with the methods set out below. Any item of property, plant and equipment consisting of different components with varying useful lives is accounted for separately.

Property, plant and equipment are measured at cost, net of accumulated depreciation and impairment, with the exception of land which is not depreciated and is carried at cost net of accumulated impairment.

Ordinary maintenance costs are charged to the year they are incurred, while the costs to replace parts of fixed assets and extraordinary maintenance costs are capitalised when it is probable that future measurable economic benefits will arise from them. Borrowing costs relating to the purchase of property, plant and equipment have been capitalised in compliance with IAS 23.

Depreciation is accounted for starting from the month in which the asset becomes available for use, or when it is potentially able to provide the economic benefits associated with it. Depreciation is recognised monthly on a straight-line basis until the end of the useful life of the relevant asset or, in the event of disposal, until the last month of use.

The useful life is constantly checked taking into account any changes in the frequency of use of the assets and any changes in depreciation plans are applied prospectively.

Depreciation is calculated based on the following useful lives:

Buildings	from 25 to 50 years
Plant and equipment	from 10 to 40 years
Other equipment	from 4 to 15 years

Assets under finance leases

Leases are arrangements by which the lessor transfers the right to use an asset for an agreed period of time to the lessee in exchange for payment or a series of payments. Lease arrangements that essentially transfer all risks and rewards deriving from ownership of the asset are defined as “finance leases” even if title is not transferred at the end of the lease. Finance leases are recognised as required by IAS 17, paragraphs 20-32. Therefore, the related assets are recognised as property, plant and equipment together with the corresponding liability. The cost of the lease is separated into two components: financial expense, recognised in profit or loss, and repayment of principal, recognised as a reduction of financial liabilities. Assets held under finance leases are recognised at the lower of cost and the present value of minimum lease payments at the inception of the lease. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives unless there is reasonable certainty that title to the asset will be obtained at the end of the lease.

“Operating leases” are defined as any arrangement for the lease of assets that is not a finance lease.

Impairment losses

Property, plant and equipment are tested for impairment whenever there is specific objective evidence thereof. The test involves estimating the recoverable amount of the asset, defined as the higher of net selling price and value in use, compared to its carrying amount. The recoverable amount is the higher of value in use and its fair value less costs to sell. Value in use is determined by discounting projected cash flows at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the relevant asset. To the extent that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount with the difference either being recognised in profit or loss or in a revaluation reserve previously created on the revaluation of the relevant asset. Subsequent revaluations are treated in the opposite way.

2.8. Intangible assets

(a) Goodwill

Goodwill is the difference between the acquisition cost of investments and the current value of the subsidiaries' assets, liabilities and contingent liabilities on the acquisition date. Goodwill and other intangible assets with indefinite useful lives are not amortised. Recoverability of their carrying amounts is, however, tested annually and whenever there is objective indication of impairment. Any impairment losses recognised are not subsequently reversed.

(b) Other intangible assets with finite useful lives

An intangible asset with a finite useful life is an identifiable asset without physical substance that is controlled by the entity and from which future economic benefits are expected.

Intangible assets are initially measured at cost and fair value including directly attributable expenses. They are then amortised on a systematic basis over their estimated useful life, generally between 3 and 5 years. Intangible assets are not considered to have any residual value at the end of their useful life.

In addition, they are carried net of any impairment losses, in line with the accounting treatment for "*Property, plant and equipment*".

2.9. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value (IAS 7 paragraph 7).

2.10. Equity

The Company's share capital consists of ordinary and savings shares, all without par value, fully subscribed and paid up at the reporting date, reduced by any share capital to be received. The value of treasury shares is deducted from equity, in accordance with IAS 32. Such adjustments are reported in the notes only, whilst the historical cost of owned treasury shares is recognised separately on the face of the statement of financial position against equity.

The costs for equity transactions are used directly as a reduction of reserves.

2.11. Receivables and payables

Receivables and payables are recognised at fair value, which normally coincides with their nominal value when the effect of discounting is immaterial.

2.12. Current and deferred taxes

The tax expense for the period includes both current and deferred tax. Income taxes are recognised in profit or loss, unless they relate to transactions recognised directly in equity, in which case the relevant tax is also recognised directly in equity.

Current tax expense is measured at the amount of income taxes expected to be paid to taxation authorities, using the rates/laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are recognised using the equity method, based on temporary differences between the carrying amounts of the assets and liabilities and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for the following temporary differences: initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit (loss) or taxable profit (loss); differences associated with investments in subsidiaries and interests in joint arrangements, but only to the extent that it is probable that the reversal will not occur in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities can only be offset if the entity has the legal right to settle current tax amounts and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to settle current tax amounts on a net basis or realise the asset and settle the liability at the same time.

Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the temporary difference will be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

2.13. Employee benefits

Post-employment benefits are payable under plans which, depending on their economic substance, are classified either as a “defined contribution” plan or a “defined benefit” plan. Under a defined contribution plan, the Group’s obligation is limited to the payment of contributions to a separate legal entity, and consists of the contributions due at the end of the reporting period.

Liabilities under defined benefit plans, such as post-employment benefits pursuant to article 2120 of the Italian Civil Code, less any plan assets, are determined, with the assistance of an independent expert, on the basis of actuarial assumptions and the attribution of benefits to periods of service. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions or plan terms and conditions are recognised in other comprehensive income.

2.14. Provisions for risks and charges

Provisions for risks and charges are liabilities, the amount or due date of which are uncertain. The entity must recognise a provision if, and only if:

- a present obligation (legal or constructive) has arisen as a result of a past event;
- it is probable that resources will be needed to produce economic benefits to meet the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is, therefore, the best estimate of the expenditure required to settle the present obligation at the end of the reporting period or transfer it to a third party. Where the time value of money is material, the provision is equal to the present value of expenditures required to settle the obligation.

2.15. Dividends

Dividends to be paid are recognised as liabilities only in the year in which they were approved by the Shareholders' Meeting. Dividends to be received are recorded only when the Shareholders’ right to receive payment has been established.

2.16. Non-current assets held for sale (IFRS 5)

Non-current assets are classified in this category when it is expected that their carrying amount will be recovered mainly through sale rather than through continuing use. The sale must be highly probable, within 12 months of classification as held for sale. If the sale is expected to be concluded after more than one year, the costs to sell are measured at their current value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented as a financial component in the income statement.

2.17. Revenue recognition

Revenues arising from the provision of services, including the guarantees granted, are recognised based on the progress of the service at the reporting date.

Costs and other operating expenses are recognised as a component of the result when they are incurred based on the accruals principle referring to revenues and when they do not fulfil the requirements for recognition as balance sheet assets.

2.18. Finance income and expense

Finance income and expense are recognised in profit or loss based on their maturities.

2.19. Earnings/(loss) per share

Basic and diluted earnings/(loss) per ordinary share are calculated in the following manner:

a) the numerator is equal to profit or loss attributable to the Parent company, adjusted by the profit or loss that is to be set aside, for the current year, for outstanding savings shares less any savings treasury shares held directly or through subsidiaries;

b) the denominator of "basic earnings per share" is the weighted average number of ordinary shares outstanding during the period less ordinary treasury shares;

c) the denominator of "diluted earnings per share" is the weighted average number of ordinary shares adjusted by adding the number of any new ordinary shares that could be issued through:

   i) conversion of all outstanding warrants;

   ii) exercise of all stock options granted, if any.

For this calculation, it was assumed that warrants were converted and stock options exercised at the beginning of the half year and that the conversion and exercise did not result in increased income or decreased expenses.

The calculation at 30 June 2017 of the basic earnings per share was done by taking the Group net profit (loss) net of the amount due to savings shares, attributable to holders of outstanding ordinary shares, and the weighted average number of ordinary shares which was 339,793,098, taking account of any share splits and/or reverse share splits and any increases/reduction in share capital pursuant to IAS 33 paragraph 64.

2.20. Use of estimates

The preparation of the financial statements and notes thereto in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. In consideration of the fact that interim financial statements are mostly based on updates of the estimates made in previous end-of-year financial statements, in absence of objective elements the amounts of assets and liabilities are adjusted only if the results of the updates differ significantly from those of the previous estimates.

The estimates were mainly used to determine: the fair value of investments in equities and funds, investment property, the useful lives of non-current assets and the related recoverable amount, allowance for impairment, any impairment losses, the cost of employee benefits, the estimated current and deferred tax charges, the estimated indefinite useful lives of intangible assets and other provisions.

These estimates and assumptions are periodically checked and any variations are immediately recognised in profit or loss. At the reporting date, however, the Directors were of the opinion that the estimates and assumptions used were the best indicators of the actual amounts, given the information to hand. In addition, the Directors believed that the estimates and assumptions adopted did not imply any material adjustments to carrying amounts of assets and liabilities.

2.21. Accounting standards not yet applied

As at 30 June 2017, the following new standards and interpretations, already endorsed by the European Union, were not yet mandatory to apply and Intek Group did not opt for early adoption.

- IFRS 15 – *Revenue from Contracts with Customers* (issued on 28 May 2014 and integrated with clarifying amendments issued on 12 April 2016), which is set to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC-31 – Revenues - Barter Transactions Involving Advertising Services. This standard establishes a new model for the recognition of revenues and applies to all contracts with customers, except for those that fall within the scope of other IAS/IFRS such as leases, insurance contracts and financial instruments. Fundamental steps for revenue accounting based on the new standard are:
  - identifying the contract(s) with a customer;
  - identifying the performance obligations in the contract;
  - determining the transaction price;
  - allocating the transaction price to the performance obligations in the contract;
  - recognising revenue when (or as) the entity satisfies a performance obligation.

  This standard will be applicable from 1 January 2018. Earlier application is permitted. The amendments to IFRS 15, *Clarifications to IFRS 15 'Revenue from Contracts with Customers'*, issued by the IASB on 12 April 2016, have not yet been endorsed by the European Union. The application of IFRS 15 is expected not to have a material impact on the amounts recognised as revenue and the relative disclosure in the consolidated financial statements of the Group.

- The final version of IFRS 9 – *Financial Instruments* (issued on 24 July 2014), which contains the results of the IASB's project to replace IAS 39:
  - it introduces new requirements for the classification and measurement of financial assets and liabilities;
  - it introduces a new expected loss impairment model to measure expected credit losses (rather than the incurred loss model in IAS 39), considering reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions;
  - it introduces a new hedge accounting model (increasing the types of relationships that can qualify for hedge accounting, changing the procedure for recognition of forward contracts and options when included in a hedge accounting relationship, amending the effectiveness test).

  The new standard is mandatorily effective for periods beginning on or after 1 January 2018.

  The application of IFRS 9 is expected not to have a material impact.

At the reporting date of these Condensed consolidated interim financial statements, the competent bodies of the European Union had not yet concluded the endorsement process required for adoption of the amendments and the standards described below:

- IFRS 16 – *Leases* (issued on 13 January 2016), which is set to replace IAS 17 – Leases, and IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases - Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on the right of use of an identified asset in order to distinguish leases from service contracts, identifying the following discriminating factors: identification of the asset, right of substitution of the asset, right to obtain substantially all the economic benefits from using the asset, and right to direct the identified asset's use.

This standard establishes a single lessee accounting model, which provides for recognition of the asset constituting the object of the lease, including operating leases, under assets with a financial payable as a contra-entry, providing furthermore the possibility of not recognising as leases contracts involving "low-value assets" and leases with a duration equal to or less than 12 months. Conversely, the standard does not include any significant amendments for lessors.

The standard is applied from 1 January 2019. Earlier application is permitted only for companies that have already applied IFRS 15 – Revenue from Contracts with Customers. The application of IFRS 16 is expected not to have a material impact on the accounting of leases and the relative disclosures provided in the Group's consolidated financial statements.

- On 18 May 2017, the IASB issued IFRS 17 – *Insurance Contracts*, which is set to replace IFRS 4 – Insurance Contracts. The application of this standard is expected not to have a material impact on the Group's consolidated financial statements, as it does not concern the Group's operations.
- *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016). For entities whose predominant activity is issuing insurance contracts, the amendments aim to address concerns about issues arising from applying IFRS 9 (as from 1 January 2018) to financial assets, before the IASB replaces the current IFRS 4 with the new standard currently being drafted, based on which financial liabilities are measured. The application of this standard is expected not to have a material impact on the Group's consolidated financial statements, as it does not concern the Group's operations.
- Amendment to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses* (issued on 19 January 2016), which aims to provide some clarifications on the accounting of deferred tax assets for unrealised losses under specific circumstances and on the estimate of future taxable profits. As these amendments, issued by the IASB in January 2016 and effective for periods beginning on or after 1 January 2017, have not yet been endorsed by the European Union, they have not been adopted by the group as at 30 June 2017. We are currently estimating the possible effects of introducing these amendments on the Group's consolidated financial statements.
- Amendment to IAS 7 – *Disclosure Initiative* (issued on 29 January 2016), which aims to provide some clarifications to improve information about financial liabilities. In particular, the amendments require that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. As these amendments, issued by the IASB in January 2016 and effective for periods beginning on or after 1 January 2017, have not yet been endorsed by the European Union, they have not been adopted by the group as at 30 June 2017. We are currently estimating the possible effects of introducing these amendments on the Group's consolidated financial statements.
- Amendment to IFRS 2 – *Classification and measurement of share-based payment transactions* (issued on 20 June 2016), which contains certain clarifications regarding the accounting of the effects of vesting conditions in cash-settled share-based payments with net settlement features and the accounting of modifications to the terms and conditions of share based payments which change from cash-settled to equity-settled. These amendments are effective for periods beginning on or after 1 January 2018. Earlier application is permitted. The application of these amendments is expected not to have a material impact on the Group's consolidated financial statements.

- *Annual Improvements to IFRS Standards 2014-2016 Cycle*, issued on 8 December 2016 (including IFRS 1 – First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 – Investments in Associates and Joint Ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 – Disclosure of Interests in Other Entities - Clarification of the scope of the Standard), which partially integrate existing standards. We are currently estimating the possible effects of introducing these amendments on the Group's consolidated financial statements.
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016), which aims to provide guidelines for the accounting of foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before recognition of the related asset, expense or income. This document provides instructions on how an entity can determine the date of the transaction and, consequently, the spot exchange rate to use when foreign currency transactions are carried out in which the payment is made or received in advance. IFRIC 22 is effective for reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The application of these amendments is expected not to have a material impact on the Group's consolidated financial statements.
- Amendment to IAS 40 – *Transfers of Investment Property* (issued on 8 December 2016), which provides guidance on transfers to, or from, investment property. In particular, an entity must reclassify a property from, or to, investment property only when there is an evident change in use. This change must be due to a specific event that took place and should not be limited to a change in the intentions of an entity's management. These amendments are effective for reporting periods beginning on or after 1 January 2018. Earlier application is permitted. The application of these amendments is expected not to have a material impact on the Group's consolidated financial statements.
- On 7 June 2017, the IASB issued IFRIC 23 – *Uncertainty over Income Tax Treatments*, which clarifies the accounting for uncertainties in income taxes. This document provides that uncertainties in determining assets or liabilities for tax purposes must be reflected in the financial statements only when it is probable that the entity will pay or recover the amount in question. Furthermore, the document contains no new disclosure requirements, but underlines that an entity must establish whether it will be necessary to provide information on the considerations made by management relative to the uncertainty inherent in accounting for taxes, pursuant to IAS 1. The new interpretation is effective for reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The application of these amendments is expected not to have a material impact on the Group's consolidated financial statements.
- Amendment to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on 11 September 2014), which was published to resolve the current conflict between the requirements of IAS 28 and IFRS 10 regarding the measurement of the gain or loss resulting from the sale or contribution to an associate or a joint venture of a non-monetary asset in exchange for an interest in the latter's share capital. Currently, the IASB has suspended application of this amendment.

