VALSOIA SpA

Condensed Interim financial statements at June 30, 2017

Contributing to people's wellbeing by helping them make informed food choices. Promoting awareness of the health benefits of plant-based foods. Spreading knowledge of healthy eating responsibly and with passion.
That's Valsoia. And that's the mission expressed in our logo with the Italian for 'goodness and health' – "bontà e salute".

A mission everyone can experience in all our deliciously healthy products.
It's this commitment to pleasure and health that has made the Valsoia brands some of Italy's leading and best-loved household names, thanks to the quality of our products and constant research and innovation.

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* marchio in distribuzione per l'Italia

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

QUALITY AND EXPERIENCE

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

NUTRITION RESEARCH

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

PRODUCT VARIETY

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

ITALIAN TRADITION

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

new:

ICE CREAM ADVERTISING SPOT

On air, in this summer season,
the two products of the Ice Cream line,
Classic and Almond-based.

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1 / General information

GENERAL INFORMATION

Corporate offices and positions

Board of Directors (1)

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

Board of Statutory Auditors (1)

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

Supervisory Board (3)

Chairman	Gianfranco Tomassoli
Standing members	Angelo Castelli
	Maria Luisa Muserra

Independent Auditors (4)

KPMG S.p.A.

Manager in charge of financial reporting (5)

Carlo Emiliani

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

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

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

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

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

Corporate data and Group structure

Company Name: Valsoia S.p.A.
Registered office: Via Ilio Barontini 16/5 - 40138 Bologna (BO) - Italy
Telephone: +39 051 6086800
Fax: +39 051 248220
Certified email: valsoia@legalmail.it
Website: www.valsoiaspa.com – Investor Relations section

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

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

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

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

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

The Company has no branch offices.

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

2 / Director's report

INTERIM DIRECTORS' REPORT

KEY FINANCIAL HIGHLIGHTS

Income statement ratios (EUR 000)	06.30.2017		06.30.2016		Change	
	EUR	%	EUR	%	EUR	%
Sales revenue	56,416	100	58,014	100.0	(1,598)	(2.8)
Value of production	55,978	99.2	59,007	101.7	(3,029)	(5.1)
Gross operating result (EBITDA) (*)	5,880	10.4	8,124	14.0	(2,244)	(27.6)
Operating result (EBIT)	4,926	8.7	7,174	12.4	(2,248)	(31.3)
Pre-tax profit	4,757	8.4	6,655	11.5	(1,898)	(28.5)
Net profit for the period	3,432	6.1	4,685	8.1	(1,253)	(26.7)

(*) The interim result is not defined as an accounting measure pursuant to the IFRSs, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies.

Equity ratios (EUR 000) (*)	Value			Changes at 06.30.17	
	06.30.17	12.31.16	06.30.16	Vs 12.31.16	Vs 06.30.16
Net working capital (*)	5,003	3,890	4,514	1,113	489
Total non-current assets	34,251	34,632	34,704	(382)	(454)
Net financial debt – positive -	18,212	18,483	13,510	(271)	4,702

(*) For the breakdown of the above Items, see the Warnings in the footnotes of this Report

MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

In the second quarter of 2017, the Company showed a substantial stability in Sales Revenue (+0.7%) compared with the same quarter of 2016.
This result allows for the closure of the first quarter of 2017 with a -2.8% slowdown compared with the same period of 2016, representing however a recovery versus the trend of that first quarter (-7.1%).

The operating margins of the first six month showed instead a decline by EUR 2.2 million (-27.6%) compared with the same period of 2016.
This contraction was primarily due to lower sales, in addition to a different time allocation of some Trade Marketing assets, forecast in the first half year of 2017 (about EUR 400 thousand).
In the period in question, the Company continued its policy of strong advertising activities while maintaining unchanged the Consumer marketing costs.
General overhead costs also remained stable.

Net profit for the period, following the description above, was positive for EUR 3.4 million, but down by EUR 1.2 million compared with the same period of 2016 (-26.7%).

Net financial position, as better detailed below, is positive and shows a significant increase - EUR 4.7 million - compared with the figure at the same date of the previous period.

During the first half of the year:

(i) A preliminary agreement was executed for the acquisition of the Business Unit Diete.Tic, a leading brand in the liquid sweetener sector. With this transaction, the Company has entered into the strategic market segment of alternatives to the traditional sugar segment. This transaction involved the recording, during the period, of acquisition charges exceeding EUR 100 thousand, together with an extraordinary cash disbursement of EUR 2.2 million following the confirmation deposit as set forth in the contract.
(ii) Since June, the Company has been using a Merchandising company focused on the control of product selections, the use of shelf space and promotional activities, for both the "Health" and "Food" divisions, at the points of sale in Northern Italy. This service will be fully operational in the second half of 2017 and further enhancements covering a greater number of sales points also in Central Italy, are planned.
(iii) The Company has further increased its advertising activities (+7%) compared with the first half of 2016 in support of both the Santa Rosa brand and particularly the "Valsoia Bontà e Salute" brand, as well as its "premium" positioning. This approach remains strategic for long term development, following also the increased overcrowding in the market by numerous players who are often not specialised in the sector;
(iv) The distribution work, concerning important innovations in the health area and already presented to retailers in the second half of 2016, covering the most relevant sectors of the business, continued with: plant-based yoghurt, plant-based alternatives to meat, almond-based ice cream, frozen foods as an option

to pre-prepared first courses, dressings and cream spreads. The new lines, including some that have been in the market for some time, have already demonstrated excellent sales results and rotation sales, while always remaining at the top of the respective categories. However, the increased overcrowding of shelves by the new players has heavily penalised the entry speed of the Company's products.

(v) The distribution of the new Santa Rosa preserve lines is successfully continuing along with the recovery of the weighted distribution, still lacking for the traditional preserve lines.

(vi) R&D work, in line with the objectives and timing of the three year Innovation Plan, continued for both the Valsoia and the Santa Rosa brands.

(vii) Finally, a very complex activity consisting of fine tuning the offer of the ice cream portfolio for the American market, and the start-up of the new distributor for the German market, was completed.

The following table shows sales revenue broken down by the main product lines.

Products	06.30.2017		06.30.2016		Change
(EUR 000)	EUR	% Inc.	EUR	% Inc.	%
Valsoia Bontà e Salute Products	29,902	53.0%	30,619	52.8%	(2.3)
Santa Rosa Products	13,177	23.4%	13,623	23.5%	(3.3)
Other plant-based products (a)	11,030	19.5%	11,904	20.5%	(7.4)
TOTAL ITALIAN REVENUE	54,109	95.9%	56,146	96.8%	(3.6)
Sales abroad	2,307	4.1%	1,868	3.2%	23.5
TOTAL REVENUE	56,416	100.0%	58,014	100.0%	(2.8)

(a) Other trademarks and industrial products

The Valsoia Bontà e Salute brand shows, overall, a slight decrease in sales revenue (EUR -0.7 million) compared with the first quarter of 2016, caused mainly by a slowdown in the Frozen line which recorded a negative EUR - 0.9 million result (-26% versus the same previous period). This market segment has been particularly exposed for the last two years to an increased overcrowding of the competition and a subsequent non-growth in the number of purchasing households.

