Companies' Register and Tax Code 07258710586
Economic and Administrative Repository (R.E.A.) of Rome 604174

Mondo TV S.p.A.
Share Capital Euro 18,207,106 - fully paid-in

Registered office	**Via Brenta 11- Rome (Italy)**
Other offices	**Via Montenero 42 - 44 - Guidonia (RM)**
	Viale Abruzzi 94 Milan
	Rue Gerard 52-54 - 75013 - Paris (France)
	Via Crocicchio Cortogna 6 - Lugano (Switzerland)
	Calle Alvarez de Baena 4 - Madrid (Spain)
	Calle Cruz Verde, 22 - Tenerife (Canary Islands, Spain)

Half-Year Consolidated Financial Report
30 June 2019

Approved: Board of Directors' Meeting of 13 September 2019

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CORPORATE GOVERNANCE

The Parent Company Mondo TV S.p.A. adopted the traditional system of management and control. In particular, the

Shareholders' Meeting resolved the appointment:

- of the Board of Directors, which has sole responsibility for the management of the Company for the three-year period 2018-2020 (resolution of 30 April 2018);
- of the Board of Statutory Auditors with the task of monitoring compliance with the Law, the Articles of Association and compliance with the principles of correct administration for the three-year period 2017-2019 (resolution of 29 April 2017);
- of the independent auditors assigned the statutory audit under articles 14 and 16 of Legislative Decree no. 39 of 27/01/2010 for the nine-year period 2015-2023 (resolution of 30 April 2015).

Board of Directors
Matteo Corradi - Chair of the Board of Directors and CEO
Monica Corradi - Director
Carlo Marchetti - Director and Head of Financial Reporting
Aurelio Fedele - Independent Director
Angelica Mola - Independent Director

Board of Statutory Auditors
Marcello Ferrari - Chairman of the Board of Statutory Auditors
Vittorio Romani - Regular Auditor
Adele Barra - Regular Auditor
Alberto Montuori - Alternate Auditor
Silvia Gregori - Alternate Auditor

Independent Auditors
BDO Italia S.p.A.

Other bodies of the Parent Company:

Internal Control and Audit Committee
Aurelio Fedele - Chair
Angelica Mola - Member

Supervisory Body (Legislative Decree 231/2001)
Aurelio Fedele - Chair
Paolo Zecca - Member
Samantha Gioia Perri - Member

INTERIM REPORT ON OPERATIONS - HY1 2019

1. GENERAL COMMENTARY

The half-year financial report of the Mondo TV Group as at 30 June 2019 has been prepared in accordance with the provisions of article 154-ter paragraph 2 of Legislative Decree no. 58/97 - Consolidated Finance Act (TUF, Testo Unico della Finanza) - and subsequent amendments or additions.
The condensed half-year consolidated financial statements as at 30 June 2019, included in the half-year financial report, have been prepared in accordance with IAS 34 "Interim Financial Statements", issued by the International Accounting Standards Board (IASB) and consist of the consolidated statement of financial position, consolidated income statement, consolidated comprehensive income statement, consolidated cash flow statement, statement of changes in consolidated shareholders' equity and notes.

In accordance with IAS 34, the notes are summarized and do not include all the information required in the annual financial statements, referring exclusively to components that, by amount, composition or variation, are essential for the purpose of understanding the Group's economic, financial and equity position. Therefore, this half-year financial report should be read in conjunction with the consolidated financial statements as at 31 December 2018.

The condensed half-year consolidated financial statements include the financial statements of Mondo TV S.p.A. and Italian and foreign companies regarding which the Parent Company Mondo TV S.p.A. exercises control in accordance with IFRS 10.

The condensed consolidated half-year financial statements show a net profit attributable to the Group of Euro 2,021 thousand (in HY1 2018: net profit of Euro 6,810 thousand), after depreciation, amortisation and impairment of Euro 4,496 thousand (in HY1 2018: Euro 3,981 thousand).

As for the income statement, the changes are summarised as follows:

Condensed Consolidated Income Statement		
(Euro thousands)	**HY1 2019**	**HY1 2018**
Revenues	11,003	16,131
Capitalisation of internally produced animated series	1,784	1,130
EBITDA	7,758	12,936
EBIT	3,262	8,955
Profit (loss) of the period before tax	3,184	9,452
Profit (loss) for the year	2,031	6,628
Profit (loss) attributable to owners of the Parent	2,021	6,810

The items indicated in the reclassified HY financial statements presented above are in part taken from the HY financial statements and reported further on in this document, and are in part the result of aggregations; the composition of the latter and the references to the items in the HY financial statements are shown below.

Revenues: the sum of "revenues from sales and services" and "other revenues".
Gross operating margin (EBITDA): the sum of "Revenues" as defined above less "Raw materials, consumables and goods", "Personnel costs", and "Other operating costs".

Compared to the corresponding period of 2018, there was a decrease in revenue of approximately Euro 5.1 million in absolute terms and approximately 32% in percentage terms, mainly as a result of the termination of certain sales contracts with Asian customers at the end of the previous year, which ended with a significant loss.
It should be noted that the new business plan, approved by the Board of Directors of the Parent Company in December 2018 and confirmed by the same Board in March 2019, envisages lower revenues but also a lower overall level of investments and for 2019 a net profit of approximately Euro 4 million.

The capitalisation of internally produced animated series mainly refers to the productions of the Parent Company and Mondo TV France and was Euro 1.8 million (Euro 1.1 million in the corresponding period of 2018), with an increase attributable to the subsidiary Mondo TV France.

Operating costs increased by approximately Euro 0.7 million, mainly due to higher production costs of the subsidiary Mondo Tv France.

EBITDA went from Euro 12.9 million for the first half of 2018 to Euro 7.8 million for the first half of 2019, a decrease of Euro 5.1 million due to lower revenues following as outlined above.

The operating result after amortisation, depreciation, impairment and provisions (Euro 4.5 million, compared to Euro 4 million in the corresponding period of 2018) is positive for Euro 3.3 million, compared to Euro 9.0 million of the corresponding period in 2018, with a decrease of approximately Euro 5.7 million.

There were net financial expenses of Euro 0.1 million in the half year compared to net financial income of Euro 0.5 million in HY1 2018; the change of Euro 0.6 million was due to the exchange rate trend.

Group net profit for the period was Euro 2 million compared to Euro 6.8 million in HY1 2018, down Euro 4.8 million and in line with as envisaged in the business plan.

The net financial position went from net cash of Euro 8.1 million to a net position of Euro 1.7 million at 30 June 2019 due to investments made in the production of the new animated series and the introduction of the new accounting standard IFRS 16, which extends the same accounting treatment to operating leases as to financial leases, resulting in higher debt of Euro 1.8 million at 30 June 2019 as a result of the change in standard.

Group equity went from Euro 58.2 million at 31 December 2018 to Euro 59.3 million at 30 June 2019 mainly due to the positive result for the HY.

2. DESCRIPTION OF THE COMPANY'S OPERATING CONDITIONS

The Group has historically been operating in the business of producing and marketing television series and full-length animated movies. For more than five years now, the Company has been focusing on sectors related with its core business, chief among them, especially in perspective, the exploitation of its rights for merchandising purposes. Moreover, the Group and in particular the Parent Mondo TV S.p.A. has changed its production and sales strategy, focusing efforts and investments mainly on new productions with high licensing potential, co-produced with third parties, and on the distribution of third-party libraries.

The reference economic context in HY1 2019, as in the rest of 2018 was characterised by a slight recovery. However, the persistence of the weak advertising sales continued to adversely affect the volume of new investments by general television and sales of licensing and merchandising, especially in Europe, while there is a recovery of interest for the creation of new productions.
The economic crisis of the past years has led to a selection of operators, for which interesting prospects open up for companies today still on the market.

Below is a brief description of the business of the Parent and of the subsidiaries, as well as of the relevant strategic missions:

- the Parent **Mondo TV S.p.A.** emphasised its vocation as a 'strongbox', dedicated to the creation and, to a lesser extent, the acquisition of rights that could be exploited in both the television sector and in the diversified field of ancillary and related rights (licensing and merchandising).

- **Mondo TV France S.A.** produces and coproduces animated television series for French broadcasters and, from a strategic point of view, allows the Mondo TV Group to expand its operations to France and French-speaking countries. The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange). The portion of share capital held by Mondo TV S.p.A. as at June 2019 is about 22%.
  The subsidiary closed HY1 2019 with a loss of Euro 157 thousand and shareholders' equity of Euro 1,931 thousand.

- **Mondo TV Suisse S.A.** realises productions and co-productions of animated television series for customers in the USA, the Middle East, Asia and Russia. Of particular note, among others, is the agreement with Aurora and Netflix for the production of the animated series Yoohoo and Friends.
  The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange). The portion of share capital held by Mondo TV S.p.A. as at June 2019 is about 58%.
  The subsidiary closed HY1 2019 with a profit of Euro 844 thousand and shareholders' equity of Euro 1,830 thousand.

- The mission of **Mondo TV Iberoamerica S.A.** is to sell the television rights of the Group's Library in Spain, Portugal, and South America, and to produce and coproduce live and animated television series in Spanish and Portuguese for TV broadcasters. The company was listed in 2016 on the Mercato Alternativo Bursatil (MAB) on the Madrid Stock Exchange. The portion of share capital held by Mondo TV S.p.A. as at June 2019 is 74%.
  The subsidiary closed HY1 2019 with a loss of Euro 54 thousand and negative shareholders' equity of Euro 106 thousand.

- **Mondo TV Producciones Canarias S.L.U.** incorporated in 2016, is aimed at the realisation of specific phases of production of animated series and, more generally, of television productions, benefiting from the tax advantages recognised by the local authorities. The percentage of investment of Mondo TV S.p.A., through Mondo TV Iberoamerica S.A., which holds 100% of the share capital, is 74%.
  The subsidiary closed HY1 2019 with a profit of Euro 77 thousand and negative shareholders' equity of Euro 69 thousand.

- **Mondo TV Toys S.A.,** incorporated by the Parent Company in HY1 2016, was placed in voluntary liquidation on 26 June 2017. The liquidation phase was completed as at 30 June 2018 and the cancellation of the company from the register of companies is pending. The percentage of investment of Mondo TV S.p.A. is 100%.

The table below summarises the sectors into which Mondo TV Group's business is broken down, indicating the relevant Companies:

The Mondo TV Group	
Company	**Sectors**
Mondo TV S.p.A.	*Production, Distribution, Licensing*
Mondo TV Suisse S.A.	*Production, Distribution*
Mondo France S.A.	*Production*
Mondo TV Iberoamerica S.A.	*Distribution*
Mondo TV Toys S.A.	*Distribution*
Mondo TV Producciones Canarias S.L.U.	*Production*

The television distribution business consists in the selling and/or licensing of television rights relating to the series and

full-length animated movies in the Group's Library.

The main buyers are coproducers, distributors, and over-the-air, cable, and satellite TV broadcasters, either public or private, in Italy and abroad.
Furthermore, the development of new technologies in the multimedia communication field opens new and interesting markets and/or market niches for the Group.
The Group carries out production on its own behalf or, as customary in this business, in partnership with third-party companies that participate in production, bearing part of the costs and/or organisational and production expenses, while the Group is responsible for creative development and governs, de facto, the entire production process.
Production is carried out under the direction and supervision of the Group's management, which uses, in whole or in part and as per standard industry practice, external artists, screenwriters and directors as well as animation studios entrusted with the production of the series and of the full-length animated movies.

In short, the steps in producing a television series are as follows:

Pre-production	Story and characters
	Screenplay
	Basic drawings
	Storyboard
Production	Drawings
	Direction
Post-production	Verification and completion of compositing
	Final editing
	Dialogue track and sound track
	Synchronisation and mixing

Over the last few years, the Group has begun to implement the strategic development line, which provides for:
1. relaunching the animated cartoon production business through the acquisition of new highly marketable co-productions;
2. expanding the range of third parties' products, both in the historical business of cartoons and in relation to live action products for the young audience;
3. strengthening the foreign markets where the Group already operates, and developing new markets, in particular the Chinese and, more in general, the East Asian markets in order to increase their sales;
4. optimising synergies in the audiovisual, licensing and merchandising businesses for the acquisition of new property and for product sales;
5. reorganising internal work, in particular in the production business, for cost reduction and efficiency purposes.

The line of strategic development traced out is that of a gradual growth of the Library accompanied by an increasingly intense and widespread exploitation, both in the conventional sector of the granting of TV rights and in the 'newer' (for the Group) field of related sectors.

3. PRODUCTIONS OF THE HALF-YEAR, MAIN ACQUISITIONS AND SIGNIFICANT EVENTS

3.1 INVESTMENTS IN LIBRARY

In HY1 2019, the typical production activities of the Parent Company Mondo TV continued, as did the acquisitions made by other Group companies; the most significant investments concerned the production of the animated series *"Yoohoo and friends"*, *"Invention Story"*, *"Bat Pat"* and *"Meteo Heroes"*.

Below is a summary of the investments for the HY in library:

Investments in the Library		
(Euro thousands)		
Category	**30.06.2019**	**30.06.2018**
Animated series	9,820	10,998
Live series	197	514
Sub-total of investments in new productions	***10,017***	***11,512***
Temporary licenses – animation	198	0
Temporary licenses – live series	0	195
TOTAL	**10,215**	**11,707**

3.2 ACQUISITION AND ESTABLISHMENT OF NEW COMPANIES

No new companies were acquired or established in 2019.

3.3 SIGNIFICANT EVENTS IN HY1 2019

a) Relations with the Parent Company's main customers

In March, Mondo TV S.p.A. reached settlement agreements with three of the four Asian customers who had sent termination at the end of 2018 in relation to certain existing sales contracts.

The following is a summary of the events related to these customers of the Parent Company that significantly affected 2018 and developments in the first half of 2019.

The main customer of the *"Rowly Powlys"* and *"Dee and Duh"* series (Hong Kong Nine Technology), a few weeks after the passing away on 07 November 2018 of Orlando Corradi, founder of the company and creator and artistic and creative director of these products, made the decision to abandon the aforementioned projects.
Also in November 2018, three major Asian customers (Broadvision Rights Ltd., Hong Kong Yiqi Culture Film & Television Media Co. Ltd. and New Information Tech.) formally communicated their intention to significantly review their investments in the *"Naraka", "Final Fight", "Play Time Buddies", "Beast Keepers", "Partidei"* and *"Adventures in Duckport"* projects, also as a result of the difficulties that have emerged in their reference markets in relation to the exploitation of these products. As a result of the communications from these Asian customers, the company has taken the decision to suspend further investments in these projects, as they now lack adequate economic coverage in terms of expected future revenues, and to start negotiations for the management of the various positions with the relative Asian partners.

