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

Mondo TV S.p.A.
Share Capital Euro 17,207,596.50 - fully paid-in

Registered office	**Via Brenta 11- Rome (Italy)**
Other offices	**Via Montenero 42 - 44 - Guidonia (RM)**
	Via Melchiorre Gioia 72 - Milan
	52, Rue Gerard - 75013 - Paris (France)
	Via Crocicchio Cortogna 6 – 6900 Lugano (Switzerland)
	Calle Alvarez de Baena 4 - Madrid (Spain)
	Calle Cruz Verde, 22 - Tenerife (Canary Islands, Spain)

Half-Year Consolidated Financial Report
30 June 2018

Approved: Board of Directors' Meeting of 13 September 2018

CONTENTS

1. INTERIM REPORT ON OPERATIONS

1.1	*General Commentary*	*4*
1.2	*Description of the company's operating conditions*	*5*
1.3	*Productions of the half-year, main acquisitions and significant events*	*7*
	1 Investments in the Library	*7*
	2 Acquisitions and establishments of new companies	*8*
	3 Significant events in HY1 2018	*8*
1.4	*Information on shareholders and the share price*	*9*
1.5	*Highlights*	*10*
1.6	*Information on main risks and uncertainties*	*12*
1.7	*Human resources and research and development activities*	*15*
1.8	*Treasury shares*	*15*
1.9	*Significant events after HY end*	*15*
1.10	*Related-party transactions*	*16*
	1 Related parties	*16*
	2 Intra-group transactions	*18*
1.11	*Statement of reconciliation of consolidated equity*	*19*
1.12	*Business outlook*	*19*

2. CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

2.1	*Consolidated statement of financial position at 30.06.2018*	*21*
2.2	*HY Consolidated Income Statement*	*22*
2.3	*Consolidated Comprehensive Income Statement*	*22*
2.4	*Consolidated Statement of Changes in Equity*	*23*
2.5	*Consolidated Cash Flow Statement*	*24*
2.6	*Consolidated financial statements highlighting transactions with related parties*	*25*
2.7	*Operating segments*	*28*
2.8	*Notes to the condensed half-year consolidated financial statements*	*29*

3. ANNEXES

	Annex 1: Corporate bodies and committees of the Parent	*49*
	Annex 2: Powers and Corporate Governance	*50*
	Annex 3: Corporate bodies of the subsidiaries	*53*
	Annex 4: List of the equity investments in the scope of consolidation	*54*
	Annex 5: List of related parties	*55*

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

4.1	*Statement of financial position at 30.06.2018*	*56*
4.2	*HY Income Statement*	*57*
4.3	*Statement of changes in equity*	*58*
4.4	*Cash Flow Statement*	*59*
4.5	*Net Financial Position*	*60*

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 - Chair 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

1. INTERIM REPORT ON OPERATIONS - HY1 2018

1.1 GENERAL COMMENTARY

The half-year financial report of the Mondo TV Group as at 30 June 2018 has been prepared in accordance with the provisions of article 154-ter paragraph 2 of Legislative Decree no. 58/98 - Consolidated Finance Act (TUF, Testo Unico della Finanza) - and subsequent amendments or additions.
The condensed half-year consolidated financial statements as at 30 June 2018, 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 income statement, consolidated comprehensive income statement, consolidated statement of financial position, consolidated statement of cash flows, 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 2017.

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 half-year consolidated financial statements show a Group net profit of Euro 6,810 thousand (HY1 2017: Euro 5,721 thousand) after depreciation, amortization and write-downs of Euro 3,981 thousand (HY1 2017: Euro 3,090 thousand).

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

Condensed Consolidated Income Statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Revenues	16,131	15,330
Capitalisation of internally produced animated series	1,130	531
EBITDA	12,936	11,107
EBIT	8,955	8,017
Profit (loss) of the period before tax	9,452	6,798
Profit (loss) for the year	**6,628**	**5,377**
Profit (loss) attributable to owners of the Parent	**6,810**	**5,721**

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 2017, revenue growth of about Euro 0.8 million in absolute value and about 5% in percentage terms is attributable to higher sales of television rights in the Asian market, which by now represents the reference market for the group.

The capitalisation of internally produced animated series mainly refers to the productions of the Parent Company and Mondo TV France and was Euro 1.1 million (Euro 0.5 million in the corresponding period of 2017), with an increase attributable to the subsidiary Mondo TV France.

Operating expenses decreased by approximately Euro 0.4 million, partly due to the absence of litigation-related costs that weighed down Euro 750 thousand in HY1 2017.

EBITDA went from Euro 11.1 million for the first half of 2017 to Euro 12.9 million for the first half of 2018, an increase of Euro 1.8 million due to as outlined above.

The operating result after amortisation, depreciation, impairment and provisions (Euro 4.0 million, compared to Euro 3.1 million in the corresponding period of 2017) is positive for Euro 9.0 million, compared to Euro 8.0 million of the corresponding period in 2017, with an increase of approximately Euro 1 million in absolute terms and 12% in percentage terms.

In the HY, there was net financial income of Euro 0.5 million compared to net financial expenses of Euro 1.2 million in HY1 2017; the change of Euro 1.7 million is due to the recognition of exchange rate gains estimated arising from the strengthening of the Dollar against the Euro in HY1 of the current year.

Group net profit for the period was Euro 6.8 million compared to Euro 5.7 million in HY1 2017, up Euro 1.1 million in absolute terms and 19% in percentage terms.

The net financial position went from a debt of Euro 1.8 million as at 31 December 2017 to net cash of 0.4 million as at 30 June 2018; the figure for HY1 2018 includes the debt exposure of convertible bonds outstanding as at 30 June 2018 for an amount equal to Euro 5.5 million, converted into shares for 5.4 million at the date of this report, the latter portion thus not constituting financial debt for the Group at present.

Shareholders' equity of the Group went from Euro 77.1 million as at 31 December 2017 to Euro 92.7 million as at 30 June 2018 mainly due to the conversion of convertible bonds under the extraordinary finance transactions concluded with Atlas and the positive result of the HY. For further details, reference is made to the related section of the notes.

1.2 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 licensing and exploitation of its rights for merchandising purposes.

The reference economic context was characterised by weak growth in HY1 2018, like in 2017. The weak advertising revenue has adversely affected the volume of new investments by general televisions, while on the other hand, there was growth in thematic televisions. The difficult situation did not prevent the Group from achieving revenues in the period, mainly due to the growth in revenues from the sale of television rights, in addition to revenues from the production and development of licensing.

Here below is a brief description of the business of the Parent and of the main companies of the Mondo TV Group, 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 Italia - Alternative Capital Market (hereinafter, "AIM Italia") organised and managed by Borsa Italiana S.p.A. The portion of share capital held by Mondo TV S.p.A. as at 30 June 2018 is about 22%.

- **Mondo TV Suisse S.A.** realises productions and co-productions of animated television series for clients in the USA, the Middle East, Asia and Russia. The company is listed at the AIM Italia - Alternative Capital Market (hereinafter, "AIM Italia") organised and managed by Borsa Italiana S.p.A. The percentage of investment of Mondo TV S.p.A. is approximately 57%.

- **Mondo TV Toys S.A.,** incorporated by the Parent Company in HY1 2016, was placed in liquidation on 26 June 2017. The percentage of investment of Mondo TV S.p.A. is 100%.

- 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 30 June 2018 is 73%.

- **Mondo TV Producciones Canarias S.L.U.** also 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., is 73%.

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.

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

1.3.1 INVESTMENTS IN LIBRARY

In HY1 2018, 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 *"Robot Trains", "Invention Story"* and *"Play Time Buddies"*.

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

Investments in the Library

(Euro thousands)

Category	**30.06.2018**	**30.06.2017**
Animated series	10,998	5,808

Live series	514	1,449
Sub-total of investments in new productions	***11,512***	***7,257***
Temporary licenses – animation	0	71
Temporary licenses – live series	195	381
TOTAL	**11,707**	**7,709**

1.3.2 ACQUISITION AND ESTABLISHMENT OF NEW COMPANIES

No new companies were acquired or established in 2018.

1.3.3 SIGNIFICANT EVENTS IN HY1 2018

On 5 January 2018, the Parent Company Mondo TV sent Atlas Alpha Yield Fund and Atlas Capital Markets a new request for issue under the investment agreement stipulated by the Company with which Atlas has undertaken to subscribe, directly or through a party possibly designated under the Contract, in several tranches and only following specific subscription requests made by the Company, 60 bonds convertible into shares for a value of Euro 250,000 each.
The subject of the Request was the fourth and last tranche of 12 bonds for a total counter-value of Euro 3,000,000.
As at the date of this report, the fourth and final tranche of the agreement with Atlas Alpha Yield Fund and Atlas Capital Markets has been fully converted to equity.

On 18 April 2018, the Mondo TV Board of Directors approved the execution of an investment agreement with Atlas Special Opportunities to issue a new line of convertible bonds for up to Euro 18 million in only 2 tranches of Euro 11 million and Euro 7 million to be called by 2019.
Mondo TV also issued a global warrant in favour of Atlas, exercisable within five years from the issue date, for the subscription of 450,000 Mondo TV shares at the price of Euro 7.50 per share for a maximum total value of Euro 3,375,000.
At the date of this report, the first tranche of the agreement with Atlas Special Opportunities with a total value of Euro 11 million was called and fully converted into capital (of which Euro 5 million after the closing date of the half year).

On 20 March 2018, a new agreement was signed between the Parent Company and Henan York for the start of the study phase of the conditions for the realization of a theme amusement park in China by a possible joint venture.
The company subsequently decided, on the basis of the verifications carried out, not to proceed with the theme park project, withdrawing from the agreement at no additional cost.

On 19 April 2018, the Parent Company Mondo TV signed an agreement with My Theater D.D., a Tokyo-based company engaged in the production and distribution of cartoons, for Mondo TV to join the group of companies that are producing a new animation series called “Piano no Mori”.
The series, currently in production, has already been acquired by Netflix, which will broadcast it in 190 countries worldwide as already announced on the Internet.
The series will consist of 24 episodes of 25 minutes each and is based on the property Piano no Mori, the subject of the well-known and eponymous manga comic series.
With this agreement, Mondo TV acquires a minority but important share in the ownership of the series. In addition, Mondo TV will handle the distribution of the series in Europe, Russia and North Africa, both on the licensing and merchandising side and, once the exploitation period by Netflix is over, on the media side.

Also with reference to the Parent Company, on 8 May 2018, the Rome provincial tax department fully upheld the appeal filed by the Company against the assessment notices for 2011 for the portion relating to VAT and IRAP, referred to several times in the Company’s financial reports. After the positive conclusion of the judgement for 2010, the first level of judgement for 2011 has also been concluded positively for the Company.

It should be noted that in the assessment notices the company was notified of its failure to declare positive elements amounting to approximately Euro 1.1 million, including penalties.

With regard to the subsidiary Mondo TV Iberoamerica, in the half-year saw the finalisation of the sale to RAI of the first season of the live series "Heidi Bienvenida a casa"; the series is currently broadcast on RAI Gulp.
With this sale, the exploitation of licensing has also begun in Italy in anticipation of the Christmas season. In this regard, of particular importance is the agreement with Sony Music signed in the HY for the exploitation of music rights.

There were no significant events affecting the other consolidated companies.

1.4 INFORMATION ON SHAREHOLDERS AND THE SHARE PRICE

The Parent Company Mondo TV S.p.A.'s shareholding structure as at 30 June 2018 was as follows:

Largest shareholders			
		no. of shares	**%**
Orlando Corradi		11,832,708	36.00%
	Sub-total	**11,832,708**	**36.00%**
Other shareholders		21,031,782	64.00%
		32,864,490	**100.00%**

The issuer is unaware of the existence of shareholders' agreements as described in art. 122 of the Consolidated Finance Act; 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, the value decreased in the first six months of the year, with a value of 3.745 as at 29 June 2018. Below is the stock price trend from 1 January 2018 to 30 June 2018:



As of 12 September 2018, the stock was valued at Euro 3.85 per share, with a market capitalisation of approximately Euro 132.5 million.

1.5 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)	**30.06.2018**	**31.12.2017**
Non-current fixed assets	**54,820**	**47,765**
Current assets	63,893	51,200
Current liabilities	(25,280)	(18,985)
Net working capital	**38,613**	**32,215**
Non-current liabilities	**(581)**	**(482)**
Invested capital	**92,852**	**79,498**
Net financial position	355	(1,789)
Shareholders' equity	**93,207**	**77,709**
Non-controlling interests	497	569
Equity attributable to owners of the Parent	**92,710**	**77,140**

Reclassified condensed consolidated income statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Revenues	16,131	15,330
Capitalisation of internally produced animated series	1,130	531
Operating costs	(4,325)	(4,754)
EBITDA	**12,936**	**11,107**
Amortisation and depreciation, impairment, and provisions	(3,981)	(3,090)
EBIT	**8,955**	**8,017**
Net finance income (expenses)	497	(1,219)
Profit (loss) of the period before tax	**9,452**	**6,798**
Income tax expense	(2,824)	(1,421)
Net profit (loss) for the period	**6,628**	**5,377**
Profit (loss) for the year attributable to non-controlling interests	(182)	(344)

Profit (loss) attributable to owners of the Parent	**6,810**	**5,721**
Losses/Earnings per share (basic and diluted)	**0.22**	**0.20**

Consolidated net financial position

(Euro thousands)	**30.06.2018**	**31.12.2017**
Cash and cash equivalents	11,818	2,408
Current financial payables due to banks	(5,759)	(3,611)
Net current financial position	**6,059**	**(1,203)**
Payables for convertible bonds	(5,530)	(330)
Non-current payables due to banks	(336)	(418)
Net non-current financial position	**(5,866)**	**(748)**
Net financial debt as per comm. Consob DEM/6064293	**193**	**(1,951)**
Non-current receivables due from third parties	162	162
Consolidated net financial position	**355**	**(1,789)**

Key financial ratios

	HY1 2018	**HY1 2017**
ROI (EBIT/invested capital)	9.64%	11.80%
ROS (EBIT/revenues)	55.51%	52.30%
ROE (profit for the year/equity)	7.35%	8.76%
Equity to non-current assets ratio (cons. equity+equity/NCA)	1.71	1.61
NFP/equity	0.00	0.03

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, tangible 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.
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 13.
Non-current payables due to banks: their composition is detailed in note 13.

Atlas convertible bond: the composition is detailed in note 13.

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 figures and ratios show an improvement in the equity, financial and economic situation of management in HY1 2018 compared to HY1 2017. With regard to ROI and ROE, the lower value compared to the first half of the previous year is due respectively to the increase in Invested Capital and Equity, although the result for the half-year improved.

1.6 INFORMATION ON MAIN RISKS AND UNCERTAINTIES

The Group is implementing the strategic line, through the acquisition of new productions oriented to the Group's licensing and internationalization.

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:

1.6.1 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:

1. Credit risk
2. Liquidity risk
3. Exchange rate risk
4. Interest rate risk

Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
Already in previous years, the Group Companies adopted appropriate procedures, such as the verification of debtors' solvency, to minimise the exposure to this risk.
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.
If significant, the positions, for which a risk of partial or total non-collectability is noted, are subject to individual impairment.

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.
This risk was significantly reduced with the issuance of the Atlas convertible bonds, which provided a significant supply of liquidity.

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.

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. Significant changes in the interest rate could influence the cost of floating-rate loans.
In view of the financial exposure subject to interest rate risk, in the financial statements ended 31 December 2017, a sensitivity analysis was carried out, which allowed the quantification, all other conditions being equal, of the impact that a hypothetical 1% change in Euribor would have had on the FY result: this analysis showed a marginal impact. Based on these considerations, it was not deemed necessary to update the analysis.

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.

1.6.2 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. and in the development of its products.
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.

1.6.3 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.

1.6.4 RISKS ASSOCIATED WITH DISPUTES

As at 30 June 2018, the Group had no significant legal disputes outstanding.

1.6.5 RISKS ASSOCIATED WITH THE FISCAL POSITION OF THE PARENT COMPANY

In the year 2014, the Parent 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 settlement act 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 and 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 provincial tax department of Rome fully accepted the appeal filed by the Company against the assessment notices related to 2010; said sentence was then confirmed by the regional tax department for Lazio in July 2018. Therefore, the judgement concluded positively for the Company, except for any appeals filed with the Court of Cassation by the Revenue Agency.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified two 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 IRAP was ascertained.
  On 16 February 2017, the company filed an appeal against the notice of assessment notified by the Revenue Agency.

  On 8 May 2018, the Rome provincial tax department fully upheld the appeal filed by the Company against the assessment notices relating to 2011 for the portion relating to 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 submitted a request for recalculation for deduction of losses and reduction of sanctions, and thus an appeal based on the recalculations.

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.

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 outcome of the first and second-instance sentence related to 2010, the first-instance sentence related to 2011 for VAT and IRAP and the judgement of specially appointed consultants, deem scarcely likely that the company may lose in this dispute, and therefore, consistent with the assessments made in the annual financial report as at 31 December 2017, no provision was made in the half-year financial report as at 30 June 2018.

1.7 HUMAN RESOURCES AND RESEARCH AND DEVELOPMENT ACTIVITIES

As at 30 June 2018, the Group had 41 employees, of which 4 executive and 37 white-collar workers and middle managers, unchanged compared to 31 December 2017. The breakdown of employees by company is as follows: Mondo TV S.p.A. 24

employees, Mondo TV France S.A. 4 employees, Mondo TV Suisse 2 employees and Mondo TV Iberoamerica 11 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.

1.8 TREASURY SHARES

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

1.9 SIGNIFICANT EVENTS AFTER HY END

To date, there have been no events after 30 June 2018 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.

After 30 June, the Parent Company fully converted the bonds outstanding as at 30 June 2018 issued in favour of Atlas; therefore, at the date of this report, the amount of Euro 5,000 thousand recognized under financial payables no longer constitutes a financial debt for the group but is part of the equity with a significant improvement in the net financial position. The subsidiaries Mondo TV France S.A. and Mondo TV Iberoamerica S.A. converted the bonds outstanding at 30 June 2018 for the full amount outstanding (Euro 250 thousand) and Euro 200 thousand, respectively.
At the date of this report, bonds totalling Euro 80 thousand had not been converted, as summarised below:

(Euro thousands)	**Financial payables at 30.06.2018**	**Conversions after 30.06.2018**	**Financial payables at 12.09.2018**
Mondo TV S.p.A.	5,000	(5,000)	-
Mondo TV France S.A.	250	(250)	-
Mondo TV Iberoamerica S.A.	280	(200)	80
Total	**5,530**	**(5,450)**	**80**

In July, the subsidiary Mondo TV Iberoamerica S.A. requested the issue of the third tranche of Atlas convertible bonds for a total counter-value of Euro 200 thousand.

On 03 September 2018, the Parent Company requested the issue of the second and last tranche of Atlas convertible bonds for a total counter-value of Euro 7,000 thousand; the bonds were issued on 12 September, and at the same time converted to date for an amount equal to Euro 3,500 thousand; as a result of the conversions carried out, there remain in relation to the second tranche 14 bonds to be converted for an amount equal to Euro 3,500 thousand.

It should be noted that the main purpose of the transaction is to allocate adequate resources to strengthen the company's operational and financial structure, also in view of future developments in terms of external growth and international expansion.

1.10 RELATED-PARTY TRANSACTIONS

1.10.1 RELATED PARTIES

The Mondo TV Group engages in significant transactions with related parties, the complete list of which is reported in Annex 3.5. 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 30.06.2018	Cost HY1 2018	Payables as at 30.06.2018	Nature of the transactions
Remuneration of directors and executives				
Matteo Corradi	135	91	0	Chair and CEO
Monica Corradi	0	86	0	Director
Aurelio Fedele	0	18	18	Independent Director
Angelica Mola	0	13	13	Independent Director
Carlo Marchetti	0	65*	5	Director
Total	**135**	**273**	**36**	
Other related parties				
Trilateral Land S.r.l.	0	244	447	Office leasing
Orlando Corradi	47	0	0	Majority Shareholder
Total	**182**	**517**	**483**	

* 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:

Orlando Corradi is the largest shareholder of Mondo TV S.p.A. (Chair of the Board of Directors until 30 April 2018). Orlando Corradi has always followed the creative part in the production of animated series and for some series he acts as director; during the six-month period, the remuneration accrued for directing amounted to Euro 75 thousand recorded in Mondo TV S.p.A. under intangible assets (rights).

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.

Paragraph 2.6 "Consolidated financial statements providing related party disclosures pursuant to CONSOB resolution 15519 of 28/07/2006" includes 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.

1.10.2 INTRAGROUP 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 2018.

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.
There were no significant transactions during the first half of 2018.

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 relates to the allocation of productions between Mondo TV Suisse S.A. and the Parent Company, in order to assign the latter the task of carrying out the processing phases of productions entrusted to 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.

As at 30 June 2018, Mondo TV S.p.A. had receivables from Mondo TV Suisse totalling Euro 2,327 thousand and payables

totalling Euro 1,394 thousand.
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 206 thousand.
These transactions have been derecognised in the consolidated financial statements.

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 2018.

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 297 thousand, which constitute an intangible asset for Mondo TV S.p.A. These transactions have been derecognised in the consolidated financial statements.

1.11 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 2018 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. Separate Financial Statements	**6,919**	**93,105**
Individual data of the subsidiaries	5	3,674
Eliminations of the carrying amount of net equity investments	0	(1,546)
Eliminations of intragroup items	(296)	(2,027)
Attribution of subsidiaries' equity to non-controlling interests	182	(496)
Consolidated Financial Statements	**6,810**	**92,710**

1.12 BUSINESS OUTLOOK

The Company is implementing the strategic line confirmed in the business plan approved on 30 November 2017 through the acquisition of new productions oriented towards licensing and the internationalisation of the Group.
In particular, the Group acquired a significant strength position in Asia and the Middle East.

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

FINANCIAL STATEMENTS AND NOTES

2. FINANCIAL STATEMENTS AND NOTES

2.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30.06.2018

Statement of financial position

(Euro thousands)	Notes	30.06.2018	31.12.2017
Non-current assets			
- Intangible rights		*52,438*	*44,136*
- Other intangible assets		*27*	*12*
Intangible assets	6	52,465	44,148
Tangible assets	6	393	387
Deferred tax assets	7	1,766	3,036
Receivables	8	358	356
		54,982	**47,927**
Current assets			
Trade receivables	8	61,184	47,931
Tax assets	7	2,242	2,936
Other assets	9	467	334
Cash and cash equivalents	10	11,818	2,408
		75,711	**53,609**
Total assets		**130,693**	**101,536**
- Share capital		*16,432*	*15,308*
- Share premium provision		*35,643*	*27,767*
- Legal reserve		*3,061*	*2,642*
- Other reserves		*10,400*	*10,639*
- Retained earnings (losses)		*20,365*	*7,967*
- Profit (loss) for the period		*6,810*	*12,817*
Equity attributable to owners of the Parent		92,711	77,140
Non-controlling interests		496	569
Total equity	11	**93,207**	**77,709**
Non-current liabilities			
Provision for post-employment benefits	12	515	482
Deferred tax liabilities	7	66	0
Financial payables	13	5,866	748
		6,447	**1,230**
Current liabilities			
Provisions for risks and charges	12	54	54
Trade payables	13	20,220	14,952
Financial payables	13	5,759	3,611
Tax liabilities	7	1,323	369
Other liabilities	14	3,683	3,611
		31,039	**22,597**
Total liabilities		**37,486**	**23,827**
Total liabilities + equity		**130,693**	**101,536**

2.2 HY CONSOLIDATED INCOME STATEMENT

Separate income statement			
(Euro thousands)	**Notes**	**HY1 2018**	**HY1 2017**
Revenue from sales and services	18	16,061	15,178
Other income	18	70	151
Capitalisation of internally produced animated series	19	1,130	531
Raw materials, consumables and goods	20	(33)	(44)
Personnel costs	21	(1,845)	(1,571)
Amortisation and impairment of intangible assets	22	(3,405)	(2,523)
Depreciation and impairment of tangible assets	22	(66)	(52)
Allowance for doubtful debts	8	(510)	(515)
Other operating costs	23	(2,447)	(3,138)
EBIT		**8,955**	**8,017**
Financial income	24	1,121	0
Financial expenses	24	(624)	(1,219)
Profit (loss) of the period before tax		**9,452**	**6,798**
Income tax expense	25	(2,824)	(1,421)
Net profit for the period		**6,628**	**5,377**
Profit (loss) for the year attributable to non-controlling interests		(182)	(344)
Profit (loss) attributable to owners of the Parent		**6,810**	**5,721**
Earnings per share (basic and diluted)	27	**0.22**	**0.20**

2.3 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Consolidated comprehensive income statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Net profit (loss) for the year	6,628	5,377
Disposal of shares of subsidiaries	140	1,046
Total net profit	**6,768**	**6,423**
Total profit (loss) attributable to non-controlling interests	(73)	(199)
Total profit (loss) attributable to the Group	**6,841**	**6,622**

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2017									
(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings**	**Share premium provision**	**Other reserves**	**Profit (loss) for the period**	**Attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Consolidated Financial Statements as at 31.12.2016	**14,361**	**2,642**	**(383)**	**21,214**	**9,022**	**8,555**	**55,411**	**564**	**55,975**
Transactions with shareholders recognised in equity:									
Atlas capital increase	459			3,291	(600)		3,150		3,150
Items of comprehensive income for the year:									
Allocation of profit (loss) for the year 2016	-	-	8,350		205	(8,555)	-	-	-
Disposal of shares of subsidiaries					1,046		1,046	145	1,191
Translation reserve Mondo TV Suisse					(4)		(4)	(2)	(6)
Other changes					-		-	-	-
Result for the period	-	-	-	-	-	5,721	5,721	(344)	5,377
Consolidated Financial Statements as at 30.06.2017	**14,820**	**2,642**	**7,967**	**24,505**	**9,669**	**5,721**	**65,324**	**363**	**65,687**

Changes in equity HY1 2018									
(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (losses)**	**Share premium provision**	**Other reserves**	**Profit (loss) for the period**	**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**
Transactions with shareholders recognised in equity:									
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**

For further information on Group equity, reference should be made to note 11.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated cash flow statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
A. OPENING CASH AND CASH EQUIVALENTS	**2,408**	**1,810**
Group profit (loss) of the period	6,810	5,721
Profit (loss) for the year attributable to non-controlling interests	(182)	(344)
Total profit (loss) of the period	6,628	5,377
Depreciation, amortisation and impairment	3,981	3,090
Net change in provisions	33	18
Cash flow from (used in) operating activities before changes in working capital	**10,642**	**8,485**
(Increase) decrease in trade receivables	(13,765)	(6,444)
(Increase) decrease in tax assets	1,964	1,269
(Increase) decrease in other assets	(133)	(54)
Increase (decrease) in trade payables	5,268	16
Increase (decrease) in tax liabilities	1,020	87
Increase (decrease) in other liabilities	72	(1,491)
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**5,068**	**1,868**
(Acquisition) / Disposal of		
- Intangible assets	(11,722)	(7,710)
- Tangible assets	(72)	(22)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(11,794)**	**(7,732)**
Changes in capital	8,870	4,335
Increase (decrease) in financial payables	7,352	3,880
Interest paid	(86)	(86)
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**16,136**	**8,129**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**9,410**	**2,265**
F. CLOSING CASH AND CASH EQUIVALENTS	**11,818**	**4,075**

2.6 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)	**30.06.2018**	**related parties**	**31.12.2017**	**related parties**
Non-current assets				
- Intangible rights	*52,438*		*44,136*	
- Other intangible assets	*27*		*12*	
Intangible assets	52,465		44,148	
Tangible assets	393		387	
Deferred tax assets	1,766		3,036	
Receivables	358		356	
	54,982		**47,927**	
Current assets				
Trade receivables	61,184	182	47,931	168
Tax assets	2,242		2,936	
Other assets	467		334	
Cash and cash equivalents	11,818		2,408	
	75,711		**53,609**	
Total assets	**130,693**		**101,536**	
- Share capital	*16,432*		*15,308*	
- Share premium provision	*35,643*		*27,767*	
- Legal reserve	*3,061*		*2,642*	
- Other reserves	*10,400*		*10,639*	
- Retained losses	*20,365*		*7,967*	
- Profit (loss) for the period	*6,810*		*12,817*	
Equity attributable to owners of the Parent	92,711		77,140	
Non-controlling interests	496		569	
Total equity	**93,207**		**77,709**	
Non-current liabilities				
Provision for post-employment benefits	515		482	
Deferred tax liabilities	66		0	
Financial payables	5,866		748	

	6,447		**1,230**	
Current liabilities				
Provisions for risks and charges	54		54	
Trade payables	20,220	483	14,952	448
Financial payables	5,759		3,611	
Tax liabilities	1,323		369	
Other liabilities	3,683		3,611	
	31,039		**22,597**	
Total liabilities	**37,486**		**23,827**	
Total liabilities + equity	**130,693**		**101,536**	

Consolidated income statement				
(Euro thousands)	HY1 2018	of which with related parties	HY1 2017	of which with related parties
Revenue from sales and services	16,061		15,178	
Other income	70		151	
Capitalisation of internally produced animated series	1,130		531	
Raw materials, consumables and goods	(33)		(44)	
Personnel costs	(1,845)	(48)	(1,571)	(48)
Amortisation and impairment of intangible assets	(3,405)		(2,523)	
Depreciation and impairment of tangible assets	(66)		(52)	
Allowance for doubtful debts	(510)		(515)	
Other operating costs	(2,447)	(469)	(3,138)	(407)
EBIT	**8,955**		**8,017**	
Finance income	1,121		0	
Financial expenses	(624)		(1,219)	
Profit (loss) of the period before tax	**9,452**		**6,798**	
Income tax expense	(2,824)		(1,421)	
Net profit for the period	**6,628**		**5,377**	
Profit (loss) for the year attributable to non-controlling interests	(182)		(344)	
Profit (loss) attributable to owners of the Parent	**6,810**		**5,721**	

Comprehensive income statement				
(Euro thousands)	HY1 2018	of which with related parties	HY1 2017	of which with related parties
Net profit (loss) for the year	6,628		5,377	
Disposal of shares of subsidiaries	140		1,046	
Total net profit	**6,768**		**6,423**	
Total profit (loss) attributable to non-controlling interests	(73)		(199)	
Total profit (loss) attributable to the Group	**6,841**		**6,622**	

Consolidated cash flow statement with related parties				
(Euro thousands)	**HY1 2018**	**related parties**	**HY1 2017**	**related parties**
A. OPENING CASH AND CASH EQUIVALENTS	2,408		1,810	
Group profit (loss) of the period	6,810	-	5,721	-
Profit (loss) for the year attributable to non-controlling interests	(182)	-	(344)	-
Total profit (loss) of the period	6,628	-	5,377	-
Depreciation, amortisation and impairment	3,981	-	3,090	-
Net change in provisions	33	-	18	-
Cash flow from (used in) operating activities before changes in working capital	10,642		8,485	
(Increase) decrease in trade receivables	(13,765)	(14)	(6,444)	(9)
(Increase) decrease in tax assets	1,964	-	1,269	-
(Increase) decrease in other assets	(133)	-	(54)	-
Increase (decrease) in trade payables	5,268	35	16	84
Increase (decrease) in tax liabilities	1,020	-	87	-
Increase (decrease) in other liabilities	72	-	(1,491)	-
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,068		1,868	
(Acquisition) / Disposal of				
- Intangible assets	(11,722)	-	(7,710)	-
- Tangible assets	(72)	-	(22)	-
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(11,794)		(7,732)	
Changes in capital	8,870	-	4,335	-
Increase (decrease) in financial payables	7,352	-	3,880	-
Interest paid	(86)	-	(86)	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	16,136		8,129	
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	9,410		2,265	
F. CLOSING CASH AND CASH EQUIVALENTS	11,818		4,075	

2.7 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 2018 and 2017, the breakdown of Group revenues by geographical area.

The allocation of revenue to a specific geographical area is made 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 2018		HY1 2017		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	1,052	7%	650	4%	402	62%
Europe	329	2%	653	4%	(324)	(50%)
Asia	14,394	90%	13,730	91%	664	5%
Americas	226	1%	145	1%	81	56%
Africa	60	0%	-	0%	60	100%
Total revenue	**16,061**	**100%**	**15,178**	**100%**	**883**	**6%**

2.8 NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2018

NOTE 1 INTRODUCTION

Mondo TV S.p.A. is a joint-stock company registered under the Rome Companies Register.
The Company is incorporated under Italian law, its registered office is located in Rome, Via Brenta 11 and it is listed on the Italian stock exchange (Borsa Italiana's STAR segment).

Mondo TV France S.A. (as of 25 March 2013) and Mondo TV Suisse S.A. (as of 13 April 2015) are listed on the AIM Italia/Alternative Capital Market (hereinafter, "AIM Italia") organized and managed by Borsa Italiana S.p.A.
Mondo TV Iberoamerica S.A. is listed (as of 22 December 2016) on the Mab in Madrid.

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 2018.

Company Name	% Investment	Share value 30.06.2018	Number of shares	Capitalization Mkt Euro/000	MTV Mkt Share Euro/000
Mondo TV France	22%	0.071	111,313,107	7,903	1,738
Mondo TV Iberoamerica	73%	0.41	10,000,000	4,100	2,993
Mondo TV Suisse	57%	0.93	10,000,000	9,300	5,301

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 2018 of the Mondo TV Group were approved by the Board of Directors on 13 September 2018, which authorised publication thereof on the same date.

The condensed half-year consolidated financial statements as at 30 June 2018 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.

The condensed half-year consolidated financial statements as at 30 June 2018 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 2018 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 2018 or the same period in 2017.

Annex no. 3.4 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 half-year consolidated financial statements as at 30 June 2018 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.
On the basis of these factors, Management believes that, at the present time, there is no element of uncertainty regarding the Group's business continuity.

NOTE 4 ACCOUNTING STANDARDS AND MEASUREMENT BASES

The half-year financial report of the Mondo TV Group as at 30 June 2018 has been prepared in accordance with the provisions of article 154-ter paragraph 2 of Legislative Decree no. 58/98 - Consolidated Finance Act (TUF, Testo Unico della Finanza) - and subsequent amendments or additions. The condensed half-year consolidated financial statements as at 30 June 2018, 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 2018 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 income statement, consolidated comprehensive income statement, consolidated statement of financial position, consolidated statement of cash flows, 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 2017.

In preparing this half-year report, reference was made to the same accounting standards and preparation criteria adopted in the preparation of the consolidated financial statements at 31 December 2017 - with the exception of those specifically applicable to interim situations - and of the half-year financial report as at 30 June 2017. The new standards that have been applied since 01 January 2018 have not had any significant effect on this half-year financial report (for further details, see below).

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 2018

In accordance with IAS 8 (Accounting standards, changes in accounting estimates and errors), the IFRS effective from 1 January 2018 are indicated and briefly illustrated below.

- **IFRS 9 – Financial Instruments**
  On 22 November 2016, EU Regulation no. 2016/2067 was issued, which implemented IFRS 9 (Financial Instruments) at EU level and which concerns the classification, measurement, derecognition and impairment of financial assets and liabilities.
  For the Mondo TV Group, the adoption of the new standard did not substantially affect the classification, measurement, derecognition and impairment of financial assets and liabilities.

- **IFRS 15 – Revenues from contracts with customers**
  On 22 September 2016, EU Regulation no. 2016/1905 was issued, which endorsed IFRS 15 (Revenues from contracts with customers) and related amendments at EU level. Moreover, on 31 October 2017, EU Regulation no. 2017/1987 was issued, which endorsed clarifications to IFRS 15. IFRS 15 replaces the standards that governed revenue recognition, i.e. IAS 18 (Revenues), IAS 11 (Construction contracts), and related interpretations on revenue recognition (IFRIC 13 Customer loyalty programs, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC 31 Revenues - Barter transactions including advertising services).
  For the Mondo TV Group, the adoption of the new standard did not have any significant impact on revenue recognition.

- **IFRIC 22 – Transactions in foreign currency and advances**
  On 28 March 2018, EU Regulation no. 2018/519 was issued, which endorsed IFRIC 22 - Transactions in foreign currency and advances at EU level. The interpretation clarifies the exchange rate to be used in transactions and advances paid or received in foreign currency. The adoption of said interpretation has had no impact on the condensed half-year consolidated financial statements as at 30 June 2018.

- **Amendments to IFRS 2 – Share-based payments**
  On 26 February 2018, EU Regulation no. 2018/289 was issued, which endorsed some amendments to IFRS 2 - Share-based payments. The adoption of said amendments has had no impact on the condensed half-year consolidated financial statements as at 30 June 2018.

- **Improvements to IFRS (2014-2016 Cycle)**
  On 07 February 2018, EU Regulation no. 2018/182 was issued, which endorsed some amendments to IAS 28 - Investments in associates and joint ventures. In particular, the amendments clarify that the option for an investment entity (such as a mutual fund or similar entity) to measure its investments in associates and joint ventures at fair value through profit or loss (rather than through the application of the equity method), shall be made on a per investment basis at initial recognition. A similar clarification is provided for an entity that is not an investment entity but which itself has investments in associates or joint ventures that are investment entities. In this case, for the purpose of applying the equity method, the entity may retain the fair value through profit or loss measurement made by its investments in associates or joint ventures.
  The adoption of said improvements has had no impact on the condensed half-year consolidated financial statements as at 30 June 2018.

- **Amendments to IAS 40 – Changes in the use of property investments**
  On 14 March 2018, EU Regulation no. 2018/400 was issued, which implemented certain amendments to IAS 40 by providing clarifications on changes in intended use that lead to qualifying an asset that is not investment property as such or vice versa. The adoption of said amendments has had no impact on the condensed half-year consolidated financial statements as at 30 June 2018.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of preparation of these condensed half-year consolidated financial statements, the IASB had issued the following new standards/interpretations not yet effective:

New Standards/Interpretations endorsed by the EU

Mandatory application as of 01.01.2019

- IFRS 16 (Leasing)
- Amendments to IFRS 9: Prepayment features with negative compensation

New Standards/Interpretations not yet endorsed by the EU

Mandatory application as of 01.01.2019

- IFRIC 23 - Uncertainty on the treatment of income taxes
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Improvements to IFRS (2015-2017 Cycle)
- Amendments to IAS 19: Plan amendment, curtailment or settlement

Mandatory application as of 01.01.2020

- Amendments to References to Conceptual Framework in IFRS

Mandatory application as of 01.01.2021

- IFRS 17: Insurance contracts

Any impacts on the Group's consolidated financial statements deriving from the new standards/interpretations are still being assessed.

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 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 6 INTANGIBLE ASSETS AND TANGIBLE ASSETS

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**
FY 2016:				
Cost as at 31.12.2016	165,155	12,407	1,222	178,784
Amortisation and impairment as at 31.12.2016	(146,209)	0	(1,219)	(147,428)
Net value 31.12.2016	**18,946**	**12,407**	**3**	**31,356**
FY 2017:				
Increases in the period	18,959	0	10	18,969
Amortisation and impairment in the period	(6,176)	0	(1)	(6,177)
Cost as at 31.12.2017	184,114	12,407	1,232	197,753
Amortisation and impairment as at 31.12.2017	(152,385)	0	(1,220)	(153,605)
Net value 31.12.2017	**31,729**	**12,407**	**12**	**44,148**
HY1 2018:				
Increases in the period	11,707	0	15	11,722
Amortisation and impairment in the period	(3,405)	0	0	(3,405)
Cost as at 30.06.2018	195,821	12,407	1,247	209,475
Amortisation and impairment as at 30.06.2018	(155,790)	0	(1,220)	(157,010)
Net value 30.06.2018	**40,031**	**12,407**	**27**	**52,465**

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

Increases in the period

The most significant investments concern the production of the animated series *"Robot Trains", "Invention Story"* and "Play time Buddies" 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 2017, 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 2018 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 2017 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**
FY 2016:				
Cost as at 31.12.2016	2,390	1,241	883	4,514
Amortisation and impairment at 31.12.2016	(2,278)	(1,195)	(738)	(4,211)
Net value 31.12.2016	**112**	**46**	**145**	**303**
FY 2017:				
Increases in the period	9	142	62	213
Amortisation and impairment in the period	(35)	(45)	(49)	(129)
Cost as at 31.12.2017	2,399	1,383	945	4,727
Amortisation and impairment at 31.12.2017	(2,313)	(1,240)	(787)	(4,340)
Net value 31.12.2017	**86**	**143**	**158**	**387**
HY1 2018:				
Increases in the period	3	0	69	72
Amortisation and impairment in the period	(17)	(22)	(27)	(66)
Cost as at 30.06.2018	2,402	1,383	1,014	4,799
Amortisation and impairment at 30.06.2018	(2,330)	(1,262)	(814)	(4,406)
Net value 30.06.2018	**72**	**121**	**200**	**393**

The item did not change significantly and the breakdown is as follows compared to 31 December 2017.

NOTE 7 TAX ASSETS AND LIABILITIES

Deferred tax assets, which totalled Euro 1,766 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 2018.
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)	**30.06.2018**	**31.12.2017**	**Change**
Accumulated losses and other temporary differences	1,766	3,036	(1,270)
Total assets	**1,766**	**3,036**	**(1,270)**
Total liabilities	**(66)**	**0**	**(66)**
Net deferred tax assets	**1,700**	**3,036**	**(1,336)**

In particular, deferred tax assets are recorded for Euro 322 thousand on the tax losses of the subsidiary Mondo TV France S.A. and for Euro 1,162 thousand on the write-down of receivables of the Parent Company (the remainder is attributable to other taxes calculated on temporary differences of the Parent Company for Euro 199 thousand and of the subsidiary Mondo TV Iberoamerica S.A. for Euro 83 thousand).

Changes in deferred tax assets and liabilities				
(Euro thousands)	**31.12.2017**	**Increases**	**Decreases**	**30.06.2018**
Assets	3,036	59	(1,329)	1,766
Liabilities	0	(66)	0	(66)
Net deferred tax assets	**3,036**	**(7)**	**(1,329)**	**1,700**

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 2018-2022 Plan, approved by the Parent's Board of Directors on 30 November 2017, 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 current tax assets and liabilities			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
IRES (Corporate Income Tax)	921	605	316
IRAP (Regional Business Tax)	631	631	0
Tax assets	690	1,700	(1,010)
Total tax assets	**2,242**	**2,936**	**(694)**
IRES (Corporate Income Tax)	913	0	913
IRAP (Regional Business Tax)	0	0	0
Income taxes due abroad	410	369	41
Total tax liabilities	**1,323**	**369**	**954**

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 8 Receivables

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

Breakdown of non-current receivables			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Financial receivables due from third parties	162	162	0
Other receivables	196	194	2
TOTAL	**358**	**356**	**2**

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

Breakdown of trade and other receivables			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Due from customers	43,453	45,208	(1,755)
Due from customers for invoices to be issued	15,997	2,988	13,009

Due from tax authorities for tax other than income tax	986	976	10
Other receivables	5,687	3,188	2,499
Allowance for doubtful debts	(4,939)	(4,429)	(510)
TOTAL	**61,184**	**47,931**	**13,253**

The relevant increase in receivables is due to that of revenues from sales, in particular of 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. A large portion of the invoices were issued subsequent to 30 June 2018 and most of the remaining amount is expected to be issued by year-end.

The tax assets are broken down in the table below:

Breakdown of tax assets relating to tax other than income tax			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Italian VAT receivables	648	571	77
Other tax assets	338	405	(67)
TOTAL	**986**	**976**	**10**

Receivables due from others can be broken down as follows.

Breakdown of receivables due from others			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Due from suppliers for advances	0	5	(5)
Due from employees	16	0	16
Co-production in progress	5,046	2,766	2,280
Other receivables	625	417	208
TOTAL	**5,687**	**3,188**	**2,499**

Euro 5,046 thousand of receivables due from customers for coproductions represent the disbursements made for the acquisition of services required to fulfil the obligations vis-à-vis the coproducers. In compliance with the accounting standards adopted, upon completion of production, these advances will offset revenue from customers for progress in productions (revenue totalled Euro 2,856 thousand as at 30 June 2018 and is recognised under current payables).

The adjustment of the nominal value of receivables was obtained through a specific provision for doubtful debts, deemed appropriate, which underwent the following changes during the period:

Breakdown of the allowance for doubtful debts		
(Euro thousands)	**30.06.2018**	**31.12.2017**
Opening allowance for doubtful debts	**4,429**	**3,526**
Allowance for the period	510	1,190
Used in the period	0	(287)

Closing allowance for doubtful debts	**4,939**	**4,429**

The provision for the period, amounting to Euro 510 thousand, mainly refers to the write-down of the Parent Company's receivables considered no longer due (Euro 500 thousand).

NOTE 9 OTHER ASSETS

This item amounts to Euro 0.4 million (Euro 0.3 million as at 31.12.2017) and includes costs accounted for the period but related to future periods (deferred assets).

NOTE 10 CASH AND CASH EQUIVALENTS

The analysis is shown in the following table (Euro thousands).

Breakdown of cash and cash equivalents			
Description	**30.06.2018**	**31.12.2017**	**Change**
Bank and postal deposits	11,814	2,405	9,409
Cash and other cash assets	4	3	1
TOTAL	**11,818**	**2,408**	**9,410**

The balance represents cash and cash equivalents at the end of the period, of which approximately Euro 109 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 significant increase compared to the previous year is mainly due to the collection, at the end of June, of the first tranche of the second extraordinary financial transaction with Atlas for a net amount of Euro 10,615 thousand.

NOTE 11 EQUITY

Consolidated equity totalled Euro 93,207 thousand (of which Euro 92,711 thousand attributable to the Group), an increase of Euro 15,498 thousand compared to the previous year (Euro 77,709 thousand, of which Euro 77,140 thousand attributable to the Group) and the breakdown is as follows:

- share capital of Euro 16,432 thousand (Euro 15,308 thousand at 31 December 2017);
- equity reserves (including the result for the period) of Euro 76,279 thousand (Euro 61,832 thousand at 31 December 2017);
- equity attributable to non-controlling interests including the result for the period of Euro 496 thousand (Euro 569 thousand at 31 December 2017).

The share capital is composed as follows:

Description	**Number**	**Par value in Euro**
Ordinary shares	32,864,490	0.5
TOTAL	**32,864,490**	**16,432,245.0**

The number of outstanding shares increased by 2,248,937 shares in the HY due to the extraordinary finance transactions with Atlas Alpha Yield Fund, Atlas Capital Markets and Atlas Special Opportunities (see paragraph *"Significant events 2018")*.

In particular, in February 2018 the fourth and last tranche of bonds was issued as per the agreement with Atlas Alpha Yield Fund and Atlas Capital Markets, for a total counter-value of Euro 3,000 thousand; the tranche was fully converted by May 2018, with the consequent issue of 580,708 new shares for a total value of Euro 3,000 thousand attributable for Euro 290 thousand to share capital and the residual amount of Euro 2,710 thousand to the share premium reserve.

As regards the agreement with Atlas Special Opportunities of 18 April 2018, the first tranche was issued for an amount of Euro 11 million; as at 30 June 2018, 24 bonds were converted with consequent issue of 1,668,229 new shares for a total of Euro 6,000 thousand attributable for Euro 834 thousand to share capital and the remaining amount of Euro 5,166 thousand to the share premium reserve.
The non-converted amount of Euro 5,000 thousand is shown in this financial report under financial liabilities.
Also with reference to the first tranche of the new agreement, after 30 June 2018, the residual 20 bonds were converted with consequent issue of 1,550,703 new shares for a total of Euro 5,000 thousand attributable for Euro 775 thousand to share capital and the remaining amount of Euro 4,225 thousand to the share premium reserve.

As part of the extraordinary finance transactions carried out in the year and 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 2018:

Summary of warrants outstanding				
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**

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 counter-value 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 the Parent Company held on 6 September 2016 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 the Parent Company held on 21 May 2018 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).

There are no other categories of shares, nor rights, privileges or restrictions 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)	**30.06.2018**	**31.12.2017**
Share premium provision	35,643	27,767
Legal reserve	3,061	2,642
Other reserves	10,400	10,639
Retained earnings (accumulated losses)	20,365	7,967

Profit (loss) for the period	6,810	12,817
TOTAL	**76,279**	**61,832**

Shareholders' equity increased during the period as a result of the profit of Euro 6.8 million, for the conversion of Atlas bonds for Euro 8.6 million and for the sale of minority portions of shares of subsidiaries for Euro 0.1 million.

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 the share premium provision 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 taxable income of shareholders, regardless of the period of creation.
- There are no reserves or other provisions incorporated in the share capital.

NOTE 12 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)	**30.06.2018**	**31.12.2017**	**Change**
Provision for post-employment benefits	**515**	**482**	**33**
Provision for tax risks and charges	52	52	0
Other provisions	2	2	0
PROVISION FOR RISKS AND CHARGES	**54**	**54**	**0**
beyond 12 months	0	0	0
within 12 months	54	54	0
TOTAL PROVISION FOR RISKS AND CHARGES	**54**	**54**	**0**

Instead, the change in the HY is provided below:

Changes in Post-employment benefits and Provisions for risks and charges				
(Euro thousands)	**31.12.2017**	**Allocated**	**Used**	**30.06.2018**
Provision for post-employment benefits	482	43	(10)	515
Provision for tax risks and charges	52	0	0	52
Other provisions	2	0	0	2
TOTAL	**536**	**43**	**(10)**	**569**
beyond 12 months	482	43	(10)	515

within 12 months	54			54
TOTAL	**536**	**43**	**(10)**	**569**

As at 30 June 2018, 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 13 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)	**30.06.2018**	**31.12.2017**	**Change**
Payables due to banks	336	418	(82)
Payables for convertible bonds	5,530	330	5,200
Total	**5,866**	**748**	**5,118**

Payables for convertible bonds relate to tranches of bonds issued by Group companies in favour of Atlas, as summarised below:

(Euro thousands)	**Total amount of the tranche**	**Conversions at 30.06.2018**	**Financial payables at 30.06.2018**
Mondo TV S.p.A.	11,000	(6,000)	5,000
Mondo TV France S.A.	250	0	250
Mondo TV Iberoamerica S.A.	400	(120)	280
Total	**11,650**	**(6,120)**	**5,530**

A breakdown of trade payables is provided below:

Breakdown of trade payables			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Due to suppliers	15,685	11,649	4,036
Due to tax authorities for tax other than income tax	356	284	72
Other payables	4,179	3,019	1,160
Total trade payables	**20,220**	**14,952**	**5,268**

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.

A breakdown of tax liabilities relating to tax other than income tax is provided below:

Breakdown of tax liabilities relating to tax other than income tax			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
VAT payables	100	13	87
Payables for withholding tax on third-party remuneration	256	271	(15)
Total liabilities due to tax authorities for tax other than income tax	**356**	**284**	**72**

A breakdown of other payables is provided below:

Breakdown of other payables			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Payables for wages, salaries and fees	499	481	18
Due to social security institutions	275	382	(107)
Advances from customers	2,856	1,637	1,219
Advances from coproducers	536	433	103
Other payables	13	86	(73)
Total other payables	**4,179**	**3,019**	**1,160**

The item "Advances from customers", mainly relating to Mondo TV France S.A., includes amounts invoiced for advances provided for by contract based on the progress made in the production of animated cartoons.

The item "Advances from coproducers" is mainly represented by the advances received in relation to the animated series being produced. For further information, reference is made to the section Receivables due from others of these notes.

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

Breakdown of current financial payables			
(Euro thousands)	**30.06.2018**	**31.12.2017**	**Change**
Due to banks for leases	89	96	(7)
Bank overdrafts	5,670	3,515	2,155
Total	**5,759**	**3,611**	**2,148**

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

NOTE 14 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.
They amount to Euro 3.7 million as at 30 June 2018 compared to Euro to 3.6 million as at 31 December 2017. They refer in their entirety to advances from customers and clients.

NOTE 15 TAX POSITION

The tax periods for which the Parent Company is still liable to audit by tax authorities are those from 2013 onward as concerns direct taxes and VAT.

In the year 2014, the Parent 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 settlement act 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 and 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 provincial tax department of Rome fully accepted the appeal filed by the Company against the assessment notices related to 2010; said sentence was then confirmed by the regional tax department for Lazio in July 2018. Therefore, the judgement concluded positively for the Company, except for any appeals filed with the Court of Cassation by the Revenue Agency.

In relation to the year 2011, on 20 December 2016, the Revenue Agency notified two 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 IRAP was ascertained.
  On 16 February 2017, the company filed an appeal against the notice of assessment notified by the Revenue Agency.

  On 8 May 2018, the Rome provincial tax department fully upheld the appeal filed by the Company against the assessment notices relating to 2011 for the portion relating to 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 submitted a request for recalculation for deduction of losses and reduction of sanctions, and thus an appeal based on the recalculations.

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.

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 outcome of the first and second-instance sentence related to 2010, the first-instance sentence related to 2011 for VAT and IRAP and the judgement of specially appointed consultants, deem scarcely likely that the company may lose in this dispute, and therefore, consistent with the assessments made in the annual financial report as at 31 December 2017, no provision was made in the half-year financial report as at 30 June 2018.

NOTE 16 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 Provision for Risks and Charges and paragraph 2.8.14 Tax position.

NOTE 17 COMMITMENTS

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

- a guarantee of Euro 300 thousand issued by Confartigianato Fidi in favour of Veneto Banca for a short term credit line to be used as a self-liquidating loan;
- a guarantee of Euro 162 thousand issued by Banca Popolare dell'Emilia Romagna in favour of SIMEST.

NOTE 18 REVENUES FROM SALES AND SERVICES AND OTHER OPERATING REVENUES

These totalled Euro 16,061 thousand at 30 June 2018, a net increase of 883 compared to HY1 of the previous year:

Revenue from sales and services

(Euro thousands)	HY1 2018	HY1 2017	Change	%
Revenue from sales of rights	10,837	1,910	8,927	467%
Revenue from licensing	899	10,585	(9,686)	(92%)
Revenue from production services	4,236	2,683	1,553	58%
Other income	89	0	89	100%
Total	**16,061**	**15,178**	**883**	**6%**

Compared to the corresponding period of 2017, the increase in revenues from sales and services amounted to Euro 0.8 million in absolute value and about 6% in percentage terms mainly due to the increase in revenues from television sales (+467%) and production services (+58%) against a decline in licensing revenues (-92%).
The different composition compared to the first half of 2017 is due to the different timing of exploitation of licenses on series in production; however, licensing revenues are expected to increase in the fourth quarter due to the Christmas season.

Other revenues amounted to Euro 0.1 million (Euro 0.2 million in the corresponding period of 2017).

NOTE 19 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 0.5 million and by Mondo TV France for approximately Euro 0.6 million.
The capitalised costs consist of approximately Euro 0.8 million in labour costs and of approximately Euro 0.3 million in operating costs due to third parties.

NOTE 20 RAW MATERIALS, CONSUMABLES AND GOODS

This item is substantially stable compared to HY1 2017.

NOTE 21 PERSONNEL COSTS

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

Personnel costs		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Salaries and wages	1,396	1,211
Social security costs	406	318
Post-employment benefits	43	42
Total	1,845	1,571

Labour costs increased compared to HY1 2017 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)		
	30.06.2018	**31.12.2017**
Workers and Middle Management	37	37
Executives	4	4
Total	**41**	**41**

NOTE 22 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 2018**	**HY1 2017**
Proprietary rights	2,412	1,521
Temporary licenses	993	1,002
Sub-total of intangible assets	***3,405***	***2,523***
Sub-total of tangible assets	***66***	***52***
Allowance for doubtful debts	***510***	***515***
Total depreciation, amortisation and impairment	**3,981**	**3,090**

Depreciation and amortisation increased in the first half of 2018 compared to the first half of 2017 due to investments made. The lower amortisation of temporary licenses has in fact been more than offset by higher amortisation of property rights.

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

NOTE 23 OTHER OPERATING COSTS

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

Other operating costs			
(Euro thousands)	**HY1 2018**	**HY1 2017**	**Change**
Production costs	196	610	(414)
Marketing and commercialisation costs	492	285	207
Consulting services	195	114	81
Remuneration to corporate bodies	185	131	54
Other services	1,058	829	229
Service costs	**2,126**	**1,969**	**157**
Equipment hire and rents	287	225	62
Costs associated with leased assets	**287**	**225**	**62**
Sundry operating costs	**34**	**944**	**(910)**
Total	**2,447**	**3,138**	**(691)**

Operating costs recorded a decrease compared to the corresponding period of 2017 mainly in relation to other operating expenses, which in the first half of 2017 included the expense of Euro 750 thousand relating to the ruling on the dispute with Clan Celentano.

NOTE 24 FINANCIAL INCOME AND EXPENSES

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

Financial income and expenses			
(Euro thousands)	**HY1 2018**	**HY1 2017**	**Change**
Financial expenses			
Bank interest	(86)	(86)	0
Bank fees	(51)	(30)	(21)
Other financial expenses	(20)	(158)	138
Sub total financial expenses	***(157)***	***(274)***	***117***
Exchange rate gains and losses			
Exchange rate gains	1,121	0	1,121
Exchange rate losses	(467)	(945)	478
Sub total exchange rate gains and losses	*654*	*(945)*	*1,599*
TOTAL	**497**	**(1,219)**	**1,716**

In HY1 2018, net financial income amounted to Euro 497 thousand, compared to net financial expenses of Euro 1,219 thousand in HY1 2017; the change is mainly due to the adjustment of the exchange rate of trade receivables and payables in US Dollar as a result of the revaluation of said currency in the HY.

NOTE 25 TAXES

The breakdown is shown in the table below:

Breakdown of taxes			
(Euro thousands)	**HY1 2018**	**HY1 2017**	**Change**
Previous years' taxes	**0**	**0**	**0**
Current taxes	**(1,488)**	**(659)**	**(829)**
Prepaid taxes of previous years recognised in profit or loss	(1,329)	(1,146)	(183)
Deferred tax assets for the year	59	430	(371)
Deferred tax liabilities for the year	(66)	(46)	(20)
Prepaid (deferred) taxes	**(1,336)**	**(762)**	**(574)**
Taxes for the year	**(2,824)**	**(1,421)**	(1,403)
IRES (Corporate Income Tax)	(2,248)	(1,110)	(1,138)
IRAP (Regional Business Tax)	(525)	(343)	(182)
Taxes of foreign subsidiaries	(51)	32	(83)
Taxes for the year	**(2,824)**	**(1,421)**	**(1,403)**

NOTE 26 DIVIDEND DISTRIBUTION

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

NOTE 27 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 2018	**30 June 2017**
Average of the shares of the period	31,023,265	29,180,876
Net profit (loss) (Euro thousands)	6,810	5,721
Earnings (loss) per share (basic and diluted)	**0.2195**	**0.1961**

The diluted earnings (loss) per share as at 30 June 2018 correspond to the basic earnings per share since there is no dilution effect.

NOTE 28 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 2018 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 29 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 – 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 30 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 31 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)

3. ANNEXES

3.1 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

Investor Relator

Matteo Corradi

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

[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

3.2 POWERS AND CORPORATE GOVERNANCE

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 the Board Member Matteo Corradi, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same Director is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

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 2018, the Board of Directors met 7 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.

3.3 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
	Jesus Timoteo
	Maria Bonaria Fois
	Matteo Corradi
	Carlo Marchetti
	Patricia Motilla
	José Ramon
Mondo TV Producciones Canarias S.L.U.	Board of Directors
	Maria Bonaria Fois
	Matteo Corradi
	Enrico Martinis

3.4 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 30.06.2018	
Company Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2017	CHF 669,823
Profit (loss) for the year 2017	CHF 237,817
Ownership interest	57%
Company Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share capital	Euro 1,100,000
Equity as at 31.12.2017	Euro 1,246,261
Profit (loss) for the year 2017	Euro (680,926)
Ownership interest	22%
Company Name	**Mondo TV Iberoamerica S.A.**
Registered Office	Madrid (Spain)
Share capital	Euro 500,000
Equity as at 31.12.2017	Euro 1,665,611
Profit (loss) for the year 2017	Euro 616,784
Ownership interest	73%
Company Name	**Mondo TV Producciones Canarias S.L.U.**
Registered Office	Tenerife (Spain)
Share capital	Euro 3,006
Equity as at 31.12.2017	Euro 266,638
Profit (loss) for the year 2017	Euro 174,480
Ownership interest	73% (indirect investment)
Company Name	**Mondo TV Toys S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2017	CHF (161,184)
Profit (loss) for the year 2017	CHF (54,504)
Ownership interest	100%

3.5 LIST OF RELATED PARTIES

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

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

4.1 STATEMENT OF FINANCIAL POSITION AS AT 30.06.2018

Statement of financial position		
(Euro thousands)	**30.06.2018**	**31.12.2017**
Non-current assets		
- Intangible rights	*45,359*	*37,658*
- Other intangible assets	*23*	*8*
Intangible assets	45,382	37,666
Tangible assets	296	315
Equity investments	2,305	2,132
Deferred tax assets	1,361	2,631
Financial receivables	3,801	3,801
	53,145	**46,545**
Current assets		
Trade receivables	55,258	44,955
Financial receivables	1,558	1,829
Tax assets	2,242	2,935
Other assets	466	334
Cash and cash equivalents	10,818	1,276
	70,342	**51,329**
Total assets	**123,487**	**97,874**
- Share capital	*16,432*	*15,308*
- Share premium provision	*35,643*	*27,767*
- Legal reserve	*3,062*	*2,642*
- Other reserves	*8,155*	*8,223*
- Retained earnings	*22,894*	*10,448*
- Profit (loss) for the period	*6,919*	*12,866*
Total equity	**93,105**	**77,254**
Non-current liabilities		
Provision for post-employment benefits	515	482
Provisions for risks and charges	762	762
Deferred tax liabilities	65	0
Financial payables	5,336	418
	6,678	**1,662**
Current liabilities		
Provisions for risks and charges	29	29
Trade and other payables	17,591	13,763
Financial payables	1,488	1,555
Payables for direct taxes	912	0
Other liabilities	3,684	3,611

	23,704	**18,958**
Total liabilities	**30,382**	**20,620**
Total liabilities + equity	**123,487**	**97,874**

4.2 INCOME STATEMENT HY1 2018

Separate income statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Revenue from sales and services	14,520	14,364
Other income	12	143
Capitalisation of internally produced animated series	511	480
Raw materials, consumables and goods	(24)	(44)
Personnel costs	(775)	(952)
Amortisation and impairment of intangible assets	(2,915)	(2,153)
Depreciation and impairment of tangible assets	(54)	(46)
Allowance for doubtful debts	(500)	(515)
Other operating costs	(1,617)	(2,605)
EBIT	**9,158**	**8,672**
Net finance income (expenses)	535	(1,122)
Profit (loss) of the period before tax	**9,693**	**7,550**
Income tax expense	(2,774)	(1,454)
Net profit (loss) for the period	**6,919**	**6,096**

Comprehensive income statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
Net income (loss) for the period (A)	**6,919**	**6,096**
Other items of the comprehensive income statement:		
Disposal of shares of subsidiaries	347	1,712
Total other comprehensive income/(loss) (B)	**347**	**1,712**
Total comprehensive income (loss) (A)+(B)	**7,266**	**7,808**

4.3 STATEMENT OF CHANGES IN EQUITY

Changes in equity HY1 2017							
(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (losses)**	**Share premium provision**	**Other reserves**	**Profit (loss) for the period**	**Total equity**
Financial Statements at 31.12.2016	**14,361**	**2,642**	**2,009**	**21,213**	**5,806**	**8,644**	**54,675**
Transactions with shareholders recognised in equity:							
Atlas capital increase	459	-	-	3,291	(600)	-	3,150
Items of comprehensive income for the year:							
Allocation profit FY 2016	-	-	8,439	-	205	(8,644)	-
Disposal of shares of subsidiaries					1,712		1,712
Result for the period	-	-	-	-	-	6,096	6,096
Financial Statements at 30.06.2017	**14,820**	**2,642**	**10,448**	**24,504**	**7,123**	**6,096**	**65,633**

Changes in equity HY1 2018							
(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (losses)**	**Share premium provision**	**Other reserves**	**Profit (loss) for the period**	**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**

4.4 CASH FLOW STATEMENT

Cash flow statement		
(Euro thousands)	**HY1 2018**	**HY1 2017**
A. OPENING CASH AND CASH EQUIVALENTS	1,276	1,380
Result for the period	6,919	6,096
Depreciation, amortisation and impairment	3,469	2,714
Net change in provisions	33	19
Cash flow from (used in) operating activities before changes in working capital	**10,421**	**8,829**
(Increase) decrease in trade and other receivables	(10,803)	(6,764)
(Increase) decrease in tax assets	1,963	1,331
(Increase) decrease in other assets	(132)	(78)
Increase (decrease) in trade payables	3,828	661
Increase (decrease) in tax liabilities	977	46
Increase (decrease) in other liabilities	73	(1,492)
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**6,327**	**2,533**
(Acquisition) / Disposal of		
- Intangible assets	(10,631)	(6,133)
- Tangible assets	(35)	(16)
- Financial assets	(173)	(522)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(10,839)**	**(6,671)**
Changes in capital	8,932	4,862
(Increase) decrease in financial receivables and securities	271	(1,776)
Increase (decrease) in financial payables	4,851	3,614
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**14,054**	**6,700**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**9,542**	**2,562**
F. CLOSING CASH AND CASH EQUIVALENTS	**10,818**	**3,942**

4.5 NET FINANCIAL POSITION

Net financial position		
(Euro thousands)	**30.06.2018**	**31.12.2017**
Cash and cash equivalents	10,818	1,276
Short-term financial receivables	1,558	1,829
Short-term financial payables	(1,488)	(1,555)
Short-term net financial position (debt)	**10,888**	**1,550**
Long-term financial receivables	3,801	3,801
Atlas convertible bonds	(5,000)	0
Medium/long-term portion of loans payable	(336)	(418)
Medium/long-term net financial position (debt)	**(1,535)**	**3,383**
Net financial position	**9,353**	**4,933**

Certification of the condensed half-year consolidated financial statements as at 30 June 2018 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 2018 in HY1 2018.

2. The administrative and accounting procedures for the preparation of the condensed half-year consolidated financial statements as at 30 June 2018 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 financial position, financial performance and cash flows of the Issuer and 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 2018 and of their impact on the condensed half-year consolidated financial statements as at 30 June 2018, together with a description of the main risks and uncertainties for the remaining six months of 2018. The report on operations also includes a reliable analysis of disclosures on significant transactions with related parties.

13 September 2018

CEO	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti