CORPORATE BODIES AND COMPANY INFORMATION

Board of Directors

Chairman	Iginio Liberali
Vice Chairman	Pierluigi Faggioli
Directors	Matteo Liberali Michele Faggioli Attilio Arietti Giovanni Cavallini Michele Garulli Fabio Liberali Stefano Paleari Marco Vitale

Board of Statutory Auditors

Chairman	Carla Ceppi
Standing Auditors	Stefano Beltrame Ivano Pelassa
Alternate Auditors	Mauro Cerana Giulia Chiarella

Auditing Firm Deloitte & Touche S.p.A.

Registered office and company information

LU-VE S.p.A.
Via Vittorio Veneto no. 11, Varese
I - 21100 Varese (VA) Italy
Tel: +39 02 96716270
Share capital €62,495,911.20 fully paid in
Tax Code and VAT no.: 01570130128

INTERIM DIRECTORS' REPORT (pursuant to art. 2428 of the Italian Civil Code)

16 September 2015

HALF-YEARLY PERFORMANCE AND BUSINESS OUTLOOK

Dear shareholders,

In the first half of 2015, the group's development plan continued to be implemented as anticipated, and the value of turnover, totalling €104.9 million thanks to significant growth in the refrigeration sector, was in line with the same period of the previous year. At constant exchange rates, consolidated turnover would have risen by roughly 2.6% compared to the first half of 2014, also in light of a range of side issues.

In the first place, the general economic scenario was far from brilliant and was heavily impacted at international level by the well-known events connected to the Greek crisis and the continuation of tensions between Ukraine and Russia, which resulted in the maintenance of economic sanctions against this important end market for our products.

In particular, as regards the main business segments, other troubling factors include the consistent slowdown in investments by some of the largest European supermarket chains as well as the decreasing market prices of some of the most important raw materials that we use directly (copper and aluminium) in addition to others such as oil, which impacted and slowed down capex programmes in projects linked to the oil & gas and the power gen sectors, in which the Group had forecast growth for the year under way.

Demand trends were quite uneven across our various business segments and geographical areas.

Against substantially stable demand in the refrigeration sector in Europe, with the exception of Great Britain, which was down significantly, especially in the supermarket sector, the slowdown in Russia and Ukraine was rather sharp, while in China growth was far from meeting expectations.

In the air conditioning sector, in which we operate primarily in Europe and Russia, a slowdown or postponement was generally seen in large projects linked to investments such as trade fair and shopping centres, with higher competitive pressure on prices.

Order trends were very negative in new end markets for our Group, represented by the oil & gas market, in which important projects were carried out in 2014 but were not repeated as expected, and the power gen market, in which, against the positive results achieved in 2014 in terms of turnover and qualification with the main sector players, with promising activities for the development of new contacts, new projects and offer requests were lacking in the first six months of 2015. Only beginning in June did a significant flow of new requests resume and were some minor projects acquired.

Despite the weak demand, our Group grew by nearly 6% in the refrigeration sector, which represents roughly 71% of total sales, especially in air cooled products (+14%) and in glass doors for refrigerated counters (+29%).
Overall, the air conditioning sector improved slightly (+1.6%), partially thanks to a prestigious project on the American continent, which offset the dip seen primarily in Germany and Russia.

The transport applications sector saw a drop of 15%, as growth in road transport did not offset the drop in the train sector, due mainly to the completion of several long-term projects.

Overall, the analysis of sales by geographical areas shows growth in all countries in which the Group operates with its own production sites: from Italy, which rose by more than 9%, to Sweden (+7%), to the Czech Republic (+15%), Poland (+23%) and China (+12%).
In Russia, however, the considerable growth (+19%) in product sales in the country did not offset the significant decline in exports from Italy of products that currently cannot be manufactured at the Lipetsk production facility.

In the first half of the year, the technological capex programme continued in Italy and abroad to expand and streamline certain production sites and strengthen production capacity.
These investments are in part meant for new application segments and in part linked to technological evolutions under way due to the progressive introduction of new regulations regarding refrigerant fluids with a low environmental impact. Likewise, investments in human resources also continued in order to strengthen certain functions, first and foremost the sales department, at individual company as well as at corporate level, with the recruitment of new managers.
It should also be noted that on 1 January 2015, with the introduction of the SAP management system in the subsidiaries HTS (CZ) and Thermo Glass Doors (IT), the implementation process was completed in all of the Group's production facilities, which today work on a shared IT/management platform with clear advantages in terms of standardisation and synergies.

Lastly, with the official ceremony held at the Italian Stock Exchange on 9 July, the process of merging with Industrial Stars of Italy S.p.A. ("ISI") was happily completed with no investor exercising the right of withdrawal (a very rare event considering global standards in the sector), which led to the Group's admission to trading on the AIM market: this significant step will enable us to continue upon our path of growth and Group development, and will allow the top management to focus more on constant and rigorous business management.

A summary is provided below of the main steps that have led to us meeting this important objective, to which the Parent Company dedicated significant effort in the first half of 2015.
After the signing of a binding framework agreement with ISI on 23 January 2015 which governed in full the timing, terms and methods for executing the integration project:

- on 20 March 2015, the extraordinary shareholders' meeting of LU-VE decided to: *(i)* eliminate the indication of the nominal value of the company's shares; *(ii)* subject the shares to the centralised administration system applied for dematerialised shares; and *(iii)* split the 30,405 existing shares into 14,092,480 new shares;
- on 23 March 2015, the board members of LU-VE and ISI approved the plan for the merger by incorporation of ISI into LU-VE, establishing the exchange ratio at 1:1. The merger plan envisaged, inter alia, that:
  (i) the merger would be implemented through a share capital increase, in tranches, of LU-VE for a maximum total nominal amount of €51,550,000, for the purpose of the share swap;
  (ii) LU-VE would issue up to 7,507,500 LU-VE warrants, governed by the LU-VE Warrant Regulation;
  (iii) LU-VE would approve a further share capital increase, in tranches, for a maximum total nominal amount of €215,316.00, to be reserved for the exercise of the subscription right by LU-VE warrant holders;
- on 28 April 2015, the extraordinary shareholders' meetings of LU-VE and ISI approved the merger plan: by the legal deadline, none of the entitled ISI shareholders exercised the right of withdrawal and therefore the condition subsequent that would terminate the effectiveness of the shareholders' resolution was not fulfilled;

- on 19 June 2015, in compliance with the provisions of the AIM Italia Issuer Regulations, LU-VE submitted the Pre-Admission Notice to the Italian Stock Exchange for the admission to trading on the AIM Italia market of its own ordinary shares and warrants when the merger became effective;
- no creditor objected to the merger by 29 June 2015, the deadline set for any creditors to express their objection;
- on 30 June 2015:
  (i) the Admission Application was submitted to the Italian Stock Exchange for the admission to trading on the AIM Italia market of LU-VE ordinary shares, in compliance with what is set forth in the AIM Italia Issuer Regulations; and
  (ii) the deed of merger by incorporation of ISI into LU-VE was entered into, in compliance with the merger plan described above, establishing that the merger's effectiveness: *(a)* was subject to the issue by the Italian Stock Exchange of the measure for admission to trading on the AIM Italia of the LU-VE ordinary shares and warrants; and *(b)* would begin on the third day of trading subsequent to the last of the deed registrations with the competent Milan and Varese registers of companies.

In the first half of 2015, intense activities were carried out to renegotiate the cost of debt with the objective of reducing the average cost significantly by taking out new loans and paying off others early.

GROUP STRUCTURE

The Group currently comprises the following:

Industrial subsidiaries:

- **SEST S.p.A.** in Limana (BL), wholly-owned: European leader in the manufacture and marketing of heat exchangers for refrigerated counters and display cabinets and for other applications;

- **SEST-LUVE-POLSKA Sp.z.o.o.** in Gliwice (Poland), 95% stake held by SEST S.p.A.: manufactures and markets heat exchangers for refrigerated counters and display cabinets, primarily for the Eastern European and Scandinavian markets;

- **"OOO" SEST-LUVE** in Lipetsk (Russia), 95% stake held through SEST S.p.A.: manufactures and markets heat exchangers for refrigerated counters and display cabinets and for other applications, as well as part of the range of air cooled equipment under the LUVE brand for the market comprising Russia and the former Soviet Union countries;

- **HEAT TRANSFER SYSTEMS (HTS) s.r.o.** in Novosedly (Czech Republic), 90% stake held: manufactures and markets heat exchangers for the air conditioning and refrigeration sectors and for special applications, as well as air cooled condensers under the LUVE brand;

- **TECNAIR LV S.p.A.** in Uboldo (VA), 79.9% stake held: manufactures close control air conditioners and air super-filtration equipment for applications in operating rooms, data centres and telephony;

- **METALLUVE S.r.l.** in Uboldo (VA), wholly-owned: manufactures painted and unpainted metal components for refrigeration equipment, air conditioning and, to a very limited extent, for other activities;

- **LU-VE HEAT EXCHANGERS (CHANGSHU) LTD** in Changshu (China), wholly-owned through LUVE Asia Pacific Ltd: manufactures and markets air cooled products for the refrigeration market in China and in bordering markets. At the end of 2014, its production range was expanded to the manufacture of heat exchangers for refrigerated counters and display cabinets;

- **LU-VE SWEDEN AB** in Asarum (Sweden), wholly-owned: manufactures and markets air cooled equipment (using the AIA commercial brand) primarily for the Scandinavian markets;

- **THERMO GLASS DOOR S.p.A. (TGD)** in Travacò Siccomario (PV), 85% stake held by SEST S.p.A.: manufactures and markets glass doors and frames for refrigerated display cases.

Commercial subsidiaries:

*** LU-VE France s.a.r.l.** in Lyon (France), 71.94% stake held: carries out direct sales activities and provides commercial and technical support services to distributors of air cooled equipment, heat exchangers and close control air conditioners in the French and North African markets;

*** LU-VE Deutschland GmbH** in Stuttgart (Germany), wholly-owned: sells air cooled equipment directly or through distributors throughout the German market;

*** LU-VE Iberica s.l.** in Madrid (Spain), 85% stake held: sells air cooled equipment and close control air conditioners directly or through distributors in the Iberian peninsula and the Central and South American markets;

*** LU-VE Pacific pty Ltd.** in Thomastown (Australia), 75.5% stake held: markets air cooled equipment in the Oceania market. It also markets some other complementary brands of companies that are not part of the Group;

*** LU-VE Asia Pacific Ltd.** in Hong Kong, wholly-owned: sells air cooled equipment directly in the Far East markets (excluding China);

*** LU-VE India Corporation Private Ltd** in New Delhi (India), 99.9% stake held: this company is not yet fully operative (and therefore it continues to be recognised at cost); it provides commercial and technical support services for and markets air cooled equipment in the markets of India, Sri Lanka and Bangladesh.

ANALYSIS OF SALES

The Lu-Ve Group's sales may be broken down into four main product categories:

(i) air cooled heat exchangers;
(ii) air cooled equipment;
(iii) close control air conditioners;
(iv) glass doors for refrigerated counters and display cabinets ("insulated glazing").

Some brief notes are provided below regarding market performance in the individual categories.

Heat Exchangers

“Finned” heat exchangers are fundamental components of the refrigeration circuits of complete equipment or machines such as refrigerated counters and cabinets, air conditioners, heat pumps, compressed air machines, special electrical cabinets, etc.

At 30 June 2015, revenues from sales of heat exchangers represented roughly 55% of the Group’s total sales, with turnover of €57.9 million, down 7.4% compared to the first half of 2014.

As explained in the introductory section of this report, the drop in sales may be attributed almost entirely to the extremely negative performance of active customers in the Oil & Gas sector and the completion of some long-term projects in the field of train air conditioning.

Sales trends were slightly negative in the most traditional market for the Group, i.e., refrigeration, which represents nearly 70% of total heat exchanger turnover. Taking into consideration the general slowdown in investments by the main supermarket chains, particularly in Great Britain as well as in Russia, and the serious drop in sales in Ukraine in one particular segment, this result remains generally positive and comes in the wake of intense commercial and service efforts focusing on the most dynamic operators in the sector, as well as establishing robust and consolidated relationships with them.

Air Cooled Equipment

Air cooled equipment (unit coolers, condensers and dry coolers) are finished products consisting of enclosed heat exchangers of various styles and sizes (in the case of the Group, up to more than 12 metres long and 3 metres high), coupled with electrical or electronic fans and a range of other electronic, hydraulic and mechanical accessories which represent fundamental components of complex systems in the refrigeration, air conditioning and industrial process cooling sectors.

As at 30 June 2015, revenues from sales of air cooled equipment represented roughly 34% of the Group’s total sales, with turnover of €36.0 million, up by more than 8% compared to the first half of 2014.

This significant rise was caused by an important development in sales (+14.1%) in a refrigeration market which showed substantially stable demand for air cooled equipment. This result more than offset the slowdown (-6.8%) in the large-scale air conditioning system market throughout Europe and the sharp decline in sales and orders in the Power Gen sector (-84%).

Close control air conditioners

Close control air conditioners are specifically designed for use within particularly delicate “technological” spaces such as data centres, the operating room and clean rooms.

As at 30 June 2015, revenues from sales in the close control segment represented roughly 4% of the Group’s total sales, with turnover of €4.3 million, up by 12% compared to the same period of 2014, primarily thanks to the acquisition of an important project on the American continent.

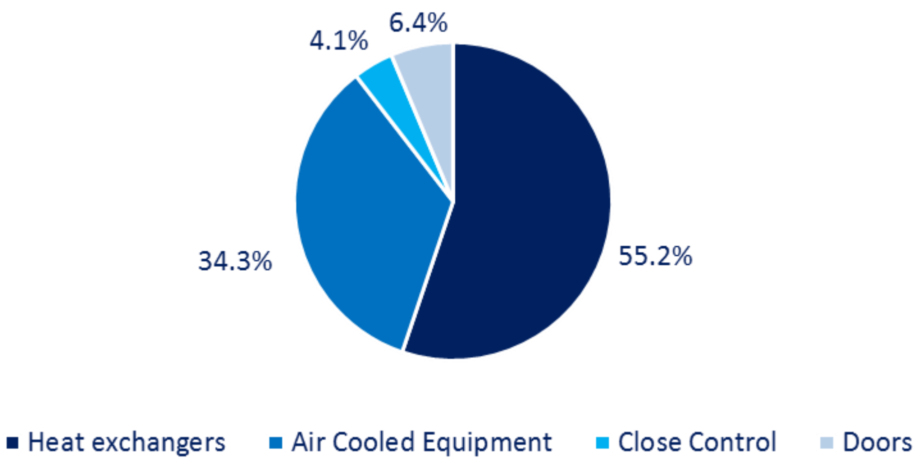
Glass doors for refrigerated counters and display cabinets ("insulated glazing")

This particular category of doors is assembled on the same type of refrigerated cabinets and counters for supermarkets at positive and negative temperatures, in which the heat exchangers manufactured in the group's various facilities are installed.

As at 30 June 2015, revenues from sales of glass doors represented roughly 6.4% of the Group's total sales, with turnover up by nearly 29% to €6.7 million, compared to €5.2 million in the first half of 2014.

This significant development in sales is due to the increasing integration of Thermo Glass Doors within the Group after the acquisition in February 2014, which made it possible to begin to exploit the important commercial synergies that were identified when the decision was taken to purchase 85% of the company.

The chart below shows the breakdown of turnover by product type in the first half of 2015.

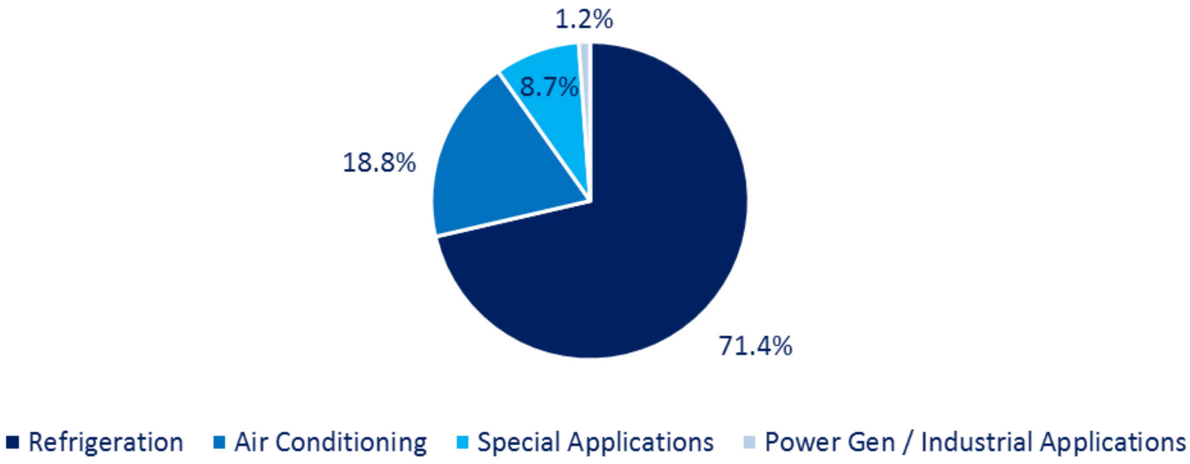


The table below shows turnover trends by product type in the two six-month periods subject to comparison:

PRODUCTS	€/000 H1 2015	%	€/000 H1 2014	%	Delta %
Heat exchangers	57,933	55.2%	62,546	59.6%	-7.4%
Air Cooled Equipment	36,011	34.3%	33,300	31.7%	+8.1%
Doors	6,685	6.4%	5,202	5.0%	+28.5%
Close Control	4,316	4.1%	3,853	3.7%	+12.0%
TOTAL	**104,945**	**100.0%**	**104,901**	**100.0%**	**0.0%**

In terms of product application, Group operations now can be categorised in four main market segments (refrigeration, air conditioning, heat exchangers for special applications and power gen).

The chart below shows the breakdown of turnover by application type in the first half of 2015.

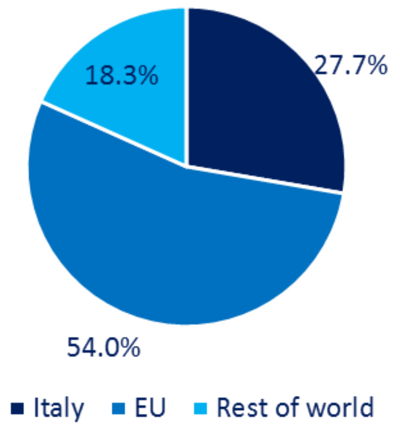


The table below shows turnover trends by application type in the two six-month periods subject to comparison:

APPLICATIONS	**€/000 H1 2015**	**%**	**€/000 H1 2014**	**%**	**Delta %**
Refrigeration	74,917	71.4%	70,809	67.5%	+5.8%
Air Conditioning	19,692	18.8%	19,378	18.5%	+1.6%
Special Applications	9,120	8.7%	10,233	9.8%	-10.9%
Power Gen / Industrial Applications	1,216	1.2%	4,481	4.3%	-72.9%
TOTAL	**104,945**	**100.0%**	**104,901**	**100.0%**	**0.0%**

The Lu-Ve Group sells primarily abroad, where it generated more than 70% of its turnover in the first half of 2015.

The chart below shows the geographical breakdown of turnover in the first half of 2015:



ECONOMIC AND FINANCIAL DATA

The reclassified income statement, balance sheet and net financial position expressed in thousands of Euro are provided below:

Reclassified Consolidated Income Statement *(in thousands of Euro)*	**30/06/2015**	**% Val. of Production**	**30/06/2014**	**% Val. of Production**	**% Change 2015 compared to 2014**
Revenues from sales and services	**104,945**	**96.4%**	**104,901**	**96.6%**	**0.0%**
Change in inventories	2,131		1,881		
Other revenues and income	1,738		1,801		
Value of Production	**108,814**	**100.0%**	**108,583**	**100.0%**	**0.2%**
Purchase of goods for resale	(55,033)	50.6%	(54,642)	50.3%	
Costs for services	(15,718)	14.4%	(15,388)	14.2%	
Costs for use of third-party assets	(963)	0.9%	(875)	0.8%	
Write-down on receivables	(105)	0.1%	(131)	0.1%	
Other operating costs	(665)	0.6%	(607)	0.6%	
Total costs	**(72,484)**	**66.6%**	**(71,643)**	**66.0%**	**1.2%**
Value added	**36,330**	**33.4%**	**36,940**	**34.0%**	**-1.7%**
Personnel costs	(23,908)	22.0%	(22,862)	21.1%	4.6%
EBITDA	**12,422**	**11.4%**	**14,078**	**13.0%**	**-11.8%**
Amortisation of intangible assets	(2,199)	2.0%	(1,993)	1.8%	
Depreciation of property, plant and equipment	(4,558)	4.2%	(4,379)	4.0%	
Provisions for risks	0	0.0%	0	0.0%	
EBIT	**5,665**	**5.2%**	**7,706**	**7.1%**	**-26.5%**
Net financial income and expense	(21)	0.0%	(2,095)	1.9%	
Profit (loss) from ordinary operations	**5,644**	**5.2%**	**5,611**	**5.2%**	**0.6%**
Net extraordinary items	(280)	0.3%	(25)	0.0%	
EBT	**5,364**	**4.9%**	**5,586**	**5.1%**	**-4.0%**
Income taxes for the period	(904)	0.8%	(1,566)	1.4%	
Net profit (loss) for the period	**4,460**	**4.1%**	**4,020**	**3.7%**	**10.9%**
Profit attributable to non-controlling interests	413		2,699		
Profit attributable to the group	**4,047**	**3.7%**	**1,321**	**1.2%**	**206.4%**

Please note that Italian GAAP were applied and that therefore, depreciation and amortisation as at 30 June 2015 include the portion relating to goodwill equal to roughly €2.2 million (approximately €2.0 million as at 30 June 2014).

The “Value of Production” in the period ending on 30 June 2015 was €108,814 thousand, up by around 0.2% despite the various external issues commented on above.

The “Value added” in the first half of 2015 was €36,330 thousand (33.4% of the “Value of Production”) compared to €36,940 thousand (34.0% of the “Value of Production”) with a reduction of 1.7% (equal to €610 thousand in absolute value). This decline was mainly due to the temporary outsourcing of certain production processes by the companies that launched SAP in early 2015, which entailed the one-off recognition of higher “Costs for services”.

“Personnel costs” rose from €22,862 thousand as at 30 June 2014 to €23,908 thousand as at 30 June 2015 (4.6% increase, equal to €1,046 thousand). The percentage of the same on the value of production rose from 21.1% to 22.0%. This increase was caused by normal salary trends as well as structural strengthening initiatives. This strengthening, to support planned growth, was carried out primarily in the sales area (which generated more than 50% of the difference), logistics/production and research and development, with the hiring of a total of ten people.

The “EBITDA” in the period ending on 30 June 2015 was €12,422 thousand (11.4% of the “Value of Production”), down 11.8% compared to €14,078 thousand (13.0% of the “Value of Production”) as at 30 June 2014. This reduction (approximately €1.6 million) was due mainly to the effect of the extraordinary decline in the average Rouble exchange rate, which had an impact of around €0.4 million, and the launch of SAP at the two above-mentioned subsidiaries for around €0.5 million. EBITDA was also impacted by investments in human resources to strengthen the sales structure (which had an effect of around €0.6 million) as well as the logistics/production and R&D structures (which had an effect of around €0.4 million). This decline was in part mitigated by greater profitability of roughly €0.4 million.

EBIT was €5,665 thousand (5.2% of the “Value of Production”) compared to €7,706 thousand (7.1% of the “Value of Production”) with a reduction of 26.5%, also influenced by higher amortisation and depreciation of €385 thousand.

The balance of financial income and expense in the period ending on 30 June 2015 was €-21 thousand, compared to €-2,095 thousand as at 30 June 2014. In 2015, this item benefitted from increases in the spot exchange rate of the Rouble and the Australian dollar, which made it possible to account for significant (although unrealised) exchange gains. Although average debt was higher, net financial expense decreased by around €0.2 million thanks to the reduction in the cost of money.

After net extraordinary items (€-280 thousand as at 30 June 2015 and €25 thousand as at 30 June 2014), the “EBT” in the first half of 2015 was €5,364 thousand (4.9% of the “Value of Production”) compared to €5,586 thousand as at 30 June 2014 (5.1% of the “Value of Production”) with a reduction of 4.0%.

The “Net profit (loss) for the period” in the period ending 30 June 2015 was €4,460 thousand (4.1% of the “Value of Production”) compared to €4,020 thousand (3.7% of the “Value of Production”) as at 30 June 2014, with an increase of 10.9%. This effect was substantially due to the higher taxable income in 2014 and the different generation of value in the individual countries. In July 2014, a corporate reorganisation was carried out (described in detail in the notes to the financial statements as at 31 December 2014), which significantly reduced non-controlling shares and, in 2015, generated a significant reduction in profit attributable to non-controlling interests to the benefit of the net profit of the Group.

Reclassified Consolidated Balance Sheet *(in thousands of Euro)*	30/06/2015	% of net nvested capital	31/12/2014	% of net invested capital	Change 2015 compared to 2014
Subscribed capital unpaid (A)	**0**	**0.0%**	**0**	**0.0%**	**0**
Net intangible assets	33,470		34,914		
Net property, plant and equipment	93,543		90,055		
Financial assets	440		434		
Non-current assets (B)	**127,453**	**94.3%**	**125,403**	**107.1%**	**2,050**
Inventories	24,667		21,692		2,975
Trade receivables	48,042		38,187		9,855
Other receivables	4,784		5,045		(261)
Accrued income and prepaid expenses	1,828		1,491		337
Current assets (C)	**79,321**		**66,415**		**12,906**
Trade payables	41,886		44,908		(3,022)
Tax and social security payables	4,690		4,681		9
Other payables	8,791		8,723		68
Accrued liabilities and deferred income	507		282		225
Current liabilities (D)	**55,874**		**58,594**		**(2,720)**
Net working capital (E=C-D)	**23,447**	**17.4%**	**7,821**	**6.7%**	**15,626**
Post-employment benefits	3,205		3,228		(23)
Tax and social security payables (more than 12 months)	0		0		0
Provisions for risks and charges	12,556		12,911		(355)
Medium/long-term liabilities (F)	**15,761**	**11.7%**	**16,139**	**13.8%**	**(378)**
Net Invested Capital (A+B+E-F)	**135,139**	**100.0%**	**117,085**	**100.0%**	**18,054**
Shareholders’ equity attributable to the group	66,725		64,858		1,867
Non-controlling interests	3,522		3,233		289
Total Consolidated Shareholders’ Equity	**70,247**	**52.0%**	**68,091**	**58.2%**	**2,156**
Medium-Term Net Financial Position	73,734		56,839		16,895
Short-Term Net Financial Position	(8,842)		(7,845)		(997)
Total Net Financial Position	**64,892**	**48.0%**	**48,994**	**41.8%**	**15,898**
Own funds and net financial debt	**135,139**	**100.0%**	**117,085**	**100.0%**	**18,054**

In terms of the balance sheet, the Lu-Ve Group's half-yearly report as at 30 June 2015 reveals a rise of roughly €2 million in net non-current assets linked to the acceleration of capex during the period due to the business combination with ISI (once the withdrawals of zero and therefore the quantity of additional resources that would be made available were made official, the Group decided to anticipate a portion of the capex plan for internal growth).

The Group's working capital (equal to the sum of inventories and trade receivables net of trade payables) as at 30 June 2015 amounted to roughly €30.8 million, equal to 14.5% of LTM turnover (as at 30 June 2014, it totalled roughly €32.0 million, equal to 15.6% of LTM turnover). As at 31 December 2014, it amounted to around €15.0 million. The increase with respect to the year-end figure was due to the usual seasonal trend of the Group's business.

The consolidated shareholders' equity totalled €70,247 thousand compared to €68,091 thousand as at 31 December 2014, influenced by the distribution of dividends of €3 million in the first half of 2015.

NET FINANCIAL POSITION ***(in thousands of Euro)***	**30/06/2014**	**30/06/2015**	**31/12/2014**	**Delta 06/2015 vs. 12/2014**
Bank and postal deposits	(9,219)	(28,346)	(29,694)	
Cash and valuables in hand	(41)	(52)	(44)	
Cash and cash equivalents (A)	**(9,260)**	**(28,398)**	**(29,738)**	**(1,340)**
Due to banks (within 12 months)	19,990	19,262	21,579	
Due to other lenders (within 12 months)	262	294	314	
Short-term financial payables (B)	**20,252**	**19,556**	**21,893**	**2,337**
Short-term net financial position (C=A+B)	**10,992**	**(8,842)**	**(7,845)**	**997**
Due to banks (over 12 months)	57,987	73,163	56,345	
Due to other lenders (over 12 months)	615	571	494	
Medium and long-term net financial position (D)	**58,602**	**73,734**	**56,839**	**(16,895)**
Net financial position (C+D)	**69,594**	**64,892**	**48,994**	**(15,898)**

The net financial position of the Group, which has not yet benefitted from the liquidity connected to the business combination with ISI (€50 million incoming in July 2015), has a negative balance of €64,892 thousand as at 30 June 2015 (as at 30 June 2014 it was negative by around €69.6 million). As at 31 December 2014, the net financial position had a negative balance of €48,994 thousand (€15,898 thousand lower than the figure in the first half of 2015). This change was influenced by dividends of €4.5 million paid in the first half of 2015 (of which €1.5 million, relating to 2013, already accounted for under other non-financial payables as at 31 December 2014) and the acceleration in the capex plan for roughly €3 million, as noted above. The change in working capital generated a negative impact of around €15 million during the period. In the twelve months ending on 30 June 2015, the net cash generation adjusted for the payment of dividends and the acceleration of capex programmes, totalled around €12.2 million.

A positive net financial position is expected for the end of the year.
Debt is all medium-term, and liquidity as at 30 June 2015 totalled roughly €28 million.

INVESTMENTS

During the first half of the year, Group investments (which were accelerated, as noted above) came to around €7.2 million (around €4.2 million in the first half of 2014) and regarded the purchase of latest-generation machinery for the processing of metal sheet and for the processing of collectors, a real estate expansion in Poland (which will benefit from important local tax benefits) and the purchase in the Czech Republic of real estate to be used for business purposes and certain bordering lands for a total of around 3,600 covered square metres and around 7,000 square metres of buildable area.

PERSONNEL

Activities aimed at progressively increasing the professional skills of personnel at all levels continued during the year with the hiring of trained personnel with new specific skills who can be rapidly and profitably placed within the various Companies and enable the possibility of operating transversally within the Group.
As at 30 June 2015, the number of Group employees came to 1,532, against 1,441 as at 30 June 2014.

OCCUPATIONAL HEALTH AND SAFETY

The Group devotes a good deal of attention to the topics of environmental protection and health and safety in the workplace. In 2015, accident frequency and severity indexes continued to be monitored, and excellent results were achieved thanks to careful training, supervision and awareness-raising activities which made it possible to considerably increase the attention paid to this fundamental aspect of the working life of all employees.
Proactive and constructive collaboration with all parties involved continued, by means of periodic meetings and analyses of the reports received.

Information on financial instruments

This section of the Directors' Report was prepared in light of what is set forth in art. 2428, paragraph 2, number 6-bis of the Italian Civil Code, which requires an illustration of the objectives and policies with respect to financial risk management, and on the basis of the instructions set forth in the OIC 3 document.

Exchange rate risk

Due to its ordinary operations, the Group is exposed to the risk of fluctuations in the exchange rates of currencies other than the reporting currency in which commercial and financial transactions are expressed. In terms of acquisitions, the main currency to which the Group is exposed is the US dollar (currency to which the cost of the main raw materials is linked): indeed, raw materials in the reference markets are quoted in USD and the cost is converted into euros by applying the USD/Euro exchange rate for the day to the price in dollars; thus, exchange rate risk is borne by the buyer.

Furthermore, the Group companies located in countries in which the reference currency is not the euro, which also acquire raw materials with contracts under which the euro is the payment currency (and therefore bear the USD/Euro exchange rate risk noted above) are also exposed to the risk of fluctuations in the euro/local currency exchange rate.

Sales are mainly made in euros. In addition, although Sest LuVe Polska and HTS s.r.o. are located in countries that do not use the euro as their reference currency, they make almost all sales in euros and therefore they are also exposed to the risk of fluctuations in the exchange rate between the euro and their local currencies.

In order to protect the income statement and balance sheet items from these fluctuations, the Group adopts a hedging policy that uses non-speculative procedures and instruments for that purpose. Hedging is carried out at centralised level using instruments and policies compliant with international accounting standards.

The Group also holds controlling interests in companies that prepare their financial statements in currencies other than the euro (zloty, rouble, Czech koruna, Swedish Krona, rupee, Australian dollar, yuan). Therefore, the Group is exposed to the translation risk that fluctuations in the exchange rates of certain currencies with respect to the consolidation currency may have on the value of consolidated shareholders' equity. The main exposures are monitored, but this is not part of the Group’s current policies for hedging these risks.

Interest rate risk

With reference to the half-year periods ending on 30 June 2015 and 30 June 2014, the Group has consolidated net financial debt of €64.9 million and around €69.6 million, almost all floating rate.

The Group holds assets and liabilities sensitive to fluctuations in interest rates which are needed for the management of liquidity and financial requirements. In particular, the main source of exposure to the risk in question for the Group derives from financial debt, which is almost all floating rate. This risk is managed by the individual companies, which enter into agreements to hedge this risk based on their own needs, primarily using interest rate swaps.

Counterparty risk

To limit this risk, financial risk management contracts have been entered into with counterparties selected from those that are most financially stable to limit contractual default risk to the greatest extent possible.

Liquidity risk

The guidelines adopted by the Company are meant to maintain an adequate level of cash and cash equivalents and an adequate amount of dedicated lines of credit (both in cash and for the assignment of domestic receivables and export credit).

MAIN RISKS AND UNCERTAINTIES

The main risk factors to which the Group is exposed, described below with an indication of the management strategies and policies applied, are classified in the following categories:

- Risks related to the external context;
- Strategic and operational risks;
- Financial risks;
- Legal and compliance risks.

Risks related to the external context

Risks related to general economic conditions

The income statement results and the equity and financial position of the Group are influenced by various factors which reflect macroeconomic trends, including consumption trends, the cost of raw materials, interest rate trends and those of the currency markets. In 2015, the desired recovery of economic activity did not take place at global level, but above all in Europe. Underlying structural problems plague the advanced economies and, in particular, hinder prospects of a rapid recovery of the labour market. The estimates of the OECD and of the European Central Bank for the months to come indicate an even weaker recovery throughout the Eurozone and above all for the Italian economy.
The situation in Greece (although it is improving) and the weakness seen from China represent factors that may have potentially important impacts on stability in the Eurozone and in the markets.
The still widespread difficulty in accessing credit for consumers and businesses alike has expanded this situation of reflexive demand and contributed to the continuation of the climate of uncertainty.
The Group carefully monitors the international situation described above as much as possible, to be ready to adjust its sales and product development strategies as a result, while seeking to maintain the highest possible level of flexibility.

Risks related to expansion and presence in Emerging markets

The Group operates on a global level, with a strong presence in a range of geographical markets. On one hand, it has a strong bent towards exports, as its turnover is generated primarily outside the Italian market.
On the other hand, the Group is present abroad not only through its commercial branches, but also with industrial companies and production facilities located in different geographical areas (Poland, Russia, China, Sweden and the Czech Republic).
This geographical diversity exposes the Group to risks deriving from its operations in multiple international markets, including the risk that changes in the political and socioeconomic conditions of a geographical area may impact production and distribution in that area.
In addition, the Group also conducts its business in countries with economic and political systems characterised by different factors of potential instability, including: *(i)* the political and economic instability of the systems themselves; *(ii)* boycotts and embargoes which could be imposed by the international community; *(iii)* unfavourable changes in governmental policies, in particular with respect to foreign investments; *(iv)* significant fluctuations in interest and exchange rates; *(v)* the risk of expropriation or repossession of assets owned by the Group; *(vi)* bureaucratic requirements that are difficult to meet; *(vii)* the impossibility of protecting certain legal and contractual rights in certain jurisdictions; *(viii)* the imposition of taxes, duties or other unforeseen payments; and *(ix)* currency controls which could limit the remittance of funds or currency conversion.

In addition, operations in emerging markets could be influenced by the typical difficulties of the economies of developing countries such as, for example, transport difficulties, lack of infrastructure or greater difficulties in finding a qualified workforce.

In addition, the primary or secondary regulations of emerging countries or their interpretation could be subject to expected or unforeseeable changes, or there could be a limited number of precedents linked to the interpretation, implementation and application of those regulations.
To mitigate its exposure to these uncertainties, the Group carefully assesses all opportunities for growth in these countries, including by creating the appropriate alliances.

Risks related to competitive pressures

The market segments in which the Group operates are characterised by a high level of competition in terms of product quality, innovation, economic conditions, energy efficiency and service reliability and safety. The Group competes with other industrial groups of international significance.
In addition to continuous monitoring of the market, the Group manages risk by pursuing a policy of progressive diversification and enrichment of its product portfolio and continuous product range development.

STRATEGIC AND OPERATIONAL RISKS

Risks related to investments in research and development

The Group's competitive positioning depends on the continuous development of its product portfolio through research and development activities.
Considering the complexity and duration of these initiatives, it is not possible to rule out that investments in research and development may not generate the expected results with the expected timing. To mitigate exposure to these risks, the Group constantly monitors the interim results generated in the various phases of the research and development process in order to select and move forward with exclusively the most reliable initiatives, or those with the highest probability of success and economic/financial returns.
In addition, for reasons of prudence, the costs directly incurred for these investments are expensed in full in the period in which they are incurred.

Production process risks

The Group operates with a production process associated with fixed costs connected with the operations of its facilities, and therefore it is exposed to the risk resulting from the interruption of production activities in one or more of its plants due, by way of example, to breakdowns of machinery, the revocation or contestation of permits or licenses by the competent public authorities, strikes or lack of a workforce, natural disasters and significant interruptions in the supply of raw materials or energy. More specifically, an interruption in production activities: *(i)* would entail a partial lack of absorption of fixed production costs and *(ii)* could render the Group temporarily unable to promptly meet the demands of its customers.

To mitigate the effects caused by lasting interruptions in the production process, the Group works exclusively with reliable suppliers qualified pursuant to the applicable technical standards, and it constantly monitors raw material availability in order to promptly identify any stockout situations and take the required actions to guarantee the necessary production autonomy.
To face losses arising from potential interruptions or damages in the production cycle, the Group has taken out adequate "loss of profit" insurance policies.
Production activities are subject to compliance with environmental protection, health and safety regulations. To guarantee the proper application of these standards, the Group has created departments with specific verification and continuous monitoring duties.

Risks related to trends in raw material prices, possible procurement difficulties and relations with suppliers

The production costs of the Group are influenced by trends in the prices of the main raw materials, such as copper, aluminium and steel. The Group is also exposed to a potential risk linked to difficulties in the procurement of "EC" technology electronic motors due to the fact that global supply is concentrated in the hands of two manufacturers, which may not be able to continue to guarantee a supply of these components that meets market demand.
The majority of raw materials are purchased in the European Union; risks are related to fluctuations in the prices of these materials on the reference markets (on which they are quoted in USD) and to changes in the policies of mining and/or transformation companies.
The Group manages these risks by means of *(a)* a permanent assessment model of the reliability of each recurrent supplier in terms of both quality and price of the products manufactured; *(b)* an assessment of the risk of fluctuation of the USD currency with respect to the Euro; *(c)* checks on the economic assessment of suppliers and, consequently, on the respective award to each of adequate production volumes; *(d)* assessment of the services provided by suppliers in terms of their performance in logistics terms and punctuality of respective deliveries and the resulting decisions taken on a case by case basis.
Furthermore, as regards the major raw material purchased - copper - the Group has long-standing relations the same suppliers, selected on the basis of trust; these relations have, to date, guaranteed the expected production results.
Nevertheless, we cannot rule out that the non-fulfilment of contractual obligations by one or more supplier which supplies Group companies could have a negative impact on operations and on the profit and loss, equity and financial situation of the Group.

Said non-fulfilments could be the result, amongst other things, of *(a)* problems regarding the production capacity of individual suppliers which could hinder or delay the delivery of the goods ordered; *(b)* operational and/or industrial decisions made by individual suppliers which entail an interruption of the mining, production or processing of the raw materials and the consequential greater difficulty in immediately finding said raw materials in the reference market; or *(c)* significant delays in the transport and delivery of these raw materials to Group companies.
The fluctuation in the price of the above-mentioned materials could be significant, depending on a number of factors, including the economic cycle of the reference markets, supply conditions and other factors that are out of the control of the Group and are difficult to predict. Even though trends in the price of raw materials are constantly monitored to be able to take the necessary action to keep the Group competitive, we cannot rule out that any significant fluctuations in the purchase price of the above-mentioned materials could have a negative impact on the profit and loss, equity and/or financial situation of the Group.

To mitigate the effects caused by lasting interruptions in the production process, the Group works exclusively with reliable suppliers qualified pursuant to the applicable technical standards, and it constantly monitors raw material availability in order to promptly identify any stockout situations and take the required actions to guarantee the necessary production autonomy.

Risks related to the concentration of sales

Although there is no Group customer which alone represents a significant portion of consolidated turnover, the sector of static heat exchangers (in which the Group is the main supplier of all of the most important European manufacturers of refrigerated counters) and of glass doors for refrigerated counters is characterised by a high concentration of sales, as the total market share held by the three most important European manufacturers comes to around 70%, according to the Group's estimates.

As a result, if a contract with one of the Group's customers in the above-mentioned sector is cancelled, the Group companies that operate in that sector would have difficulty recovering the lost turnover with other customers and may suffer a negative impact in terms of their business outlooks, as well as the income statement results and/or the equity and/or financial situation.

Risks related to the capacity to continue to achieve product innovations

The Group's ability to generate value also depends on the capacity of its companies to propose innovative products in terms of technology and in line with market trends. From this perspective, the Group has demonstrated in the past that it is the reference operator in terms of technological innovation, also thanks to its policy of promoting resources dedicated to product development, which it intends to keep in place in the future by continuing to rely on well-established partnerships with prestigious universities in Italy and abroad.
Moreover, if the Group is unable to develop and continue to offer innovative products that are competitive with those of its main competitors in terms, inter alia, of price, quality or function, or if there are delays in the introduction into the market of strategic business models, the Group's market shares could decline, with a negative impact on its business outlooks, as well as its income statement results and/or its equity and financial situation.

FINANCIAL RISKS

Credit risk

The Group is exposed to credit risk deriving from commercial dealings with exposure to potential losses arising from the failure of commercial counterparties to meet their obligations. Trade credit risk is monitored on the basis of formalised procedures for the selection and assessment of the customer portfolio, for the definition of credit limits by individual customer, for the monitoring of expected cash inflows and for any debt collection actions. In certain cases, customers are asked for further guarantees, primarily in the form of sureties. The historically low levels of losses on receivables recognised are proof of the good results achieved.

Interest rate risk

The Group makes use of external financial resources in the form of medium/long-term financial debt. Therefore, changes in interest rates may influence the cost of different forms of financing, impacting the level of the Group's net financial expense. The Group's policy aims to limit the risk of interest rate fluctuations by means of fixed rate loans or derivatives (mainly interest rate swaps) used only for hedging purposes. These hedging activities have reference rates, maturities and amounts perfectly aligned with the underlying medium/long-term loans.
This hedging policy allows the Group to reduce its exposure to the risk of interest rate fluctuations.
For the amounts and the fair value of the derivatives used to hedge interest rate risk, please refer to the dedicated table attached to the Notes.

Exchange rate risk

Although the Group operates within an international context, its assets and transactions are denominated mainly in euro. A marginal part of sales and a larger part of acquisitions are denominated in currencies other than the euro, and therefore it is exposed to risks deriving from changes in exchange rates, which could influence the income statement results as well as the value of shareholders' equity. Financial assets/liabilities are exclusively in euro.
The Group manages risks arising from fluctuations in exchange rates relating to payables and receivables in foreign currency. The Company's policy aims to limit the risk of exchange rate fluctuations by means of derivatives (mainly currency swaps) used only for hedging purposes. As a result, the relative hedges are put into place through forward purchases and sales of currencies or through options. For more details, please refer to the "Information on financial instruments" section.

Liquidity risk

The liquidity risk to which the Group may be exposed consists of the failure to locate the adequate financial means needed for its operations, as well as for the development of its industrial and commercial activities. The main factors that determine the Group's liquidity situation are, on one hand, the resources generated or absorbed by operating and investment activities, and on the other hand the maturity characteristics of medium and long-term financial debt. The Group has lines of credit granted by multiple leading Italian and international banking institutions which are adequate to meet its current needs. The debt characteristics are reported in the Notes. The guidelines adopted by the Group consist of:

- maintaining adequate medium/long-term loans in light of the level of non-current assets;
- maintaining an adequate level of short-term bank credit facilities.

LEGAL AND COMPLIANCE RISKS

Risks related to product liability

The products of the Group must comply with different quality standards depending on the different jurisdictions in which they are sold. First of all, there is the risk that a product does not comply with the quality standards envisaged by the laws in force in the above-mentioned jurisdictions. This could legitimise the return of said product, impacting production costs.

Furthermore, it should be noted that the Group's products are usually part of more complex products; therefore, the malfunction of a component supplied could result in the recall of a series of products sold and/or installed by customers.
Furthermore, the Group produces categories of products that use carbon dioxide (rather than Freon) as refrigerant gas. While carbon dioxide has a lower impact on the environment than the more widely used refrigerant gases, due to its high operating pressure, it has a higher risk profile during the testing phase as well as in the event of manufacturing defects that emerge during installation and/or functioning in the field. In this regard, the Group applies strict control standards to its products: this entails a quality risk management protocol which envisages a number of activities and procedures to safeguard product quality; in addition, there is an office dedicated to quality control, which is conducted directly at production units and at supplier facilities.

To deal with this potential liability, which moreover is traditionally modest, the Group has taken out insurance coverage on all products for sale, the limit of which is deemed adequate with respect to the risks and is continuously monitored.
In addition, it has recognised a dedicated product warranty provision to cover potential defects, based on criteria of prudence and statistical data.

OTHER INFORMATION

Environmental protection

The industrial production carried out by the Group could, in the event of serious breakdowns or failures of said plants or catastrophic events, result in damages to third parties, accidents or environmental damage. This risk is also linked to the presence in the plants of potentially hazardous products for the environment, such as flammable materials and chemicals.
Through its dedicated offices, the Group continues all activities needed to guarantee respect for the environment and the optimised use of energy sources and natural resources. In addition, research and development activities have always been oriented towards products with a lower environmental impact, in terms of energy consumption, the use of refrigerant gas and noise reduction.

Safety and the workplace

Activities continued to be carried out with a view to guaranteeing not only safe conditions, but also proper ergonomics, by means of organisational/procedural measures and increasingly specific training at all levels, as well as interaction with the design of new layouts.

Research and development activities

In the first half of 2015, the Lu-Ve Group carried out intense research and development activities as is now customary, to offer the market an increasingly more advanced product, also in response to the ongoing international crisis, while continuing to develop the projects under way as at 31 December 2014.

Some of these projects are carried out in partnership with prestigious European universities such as the Polytechnic University of Milan, the University of Trento, the University of Udine, the University of Valencia, the Danish Institute of Technology in Copenhagen and the University of Brno (Czech Republic).

SUBSEQUENT EVENTS

After the first half of the year, the business combination between the Parent Company and ISI became effective. Indeed:

- on 3 July 2015, the Italian Stock Exchange issued its measure of admission to trading on the AIM Italia market of LU-VE ordinary shares and warrants;
- on 6 July 2015, the last of the merger deed registrations was made with the competent registers of companies;
- on 9 July 2015, the merger became effective and LU-VE ordinary shares and warrants began being traded on the AIM Italia market.

After the merger became effective, as none of the ISI shareholders withdrew in the wake of the resolution approving the merger, the Group received a €50 million risk capital contribution.
On 10 July 2015, in line with what is set forth in the articles of association, 50,000 LU-VE special shares were converted into 350,000 LU-VE ordinary shares based on the ratio of 7 (seven) LU-VE ordinary shares for every 1 (one) LU-VE special share held, with no change at all in the total amount of the share capital.
In August 2015, requests were received for the exercise of 7,247 warrants. As a result, the Company issued 1,119 ordinary shares, for a total equivalent value of €111.90, in accordance with the methods laid out in the Warrant Regulation.
On this basis, the new share capital amounts to €62,495,911.90, broken down into 19,448,599 Ordinary Shares and 100,000 Special Shares; the stake held by Finami S.r.l. is 53.9% of the share capital with voting rights, and G4 S.r.l. holds roughly 18.9% of the share capital with voting rights. The promoting companies of ISI and/or companies associated with them hold around 3.2% of the share capital with voting rights, and the market holds 24% of the share capital with voting rights.

Performance is expected to improve in the second half of the year compared to the first half.

MANAGEMENT AND COORDINATION ACTIVITIES

There are no management and coordination relationships or activities.

TREASURY SHARES

Pursuant to the law, please note that as at 30 June 2015 the Group did not hold treasury shares or units of Parent Companies, nor did it acquire or dispose of them during the period, either directly or through a trust company or third party.

On behalf of the Board of Directors
The Chairman

Iginio Liberali

LU-VE S.p.A.

WITH REGISTERED OFFICE IN VARESE - VIA VITTORIO VENETO no. 11
SHARE CAPITAL €10,945,800 = (fully paid in)
VARESE REGISTER OF COMPANIES no. 13942
TAX CODE VAT NO.: 01570130128

CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS OF THE LU-VE AS AT 30 JUNE 2015

(in thousands of Euro)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS		30/06/2015		31/12/2014
A) SUBSCRIBED CAPITAL UNPAID				
B) NON-CURRENT ASSETS				
I - INTANGIBLE ASSETS				
4) Concessions, licences, trademarks and similar rights	6.994		6.993	
6) Consolidation difference	25.257		26.682	
7) Others	722		598	
8) Work in progress and payments on account	497		641	
TOTAL INTANGIBLE ASSETS (I)		33.470		34.914
II - PROPERTY, PLANT AND EQUIPMENT				
1) Land and buildings	61.174		60.760	
2) Plant and equipment	22.901		21.819	
3) Fixtures and fittings, tools and other equipment	3.549		3.299	
4) Other assets	1.402		1.283	
5) Work in progress and payments on account	4.517		2.894	
TOTAL PROPERTY, PLANT AND EQUIPMENT (II)		93.543		90.055
III - FINANCIAL ASSETS				
1) Equity investments in:				
d) Other companies	399		392	
Total equity investments		399		392
2) Receivables:				
d) From others				
- due beyond the year	41		42	
Total receivables from others		41		42
TOTAL FINANCIAL ASSETS (III)		440		434
TOTAL NON-CURRENT ASSETS (B)		**127.453**		**125.403**
C) CURRENT ASSETS				
I - INVENTORIES				
1) Raw materials and consumables	12.249		11.509	
2) Work in progress and semi-finished products	5.971		4.351	
4) Finished products and goods for resale	6.447		5.832	
5) Payments on account				
TOTAL INVENTORIES (I)		24.667		21.692

		30/06/2015		31/12/2014
II - RECEIVABLES				
1) Trade receivables				
- due within the year	48.042		38.187	
Total trade receivables		48.042		38.187
4 bis) Tax receivables				
- due within the year	2.445		3.224	
- due beyond the year	781		797	
Total tax receivables		3.226		4.021
4 ter) Deferred tax assets		0		0
5) From others				
- due within the year	1.558		1.024	
Total receivables from others		1.558		1.024
TOTAL RECEIVABLES (II)		52.826		43.232
III - CURRENT FINANCIAL ASSETS				
TOTAL CURRENT FINANCIAL ASSETS (III)				
IV - CASH AND CASH EQUIVALENTS				
1) Bank and postal deposits	28.346		29.694	
3) Cash and valuables in hand	52		44	
TOTAL CASH AND CASH EQUIVALENTS (IV)		28.398		29.738
TOTAL CURRENT ASSETS (C)		**105.891**		**94.662**
D) ACCRUALS AND DEFERRALS				
Accrued income and prepaid expenses	1.828		1.491	
TOTAL ACCRUALS AND DEFERRALS (D)		**1.828**		**1.491**
TOTAL ASSETS		**235.172**		**221.556**

LIABILITIES AND SHAREHOLDERS' EQUITY		30/06/2015		31/12/2014
A) SHAREHOLDERS' EQUITY				
I - SHARE CAPITAL		10.946		10.946
II - SHARE PREMIUM RESERVE		24.762		24.762
III - REVALUATION RESERVES		8.382		8.382
IV - LEGAL RESERVE		1.759		1.596
VII - TRANSLATION RESERVE		(3.253)		(4.073)
VIII - RETAINED EARNINGS		20.082		15.672
IX - PROFIT FOR THE PERIOD		4.047		7.573
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP (A)		**66.725**		**64.858**
SHARE CAPITAL AND RESERVES ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**3.522**		**3.233**
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP AND NON-CONTROLLING INTERESTS		**70.247**		**68.091**
B) PROVISIONS FOR RISKS AND CHARGES				
2) for deferred taxes	9.304		9.609	
3) others	3.252		3.302	
TOTAL PROVISIONS FOR RISK AND CHARGES (B)		**12.556**		**12.911**
C) POST-EMPLOYMENT BENEFITS		**3.205**		**3.228**
D) PAYABLES				
3) Due to banks				
- due within the year	19.262		21.579	
- due beyond the year	73.163		56.345	
Total due to banks		92.425		77.924
4) Due to other lenders				
- due within the year	294		314	
- due beyond the year	571		494	
Total due to other lenders		865		808
6) Trade payables				
- due within the year	41.886		44.908	
Total trade payables		41.886		44.908

		30/06/2015		31/12/2014
11) Tax payables				
- due within the year	2.186		1.716	
- due beyond the year				
Total tax payables		2.186		1.716
12) Due to social security institutions				
- due within the year	2.504		2.965	
Total due to social security institutions		2.504		2.965
13) Other payables				
- due within the year	8.791		8.723	
- due beyond the year				
Total other payables		8.791		8.723
TOTAL PAYABLES (D)		**148.657**		**137.044**
E) ACCRUALS AND DEFERRALS				
Accrued liabilities and deferred income	507		282	
TOTAL ACCRUALS AND DEFERRALS (E)		**507**		**282**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**235.172**		**221.556**

CONSOLIDATED MEMORANDUM ACCOUNTS

		30/06/2015		31/12/2014
3) Commitments				
a) Interest rate hedge	25.881		34.550	
b) Exchange rate hedge	10.842		27.936	
Total commitments		36.723		62.486

CONSOLIDATED INCOME STATEMENT

		H1 2015		H1 2014
A) VALUE OF PRODUCTION				
1) Revenues from sales and services		104.945		104.901
2) Change in inventories of work in progress, semi-finished products and finished products		2.131		1.881
5) Other revenues and income				
a) operating grants				
b) others	1.738		1.801	
Total other revenues and income		1.738		1.801
TOTAL VALUE OF PRODUCTION (A)		**108.814**		**108.583**
B) COSTS OF PRODUCTION				
6) For raw materials, consumables and goods for resale		(55.366,00)		(59.010)
7) For services		(15.718,00)		(15.388)
8) For use of third-party assets		(963,00)		(875)
9) For personnel:				
a) Wages and salaries	(17.969)		(17.134)	
b) Social security costs	(5.314)		(5.104)	
c) Post-employment benefits	(601)		(618)	
e) Other costs	(24)		(6)	
Total personnel costs		(23.908)		(22.862)
10) Depreciation, amortisation and write-downs				
a) Amortisation of intangible assets	(2.199)		(1.993)	
b) Depreciation of property, plant and equipment	(4.558)		(4.379)	
d) Write-downs on current assets and cash and cash equivalents	(105)		(131)	
Total depreciation, amortisation and write-downs		(6.862)		(6.503)
11) Changes in inventories of raw materials, consumables and goods for resale		333		4.368
14) Other operating costs		(665)		(607)
TOTAL COSTS OF PRODUCTION (B)		**(103.149)**		**(100.877)**
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)		**5.665**		**7.706**

		H1 2015		H1 2014
C) FINANCIAL INCOME AND EXPENSE				
15) Income from equity investments				
16) Other financial income:				
d) other income				
- others	110		213	
Total other financial income		110		213
17) Interest and other financial expense				
d) others	(1.577)		(1.917)	
Total interest and other financial expense		(1.577)		(1.917)
17-bis) Exchange gains and losses		1.446		(391)
TOTAL FINANCIAL INCOME AND EXPENSE (C)		**(21)**		**(2.095)**
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS				
E) EXTRAORDINARY INCOME AND EXPENSE				
20) Income				
- others	(86)		31	
Total extraordinary income		86		31
21) Expense				
- others	(366)		(56)	
Total extraordinary expense		(366)		(56)
TOTAL EXTRAORDINARY INCOME AND EXPENSE (E)		**(280)**		**(25)**
PRE-TAX PROFIT (A-B+-C+-D+-E)		**5.364**		**5.586**
22) Income taxes for the period				
- income taxes for the period	(1.185)		(1.914)	
- deferred taxes	281		348	
Total income taxes for the period		(904)		(1.566)
26) PROFIT FOR THE PERIOD		**4.460**		**4.020**
Profit attributable to non-controlling interests		**413**		**2.699**
Profit attributable to the Group		**4.047**		**1.321**

These financial statements are true, real and compliant with the accounting entries.

On behalf of the Board of Directors
The Chairman

Iginio Liberali

NOTES TO THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AS AT 30 JUNE 2015

STRUCTURE AND CONTENT OF THE CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

The consolidated half-yearly financial statements as at 30 June 2015 have been prepared in compliance with the regulations of the Italian Civil Code as well as the accounting and presentation principles set forth in arts. 2423 bis and 2423 ter of the Italian Civil Code. They consist of the consolidated half-yearly balance sheet, the consolidated half-yearly income statement, the consolidated half-yearly statement of cash flows and these notes.
The legal standards applied in preparing these half-yearly financial statements have been interpreted and supplemented by the Italian GAAP issued by the National Board of Accountants and Accounting Experts and the Italian Accounting Standard Setter and, when necessary, supplemented with the International Accounting Standards when applicable and not conflicting.

The notes are provided to illustrate, analyse and in certain cases supplement the data from the half-yearly financial statements, and contain the information required by art. 2427 of the Italian Civil Code and specific legislative provisions. However, these notes are provided in summary form, as permitted by National Accounting Standard OIC no. 30, in order not to duplicate information already published. Therefore, the consolidated half-yearly financial statements do not include all of the information required for the annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements for the year ending on 31 December 2014.

The amounts shown in the notes are expressed in thousands of Euro, while those provided in the consolidated half-yearly financial statements are expressed in Euro.

The consolidated half-yearly financial statements of the LU-VE Group include the interim accounting information as at 30 June 2015 of the Parent Company LU-VE S.p.A., as well as of the following direct or indirect subsidiaries:

Company name	Registered office	Percentage of equity investment	Activity	Currency	Share Capital from most recent financial statements
Direct subsidiaries:					
SEST S.p.A.	Limana (BL)	100.0	Industrial	EUR	1,000,000
Tecnair LV S.p.A.	Uboldo (VA)	79.9	Industrial	EUR	200,000
Metalluve S.r.l.	Uboldo (VA)	100.0	Industrial	EUR	300,000
Heat Transfer Systems s.r.o. (HTS)	Novosedly (Czech Rep.)	90.0	Industrial	CZK	133,300,000
LU-VE Sweden AB	Asarum (Sweden)	100.0	Industrial	SEK	50,000
LU-VE France S.a.r.l.	Lyon (France)	73.2	Commercial	EUR	84,150
LU-VE Pacific pty Ltd	Thomastown (Australia)	75.5	Commercial	AUD	200,000
LU-VE Deutschland GmbH	Stuttgart (Germany)	100.0	Commercial	EUR	230,000
LU-VE Iberica S.l.	Madrid (Spain)	85.0	Commercial	EUR	180,063
LU-VE Asia Pacific Limited	Wan Chai (Hong Kong)	100.0	Commercial	HKD	10,000

Indirect subsidiaries					
SEST-LUVE- Polska SP.z.o.o. (95% owned by SEST S.p.A.)	Gliwice (Poland)	95.0	Industrial	Zloty	16,000,000
« OOO » SEST LUVE (95% owned by SEST S.p.A.)	Lipetsk (Russia)	95.0	Industrial	Russian Rouble	136,000,000
LU-VE HEAT EXCHANGERS Ltd (wholly-owned by LU-VE Asia Pacific Limited)	Changshu (China)	100.0	Industrial	Yuan	38,211,761
Thermo Glass Door S.p.A. (85% owned by SEST S.p.A.)	Travacò Siccomario (PV)	85.0	Industrial	EUR	150,000

The financial statements of the companies listed above have been consolidated line-by-line.

The interim accounting statements as at 30 June 2015 used for the consolidation were drafted in accordance with the accounting standards applied within the Group, appropriately reclassified to bring their presentation format into line with the layout required for Italian companies, and refer to the same half-year closing date as that of the Parent Company.

CONSOLIDATION PRINCIPLES

The most significant consolidation principles are described below:

- the carrying amount of the equity investments held directly or indirectly by the Parent Company is eliminated against the corresponding portions of shareholders' equity due to the consolidation of the assets and liabilities of the investees in accordance with the line-by-line method, with the shareholders’ equity attributable to non-controlling shareholders of the consolidated subsidiaries shown separately. For companies acquired, any higher value paid with respect to the carrying amount of the shareholders' equity of the investee at the acquisition date is recognised as an increase in non-current assets up to the limit of their current value at the time of the acquisition and, for the remaining part, as a consolidation difference. The higher value paid is amortised with the rates used for the individual items to which it is allocated, starting on the acquisition date.
  Consolidation differences recognised for the acquisition of equity investments are amortised starting on the acquisition date;
- payable and receivable, cost and revenue items arising from transactions between consolidated companies are eliminated; likewise, dividends and write-downs of equity investments accounted for in the annual financial statements are also eliminated;
- final stocks, for products acquired from group companies, are adjusted by the intra-group margins they contain, as they have not yet been realised with respect to third parties,
- the non-controlling interests representing the portion of profit and loss, assets and liabilities not held by the group are recognised in a separate item of the income statement and in the balance sheet under components of shareholders' equity, separately from the Group’s shareholders' equity,
- financial statements expressed in a currency other than the Euro are translated by applying the end of period exchange rate to the individual items and, for income statement items, the average exchange rate for the year. Differences arising between the income statement result expressed at average exchange rates and the balance sheet result expressed at end of period exchange rates, as

well as between the opening shareholders’ equity at the exchange rate at the start and end of the period, are allocated to the translation reserve recognised under shareholders' equity.
Details of the exchange rates used for the conversion of financial statements for the first half of 2015 are provided below:

	2015		2014	
Currency	Exchange rate at 30/06	Average exchange rate H1 2015	Exchange rate at 31/12	Average exchange rate H1 2014
AUD	1.455	1.426083	1.4829	1.498902
Zloty	4.1911	4.140859	4.2732	4.135209
Czech koruna	27.253	27.502088	27.735	27.443856
Russian Rouble	62.355	64.640713	72.337	47.992389
SEK	9.215	9.340076	9.3930	8.953522
HKD	8.674	8.651698	9.4170	10.629172
YUAN	6.9366	6.940806	7.5358	8.449966

Foreign currency unit per €1

MEASUREMENT CRITERIA

The criteria used to draft the consolidated half-yearly financial statements as at 30 June 2015 are the same as those used to draft the last consolidated financial statements. To ensure that the data referring to the two periods presented for comparison are properly comparable, the results of the previous period are reclassified when appropriate.

To prepare the consolidated half-yearly financial statements, the Directors are required to make estimates and assumptions that impact the amounts of revenues and costs, assets and liabilities as well as the disclosure on contingent liabilities at the interim reporting date. If such estimates and assumptions, based on the management’s best assessment, differ from actual future circumstances, they will be updated accordingly in the period in which such circumstances change.

The most significant measurement criteria adopted to draft the consolidated half-yearly financial statements are described below:

Intangible assets

They are recognised at acquisition cost, inclusive of accessory costs, and amortised systematically for the period of their expected useful life. The rates applied are listed in the section of the notes commenting on the assets.

Advertising costs are allocated in full to costs for the period in the year in which they are incurred.

Goodwill, which arose in 2008 following the inverse merger by incorporation of the parent company Europarts S.r.l. into the subsidiary, is amortised on a straight-line basis, with the consent of the Board of Statutory Auditors, over a period of 15 years, longer than that established in art. 2426 of the Italian Civil Code. This period can be justified by the consolidated presence in the reference markets, as well as the competitive advantage acquired over time.

If an impairment is identified, irrespective of amortisation already recognised, the asset is written down accordingly. If the requirements for the impairment are not satisfied in subsequent years, the original value, adjusted only for amortisation, is written back.

Property, plant and equipment

These are recognised at acquisition or production cost, adjusted for some assets in application of specific inflation laws, as shown in the attached detailed statement. The cost includes the amount of accessory costs and direct and indirect costs reasonably attributable to the asset.

Non-current assets are systematically depreciated each year on a straight-line basis, based on economic/technical rates determined in relation to the residual useful life of the assets. The rates applied are listed in the section of the notes commenting on the assets.

If an impairment is identified, irrespective of depreciation already recognised, the asset is written down accordingly. If the requirements for the impairment are not satisfied in subsequent years, the original value is written back.

Ordinary maintenance costs are charged in full to the income statement. Maintenance costs that increase the value of the asset are attributed to the assets to which they refer and depreciated in relation to their residual useful life.

Financial assets

Equity investments in other companies recognised as financial assets are measured with the cost method. The carrying amount is determined on the basis of the acquisition or subscription price. The cost is reduced for impairment losses if the investees have incurred losses, and sufficient profits to absorb the losses incurred are not expected in the immediate future. The original value is written back in subsequent years if the reasons for the write-down recognised no longer apply.

Inventories

Inventories are recognised at the lower of acquisition or production cost, determined in accordance with the annual average cost method, weighted based on opening inventories, and the expected realisable value inferred from market performance. Any write-down to adjust to market values is eliminated in subsequent years if the reasons for it no longer apply.

For products acquired from third parties, the cost is determined based on the acquisition cost; for semi-finished products and finished products manufactured internally, the cost also includes the portion of direct and indirect costs reasonably attributable to them.

The estimated realisable value is calculated while taking into account any manufacturing costs still to be incurred as well as direct costs to sell. Obsolete or slow-moving stocks are measured based on their possibilities of use or realisation.

Receivables

Receivables are recognised based on their estimated realisable value. To that end, the nominal value of receivables is adjusted, when necessary, by a dedicated bad debt provision, recognised as a direct decrease in the nominal value of the receivables themselves, to bring them into line with their estimated realisable value. The bad debt provision estimate includes loss forecasts for situations of credit risk that have already been identified or are deemed likely, and those for other bad debt already identified or not yet identified but deemed likely.

Cash and cash equivalents

Cash and cash equivalents at the end of the period are recognised at nominal value.

Accruals and deferrals

Accruals and deferrals include portions of costs and revenues accrued during the year but payable in subsequent years and portions of costs and revenues incurred by the end of the year but attributable to subsequent years, in accordance with the accrual principle.

Shareholders' Equity

This item represents the difference between all asset and liability items determined in accordance with the principles set forth and includes contributions made by shareholders at the time of incorporation and subsequent share capital increases, reserves of any nature, retained earnings and losses from previous years and the profit (loss) for the year.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover certain or probable losses or payables, the amount or date of which cannot be determined at year-end. The provisions recognised reflect the best possible estimate based on elements available. The risks for which the generation of a liability is only a possibility are mentioned in the notes commenting on provisions, without any provision for risks and charges actually being recognised.
The tax provision includes deferred taxes calculated on the main temporary differences between the profit (loss) for the year and the taxable amount and on consolidation adjustments.

Post-employment benefits

Post-employment benefits are recognised only for the Italian companies for which this is required under regulations in force or collective labour and supplementary company employment agreements and represents the actual payable accrued to employees in compliance with the law and labour agreements in force, considering each type of ongoing remuneration.

Law no. 296 of 27 December 2006 (2007 Financial Act) amended the rules for post-employment benefits accruing as of 1 January 2007. Due to the supplementary pension reform:

- post-employment benefits accrued until 31 December 2006 remain within the company;

- post-employment benefits accruing as of 1 January 2007 are, as decided by the employee, in accordance with the explicit or tacit enrolment methods:

a) allocated to complementary pension plans;

b) maintained within the company, which transferred the post-employment benefits to the INPS Treasury Fund.
The amounts accruing as of 1 January 2007 continue to be represented in income statement item B9 c) "Post-employment benefits". In the balance sheet, liability item C "Post-employment benefits" represents the remaining amount of the provision existing as at 31 December 2006; item D 13 "Due

to social security institutions" includes the payable accrued as at 31 December relating to Post-employment benefits not yet paid to the pension funds and social security institutions.

Payables

Payables are recognised at nominal value, deemed representative of their estimated discharge value. Trade payables are discounted only if the nominal value of the payables significantly exceeds the market price of the assets acquired with short-term payment and if the payment term granted significantly exceeds the subsequent year. Payables for holidays accrued by employees and for deferred compensation, inclusive of amounts due to social security institutions, are recognised on the basis of the amount that would be paid in the case of termination of employment at the reporting date.

Memorandum accounts

These are recognised at nominal value, taking into account the commitments and risks existing at the end of the period. The memorandum accounts include commitments which due to their nature and amount may impact the company's financial position, and therefore knowledge of which is useful for evaluating that position.

Revenue and cost recognition

The cost of acquiring raw materials, consumables and goods for resale and revenues from product sales are recognised when ownership is transferred, generally coinciding with the moment of shipment. Revenues deriving from the provision of services are recognised when they are provided. Costs for services are charged to the income statement when the service is provided based on the accrual principle.
Financial costs and revenues are recognised based on the accrual principle.

Deferred tax liabilities and assets

The "provision for deferred taxes" includes deferred tax liabilities, while "deferred tax assets" include deferred tax assets calculated on the temporary differences existing between the values of assets and liabilities recognised in the financial statements and the corresponding tax values. Deferred tax assets are recognised only to the extent to which their full future recovery is reasonably certain. Deferred tax liabilities are not recognised only if there is a low probability that those payables will arise.
Deferred tax assets are recognised when current conditions make their recovery reasonably certain on the basis of taxable income expected over the period of time set forth by law.
Deferred taxes on the provisions of the foreign Companies are recognised only if they are expected to be distributed and that distribution entails a cost for the Group.
Deferred tax assets and liabilities are offset when permitted by law.

Deferred tax liabilities and assets are recognised on accelerated depreciation and amortisation, on deficit amounts allocated to the trademark, land, buildings and machinery, on provisions for risks and charges and on the other main temporary differences between the carrying amount of assets and liabilities and their tax value for fiscal purposes.

Criteria for the translation of items in foreign currency in the financial statements of the individual companies

Receivables and payables originally expressed in foreign currencies are translated to their respective accounting currencies at the exchange rates in force at the reporting date of the consolidated financial

statements. The exchange differences realised at the time of that translation are recognised in the income statement.
The exchange differences realised upon collection of the receivables and payment of the payables in foreign currency are recognised in the income statement.
In particular, current assets and liabilities are recognised at the spot exchange rate as at the end of the financial year. Gains and losses deriving from the translation of receivables and payables are credited and debited, respectively, to the income statement in item 17 bis Exchange gains and losses.
Any net gain arising from the adjustment to year-end exchange rates of items in foreign currency is included in profit (loss) for the year and, when the financial statements are approved and as a result the profit (loss) is allocated to the legal reserve, the portion not absorbed by any loss for the year is included in a non-distributable reserve until subsequently realised.
Non-current assets in foreign currency are recognised at the exchange rate recorded at the time of acquisition or at the lower rate at year-end close if the reduction can be considered long-term.

Financial instruments

In order to reduce the risk of fluctuations in interest and exchange rates, the Group has subscribed derivative financial instruments with leading financial institutions.
These off-balance sheet financial instruments are recognised in the memorandum accounts for the nominal amount of the contract.
Financial income and expense relating to hedging financial instruments are recognised in the income statement on an accrual basis for the entire term of the contract, so as to offset the effects of the hedged transactions.
The value relating to hedging activities (mark to market) is indicated in the Notes.

SIGNIFICANT TRANSACTIONS

As highlighted in the Notes to the Consolidated Financial Statements in previous years, as part of a transaction that changed the Parent Company's shareholding structure, on 23 October 2008 the Company completed the inverse merger by incorporation of the former parent company Europarts S.r.l. (vehicle used for the transaction).
The comparison between the carrying amount of the equity investment and the corresponding portion of shareholders' equity gave rise to a merger deficit originally amounting to around €68,006,000, which was allocated to the assets on the basis of current values. The summary of the values in the 2015 half-yearly financial statements is provided below:

Item	Residual amount at 31/12/2013	Increase 2014	Deprec./Amort. 2014	Residual amount at 31/12/2014	Deprec./Amort. 2015	Residual amount at 30/06/2015	Tax effect 2015	Deprec./ Amort.
			(€/000)		(€/000)		(€/000)	
Land	15,688	-	-	15,688	-	15,688	4,926	N/A
Buildings	8,332	-	(297)	8,035	(149)	7,886	2,386	33 years
Plant and equipment	1,535	-	(557)	978	(279)	699	220	8 years
Trademarks	6,986	-	(717)	6,269	(358)	5,911	1,856	15 years
Goodwill	12,646	-	(1,297)	11,349	(648)	10,701	-	15 years
Total deficit	45,187	-	(2,868)	42,319	(1,434)	40,885	9,388	
Goodwill (Gross Up)	5,044	3,202	(846)	7,400	(423)	6,977	-	15 years
TOTAL	50,231	3,202	(3,714)	49,719	(1,857)	47,862	9,388	

The amounts allocated to land, buildings, plant and equipment and the trademark were supported by dedicated appraisals prepared by external independent experts. The remainder is allocated to goodwill.
Upon allocation of the merger deficit in 2008, the tax effect on the portion of the deficit allocated to land was not calculated, as the probability that the payable will arise was deemed quite low. Accounting standard OIC 25 was adopted in the consolidated financial statements as at 31 December 2014 (the notes to which should be referred to), with the recognition of deferred tax liabilities as if they were recognised at the original date.

NOTES TO THE BALANCE SHEET ITEMS - ASSETS

NON-CURRENT ASSETS

Dedicated statements have been prepared for intangible assets and property, plant and equipment, with the information required by art. 2427 of the Italian Civil Code, and are attached to these notes, of which they constitute an integral part.

Intangible assets

Intangible assets include the following amounts (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Concessions, licences, trademarks and similar rights	6,994	6,993
Goodwill	25,257	26,682
Other	722	598
Payments on account	497	641
Total	33,470	34,914

All intangible assets are amortised over a period of 5 years, with the exception of:
- investments in software, which are amortised over three years;

- the LUVE S.p.A. trademark, which is amortised over 15 years;
- goodwill, which is amortised over 15 years.

Property, plant and equipment

The financial statement data are reported below (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Land and buildings	61,174	60,760
Plant and equipment	22,901	21,819
Fixtures and fittings, tools and other equipment	3,549	3,299
Other assets	1,402	1,283
Work in progress and payments on account	4,517	2,894
Total	93,543	90,055

The main increases regarded plant and equipment (around €3.4 million; relating to machines for processing sheet metal and for the manufacture of collectors), and land and buildings (around €2.1 million; relating to expansions in Poland the Czech Republic).

Ordinary depreciation is calculated on the basis of rates deemed representative of the residual useful life of the relative non-current assets. The following rates are applied:

Buildings and light constructions	3 - 10 %
Plant and equipment	12.5 - 15 %
Fixtures and fittings, tools and other equipment	20 - 35 %
Other assets	12 - 25 %

As at 30 June 2015, the Group provided industrial properties and the attached land as collateral for payables recognised in the financial statements in the amount of €66,785 thousand. These are mortgages to guarantee medium-term loans taken out by the Group for a total original amount of €51,198 thousand, currently amounting to €36,920 thousand.

Financial assets

Equity investments

The Group holds the following non-controlling interests (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Other companies:		
- Industria e Università S.r.l.	6	6
- LU-VE India Corporation Private Ltd	15	15
- Brener as	378	371
Total	399	392

Receivables

From others

These amounted to €41 thousand. They referred primarily to security deposits provided for the provision of services.

CURRENT ASSETS

Inventories

This item was broken down as follows at the end of the year (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Raw materials and consumables	13,602	12,854
Work in progress and semi-finished products	5,971	4,351
Finished products and goods for resale	7,110	6,510
Provision for inventory losses	(2,016)	(2,023)
Total	24,667	21,692

The increase in the value of inventories was basically due to seasonal fluctuations in the Group's business in the summer months. The inventories of subsidiaries, for the products acquired from Group companies, are adjusted by intra-group margins and the related tax effect has been calculated. The provision for inventory losses, equal to €2,016 thousand as at 30 June 2015, was aligned with the previous year.

Receivables

Trade receivables

This item was broken down as follows at the end of the year (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Trade receivables	50,811	40,840
Bad debt provision	(2,769)	(2,653)
	-------------	-------------
Total	48,042	38,187
	========	========

Trade receivables were up significantly compared to 31 December 2014, as takes place customarily in the middle months of the year due to seasonal fluctuations in the business.
All trade receivables are due within the subsequent year and derive from normal sales transactions.
The bad debt provision rose during the year to reflect the recoverability of the receivables.
The breakdown of receivables as at 30 June 2015 by geographical area is shown below:

Country	Amount
Italy	17,526
EU Countries	24,738
Non-EU Countries	8,547
Bad debt provision	(2,769)

Total	48,042
	========

Tax

This item was broken down as follows (in thousands of Euro):

	Balance at 30/06/2015	Balance at 31/12/2014
Payable within the year:		
Due from the tax authorities for VAT	1,759	2,421
Due from the tax authorities for payments on account of direct taxes	484	617
Other	202	186
	--------------	--------------
Total payable within the year	2,445	3,224
	-------------	-------------
- Payable beyond the year		
Due from the tax authorities	781	797
	--------------	--------------
Total payable beyond the year	781	797
	-------------	-------------
	3,226	4,021

	=======	=======

Tax receivables payable beyond the year referred primarily to the refund request due to the deductibility, in the previous year, of IRES from IRAP for the period 2007-2011 (proposed legislation of 6/12/2011).

From others

These amounted to €1,558 thousand. The entire amount of these receivables was payable, and therefore they have not been adjusted.

Cash and cash equivalents

These amounted to €28,398 thousand and consisted of available balances at banks generated as part of treasury and cash management.
For further details, please refer to the statement of cash flows attached to these notes.

ACCRUED INCOME AND PREPAID EXPENSES

This item was broken down as follows (in thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
Trade fair expenses	19	12
Bank fees	563	528
Loan advisory services	136	80
Other	1,110	871
	-------------	-------------
Total	1,828	1,491
	=========	=========

NOTES TO THE BALANCE SHEET ITEMS - LIABILITIES

SHAREHOLDERS' EQUITY

Changes in Shareholders' equity items as well as the statement of reconciliation between the shareholders' equity and the profit (loss) of the Parent Company and the shareholders' equity and consolidated profit (loss) of the Group are provided below.

Comments on the Shareholders' equity items are provided below.

Share capital

The share capital as at 30 June 2015, fully subscribed and paid in, consisted of 30,405 ordinary shares with a nominal value of €360, for a total of €10,946 thousand.
Please see the dedicated table for the details on changes in share capital.
A portion of the taxation on all share capital reserves has been deferred, as they have been subject only to substitute tax.

Share premium reserve

This reserve (amounting to €24,762 thousand) was formed following the merger by incorporation in 2008 and for the reorganisation of the shareholding structure in 2014.

Revaluation reserve

As at 30 June 2015, it totalled €8,382 thousand.
It included asset balances from inflation resulting from the application of Law no. 72/1983 (€76 thousand) and Law no. 342/2000 (€2,763 thousand), balances arising from the application of Law 350/2003 (€1,326 thousand) and those resulting from the application of decree law 185/2008 (€4,217 thousand).

A portion of the taxation on this reserve has been deferred, as it has been subject only to the substitute tax. No tax provision was recognised as no transactions are expected that could result in its taxation.

Legal reserve

This amounted to €1,759 thousand, an increase of €163 thousand with respect to the previous year due to the allocation of the profit from 2014.

Other reserves - Translation reserve

This item had a negative balance of €3,253 thousand and included the translation reserve arising in foreign affiliates, equivalent to the difference in shareholders' equities at the exchange rate at the start and end of the period and in profit (loss) for the year, following the translation of the income statement at the average exchange rate for the year and the balance sheet at the end of period exchange rate.

Retained earnings

This item included the consolidated net profit (loss) of previous years, for a total of €20,082 thousand. In 2015, it increased due to the allocation of consolidated profit for the previous year (€7,410 thousand) and the distribution of dividends by the Parent Company (€3,000 thousand).

Profit for the period

This item included the profit attributable to the LU-VE Group, amounting to €4,047 thousand, while at 31 December 2014 it totalled €7,573 thousand.

Share capital and reserves attributable to non-controlling interests

The share capital and reserves attributable to non-controlling interests amounted to €3,522 thousand. The profit attributable to non-controlling interests as at 30 June 2015 totalled €413 thousand (€778 thousand in 2014).

The table provided below shows the possibility of use of the different items of shareholders' equity and the summary of uses in the last three years:

(in thousands of Euro)

Nature/description	Amount	Possibility of use	Available portion	Summary of uses in the last three years:	
				to cover losses	for other reasons
Share capital	10,946		-		
Profit reserves:					
Legal reserve	1,759	B	-	-	-
Revaluation reserve	8,382	A, B, C	8,382	-	-
Share premium reserve	24,762	A, B, C	24,762	-	-
Translation reserve	(3,253)	-	-	-	-
Retained earnings	20,082	A, B, C	20,082	-	6,000
Total	62,678		53,226	-	-
Non-distributable portion	9,452				
Residual distributable portion	53,226				

Key:
A: for capital increases
B: to cover losses
C: for distribution to shareholders
Changes in the shareholders' equity items are shown in a statement attached to these Notes.

PROVISIONS FOR RISKS AND CHARGES

For taxes, including deferred

These amounted to €9,304 thousand and are broken down as follows:

	H1 2015		FY 2014	
	Amount of temporary differences	tax effect	Amount of temporary differences	tax effect
Deferred tax assets:				
Taxed provisions	4,819	(1,342)	4,775	(1,329)
Unpaid remuneration to Directors	782	(215)	677	(186)
Tax losses	4,459	(1,069)	4,672	(1,214)
Financial expense that may be carried forward	1,188	(327)	1,188	(327)
Other	499	(113)	45	(29)
Total	11,747	(3,066)	11,357	(3,085)
Deferred tax liabilities:				
Reversal of tax-related entries	(125)	39	(134)	42
Leasing	(5,845)	1,835	(5,980)	1,878
Merger deficit	(35,688)	9,387	(38,007)	9,633
Revaluation	(3,138)	985	(3,188)	1,001
Depreciation and amortisation	(429)	124	(429)	124
Other	-	-	(671)	13
Total	(45,225)	12,370	(48,049)	12,691
Net deferred tax liabilities (assets)		9,304		9,609
Shareholders' equity	(33,478)		(37,052)	

Others

The provisions existing as at 30 June 2015 amounted to €3,252 thousand (a reduction of €50 thousand).
The provision included €185 thousand recognised for risks for ongoing disputes, representing the best estimate of the cost that may arise; €419 thousand referred to the provision for agents' leaving indemnities; €1,123 thousand related to product warranty provisions and €1,525 thousand related to provisions for other risks, representing the best estimate of the cost that may arise.

POST-EMPLOYMENT BENEFITS

The provision for post-employment benefits represents the benefits accrued by employees until 31 December 2006, which will be depleted by the payments that will take place upon termination of employment relationships or by any advances pursuant to the law.
The changes in the provision may be analysed as follows:
- the item "increases" includes the amount recognised in the income statement for the year and the revaluation of the pre-existing provision, calculated in compliance with legal provisions.
- the item "decreases" refers to payments of post-employment benefits upon termination of employment relationships or payments of any advances and transfers to the INPS treasury fund, the sector fund or supplementary funds.

Changes in this item during the year are shown below (in thousands of Euro):

Balance 31/12/2014	**3,228**
Increases	601
(Decreases)	(624)
Balance 30/06/2015	**3,205**

PAYABLES

Comments on the breakdown and changes during the year of items within this category are provided below.

Due to banks

Details of amounts due to banks are provided below (in thousands of Euro):

	30/06/2015				31/12/2014
			Maturity		Total
	Total	Within 1 year	From 2 to 5 years	More than 5 years	
Current account overdrafts and advances	2,655	2,655	-	-	1,451
Medium/long-term loans	89,770	16,607	68,797	4,366	76,473
	---------	---------	---------	---------	---------
Total debt	92,425	19,262	68,797	4,366	77,924
	======	======	======	======	======

The following changes took place in medium and long-term loans in the first half of 2015:
- unsecured medium/long-term loan for a total of €20,000 thousand taken out by the Parent Company from Banca Nazionale del Lavoro, maturing on 9 June 2020, with repayment in equal half-yearly instalments and an interest rate equal to the six-month Euribor plus a spread;
- unsecured medium/long-term loan for a total of €6,000 thousand taken out by the Parent Company from UBI Banca s.c.p.a., maturing on 29 June 2020, with repayment in quarterly increasing instalments and an interest rate equal to the three-month Euribor plus a spread;
- €4,000 thousand supplement to the unsecured medium/long-term loan taken out by the Parent Company from Cariparma spa - Credit Agricole in December 2014 maturing on 31 December 2019, with repayment in equal quarterly instalments and an interest rate equal to the three-month Euribor plus a spread;
- early repayment of the remaining GE Capital loan for €6,417 thousand, taken out by the Parent Company on 30 October 2013 and with original maturity on 16 October 2020;
- early repayment of the remaining Deutsche Bank loan for €1,500 thousand, taken out by the Parent Company on 5 November 2013 and with original maturity on 31 December 2018;
- early repayment of the remaining Credito Emiliano loan for €1,552 thousand, taken out by the Parent Company on 22 March 2013 and with original maturity on 30 March 2017.

With reference to all loans that require compliance with covenants, all of such covenants were respected at the reporting date.

Due to other lenders

This item amounted to €865 thousand (of which €294 thousand short-term) and referred primarily to lease agreements for the acquisition of plants entered into by the Parent Company and the subsidiary TGD S.p.A.

Trade payables

Trade payables totalled €41,886 thousand and were all due within the next twelve months. They referred to acquisitions of goods for resale and the provision of services, as well as investments in non-current assets. They decreased compared to the previous year (€3,022 thousand).

The breakdown of payables as at 30 June 2015 by geographical area is shown below:

Country	Amount
Italy	22,193
EU Countries	16,337
Other countries	3,356

Total	41,886
	=========

Tax payables

The breakdown of this item is provided below (thousands of Euro):

	Balance at 30/06/2015	Balance at 31/12/2014
- Payable within the year		
Payable for income taxes for the year	790	622
Due to tax authorities for:		
- tax withholdings for personal income tax	1,396	1,067
- other	-	27
	---------------	---------------
Total tax payables	2,186	1,716
	=========	=========

Due to social security institutions

This item amounted to €2,504 thousand, a reduction compared to the previous year.
It referred to payables at year-end to these institutions for amounts due from the company and employees on salaries and wages for December and for holidays accrued and not used and payables to pension funds, as shown below:

	Balance 30/06/2015	Balance 31/12/2014
Due to social security institutions	2,283	2,616
Due to pension funds	221	349
	-------------	-------------
Total	2,504	2,965
	=========	=========

Other payables

The breakdown of this item is provided below (thousands of Euro):

	Balance 30/06/2015	Balance 31/12/2014
- Payable within the year		
Due to employees for wages and holidays	6,664	4,569
Due to shareholders for dividends	-	1,500
Other payables	2,127	2,654
Total within the year	8,791	8,723

ACCRUED LIABILITIES AND DEFERRED INCOME

As at 30 June 2015, these amounted to €507 thousand (an increase of €225 thousand compared to last year).

MEMORANDUM ACCOUNTS

Commitments

Commitments for interest rate hedges (€25,881 thousand) referred to the nominal amount of derivative instruments subscribed to hedge medium/long-term loans in place as at 30 June 2015. Off-balance sheet financial instruments were subscribed to manage interest rate risk. The relative financial income and expense are recognised in the income statement on an accrual basis for the entire term of the contract with a matching entry in accruals and deferrals under balance sheet assets or liabilities.

The mark to market evaluation of these transactions as at 30 June 2015 showed a negative fair value of roughly €730 thousand.

Commitments for exchange rate hedges (€10,842 thousand) referred to the nominal amount of derivative instruments subscribed to hedge the risk of fluctuations in the US dollar against the Euro. The relative income and expense are recognised in the income statement on an accrual basis for the entire term of the contract. The mark to market evaluation of these transactions as at 30 June 2015 showed a positive fair value of roughly €270 thousand.

NOTES TO THE INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

The value of production during the half amounted to €108,814 thousand, in line with the first half of 2014.

COSTS OF PRODUCTION

For raw materials, consumables and goods for resale

They amounted to €55,366 thousand compared to €59,010 thousand in the previous year and consisted of acquisitions of raw materials, components and auxiliary production materials. The decrease in acquisitions in the first half of 2015 was almost fully offset by the changes in the relative stocks. The consumption of raw materials (calculated by adding acquisitions to the change in inventories) was very similar in the two six-month periods when expressed as a percentage of revenues (52.4% in 2015 and 52.1% in 2014).

For services

The main components of this item are (in thousands of Euro):

	H1 2015	H1 2014
Expenses for energy, telephone and telex	1,917	1,873
General and advisory expenses	4,852	4,280
Advertising and promotional expenses	400	310
Transport expenses	2,346	2,159
Maintenance expenses	1,194	1,179
External processing	2,044	1,566
Commissions	516	513
Remuneration to the corporate bodies	1,071	1,194
Other	1,378	2,314
Total	15,718	15,388

For use of third-party assets

This item came to €963 thousand (up compared to last year) and is represented by rental costs for industrial equipment and motor vehicles as well as rent.

For personnel

The breakdown of these costs is provided in the income statement. The total cost was €23,908 thousand, up by roughly 4.6% compared to the previous year, attributable in part to normal salary trends and in part to the strengthening of the commercial, technical/production and research and development structure, as noted in the directors' report.

The Group's workforce is broken down below:

	H1 2015	H1 2014
Executives and middle managers	37	35
White and blue collar workers	1,495	1,406
	----------	----------
Total	1,532	1,441
	=======	=======

The average number of employees was 1,487.

Depreciation, amortisation and write-downs

Amortisation of intangible assets and depreciation of property, plant and equipment amounted to €6,757 thousand. The breakdown is provided in the income statement and in the statement of changes in property, plant and equipment and intangible assets.

Write-downs of current receivables and cash and cash equivalents (€105 thousand) referred to the amount recognised in the Bad debt provision.

Other operating costs

This item was substantially in line with the figure as at 30 June 2014 and consisted primarily of taxes and fees, not on income (€317 thousand), and other operating costs (€348 thousand).

FINANCIAL INCOME AND EXPENSE

Other financial income

This item amounted to €110 thousand, a reduction compared to the same period of the previous year.

Interest and other financial expense - other

This item amounted to €1,577 thousand (€1,917 thousand in the same period of the previous year). The reduction was due to the lower cost of money during the period.

Exchange gains and losses

The net value was a positive €1,446 thousand (negative €391 thousand as at 30 June 2014). The improvement was primarily due to the appreciation of the Rouble and the Australian dollar, which made it possible to account for significant unrealised exchange gains during the half.

EXTRAORDINARY INCOME AND EXPENSE

This item had a negative balance of €280 thousand, primarily due to certain early retirement incentives paid during the half.

Income taxes for the year

Provisions for the period, for income taxes of €1,185 thousand and for deferred taxes, positive by €281 thousand, are highlighted on the dedicated lines of the income statement.

PROFIT FOR THE PERIOD

The consolidated profit for the period amounted to €4,460 thousand (€4,020 thousand in the same period of the previous year).

PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

On the first page of these notes, we listed the consolidated companies and the respective stake held by the Group. With respect to the stake not held by the Group, a profit attributable to non-controlling interests was calculated, which totalled €413 thousand for the period in question. During the same period in the previous year, the profit attributable to non-controlling interests was €2,699 thousand (please refer to the directors' report for comments on this significant change).

PROFIT ATTRIBUTABLE TO THE GROUP

The profit attributable to the Group amounted to €4,047 thousand (€1,321 thousand in the same period of the previous year).

On behalf of the Board of Directors
The Chairman

Iginio Liberali

Uboldo, 16 September 2015

ATTACHMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

These attachments contain information in addition to that provided in the Notes, of which they constitute an integral part.

LU-VE GROUP — CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)

	30/06/2015	30/06/2014
A. OPENING SHORT-TERM NET FINANCIAL DEBT	**8,159**	**17,012**
B. CASH FLOWS GENERATED/ABSORBED BY OPERATING ACTIVITIES		
Net profit for the period attributable to the group	4,047	1,321
Net change in share capital and reserves attributable to non-controlling interests	289	1,749
Depreciation and amortisation	6,757	6,372
Net change in provisions for risks and charges:		
- deferred taxes	(305)	(348)
- others	(50)	(31)
Net change in post-employment benefits	(23)	385
Profit generated by operating activities before changes in working capital	**10,715**	**9,448**
Changes in trade receivables	(9,960)	(11,162)
Increase in bad debt provision net of uses	105	131
Changes in inventories	(2,975)	(5,709)
Changes in trade payables	(3,022)	(3,281)
Changes in other items of working capital	226	895
	(4,911)	**(9,678)**
C. CASH FLOWS GENERATED/ABSORBED BY INVESTING ACTIVITIES		
Net investments in non-current assets:		
- intangible assets	(755)	(10,505)
- property, plant and equipment	(8,046)	(5,824)
- financial assets	-	-
	(8,801)	**(16,329)**
D. CASH FLOWS GENERATED/ABSORBED BY FINANCING ACTIVITIES		
Change in m/l term loans net of repayments	16,875	12,677
Payment of dividends	(3,000)	(1,500)
Long-term receivables from others	(6)	(16)
Other changes in consolidated shareholders' equity	820	(13,943)
	14,689	**(2,782)**
E. CASH FLOWS IN THE PERIOD (B + C + D)	**977**	**(28,789)**
F. CLOSING SHORT-TERM NET FINANCIAL DEBT (A + E)	**9,136**	**(11,777)**

LU-VE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015

STATEMENT OF CHANGES IN INTANGIBLE ASSETS

(in thousands of Euro)

	Balance 01/01/2015	Changes during the period			Balance 30/06/2015
		Acquisitions	Other changes	Amortisation	
Start-up and expansion costs	-	-	-	-	-
Concessions, licences, trademarks	6,993	326	340	(665)	6,994
Consolidation differences	26,682	-	-	(1,425)	25,257
Other	598	217	14	(107)	722
Work in progress and payments on account	641	192	(336)	-	497
Total	**34,914**	**735**	**18**	**(2,197)**	**33,470**

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

(in thousands of Euro)

	Opening balance			Changes during the period				Closing balance		
	Original cost	Provision for depreciation	Balance 1/1/2015	Acquisitions	Disinvestments	Other	Depreciation	Original cost	Provision for depreciation	Balance 30/06/2015
Land and buildings	75,671	(14,911)	60,760	225	-	874	(685)	77,115	(15,941)	61,174
Plant and equipment	89,840	(68,021)	21,819	2,227	(348)	2,487	(3,284)	94,025	(71,124)	22,901
Fixtures and fittings, tools and other equipment	19,309	(16,010)	3,299	490	(33)	338	(544)	20,091	(16,542)	3,549
Other assets	6,271	(4,988)	1,283	146	(40)	256	(242)	6,522	(5,120)	1,402
Work in progress and payments on account	2,894	0	2,894	3,420	(1,237)	(560)	-	4,517	0	4,517
Total	**193,985**	**(103,930)**	**90,055**	**6,508**	**(1,658)**	**3,395**	**(4,755)**	**202,270**	**(108,727)**	**93,543**

LU-VE GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2015

STATEMENT OF RECONCILIATION BETWEEN

THE SHAREHOLDERS' EQUITY AND THE PROFIT (LOSS) OF LU-VE S.p.A.
AND
THE SHAREHOLDERS' EQUITY AND THE PROFIT (LOSS) OF THE GROUP

(in thousands of Euro)

	Shareholders' Equity	Net profit for the period
Amounts from LU-VE S.p.A. financial statements	**48,148**	**(991)**
Difference between carrying amount of consolidated equity investments and pro rata value of shareholders' equity and profit (loss) of consolidated subsidiaries	**15,053**	**5,251**
Application of IAS 17	**3,805**	**(44)**
Elimination of intra-group profits	**(281)**	**(169)**
Amounts from consolidated financial statements	**66,725**	**4,047**

LU-VE GROUP

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDING ON 31 DECEMBER 2014 AND 30 JUNE 2015
(Euro/000)

	Share capital	Legal reserve	Revaluation reserves	Share premium reserve	Retained earnings	Translation reserve	Profit (loss) for the period	Total
At the beginning of the previous year	**9,000**	**1,509**	**4,407**	**9,574**	**27,449**	**(698)**	**3,366**	**54,607**
Allocation of profit (loss) for the period:	-	87	-	-	3,279	-	(3,366)	-
Assignment of dividends to Shareholders					(3,000)			(3,000)
Treasury shares	(900)							(900)
Share capital increase in kind	2,846			15,188				18,034
Translation differences	-	-	-	-	-	(3,375)	-	(3,375)
Change in consolidation area	-	-	3,975	-	(12,056)	-	-	(8,081)
Profit (loss) from the previous year	-	-	-	-	-	-	7,573	7,573
At the end of the previous year	**10,946**	**1,596**	**8,382**	**24,762**	**15,672**	**(4,073)**	**7,573**	**64,858**
Allocation of profit (loss) for the period:	-	163	-	-	7,410	-	(7,573)	-
Assignment of dividends to Shareholders					(3,000)			(3,000)
Translation differences	-	-	-	-		820		820
Change in consolidation area	-	-	-	-	-			-
Profit (loss) for the current period	-	-	-	-	-		4,047	4,047
At the end of the current period	**10,946**	**1,759**	**8,382**	**24,762**	**20,082**	**(3,253)**	**4,047**	**66,725**