The decisions of the Asian partners, together with other minor difficult situations, led to adjustments to asset values totalling around Euro 51.4 million for the Parent Company and around Euro 56.8 million at consolidated level. These value adjustments concerned:

- the library for approximately Euro 28.3 million for the Parent Company and Euro 32.9 million at consolidated level, with the substantial adjustment of the value of investments already made in the current and previous years;
- trade receivables mainly arising from pre-sales made on these projects for a total amount of approximately Euro 23.1 million for the Parent Company and Euro 23.9 million at consolidated level.

With respect to the contractual terminations and suspension of projects, no additional expenses are anticipated in addition to the extraordinary expenses incurred in 2018 and mentioned above; the suspension of these projects will save financial resources that would have been required to complete these projects, thereby allowing for lower capex requirements for future years and consequently easier cash generation in future years.

As previously mentioned, in March, the Parent Company Mondo TV S.p.A. reached settlement agreements with three of the four Asian customers mentioned above.

Specifically, an agreement was entered into with the customer Broadvision Rights Ltd. on 14 March 2019 outlining the following: 1) Broadvision Rights Ltd. complains about delays in deliveries by Mondo TV S.p.A. and disputes the quality of the productions carried out, while Mondo TV S.p.A. fully rejects the objections of Broadvision Rights Ltd.; 2) the definitive cancellation of the third series provided for in the contract and not yet started is established, while as regards the two existing productions, the following is established:

- Mondo TV S.p.A. is entitled to retain the amount already received for the animated series Play time Buddies and will regain full ownership of the distribution rights, while further payments by Broadvision Rights Ltd. will cease for the series in question.
- the animated series *Sissi third season* was halved, passing to 26 episodes, in a format that is in any case very commercial with an investment by Broadvision Rights Ltd. that fell to USD 2,400 thousand (originally USD 4,800 thousand);
- the minimum guaranteed amount of USD 500 thousand that Mondo TV S.p.A. should have paid to Broadvision Rights Ltd. was cancelled.

With regard to relations with Hong Kong Yiqi Culture, the companies have reached a settlement agreement whereby Mondo TV S.p.A. will retain the amount already collected, equal to approximately USD 11,900 thousand for the old library and USD 3,900 thousand for the part relating to the new productions, for a total of USD 15,800 thousand, waiving any further claims, however immediately returning to possession of the rights to exploit both the old library and the new series (*Duckport*, *Partidei* and *Beastkeepers*).
Accordingly, the parties mutually waive their right to take legal action with respect to the contracts governed by the settlement agreement, and the contracts relating to the animated series *Bat Pat* and *Meteo Heroes* shall continue as normal.

With regard to relations with Hong Kong Nine Technology, the companies have reached a settlement agreement that provides for the replacement of the two animated series *Rowly Powly* and *Dee and Doo* with two new animated series currently being negotiated by Mondo TV with third-party co-producers and approved by Hong Kong Nine Technology.

Finally, with regard to relations with New Information Tech, following contract termination, Mondo TV S.p.A. sent a communication to the customer in which it contested the validity of the termination, complaining about delays in payments and reiterating that the contract, which does not provide for a performance guarantee by Mondo TV S.p.A., must be considered to be still in place and therefore invites New Information Tech to fulfil its obligations. Otherwise, Mondo TV will take the necessary action to recover the credit.
In a subsequent reply, New Information Tech. reiterated the validity of the termination, contesting the delays in the production of the two projects that made the commercial exploitation of the two series impossible, reiterating that in the event of a dispute, they would request the restitution of the sums already paid and the relative damages. At present, Mondo TV S.p.A.'s lawyers have been appointed to agree on the action to be taken.

b) Approval of 2019-2023 business plan

In light of the framework set out in the previous paragraph, on 10 December 2018, the Board of Directors of the Parent Company approved the new Business Plan for the five-year period 2019-2023.

The economic and financial objectives at the consolidated level of the Group, confirmed by the same Board of Directors at its meeting of 29 March 2019 in light of the performance in Q1 2019, are summarised below:

	2019	*2020*	*2021*	*2022*	*2023*
Production value	24,471	34,015	38,500	40,750	44,350
EBITDA	14,301	19,936	24,181	28,183	31,525
EBIT	6,768	8,975	11,661	13,954	16,939
Net profit	**4,120**	**5,425**	**7,044**	**8,384**	**10,489**

Compared to the previous plan, the new Business Plan shows a lower level of revenues due to the lower number of productions, but still very high margins and a significantly lower level of capex with a consequent improvement in the financial position.

c) Tax disputes

In HY1, Mondo TV S.p.A. underwent an audit by the Revenue Agency aimed at the offsets made in 2014 with the use of tax credits resulting from the transformation of deferred tax assets. The audit was concluded with the issuance, on 23 May 2019, of an assessment notice highlighting the disputes relating to the year 2014 for an amount of approximately Euro 1.1 million plus penalties and interest.
The same notice contains a communication to the offices and the company regarding the use of the tax credit in other years that could therefore be subject to further audit.

In this regard, it is reiterated, as already stated by Matteo Corradi, CEO of Mondo TV, that the management believes that this notice, which at this time is of a modest amount compared to the company's cash and cash equivalents and net assets, is completely unfounded, lacks any legal basis and was submitted out of time. The same management therefore believes that the company will be able to assert its arguments in court, as already occurred with the notices issued following the 2014 audit, all of which were annulled by the tax commissions of first and second instance, with the Revenue Agency being ordered to pay the costs.

d) Trade agreements

On 20 June 2019, Mondo TV S.p.A. and Mondo TV Suisse S.A. entered into a new strategic cooperation agreement for the development, co-production and distribution of at least eight 3D CGI animated television series over the next four years with German company Toon2Tango GmbH, a new venture founded by Hans Ulrich Stoef, former CEO of m4e and Chair of Studio 100.

The agreement establishes a preferential path for the parties to cooperate in the development and production of new properties, created or discovered by Toon2Tango: the new projects will all be of high quality and will have a strong merchandise appeal and will be targeted to the global market with a special initial focus on European countries and the main broadcasters and relevant digital platforms. As co-producers, the parties will co-own the intellectual property underlying the series produced and will share all revenues from the exploitation of the series.

In terms of distribution, the parties will cooperate on multi-territory agreements but will operate independently in certain countries; specifically in Europe, Toon2Tango will be responsible for distribution in Germany, Austria, Switzerland, the UK and Ireland, Scandinavia and the Benelux, while Mondo will be responsible for distribution in all other European countries. Distribution includes both audiovisual rights and all licensing and merchandising rights.

The parties are already currently evaluating three projects in order to select the ones that will enter into future development and production.

e) Other significant events

On 15 March 2019, the first 26 episodes of the animated series Yoohoo and Friends were available globally on the Netflix platform.

4. INFORMATION ON SHAREHOLDERS AND THE SHARE PRICE

The Parent Company Mondo TV S.p.A.'s shareholding structure as at 30 June 2019 was as follows:

Largest shareholders

		no. of shares	%
Giuliana Bertozzi*		7,069,899	19.42%
Matteo Corradi*		2,325,924	6.39%
Monica Corradi*		2,030,092	5.57%
Riccardo Corradi*		2,130,092	5.85%
	Sub-total	**13,556,007**	**37.23%**
Other shareholders		22,858,205	62.77%
	Total	**36,414,212**	**100.00%**

* Heirs Orlando Corradi

The issuer is unaware of the existence of shareholders' agreements as described in art. 122 of the Consolidated Finance Act (TUF, Testo Unico della Finanza); the Shareholders' Meeting did not delegate any powers to increase the share capital, issue bonds, or purchase treasury shares.
No agreements exist between the companies and the directors regarding any severance pay for the corporate bodies in case of resignation or dismissal without just cause or termination of employment following a takeover bid.

With regard to the performance of the share price, there was a decrease in the value of the share price in the first six months of the year with a value at 28 June 2019 of 1.071

As of 12 September 2019, the stock was valued at Euro 1.2 per share, with a market capitalisation of approximately Euro 43.7 million.

5. HIGHLIGHTS

Reported below are the equity, financial and economic figures of the Mondo TV Group reclassified and compared with the figures of the previous year in the case of equity-financial figures and the previous period for economic figures.

Reclassified condensed consolidated statement of financial position		
(Euro thousands)	**30.06.2019**	**31.12.2018**
Non-current fixed assets	**53,121**	**45,997**
Current assets	32,121	24,771
Current liabilities	(27,555)	(22,137)
Net working capital	**4,566**	**2,634**
Non-current liabilities	**(597)**	**(611)**
Invested capital	**57,090**	**48,020**
Net financial position	1,702	8,065
Shareholders' equity	**58,792**	**56,110**
Non-controlling interests	(544)	(2,071)
Equity attributable to owners of the Parent	**59,336**	**58,181**

Reclassified condensed consolidated income statement		
(Euro thousands)	**HY1 2019**	**HY1 2018**
Revenues	11,003	16,131
Capitalisation of internally produced animated series	1,784	1,130
Operating costs	(5,029)	(4,325)
EBITDA	**7,758**	**12,936**
Amortisation and depreciation, impairment, and provisions	(4,496)	(3,981)
EBIT	**3,262**	**8,955**
Net finance income (expenses)	(78)	497
Profit (loss) of the period before tax	**3,184**	**9,452**
Income tax expense	(1,153)	(2,824)
Net profit (loss) for the period	**2,031**	**6,628**
Profit (loss) for the year attributable to non-controlling interests	10	(182)
Profit (loss) attributable to owners of the Parent	**2,021**	**6,810**

Consolidated net financial position		
(Euro thousands)	**30.06.2019**	**31.12.2018**
Cash and cash equivalents	10,534	12,463
Current financial payables due to banks	(3,808)	(3,007)
Financial payables for IFRS 16 application	(659)	(69)
Net current financial position	**6,067**	**9,387**
Financial payables for IFRS 16 application	(1,146)	0
Non-current payables due to banks	(3,219)	(1,322)
Net non-current financial position	**(4,365)**	**(1,322)**
Net financial debt as per comm. Consob DEM/6064293	**1,702**	**8,065**
Non-current receivables due from third parties	0	0
Consolidated net financial position	**1,702**	**8,065**

Key financial ratios		
	HY1 2019	**HY1 2018**
ROI (EBIT/invested capital)	5.72%	9.64%
ROS (EBIT/revenues)	29.65%	55.51%
ROE (profit for the year/equity)	3.41%	7.35%
Equity to non-current assets ratio (cons. equity+equity/NCA)	1.12	1.71
NFP/equity	0.03	0.00

Management uses the items indicated in the above reclassified Group's statements in assessing the company's performance. These measures are in part taken from the financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Fixed assets: the item consists of intangible assets, property, plant and equipment, rights of use on leased assets and deferred tax assets.
Current assets: the item consists of trade receivables, tax assets, and other current assets.
Current liabilities: the item consists of trade payables, tax liabilities, and other short-term liabilities and provisions.
Non-current liabilities: the item consists of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the item consists of current and non-current financial receivables, cash and cash equivalents, current and non-current financial payables and current and non-current financial payables on leased assets.
Revenues: the item consists of revenues from sales and services and other revenues.
Operating costs: the item consists of costs for consumption of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the item consists of amortisation and impairment of intangible assets, depreciation and impairment of tangible assets, and the allowance for doubtful debts.
Current financial payables due to banks: their composition is detailed in note 15.
Non-current payables due to banks: their composition is detailed in note 15.
Financial payables on leased assets: their composition is detailed in note 15.

The items mentioned above, such as **EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the

Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.

The above data and ratios show a positive equity, economic and financial situation in line with the new approved business plan.

6. INFORMATION ON MAIN RISKS AND UNCERTAINTIES

The Group is implementing the strategic line defined in the Business Plan approved by the Board of Directors on 10 December 2018, through the acquisition of new productions oriented towards licensing and the internationalisation of the Group.

In conformity with article 154-ter, paragraph 4, of the Consolidated Finance Act, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

6.1 Financial risks

The Group's financial instruments consist in the credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Group's operations. The Group has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

a) Credit risk
b) Liquidity risk
c) Exchange rate risk
d) Interest rate risk

a) Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
The positions for which a risk of partial or total non-collectability is noted, are subject to individual impairment.
Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account both the reliability of the individual customers, and the high distribution of credit risk.

b) Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected. In this regard, in order to be best protected against these risks, the Mondo TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

At 30 June 2019, the Group had a positive net financial position of Euro 1.7 million.

The following table shows the breakdown of Mondo TV Group's credit lines, expressed in millions of Euro, made available by banks as at 30 June 2019:

(Values in Euro millions)

Bank	Cash	Trade	Loans	Total

UBS	0	1	0	**1**
Credit Suisse	0	0.25	0	**0.25**
Raiffeisen	0	0	2.3	**2.3**
CREDEM	0	0.4	0	**0.4**
CREDEM FACTORING	0	1	0	**1**
SIMEST	0	0	0.1	**0.1**
Veneto Banca	0	0	0.2	**0.2**
Total	**0**	**2.65**	**2.6**	**5.25**

c) Exchange rate risk

The Group has an exposure arising from currency transactions (US Dollars). Such exposure is generated mainly by library sales, production contracts and licenses purchases.

The exchange rate risk is managed by keeping part of cash in US Dollars, normally enough to settle the debts and commitments in dollars.

d) Interest-rate risk

The interest rate fluctuations influence the cash flows, the market value of the company's financial assets and liabilities, and the level of the net finance income (expenses).

The Group's financial debt is regulated by variable interest rates, in particular the Euribor plus a variable spread.

Considering its financial exposure, the Group is subject to interest rate risk to a moderate extent.

Other information

The carrying amount of short-term financial assets and liabilities is a reasonable approximation of the fair value and therefore it was unnecessary to measure the fair value.

Information on the volume and detail of revenues, costs, profits or losses generated by the financial instruments is provided in the table of financial expenses and income while information relating to the Group's net financial position is reported in the paragraph "Highlights" above.

6.2 Risks associated with dependency on Key Managers

Some members of the Corradi family and some managers of the Subsidiaries have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.

In particular, some members of the Corradi family have a significant role in the management of the business of the company Mondo TV S.p.A.

Neither the members of the Corradi family nor other managers of the Subsidiaries have entered into sole-agency or non-compete agreements with the Group's companies.

6.3 Risks associated with the commercial exploitation of intellectual property rights of third parties

The Group's revenue may be influenced by factors, independent of the Group companies, that affect the availability and the commercial exploitation of third-parties' property, the subject of the series. Should these factors occur, they could cause earnings expectations to be revised down, negatively affecting the Group's performance, financial position and cash flows.

6.4 Risks associated with legal disputes

As at 30 June 2019, there were no significant legal disputes outstanding for which the Group may incur significant charges.