3. ***Financial risk management***

In its position as a dynamic investment holding company, Intek Group is directly exposed to risks connected with investments and disinvestments. The Company's financial results mainly depend on these transactions and on the dividends distributed by its subsidiaries, and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the subsidiaries.

Corporate equity investments involve by their nature a certain level of risk, as these types of investments do not provide the certainty that the invested capital will be refunded in full or they could produce cash flows that are insufficient for remuneration of the capital investment or in any case result in performances that could trail behind market performances.

Furthermore, the disinvestment process could require more time than expected and/or be carried out on the basis of terms and conditions that are not fully satisfactory or remunerative. In particular, regarding equity investments in unlisted companies, whether held directly or indirectly, the absence of risks connected mainly to the liquidability of these equity investments and their valuation cannot be guaranteed, in consideration: (a) of the possible absence in these companies of control systems similar to those required of companies with listed shares, with the possible consequent unavailability of information flows that are at least equal, insofar as quantity and quality, to the ones available for companies with listed shares; and (b) of the difficulties inherent in carrying out independent audits of the company and therefore assessing the completeness and accuracy of the information it provides. For non-controlling equity investments, whether in listed or unlisted companies, the possibility of influencing the management of the equity investments in order to promote their growth, including through a relationship with the management and the shareholders of the investee, could be limited.

Types of risk:

a) credit risk: given the operations of Intek and its consolidated subsidiaries, there are no significant receivables from third party entities;

b) liquidity risk: it can arise from difficulties in raising finance for operating activities as and when required. All inflows and outflows and cash balances are centrally monitored. The Group expects to meet its cash requirements for the repayment of short-term financial payables and capital expenditure through cash from operating activities, cash on hand and fresh or renewed bank borrowings;

c) currency risk: the Group is exposed to the risk that the fair value of the investments outside the Euro area will fluctuate with changes in the exchange rates;

d) interest rate risk: the interest rate risk to which the Group is exposed arises primarily in connection with non-current financial liabilities. Floating rate liabilities expose the Group to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value;

e) risk of fluctuation of the share value: the Group is exposed to market fluctuations insofar as the listed shares it holds in its portfolio and changes in the market parameters used for determination of the value of equity investments through valuation techniques. The risk of fluctuations in the values of these equity interests, recognised under the item "*Investments in equity interests and fund units*" is not actively managed using financial hedging instruments.

4. Notes to the condensed consolidated interim financial statements as at 30 June 2017

4.1. Investments in equity interests and fund units

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Investments in subsidiaries and associates	442,139	440,384	1,755
Investments in other companies	12	12	-
Mutual fund units	5,129	5,008	121
Investments in equity interests and fund units	**447,280**	**445,404**	**1,876**

The breakdown of the item is as follows:

Name	*Registered office*	*Activity*	*Percentage of interest*	*31/12/2016*	*Increases*	*Decreases*	*Positive change in fair value*	*Negative change in fair value*	*30/06/2017*
KME AG	Osnabrück (D)	Industrial	100.00%	411,546	-	-	-	-	411,546
Culti Milano SpA	Milan	Furniture	100.00%	9,227	2,206	-	-	-	11,433
Breda Energia SpA in liquidazione	Milan	Holding company	100.00%	6,162	-	-	-	-	6,162
ErgyCapital SpA (*)	Florence	Alternative Energy	46.37%	4,461	-	-	883	-	5,344
Rede Immobiliare Srl	Milan	Real Estate	100.00%	2,362	-	-	-	-	2,362
Tecno Servizi Srl	Varedo	Real Estate	100.00%	1,700	-	-	-	-	1,700
KME Beteiligungsgesellsch.mbH	Osnabrück (D)	Real Estate	100.00%	1,300	-	-	-	-	1,300
Progetto Ryan 3 in liquidazione	Milan	Furniture	100.00%	1,103	-	-	-	(1,103)	-
Fossati Uno Srl	Milan	Real Estate	35.00%	782	69	-	-	-	851
Intek Investimenti Srl	Milan	Deeds of Arrangement	100.00%	680	-	-	-	-	680
Progetto Ryan 2 Srl in liquidazione	Milan	In liquidation	100.00%	299	-	(299)	-	-	-
Mecchld Srl	Milan	Credit broker	20.00%	217	-	-	-	-	217
Il Post Srl	Milan	Publishing	19.90%	545	-	-	-	-	545
Total subsidiaries and associates				**440,384**	**2,275**	**(299)**	**883**	**(1,103)**	**442,140**
Other investments				**12**	**-**	**-**	**-**	**-**	12
Total investments				**440,396**	**2,275**	**(299)**	**883**	**(1,103)**	**442,152**
I2 Capital Partners Fund				4,992	120	-	-	-	5,112
Value Secondary Investment SICAR				16	-	-	-	-	16
Total fund units				**5,008**	**120**	**-**	**-**	**-**	**5,128**
Investments in equity interests and fund units				**445,404**	**2,395**	**(299)**	**883**	**(1,103)**	**447,280**

(*): the amount indicated refers solely to shares recognised under non-current assets

For determination of the fair value of the investments, we have updated the estimates made at the time of the drafting of the financial statements for the year ended 31 December 2016, to which reference should be made for further details.

Regarding the equity investment in KME AG, with the assistance of an external consultant, the unlevered discounted cash flow (UDCF) method was used to discount the operating cash flows generated by the assets (net of tax effect) at a discount rate which is representative of the weighted average cost of capital (WACC) equal to 8.8%, plus an additional premium of 1.5% to reflect the risks inherent to the estimates taking into account the historic deviations which have been recorded. The economic forecasts and changes to certain balance sheet items contained in the 2017-2021 Plan already used previously, were used as a basis.

Similarly to 31 December 2016, sensitivity analyses were carried out in relation to the WACC applied and the EBITDA levels.

The basic assumptions would have led to a positive change in fair value of around 7% compared to the one used as at 31 December. This change is due to the modification of balance sheet and income statement items. Usage of the comparison methods, based on market transactions, has not produced results that are significantly different from those obtained using the UDCF method. In light of these results and the higher level of estimate inherent in the process of updating the calculation, no change was made to the book value of the equity investment.

Regarding Culti Milano, for updating the valuation account was taken of the placement price on the AIM market as at July 2017, as it was considered to be representative of market transactions. The results of the update did not produce significant effects and in this case as well, no change was made to the book value.

For ErgyCapital shares, the market price as at 30 June 2017 was taken into account, as required by IFRS 13, and this resulted in an increase in value equal to Euro 883 thousand.

For other investments, reference was mainly made to the equity value of the same, adjusted on the basis of the current values of the related assets.

The valuation process led to a negative adjustment of Euro 1,103 thousand for the equity investment in Progetto Ryan 3, for alignment to the equity value.

The equity investment in Progetto Ryan 2 was set to zero due to the conclusion of the liquidation process.