The Santa Rosa Confetture brand showed positive results (+7% vs 2016).
The "Pomodorissimo" brand (tomato paste and pulp) saw a worsening of its negative trend, with a decline in sales versus the same previous period (-26% versus 2016) due to the continuing strong downward and speculative trends in terms of transfer prices, with which the Company decided not to align thus choosing to renounce non-profitable volumes.

The positive trend in foreign sales continued with a +23.5% against the same previous period, in particular in the European markets.

ANALYSIS OF THE STATEMENT OF FINANCIAL DEBT

The following table shows the breakdown of the Net financial position at June 30, 2017, December 31, 2016 and June 30, 2016:

Description (EUR 000)	06.30.2017	12.31.2016	06.30.2016
Cash	4	4	4
Current accounts and bank deposits	19,137	19,381	14,517
Total cash and cash equivalents (A)	19,141	19,385	14,521
Current loans and borrowings (B)	(100)	(98)	(99)
Current net financial position (C=A-B)	19,041	19,287	14,422
Non current loans and borrowings (D)	(829)	(804)	(912)
NET FINANCIAL POSITION (E=C+D)	18,212	18,483	13,510

At June 30, the overall net financial position of the Company was positive, in line with the December 31 position and with a significant improvement, by EUR 4.7 million, compared with the same figures of the previous period.
In the first half year of 2017, current operations generated a *primary operating cash flow* of EUR 6.2 million while the increase in net working capital, physiological in consideration of the seasonal nature of ice-cream related activities, absorbed liquidity in the amount of EUR 1.8 million.
In this period, as mentioned above, a payment of EUR 2.2 million was made as a confirmation deposit for the purchase of the Business Unit Diete.Tic.
The Net Financial Position benefited from a minor payment of taxes, compared with the same previous period, for EUR 3 million.
During the same period, investments amounting to EUR 572 thousand were carried out and dividends amounting to EUR 3.5 million were distributed.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Risks of a financial nature and derivative instruments

Foreign Exchange Risk

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

The foreign exchange risk derives primarily from soy purchase transactions on the US dollar markets.
During the period, the Company carried out currency forward purchase operations. The financial impact of these operations, carried out for hedging purposes but not meeting all requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period; in particular, at the closing date of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of losses for EUR 24 thousand, were in place.

Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically shown a limited insolvency rate, although in the last periods, due to the current economic crisis, such rate has slightly increased.
Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

Given the capital and financial structure of the Company, it is believed that, to date, Valsoia is not particularly exposed to the risk of changes in the interest rates.

Cash and changes in Cash Flows risk

Considering the positive net financial position and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low.

Operating risks

Risks related to the food/health sector

Although Valsoia guarantees effective quality control on its own production and on externally acquired products through a constant monitoring of raw materials, production processes and finished products, it cannot be excluded that, similarly to any other company operating in the food sector, the accidental contamination of the product by external agents, unpredicted in the formulation of the product, may occur.
In particular, Valsoia has always chosen to use only raw materials that are not genetically modified. For this purpose, the Company requires certifications from all the suppliers of raw materials, as a proof of their GMO-free status. In addition, the Company requires CSQA certifications to confirm the absence of genetically modified organisms both in the raw materials used and in the finished products; however, Valsoia cannot exclude their accidental presence in marketed products.
In general, contamination of products by external agents, including genetically modified organisms above the tolerance threshold, would involve a recall of the products from the market, with related financial burdens, as well as the risk of penalties charged to the Company and to any responsible individual. It also cannot be excluded that, if the use of food produced by Valsoia causes harm to the health of the consumers, the Company may be

subject to compensation claims or actions due to these events.

Risks related to safety at the workplace and environmental damages

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

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

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

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

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

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

Risks related to relationships with purchasing centres

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

Therefore, Valsoia, given the recognition of its trademarks, the high reputation of the services associated with its products and the efficient distribution network, has maintained for many years strong business relationships with all the main Italian purchasing centres.

Risks related with the termination of distribution contracts on behalf of third parties
Currently, 2.5% of the Company's revenue derives from the distribution of third party products.
A termination of these relationships would have a negative impact on the financial results of the Company.

Other general risks

Risks related to the current economic situation
The continuing uncertainty of the economic environment could result in a further contraction in consumption with negative effects on company sales.

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

Risks related to the price volatility of raw materials
The prices of the raw materials that are used by the Company may show a significant volatility. This situation concerns also the other costs for production, transport and distribution of the products that are directly affected by the fluctuations in oil prices.
Consequently an increase in the price of raw materials and other production items that may have a negative impact on the margins of the Company, cannot be excluded.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

In July, a slowdown in the sales of Valsoia ice cream was recorded due to the entry of new players, both in the segment of plant-based alternatives and in the "lactose-free" segment.
As regards the remaining part of the product portfolio, to be noted is its substantial overall stability compared with the same month of 2016.

OTHER INFORMATION

Research and development

During the period, research and development activities continued in line with the objectives of the marketing plans:

- verification of the qualitative performance of the Company's products against market benchmarks with the objective of maintaining Quality leadership;
- research and development of new products that would represent the plant-based alternative to the existing production, with a higher health performance in addition to higher organoleptic characteristics;
- research and development in the area of the Santa Rosa brand, also in market segments related to Preserves;
- development of new Formats which will be presented to the market already in the fall.

Transactions with related parties

During the period, Valsoia has not carried out, with related parties, any transaction of any particular financial and equity relevance. For a complete analysis, please refer to the notes to the Condensed Interim Financial Statements.

WARNINGS

The Condensed Interim Financial Statements of Valsoia S.p.A. for the six months ended June 30, 2017 were drawn up in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and ratified by the European Union, and with the measures issued in compliance with Art. 9 of Italian Legislative Decree No. 38/2005.
IFRS are understood to include all the revised international accounting standards ("IAS") and all the interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

In particular, these Condensed Interim Financial Statements were prepared in compliance with the IAS 34 "Interim Financial Reporting", which provide for a level of information that is significantly lower than the one required for the preparation of the Yearly Financial Statements, if complete financial Statements, prepared in compliance with the IFRS standards, were previously made available to the public.

The equity ratios mentioned in this report, are:

- Net working capital: Total Current assets (excluding Cash and cash equivalents) – Total Current liabilities (excluding current payables due to banks).
- Fixed assets: Total non-current assets.
- Net financial position: see the above table.

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Bologna, August 02, 2017

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

3 / Condensed Financial Statements

Condensed Interim financial statements at June 30, 2017

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	06/30/2017	12/31/2016
CURRENT ASSETS			
Cash and cash equivalents	(1)	19.141	19.385
Trade receivables	(2)	20.028	14.512
Inventories	(3)	7.036	7.206
Other current assets	(4)	3.005	1.747
Total current assets		**49.210**	**42.850**
NON-CURRENT ASSETS			
Goodwill	(5)	3.230	3.230
Intangible fixed assets	(6)	20.513	20.583
Property, plant and equipment	(7)	10.245	10.546
Financial assets	(8)	110	110
Deferred tax assets	(9)	0	442
Other non-current assets	(10)	153	163
Total non-current assets		**34.251**	**35.074**
TOTAL ASSETS		**83.461**	**77.924**

STATEMENT OF FINANCIAL POSITION	Notes	06/30/2017	12/31/2016
CURRENT LIABILITIES			
Current payables due to banks	(11)	100	98
Trade payables	(12)	21.567	16.245
Tax payables	(13)	816	1.114
Provision for risks	(14)	355	126
Other current liabilities	(15)	2.328	2.090
Total current liabilities		**25.166**	**19.673**
NON-CURRENT LIABILITIES			
Non-current payables due to banks	(16)	829	804
Provision for deferred taxes	(17)	68	0
Provision for post employment benefits	(18)	504	579
Total non-current liabilities		**1.401**	**1.383**
EQUITY	(19)		
Share Capital		3.503	3.503
Legal Reserve		690	690
Revaluation reserve		16.765	13.596
Other IAS/IFRS adjustments reserve		(1.002)	(1.002)
Other reserves		33.506	31.287
Profit (loss) for the period		3.432	8.794
Total Equity		**56.894**	**56.868**
TOTAL		**83.461**	**77.924**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

INCOME STATEMENT	Notes	06/30/2017	06/30/2016
VALUE OF PRODUCTION	(20)		
Revenue from sales and services		56.416	58.014
Changes in inventories of finished products		(618)	861
Other revenue and income		180	132
Total Value of production		**55.978**	**59.007**
OPERATING COSTS	(21)		
Purchases		(28.304)	(30.565)
Services		(16.895)	(15.413)
Cost of use of assets owned by other, of third party assets		(245)	(275)
Labour costs		(4.539)	(4.465)
Changes in raw materials inventory		448	335
Other overheads		(563)	(500)
Total operating costs		**(50.098)**	**(50.883)**
GROSS OPERATING RESULT		**5.880**	**8.124**
Amortisation and depreciation	(22)	(954)	(950)
NET OPERATING RESULT		**4.926**	**7.174**
Net financial income/(charges)	(23)	(169)	(519)
PRE-TAX PROFIT (LOSS)		**4.757**	**6.655**
TAXES	(24)		
Income taxes		(816)	(1.409)
Deferred tax assets/liabilities		(509)	(561)
Total Taxes		**(1.325)**	**(1.970)**
PROFIT (LOSS) FOR THE PERIOD		**3.432**	**4.685**
Basic EPS	(25)	0,323	0,441
Diluted EPS	(25)	0,322	0,441

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes (26)	06/30/2017	06/30/2016
PROFIT (LOSS) FOR THE PERIOD		**3.432**	**4.685**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Total		**0**	**0**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Total		**0**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)		**3.432**	**4.685**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT		06/30/2017	06/30/2016
(AMOUNTS IN THOUSANDS OF EUR)			
A	**Opening current net cash**	**19.287**	**22.212**
B	**Cash flow from operating activities for the period**		
	. Profit (loss) for the period	3.432	4.685
	. Net financial gain/(losses) and taxes for the period	1.494	2.489
	. Amortisation, depreciation and impairment losses	954	950
	. (Capital gains) - Capital loss from asset disposal	0	(2)
	. Charges for SOP (Stock Option Plans)	97	97
	. Net change in other provisions	213	113
-	Cash flow from operating activities before changes in working capital	6.190	8.332
	(Increase) / decrease in Trade receivables	(5.603)	(8.453)
	(Increase) / decrease in Inventory	272	(1.213)
	Increase / (decrease) in Trade payables	5.322	6.714
	Net change in other current assets/liabilities	(1.815)	1.824
-	Change in Working Capital	(1.824)	(1.128)
-	Changes in other operating assets/liabilities	(75)	45
	Total (B)	**4.291**	**7.249**
C	**Taxes paid**	**(318)**	**(3.434)**
D	**Cash flow used in investment activities**		
-	Net increases in property, plant and equipment	(556)	(367)
-	Net increases in intangible fixed assets	(26)	(30)
-	Net change in other non-current assets/liabilities	10	1
	Total (D)	**(572)**	**(396)**
E.	**Cash flow used in financial activities**		
	Increase/(decrease) in loans and borrowings	25	(5.163)
	Net financial income/(charges)	(169)	(519)
	Release of cash flow hedging reserve	0	170
	Share Capital Increase	0	53
	Dividends	(3.503)	(5.750)
	Total (E)	**(3.647)**	**(11.209)**
F	**Cash flow for the period (B+C+D+E)**	**(246)**	**(7.790)**
G	**Closing short-term net cash (A+F)**	**19.041**	**14.422**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	IAS/IFRS ADJUST. RESERVE	OTHER RESERVES	PROFIT/ (LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2015	**3.450**	**690**	**5.401**	**(1.002)**	**32.958**	**11.978**	**53.475**
Changes in 1st half of 2016							
Allocation of 2015 profit					6.228	(6.228)	0
Dividends						(5.750)	(5.750)
2016-2019 SOP charges					97		97
Share Capital Increase	53						53
Release of Cash Flow Hedging provision					170		170
Allocation of Reserve for suspension of tax			8.195		(8.195)		0
Comprehensive income (loss)							
- Result for the period						4.685	4.685
- Other items of the income statement					0	0	0
BALANCE AT JUNE 30, 2016	**3.503**	**690**	**13.596**	**(1.002)**	**31.258**	**4.685**	**52.730**
BALANCE AT DECEMBER 31, 2016	**3.503**	**690**	**13.596**	**(1.002)**	**31.288**	**8.794**	**56.869**
Changes in 1st half of 2017							
Allocation of 2016 profit					5.291	(5.291)	0
Dividends						(3.503)	(3.503)
2016-2019 SOP charges					97		97
Allocation of Reserve for suspension of tax			3.169		(3.169)		0
Comprehensive income (loss)							
- Result for the period						3.431	3.431
- Other items of the income statement					0	0	0
BALANCE AT JUNE 30, 2017	**3.503**	**690**	**16.765**	**(1.002)**	**33.507**	**3.431**	**56.894**

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Valsoia S.p.A. (hereinafter also "Valsoia" or the "Company") is a joint stock company established in Italy, registered in the Companies Register of Bologna, with fully paid-up share capital of EUR 3,503,024.91, with registered office in Italy, Bologna, Via Barontini No. 16/5, listed on the MTA of Borsa Italiana S.p.A.

The Condensed Interim Financial Statements were prepared in compliance with Art. 154-ter of Italian Legislative Decree No. 58/1998 and in compliance with the applicable International Accounting Standards (IFRS) ratified by the European Parliament and Council, of 19 July 2002, and in particular with IAS 34 - Interim Financial Reporting, as well as with the provisions issued in compliance with Art. 9 of Italian Legislative Decree no. 38/2005.

Valsoia, at the closing date of the half-year, holds a controlling equity investment in the Valsoia Pronova d.o.o. (SLO) company. In consideration of the non-substantial impact of the financial figures of this subsidiary, Valsoia does not prepare consolidated financial statements.
As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group. The relevance will be based, inter alia, on the impact of the financial debt and business volume shown by the subsidiaries, any indebtedness pertaining to them and any other factor that may be relevant for the user of the financial statements or Interim Financial Reporting.

The Condensed Interim Financial Statements include:

- the statement of financial position at June 30, 2017, compared with the results of December 31, 2016. In the tables of this chapter, the statements of financial debt show a classification based on the current or non-current nature of the items composing said statements:
    - current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the ordinary operations of the company, by assets held for trading, by assets that are expected to be realised within 12 months from the reporting date. All other assets are classified as non-current;
    - current liabilities are the liabilities that will be presumably extinguished during the ordinary operations of the company or within 12 months from the reporting date, or the liabilities that do not have an unconditional right to the deferral of their extinction beyond twelve months. All other liabilities are classified as non-current;

Pursuant to the Consob resolution No. 15519 of July 27, 2006, the financial effects of the transactions with related parties, if significant, are recognised separately, in the statement of financial debt section.

- The Income statement of the first six months of 2017, compared with the income statement of the same period of the previous year. In particular, it must be noted that the adopted income statement, compliant with the IAS 1 provisions, shows the following interim result, not defined as an accounting measurement according to the IFRSs (therefore it is possible that the definition criteria of such interim results are not consistent with those adopted by other companies), since the Company's management believes that it contains significant information for understanding the Company's results:
  - Gross operating result: comprises the Net profit (loss) for the period, before taxes, gains and losses arising from financial management, amortisation/depreciation and write-downs of fixed assets carried out during the relevant period.

- The statement of comprehensive income for the first six months of 2017, compared with the statement of comprehensive income of the same period of last year and prepared according to the IAS 1.

- The statement of cash flows for the first six months of 2017, compared with the statement of cash flows of the same period of last year. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted.

- The Statement of changes in equity for the first half of 2017 and the first half of 2016.

- These Notes to the Financial Statements.

This information, as a whole, represents the Condensed Interim Financial Statements at June 30, 2017 of Valsoia S.p.A., in compliance with the IAS 34 and Art. 154-ter of Italian Legislative Decree no. 58/1998.

The amounts are expressed in thousands of Euros.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU EFFECTIVE FROM JANUARY 1, 2017

The accounting standards, amendments and interpretations in effect from January 1, 2017 which have been endorsed by the European Commission are shown below:

Amendments to IAS 12 - Recognition of deferred tax assets for unrealised losses. The amendments provide clarifications on the methods for recognising deferred tax assets deriving from unrealised losses on debt instruments measured at fair value. The amendments apply starting from the financial periods beginning on January 1, 2017 or subsequent date.

Amendments to IFRS 12 - Annual Improvements to IFRS Standards. The amendments clarify that the reporting requirements for shareholdings in other companies apply also to the investments classified as held for sale. The amendments apply starting from the financial periods beginning on January 1, 2017 or subsequent date.

Amendments to IAS 7 (Disclosure Initiative) - The amendments to IAS 7 fall under the broader scope of Disclosure Initiative. The amendments require that the companies provide reports allowing the users of the financial statements to assess the changes in liabilities deriving from financing activities, including monetary and non-monetary changes. The amendments apply starting from the financial periods beginning on January 1, 2017 or subsequent date.

The adoption of these new standards, changes and interpretations did not have any impact on the company.

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

In 2016, the European Commission endorsed and published the following new accounting standards, amendments and interpretations to supplement the existing standards approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

IFRS 15 – Revenue from contracts with customers (applicable to accounting periods beginning on or after January 1, 2018). The standard establishes a new revenue recognition model to be applied to all contracts executed with customers except for those within the scope of application of other IAS/IFRS standards, such as lease contracts, insurance contracts and financial instruments. The fundamental passages for the recognition of revenues, according to the new model, are: 1) identify the contract(s) with customers; 2) identify the contractual performance obligations; 3) determine the transaction price, i.e. the amount of the expected consideration; 4) allocate the transaction price to the performance obligations stated in the contract; 5) recognise revenue when the entity fulfils a performance obligation.
The company is carrying out an assessment activity about the effects arising from the application of the new standard. As the assets stand to date, it can be assumed that the application of the new principle may have a significant impact on the reclassification of Revenue and Expenses, with limited impact on margins and consequently on operating results.

IFRS 9 – Financial instruments (applicable to accounting periods beginning on or after January 1, 2018). This standard introduces the new requirements for recognition and measurement, impairment, and hedge accounting. The standard applies to the periods starting on or after January 1, 2018; early application is permitted. With the exception of the hedge accounting, the retrospective application of the standard is required, however providing a comparison is not mandatory. As regards the hedge accounting, the standard is normally prospectively applied, with a few exceptions. The assessment of the impact of this standard on the financial statements is under way.

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

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

Mandatory application beginning from	
Changes to IFRS 2 (Classification and measurement of share-based payment transactions)	January 1, 2018
Amendment to IFRS 4	January 1, 2018
Amendments to the IFRS – Annual Improvements Cycle 2014 – 2016	January 1, 2018
IFRIC 22 (Foreign currency transaction and advance consideration)	January 1, 2018
Amendment to IAS 40	January 1, 2018
IFRS 16 (Leasing)	January 1, 2019
Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate/joint venture	Not yet defined

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

Current assets

Note (1) – Cash and cash equivalents

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Cash	4	4
Current accounts and bank deposits	19,137	19,381
Total cash and cash equivalents	19,141	19,385

At June 30, 2017, floating interest receivable rates for the Company range between 0.0% and 0.1%.

Following are details on the Net Financial Position at June 30, 2017 and December 31, 2016 and June 30, 2016. For details about changes in the Net Financial Position, please refer to the Directors' Report which is submitted together with these Condensed Interim Financial Statements.

Description (EUR 000)	06.30.2017	12.31.2016	06.30.2016
Cash	4	4	4
Current accounts and bank deposits	19,137	19,381	14,517
Total cash and cash equivalents (A)	19,141	19,385	14,521
Current loans and borrowings (B)	(100)	(98)	(99)
Current net financial position (C=A-B)	19,041	19,287	14,422
Non-current loans and borrowings (D)	(829)	(804)	(912)
NET FINANCIAL POSITION (E=C+D)	18,212	18,483	13,510

Note (2) - Trade receivables

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

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Trade receivables (nominal value)	21,290	15,688
Allowance for doubtful accounts	(1,262)	(1,176)
Total trade receivables	**20,028**	**14,512**

The increase in Trade receivables is physiological, i.e. based on the development of business volume and in consideration of the sales of ice cream concentrated in the summer months, with deferred revenue in the fall months.

The receivables are recognised net of the allowance for doubtful accounts, based on a prudent estimate of collection risk and taking into account the information available as regards the solvency risk of the individual positions, their age and the loss on receivables recognised in the past for similar types of receivables.

The following table shows a summary of the afore-mentioned Trade receivables, broken down by the length of time they have been overdue. No particular changes are noted in the collection conditions, compared with the previous year.

Description	06.30.2017	12.31.2016
Trade receivables (nominal value)		
- past due by over 12 months	663	471
- past due by over 30 days	5	1,303
- past due within 30 days	4,546	2,789
- with subsequent expiry	16,076	11,125
Total trade receivables (nominal value)	**21,290**	**15,688**

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

Following are the changes in the allowance for doubtful accounts.

Description	06.30.2017	12.31.2016
Opening balance	1,176	1,241
- (usage)	(7)	(285)
- allocations	93	220
Total allowance for doubtful accounts	1,262	1,176

Note (3) – Inventories

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Raw materials, ancillary and consumable materials	1,540	1,142
Work in process	165	115
Finished goods	5,331	5,949
Total Inventories	7,036	7,206

The value of raw and ancillary materials is up compared with December 31 of last year primarily because of the seasonal nature of the activities related to ice cream. The value of the finished product inventory is overall stable compared with the end of 2016.

The measurement of the closing inventories is carried out net of the provision for inventory obsolescence, amounting to a total of EUR 131 thousand at year end, in order to adjust its assessment to the estimated recoverable amount.

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

Note (4) - Other current assets

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Tax receivables	180	1,361
Prepayments and accrued income	374	42
Other current receivables	2,451	344

Total Other current assets	3,005	1,747

The item Other current receivables, in addition to accounts to suppliers, includes a receivable of EUR 2.2 million recorded upon the related payment made during the half year period as a confirmation deposit for the purchase of the business unit consisting of the liquid sweetener, Diete.Tic brand, as described in the Directors' Report.

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

Accrued income refers to portions of the costs already incurred but pertaining partially to following periods, and referring mostly to insurance premiums, membership fees and maintenance fees.

Non-current assets

Note (5) - Goodwill

The item *Goodwill* shows the following changes for the period:

Description	12.31.2016 Accounting	Other increases/ (decreases)	06.30.2017 Accounting
Santa Rosa Goodwill	3,230	-	3,230
Total goodwill	3,230	-	3,230

The recognised goodwill derives from the allocation of the residual amount from the premium of the equity investment value, compared with the fair value of the assets and liabilities of J&T Italia S.r.l., a company owning the Santa Rosa business, following the merger by incorporation of the same executed in a previous period.
The goodwill, in compliance with the IAS/IFRS standards, is not amortised but it is instead subject, at least on an annual basis, during the financial statements preparation, to an impairment test, in compliance with the requirements of IAS 36. At June 30, 2017, there are no indicators of accumulated impairment losses that would require this test, also during the preparation of the condensed interim financial statements.

Note (6) – Intangible fixed assets

The item Intangible Fixed Assets shows the following changes for the period:

Description	12.31.16	Changes for the period		06.30.17
	Net Value	Increases/ (decreases) Net	Amort./Write-downs	Net Value
Trademarks	20,066	0	(1)	20,065
Industrial patents and intellectual property rights	477	13	(81)	409
Other	40	14	(15)	39
Intangible fixed assets in progress	0	0	0	0
Intangible fixed assets	20,583	27	(97)	20,513

There have been no particular changes during the period.
The item Trademarks refers primarily to the Santa Rosa trademark, designated at fair value within the allocation of the value of the equity investment in J&T Italia S.r.l., following the already mentioned merger by incorporation of the same.
The Santa Rosa trademark, as allowed by the IAS 38 standard and in line with the transactions carried out in the previous periods, has been considered with an indefinite useful life and therefore non-amortised, based on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with options for the renewal of the legal protection at the expiry of the registration periods, with limited costs incurred;
- the products marketed by the company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the Santa Rosa trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector is sustainable for the Company and falls within the scope of the corporate strategies.

The value of the Santa Rosa trademark is subject, at least annually, to impairment tests during the preparation of the financial statements, in compliance with the requirements set forth in IAS 36. At June 30, 2017, no indications of accumulated impairment losses have emerged, which would require the performance of these tests also during the preparation of the Financial Statements.

Note (7) – Property, plant and equipment

Following is a breakdown of the Property, plant and equipment item at June 30, 2017.

Description	Historical cost	Depreciation Provision	Accounting Net Value
Land and buildings			
Land:			
- located in the Rubano municipality	908	-	908
- located in the Serravalle Sesia municipality	1,529	-	1,529
Buildings:			
- house in Serravalle Sesia	441	(93)	348
- industrial facilities in Serravalle Sesia	5,014	(1,960)	3,054
- Light constructions/buildings at the Sanguinetto facility	1	(1)	0
Total land and buildings	7,893	(2,054)	5,839
Plant and equipment			
- fixed systems for offices	128	(74)	54
- plant/equipment for plant extract products	5,539	(4,471)	1,068
- plant/equipment for ice cream production	10,041	(8,757)	1,284
- plant/equipment for other food production	667	(606)	61
- generic plant/equipment at the Serravalle facility	1,437	(1,054)	383
- silos, vats, tanks at the Serravalle facility	496	(420)	76
- photovoltaic system	371	(199)	172
- plants for preserves production	2,826	(2,016)	810
- generic plants at the Sanguinetto facility	121	(52)	69
Total plant and equipment	21,626	(17,649)	3,977
Industrial and commercial equipment			
- furniture and equipment for the laboratory	422	(344)	78
- other small equipment	173	(150)	23
- other transportation means	249	(199)	50
Total Industrial and commercial equipment	844	(693)	151
Other assets			
- electric and electronic machinery	527	(399)	128
- furniture and equipment for the offices	375	(317)	58
- cell phones	56	(42)	14
- vehicles	506	(428)	78
Total other assets	1,464	(1,186)	278

Fixed assets in progress	-	-	-
Total Property, plant and equipment	31,827	(21,582)	10,245

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

Description	12.31.16	Changes for the period			06.30.17
	Value	Increases / purchases	Other changes	Decreases	Value
Historic Cost					
Land and buildings	7,863	31	-	-	7,894
Plant and equipment	21,131	495	-	-	21,626
Industrial and commercial equipment	833	15	-	(4)	844
Other assets	1,462	16	-	(15)	1,463
Fixed assets in progress	0	0	-	-	0
Tot. Historic Cost (A)	31,289	557	-	(19)	31,827
Depreciation					
Land and buildings	1,947	107	-	-	2,054
Plant and equipment	17,015	634	-	-	17,649
Industrial and commercial equipment	666	31	-	(4)	693
Other assets	1,115	85	-	(14)	1,186
Fixed assets in progress	-	-	-	-	0
Tot. Depr. provisions (B)	20,743	857	-	(18)	21,582
Total Property, plant and equipment (A-B)	10,546	(300)	-	(1)	10,245

Increases in Tangible fixed assets refer mainly to the purchase of plants and machinery for the production of ice cream, plant extracts and preserves.

Note (8) – Financial assets

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

Description	Holdings in Share Capital	12.31.16 Value	Changes for the period Increases/ Decreases		06.30.17 Value
Valsoia Pronova d.o.o. – Slovenia	100%	110	-	-	110
Tot. Financial assets		110	-	-	110

In the first six months of 2017, the subsidiary Valsoia Pronova d.o.o. reported a turnover of EUR 261 thousand with a positive result of about EUR 25 thousand.

Note (9) – Deferred tax assets

See *Note 17) Provision for deferred taxes.*

Note (10) - Other non-current assets

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Guarantee deposits	35	35
Investments in other companies	5	5
Due from tax authorities, non-current	28	38
Receivables from subsidiary companies	85	85
Total Other non-current assets	153	163

The above assets did not show any change in the period.
Due from tax authorities, non-current, refers to IRES receivables for failure to deduct IRAP from the cost of labour for the years 2007 through 2011, with regard to which an appeal for a refund was submitted as per art. 2 of Italian Law Decree 201/2011. Receivables from subsidiaries refer to interest bearing loans granted to the subsidiary Valsoia Pronova D.o.o.

Liabilities and shareholders' equity

Current liabilities

Note (11) - Current payables due to banks

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Overdraft accounts	2	0
Payables for bank subsidised loans or bank lending (current instalments)	98	98
Total Current payables due to banks	100	98

The item Loans and borrowings refers primarily to the instalments with maturity within 12 months, related to a subsidised loan obtained in previous periods.

Note (12) – Trade payables

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Trade payables due to suppliers within 12 months	21,567	16,245
Total Trade payables	21,567	16,245

The increase in Trade payables, at June 30, 2017, is to be attributed primarily to the seasonal nature of the production and sale of ice cream. No substantial changes were noted in the payment terms.

Note (13) – Tax payables

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Due to the tax authorities for:		

- virtual revenue stamp tax and other taxes	8	5
- withholding taxes	350	505
- direct taxes and VAT	458	0
- substitute tax	0	604
Total Tax payables	816	1,114

Tax liabilities refer to payables to the tax authority for withholding taxes applied to employment and contract work and for VAT payables.

Note (14) – Provisions for risks

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Sales return provision	355	126
Total Provision for risks	355	126

Provisions for risks comprise only the sales return provision. At June 30, 2017, the estimate involved an allocation, compared with December 31, 2016, of EUR 229 thousand.

It should be noted that a dispute is still pending, substantially unchanged from the end of the previous period, with the Tax Authority. This dispute, arising from an assumed minor registration fee paid in reference to the purchase of J&T Italia S.r.l., which occurred in 2011, finds Valsoia in a potential debit position toward the tax authorities, jointly with the company selling "J&T", for a total amount of EUR 723 thousand.
Valsoia, following the same approach of the previous period and keeping into account the opinion of its consultants, believes that to date there are no reasonable grounds for setting aside a provision for risks related to this pending dispute.
For the same case, Valsoia received during the previous years a second liquidation notice, for EUR 94 thousand, from the re-calculation by the Revenue Agency of the value of the amount subject to capital transfer tax. The Tax Commission ruled in favour of the Company as regards this Notice for assessment; the Tax Authority has filed an appeal against said ruling, which is currently pending.

It should also be noted that during the half year, the Company was subject to ordinary tax assessment on direct and indirect taxes pertaining to previous periods, regarding which, to date, the related report on findings was communicated. The Company, based on the conclusion of the audit and pending a possible notice of assessment, believes, also based on the opinion of legal experts and the limited significance of the contested amount in the report on findings, that to date there are no reasonable grounds for setting aside a risk provision.

Note (15) - Other current liabilities

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Amounts payable to social security institutions	400	410
Due to employees and on-going collaboration contracts	1,708	1,515
Amounts due to others	220	165
Accrued expenses	0	0
Total Other current liabilities	2,328	2,090

Other current liabilities include primarily payables to employees for wages, bonuses pertaining to the period, and deferred monthly salaries, accrued as at June 30, 2017. The item Payables due to others includes early payments received from Customers.

Non-current liabilities

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

This item breaks down as follows:

Description	06.30.2017	12.31.2016
Non-current financial payables (medium/long term portions)	804	804
Payable for Cash flows and currency hedging	25	0
Total non-current payables to other financing inst.	829	804

The item Non-current payables refers primarily to instalments with maturity beyond 12 months, from a subsidised loan received in previous periods.

As regards the information required by IFRS 7, following is a summary of the nominal amounts due according to the maturity dates set forth in the amortisation plans for the aforementioned loans and borrowings:

Year	EUR
2017 (current instalments)	98
2018	99
2019	99
2020	99
2021	100
2022	101
2023	101
2024	102
2025	103
Loans and borrowings	902

Note (17) – Provision for deferred taxes

At December 31, 2016, the Company had no Provision for deferred taxes, as these items were recognised under Deferred tax assets.

This item breaks down as follows:

Description	06.30.2017		12.31.2016	
	Taxable amount	amount	Taxable amount	amount
Deferred tax assets/Provision for deferred taxes with contra entry in the Income Statement				
IRES/IRAP CHANGES				
- Trademarks and deferred charges not capitalised pursuant to IAS/IFRS	172	48	196	55
- Dealloc. of accounting-tax amounts for SR Trademark	(1,886)	(526)	0	0
- Taxed risk and write-down provisions	6690	410	1,570	382

Description	06.30.2017		12.31.2016	
	Taxable amount	amount	Taxable amount	amount
- Others	0	0	19	15
Total deferred tax assets/(Provision for deferred taxes)	(45)	(68)	1,785	442

The item Provision for deferred taxes refers to the recognition of temporary differences between the values recorded in the statement of financial position of the assets and liabilities and the related amounts recognised for tax purposes. The increase in this item, stated under non-current liabilities, as set forth in the reference standards, derives primarily from the amounts of tax amortisation concerning the Santa Rosa trademark, subject to tax relief and/or realignment transactions, pursuant to applicable laws, carried out in the previous periods.