6.5 Risks associated with the fiscal position of the Parent Company

a) 2014 tax audit

In the year 2014, the Parent Company was subject to a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlighted several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the company received two assessment notices on 9 October 2015:

- the first notice refers to IRES for 2010. The higher tax ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.
  The company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010. The higher IRAP ascertained is equal to Euro 0.2 million plus interest, while the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.
  The company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million.

In July 2017, the Rome Provincial Tax Department fully accepted the appeal filed by the Company against the assessment notices related to 2010. The first instance ruling was then upheld by the Regional Tax Department for Lazio in July 2018. Therefore, the judgement concluded positively for the Company, as no appeal was filed with the Court of Cassation by the Revenue Agency.

In the grounds on which the appeal was upheld, the Tax Commission substantially confirmed the position of the Board of Directors of the Company that considered the hypothesis of losing “scarcely probable” and therefore did not proceed with any provision in the financial report of previous years in relation to the above position.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified assessment notices to the Parent Company:

- the first notice refers to VAT and IRAP; the higher VAT ascertained amounts to Euro 536 thousand plus interest, while the penalties amount to Euro 603 thousand; no higher was IRAP ascertained.
  On 16 February 2017, the company filed an appeal against the notice of assessment notified to the Revenue Agency.
  On 8 May 2018, the Rome Provincial Tax Department fully upheld the appeal filed by the Company against the assessment notice for the portion relating to 2011 VAT and IRAP.

- The second notice refers to IRES for 2011; the higher IRES ascertained amounts to Euro 724 thousand plus interest, while the penalties amount to Euro 651 thousand.

For this second notice, the company filed a petition for recalculation to offset losses and reduce penalties, and then appealed the outcome of the recalculations; the appeal filed by the company with the CTP (Provincial Tax Department) was upheld with a ruling filed on 9 April 2019 (no appeal has been served to date).

In relation to the financial year 2012, on 24 October 2017, the Revenue Agency notified the Parent Company of the assessment notice disputing a lower loss for the year for Euro 100 thousand and higher VAT for Euro 21 thousand, plus interest and penalties. The company appealed against the Revenue Agency in December 2017. The appeal filed by the company with the CTP was upheld with a ruling filed on 6 May 2019 (no appeal has been served to date).

In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the consequent Notices of Assessment notified, the Directors, also comforted by the judgements issued and the opinion of the specially appointed consultants, deem scarcely likely that the company may lose in this dispute, and therefore, consistent with the assessments made in the financial report of previous years, no provision was made at 30 June 2019.

b) 2019 tax audit

In HY1, Mondo TV S.p.A. underwent an audit by the Revenue Agency aimed at the offsets made in 2014 with the use of tax credits resulting from the transformation of deferred tax assets. The audit was concluded with the issuance, on 23 May 2019, of an assessment notice highlighting the disputes relating to the year 2014 for an amount of approximately Euro 1.1 million plus penalties and interest.
The same notice contains a communication to the offices and the company regarding the use of the tax credit in other years that could therefore be subject to further audit.

In this regard, it is reiterated, as already stated by Matteo Corradi, CEO of Mondo TV, that the management believes that this notice, which at this time is of a modest amount compared to the company's cash and cash equivalents and net assets, is completely unfounded, lacks any legal basis and was submitted out of time. The same management therefore believes that the company will be able to assert its arguments in court, as already occurred with the notices issued following the 2014 audit, all of which were annulled by the tax commissions of first and second instance, with the Revenue Agency being ordered to pay the costs.

7. HUMAN RESOURCES AND RESEARCH AND DEVELOPMENT ACTIVITIES

As at 30 June 2019, the Group had 49 employees, of which 4 executive and 45 white-collar workers and middle managers, unchanged compared to 31 December 2018. The breakdown of employees by company is as follows: Mondo TV S.p.A. 26 employees, Mondo TV France S.A. 4 employees, Mondo TV Suisse 3 employees and Mondo TV Iberoamerica Group 16 employees.

The Group has a moderate turnover rate.

No serious work accidents occurred and no charges for occupational illness or mobbing were reported in any company of the Group during the HY.

The Group conducts research and development activities for the purpose of launching new products, selecting and developing stories and characters also by means of tests carried out in partnership with childhood sociologists.

8. TREASURY SHARES

The Parent does not hold treasury shares, either directly or through subsidiaries, trust companies or nominees

9. SIGNIFICANT EVENTS AFTER HY END

To date, there have been no events after 30 June 2019 such as to make the current financial position substantially different from that resulting from the balance sheet at that date or to require adjustments or supplementary notes to the financial statements.

In July, the subsidiary Mondo TV France S.A. requested the issue of the last 3 tranches of Atlas convertible bonds for a total counter-value of Euro 750 thousand, which will be fully converted into shares as at the date of this report.

The subsidiary Mondo TV Iberoamérica, has launched a capital increase of Euro 3.5 million that will begin Monday, 16 September, with the aim of restoring equity and financial equilibrium and allow the development of its business plan through new investments.

10. RELATED-PARTY TRANSACTIONS

10.1 Related Parties

The Mondo TV Group engages in significant transactions with related parties, the complete list of which is reported in Annex 5. These transactions are at arm's length and have three different origins:

- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders.

The table below shows the costs and financial payables associated with the above-mentioned transactions.

(Euro thousands)	Receivables as at 30.06.2019	Cost 2019	Payables as at 30.06.2019	Rights of use IFRS 16 30.06.2019	Financial payables IFRS 16 30.06.2019	Nature of the transactions
Remuneration of directors and executives						
Matteo Corradi	0	91	13	0	0	Chair and CEO
Monica Corradi	0	46	0	0	0	Director
Aurelio Fedele	0	10	10	0	0	Independent Director
Angelica Mola	0	6	6	0	0	Independent Director
Carlo Marchetti	0	83	18	0	0	Director
Total	**0**	**236**	**47**	**0**	**0**	
Real-estate and service companies						
Trilateral Land S.r.l.	0	203	87	1,300	1,481	Office leasing
Total	**0**	**439**	**134**	**1,300**	**1,481**	

* Of which Euro 48 thousand as executive compensation, Euro 7 thousand as a director of Mondo TV, Euro 5 thousand as a director of Mondo TV France and 5 thousand as director of Mondo TV Iberoamerica.

Below is a brief description of relationships with Directors and Key Managers within the Company and other related parties:

Matteo Corradi is Chair (since 30 April 2018) and CEO of Mondo TV S.p.A., Board Director of Mondo TV Iberoamerica, Chair of the Board of Directors of Mondo TV France, Non-Executive Board Director of Mondo TV Suisse.

Carlo Marchetti is Board Director and Head of Financial Reporting of Mondo TV S.p.A., and is also Board Director of Mondo TV France and Mondo TV Iberoamerica.

Monica Corradi is Board Director of Mondo TV S.p.A. and also carries out specific assignments on behalf of the Board of Directors.

Aurelio Fedele and Angelica Mola are Independent Directors and members of certain committees of Mondo TV S.p.A. appointed on 30 April 2018.

Trilateral Land S.r.l. leases some offices to Mondo TV S.p.A. and has as its Sole Director Matteo Corradi.

The consolidated financial statements showing related parties pursuant to CONSOB resolution no. 15519 of 28/07/2006 include the consolidated financial statements prepared in accordance with the CONSOB resolution showing transactions with related parties and the relative impact on the various items of the condensed half-year consolidated financial statements.

10.2 Intra-Group Transactions

As for the transactions between the Parent and the other companies of the Group, and also those between the latter without the involvement of the Parent, first it should be noted that the various companies' operations tend to be integrated, as in this industry companies belonging to the same media group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies

for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.

All transactions between the various companies of the Group were at arm's length, involved specific governance procedures for the related implementation resolution and were derecognized as part of the consolidation procedure in accordance with the ordinary accounting rules.

Below is a brief description of transactions within the Mondo TV Group and derecognized in the half-year consolidated financial report as at 30 June 2019.

Transactions between the Parent and Mondo Iberoamerica S.A.

Mondo TV Iberoamerica distributes the library of Mondo TV S.p.A. in Spain and South America and acquires live fiction for subsequent sale via Mondo TV S.p.A. in Italy.

In previous years, Mondo TV S.p.A. granted interest-bearing loans to the subsidiary for the production of the live series *Heidi* and for the financial support of its cash requirements; this loan has a term of three years and is remunerated at a rate equal to three-month Euribor increased by 3%; at 30 June 2019, it amounted to Euro 4,280 thousand; the net decrease compared to 31 December 2018 (Euro 5,235 thousand) is due to the renunciation made by the Parent Company in order to strengthen the subsidiary's equity.

Transactions between the Parent and Mondo TV Suisse S.A.

Transactions between the Parent Company and the subsidiary mainly refer to the costs charged by the Parent Company in relation to the production of the animated series acquired by the subsidiary, the executive production of which was entrusted to the Parent Company under a framework agreement signed between the parties in early 2015 for the provision of services related to the production of audiovisual animation programs.

In particular, the framework contract is regarding the allocation of productions between Mondo TV Suisse S.A. and the Parent Company for entrustment to the latter the assignment to realize the production processing phases of Mondo TV Suisse S.A. by its customers. The processing phases may include all or some of the pre-production, executive production and post-production processing as normally meant in the animation industry.

The framework contract has a duration of 12 months and is automatically renewed at each expiration date.

The fee for the execution of the services and provisions provided for in the framework agreement is equal to the amount entrusted by its customers to Mondo TV Suisse S.A. reduced by 15%. All costs and expenses incurred in relation to the realization of the productions are the responsibility of the Parent Company.

In the first half of the year, Mondo TV carried out work for Mondo TV Suisse relating to the production of animated series for a total of Euro 177 thousand.

As at 30 June 2019, Mondo TV S.p.A. had payables to Mondo TV Suisse totalling Euro 983 thousand.

Transactions between the Parent and Mondo TV France S.A.

Mondo TV S.p.A. distributes the library of Mondo TV France in certain territories, such as Africa and the Middle East.

There were no significant transactions during the first half of 2019.

Mondo TV Producciones Canarias S.L.U.

In HY1, pre-production activities were carried out on behalf of Mondo TV S.p.A. for some animated series for a total amount of Euro 487 thousand, which constitute an intangible asset for Mondo TV S.p.A.

11. STATEMENT OF RECONCILIATION OF CONSOLIDATED EQUITY WITH THE FIGURES OF THE PARENT COMPANY

The reconciliation of the Parent's period result and equity as at 30 June 2019 and that of the Group equity as at the same date is summarised in the table below:

(Euro thousands)	Income Statement	Shareholders' equity
Mondo TV S.p.A. Individual Financial Statements	**2,172**	**62,154**
Individual data of the subsidiaries	710	3,437
Eliminations of the carrying amount of net equity investments	0	(3,538)
Elimination of capitalized intra-group revenues and deferrals	(439)	(3,261)
Attribution of subsidiaries' equity to non-controlling interests	(10)	544
Consolidated Financial Statements	**2,021**	**59,336**

12. BUSINESS OUTLOOK

The Company is implementing the strategic line confirmed in the business plan approved on 10 December 2018 through the acquisition of new productions oriented towards licensing and the internationalisation of the Group.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2019

FINANCIAL STATEMENTS AND NOTES

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF FINANCIAL POSITION

(Euro thousands)	Notes	30/06/2019	31/12/2018
Non-current assets			
- Intangible rights	*7*	*37,000*	*30,888*
- Other intangible assets	*7*	*37*	*29*
Intangible assets	7	37,037	30,917
Tangible assets	7	265	369
Rights of use on leased assets	8	1,648	0
Deferred tax assets	9	14,140	14,680
Receivables	10	31	31
		53,121	**45,997**
Current assets			
Trade receivables	10	28,093	20,622
Tax assets	9	3,628	3,688
Other assets	11	401	462
Cash and cash equivalents	12	10,534	12,463
		42,656	**37,235**
Total assets		**95,777**	**83,232**
- Share capital		*18,207*	*18,207*
- Share premium provision		*30,778*	*45,868*
- Legal reserve		*3,062*	*3,062*
- Other reserves		*8,757*	*9,774*
- Retained earnings (losses)		*(3,489)*	*20,784*
- Profit (loss) for the year		*2,021*	*(39,514)*
Equity attributable to owners of the Parent		59,336	58,181
Non-controlling interests		(544)	(2,071)
Total equity	13	**58,792**	**56,110**
Non-current liabilities			
Provision for post-employment benefits	14	531	545
Deferred tax liabilities	9	66	66
Financial payables	15	3,218	1,322
Non-current financial payables on leased assets	15	1,146	0
		4,961	**1,933**
Current liabilities			
Provisions for risks and charges	14	27	27
Trade payables	15	26,519	21,631
Financial payables	15	3,809	3,007
Current financial payables on leased assets	15	659	69
Tax liabilities	9	1,010	455
		32,024	**25,189**
Total liabilities		**36,985**	**27,122**
Total liabilities + equity		**95,777**	**83,232**

SEPARATE INCOME STATEMENT

(Euro thousands)	Notes	HY1 2019	HY1 2018
Revenue from sales and services	20	10,965	16,061
Other income	20	38	70
Capitalisation of internally produced animated series	21	1,784	1,130
Raw materials, consumables and goods	22	(23)	(33)
Personnel costs	23	(2,046)	(1,845)
Amortisation and impairment of intangible assets	24	(4,103)	(3,405)
Depreciation and impairment of tangible assets	24	(54)	(66)
Amortisation of rights of use	24	(289)	0
Allowance for doubtful debts	24	(50)	(510)
Other operating costs	25	(2,960)	(2,447)
EBIT		**3,262**	**8,955**
Financial income	26	222	1,121
Financial expenses	26	(300)	(624)
Profit (loss) of the period before tax		**3,184**	**9,452**
Income tax expense	27	(1,153)	(2,824)
Net profit for the period		**2,031**	**6,628**
Profit (loss) for the year attributable to non-controlling interests		10	(182)
Profit (loss) attributable to owners of the Parent		**2,021**	**6,810**
Earnings per share (basic and diluted)		**0.06**	**0.22**

STATEMENT OF COMPREHENSIVE INCOME

(Euro thousands)	HY1 2019	HY1 2018
Net profit (loss) for the year	2,031	6,628
Sale of subsidiary shares charged to equity	791	140
Total net profit	**2,822**	**6,768**
Total profit (loss) attributable to non-controlling interests	1,531	(73)
Total profit (loss) attributable to the Group	**1,291**	**6,841**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2018

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium provision	Other reserves	Profit (loss) for the year	Attributable to owners of the Parent	Non-controlling interests	Total equity
Consolidated Financial Statements as at 31.12.2017	**15,308**	**2,642**	**7,967**	**27,767**	**10,639**	**12,817**	**77,140**	**569**	**77,709**
Atlas capital increase	1,124			7,876	(415)		8,585		8,585
Items of comprehensive income for the year:									
Allocation of profit (loss) for the year 2017		419	12,398			(12,817)	-		-
Disposal of shares of subsidiaries					140		140	109	249
Translation reserve Mondo TV Suisse and Toys					36		36		36
Result for the period						6,810	6,810	(182)	6,628
Consolidated Financial Statements as at 30.06.2018	**16,432**	**3,061**	**20,365**	**35,643**	**10,400**	**6,810**	**92,711**	**496**	**93,207**

Changes in equity HY1 2019

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium provision	Other reserves	Profit (loss) for the year	Attributable to owners of the Parent	Non-controlling interests	Total equity
Consolidated Financial Statements as at 31.12.2018	**18,207**	**3,061**	**20,365**	**45,868**	**10,194**	**(39,514)**	**58,181**	**(2,071)**	**56,110**
Adoption IFRS 16			(146)				**(146)**	(4)	**(150)**
Adjusted balance as of 1 January 2019	**18,207**	**3,061**	**20,219**	**45,868**	**10,194**	**(39,514)**	**58,035**	**(2,075)**	**55,960**
Items of comprehensive income for the year:									-
Allocation of loss for the year 2018			(23,708)	(15,090)	(716)	39,514	-		-
Transactions subsidiary shares					(731)		(730)	1,521	791
Translation reserve Mondo TV Suisse					11		11		11
Other changes					(1)		(1)		(1)
Result for the period						2,021	2,021	10	2,031
Consolidated Financial Statements as at 30.06.2019	**18,207**	**3,061**	**(3,489)**	**30,778**	**8,757**	**2,021**	**59,336**	**(544)**	**58,792**

For further information on Group equity, reference should be made to note 13.