The units in "*Mutual investment funds*" relate almost entirely to the Intek Group holding (19.15%) in the I2 Capital Partners investment fund managed by the subsidiary I2 Capital Partners SGR SpA. In this case as well, the valuation was updated and this gave results in line with those as at 31 December 2016.

4.2. Non-current financial assets

This item can be broken down as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Receivables due from related parties	46,690	46,731	(41)
Guarantee fees receivable	291	2,001	(1,710)
Other non-current financial assets	10,050	50	10,000
Non-current financial assets	**57,031**	**48,782**	**8,249**

The breakdown of the receivables due from related companies is the following:

▪ KME AG	35,000
▪ Tecno Servizi	8,627
▪ Fossati Uno	2,488
▪ Progetto Ryan 3	400
▪ NewCocot	175
	46,690

The loan to KME AG expires on 30 September 2018 and can be repaid early only in the event of a reduction by at least Euro 30.0 million of Tranche B of the syndicated loans granted by banks to KME AG. The annual rate applied is 3.75%, reviewable quarterly based on KME AG's borrowing cost.

"*Receivables from guarantees issued*" is the present value of guarantee fees that are receivable in more than 12 months, for guarantees issued by the Parent company to banks on behalf of the non-consolidated subsidiaries to which the loans were extended. These receivables are matched by payables of an equal amount.

"*Other non-current financial assets*" increased on account of the establishment of guarantee deposits for companies ensuring the loan in support of KME operations.

4.3. Property, plant and equipment

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Buildings	10,898	11,072	(174)
Other assets	390	425	(35)
Advances and assets under development	44	22	22
Property, plant and equipment	**11,332**	**11,519**	**(187)**

With reference to the item "*Buildings*", the most significant amount refers to the building located in Milan - Foro Buonaparte 44, where the parent company Intek and other group companies have their headquarters.

The movements in the period are almost exclusively relative to depreciation, and break down as follows:

(in thousands of Euro)	*Buildings*	*Moveable property*	*Advances*	*Total*
Gross amount	13,506	2,278	22	15,806
Accumulated depreciation	(2,434)	(1,853)	-	(4,287)
Total at 31 December 2016	**11,072**	**425**	**22**	**11,519**
Gross amount at 31 December 2016	**13,506**	**2,278**	**22**	**15,806**
Purchases in the period	-	4	22	26
Reclassifications	-	1	-	1
Gross amount at 30 June 2017	**13,506**	**2,283**	**44**	**15,833**
Accumulated depreciation at 31 December 2016	**(2,434)**	**(1,853)**	**-**	**(4,287)**
Reclassifications	-	(1)	-	(1)
Amortisation, depreciation, impairment and write-downs	(174)	(39)	-	(213)
Accumulated depreciation at 30 June 2017	**(2,608)**	**(1,893)**	**-**	**(4,501)**
Gross amount	13,506	2,283	44	15,833
Accumulated depreciation	(2,608)	(1,893)	-	(4,501)
Total at 30 June 2017	**10,898**	**390**	**44**	**11,332**

4.4. Investment property

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Investment property	**3,512**	**3,566**	**(54)**

The most significant item is of Euro 3,200 thousand and concerns the Ivrea building complex held by I2 Real Estate, which is currently not leased.

The movements in the period refer to value adjustments exclusively.

4.5. Intangible assets

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Other	7	6	1
Intangible assets	**7**	**6**	**1**

The intangible assets shown above relate to software and have finite useful lives.

The movements in the period were as follows:

(in thousands of Euro)	
Gross amount	13
Accumulated amortisation	(7)
Total at 31 December 2016	**6**
Gross amount at 31 December 2016	**13**
Purchases in the period	1
Gross amount at 30 June 2017	**14**
Accumulated amortisation at 31 December 2016	**(7)**
Amortisation for the period	-
Accumulated amortisation at 30 June 2017	**(7)**
Gross amount	14
Accumulated amortisation	(7)
Total at 30 June 2017	**7**

4.6. Other non-current assets

The breakdown of the item is as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Guarantee deposits	5	470	(465)
Receivables from the sale of equity investments	-	-	-
Other receivables	-	-	-
Other non-current assets	**5**	**470**	**(465)**

The decrease in the item is relative to the reclassification under current assets of Euro 465 thousand relative to guarantee deposits paid for the sale of a property, the lien on which expires at the end of 2017.

4.7. Current financial assets

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Loans to related parties	15,571	16,631	(1,060)
Guarantee fees receivable	3,501	3,891	(390)
Financial assets held for trading	375	324	51
Investments in securities	-	4,775	(4,775)
Other current financial assets	2,172	2,000	172
Current financial assets	**21,619**	**27,621**	**(6,002)**

"*Loans to related parties*" mainly include the positions in KME AG (Euro 7,840 thousand), ErgyCapital SpA and its subsidiaries (Euro 4,802 thousand), and Rede Immobiliare (Euro 2,367 thousand).

"*Guarantee fees receivable*" are the present value of guarantee fees that are receivable within 12 months, for guarantees issued by the Intek Group SpA to banks on behalf of the Group companies to which loans were granted. These receivables are matched by payables of an equal amount. The carrying amount of receivables, determined in accordance with the methods set out above, is believed to approximate fair value.

"*Investments in securities*" referred to harmonised UCIs (investment funds) and were sold during 2017.

"*Other current financial assets*" mainly include fixed term bank deposits, which are expected to be freed within twelve months following the expiration of the guarantee against which they were established.

The item "*Financial assets held for trading*" includes, among other things, 4,458,440 ErgyCapital SpA ordinary shares, which are measured at their official price at the reporting date (Euro 0.069 per share).

In reference to the Consob Communication no. DEM/11070007 of 5 August 2011 which drew on the document issued by the European Securities and Markets Authority (ESMA), it is specified that the Group has no investments in sovereign debt securities.

4.8. Trade receivables

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Due from customers - gross amount	*477*	*479*	(2)
Allowance for impairment	*(180)*	*(180)*	-
Due from customers - net amount	297	299	(2)
Due from related parties	5,064	7,407	(2,343)
Receivables from factoring/leases	6,382	6,742	(360)
Trade receivables	**11,743**	**14,448**	**(2,705)**

"*Due from related parties*" at 30 June 2017 mainly referred to guarantees issued.

4.9. *Other current receivables and assets*

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Tax assets	2,034	4,216	(2,182)
Receivables from special situations	3,510	3,511	(1)
Accruals and prepayments	186	93	93
Receivables due from related parties	2,181	1,628	553
Other receivables	2,103	1,151	952
Other current receivables and assets	**10,014**	**10,599**	**(585)**

"*Tax assets*" include receivables for direct taxes of the Parent company of Euro 574 thousand and VAT receivables for Euro 1,439 thousand. "*Receivables from special situations*" refer to insolvency proceedings in their entirety

"*Receivables due from related parties*" mainly refer to positions relative to the tax consolidation that will be settled by the end of the current year for the part referring to 2016 (Euro 1,628 thousand).

The item "*Other receivables*" increased on account of advances relating to projects that are under way.

4.10. *Cash and cash equivalents*

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Bank and post office accounts	3,036	10,438	(7,402)
Cash on hand	4	6	(2)
Cash and cash equivalents	**3,040**	**10,444**	**(7,404)**

4.11. *Non-current assets held for sale*

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Properties held for sale	1,784	1,784	-
Non-current assets held for sale	**1,784**	**1,784**	**-**

4.12. *Equity attributable to owners of the Parent*

For an analysis of the changes in consolidated equity, reference should be made to the "*Statement of changes in equity*".