Note (18) – Provision for post employment benefits

In the first six months of 2017, no relevant changes were recorded in the provisions, except for decreases deriving from the liquidations pertaining to the period, amounting to a total of EUR 75 thousand.

Note (19) – Shareholders' Equity

Share capital

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

Legal reserve

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

Revaluation reserve

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

The Shareholders' Meeting of April 28, 2017 resolved to create a "Realignment reserve pursuant to Art. 1, par. 554 et seq. Itailan Law 232/2016" of EUR 3,169,311, through the corresponding use of the Extraordinary Reserve, due to the tax realignment operation of the Santa Rosa trademark carried out by the Company.

Other IAS/IFRS adjustments reserve

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

Other reserves

The other reserves include:

- extraordinary reserve deriving from the allocation of profits accrued but not yet distributed on a voluntary basis in previous periods, as set forth by the Shareholders' Meeting;
- earnings brought forward due to the application of IAS/IFRS accounting standards, starting from the transition date of January 1, 2004;
- reserve set up within the scope of the Allowance for doubtful accounts, in application of the IAS 8 accounting standard occurring in 2006;
- actuarial gains/losses reserve: this includes the actuarial gains/losses deriving from the application of the IAS 19 standard;
- stock option reserve. This item includes the 2011-2016 Stock Option Plan reserve set aside for a total amount of EUR 490 thousand, corresponding to the charges applicable to the 5 validity periods of the Plan. This Plan was concluded in the first six months of 2016 with the issuance of the equity-linked instruments and the related increase of the Share Capital;
- The 2016-2019 Stock Option Plan reserve is also stated under this item to which the charges related to the first accrual year (2016) and first half year of 2017, are allocated. The Shareholders' Meeting of April 23, 2015 approved in fact a stock option plan (hereinafter "2016-2019 Stock Option Plan" or "2016-2019 SOP") which provides for the assignment of rights of options for the subscription of a maximum amount of 200,000 ordinary shares, deriving from a share capital increase, upon resolution issued pursuant to article 2441, paragraph 8 of the Italian Civil Code, at a subscription price equal to the nominal value (EUR 0.33 per share).

  The purpose is for the retention of those employees who hold key positions and for setting up incentive plans for value creation. Consequently, the assigned Option rights will accrue on an annual basis according to the achievement of business performance objectives, measured on the basis of the resulting net profit. The rights can be exercised exclusively by the beneficiaries who have been, uninterruptedly, employees of the Company up to the time of the subscription of the shares. The rights can be exercised exclusively by the beneficiaries who have been, uninterruptedly, employees of the Company up to the time of the subscription of the shares. Such subscription shall occur only after approval of the 2018 financial statements of the Company. For further details, please refer to the Information Memorandum of the Stock-Option Plan 2016-2019, published on the website www.valsoia.it, in the Investor Relations section.

The Shareholders' Equity reserve is composed of the charges arising from this plan, which must be recognised in compliance with the IFRS 2 accounting standard. Said charges were estimated on the following basis:

- the percentage of probability in achieving the objectives set out in the plan and the consequent number of option rights accrued by the beneficiaries, based on the plans set out by the company and the estimated probability of their achievement;

- the fair value of the assigned option rights. This value was determined, in reference to the date of the actual assignment of the option rights approved by the Board of Directors on March 14, 2016, by using the Black and Scholes method based on the following assumptions:

Measurement of fair value - SOP 2016-2019: data summary		
Maturity date (range from/to)	04/20/2019	12/31/2019
Measurement Date	03/14/2016	03/14/2016
Average price	€ 21.13	€ 21.13
Exercise price of the share	€ 0.33	€ 0.33
Expected volatility	43.40%	43.40
Estimated duration (years)	3.10	3.80
Days to maturity	1,132	1,387
Free risk rate (Btp 5 years)	0.22%	0.37%
Estimated dividends	1.5%	1.5%
Unit fair value	€ 19.84	€ 19.64
Average unit fair value		€ 19.74

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

Description	06.30.2017	12.31.2016	Possibility of use
Share capital	3,503	3,503	-
Legal reserve	690	690	B
Revaluation reserve	16,765	13,586	A, B, D
Other IAS/IFRS adjustments reserve	(1,002)	(1,002)	
Other reserves:			
- IAS 8 adjustment reserve	469	469	A, B, C
- Earnings brought forward, according to IAS/IFRS	349	349	A, B, C
- Extraordinary reserve	31,938	29,817	A, B, C
- S.O.P. reserve 2011-2016	490	490	A, B, C
- S.O.P. reserve 2016-2019	243	145	A, B, C
- Cash flow hedge reserve	0	0	
- Actuarial profit/loss reserve	17	17	
Total Other reserves	33,506	31,287	
Profit (loss):			

Profit for the period	3,432	8,794
Total Shareholders' Equity	56,894	56,868

Key for possibility of use:

A. Available for share capital increases;

B. Available for coverage of losses;

C. Available for shareholders distribution;

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

It should also be noted that, during the first six months, dividends were distributed to the shareholders for a total of EUR 3.5 million, as an appropriation of profits for the year 2016.

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

Note (20) - Value of production

This item breaks down as follows:

Description	06.30.2017	06.30.2016
Revenue from sales and services:		
- Revenue - Italy	54,109	56,146
- Revenue - Abroad	2,307	1,868
Total Sales Revenue	56,416	58,014
Changes in inventories of work in progress, semi-finished and finished products:		
- Opening inventory	(6,080)	(6,330)
- Closing inventory	5,462	7,191
Total changes in finished product inventory	(618)	861
Other revenue and income	180	132
Total Value of production	55,978	59,007

The sales revenue is concentrated essentially within the Italian territory and therefore their geographic breakdown is not believed to be significant.

Please, see the Directors' Report for a description of the sales performance, broken down by the main product lines. It should be noted that, following the same approach of previous periods, the item "Other plant-based products", shown in this table, includes revenues amounting to EUR 7 million, related to semi-finished products sold as co-packers and subsequently repurchased by the Company as marketed finished products.

The item “Other revenue and income” is detailed as follows:

Description	06.30.2017	06.30.2016
- Cost of use of third party assets	59	83
- Capital gains on sale of assets	1	4
- Other	120	45
Total Other revenue and income	180	132

The "Chargeback to third parties" is to be attributed primarily to business and promotional costs that were incurred pursuant to distribution agreements and were recharged to the counterpart.

The item Other revenue and income refers to contingent assets and insurance payments.

Note (21) – Operating costs

This item breaks down as follows:

Description	06.30.2017	06.30.2016
Purchase costs		
- Raw materials	7,060	6,833
- Ancillary materials	1,090	1,140
- Consumable materials	283	278
- Finished products and goods	19,871	22,314
Total Purchases	28,304	30,565
Services		
- Industrial	2,121	2,029
- Marketing and sales	13,014	11,829
- Administrative and general	1,760	1,555
Total Services	16,895	15,413
Cost of use of assets owned by other, of third party assets	245	275
Labour costs		
- Wage and salaries	3,214	3,163
- Social security charges	1,187	1,182
- Post employment benefits	0	2
- Personnel charges pursuant to SOP	97	97

- Other personnel costs	41	21
Total Labour costs	4,539	4,465
Changes in raw materials inventory	(448)	(335)
Other overheads	563	500
Total Operating costs	50,098	50,883

Operating costs declined by about EUR 800 thousand, i.e. 15% of the total; in particular, this decrease refers to *Purchases*, also due to a reduction in business volume. On the other hand, there was an increase in Services, particularly as regards charges deriving from the renewal of business trading agreements for promotional activities.

The headcount, at the closing date of the period, breaks down as follows:

Description	06.30.2017	06.30.2016
- Executives	9	10
- Employees and managers	83	81
- Factory workers	22	24
- Seasonal workers	31	30
Total Employees	145	145

During the six month period, the Company has substantially maintained the stability of its business and organisational structure.

The item *Other overheads* breaks down as follows:

Description	06.30.2017	06.30.2016
Other overheads:		
- Taxes and excise license	73	87
- Credit losses/provisions for risks on receivables	93	126
- Contingent liabilities	151	59
- Membership fees	65	72
- Other charges	181	156
Total Other overheads	563	500

Other charges are primarily costs for disposal of obsolete products, contingent liabilities, entertainment

expenses and contribution to trade associations.
The item Contingent liabilities refers to operating costs recognised in the current period but pertaining to previous years.

Note (22) – Amortisation and depreciation

This item breaks down as follows:

Description	06.30.2017	06.30.2016
- Amortisation of intangible fixed assets	97	96
- Depreciation of property, plant and equipment	857	854
Total Amortisation and depreciation	954	950

No substantial changes occurred in depreciation/amortisation. For further details in the change in fixed assets, please refer to the descriptions found in Notes 6) and 7)

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

This item breaks down as follows:

Description	06.30.2017	06.30.2016
- Other financial income	13	12
- Interest expense, foreign currency discounts and bank charges	(82)	(497)
- Foreign exchange gains and (losses)	(100)	(34)
Total Net financial income/(charges)	(169)	(519)

The decrease in Financial charges derives primarily from the recording, in the same period of 2016, of financial charges, in a lump sum, for EUR 394 thousand following the early termination of the derivative agreements executed to cover the interest rate related to the repayment of non-current loans

Note (24) – Taxes

This item breaks down as follows:

Description	06.30.2017	06.30.2016
- Income taxes (IRES - IRAP)	816	1,409
- Deferred/(prepaid) taxes	509	561
Total Taxes	1,325	1,970

Income taxes include also pre-paid taxes (net of the deferred tax liabilities) which were calculated on allowances and other temporary differences, the tax benefits of which are deferred. The main impact on the six month period from such allowance is due to the effects deriving from the deduction of the amortisation on the Santa Rosa trademark.
Details about the recognition of deferred taxes are found in Note 17.
The percentage decrease of the tax rate, compared with the same period of the previous year, is due primarily to the increase in tax benefits deriving from the application of Italian law of 22 December 2011, n. 214 (ACE).
The tax burden for the period is not affected by specific non-recurrent phenomena.

Note (25) -Base profit and diluted profit per share

The basic earnings per share are determined by dividing the profit for the year by the number of shares (no. 10,615,227) which compose the share capital.
The diluted earnings per share were obtained by dividing the profit for the year by the number of shares composing the share capital and the potentially new issued shares following the 2016-2019 SOP.

Non-recurring significant transactions and events

During the period ended June 30, 2017, no significant events/transactions, falling within the scope of the Consob Communication DEM/6064293 of July 28, 2006, were recorded. As instructed in said Communication, “atypical and/or unusual transactions are those that, because of their significance, importance, nature of the counterparties, purpose of the transaction, method for determining the transfer price or time of their occurrence (close to the end of the year), could give rise to doubts relating to: the accuracy and completeness of the information in the financial statements, a conflict of interest, the safeguarding of the company’s assets or the protection of non-controlling shareholders.”

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

In the relevant period, Valsoia has provided to the parent company, Finsalute S.r.l., services for the storing and processing of accounting data that has generated the following business-financial impact.

Holding company	Revenue/(costs)	Receivables/(payables)		Collection/ (payment)
	First six months Year 2017	01.01.17	06.30.2017	First six months Year 2017
Finsalute S.r.l.	3	1	2	3
Total transactions	3	1	2	3

In the first six month period, the following transactions with related parties, including the subsidiary Valsoia Pronova d.o.o., were carried out under normal market conditions. Here below they are aggregated by their nature:

Here below they are aggregated by type	Revenue/(costs)	Receivables/(payables)		Collection/ (payment)
	First six months Year 2017	01.01.17	06.30.2017	First six months Year 2017
Membership fees and	(76)	(29)	(11)	(138)
remunerations	(5)	(10)	(10)	(11)
Transactions with subsidiaries	113/(24)	112	161	47
Total Transactions with related parties	113/(105)	73	140	(102)

No other relationships between the Company and related parties were reported.

Commitments

At June 30, 2017, there are no other commitments in addition to those included in the Condensed Interim Financial Statements.

/

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

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

STATEMENT PURSUANT TO ART. 154-BIS PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98

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

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

of the administrative and accounting procedures in the preparation of the Condensed Interim Financial Statements at June 30, 2017.
No significant aspects have emerged to this regard.

It is also hereby certified that:

a) the Condensed Interim Financial Statements, ended June 30, 2017, fully reflect the accounting records and books;
b) the Condensed Interim Financial Statements, ended June 30, 2017, were prepared in compliance with the International *Financial Reporting Standards*, ratified by the European Union, as well as all provisions issued in implementation of Italian Legislative Decree No. 38/2005; they provide a truthful and correct representation of the equity, business and financial situation of the issuer;
c) the Interim Directors' Report contains an accurate analysis of the references to important events that have occurred in the first six months of the year and their impact on the condensed interim financial statements, together with a description of the main risks and uncertainties related to the remaining six months of the year. The Interim Directors' Report includes also an accurate analysis of the information regarding relevant transactions carried out with related parties.

Bologna, 02 August 2017

General Manager
Chief Executive Officer

Andrea Panzani

Manager in charge
of financial reporting

Carlo Emiliani

5 / Indipendent Auditors Reports

Condensed Interim financial statements at June 30, 2017

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

Report on review of condensed interim financial statements

To the shareholders of
Valsoia S.p.A.

Introduction

We have reviewed the accompanying condensed interim financial statements of Valsoia S.p.A., comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2017. The company's directors are responsible for the preparation of these condensed interim financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Valsoia S.p.A. as at and for the six months ended 30 June 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 3 August 2017

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

www.valsoiaspa.com