CONSOLIDATED CASH FLOW STATEMENT			
(Euro thousands)	**HY1 2019**	**HY1 2018**	**Change**
A. OPENING CASH AND CASH EQUIVALENTS	**12,463**	**2,408**	**10,055**
Group profit (loss) of the period	2,021	6,810	(4,789)
Profit (loss) for the year attributable to non-controlling interests	10	(182)	192
Total profit (loss) of the period	2,031	6,628	(4,597)
Depreciation, amortisation and impairment	4,496	3,981	515
Net change in provisions	(14)	33	(47)
Cash flow from (used in) operating activities before changes in working capital	**6,513**	**10,642**	**(4,129)**
(Increase) decrease in trade receivables	(5,686)	(13,765)	8,079
(Increase) decrease in inventories	0	0	0
(Increase) decrease in tax assets	661	1,964	(1,303)
(Increase) decrease in other assets	61	(133)	194
Increase (decrease) in trade payables	3,053	5,268	(2,215)
Increase (decrease) in tax liabilities	555	1,020	(465)
Increase (decrease) in other liabilities	0	72	(72)
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**5,157**	**5,068**	**89**
(Acquisition) / Disposal of			
- Intangible assets	(10,413)	(11,722)	1,309
- Tangible assets	(49)	(72)	23
- Rights of use on leased assets	(1,648)	0	(1,648)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(12,110)**	**(11,794)**	**(316)**
Capital increase	590	8,870	(8,280)
Increase (decrease) in financial payables	4,434	7,352	(2,918)
Interest paid	0	(86)	86
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**5,024**	**16,136**	**(11,112)**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**(1,929)**	**9,410**	**(11,339)**
F. CLOSING CASH AND CASH EQUIVALENTS	**10,534**	**11,818**	**(1,284)**

CONSOLIDATED FINANCIAL STATEMENTS PROVIDING RELATED PARTY DISCLOSURES PURSUANT TO CONSOB RESOLUTION 15519 OF 28/07/2006

In compliance with Consob Resolution 15519 of 28 July 2006 "Provisions on financial statements", in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
(Euro thousands)	30.06.2019	Related parties	31.12.2018	Related parties
Non-current assets				
- Intangible rights	*37,000*		*30,888*	
- Other intangible assets	*37*		*29*	
Intangible assets	37,037		30,917	
Tangible assets	265		369	
Rights of use on leased assets	1,648	1,300	0	
Deferred tax assets	14,140		14,680	
Receivables	31		31	
	53,121		**45,997**	
Current assets				
Trade receivables	28,093	0	20,622	32
Tax assets	3,628		3,688	
Other assets	401		462	
Cash and cash equivalents	10,534		12,463	
	42,656		**37,235**	
Total assets	**95,777**		**83,232**	
- Share capital	*18,207*		*18,207*	
- Share premium provision	*30,778*		*45,868*	
- Legal reserve	*3,062*		*3,062*	
- Other reserves	*8,757*		*9,774*	
- Retained losses	*(3,489)*		*20,784*	
- Profit (loss) for the year	*2,021*		*(39,514)*	
Equity attributable to owners of the Parent	59,336		58,181	
Non-controlling interests	(544)		(2,071)	
Total equity	**58,792**		**56,110**	
Non-current liabilities				
Provision for post-employment benefits	531		545	
Provisions for risks and charges	0		0	
Deferred tax liabilities	66		66	
Financial payables	3,218		1,322	
Non-current financial payables on leased assets	1,146	1,062	0	
	4,961		**1,933**	
Current liabilities				
Provisions for risks and charges	27		27	
Trade payables	26,519	134	21,631	31
Financial payables	3,809		3,007	
Current financial payables on leased assets	659	419	69	

Tax liabilities	1,010	455
Other liabilities	0	0
	32,024	**25,189**
Total liabilities	**36,985**	**27,122**
Total liabilities + equity	**95,777**	**83,232**

CONSOLIDATED INCOME STATEMENT

(Euro thousands)	HY1 2019	of which with related parties	HY1 2018	of which with related parties
Revenue from sales and services	10,965		16,061	
Other income	38		70	
Capitalisation of internally produced animated series	1,784		1,130	
Raw materials, consumables and goods	(23)		(33)	
Personnel costs	(2,046)	(48)	(1,845)	(48)
Amortisation and impairment of intangible assets	(4,103)	(187)	(3,405)	
Depreciation and impairment of tangible assets	(54)		(66)	
Amortisation of rights of use	289		.	
Allowance for doubtful debts	(50)		(510)	
Other operating costs	(2,960)	(188)	(2,447)	(469)
EBIT	**3,262**		**8,955**	
Finance income	222		1,121	
Financial expenses	(300)	(16)	(624)	
Profit (loss) of the period before tax	**3,184**		**9,452**	
Income tax expense	(1,153)		(2,824)	
Net profit for the period	**2,031**		**6,628**	
Profit (loss) for the year attributable to non-controlling interests	10		(182)	
Profit (loss) attributable to owners of the Parent	**2,021**		**6,810**	

STATEMENT OF COMPREHENSIVE INCOME

(Euro thousands)	HY1 2019	HY1 2018
Net profit (loss) for the year	2,031	6,628
Sale of subsidiary shares charged to equity	791	140
Total net profit	**2,822**	**6,768**
Total profit (loss) attributable to non-controlling interests	1,531	(73)
Total profit (loss) attributable to the Group	**1,291**	**6,841**

CONSOLIDATED CASH FLOW STATEMENT WITH RELATED PARTIES

(Euro thousands)	HY1 2019	related parties	HY1 2018	related parties
A. OPENING CASH AND CASH EQUIVALENTS	12,463		2,408	
Group profit (loss) of the period	2,021	-	6,810	-
Profit (loss) for the year attributable to non-controlling interests	10	-	(182)	-
Total profit (loss) of the period	2,031	-	6,628	-
Depreciation, amortisation and impairment	4,496	-	3,981	-
Net change in provisions	(14)	-	33	-
Cash flow from (used in) operating activities before changes in working capital	6,513		10,642	
(Increase) decrease in trade receivables	(5,686)	32	(13,765)	(14)
(Increase) decrease in inventories	0	-	0	-
(Increase) decrease in tax assets	661	-	1,964	-
(Increase) decrease in other assets	61	-	(133)	-
Increase (decrease) in trade payables	3,053	103	5,268	35
Increase (decrease) in tax liabilities	555	-	1,020	-
Increase (decrease) in other liabilities	0	-	72	-
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,157		5,068	
(Acquisition) / Disposal of				
- Intangible assets	(10,413)	-	(11,722)	-
- Tangible assets	(49)	-	(72)	-
- Rights of use on leased assets	(1,648)	(1,300)		
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(12,110)		(11,794)	
Changes in capital	590	-	8,870	-
Increase (decrease) in financial payables	4,434	1,481	7,352	-
Interest paid	0	-	(86)	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	5,024		16,136	
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	(1,929)		9,410	
F. CLOSING CASH AND CASH EQUIVALENTS	10,534		11,818	

OPERATING SEGMENTS

No segment other than the animation segment can be considered as a reportable segment at this time, nor does

management use additional reporting with the characteristics applied to "operating segment" as provided for by IFRS 8.

The table below provides, comparative for HY1 2019 and 2018, the breakdown of Group revenues by geographical area. The allocation of revenue to a specific geographical area solely on the basis of the purchaser's nationality. Thus, the geographical distribution of rights sold was not taken into account.

Distribution/ allocation of revenue by geographical area

(Euro thousands)	**HY1 2019**		**HY1 2018**		**Difference**	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	144	1%	1,052	7%	(908)	(86%)
Europe	1,631	15%	329	2%	1,302	396%
Asia	8,198	75%	14,394	90%	(6,196)	(43%)
Americas	992	9%	226	1%	766	339%
Africa	0	0%	60	0%	(60)	(100%)
Total revenue	**10,965**	**100%**	**16,061**	**100%**	**(5,096)**	**(32%)**

As envisaged in the new business plan, the Group is rebalancing the geographical breakdown of revenues, with a decrease in Asia and an increase in Europe and America; this trend will continue in the coming years.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2019

Note 1 Introduction

The Group is formed by the Parent Company Mondo TV S.p.A., a joint-stock company registered with the Rome Companies Register, listed on the Italian Stock Exchange (STAR segment), and the following companies subject to direct and/or indirect control:

- Mondo TV France S.A., based in Paris listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A.;
- Mondo TV Suisse S.A., based in Lugano, also listed on the AIM Italy/Alternative Capital Market;
- Mondo TV Iberoamerica S.A., based in Madrid, since December 2016, listed on the Mercato Alternativo Bursatil (MAB) on the Madrid stock exchange;
- Mondo TV Toys S.A., based in Lugano, incorporated in 2016 and placed in voluntary liquidation on 26 June 2017;
- Mondo TV Producciones Canarias S.L.U., based in Tenerife, also incorporated in 2016 (controlled indirectly through Mondo TV Iberoamerica S.A.).

For the investments in Mondo TV France S.A., Mondo TV Suisse S.A. and Mondo TV Iberoamerica S.A., the following is the summary of the share price and market capitalisation as at 30 June 2019.

Company Name	% Investment	Share value 30/06/2019	Number of shares	Capitalization Mkt Euro/000	MTV Mkt Share Euro/000
Mondo TV France	22%	0.023	157,959,390	3,633	799
Mondo TV Iberoamerica	74%	0.25	10,692,532	2,968	2,196
Mondo TV Suisse	58%	0.78	10,000,000	7,800	4,524

The main activities of the company and its subsidiaries are described in the interim report on operations.

The condensed half-year consolidated financial statements as at 30 June 2019 of the Mondo TV Group were approved by the Board of Directors on 13 September 2019, which authorised publication thereof on the same date.

The condensed half-year consolidated financial statements as at 30 June 2019 are expressed in Euro (€) as the functional currency with which the Group operates. Operations abroad are included in compliance with the standards indicated in the following notes. All the amounts included in these condensed half-year consolidated financial statements are expressed in thousands of Euro, unless otherwise indicated.

With respect to the comparative balance sheet balances in the consolidated financial statements for the year ended 31 December 2018, in order to improve disclosure, the amount of Euro 69 thousand in the 2018 financial statements has been restated from the item short-term "financial payables" to the item "current financial payables on leased assets" with no impact on the 2018 financial position.

The condensed half-year consolidated financial statements as at 30 June 2019 are subject to limited audit by BDO Italia S.p.A.

Note 2 Scope of consolidation

The condensed half-year consolidated financial statements of Mondo TV S.p.A. as at 30 June 2019 include the half-year financial statements of the Parent Mondo TV S.p.A. and the half-year financial statements of all its subsidiaries.
For the preparation of the condensed half-year consolidated financial statements, use has been made of the financial statements of the consolidated companies prepared by the respective Boards of Directors. The financial statements

prepared by the subsidiaries have been adjusted, where necessary, by the Parent Company to make them adherent to the IFRS adopted by the Mondo TV Group.

There were no changes in the scope of consolidation in either the first half of 2019 or the same period in 2018.

Annex no. 4 of this Financial Report lists the companies included in the scope of consolidation, with indication of the consolidation methodology applied.

Note 3 Business continuity

The condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared on a going concern basis as there is a reasonable expectation that Mondo TV will continue as a going concern for the foreseeable future (and in any event with a time horizon of more than twelve months).
In particular, the main risks and uncertainties to which the Group is exposed and the mix between risk capital and debt capital were taken into consideration.
The Directors, while considering some elements or circumstances (already taken into consideration in the preparation of the financial statements as at 31 December 2018) that may give rise to doubts on the assumption of business continuity, believe that the parent company Mondo TV S.p.A. and the Group as a whole have adequate financial strength and adequate resources to continue operating in the foreseeable future and, consequently, have adopted the going concern basis for the preparation of the interim financial statements as at 30 June 2019.

The elements of risk and uncertainty have been carefully assessed and compared with the programs and initiatives implemented by the Group to mitigate/neutralise them. In particular, the following are noted:

a) in December, the Board of Directors set the strategic objectives of the new five-year business plan, reconfirmed by the same Board of Directors at its meeting of 29 March 2019, adopting a new business model. The economic and financial targets set in the plan, based on the information available at the date of this report, are consistent with the preliminary figures for the year.
b) The significant loss for the year incurred by the Parent Company in the 2018 financial year is attributable to non-recurring negative income components reflected in the allowance for doubtful debts (Euro 23,115 thousand) and impairment of intangible assets (Euro 28,296 thousand). It should be noted that in FY 2019 but also in FY 2018, the Company showed positive operating results taking into account the quality of the productions.
c) The company has adopted a careful policy of rationalisation of resources and initiatives aimed at containing costs: in the last three years, the focus has been placed on the renegotiation of the main supply contracts and consequently also on the improvement of purchasing processes and management of resources; a plan for the revision of fixed structural costs has also been implemented.
d) Initiatives have been taken in relation to the management of the company's receivables: the internal control system relating to the management of accounts receivable has been strengthened. It should also be noted that in the past, the Company has not had any difficulty in obtaining financial resources and managing the time discrepancies between the liquidation of assets and the payment of commitments reflected in the liabilities of the financial statements.
e) At the reporting date, the company had credit lines in place with Italian and Swiss banks that are not expected to be repaid in the short term. In addition, in the first few months of 2019, a financing transaction was approved by a Swiss-registered banking institution on very advantageous terms for the Company (shares of a subsidiary securing the financing). The same bank said it was willing to make new disbursements during the year under the same conditions.
f) For the management of litigations and tax disputes, the company uses external consultants who manage the operations of the dispute; the external consultants are professionals capable of adequately protecting the company. In their opinion, the risk of losing the case does not appear to be "probable" at this stage.
g) From a creative point of view, the new business plan is based on the development of third-party properties.