The Intek Group 2012-2017 Mandatory Convertible Loan, amounting to a nominal value of Euro 24 million, has been recorded, on the basis of IAS 32, under equity, since:

- the issuer is not obliged to make any payment in relation to the instrument. The authorisation for the Board of Directors to proceed with the cash repayment of the Mandatory Convertible Bonds instead of their (automatic) conversion into shares is remitted to the Shareholders' Meeting (by means of a resolution adopted with the majority required by the regulation for the Mandatory Convertible Loan);
- the number of shares which the issuer of the Mandatory Convertible Loan must assign to the holders of the Mandatory Convertible Bonds on their expiry is preset in the regulation (28,452,150 Intek Group ordinary shares) and is not subject to change.

In 2016, following the merger with FEB, Intek Group became the owner of a portion of this Mandatory Convertible Loan which was deducted from equity.

The deadline for Intek for exercising the cash repayment option expired on 30 June 2017, and therefore, on 24 September, the expiration date, the outstanding loan will be converted into capital.

4.13. Employee benefits

The item refers to "*Post-employment benefits*" and is broken down as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Executives	58	174	(116)
Clerical workers	207	196	11
IAS adjustment	29	41	(12)
Employee benefits	**294**	**411**	**(117)**

The changes in the item were as follows:

(in thousands of Euro)	*31 Dec 2016*	*Increases*	*Decreases*	*Contributions to the fund*	*30 Jun 2017*
Post-employment benefits	411	35	(134)	(18)	294
Employee benefits	**411**	**35**	**(134)**	**(18)**	**294**

The main criteria used in the valuation of "*Employee benefits*" are as follows:

General criteria	*30 Jun 2017*	*31 Dec 2016*
Discount rate	1.08-1.67%	0.86-1.31%
Rate of increase in future remuneration	0.5-1.0%	0.5-1.0%
Average remaining working life	8.5-13.1 years	8.7-10.8 years
General criteria		

A discount rate based on the "*Iboxx Eurozone Corporate AA*" index was used also at 30 June 2017 for the actuarial valuation of post-employment benefits.

4.14. Non-current financial payables and liabilities

The breakdown of the item is as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Payables for financial guarantees issued	291	2,001	(1,710)
Due to banks	6,378	6,768	(390)
Due to lease companies	-	3	(3)
Due to others	178	292	(114)
Non-current financial payables and liabilities	**6,847**	**9,064**	**(2,217)**

Payables "*Due to banks*" refer to loans secured by a mortgage taken out by subsidiary I2 Real Estate and subsidiary Immobiliare Pictea. No financial covenants are envisaged. As regards I2 Real Estate, these are two loans maturing on 31 December 2021 and 30 June 2024. The first loan totalling Euro 857 thousand at 30 June 2017 pays interest at six month Euribor plus a spread of 0.9 points and is secured by the Ivrea properties. The second loan totalling Euro 300 thousand pays interest on the basis of six-month Euribor plus a spread of 1.25 points and is secured by the Padua properties. Regarding Immobiliare Pictea, this is a loan which matures in July 2030 the total amount of which as at 30 June 2017 was Euro 6,014 thousand. The loan, guaranteed by a mortgage on the property, carries a variable rate of 1-month Euribor plus a spread of 2.80 points. An interest rate swap contract was concluded to hedge the interest rate risk for the same duration. The notional amount is amortising 100% of the loan hedged with a fixed rate of 0.99%. The fair value of this instrument as at 30 June 2017 is included in "*Due to others*".

The breakdown of the current and non-current portion of the aforementioned bank loans is as follows:

(in thousands of Euro)	*Current*	*Non-current*	*Total*
I2 Real Estate - Intesa SanPaolo	275	582	857
I2 Real Estate - Banco di Brescia	51	249	300
Immobiliare Pictea - Banco Popolare	467	5,547	6,014
Mortgage loans	**793**	**6,378**	**7,171**

For further details on the item "*Payables for financial guarantees issued*", reference should be made to note 4.2 "*Non-current financial assets*".

4.15. Bonds

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Intek Group 2015-2020 bonds	101,094	100,990	104
Bonds	**101,094**	**100,990**	**104**

The "*Intek Group 2015-2020 bonds*" last until February 2020, with remuneration at a fixed rate of 5%. The par value of the issue is Euro 101,703,751.20, while the book value was recorded net of the issue costs, which are deferred along the duration of the security so as to determine a constant effective interest rate. The change during the year is connected to the progressive recognition of the issue costs in profit and loss.

4.16. Other non-current liabilities

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Payables due to related parties	1,064	-	1,064
Other payables	2,321	2,321	-
Other non-current liabilities	**3,385**	**2,321**	**1,064**

"*Payables due to related parties*" of Euro 1,064 thousand refer to the portion of debt for Progetto Ryan 3 Srl in liquidation falling due after more than twelve months and relative to the purchase of the equity investment in Culti Milano SpA.

"*Other payables*", totalling Euro 2,321 thousand, include:

- Euro 1,471 thousand connected to the special situations operations as part of compositions with creditors, of which Euro 598 thousand from the FEB merger;
- Euro 850 thousand from an investment agreement concerning the Fossati Uno initiative, which provides for payment to the counterparty of part of the proceeds arising from the initiative.

4.17. *Provisions for risks and charges*

A summary of the movements relating to the provisions for risks and charges is as follows:

(in thousands of Euro)	*31 December 2016*	*Increases*	*Releases/ uses*	*30 June 2017*
Provisions for special situation risks	3,095	-	-	3,095
Other provisions for risks and charges	1,437	-	(402)	1,035
Total	**4,532**	**-**	**(402)**	**4,130**

"*Provisions for special situations risks"* refer to the leasing and factoring which had previously been carried out by the Fime Group. The most significant provision, equal to Euro 2,597 thousand, was established in 2014 following a negative ruling issued by the Naples Court of Appeal (*Corte di Appello*) for a dispute initiated by the bankruptcy receivers of a former leasing client, against whom an appeal was filed and the ruling on appeal is awaited.

The most significant item (Euro 935 thousand at 30 June 2017) included in the "*Other provisions for risks and charges*" refers to allocation for coverage of the tax liabilities relative to a sold equity investment which the Group had guaranteed, which became definitive after the Court of Cassation (*Corte di Cassazione*) handed down its ruling in 2015. In 2017, the liabilities relative to the tax assessment notices received were settled, while awaiting definition of the residual amounts to be paid.

At the publication date of these consolidated financial statements, there were no other significant contingent liabilities.

4.18. *Current financial payables and liabilities*

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Due to banks	793	777	16
Due to related parties	3,676	3,823	(147)
Due to lease companies	6	6	-
Payables for guarantees issued	3,501	3,891	(390)
Interest expense on bonds	1,811	4,389	(2,578)
Other	9	29	(20)
Current financial payables and liabilities	**9,796**	**12,915**	**(3,119)**

The item "*Interest expense on bonds*" refers to the coupon expiring in February 2018.

For further details on the item "*Payables for guarantees issued*", reference should be made to the item "*Non-current financial assets*".

"Due to related parties" contains the balance of the current account, held at market rates with remuneration set at Euribor plus a spread, in existence with the subsidiary Breda Energia.

"*Due to banks*" includes amounts falling due within twelve months of the long-term loans as mentioned above.

The net financial debt with the details of its main components pursuant to Consob Communication no. 6064293 and CESR recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses" is presented in the "Interim management report" rather than in these notes.

4.19. Trade payables

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Due to suppliers	1,001	896	105
Due to related parties	182	131	51
Trade payables	**1,183**	**1,027**	**156**

The carrying amount of trade payables is believed to approximate their fair value.

The amounts due to related companies are almost exclusively relative to the payables due to the Parent company's Board of Statutory Auditors. The amount for 2016 was paid in July 2017.

4.20. Other current liabilities

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Payables due to related parties	1,168	1,153	15
Payables due to directors	770	835	(65)
Tax payables	234	207	27
Due to employees	183	202	(19)
Due to social security institutions	85	122	(37)
Other liabilities	1,632	1,672	(40)
Other current liabilities	**4,072**	**4,191**	**(119)**

"*Payables due to related parties*" include Euro 1,142 thousand of the debt portion for acquisition of the equity investment in Culti Milano falling due within twelve months, while as at 31 December 2016 this referred mainly to debt positions involving the group VAT.

"*Payables due to directors*" amount to Euro 770 thousand, refer to the Parent company, and include Euro 760 thousand for the end of mandate indemnification which had previously existed for the Chairman and the relevant interest accrued.

"*Tax payables*" primarily relate to value added tax payables and direct taxes.

"*Due to employees*" includes the amounts accrued but not paid as at the date of these financial statements which are increased as on the reference date; the allocation for the additional monthly amount payable in the month of December is also included.

"Other liabilities" include Euro 1.3 million of payables to former lease customers, from Fime, and refer to amounts collected as advances from customers which were not offset with credit items.

4.21. Deferred tax assets and liabilities

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*	*Change*
Deferred tax assets	5,574	5,866	(292)
Deferred tax liabilities	(3,014)	(3,080)	66
Deferred tax assets and liabilities	**2,560**	**2,786**	**(226)**

As at the reporting date of these condensed consolidated interim financial statements, the Group recorded deferred tax assets on tax losses carried forward amounting to Euro 2.9 million.

Deferred tax assets and liabilities can be broken down by asset and liability item as follows:

(in thousands of Euro)	*Deferred tax assets*		*Deferred tax liabilities*	
	30 Jun 2017	*31 Dec 2016*	*30 Jun 2017*	*31 Dec 2016*
Property, plant and equipment	2	2	(1,532)	(1,556)
Investment property	215	215	-	-
Equity/Financial investments	-	-	(455)	(455)
Trade receivables	3,584	3,860	(1,021)	(1,063)
Other current receivables and assets	115	115	-	-
Non-current assets held for sale	167	167	-	-
Non-current financial liabilities	43	70	-	-
Other non-current liabilities	-	-	(6)	(6)
Provisions for risks and charges	690	690	-	-
Other current liabilities	70	92	-	-
Deferred taxes on tax losses carried forward	688	655	-	-
Total	**5,574**	**5,866**	**(3,014)**	**(3,080)**

4.22. Related party disclosures

The tables below show the relations involving payables, receivables, costs and revenue with related parties. The transactions which generated these items were carried out at arm's length and market prices. For information regarding the nature of the transactions, reference should be made to the comments under the individual items.

(in thousands of Euro)	*Non-current financial assets*	*Current financial assets*	*Trade receivables*	*Other current receivables and assets*	*Other non-current liabilities*	*Financial payables and liabilities*	*Trade payables*	*Other current liabilities*
Breda Energia SpA in LCA	-	-	-	-	-	(3,676)	-	-
Culti Milano SpA	-	60	49	-	-	-	(3)	-
ErgyCapital SpA	-	4,548	368	-	-	-	-	-
ErgycaOne SpA	-	254	-	-	-	-	-	-
EM Moulds Srl	-	-	12	-	-	-	-	-
Fricke GmbH	-	-	1	-	-	-	-	-
Immobiliare agricola Limestre Srl	-	-	1	-	-	-	-	-
Intek Investimenti Srl	-	1	47	-	-	-	-	-
KME AG	35,000	7,840	3,714	-	-	-	-	-
KMD Connectors Stolberg	-	-	15	-	-	-	-	-
KME Brass France Sas	-	-	8	-	-	-	-	-
KME Brass Germany GmbH	-	-	7	-	-	-	-	-
KME Brass Italy Srl	-	-	25	-	-	-	-	-
Tréfimétaux Sas	-	-	25	-	-	-	-	-
KME Italy SpA	-	-	56	-	-	-	-	-
KME Germany GmbH	-	-	93	-	-	-	-	-
KME Ibertubos SA	-	-	1	-	-	-	-	-
KME Yorkshire Ltd	-	291	236	-	-	-	-	(8)
KME Spain SA	-	-	1	-	-	-	-	-
KME Srl	-	-	-	-	-	-	-	(17)
Valika	-	-	3	-	-	-	-	-
NewCocot Srl in liquidazione	175	-	15	-	-	-	-	-
Progetto Ryan 3 Srl in liquidazione (former Culti Srl)	400	-	61	-	(1,064)	-	-	(1,143)
Quattroduedue SpA	-	-	9	-	-	-	-	-
I2 Capital Principal	-	210	-	-	-	-	-	-
Rede Immobiliare	-	2,367	-	-	-	-	-	-
Società Agr. San Vito Biogas Srl	-	-	185	-	-	-	-	-
Tecno Servizi	8,627	-	-	-	-	-	-	-
Fossati Uno Srl	2,488	-	132	-	-	-	-	-
Receivables from guarantees	291	3,501	-	-	-	-	-	-
Receivables/Payables for tax consolidation	-	-	-	2,181	-	-	-	-
Directors and Statutory Auditors	-	-	-	-	-	-	(179)	(770)
	46,981	**19,072**	**5,064**	**2,181**	**(1,064)**	**(3,676)**	**(182)**	**(1,938)**
Total	**57,031**	**21,619**	**11,743**	**10,014**	**(3,385)**	**(9,796)**	**(1,183)**	**(4,072)**
Percentage	**82.38%**	**88.22%**	**43.12%**	**21.78%**	**31.43%**	**37.53%**	**15.38%**	**47.59%**

(in thousands of Euro)	*Commissions on guarantees given*	*Other operating income*	*Other operating costs*	*Financial income*	*Financial expense*
Breda Energia SpA in liquidazione	4	7	-	-	(47)
Culti Milano SpA	1	-	-	-	-
EM Moulds Srl	12	-	-	-	-
ErgyCapital SpA	-	-	-	67	-
ErgycaOne SpA	-	-	-	4	-
Intek Investimenti Srl	-	15	-	-	-
KME (Shanghai) Trading Ltd	-	-	-	-	-
KME AG	1,858	-	-	881	-
KME Brass Italy	21	-	-	-	-
KME Germany GmbH & Co. KG	34	-	(5)	-	-
KME Italy Srl	43	-	(2)	-	-
KME Srl	-	-	(13)	-	-
KME Yorkshire Ltd	-	-	-	5	-
Green Recycle	1	-	-	-	-
Progetto Ryan 3 Srl in liquidazione	-	-	-	5	-
Quattroduedue SpA	-	7	-	-	-
Rede Immobiliare Srl	-	-	-	29	-
Fossati Uno Srl	-	-	-	42	-
Tecno Servizi Srl	-	-	-	106	-
Directors/Statutory Auditors	-	-	(892)	-	-
	1,974	**29**	**(912)**	**1,139**	**(47)**
Total	**1,974**	**526**	**(2,512)**	**1,140**	**(2,873)**
Percentage	**100.00%**	**5.51%**	**36.31%**	**99.91%**	**1.64%**

5. <u>*Income Statement*</u>

Pursuant to Consob Communication no. 6064293/06, it is hereby specified that the Group did not carry out any "atypical and/or unusual transactions" in 2017.

5.1. Net income from investment management

The breakdown of the item is as follows:

(in thousands of Euro)	*1st half 2017*	*1st half 2016*	*Change*	*% Change*
Gains/losses from the sale of fund units and securities	28	(668)	696	-104.19%
Value adjustments on financial receivables from related parties	(137)	(11)	(126)	1145.45%
Measurement of investments at fair value	(169)	(2,706)	2,537	-93.75%
Measurement of fund units and securities at fair value	-	122	(122)	-100.00%
Dividends	2	105	(103)	-98.10%
Net income from investment management	**(276)**	**(3,158)**	**2,882**	**-91.26%**

The positive portion of "*Measurement of investments at fair value*" for the half year under review refers to increases in the value of the equity investment in ErgyCapital, both current and capitalised, and the negative portion refers to adjustments made in the equity investment in Progetto Ryan 3.

As regards the first half of 2016, the negative results of this item were mainly due to negative adjustments to the equity investment in ErgyCapital.

5.2. Commissions on guarantees given

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Commissions on guarantees given	1,974	2,028	(54)	-2.66%
Commissions on guarantees given	**1,974**	**2,028**	**(54)**	**-2.66%**

They refer to guarantees provided for subsidiaries and mainly refer to KME AG and its subsidiaries.

5.3. Other income

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Income from "special situations"	10	827	(817)	-98.79%
Fund management fees	407	578	(171)	-29.58%
Rental income	36	34	2	5.88%
Rents charged to related parties	-	41	(41)	-100.00%
Provision of services to related parties	29	34	(5)	-14.71%
Other	44	66	(22)	-33.33%
Other income	**526**	**1,580**	**(1,054)**	**-66.71%**

"*Income from special situations*" refers to Intek's activities connected to the undertaking of compositions with creditors.

"*Fund management fees*" refer to the fees and charges collected by I2 Capital Partners SGR for managing the I2 Capital Partners Fund, which are calculated on the amount invested, as the investment period has ended.

In 2016, the item "*Other*" included the capital gains from the sale of assets for Euro 58 thousand.

5.4. Personnel costs

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Wages and salaries	(594)	(662)	68	-10.27%
Social security charges	(184)	(202)	18	-8.91%
Other personnel costs	(177)	(144)	(33)	22.92%
Labour costs	**(955)**	**(1,008)**	**53**	**-5.26%**

Following is the average number of employees, referring to consolidated companies only:

	30/06/2017	*31/12/2016*	*Change*	*% Change*
Executives	3	4	(1)	-25.00%
	21.43%	26.67%		
Clerical workers	11	11	-	0.00%
	78.57%	73.33%		
Total employees (average)	**14**	**15**	**(1)**	**-6.67%**
	100.00%	100.00%		

5.5. Amortisation, depreciation, impairment and write-downs

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Depreciation	(213)	(215)	2	-0.93%
Amortisation	-	(1)	1	-100.00%
Reversal of impairment losses on investment property	(54)	(55)	1	-1.82%
Impairment losses	-	(798)	798	-100.00%
Amortisation, depreciation, impairment and write-downs	**(267)**	**(1,069)**	**802**	**-75.02%**

The impairment losses for 2016 referred to the write-down of the goodwill, which took place for the realisation of the relevant contingent assets.

5.6. Other operating costs

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Directors' and Statutory Auditors' fees	(691)	(776)	85	-10.95%
Professional services	(580)	(497)	(83)	16.70%
Travel costs	(190)	(118)	(72)	61.02%
Other personnel costs	(37)	(35)	(2)	5.71%
Legal and company disclosure	(45)	(48)	3	-6.25%
Electricity, heating, postal and telephone costs	(106)	(110)	4	-3.64%
Insurance premiums	(64)	(57)	(7)	12.28%
Real estate leases	(79)	(82)	3	-3.66%
Maintenance	(45)	(47)	2	-4.26%
Leases and rentals	(36)	(47)	11	-23.40%
Other tax charges	(458)	(376)	(82)	21.81%
Membership fees	(89)	(78)	(11)	14.10%
Other net costs	(78)	(26)	(52)	200.00%
Donations	(4)	(26)	22	-84.62%
Bank fees	(10)	(7)	(3)	42.86%
	(2,512)	*(2,330)*	*(182)*	7.81%
Release of provisions	-	100	(100)	-100.00%
Provision for risks	-	(30)	30	-100.00%
Other operating costs	**(2,512)**	**(2,260)**	**(252)**	**11.15%**

5.7. Net financial expense

(in thousands of Euro)	*30/06/2017*	*30/06/2016*	*Change*	*% Change*
Interest income from related parties	*1,139*	*1,064*	75	7.05%
Other financial income and interests	*1*	*9*	(8)	-88.89%
Total financial income	1,140	1,073	67	6.24%
Interest paid to related parties	*(47)*	*(224)*	177	-79.02%
Loan interest expense	*(85)*	*(97)*	12	-12.37%
Interest expense on securities issued	*(2,611)*	*(2,620)*	9	-0.34%
Other interests expense	*(27)*	*(14)*	(13)	92.86%
Other financial expense	*(103)*	*(126)*	23	-18.25%
Total financial expense	(2,873)	(3,081)	208	-6.75%
Net financial expense	**(1,733)**	**(2,008)**	**275**	**-13.70%**

Interest income and expense from related parties refer to the debit and credit positions described under current and non-current financial assets and current financial liabilities. The breakdown is provided in the paragraph regarding related parties.

Other financial expense includes both commissions on guarantees and differentials on interest rate hedging contracts.

5.8. Current and deferred taxes

(in thousands of Euro)	*1st half 2017*	*1st half 2016*	*Change*	*% Change*
Current taxes	492	(47)	539	-1146.81%
Deferred taxes	(200)	277	(477)	-172.20%
Current and deferred taxes	**292**	**230**	**62**	**26.96%**

Since 2007, Intek Group and most of its Italian subsidiaries elected to apply the “Italian domestic tax consolidation regime”, which allows the determination of a single IRES (Italian corporate income tax) taxable base equal to the algebraic sum of the taxable income and losses of each of the participating entities. Financial relationships, responsibilities and mutual obligations are set out in the agreement and regulation regarding the domestic tax consolidation arrangement, according to which taxable losses of the Parent and/or subsidiaries can be offset against the tax savings realised by the Parent and/or subsidiaries with taxable income.

Reconciliation of theoretical tax charge and the effective charge:

(in thousands of Euro)	*30/06/2017*
Profit/(loss) before taxes	(3,243)
Theoretical tax charge (tax rate used 27.9%)	**905**
Reconciliation:	
Other effects:	-
- Non-deductible (expenses) and non-taxable income	(479)
- Impairment losses/(reversal of impairment losses) on investments and securities	(134)
Taxes recognised in profit or loss	**292**

6. Other information

6.1. Financial instruments by category

	30 Jun 2017	31 Dec 2016	Change
Financial assets at fair value through profit or loss	451,447	456,445	(4,998)
Held-to-maturity assets	-	-	-
Loans and receivables	97,251	97,107	144
Available-for-sale financial assets	-	-	-
Financial assets	**548,698**	**553,552**	**(4,854)**
Financial liabilities at fair value through profit or loss	(3,970)	(6,184)	2,214
Financial payables and liabilities at amortised cost	(122,173)	(124,117)	1,944
Financial liabilities	**(126,143)**	**(130,301)**	**4,158**

6.2. Financial instruments by financial statement item

Financial instruments and reconciliation with financial statement items at 30 June 2017:

(in thousands of Euro)	*Total*	*At amortised cost*	*At fair value*	*Outside the scope of IFRS 7*
Investments in equity interests and fund units	447,280	-	447,280	-
Non-current financial assets	57,031	56,740	291	-
Other non-current assets	5	5	-	-
Trade receivables	11,743	11,743	-	-
Other current receivables and assets	10,014	7,980	-	2,034
Current financial assets	21,619	17,743	3,876	-
Cash and cash equivalents	3,040	3,040	-	-
Total financial assets	**550,732**	**97,251**	**451,447**	**2,034**
Non-current financial payables and liabilities	(6,847)	(6,378)	(469)	-
Bonds	(101,094)	(101,094)		
Other non-current liabilities	(3,385)	(3,385)	-	-
Current financial payables and liabilities	(9,796)	(6,295)	(3,501)	-
Trade payables	(1,183)	(1,183)	-	-
Other current liabilities	(4,072)	(3,838)	-	(234)
Total financial liabilities	**(126,377)**	**(122,173)**	**(3,970)**	**(234)**

The carrying amount of the financial assets and liabilities recognised in these financial statements does not diverge from their fair value.

There are three levels of fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – unobservable inputs for the asset or liability.

The analysis of assets and liabilities by fair value level is as follows:

(in thousands of Euro)	*Total fair value*	*Level 1*	*Level 2*	*Level 3*
Investments in equity interests and fund units	447,280	5,344	-	441,936
Non-current financial assets	291	-	-	291
Current financial assets	3,876	375	-	3,501
Total financial assets	**451,447**	**5,719**	**-**	**445,728**
Non-current financial payables and liabilities	(469)	-	(178)	(291)
Current financial payables and liabilities	(3,501)	-	-	(3,501)
Total financial liabilities	**(3,970)**	**-**	**(178)**	**(3,792)**

The share investments in ErgyCapital fall under Level 1 financial instruments.

6.3. *Notional value of financial instruments and derivatives*

No derivative financial instruments are recognised as at 30 June 2017, except for the interest rate hedge on the Immobiliare Pictea mortgage loan, the notional value of which is Euro 6,106 thousand.

6.4. *Credit risk exposure and impairment losses*

The carrying amount of financial assets is the Group's maximum exposure to credit risk.

The ageing of trade receivables from current transactions at the reporting date was as follows:

(in thousands of Euro)	*Gross carrying amount*	*Write-down as at 30 June 2017*	*Net carrying amount*
Not yet due	9	-	9
Up to 60 days past due	73	-	73
61 to 120 days past due	-	-	-
121 days to 1 year past due	-	-	-
Over 1 year past due	395	(180)	215
Trade receivables	**477**	**(180)**	**297**

There were no movements in the write-down of receivables.

6.5. *Currency risk exposure*

At 30 June 2017, there were no assets or liabilities in a foreign currency.

6.6. Interest rate risk exposure

The Group's interest rate structure of interest-bearing financial instruments at 30 June 2017 was as follows:

(in thousands of Euro)	*30 Jun 2017*	*31 Dec 2016*
Financial assets	100	2,590
Financial liabilities	(101,094)	(100,990)
Fixed rate instruments	**(100,994)**	**(98,400)**
Financial assets	72,211	60,822
Financial liabilities	(4,379)	(4,903)
Floating rate instruments	**67,832**	**55,919**

A 50-basis-point increase (decrease) in interest rates at the reporting date would produce an increase (decrease) in equity and profit of approximately Euro 300 thousand.

6.7. Liquidity risk exposure

Liquidity risk can arise from difficulties in raising finance for operating activities as and when required. All inflows and outflows and cash balances of the consolidated companies are coordinated by the holding company.

7. ***Commitments and guarantees***

Intek Group is the guarantor for KME AG and its main subsidiaries operating in the copper and copper-alloy semi-finished products sector as follows:

- Euro 475 million for the loan obtained from a pool of banks and expiring in July 2018;
- Euro 355 million for the agreement concluded with GE Commercial Finance for without-recourse factoring transactions expiring in July 2018;
- Euro 18 million for the loan taken out with UniCredit Mediocredito Centrale (UMCC), the residual amount of which is Euro 9.5 million.

There are, furthermore, additional guarantees for uncommitted credit lines connected to the copper sector of Euro 28 million, and guarantees for tax credits of approximately Euro 2.7 million, of which Euro 0.5 million expire in September 2017, Euro 0.4 million in 2018, Euro 0.3 million in 2019 and Euro 1.5 million in 2020.

For Tecno Servizi Srl, a guarantee was provided for a loan supplied by Mediocredito for an original amount of Euro 7.8 million (residual amount Euro 4.8 million).

In December 2015, Intek Group indicated its willingness to issue a guarantee of up to Euro 5.0 million for Associazione Dynamo for the granting of a mortgage loan for the restructuring of certain buildings located in Limestre. This mortgage is also secured by other real guarantees.

In June 2017, Intek Group SpA issued a guarantee of up to Euro 2.2 million, expiring 30 September 2017, for Culti Milano, to guarantee the debt of Progetto Ryan 3 Srl in liquidation to Equitalia, of which Culti Milano is a joint obligor following the purchase of the company assets.

Furthermore, the Company, as subscriber of a share of the I2 Capital Partners Fund, has a remaining investment commitment of Euro 1.8 million.

Annexes to the notes

Reconciliation of the profit/(loss) of the Parent company Intek Group SpA and the consolidated profit/(loss) for the period ended 30 June 2017:

(in thousands of Euro)	*30 Jun 2017*
Profit/(loss) of Intek Group SpA	**(2,774)**
Profit/(loss) of consolidated companies *(1)*	(114)
Amortisation of excess cost allocation on property (net of tax effect)	(63)
Group's net consolidated profit/(loss)	**(2,951)**
Profit/(loss) of subsidiaries first half of 2017	
(1) I2 Capital Partners SGR Investment	(135)
I2 Real Estate	(71)
Immobiliare Pictea	92
	(114)

Reconciliation of the equity of the Parent company Intek Group SpA and the consolidated equity for the period ended 30 June 2017:

(in thousands of Euro)	*30 Jun 2017*
Parent company's equity including profit/(loss) for the period	**439,430**
Excess cost allocation on property (net of tax effect)	3,961
Difference between the consolidated companies' equity and their carrying amount	(4,265)
Group's consolidated equity including profit/(loss) for the period	**439,126**

CERTIFICATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98 AND ARTICLE 81 TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. Having regard to the requirements of article 154 bis, paragraphs 3 and 4 of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Vincenzo Manes, Chairman, and Giuseppe Mazza, Manager in charge of Financial Reporting of Intek Group SpA, hereby certify:

   - the adequacy with respect to the characteristics of the Company and
   - the effective application

   of administrative and accounting procedures for the preparation of the condensed consolidated interim financial statements for the half year from 1 January 2017 to 30 June 2017, including the policies which the Company applied in order to comply with the requirements of IFRS 10 in relation to Investment Entities.

2. No material findings emerged in this regard.

3. Moreover, they certify that:

   3.1. the condensed consolidated interim financial statements:

   a) were prepared in accordance with the applicable set of international accounting standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002. *Investment Entities* (*Amendments to IFRS 10, IFRS 12 and IAS 27*), as introduced by Regulation (EU) no. 1174/2013, was applied in these financial statements;

   b) reflect the balances recorded in the accounting books and records;

   c) give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole;

   3.2 the interim directors' report includes a reliable analysis of the important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year. The interim directors' report also includes a reliable analysis of the information on significant related party transactions.

Milan, 20 September 2017

The Chairman

signed Vincenzo Manes

The Manager in charge of Financial Reporting

signed Giuseppe Mazza

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REPORT ON REVIEW OF THE HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Intek Group S.p.A.

Introduction

We have reviewed the accompanying half-yearly consolidated financial statements of Intek Group S.p.A. and subsidiaries (the "Intek Group"), which comprise the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes thereto, as at and for the six month ended 30 June 2017. The Directors are responsible for the preparation of the half-yearly consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements of Intek Group as at 30 June 2017 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Maurizio Ferrero
Partner

Milan, Italy
27 September 2017

This report has been translated into the English language solely for the convenience of international readers.