The assessments made by the Directors, who considered the going concern assumption in the preparation of the annual and consolidated financial statements of the Group to be adequate, are also based on the following indicators:

1. **Financial indicators**

- The net financial position at 30 June 2019 and at the date of preparation of this report is positive.

- Short-term financial indebtedness is covered by assets.
- There are no signs/indications of cessation of financial support from lenders and other creditors.
- The Business Plan shows a positive net financial position that will grow from the second year of the plan.
- The forms of payment are generally respected and no significant forms of credit recovery and/or enforcement have been activated.

2. Operating indicators

- Company operations are carried out in the normal way and on the basis of industry protocols and reference regulations.
- Ordinary activities show a positive and growing marginality.
- There are no difficulties in staffing or difficulties in maintaining the normal flow of supplies from major suppliers.

3. Other indicators

- The Group, and in particular the Parent Company Mondo TV S.p.A., are strongly capitalised (equity is well above the legal limits).
- Present tax disputes are managed scrupulously, also with the support of external experts, and there are no situations which, in the event of a negative outcome, could lead to compensation obligations that the company is unable to meet.
- No legislative changes or government policies are expected to have an adverse effect on the Company.

In view of the above, the Directors, while taking into account the uncertainties outlined above, believe that it is reasonable to expect that the Company and the Group will have access to adequate financial resources to continue operating in the foreseeable future and, consequently, have adopted the going concern basis for the preparation of the half-year financial statements at 30 June 2019.

Note 4 Accounting standards and measurement bases

The half-year financial report of the Mondo TV Group as at 30 June 2019 has been prepared in accordance with the provisions of article 154-ter paragraph 2 of Legislative Decree no. 58/97 - Consolidated Finance Act (TUF, Testo Unico della Finanza) - and subsequent amendments or additions. The condensed consolidated half-year financial statements at 30 June 2019, included in the half-year financial report, have been prepared on a going concern basis and in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (defined as IFRS), as well as with the laws and regulations in force in Italy. The condensed half-year consolidated financial statements as at 30 June 2019 of the Mondo TV Group have been prepared in accordance with IAS 34 "Interim Financial Statements", issued by the International Accounting Standards Board (IASB) and consist of the consolidated statement of financial position, consolidated income statement, consolidated comprehensive income statement, consolidated cash flow statement, statement of changes in consolidated shareholders' equity and notes. In accordance with IAS 34, the notes are summarized and do not include all the information required in the annual financial statements, referring exclusively to components that, by amount, composition or variation, are essential for the purpose of understanding the Group's economic, financial and equity position. Therefore, this report should be read in conjunction with the consolidated financial statements prepared as at 31 December 2018.

The same accounting standards and policies used in the preparation of the consolidated financial statements for the year ended 31 December 2018 have been applied in the preparation of this half-year report except for the adoption of the new accounting standard IFRS 16 (Leases) applied from 1 January 2019, the effects of which are explained in Note 5 "Adoption of the new standard IFRS 16 (Leases) and impacts of first-time application" of the Note "Accounting standards" to which reference should be made for further details.

In interim situations, the estimate of income taxes is carried out by applying the tax rate expected for the interim result before taxes.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM 1 JANUARY 2019

In accordance with IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRS effective from the 1 January 2019 are indicated and briefly illustrated below.

The impacts of the application, from 1 January 2019, of IFRS 16 (Leases) are instead outlined in the next note.

Amendments to IFRS 9 - Prepayment features with negative compensation

On 22 March 2018, EU Regulation no. 2018/498 was issued, which endorsed some limited amendments to IFRS 9 (Financial instruments) at EU level. These amendments permit an entity to measure financial assets that can be prepaid with negative compensation (e.g. debt instruments where the borrower is permitted to prepay for an amount that may be less than the outstanding debt including interest due) at amortised cost or fair value through other comprehensive income instead of at fair value through profit or loss. The adoption of said amendments has had no impact on the half-year consolidated financial statements as at 30 June 2019.

IFRIC 23 - Uncertainty on the treatment of income taxes

On 23 October 2018, EU Regulation no. 2018/1595 was issued, which endorsed IFRIC 23 at EU level. This interpretation governs how to account for uncertainty in accounting for income taxes. In this regard, IAS 12 - Income taxes specifies how to account for current taxes and deferred taxes but not the procedure to account for uncertainty effects.

For example, there may be some doubt:

- on how to apply tax law to particular transactions or circumstances, or
- whether the tax authorities will accept the treatment chosen/implemented by the entity. If the entity believes that it is not probable that the tax treatment applied will be accepted, then the entity shall use estimates (most probable value or expected value) in determining the tax treatment (taxable profits, tax base, unused tax losses, unused tax credits, tax rates, etc.). The decision should be based on the method that best assesses the outcome of the uncertainty.

The adoption of said interpretation has had no impact on the half-year consolidated financial statements as at 30 June 2019.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

On 8 February 2019, EU Regulation no. 2019/237 was issued, which endorsed some limited amendments to IAS 28 (Investments in associates and joint ventures) at EU level. IFRS 9 excludes investments in associates and joint ventures that are accounted for under IAS 28. Accordingly, an entity applies IFRS 9 to other financial instruments held in respect of associates and joint ventures, including long-term interests (e.g. financial receivables), to which the equity method is not applied but which, in substance, form part of the net investment in those associates and joint ventures. The adoption of said amendments has had no impact on the half-year consolidated financial statements as at 30 June 2019.

Improvements to IFRS (2015-2017 Cycle)

On 14 March 2019, EU Regulation no. 2019/412 was issued, which endorsed at EU level some improvements to IFRS, for the 2015-2017 cycle. In particular, the following are noted:

- Amendments to IFRS 3 *Business combinations* and IFRS 11 *Joint arrangements*: the amendments to IFRS 3 clarify that when an entity that is already a party to a jointly controlled activity obtains control of that activity that constitutes a business, the entity must remeasure at fair value the interest previously held in the jointly controlled activity. The amendments to IFRS 11 clarify that when an entity that participates in a jointly controlled activity obtains joint control of that activity that constitutes a business, the entity does not restate its previously held interests in that jointly controlled activity.
- Amendments to IAS 12 *Income taxes*: the amendments clarify that an entity must recognize taxes on dividends in the separate income statement, or in other comprehensive income or in equity depending on how the transaction/event that resulted in the distributable profits that generated the dividends was accounted for.

- Amendments to IAS 23 *Financial expenses*: the amendments clarify that if any specific loan remains outstanding after the related asset is ready for its intended use or sale, that loan becomes part of the funds an entity uses when calculating the capitalisation rate on general purpose loans.

The adoption of said amendments has had no impact on the condensed half-year consolidated financial statements as at 30 June 2019.

Amendments to IAS 19 - Plan amendment, curtailment or settlement

On 13 March 2019, EU Regulation no. 2019/402 was issued, which endorsed some limited amendments to IAS 19 (Employee benefits) at EU level. These amendments relate to amendments, curtailments or settlements of defined benefit plans.

The amendments require an entity in the event of a plan amendment, curtailment or settlement to use the updated assumptions in this remeasurement to determine the current service cost and net interest for the remaining reporting period after the plan amendment.

The adoption of said amendments has had no impact on the condensed half-year consolidated financial statements as at 30 June 2019.

USE OF ACCOUNTING ESTIMATES

The preparation of the condensed half-year consolidated financial statements requires the Directors to make estimates and assumptions that affect the amounts of assets and liabilities in the financial statements and related disclosure, and contingent assets and liabilities at the reporting date. The estimates and related assumptions are based on previous experience and on other factors that are considered to be reasonable in the present case and are adopted when the accounting value of assets and liabilities cannot be easily inferred from other sources. Therefore, the actual results achieved may differ from said estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement if it only involves that year. In the event that the review affects years, both current and future, the change is recognised in the year in which the review is carried out and in the related future years.

Actual results may differ even substantially from these estimates due to changes in the factors considered when determining said estimates.

Some valuation procedures, in particular the more complex ones such as determining any impairment of non-current assets, are generally carried out fully only in the preparation of the annual consolidated financial statements, except in cases where there are impairment indicators that require an immediate estimate of any updates.

Note 5 Adoption of the new accounting standard IFRS 16 (leases) and impact of first-time application

This section presents the impact of applying IFRS 16 (Leases) from 1 January 2019. On 31 October 2017, EU Regulation no. 2017/1986 was issued, which endorsed IFRS 16 (Leasing) at EU level. IFRS 16 replaces IAS 17 (Leasing) and related interpretations (IFRIC 4 Determining whether an arrangement contains a lease; SIC 15 Operating leases - Incentives; SIC 27 Evaluating the substance of transactions in the legal form of a lease). As permitted by the accounting standard, the Mondo TV Group has applied the simplified retrospective method, with the recognition of the cumulative effect of the first application of the standard as an adjustment to opening shareholders' equity, leaving the previous comparative periods unchanged.

On the basis of the provisions of IFRS 16, the accounting treatment of lease contracts payable (which do not constitute the provision of services), takes place through the recognition in the statement of financial position of a financial liability, represented by the present value of future fees, against the recognition in assets of the right of use of the leased asset. This liability is subsequently adjusted over the term of the lease contract to reflect the payment of interest on the debt and the repayment of the principal; the right of use of the leased asset is amortised over the term of the contract. Compared with the previous method of accounting under IAS 17, which required the recognition of operating costs for non-financial leases, the adoption of IFRS 16 resulted in lower operating costs and higher depreciation, amortisation and financial

expenses; moreover, unlike as was required by the previous standard, lessees are no longer required to distinguish between financial lease and operating lease.

At the transition date (1 January 2019), for leases previously classified under IAS 17 as operating leases, the Mondo TV Group applied the simplified retrospective method with the recognition of the financial liability for leases and the corresponding right-of-use value measured on the remaining contractual lease fees at the transition date. Within the Group, contracts falling within the scope of IFRS 16 mainly refer to:

- buildings for office and industrial use,
- industrial equipment

With reference to the options and exemptions provided by IFRS 16, the following choices were made:

- IFRS 16 was not generally applied to intangible assets, contracts of short duration (i.e. less than 12 months) and of low unit value;
- rights of use and financial liabilities relating to lease contracts have been classified under specific items in the statement of financial position;
- contracts with similar characteristics have been valued using a single discount rate;
- lease contracts previously valued as finance leases in accordance with IAS 17 have maintained the values previously recorded, in full continuity with the past.

IFRS 16 has been applied as of 1 January 2019, making use of the possibility, permitted by the transitional provisions of the accounting standard, to recognize the effect related to the retroactive restatement of the values in equity at 1 January 2019, without restating the previous periods compared (in application of the modified retrospective approach). Specifically, the adoption of IFRS 16 resulted in the recognition of an asset for Rights of use for Euro 1.9 million and a financial liability for Euro 2.1 million.
In this regard, upon first application, Mondo TV referred to the following practical expedients and/or options envisaged by the accounting standard:

- possibility of not reviewing any existing contract already existing at 1 January 2019, applying IFRS 16 to contracts previously identified as leases (pursuant to IAS 17 and IFRIC 4) and not applying IFRS 16 to contracts that were not classified as leases;
- possibility, with reference to contracts previously classified as operating leases, of recognising the right-of-use asset at its carrying amount, as if IFRS 16 had been applied from the effective date but discounted using a marginal borrowing rate at the date of initial application;
- possibility of verifying the recoverability of assets for right of use at 1 January 2019 with regard to the possible existence, at 31 December 2018, of provisions for interest-bearing contracts;
- possibility of not considering initial direct costs in determining the carrying amount of assets for right of use at 1 January 2019.

The adoption of the new accounting standard IFRS 16 has resulted in the Mondo TV Group recording more non-current assets due to the recognition of Rights of use on leased assets as balancing entry of higher financial liabilities.
The impact of the transition on the main items in the consolidated statement of financial position is summarised below:

Consolidated statement of financial position

(Euro thousands)	31.12.2018	Reclassifications (*)	Impacts IFRS 16 (**)	1.1.2019 restated
Non-current assets				
Intangible assets	30,917			30,917
Tangible assets	369	(100)		269
Rights of use on leased assets		100	1,840	1,940
Deferred tax assets and other receivables	14,711		61	14,772

	45,997	**-**	**1,901**	**47,898**
Current assets				
Trade receivables	20,622			20,622
Tax credits and Other assets	4,150			4,150
Cash and cash equivalents	12,463			12,463
	37,235			**37,235**
Total assets	**83,232**		**1,901**	**85,133**
- Share capital	*18,207*			*18,207*
- Reserves	*58,704*			*58,704*
- Retained earnings (losses)	*20,784*		*(146)*	*20,638*
- Profit (loss) for the year	*(39,514)*			*(39,514)*
Equity attributable to owners of the Parent	58,181		(146)	58,035
Non-controlling interests	(2,071)		(4)	(2,075)
Total equity	**56,110**		**(150)**	**55,960**
Non-current liabilities				
Post-employment benefits and Provisions for risks and charges	545			545
Deferred tax liabilities	66			66
Financial liabilities	1,322			1,322
Non-current financial liabilities on leased assets			600	600
	1,933		**600**	**2,533**
Current liabilities				
Provisions for risks and charges	27			27
Trade and other payables	22,086			22,086
Financial liabilities	3,076	(69)		3,007
Current financial liabilities on leased assets		69	1,451	1,520
	25,189		**1,451**	**26,640**
Total liabilities	**27,122**		**2,051**	**29,173**
Total liabilities + equity	**83,232**		**1,901**	**85,133**

(*) The column includes the reclassification of the values relating to assets held under financial leases by the Group and previously classified in accordance with IAS 17 under Property, plant and equipment.
(**) The column includes the recognition of rights of use of leased assets, the related financial debt and the related items following the adoption of IFRS 16.

The value of Net Financial Liabilities recorded for Leases as at 1.1.2019 is as follows:

(Euro thousands)	
Financial liabilities for lease contracts payable, non-current and current at 31.12.2018	69
Additional financial liabilities recognised for leases at 1.1.2019	2,051
Total financial liabilities for lease contracts payable at 1.1.2019	**2,120**

Note 6 Seasonality of activities

The activity carried out by the Group is not cyclical and the business is not considered highly seasonal; therefore, these consolidated half-year financial statements do not include the additional information required by IAS 34.16A (b) and the additional financial information required by IAS 34.21.

Note 7 Intangible assets and property, plant and equipment

The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

Changes in intangible assets

(Euro thousands)	Intangible rights	Intangible rights in progress	Other intangible assets	TOTAL
Cost as at 31.12.2018	212,565	0	1,251	213,816
Amortisation and impairment at 31.12.2018	(181,677)	0	(1,222)	(182,899)
Net value as at 31.12.2018	**30,888**	**0**	**29**	**30,917**
HY1 2019				
Increases in the period	10,215	0	8	10,223
Amortisation and impairment in the period	(4,103)	0	0	(4,103)
Cost as at 30.06.2019	222,780	0	1,259	224,039
Amortisation and impairment at 30.06.2019	(185,780)	0	(1,222)	(187,002)
Net value as at 30.06.2019	**37,000**	**0**	**37**	**37,037**

The item "Intangible rights" includes investments for the production and purchase of exploitation rights of films and animated series that constitute the Libraries of the Group Companies.

Increases in the period
The most significant investments concern the production of the animated series *"Robot Trains", "Invention Story"* and "Bat Pat", "Meteo Heroes" by the Parent Company.

Amortisation and impairment in the period
All the costs recorded are reasonably related to the assets' useful life over the years and are amortised/depreciated on a straight-line basis in a period of 7 seven years. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.

Impairment test on the Library
At least once a year or more frequently if there is an indication of impairment, Mondo TV S.p.A. Group checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.
In preparing the financial report as at 31 December 2018, rights on films and animated series, which constitute the *"Library"*, were subject to Impairment. The assumptions of the Plan were confirmed as at 30 June 2019 and at that date, the Company's Management did not detect the presence of Impairment Indicators as no events have occurred that could alter the assumptions of the Plan; therefore, the approach adopted as at 31 December 2018 was confirmed and it was not considered necessary to proceed with the impairment test of the Library as at 30 June.

The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets				
(Euro thousands)	Plant and machinery	Industrial and commercial equipment	Other assets	TOTAL
Cost as at 31.12.2018	2,415	1,383	1,051	4,849
Amortisation and impairment at 31.12.2018	(2,349)	(1,284)	(847)	(4,480)
Net value as at 31.12.2018	**66**	**99**	**204**	**369**
HY1 2019				
Reclassifications IFRS 16	0	(99)	0	(99)
Increases in the period	0	0	49	49

Amortisation and impairment in the period	(18)	0	(36)	(54)
Cost as at 30.06.2019	2,415	1,284	1,100	4,799
Amortisation and impairment at 30.06.2019	(2,367)	(1,284)	(883)	(4,534)
Net value as at 30.06.2019	**48**	**0**	**217**	**265**

The Reclassifications IFRS 16 refer exclusively to audio-video production and editing equipment leased from Credem Leasing and located at the Guidonia site and relating to the Parent Company. Following the adoption of IFRS 16, these rights of use were reclassified under "Rights of use on leased assets".

Note 8 Rights of use on leased assets

Following the adoption of IFRS 16 (Leases), Mondo TV has chosen to classify rights of use of third-party assets in a specific item in the statement of financial position.
Changes in the rights of use of third-party assets in HY1 2019 are shown below:

Changes in Rights of use on leased assets

(Euro thousands)	Properties	Industrial and commercial equipment	TOTAL
Value as at 31.12.2018	**0**	**0**	**0**
Reclassifications IFRS 16	0	99	99
Adoption IFRS 16	1,840	0	1,840
Amortisation and impairment in the period	(277)	(14)	(291)
Cost as at 30/06/2019	1,840	99	1,939
Amortisation and impairment at 30.06.2019	(277)	(14)	(291)
Net value as at 30.06.2019	**1,563**	**85**	**1,648**

The column Reclassifications IFRS 16 refers exclusively to audio-video production and editing equipment leased from Credem Leasing and located at the Guidonia laboratory and relating to the Parent Company.
The column Adoption IFRS 16 includes all the lease contracts payable for the two properties used as offices, the industrial laboratory of the Parent Company (Euro 1,486 thousand) and the headquarters of the three foreign subsidiaries Mondo TV France (Euro 229 thousand), Mondo TV Suisse (Euro 57 thousand) and Mondo TV Iberoamerica (Euro 68 thousand).

Note 9 Tax assets and liabilities

Deferred tax assets, which totalled Euro 14,013 thousand, were recognised for the main temporary differences between the values in the financial statements in accordance with statutory criteria and the corresponding values recognised for tax purposes, as well as for tax loss carry-forwards. Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors with regards to taxable income generated by Group operations in the near future so as to allow the recovery. This valuation was confirmed in preparing the half-year financial report as at 30 June 2019.

The deferred tax assets and liabilities recognised in the half-year consolidated financial statements are shown in the table below:

Breakdown of deferred tax assets and liabilities			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Accumulated losses and other temporary differences	14,140	14,680	(540)
Total assets	**14,140**	**14,680**	**(540)**
Other temporary differences	(66)	(66)	0
Total liabilities	**(66)**	**(66)**	**0**
Net deferred tax assets	**14,074**	**14,614**	**(540)**

Changes in deferred tax assets and liabilities				
(Euro thousands)	**31.12.2018**	**Increases**	**Decreases**	**30.06.2019**
Assets	14,680	61	(601)	14,140
Liabilities	66	0	0	66
Net deferred tax assets	**14,614**	**61**	**(601)**	**14,074**

Dettaglio delle imposte anticipate (importi in migliaia di euro)

Natura	31.12.2018			30.06.2019			Variazione 2018/2019
	Imponibile		Imposta	Imponibile	%	imposta	
Totale perdite fiscali	3.819	24%	917	1.715	24%	412	-505
Totale fondo rischi su crediti	22.894	24%	5.495	22.894	24%	5.495	0
Totale Svalutazione library	28.296	24%	6.791	27.896	24%	6.695	-96
Totale altre differenze temporanee	476	24%	114	476	24%	165	51
Totale Ires	**55.484**		**13.316**	**52.980**		**12.766**	**-550**
Totale Irap	**28.296**	4,82%	**1.364**	**28.296**	4,82%	**1.374**	**10**
Totale	**83.780**		**14.680**	**81.276**		**14.140**	**-540**

The recoverability of deferred tax assets recognised in the financial statements in the next ten years is strictly related to the actual achievement of the objectives set in the 2019-2023 Plan, approved by the Parent's Board of Directors on 10 December 2018, characterised by the uncertainties typical of a forecast Business Plan.

The breakdown of receivables and payables for current taxes is shown in the table below.

Breakdown of tax receivables and payables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
IRES (Corporate Income Tax)	264	264	0
IRAP (Regional Business Tax)	87	87	0
VAT	987	805	182
Foreign tax receivables	281	205	76
Other tax receivables	2,009	2,327	(318)
Total tax assets	**3,628**	**3,688**	**(60)**
IRES (Corporate Income Tax)	150	0	150
IRAP (Regional Business Tax)	192	0	192
VAT	57	8	49

Payables for withholding tax on third-party remuneration	272	294	(22)
Income taxes due abroad	339	153	186
Total tax liabilities	**1,010**	**455**	**555**

Tax receivables mainly consist of receivables arising from the transformation by the Parent Company of a portion of deferred tax assets in tax receivables in accordance with Law no. 214 of 22 December 2011. The decrease is attributable to uses by means of offsetting in HY1.

NOTE 10 Receivables

The breakdown of receivables by non-current and current is shown below:

Breakdown of non-current trade receivables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Financial receivables due from third parties	0	0	0
Other receivables	31	31	0
TOTAL	**31**	**31**	**0**

The breakdown of trade receivables, all due within twelve months, is shown in the table below.

Breakdown of trade and other receivables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Due from customers	47,623	46,277	1,346
Due from customers for invoices to be issued	8,133	3,727	4,406
Other receivables	2,313	544	1,769
Allowance for doubtful debts	(29,976)	(29,926)	(50)
TOTAL	**28,093**	**20,622**	**7,471**

Receivables due from others can be broken down as follows:

Breakdown of receivables due from others			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Due from employees	0	19	(19)
Co-production in progress	1,835	0	1,835
Other receivables	478	510	(32)
TOTAL	**2,313**	**529**	**1,784**

Co-productions in progress relate to invoices received on account from suppliers in relation to the production of animated series which, on completion, will constitute costs capitalised under intangible rights.
The significant increase in receivables is a consequence of the increase in invoices to be issued and in receivables from others mainly recognised by the Parent Company.
Receivables due from customers for invoices to be issued refer to contracts which do not satisfy the conditions for issuing invoices yet, although part of the revenue for the year has been earned. Almost all invoices were issued after the closing date of the half-year.

The allowance for doubtful debts, recognised as a deduction from trade receivables and deemed to be adequate to cover the risk of bad debts showed the following changes during the period:

Breakdown of the allowance for doubtful debts		
(Euro thousands)	**30.06.2019**	**31.12.2018**
Opening allowance for doubtful debts	**29,926**	**4,429**
Allowance for the period	50	23,916
Used in the year	0	0
Other changes	0	1,581
Closing allowance for doubtful debts	**29,976**	**29,926**

The provision for the period, amounting to Euro 50 thousand, mainly refers to the write-down of the Parent Company's receivables considered no longer due.

Note 11 Other assets

This item amounts to Euro 0.4 million (Euro 0.5 million as at 31.12.2018) and includes costs accounted for the period but related to future periods (deferred assets).

Note 12 Cash and cash equivalents

The breakdown is represented in the following table:

Breakdown of cash and cash equivalents			
(Euro thousands)	**31.12.2019**	**31.12.2018**	**Change**
Bank and postal deposits	10,519	12,438	(1,919)
Cash and other cash assets	15	25	(10)
TOTAL	**10,534**	**12,463**	**(1,929)**

The balance represents cash and cash equivalents at the end of the period, of which approximately Euro 529 thousand in current accounts in US Dollar. The statement of the Group's consolidated net financial position is shown in the Interim

Report on Operations.

The Group has the cash and cash equivalents necessary to support the implementation of the business plan presented on 10 December 2018.

Note 13 Equity

Consolidated equity totalled Euro 58,792 thousand (of which Euro 59,336 thousand attributable to the Group), an increase of Euro 2,682 thousand compared to the previous year (Euro 56,110 thousand, of which Euro 58,181 thousand attributable to the Group) and the breakdown is as follows:

- share capital of Euro 18,207 thousand (Euro 18,207 thousand at 31 December 2018);
- equity reserves (including the result for the period) of Euro 41,129 thousand (Euro 39,974 thousand at 31 December 2018);
- equity attributable to non-controlling interests including the result for the period of Euro -544 thousand (Euro -2,071 thousand at 31 December 2018).

The breakdown of the share capital, unchanged from 31 December 2018, is as follows:

Description	Number	Par value in Euro
Ordinary shares	36,414,212	0.5
TOTAL	**36,414,212**	**18,207,106**

It should be noted that, as part of the extraordinary finance transactions carried out in previous years, the Parent Company assigned warrants free of charge to its counterparties, giving them the right to subscribe to shares in Mondo TV S.p.A.

The following is a summary of the warrants outstanding as at 30 June 2019:

Summary of warrants as at 30 June 2019				
Transaction	**Shares (number)**	**Exercise price (Euro)**	**Maturity**	**Maximum counter-value (Euro)**
GEM	500,000	6.5	31/08/2019	3,250,000
GEM	1,500,000	8.0	31/08/2019	12,000,000
GEM	500,000	10.0	31/08/2019	5,000,000
Total GEM (a)	**2,500,000**			**20,250,000**
Atlas	215,000	6.5	01/04/2021	1,397,500
Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (b)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	19/04/2023	3,375,000
Total Atlas (c)	**450,000**			**3,375,000**
Total warrants outstanding	**4,020,000**			**32,292,500**

On 31 August 2019, the GEM Warrants expired, so as of the date of this report, the outstanding warrants are as follows:

Summary of warrants outstanding as at 13 September 2019

Transaction	Shares (number)	Exercise price (Euro)	Maturity	Maximum counter-value (Euro)
Atlas	215,000	6.5	01/04/2021	1,397,500
Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (b)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	19/04/2023	3,375,000
Total Atlas (c)	**450,000**			**3,375,000**
Total warrants outstanding	**1,520,000**			**12,042,500**

In particular:

a) The Extraordinary Shareholders' Meeting of the Parent Company held on 30 March 2016 approved the signing of an agreement with GEM Global Yield Fund Limited and GEM Investments America LLC whereby GEM undertook to subscribe, at the request of the Company itself in several tranches and with a timing of the issues governed by the Company, to the Capital Increase with the exclusion of the option right reserved to GEM in the form of a Share Subscription Facility, up to a maximum amount of Euro 35 million, over a period of three years from the effective date, exclusively on the basis of subscription requests made by the Company in accordance with the terms and conditions contained in the GEM Agreement. The GEM Agreement also provides for the free assignment to GEM of a warrant giving it the right to subscribe:

- 500,000 Mondo TV shares at a price of Euro 6.50 per share;
- 1,500,000 Mondo TV shares at a price of Euro 8 per share;
- 500,000 Mondo TV shares at a price of Euro 10 per share;

subject to adjustments, for a countervalue of Euro 20.250 million, including share premium, to be exercised within 3 years from the date of the relative issue.

b) The Extraordinary Shareholders' Meeting of 6 September 2016 of the Parent Company approved the issue of a bond convertible into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for Atlas Alpha Yield Fund, and/or for a third party, for a maximum amount of Euro 15 million, including share premium, to be paid, even in more than one tranche, through the issue of new ordinary Mondo TV shares with a nominal value of Euro 0.50 each, with the same rights and characteristics as the ordinary Mondo TV shares outstanding at the issue date, establishing that the number of shares to be issued will be determined on a case-by-case basis according to the mechanism set out in the Bond Regulations.
The undersigned agreement also provides for the issue of 3 warrants to be assigned free of charge to Atlas Alpha Yield Fund together with the first tranche of the convertible bonds - and/or to a third party other than Atlas, as may be designated under the existing agreements or as the assignee of the same - which will give the bearer the right to subscribe to a further maximum of 1,070,000 ordinary Mondo TV shares, with a nominal value of Euro 0.50 each, newly issued as follows:

- 215,000 Mondo TV S.p.A. shares at a price of Euro 6.50 per share, including premium;
- 640,000 Mondo TV S.p.A. shares at a price of Euro 8.00 per share, including premium;
- 215,000 Mondo TV S.p.A. shares at a price of Euro 10.00 per share, including premium,

exercisable during the period from 1 April 2018 to 1 April 2021, under the terms and conditions set out in the relevant regulation.

c) The Extraordinary Shareholders' Meeting of 21 May 2018 of the Parent Company approved the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph

1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for a single qualified investor, Atlas Special Opportunities LLC and/or third parties that may be designated, for a maximum nominal amount of Euro 18,000,000, represented by a maximum total of 72 convertible bonds with a nominal value of Euro 250,000 each.
At the same time as the issue of the first tranche of Bonds, the contract signed also provides for the free issue to Atlas of 450,000 Warrants that will confer the right to subscribe, in the period of 5 years from their issue, an ordinary share of the Company, therefore up to a maximum number of 450,000 ordinary shares of Mondo TV S.p.A. at the price of Euro 7.50 which, subject to adjustments, will have a maximum counter-value of Euro 3,375,000 (including the share premium).

No shares having different categories, nor rights, privileges or restrictions exist for any category of shares. The Parent owns no treasury shares, nor do the Mondo TV Group's subsidiaries hold shares of the Parent.

Equity reserves are broken down as follows:

Equity reserves (including the result for the period)		
(Euro thousands)	**30.06.2019**	**31.12.2018**
Share premium provision	30,778	45,868
Legal reserve	3,062	3,062
Other reserves	8,757	9,774
Retained earnings (accumulated losses)	(3,489)	20,784
Profit (loss) for the year	2,021	(39,514)
TOTAL	**41,129**	**39,974**

The decrease in the share premium provision and retained earnings is attributable to the coverage of the significant loss incurred by the Parent Company and the Group during the year ended 31 December 2018.

Equity items are broken down according to origin, the potential for use, and availability for distribution:
- All of the share capital and legal reserve may only be used for covering losses.
- The entire amount of share premium may be used for capital increase, for covering losses, and may also be distributed among the shareholders.
- No revaluation reserves exist.
- There are no reserves or other provisions, which, in case of distribution, contribute to form the Company's taxable income, regardless of the period of creation.
- There are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate taxable income, regardless of the period of creation.
- There are no reserves or other provisions incorporated in the share capital.

Note 14 Post-employment benefits and Provisions for risks and charges

The item is broken down as follows.

Post-employment benefits and Provisions for risks and charges			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Provision for post-employment benefits	**531**	**545**	**(14)**
Provision for tax risks and charges	27	27	0
PROVISION FOR RISKS AND CHARGES	**27**	**27**	**0**
beyond 12 months	0	0	0
within 12 months	27	27	0
TOTAL PROVISION FOR RISKS AND CHARGES	**27**	**27**	**0**

Instead, the change in the HY is provided below:

Changes in Post-employment benefits and Provisions for risks and charges				
(Euro thousands)	**31.12.2018**	**allocations**	**uses**	**30.06.2019**
Provision for post-employment benefits	545	49	(63)	531
Provision for tax risks and charges	27	0	0	27
TOTAL	**572**	**49**	**(63)**	**558**
beyond 12 months	545			531
within 12 months	27			27
TOTAL	**572**			**558**

As at 30 June 2019, there were no risks related to ongoing disputes, not reflected among the Risks Provisions as the risk of an unfavourable outcome is not considered probable and/or the amount cannot be determined.

Note 15 Trade payables and financial payables

The breakdown of the Group's payables, classified by type and by due date, is reported in the tables below.

Breakdown of non-current financial payables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Payables due to banks	3,218	1,117	2,101
Payables for finance leases IFRS 16	1,146	0	1,146
Other financial payables	0	205	(205)
Total	**4,364**	**1,322**	**3,042**

With regard to payables for finance leases IFRS 16, please refer to the relevant paragraph in these notes.

A breakdown of trade payables is provided below:

Breakdown of trade payables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Due to suppliers	22,256	17,876	4,380
Other payables	4,263	3,755	508
Total trade payables	**26,519**	**21,631**	**4,888**

Payables due to suppliers mainly refer to the provision of services necessary for the production and sale of film rights, as well as to the activities performed by consultants to the benefit of the Group.

Breakdown of other payables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Payables for wages, salaries and fees	557	528	29
Due to social security institutions	251	302	(51)
Advances from customers	3,225	2,464	761
Advances from coproducers	145	367	(222)
Other payables	85	94	(9)
Total other payables	**4,263**	**3,755**	**508**

The item "Advances from customers", mainly relating to Mondo TV France S.A., includes the amounts invoiced by way of contractual advances based on the progress of the animated cartoon production phases; in particular, advances were received for Euro 1.2 million from CNC (for the animated series Rocky and Disco Dragon), and Euro 1.4 million from Monello, coproducer of Disco Dragon, and Euro 0.3 million from France and for Rocky.

As for financial payables, the breakdown is shown in the table below:

Breakdown of current financial payables			
(Euro thousands)	**30.06.2019**	**31.12.2018**	**Change**
Lease and rental payables IFRS 16	659	69	590
Bank overdrafts	3,809	3,007	802
Total	**4,468**	**3,076**	**1,392**

Bank overdrafts mainly relate to invoice disposal lines by the Parent Company, Mondo TV Suisse and Mondo TV Iberoamerica.

As indicated at the beginning of this note, with respect to the comparative balance sheet balances in the consolidated financial statements for the year ended 31 December 2018, in order to improve disclosure, the amount of Euro 69 thousand in the 2018 financial statements has been restated from the item short-term "financial payables" to the item "current financial payables on leased assets" with no impact on the 2018 financial position.

Note 16 Other liabilities

The item "Other liabilities" refers to deferred income, i.e. portions of revenue for royalty rights invoiced at the end of the period but deemed, pursuant to the revenue recognition principle adopted, to accrue in future years since the relevant media have not been delivered yet.

Note 17 Tax position

The tax periods for which the Parent Company is still liable to audit by tax authorities are those from 2014 onward as concerns direct taxes and VAT. The Parent Company is involved in the following main tax disputes:

a) 2014 tax audit

In the year 2014, the Parent Company was subject to a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlighted several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the company received two assessment notices on 9 October 2015:

- the first notice refers to IRES for 2010. The higher tax ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.
  The company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010. The higher IRAP ascertained is equal to Euro 0.2 million plus interest, while the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.
  The company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million.

In July 2017, the Rome Provincial Tax Department fully accepted the appeal filed by the Company against the assessment notices related to 2010. The first instance ruling was then upheld by the Regional Tax Department for Lazio in July 2018. Therefore, the judgement concluded positively for the Company, as no appeal was filed with the Court of Cassation by the Revenue Agency.

In the grounds on which the appeal was upheld, the Tax Commission substantially confirmed the position of the Board of Directors of the Company that considered the hypothesis of losing “scarcely probable” and therefore did not proceed with any provision in the financial report of previous years in relation to the above position.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified assessment notices to the Parent Company:

- the first notice refers to VAT and IRAP; the higher VAT ascertained amounts to Euro 536 thousand plus interest, while the penalties amount to Euro 603 thousand; no higher was IRAP ascertained.
  On 16 February 2017, the company filed an appeal against the notice of assessment notified to the Revenue Agency.
  On 8 May 2018, the Rome Provincial Tax Department fully upheld the appeal filed by the Company against the assessment notice for the portion relating to 2011 VAT and IRAP.

- The second notice refers to IRES for 2011; the higher IRES ascertained amounts to Euro 724 thousand plus interest, while the penalties amount to Euro 651 thousand.
  For this second notice, the company filed a petition for recalculation to offset losses and reduce penalties, and then appealed the outcome of the recalculations; the appeal filed by the company with the CTP (Provincial Tax Department) was upheld with a ruling filed on 9 April 2019 (no appeal has been served to date).

In relation to the financial year 2012, on 24 October 2017, the Revenue Agency notified the Parent Company of the assessment notice disputing a lower loss for the year for Euro 100 thousand and higher VAT for Euro 21 thousand, plus interest and penalties. The company appealed against the Revenue Agency in December 2017. The appeal filed by the company with the CTP was upheld with a ruling filed on 6 May 2019 (no appeal has been served to date).

In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the consequent Notices of Assessment notified, the Directors, also comforted by the judgements issued and the opinion of the specially appointed consultants, deem scarcely likely that the company may lose in this dispute, and therefore, consistent with the assessments made in the financial report of previous years, no provision was made at 30 June 2019.

b) 2019 tax audit

In HY1, Mondo TV S.p.A. underwent an audit by the Revenue Agency aimed at the offsets made in 2014 with the use of tax credits resulting from the transformation of deferred tax assets. The audit was concluded with the issuance, on 23 May 2019, of an assessment notice highlighting the disputes relating to the year 2014 for an amount of approximately Euro 1.1 million plus penalties and interest.
The same notice contains a communication to the offices and the company regarding the use of the tax credit in other years that could therefore be subject to further audit.

In this regard, it is reiterated, as already stated by Matteo Corradi, CEO of Mondo TV, that the management believes that this notice, which at this time is of a modest amount compared to the company's cash and cash equivalents and net assets, is completely unfounded, lacks any legal basis and was submitted out of time. The same management therefore believes that the company will be able to assert its arguments in court, as already occurred with the notices issued following the 2014 audit, all of which were annulled by the tax commissions of first and second instance, with the Revenue Agency being ordered to pay the costs.

Note 18 Contingent liabilities

Directors believe that there are no significant contingent liabilities that must be described in this commentary other than those recognised in paragraph 2.8.11 relative to the Provision for Risks and Charges and paragraph 2.8.14 relative to Tax position.

Note 19 Commitments

Commitments undertaken by the Group and not recognised under payables or provisions for risks and charges refer to:

- a guarantee of Euro 304 thousand for a short-term credit line to be used as a self-liquidating loan issued by Confartigianato Fidi in favour of Veneto Banca (now Intesa San Paolo);
- a guarantee of Euro 162 thousand issued by Banca Popolare dell'Emilia Romagna in favour of SIMEST.

Note 20 Revenues from sales and services and other operating revenues

These totalled Euro 10,965 thousand at 30 June 2019, a net decrease of 5.1 compared to HY1 of the previous year:

Revenue from sales and services				
(Euro thousands)	**HY1 2019**	**HY1 2018**	**Change**	**%**
Revenue from sales of rights	10,033	10,837	(804)	(7%)
Revenue from licensing	448	899	(451)	(50%)
Revenue from production services	423	4,236	(3,813)	(90%)
Other income	61	89	(28)	(31%)
Total	**10,965**	**16,061**	**(5,096)**	**(32%)**

Compared to the corresponding period of 2018, there was a decrease in revenue of approximately Euro 5.1 million in absolute terms and approximately 32% in percentage terms, mainly as a result of the termination of certain sales contracts with Asian customers at the end of the previous year, which ended with a significant loss.
It should be noted that the new business plan, approved by the Board of Directors of the Parent Company in December 2018 and confirmed by the same Board in March 2019, envisages lower revenues but also a lower overall level of investments and for 2019 a net profit of approximately Euro 4 million.

Note 21 Capitalisation of internally produced series

The Group produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38.
The Group capitalises these costs only when the costs incurred for the production of animated series refer to the development phase: until then, expense incurred is recognised in profit or loss.
The capitalisation of the animated series realized internally involves the capitalisation of the costs incurred by the Parent Company for an amount of approximately Euro 0.6 million and by Mondo TV France for approximately Euro 1.2 million.
The capitalised costs consist of approximately Euro 0.8 million in labour costs and of approximately Euro 1 million in operating costs due to third parties.

Note 22 Raw materials, consumables and goods

This item is substantially stable compared to HY1 2018.

Note 23 Personnel costs

The breakdown of this item is specified in the table below.

Personnel costs			
(Euro thousands)	**HY1 2019**	**HY1 2018**	**Change**
Salaries and wages	1,521	1,396	125
Social security costs	476	406	70
Post-employment benefits	49	43	6
Total	**2,046**	**1,845**	**201**

Labour costs increased compared to HY1 2018 as a result of the corresponding increase in project workers used by Mondo TV France following the start of the production phase of the two animated series.
The Group's human resources are detailed by category in the table below:

Group's human resources (average figure)		
	30.06.2019	30.06.2018
Workers and Middle Management	45	37
Executives	4	4
Total	**49**	**41**

Note 24 Depreciation, amortisation and impairment

The breakdown of this cost category is represented in the table below:

Breakdown of depreciation, amortisation and impairment		
(Euro thousands)	HY1 2019	HY1 2018
Proprietary rights	3,389	2,412
Temporary licenses	714	993
Impairment test on library	0	0
Sub-total of intangible assets	***4,103***	***3,405***
Sub-total of tangible assets	***54***	***66***
Rights of use on leases	**289**	**0**
Allowance for doubtful debts	***50***	***510***
Total depreciation, amortisation and impairment	**4,496**	**3,981**

Depreciation and amortisation increased in HY1 2019 compared to HY1 2018 due to the investments made: the lower amortisation of temporary licenses was in fact more than offset by the higher amortisation of proprietary rights.

The first-time application of IFRS 16 to leases resulted in higher depreciation of Euro 289 thousand.

For further details and information, reference is made to the related sections of the statement of financial position of these notes.

Note 25 Other operating costs

The item "Other operating costs" is broken down in the table below:

Other operating costs			
(Euro thousands)	HY1 2019	HY1 2018	Change
Production costs	701	196	505
Marketing and commercialisation costs	412	492	(80)
Consulting services	339	195	144
Remuneration to corporate bodies	176	185	(9)
Other services	1,222	1,058	164
Service costs	**2,850**	**2,126**	**724**
Equipment hire and rents	36	287	(251)
Costs associated with leased assets	**36**	**287**	**(251)**
Sundry operating costs	**74**	**34**	**40**

Allocations	**0**	**0**	**0**
Total	**2,960**	**2,447**	**513**

Operating expenses increased compared to the corresponding period of 2018 mainly due to higher production costs resulting from the increase in productions of the subsidiary Mondo TV France.

Note 26 Financial income and expenses

The table below provides a breakdown of financial income and expenses.

Financial income and expenses			
(Euro thousands)	**HY1 2019**	**HY1 2018**	**Change**
Financial expenses			
Bank interest	(141)	(86)	(55)
Other interest	(19)	0	(19)
Bank fees	(29)	(51)	22
Other financial expenses	(3)	(20)	17
sub total financial expenses	*(192)*	*(157)*	*(35)*
exchange rate gains and losses			
Exchange rate gains	222	1,121	(899)
Exchange rate losses	(109)	(467)	358
sub total exchange rate gains and losses	*113*	*654*	*(541)*
TOTAL	**(79)**	**497**	**(576)**

In HY1 2019, net financial expenses amounted to Euro 79 thousand, compared to net financial income of Euro 497 thousand in HY1 2018; the change is mainly due to the adjustment of the exchange rate of trade receivables and payables in US Dollar.

Note 27 Taxes

The breakdown is shown in the table below:

Breakdown of taxes			
(Euro thousands)	**HY1 2019**	**HY1 2018**	**Change**
Previous years' taxes	**0**	**0**	**0**
Current taxes	**(552)**	**(1,488)**	**936**
Prepaid taxes of previous years recognised in profit or loss	(601)	(1,329)	728
Deferred tax assets for the year	0	59	(59)
Deferred tax liabilities for the year	0	(66)	66
Prepaid (deferred) taxes	**(601)**	**(1,336)**	**735**
Taxes for the year	**(1,153)**	**(2,824)**	1,671
IRES (Corporate Income Tax)	(751)	(2,248)	1,497
IRAP (Regional Business Tax)	(192)	(525)	333

Taxes foreign subsidiaries	(210)	(51)	(159)
Taxes for the year	**(1,153)**	**(2,824)**	**1,671**

Note 28 Dividend distribution

There was no dividend distribution or distribution resolution in the HY.

Note 29 Earnings per share

Basic earnings per share attributable to the Parent's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

	30 June 2019	30 June 2018
Average of the shares of the period	36,414,212	31,023,265
Net profit (loss) (Euro thousands)	2,021	6,810
Earnings (loss) per share (basic and diluted)	**0.0555**	**0.2195**

The diluted earnings (loss) per share as at 30 June 2019 correspond to the basic earnings per share since there is no dilution effect.

Note 30 Information on the fair value of financial assets and liabilities

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts of the consolidated half-year financial report as at 30 June 2019 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.
Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

Note 31 Atypical or unusual transactions

Pursuant to Consob Communication DEM/6064293 of 28.07.2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to art. 116 of the Consolidated Finance Act (TUF, Testo Unico della Finanza) – Requirements pursuant to article 114, paragraph 5, of Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

Note 32 Analysis of financial risks (IFRS 7)

For the analysis of financial risks, reference is made to the Report on Operations prepared by the Directors of the Parent Company.

Note 33 Significant events after HY end

For the analysis of significant events after HY end, reference is made to the Report on Operations prepared by the Directors of the Parent Company.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

_____
(Matteo Corradi)

ANNEXES

1. CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors[1]

Chair and CEO
Matteo Corradi
Directors
Monica Corradi
Aurelio Fedele[2]
Angelica Mola[3]
Carlo Marchetti

Internal Control Committee

Chair
Aurelio Fedele
Members
Angelica Mola

Remuneration Committee

Chair
Angelica Mola
Members
Aurelio Fedele

Supervisory Body (Legislative Decree 231/2001)

Aurelio Fedele - Chair
Paolo Zecca - Member
Samantha Gioia Perri - Member

Investor Relator

Piergiacomo Pollonio

Board of Statutory Auditors[4]

Marcello Ferrari (Chair)
Adele Barra
Vittorio Romani

Independent Auditors[5]

BDO Italia S.p.A.

Sponsor and Specialist

Banca Finnat

2. POWERS AND CORPORATE GOVERNANCE

[1] In office until the approval of the financial statements at 31.12.2020
[2] Independent Director
[3] Independent Director
[4] In office until the approval of the financial statements at 31.12.2019
[5] Assignment for nine financial years, until the approval of the financial statements at 31.12.2023

Powers

Mondo TV S.p.A. appointed as Chair and Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed Companies.
The Company is directed by a ***Board of Directors*** currently consisting of 5 members, as resolved by the Shareholders' Meeting of 30 April 2018.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the directors' remuneration in conformity with art. 2389 of the Italian Civil Code, paragraph 3;
- examines and approves the strategic plans of the subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the Shareholders' Meeting.

The Articles of Association in force reserve to non-controlling interests the right to appoint a director.

The Board of Directors is quorate when the absolute majority of the directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the chair of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 14 May 2018 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;
- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chair and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chair of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand,

coordinating the activities of the Board, and chairing the meetings.
During the formal and informal Board of Directors' meetings, the Chair ensures that each member of the Board of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chair activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the Shareholders' Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the Shareholders' Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 29 April 2017 and will remain in office until the Shareholders' Meeting that will approve the financial statements as at 31 December 2019.

The ***Investor Relations*** department, currently headed by Piergiacomo Pollonio, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 13 September 2019, the Board of Directors met 4 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the financial statements as at 31 December 2020, as resolved by the Shareholders' Meeting of 30 April 2018.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members, verifies the execution and implementation of the model.

3. CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	Board of Directors Yvano Dandrea (Chair) Valentina La Macchia Paolo Zecca Matteo Corradi Alexander Manucer
Mondo TV Toys S.A.	Liquidator Yvano Dandrea
Mondo France S.A.	Board of Directors Matteo Corradi (Chair) Sylvie Mahé Eve Baron Carlo Marchetti Feliciana Gargano
Mondo TV Iberoamerica S.A.	Board of Directors Maria Bonaria Fois Matteo Corradi Carlo Marchetti Patricia Motilla Jesus Gomez
Mondo TV Producciones Canarias S.L.U.	Board of Directors Maria Bonaria Fois Matteo Corradi Enrico Martinis

4. LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

All the equity investments listed below were consolidated line-by-line.

List of the equity investments held as at 30.06.2019	
Company Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2018	CHF 1,089,962
Profit (loss) for the year 2018	CHF 420,302
Ownership interest	58%

Company Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share capital	Euro 1,100,000
Equity as at 31.12.2018	Euro 1,094,668
Profit (loss) for the year 2018	Euro (451,593)
Ownership interest	22%
Company Name	**Mondo TV Iberoamerica S.A.**
Registered Office	Madrid (Spain)
Share capital	Euro 500,000
Equity as at 31.12.2018	Euro (1,498,643)
Profit (loss) for the year 2018	Euro (3,476,254)
Ownership interest	74%
Company Name	**Mondo TV Producciones Canarias S.L.U.**
Registered Office	Tenerife (Spain)
Share capital	Euro 3,006
Equity as at 31.12.2018	Euro (2,443,162)
Profit (loss) for the year 2018	Euro (2,709,800)
Ownership interest	74% (indirect investment)
Company Name	**Mondo TV Toys S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2018	CHF (165,720)
Profit (loss) for the year 2018	CHF (4,536)
Ownership interest	100%

5. LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Matteo Corradi	Director of MTV, MFR, MTV IBEROAMERICA, MTV SUISSE, MCANARIAS
Monica Corradi	MTV Director
Riccardo Corradi	Brother of Matteo Corradi and Monica Corradi
Giuliana Bertozzi	Majority shareholder and mother of Matteo Corradi
Aurelio Fedele	MTV Director
Angelica Mola	MTV Director
Carlo Marchetti	Director of MTV, MFR, MTV IBEROAMERICA

FINANCIAL STATEMENTS OF THE PARENT MONDO TV S.P.A.

STATEMENT OF FINANCIAL POSITION

(Euro thousands)	**30/06/2019**	**31/12/2018**
Non-current assets		
- Intangible rights	*33,487*	*27,537*
- Other intangible assets	*37*	*26*
Intangible assets	33,524	27,563
Tangible assets	230	269
Rights of use on leased assets	1,300	0
Equity investments	5,500	2,765
Deferred tax assets	13,727	14,268
Financial receivables	4,326	5,235
	58,607	**50,100**
Current assets		
Trade receivables	23,630	18,100
Financial receivables	145	145
Tax assets	2,478	2,817
Other assets	401	462
Cash and cash equivalents	9,397	11,994
	36,051	**33,518**
Total assets	**94,658**	**83,618**
- Share capital	*18,207*	*18,207*
- Share premium provision	*30,778*	*45,868*
- Legal reserve	*3,062*	*3,062*
- Other reserves	*8,078*	*8,136*
- Retained earnings	*(143)*	*22,894*
- Profit (loss) for the year	*2,172*	*(38,700)*
Total equity	**62,154**	**59,467**
Non-current liabilities		
Provision for post-employment benefits	531	545
Provisions for risks and charges	2,994	2,994
Deferred tax liabilities	66	66
Financial payables	2,549	252
Non-current financial payables on leased assets	1,062	0
	7,202	**3,857**
Current liabilities		
Provisions for risks and charges	27	27
Trade and other payables	23,729	19,448
Financial payables	552	556
Current financial payables on leased assets	475	69
Tax liabilities	519	194
Other liabilities	0	0

	25,302	**20,295**
Total liabilities	**32,504**	**24,151**
Total liabilities + equity	**94,658**	**83,618**

SEPARATE INCOME STATEMENT

(Euro thousands)	**HY1 2019**	**HY1 2018**
Revenue from sales and services	8,572	14,520
Other income	18	12
Capitalisation of internally produced animated series	562	511
Raw materials, consumables and goods	(16)	(24)
Personnel costs	(832)	(775)
Amortisation and impairment of intangible assets	(3,218)	(2,915)
Depreciation and impairment of tangible assets	(41)	(54)
Amortisation of rights of use	(201)	0
Allowance for doubtful debts	(50)	(500)
Other operating costs	(1,746)	(1,617)
EBIT	**3,048**	**9,158**
Net finance income (expenses)	66	535
Profit (loss) of the period before tax	**3,114**	**9,693**
Income tax expense	(942)	(2,774)
Net profit (loss) for the period	**2,172**	**6,919**
Earnings (loss) per share (basic and diluted)	**0.060**	**0.262**

STATEMENT OF COMPREHENSIVE INCOME

(Euro thousands)	**HY1 2019**	**HY1 2018**
Net income (loss) for the period (A)	**2,172**	**6,919**
Other items of the comprehensive income statement:		
Disposal of shares of subsidiaries	**658**	**347**
Total other comprehensive income/(loss) (B)	**658**	**347**
Total comprehensive income (loss) (A)+(B)	**2,830**	**7,266**

STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2018

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium provision	Other reserves	Profit (loss) for the year	Total equity
Financial Statements at 31.12.2017	**15,308**	**2,642**	**10,448**	**27,767**	**8,223**	**12,866**	**77,254**
Transactions with shareholders recognised in equity:							
Atlas capital increase	1,124	-	-	7,876	(415)	-	8,585
Items of comprehensive income for the year:							
Allocation profit FY 2017	-	420	12,446	-	-	(12,866)	-
Disposal of shares of subsidiaries					347		347
Result for the period	-	-	-	-	-	6,919	6,919
Financial Statements at 30.06.2018	**16,432**	**3,062**	**22,894**	**35,643**	**8,155**	**6,919**	**93,105**

Changes in equity HY1 2019

(Euro thousands)	Share capital	Legal reserve	Retained earnings (losses)	Share premium provision	Other reserves	Profit (loss) for the year	Total equity
Financial Statements at 31.12.2018	**18,207**	**3,062**	**22,894**	**45,868**	**8,136**	**(38,700)**	**59,467**
Transactions with shareholders recognised in equity:							
Items of comprehensive income for the year:							
Adjustment for IFRS 16			(143)				(143)
Allocation of profit (loss) for 2018	-	-	(22,894)	(15,090)	(716)	38,700	-
Disposal of shares of subsidiaries					658		658
Result for the period	-	-	-	-	-	2,172	2,172
Financial Statements at 30.06.2019	**18,207**	**3,062**	**(143)**	**30,778**	**8,078**	**2,172**	**62,154**

CASH FLOW STATEMENT

(Euro thousands)	**HY1 2019**	**HY1 2018**

A. OPENING CASH AND CASH EQUIVALENTS	11,994	1,276
Result for the period	2,172	6,919
Depreciation, amortisation and impairment	3,510	3,469
Net change in provisions	(14)	33
Economic effect of deferred taxes	0	0
Cash flow from (used in) operating activities before changes in working capital	5,668	10,421
(Increase) decrease in trade and other receivables	(5,580)	(10,803)
(Increase) decrease in tax assets	939	1,963
(Increase) decrease in other assets	61	(132)
Increase (decrease) in trade payables	4,281	3,828
Increase (decrease) in tax liabilities	325	977
Increase (decrease) in other liabilities	0	73
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,694	6,327
(Acquisition) / Disposal of		
- Intangible assets	(9,366)	(10,631)
- Tangible assets	(16)	(35)
- Rights of use on leased assets	(1,300)	0
- Financial assets	(2,735)	(173)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(13,417)	(10,839)
Changes in capital	456	8,932
(Increase) decrease in financial receivables and securities	909	271
Increase (decrease) in financial payables	3,761	4,851
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	5,126	14,054
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	(2,597)	9,542
F. CLOSING CASH AND CASH EQUIVALENTS	9,397	10,818

NET FINANCIAL POSITION

(Euro thousands)	**30.06.2019**	**31.12.2018**
Cash and cash equivalents	9,397	11,994

Securities readily convertible into cash	-	-
Short-term financial receivables	145	145
Short-term financial payables due to banks	(552)	(556)
Short-term payables per IFRS 16	(475)	(69)
Short-term net financial position (debt)	**8,515**	**11,514**
Long-term financial receivables	4,326	5,235
Medium/long-term payables per IFRS 16	(1,062)	0
Medium/long-term portion of loans payable	(2,549)	(252)
Medium/long-term net financial position (debt)	**715**	**4,983**
Net financial position	**9,230**	**16,497**

Certification of the condensed half-year consolidated financial statements as at 30 June 2019 in compliance with article 154-bis, paragraph 5 of Legislative Decree no. 58/1998 as subsequently amended and supplemented

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Head of Financial Reporting of Mondo TV S.p.A. (the **Company** or the **Issuer**) certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the condensed half-year consolidated financial statements as at 30 June 2019 in HY1 2019.

2. The administrative and accounting procedures for the preparation of the condensed half-year consolidated financial statements as at 30 June 2019 have been defined and the assessment of their adequacy has been carried out on the basis of the standards and methodologies defined by Mondo TV in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a generally accepted international reference framework for the internal control system.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the condensed half-year consolidated financial statements:

- have been prepared in compliance with the applicable international accounting standards recognised in the EU pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (International Financial Reporting Standards - IFRS), as well as the laws and regulations in force in Italy, also with particular reference to the provisions issued in implementation of article 9 of Legislative Decree 28 February 2005, no. 38;
- are consistent with the entries in accounting books and records;
- provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.

3.2 The Interim Report on Operations contains a reliable analysis of the key events that took place in HY1 2019 and of their impact on the condensed half-year consolidated financial statements as at 30 June 2019, together with a description of the main risks and uncertainties for the remaining six months of 2019. The Report on Operations also includes reliable disclosure on significant transactions with related parties.

13 September 2019

_____	_____
CEO	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti