CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2019

doValue

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Registered office: Piazzetta Monte, 1 – 37121 Verona
Share capital € 41.280.000,00 fully paid-up

Parent Company of the doValue Group
Registered in the Register of Industries of Verona, Tax I.D. no. 00390840239 and VAT registration no. 02659940239
www.doValue.it

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GOVERNING AND CONTROL BODIES

BOARD OF DIRECTORS

Chairman	Giovanni Castellaneta (2) (4)
CEO	Andrea Mangoni
Directors	Francesco Colasanti (6)
	Emanuela Da Rin
	Giovanni Battista Dagnino (3) (2)
	Nunzio Guglielmino (4) (5)
	Giovanni Lo Storto (1) (6)
	Giuseppe Ranieri
	Marella Idi Maria Villa

BOARD OF STATUTORY AUDITORS

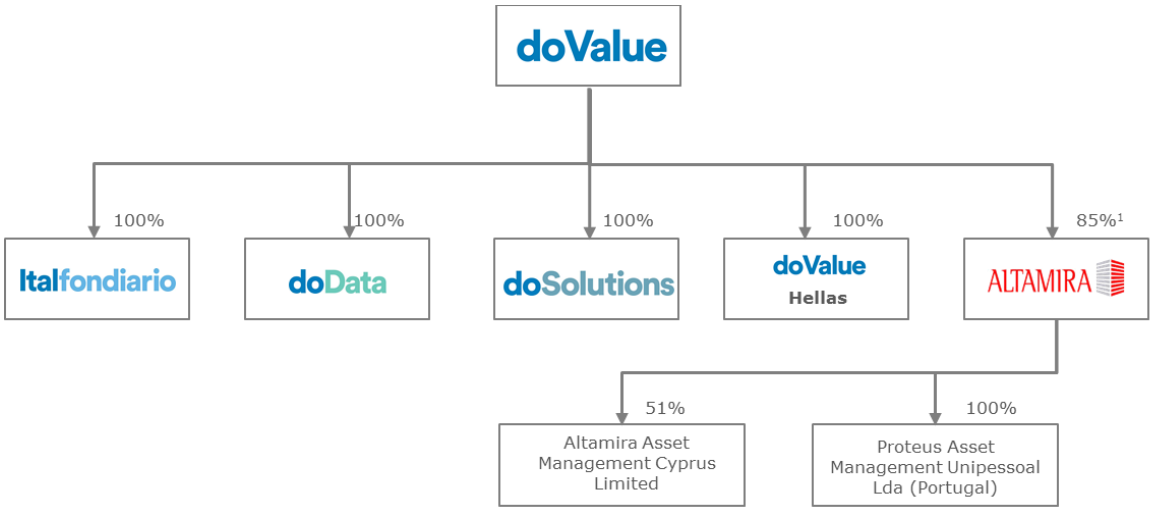
Chairman	Chiara Molon (7)
Standing Auditors	Francesco Mariano Bonifacio (8)
	Nicola Lorito (8)
Alternate Auditors	Sonia Peron
	Roberta Senni

AUDIT FIRM	**EY S.p.A.**
Financial Reporting Officer	Elena Gottardo

Notes
(1) Chairman Appointments Committee
(2) Member Appointments Committee
(3) Chairman Risk and Operations with Affiliated Persons Committee
(4) Member Risk and Operations with Affiliated Persons Committee
(5) Chairman Remuneration Committee
(6) Member Remuneration Committee
(7) Chairman Supervisory Committee, pursuant to Legislative Decree 231/2001
(8) Member Supervisory Committee, pursuant to Legislative Decree 231/2001

GROUP STRUCTURE

The following chart shows the composition of the doValue Group as at June 30, 2019:



1. Altamira also holds 100% of the class "B" shares of Altamira Asset Management Cyprus Limited and 100% of Altamira Asset Management Hellas Single-Member Company

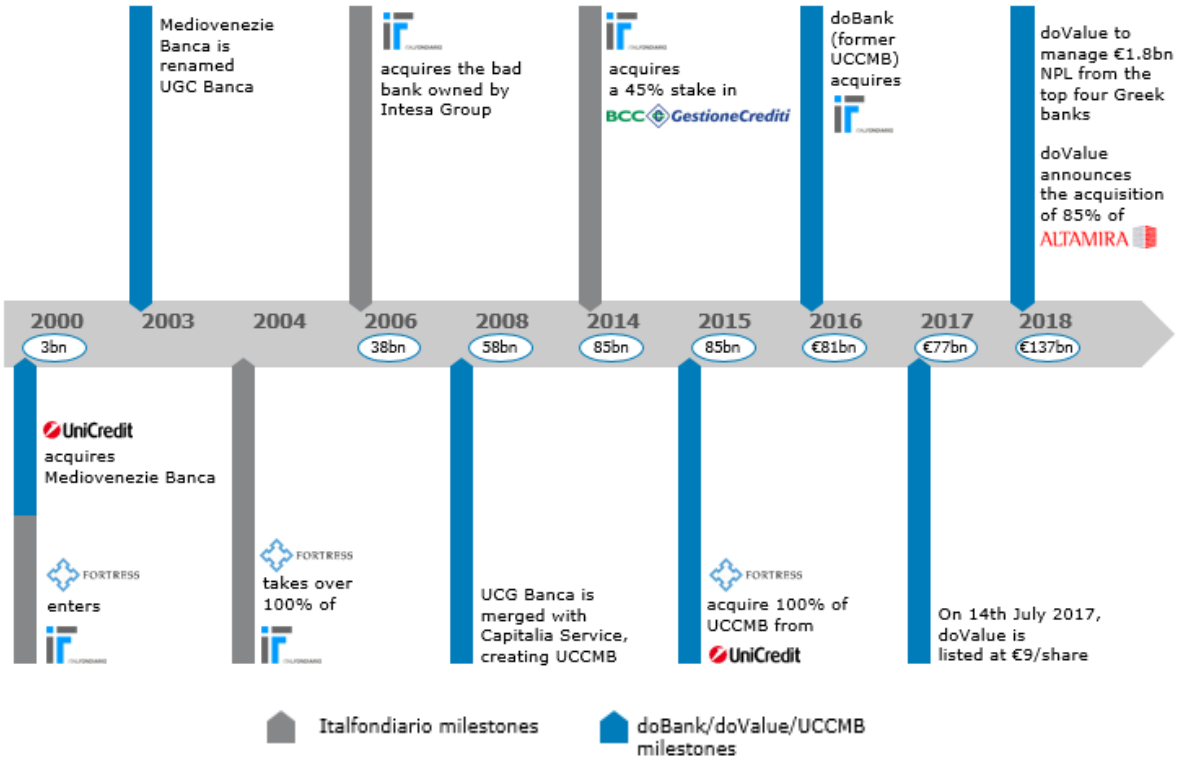
The doValue Group has over 18 years of experience in Southern Europe in providing services for the management of loans and real estate assets on behalf of banks and investors. The current composition of the Group reflects the focus of each company in a business area or geographic market and is consistent with doValue's growth path, which has evolved significantly in the last 24 months both organically and externally .

doValue (formerly doBank) was formed in from the combination of Italy's two largest independent servicers: UCCMB, later renamed doValue and originally part of the UniCredit Group, and Italfondiario. In 2016, doValue acquired 100% of Italfondiario, one of Italy's leading managers of performing and non-performing receivables on an outsourcing basis, becoming the market leader.

In July 2017, the doValue stock debuted on the stock exchange with an offer that was concluded in advance due to the strong interest shown by domestic and international institutional investors. doValue shares are traded under ISIN IT0001044996 and ticker symbol DOV [Bloomberg: DOV IM].

The year 2018 marked the entry of doValue into international markets, first in Greece with a contract from four systemic banks, then in the wider market of southern Europe with the agreement to acquire Altamira Asset Management, a company present in Spain, Portugal, Cyprus and Greece, on December 31, 2018.

With the completion of the acquisition of Altamira in in June 2019, doValue has taken a major step forward in the implementation of the 2018-2020 Business Plan and has established itself as the main operator in Southern Europe in the management of loans and real estate assets, with a portfolio almost €140 billion under management.


Mediovenezie Banca is renamed UGC Banca
acquires the bad bank owned by Intesa Group
acquires a 45% stake in BCC GestioneCrediti
doBank (former UCCMB) acquires
doValue to manage €1.8bn NPL from the top four Greek banks
doValue announces the acquisition of 85% of ALTAMIRA
2000
2003
2004
2006
2008
2014
2015
2016
2017
2018
3bn
38bn
58bn
85bn
85bn
€81bn
€77bn
€137bn
UniCredit acquires Mediovenezie Banca
FORTRESS enters
FORTRESS takes over 100% of
UCG Banca is merged with Capitalia Service, creating UCCMB
FORTRESS acquire 100% of UCCMB from UniCredit
On 14th July 2017, doValue is listed at €9/share
Italfondiario milestones
doBank/doValue/UCCMB milestones

INTERIM DIRECTORS' REPORT ON THE GROUP

INTRODUCTION

The summary results and performance-financial indicators are based on data draw from the accounts and are used in the monitoring of performance by management and in management reporting. They are also consistent with the most commonly used metrics in the sector, ensuring the comparability of the figures presented.

THE GROUP'S BUSINESS

The doValue Group is a leader in Southern Europe in providing services for the management of loans and real estate assets, primarily non-performing receivables, for banks, investors and public and private financial institutions (Servicing), with a portfolio under management (measured in terms of gross book value) of more than €140 billion in Italy, Spain, Portugal, Greece and Cyprus. The doValue Group also provides ancillary commercial, real estate and legal products and services linked to its servicing operations (Ancillary Products).

Within the Group, doValue S.p.A. is specialised in Special Servicing and Real Estate activities, and its subsidiary Italfondiario primarily performs Master Servicing activities, while Ancillary Products connected with recovery activities are completed by doData and the internal Judicial Management unit. These companies are focused on the Italian market, while the integrated offer of services on the Greek market is entrusted to the subsidiary doValue Hellas and the Spanish, Portuguese and Cypriot markets are handled by Altamira Asset Management.

In 2018 a significant corporate reorganisation was undertaken, which in June 2019 saw doValue take the form of a servicing company governed by Article 115 of the Consolidated Public Security Act (TULPS), thus ceasing to be considered a banking group. The reorganisation and debanking process made the Group's structure more coherent with the business mix, which is focused on servicing activities, and enabled the more optimal use of its financial resources, which were previously subject to the capital restrictions envisaged for banking groups.

Within the Servicing business, the services offered by the doValue Group include, among others:

- "Collection and Recovery": services comprising all loan administration, management and recovery activities, utilising in court and out-of-court recovery processes for and on behalf of third parties with regard to portfolios of performing, unlikely-to-pay (UTP) and non-performing loans (NPL, bad loans);

- "Due Diligence": services including the collection and organisation of information in data room environments as well as the analysis and assessment of loan portfolios for the preparation of business plans for collection and recovery activities;

- "Structuring": services including structuring securitisation transactions under Law 130/1999 as well as performing the role of authorised entity in securitisation transactions;

- "Co-investment": activities of co-investment in loan portfolios in partnership with major financial investors, where such activities are instrumental in obtaining servicing contracts. This business involves taking minority positions in securities issued by securitisation vehicles governed by Law 130/1999.

As part of the management of real estate servicing activities, the services offered by the doValue Group include, among other things:

- "Real estate collateral management": a set of activities aimed at the development and sale, directly or through intermediaries, of real estate owned by customers originally used as collateral for bank loans;

- "Real estate development": services aimed at analysing, realising and marketing real estate development projects involving the assets owned by customers;

- "Property management": a set of services aimed at managing and maintaining customers' real estate assets, with the aim of maximising profitability through sale or lease.

The Ancillary Products are closely connected with loan recovery activities and include, among others, the collection, processing and provision of commercial, real estate and legal information relating to debtors as well as the provision of legal services. Among the minor activities, until the end of the first quarter of 2019 the doValue Group also offered selected banking products, primarily linked to its Servicing activities, such as granting mortgage loans, mainly in foreclosure auctions, and managing deposit accounts for selected clients, which together are designated Ancillary Products and Other Minor Activities. The offer of these banking products was suspended at the end of the first quarter as part of the corporate reorganisation process referred to above.

Both doValue and Italfondiario, in their capacity as special servicers, have been rated "RSS1-/CSS1-" by Fitch Ratings, and "Strong" by Standard & Poor's. The Servicer Ratings assigned to doValue and Italfondiario are the highest of those assigned to Italian operators in the sector. In addition, these ratings were assigned to doValue and Italfondiario back in 2008, before any other operator in the industry in Italy. In 2017, doValue was also assigned a Master Servicer rating of "RMS2/CMS2/ABMS2" by Fitch Ratings, which was also improved by a notch in 2019.

The doValue Group has long been a major partner of leading financial institutions of systemic importance and international institutional investors specialised in investments in loan and real estate portfolios. The Group's customer base can be divided into two main categories that reflect the type of activity carried out: (i) Banks, for which the Group mainly performs "Collection and Recovery", "Real estate collateral management" and "Property management" activities and (ii) Investors, for which doValue also carries out "Due Diligence" and "Structuring" activities as well as the activities cited above. doValue offers both groups of customers the entire range of Ancillary Products connected with Recovery activities.

Group Highlights

(€/000)

Key data of the consolidated income statement	Firs Half		Change	
	2019	2018 RESTATED [1]	Amount	%
Gross Revenues	112,155	105,274	6,881	7%
Net Revenues	102,591	94,395	8,196	9%
Operating expenses	(73,740)	(59,173)	(14,567)	25%
EBITDA	28,851	35,222	(6,371)	(18)%
EBITDA Margin	26%	33%	(8)%	(23)%
Non-recurring items [2]	(10,208)	-	(10,208)	n.s.
EBITDA excluding non-recurring items	39,059	35,222	3,837	11%
EBITDA Margin excluding non-recurring items	35%	33%	1%	4%
EBT	22,281	33,876	(11,595)	(34)%
EBT Margin	20%	32%	(12)%	(38)%
Net Profit (Loss) attributable to the Group	4,027	20,889	(16,862)	(81)%
Net Profit (Loss) attributable to the Group excluding non-recurring items	26,611	20,889	5,722	27%

[1] In order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects of the application of the new IFRS 16 Leases as from January 1, 2019 have been included. See also the separate reconciliation table.

[2] Non-recurring items include the costs connected with the acquisition of Altamira Asset Management S.A.. And those incurred for the Group reorganisation project

(€/000)

Key data of the consolidated balance sheet	6/30/2019	12/31/2018	Change	
			Amount	%
Cash and liquid securities	86,067	74,443	11,624	16%
Intangible assets	409,508	6,847	402,661	n.s.
Financial assets	48,715	36,312	12,403	34%
Trade receivables	199,650	99,224	100,426	101%
Tax assets	79,943	87,355	(7,412)	(8)%
Total assets	**857,390**	**317,036**	**540,354**	**n.s.**
Financial liabilities	496,963	294	496,669	n.s.
Trade payables	41,138	21,848	19,290	88%
Tax Liabilities	70,804	11,090	59,714	n.s.
Other liabilities	25,814	14,152	11,662	82%
Provisions for risks and charges	17,690	20,754	(3,064)	(15)%
Shareholders' equity	**195,032**	**232,789**	**(37,757)**	**(16)%**

In order to facilitate an understanding of the doValue Group's performance and financial position, a number of alternative performance measures ("Key Performance Indicators" or "KPIs") have been selected by the Group. They are summarised in the following table.

(€/000)

Key performance indicators	6/30/2019	12/31/2018	6/30/2018 RESTATED [1]
Gross Book Value Italy (Eop) - in millions of Euro -	80,622	82,179	86,819
Gross Book Value Greece (Eop) - in millions of Euro -	1,549	-	-
Collections for the period Italy - in millions of Euro -	886	1,961	882
Collections for the Last Twelve Months (LTM) Italy - in millions of Euro -	1,963	1,961	1,830
LTM Collections/GBV - Italy (EoP)	2.4%	2.4%	2.1%
LTM Collections Stock/GBV Stock - Italy (EoP)	2.5%	2.5%	2.4%
Staff FTE/Total FTE	36%	37%	37%
LTM Collections/Servicing FTE	2,659	2,668	2,479
Cost/Income ratio	72%	61%	63%
EBITDA	28,851	81,293	35,222
Non-recurring items in EBITDA	(10,208)	(2,712)	-
EBITDA excluding non-recurring items	39,059	84,005	35,222
EBT	22,281	80,202	33,876
Non-recurring items in EBT	(12,640)	-	-
EBT excluding non-recurring items	34,921	80,202	33,876
EBITDA Margin	26%	35%	33%
EBITDA Margin excluding non-recurring items	35%	36%	33%
EBT Margin	20%	34%	32%
Earning per share (Euro)	0.05	0.65	27%
Earning per share excluding non-recurring items (Euro)	0.34	0.67	27%
EBITDA – Capex	27,580	75,885	34,783
Net Working Capital	158,512	77,376	76,561
Net Financial Position of cash/(debt)	(319,742)	67,911	29,698

[1] In order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects of the application of the new IFRS 16 Leases as from January 1, 2019 have been included. See also the separate reconciliation table.

Key

Gross Book Value (EoP) Italy/Greece: Indicates the book value of the loans under management at the end of the reference period, gross of any potential write-downs due to expected loan losses.

Collections for the period: used to calculate commissions for the purpose of determining revenues from the servicing business, they illustrate the Group's ability to extract value from the portfolio under management.

Collections for last 12 months (LTM): collections in the twelve months prior to the reference date. The aggregate is used in interim periods to enable a like-for-like comparison with the annual figure.

LTM collections/GBV Italy (Gross Book Value): the ratio between total gross LTM collections and the period-end GBV of the total portfolio under management. This indicator represents another metric to analyse collections for the period and LTM in absolute terms, calculated in relation to the effectiveness rate of collections, i.e. the yield of the portfolio under management in terms of annual collections and, consequently, commission income from management activities.

LTM collections Stock/GBV Stock Italy (Gross Book Value): the ratio between total gross LTM collections on the portfolio at the start of the reference year and the end-period GBV of that portfolio. Compared with the previous indicator LTM collections/GBV, this metric represents the effectiveness rate of recoveries normalised for the entry of new portfolios during the reference year.

Staff FTE/Total FTE: the ratio between the number of employees who perform support activities and the total number of full-time employees of the Group. The indicator illustrates the efficiency of the operating structure and the focus on management activities.

LTM collections/Servicing FTE: the ratio between total LTM collections and the number of employees who perform servicing activities. The indicator provides an indication of the collection efficiency rate, i.e. the yield of each individual employee specialised in servicing activities in terms of annual collections on the portfolio under management.

Cost/Income ratio: calculated as the ratio between operating expenses and total operating revenues presented in the reclassified Income Statement. It is one of the main indicators of the Group's operating efficiency: the lower the value of the indicator, the greater the efficiency of the Group.

EBITDA and **EBT:** together with other relative profitability indicators, they highlight changes in operating performance and provide useful information regarding the Group's economic performance.

Non-recurring items: items generated in extraordinary operations such as corporate restructurings, acquisitions or disposals of entities, start-up of new businesses or entry into new markets.

EBITDA excluding non-recurring items: EBITDA attributable to core operations, excluding all items connected with extraordinary operations such as corporate restructurings, acquisitions or disposals of entities, start-up of new businesses or entry into new markets.

EBITDA Margin and **EBT Margin**: obtained by dividing EBITDA and EBT by **Gross Revenues**.

Earnings per share: calculated as the ratio between net profit for the period and the number of outstanding shares at the end of the period.

Earnings per share excluding non-recurring items: the calculation is the same as that for earnings per share, but the numerator is equal to net profit for the period excluding non-recurring items net of the associated tax effects. The latter is calculated using the normalised tax rate for the period, i.e. excluding the DTA charge.

EBITDA – Capex: calculated as EBITDA net of investments in fixed capital (including property, plant and equipment and intangible and financial assets) ("Capex"). Together with other relative profitability indicators, it highlights changes in operating performance and provides an indication on the Group's ability to generate cash.

Net Working Capital: this is represented by receivables for fees invoiced and accruing, net of payables to suppliers for invoices accounted for and falling due in the period.

Net Financial Position: this is calculated as the sum of cash, cash equivalents and highly-liquid securities, net of amounts due to banks for loans and due to customers for the current accounts opened with the Group.

GROUP RESULTS AT JUNE 30, 2019

Performance

The following table presents the reclassified income statement as at June 30, 2019 with comparative figures as at June 30, 2018 ("First half of 2018 Restated") restated to ensure comparability and therefore retrospectively reflect the impact of the application of the new IFRS 16 Leases.
As notes in the section on **accounting policies**, from January 1, 2019 the application of the new standard entails a different calculation and a different classification of lease payments, which until December 31, 2018 had been recognised under administrative expenses and therefore included in the calculation of EBITDA: they are now broken down into depreciation of property, plant and equipment and interest and fees on financial assets for the financial expense component.
In order to enable a comparison of the values, therefore, the first half of 2018 "restated" was determined as follows.
The first-half results do not include Altamira Asset Management, the acquisition of which was completed at the end of June. However we do provide a pro-forma income statement for the period that includes the performance data of Altamira as if the acquisition had taken place on January 1, 2019, in the specific section on significant events in the period.

Consolidated income statement at June 30, 2019

(€/000)

Condensed consolidated income statement	Firs Half 2019	Firs Half 2018 RESTATED [1]	Change Amount	Change %
Servicing revenues	98,149	94,641	3,508	4%
Co-investment revenues	327	475	*(148)*	*(31)%*
Ancillary and other revenues	13,679	10,158	*3,521*	*35%*
Gross Revenues	**112,155**	**105,274**	**6,881**	***7%***
NPL Outsourcing fees	(9,564)	(10,879)	*1,315*	*(12)%*
Net revenues	**102,591**	**94,395**	**8,196**	***9%***
Staff expenses [3]	(48,727)	(45,070)	*(3,657)*	*8%*
Administrative expenses	(25,013)	(14,103)	(10,910)	*77%*
Operating expenses	**(73,740)**	**(59,173)**	**(14,567)**	***25%***
EBITDA	**28,851**	**35,222**	**(6,371)**	**(18)%**
EBITDA Margin	*26%*	*33%*	*(8%)*	*(23)%*
Non-recurring items included in EBITDA [2]	*(10,208)*	-	*(10,208)*	*n.s.*
EBITDA excluding non-recurring items	***39,059***	***35,222***	***3,837***	***11%***
EBITDA Margin excluding non-recurring items	*35%*	*33%*	*1%*	*4%*
Impairment/Write-backs on property, plant, equipment and intangible assets	(3,331)	(2,430)	*(901)*	*37%*
Net Provisions for risks and charges	(3,002)	(81)	*(2,921)*	*n.s.*
Net Write-downs of loans	405	388	*17*	*4%*
Net income (losses) from investments	-	340	*(340)*	*(100)%*
EBIT	**22,923**	**33,439**	**(10,516)**	**(31)%**
Net income (loss) on financial assets and liabilities measured at fair value	669	630	*39*	*6%*
Net financial interest and commissions	(1,311)	(193)	*(1,118)*	*n.s.*
EBT	**22,281**	**33,876**	**(11,634)**	**(34)%**
Non-recurring items included in EBT [3]	*(12,640)*	-		
EBT excluding non-recurring items	***34,921***	***33,876***		
Income tax for the period	(18,254)	(12,987)	*(5,267)*	*41%*
Profit (loss) from group of assets sold and held for sale net of tax	-	-	-	*n.s.*
Net Profit (Loss) attributable to the Group	**4,027**	**20,889**	**(16,901)**	**(81)%**
Non-recurring items included in Net Profit (Loss) attributable to the Group	*(22,584)*	-	***(22,584)***	*n.s.*
Net Profit (Loss) attributable to the Group excluding non-recurring items	***26,611***	***20,889***	***5,722***	***27%***
Earnings per share (Euro)	**0.05**	**0.27**	**(0.22)**	**(81)%**
Earnings per share excluding non-recurring items (Euro)	***0.34***	***0.27***	**0.07**	***26%***

[1] In order to enhance the comparability of the figures for 2019 with the figures in the income statement, the effects of the application of the new IFRS 16 Leases as from January 1, 2019 have been included. See also the separate reconciliation table.

[2] Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A.. And those incurred for the Group reorganisation project

[3] Non-recurring items included in net provisions regard termination incentive plans that have therefore been reclassified here from personnel expenses

[4] Non-recurring items included in income taxes mainly regard the cancellation of deferred tax assets following the change in the rate as part of the debanking process

Restatement of the first half of 2018, with indication of the impact of IFRS 16 Leases

The following table provides a restatement of the income statement published in the Consolidated Interim Report for the first half of 2018, showing the impact of IFRS 16 as if it had been applied retrospectively as from January 1, 2018.
Please note that this restatement is not required by the standard and has been prepared on a voluntary basis for management income statement data only, in order to enable a comparison of the figures for 2019 with those for the corresponding period of the previous year.
The calculation of the impact of IFRS 16 is therefore an estimate based on outstanding leases in the first half of 2018.

(€/000)

Condensed consolidated income statement	Firs Half 2018	IFRS 16 impact	Firs Half 2018 RESTATED
Servicing revenues	94,641	-	94,641
o/w Banks	*61,767*	-	*61,767*
o/w Investors	*32,874*	-	*32,874*
Co-investment revenues	475	-	475
Ancillary and other revenues	10,158	-	10,158
Gross Revenues	**105,274**	**-**	**105,274**
Outsourcing fees NPL	(10,879)	-	(10,879)
Net revenues	**94,395**	**-**	**94,395**
Staff expenses	(45,070)	-	(45,070)
Administrative expenses	(15,192)	1,089	(14,103)
o/w IT	*(6,324)*	-	*(6,324)*
o/w Real Estate	*(4,157)*	*1,043*	*(3,114)*
o/w SG&A	*(4,711)*	*46*	*(4,665)*
Operating expenses	**(60,262)**	**1,089**	**(59,173)**
EBITDA	**34,133**	**1,089**	**35,222**
EBITDA Margin	*32%*		*33%*
Impairment/Write-backs on property, plant, equipment and intangible assets	(1,188)	(1,242)	(2,430)
Net Provisions for risks and charges	(80)	(1)	(81)
Net Write-downs of loans	388	-	388
Net income (losses) from investments	340	-	340
EBIT	**33,593**	**(154)**	**33,439**
Net income (loss) on financial assets and liabilities measured at fair value	630	-	630
Net financial interest and commissions	(94)	(99)	(193)
EBT	**34,129**	**(253)**	**33,876**
Income tax for the year	(13,084)	97	(12,987)
Profit (loss) from group of assets sold and held for sale net of tax	-	-	-
Net Profit (Loss) attributable to the Group	**21,045**	**(156)**	**20,889**

The formation of EBITDA

Significant non-recurring charges were incurred in the second quarter of 2019, mainly associated with the completion of the corporate reorganisation process and the acquisition of Altamira Asset Management. For this reason, we feel that the Group's organic capacity to generate operating profit is best expressed by EBITDA adjusted to excluded these charges.

EBITDA excluding non-recurring charges amounting to €10.2 million, increased by 11% to €39.1 million (€35.2 million at June 30, 2018) equal to 35% of revenues, up 2 percentage points compared with the year-earlier period.

EBITDA reached €28.9 million (€35.2 million in the first six months of 2018). The restatement of 2018 EBITDA, which was necessary to ensure comparability with the 2019 figures following the transition to IFRS 16, essentially concerned the real estate lease costs.

(€/000)

Net revenues	**Firs Half**		**Change**	
	2019	**2018 RESTATED**	**Amount**	**%**
Servicing revenues	98,149	94,641	3,508	*4%*
Co-investment revenues	327	475	*(148)*	*(31)%*
Ancillary and other revenues	13,679	10,158	*3,521*	*35%*
Gross Revenues	**112,155**	**105,274**	**6,881**	**7%**
Outsourcing fees	(9,564)	(10,879)	*1,315*	*(12)%*
Net revenues	**102,591**	**94,395**	**8,196**	**9%**

(€/000)

Operating expenses	**Firs Half**		**Change**	
	2019	**2018 RESTATED**	**Amount**	**%**
Staff expenses	(48,727)	(45,070)	*(3,657)*	*8%*
Administrative expenses	(25,013)	(14,103)	(10,910)	*77%*
o/w IT	*(6,597)*	*(6,324)*	*(273)*	*4%*
o/w Real Estate	*(2,341)*	*(3,114)*	*773*	*(25)%*
o/w SG&A	*(16,075)*	*(4,665)*	*(11,410)*	*n.s.*
Operating expenses	**(73,740)**	**(59,173)**	**(14,567)**	***25%***
Non-recurring items included in EBITDA	*(10,208)*	-	*(10,208)*	*n.s.*
EBITDA excluding non-recurring items	**39,059**	**35,222**	**3,837**	***11%***

The expansion of EBITDA excluding non-recurring charges was driven by the performance of gross revenues, which at the end of the first half of 2019 amounted to €112.2 million, up 7% compared with June 30, 2018.

Servicing revenues amounted to €98.1 million, an increase of 4% compared with the same period of the previous year, due to the increase in performance fees and the greater contribution of revenues from portfolio transfer indemnities.
The performance of base fees, albeit in a context of stable average fees on the GBV of assets under management, was influenced by the reduction in the portfolio under management, which compared with the first half of 2018 contracted by 7.2% as a result of recoveries and the transfer of portfolios by a number of customers, with the latter especially concentrated in the first quarter of the year.
Collections as a ratio of end-period gross book value (expressed by the indicator "LTM Collections/GBV (EoP)") in the last 12 months amounted to 2.4%, an increase on the 2.1% posted in the first half of 2018 (in line with the end-2018 figure of 2.4%).Excluding new management contracts, the "LTM Collections Stock/GBV (EoP)" would be 2.5%, a slight increase on the first half of 2018 and unchanged on the end of year.

Among **revenues from co-investment**, the contribution of the income generated by the ABSs securities of the Romeo SPV and Mercuzio Securitisation securitisations declined by

31% compared with the first half of 2018 (-€148 thousand). Conversely, the contribution of **revenues from ancillary products and minor activities** expanded, mainly originating from income for business information services, due diligence activities and administrative servicing. They represent 12% of total gross revenues for the period (10% at June 30, 2018) and posted an increase of 35% compared with the same period of the previous year. The item includes the reimbursement of costs incurred in connection with the management of the contract with the four systemic banks of around €2.8 million.
Further gains in net revenues were generated by a 12% reduction in **fee and commission expense** compared with 2018 owing to a decline in use of the external network.
Fee and commission expense improved as a proportion of gross revenues, going from 10% in the first half of 2018 to the current 9%.

Operating expenses amounted to about €73.7 million, an increase of 25% compared with the same period of 2018. The change reflects, on the one hand, the significant volume of non-recurring items (€10.2 million), on the other, an increase in IT expenses for application development activities and the expansion of personnel to support start-up activities, particularly in Greece and for the UTP business.
More specifically, **staff expenses** increased by about €3.7 million due to the planned expansion of staff to support new development initiatives in Greece and Italy (UTP). Recall that the 2018-2020 Business Plan presented in June 2018 includes projects to enhance the efficiency of staff expenses, which are expected to have an effect as from 2020 in particular.
Administrative costs amounted to €25.0 million, compared with €14.1 million at June 30, 2018, a 77% increase mainly in other overheads, where the non-recurring items related to the advisors engaged for the acquisition of Altamira are concentrated (+€10.2 million).
As in 2018, operating expenses in the first half of 2019 included certain **non-recurring items,** which have been reported as adjustments of EBITDA in order to facilitate a comparison between periods and clarify the Group's structural profitability.
These non-recurring items, which were not present in the first quarter of 2018, amounted to €10.2 million and reflect:

(i) for 95% of the total, costs related to the acquisition of the servicer Altamira Asset Management;
(ii) for the remaining 5%, the Group reorganisation project envisaged in the 2018-2020 Business Plan, which includes, among its primary lines of growth, a greater focus on UTP servicing.

The formation of EBIT and EBT

Group **EBIT** amounted to €22.9 million compared with €33.4 million in the first half of 2018 (-31%), while **EBT** was only slightly lower at €22.3 million compared with €33.9 million in the same period of the previous year (-34%), as detailed in the following table.

(€/000)

EBIT and EBT	Firs Half		Change	
	2019	2018 RESTATED	Amount	%
EBITDA	**28,851**	**35,222**	**(6,371)**	**(18)%**
Impairment/Write-backs on property, plant, equipment and intangible assets	(3,331)	(2,430)	*(901)*	*37%*
Net Provisions for risks and charges	(3,002)	(81)	*(2,921)*	*n.s.*
Net Write-downs of loans	405	388	*17*	*4%*
Net income (losses) from investments	-	340	*(340)*	*(100)%*
EBIT	**22,923**	**33,439**	**(10,516)**	**(31)%**
Net income (loss) on financial assets and liabilities measured at fair value	669	630	*39*	*6%*
Net financial interest and commissions	(1,311)	(193)	*(1,118)*	*n.s.*
EBT	**22,281**	**33,876**	**(11,595)**	**(34)%**
Non-recurring items included in EBT	(12,640)	-	*(12,640)*	*n.s.*
EBT excluding non-recurring items	**34,921**	**33,876**	**1,045**	**3%**

EBT includes non-recurring charges of €2.4 million in respect of termination incentive costs, as well as the non-recurring costs included in administrative costs indicated above.

Net impairment/write-backs on property, plant and equipment and intangible assets include depreciation charges for rights of use as a result of the new accounting rules for leases following the introduction of IFRS 16. The amount for the first half of 2019 amounted to €1.6 million, while that for 2018 restated amounted to €1.2 million. The remainder depreciation and amortisation mainly regards software licenses and shows an increase of 55% compared with 2018, reflecting the technology investments made by the Group in the period in order to improve the IT platform.

Net provisions for risks and charges amounted to €3.0 million, a significant increase compared with the first half of 2018 (+€2.9 million).
Net income (losses) of investments in the period makes no contribution to the result for the period, unlike the year-earlier period when it reflected the equity valuation of the investment in BCC Gestione Crediti S.p.A., which was sold in the third quarter of 2018.

The formation of net profit for the period

(€/000)

Net result for the period	Firs Half		Change	
	2019	2018 RESTATED	Amount	%
EBT	**22,281**	**33,876**	**(11,595)**	**(34)%**
Income tax for the period	(18,254)	(12,987)	*(5,267)*	*41%*
Net Profit (Loss) attributable to the Group	**4,027**	**20,889**	**(16,862)**	**(81)%**
Earnings per share (in Euro)	**0.05**	**0.27**	**(0.22)**	**(81)%**
Non-recurring items included in Net Profit (Loss) attributable to the Group	(22,584)	-	*(22,584)*	*n.s.*
Net Profit (Loss) attributable to the Group excluding non-recurring iter	**26,611**	**20,889**	**5,722**	**27%**
Earnings per share excluding non-recurring items (Euro)	**0.34**	**0.27**	**0.07**	**26%**

Income taxes for the period amounted to €18.3 million and include a non-recurring component of €10.8 million linked to the cancellation of deferred tax assets as a result of the "debanking" of doValue, which led to a reduction in IRES and IRAP rates. The tax rate is therefore equal to 82%.Income taxes also include the accrued DTA charge for the period, equal to €911 thousand. The tax rate excluding non-recurring items and the DTA charge is 29%, instead of 36% of the same period of 2018.
Net profit for the period, which in the absence of profit pertaining to non-controlling interest, pertains entirely to the shareholders of the Parent Company, amounted to €4.0 million, down 81% compared with the first half of 2018. **Excluding non-recurring items**, taking account of the associated tax effects, consolidated net profit came to €26.6 million, an increase of 27% compared with the year-earlier period.

Segment Reporting

The doValue Group's business model can be analysed in two main dimensions:

- Customers;
- Business Lines.

The Group's customer base can be broken down into two main categories: Banks and Investors. The business lines represent the aggregation of products/services offered by the Group, and fall into two categories: Servicing and Ancillary Products and Minor Activities.

Based on these criteria, the following table reports the revenues and EBITDA of the business segments.

(€/000)

Condensed consolidated income statement	Firs Half 2019						
	Banks	Investors	Total Servicing	%	Ancillary & other	%	Total
Servicing revenues	57,014	40,006	97,020		1,129		98,149
o/w Banks	*57,014*	-	*57,014*		-		*57,014*
o/w Investors	-	*40,006*	*40,006*		*1,129*		*41,135*
Co-investment revenues	-	-	-		327		327
Ancillary and other revenues	-	-	-		13,679		13,679
Gross Revenues	**57,014**	**40,006**	**97,020**	**87%**	**15,135**	**13%**	**112,155**
Outsourcing fees	(5,256)	(1,847)	(7,103)		(2,461)		(9,564)
Net revenues	**51,758**	**38,159**	**89,917**	**88%**	**12,674**	**12%**	**102,591**
Staff expenses	(24,196)	(17,457)	(41,653)		(7,074)		(48,727)
Administrative expenses	(12,353)	(8,913)	(21,266)		(3,747)		(25,013)
o/w IT	*(3,329)*	*(2,402)*	*(5,731)*		*(866)*		*(6,597)*
o/w Real Estate	*(1,180)*	*(852)*	*(2,032)*		*(309)*		*(2,341)*
o/w SG&A	*(7,844)*	*(5,659)*	*(13,503)*		*(2,572)*		*(16,075)*
Operating expenses	**(36,549)**	**(26,370)**	**(62,919)**		**(10,821)**		**(73,740)**
EBITDA	**15,209**	**11,789**	**26,998**	**94%**	**1,853**	**6%**	**28,851**
EBITDA Margin	**27%**	**29%**	**28%**		**12%**		**26%**
EBITDA Contribution	**53%**	**41%**	**94%**		**6%**		**100%**

(€/000)

	Banks	Investors	Total Servicing	Ancillary & other	Total
Servicing revenues					
Firs Half 2019	57,014	40,006	97,020	1,129	98,149
Firs Half 2018	61,767	32,874	94,641	-	94,641
Change	*(4,753)*	*7,132*	*2,379*	*1,129*	*3,508*
Co-investment revenues, ancillary and other					
Firs Half 2019	-	-	-	14,006	14,006
Firs Half 2018	-	-	-	10,633	10,633
Change	-	-	-	*3,373*	*3,373*
Staff expenses					
Firs Half 2019	(24,196)	(17,457)	(41,653)	(7,074)	(48,727)
Firs Half 2018	(27,071)	(14,409)	(41,480)	(3,590)	(45,070)
Change	*2,875*	*(3,048)*	*(173)*	*(3,484)*	*(3,657)*
Administrative expenses					
Firs Half 2019	(12,353)	(8,913)	(21,266)	(3,747)	(25,013)
Firs Half 2018	(8,402)	(4,471)	(12,873)	(1,230)	(14,103)
Change	*(3,951)*	*(4,442)*	*(8,393)*	*(2,517)*	*(10,910)*
EBITDA					
Firs Half 2019	15,209	11,789	26,998	1,853	28,851
Firs Half 2018	20,001	11,756	31,757	3,465	35,222
Change	*(4,792)*	*33*	*(4,759)*	*(1,612)*	*(6,371)*
EBITDA Margin					
Firs Half 2019	27%	29%	28%	12%	26%
Firs Half 2018	32%	36%	34%	33%	33%
Change	*-5%*	*-7%*	*-6%*	*-21%*	*-7%*

In the first half of 2019 the gross revenues amounted to €97.0 million and EBITDA (€27.0 million) of the **Servicing** segment represent 94% of his respective total.

Group financial position

Introduction

The balance sheet figures have been reclassified from a management perspective, which is more in line with the representation of the reclassified income statement and the net financial position of the Group.
At the end of this Consolidated half-year report, in accordance with the same presentation approach for the income statement, we have included a reconciliation between the management balance sheet and the schedule given in the condensed consolidated half-year balance sheet.

(€/000)

Condensed balance sheet	6/30/2019	12/31/2018	Change	
			Amount	%
Cash and liquid securities	86,067	74,443	11,624	16%
Financial assets	48,715	36,312	12,403	34%
Tangible assets	21,571	4,290	17,281	n.s.
Intangible assets	409,508	6,847	402,661	n.s.
Tax assets	79,943	87,355	(7,412)	(8)%
Trade receivables	199,650	99,224	100,426	101%
Assets on disposal	10	710	(700)	(99)%
Other assets	11,926	7,855	4,071	52%
Total assets	**857,390**	**317,036**	**540,354**	**n.s.**
Financial liabilities: due to banks	405,809	-	405,809	n.s.
Other financial liabilities	91,154	294	90,860	n.s.
Trade payables	41,138	21,848	19,290	88%
Tax Liabilities	70,804	11,090	59,714	n.s.
Employee Termination Benefits	9,949	9,577	372	4%
Provision for risks and charges	17,690	20,754	(3,064)	(15)%
Liabilities on disposal	-	6,532	(6,532)	(100)%
Other liabilities	25,814	14,152	11,662	82%
Total Liabilities	**662,358**	**84,247**	**578,111**	**n.s.**
Share capital	41,280	41,280	-	n.s.
Reserves	149,909	140,915	8,994	6%
Treasury shares	(184)	(246)	62	(25)%
Result for the period	4,027	50,840	(46,813)	(92)%
Total shareholders' equity	**195,032**	**232,789**	**(37,757)**	**(16)%**
Minorities	**-**	**-**	**-**	**n.s.**
Total liabilities and shareholders' equity	**857,390**	**317,036**	**540,354**	**n.s.**

Cash and liquid securities include cash and deposits at banks and government securities (BOTs) amounting to €1.0 million. The item shows an increase of 16% compared with the balance at December 31, 2018.

Financial assets rose from €36.3 million to €48.7 million, an increase of €12.4 million, accounted for almost entirely by the short-term, opportunistic and non-recurring investment in a non-performing position to Government entity for which a favourable settlement agreement has been reached. The composition of financial assets is reported in the following table.

(€/000)

Financial assets	6/30/2019	12/31/2018	Change	
			Amount	%
At fair value through profit or loss	**33,701**	**34,251**	**(550)**	**(2)%**
Debt securities	5,659	5,240	419	8%
CIUs	27,995	28,964	(969)	(3)%
Equity instruments	47	47	-	n.s.
At amortized cost	**15,014**	**2,061**	**12,953**	**n.s.**
L&R with banks other than current accounts and demand deposits	99	97	2	2%
L&R with customers	14,915	1,964	12,951	n.s.
Total financial assets	**48,715**	**36,312**	**12,403**	**34%**

The increase of €17.3 million in **property, plant and equipment** reflects both the acquisition of Altamira in the amount of about €7.6 million and the recognition of rights of use deriving from initial application of IFRS 16, as described in the **Accounting Policies** section.

Tax assets and liabilities at June 30, 2019 are summarised in the following tables:

(€/000)

Tax assets	6/30/2019	12/31/2018	Change	
			Amount	%
Current tax assets				
Paid in advance	-	192	(192)	(100)%
Tax liabilities	-	(159)	159	(100)%
Total	**-**	**33**	**(33)**	**(100)%**
Deferred tax assets				
Write-down on loans	47,776	55,407	(7,631)	(14)%
Tax losses carried forward in the future	11,664	19,397	(7,733)	(40)%
Property, plants and equipment / Intangible assets	11,981	168	11,813	n.s.
Other assets / liabilities	37	39	(2)	(5)%
Provisions	4,839	6,395	(1,556)	(24)%
Total	**76,297**	**81,406**	**(5,109)**	**(6)%**
Other tax receivables	**3,646**	**5,916**	**(2,270)**	**(38)%**
Total tax assets	**79,943**	**87,355**	**(7,412)**	**(8)%**

Deferred tax assets posted an overall decrease of €5.1 million, whose most significant changes reflecting the combination of the following factors:

- the cancellation of €10.8 million of receivables mainly related to the write-down of receivables and tax losses carried forward originated by the Parent Company, doValue, following the rate change produced by the "debanking" process: the ordinary IRES and IRAP rates of 24% and 4.44% replaced the rates applicable to credit and financial institutions of 27.5% and 5.57% respectively;
- €11.8 million of new DTAs contributed by the new subsidiary Altamira, deriving from temporary differences in the deductibility of depreciation and amortisation of non-current assets.
- €5.3 million decrease from the reversal of the DTA deriving from previous tax losses against the taxable amount for the period of the Parent Company doValue.

(€/000)

Tax liabilities	6/30/2019	12/31/2018	Change	
			Amount	%
Taxes for the period	9,738	8,168	1,570	19%
Deferred tax liabilities	46,685	21	46,664	n.s.
Other tax payables	14,381	2,901	11,480	n.s.
Total tax liabilities	**70,804**	**11,090**	**59,714**	**n.s.**

The amount of deferred tax liabilities refers to the effect deriving from the Altamira business combination, and in particular from the purchase price allocation process as a tax effect of the fair value adjustments made to the initial consolidation values of the acquiree. For more details, see the section on business combinations.

Financial liabilities – due to banks include the value of the 5-year loan (Facility Loan) obtained for the acquisition of Altamira. The nominal amount of the credit line is €415 million, paying a variable rate of 2.5% linked to 6-month Euribor plus a spread based on a number of financial covenants. The fair value recognised, equal to €405.8 million, is equal to the amount received less transaction costs incurred for the acquisition in the amount of €9.2 million, which will be amortised over the term of the loan.

Other financial liabilities at the end of the first half of 2019 are detailed below:

(€/000)

Other financial liabilities	6/30/2019	12/31/2018	Change	
			Amount	%
Lease liabilities	15,242	-	15,242	n.s.
Earn-out	39,313	-	39,313	n.s.
Put option on non-controlling interests	36,403	-	36,403	n.s.
Other financial liabilities	196	294	(98)	(33)%
Total other financial liabilities	**91,154**	**294**	**90,860**	**n.s.**

Lease liabilities include the discounted value of future lease payments, in accordance with the provisions of IFRS 16, which entered force as from January 1, 2019.
The liability for the earn-out is linked to the Altamira acquisition and regards a portion of the Altamira acquisition price that will be defined within two years of the agreement, i.e. at the end of December 2020.
The liability for "put option on non-controlling interests" regards the option for the purchase of residual non-controlling interests expiring in future years.
All the liabilities indicated were discounted as at June 30, 2019.

As shown in the following table, **provisions for risks and charges** contracted by €3.1 million from their balance at the end of 2018 as a result of the release of provisions in respect of staff expenses, which include provisions to finance MBO bonuses to be paid in future years on the basis of existing remuneration policies.
The residual component of provisions for risks includes provisions for disputes for which no litigation is currently under way.

(€/000)

Provision for risks and charges	6/30/2019	12/31/2018	Change	
			Amount	%
Legal disputes	7,519	7,421	98	1%
Staff expenses	6,349	9,627	(3,278)	(34)%
Other	3,822	3,706	116	3%
Total provision for risks and charges	**17,690**	**20,754**	**(3,064)**	**(15)%**

Other liabilities at June 30, 2019 amounted to €25.8 million, an increase of €11.7 million compared with December 31, 2018, essentially due to the accrual of the 13th monthly salary payment and related contributions and other payables due to Group personnel.

Net Working Capital

The following table shows a breakdown of net working capital as at June 30, 2019, December 31, 2018 and June 30, 2018.

(€/000)

Net working capital	6/30/2019	12/31/2018	6/30/2018
Trade receivables	199,650	99,224	96,427
Trade payables	(41,138)	(21,848)	(19,866)
Total net working capital	**158,512**	**77,376**	**76,561**

The figure for the period of €158.5 million is significantly affected by the inclusion of Altamira, which contributes €78.4 million to the balance (€92.5 million of trade receivables and €14.1 million of trade payables).
Excluding Altamira, net working capital would amount to €80.1 million, an increase of 5% compared with June 30, 2018 despite the growth in net revenues of 9%. Due to the usual seasonal variations, the figure (excluding Altamira) is 3% higher than at December 31, 2018.

Net Financial Position

The following table shows a breakdown of the net financial position, whose current component is positive for all periods reported.

(€/000)

	Net financial position	6/30/2019	12/31/2018	6/30/2018
A	Cash	85,067	73,444	40,646
B	Liquid securities	1,000	999	1,000
C	**Liquidity (A)+(B)**	**86,067**	**74,443**	**41,646**
D	Current bank debts	(80,941)	-	-
E	Deposits from customers	-	(6,532)	(11,948)
F	**Net current financial position (C)+(D)+(E)**	**5,126**	**67,911**	**29,698**
G	Non-current bank debts	(324,868)	-	-
H	**Net financial position (F)+(G)**	**(319,742)**	**67,911**	**29,698**

The net financial position at June 30, 2019 reflects the loan obtained by the Group for the Altamira acquisition (€415 million).

Operating Cash Flow

Cash generating capacity is detailed in the following table, which shows operating cash flow for the period compared with the first half of 2018.

(€/000)

Cash Flow	6/30/2019	6/30/2018
EBITDA	28,851	34,133
Capex	(1,271)	(1,638)
EBITDA-Capex	**27,580**	**32,495**
as % of EBITDA	96%	95%
Adjustment for accrual on share-based incentive system payments	2,440	2,763
Changes in NWC	(2,696)	1,704
Changes in other assets/liabilities	(6,475)	(2,995)
Operating Cash Flow	**20,849**	**33,967**
Tax paid (IRES/IRAP)	-	-
Free Cash Flow	**20,849**	**33,967**
(Investments)/divestments in financial assets	(11,240)	(11,966)
Equity (investments)/divestments	(360,998)	-
Dividend paid	(36,263)	(30,908)
Net Cash Flow of the period	**(387,652)**	**(8,907)**
Net financial position - Beginning of period	67,911	38,605
Net financial position - End of period	(319,742)	29,698
Change in Net Financial Position	**(387,653)**	**(8,907)**

Operating cash flow, amounting to €20.8 million, reflects an increase of €2.7 million in the use of liquidity, deriving from net working capital as a result of the increase in revenues. Equity investments include the cash-out effect connected with the acquisition of Altamira, which is discussed in greater detail in the business combinations section of the notes to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

New corporate structure and name of the Group

In June 2019, the complex corporate reorganisation, announced in June 2018 with the 2018-2020 Business Plan, was successfully concluded, giving doValue the form of a servicing company governed by Article 115 of the Consolidated Public Security Act (TULPS), thus ceasing to be a banking group.

With the implementation of this project, doValue sought to achieve greater rationalisation and efficiency for the Group, as the project seeks to make its corporate structure consistent with its core business of managing and recovering non-performing loans, unlikely-to-pay assets and real estate. The new Group structure is aligned with industry best practices and enables a more optimal use of its financial resources.

The reorganisation also involved the partial demerger by Italfondiario to doValue (formerly doBank S.p.A.) of its "servicing" operations, as well as the transfer from doValue (formerly doBank S.p.A.) to Italfondiario of its "master servicing" operations, all with effect as from January 1, 2019. Finally, the debanking process saw the Extraordinary Shareholders' Meeting of March 5, 2019 approve the proposal of the Board of Directors and, consequently, modify the corporate purpose of the Company, which has adopted the name doValue S.p.A. (previously doBank S.p.A.).

Management of new loan portfolios begins

During the first half of 2019, doValue onboarded new loan portfolios whose management agreements were signed in the second half of 2018. In particular, management was initiated for portfolios acquired under agreements with the Iccrea Banking Group and with Banca Carige, involving loans with a total value of about €2.3 billion.

In line with expectations and following the successful conclusion of the onboarding and business planning phases carried out in the second half of 2018, in the first quarter of 2019 doValue also began the management of the portfolio entrusted to it by the four Greek systemic banks, the Group's first international contract, managed by the team based in Athens. The portfolio consists of approximately 300 corporate positions with a total Gross Book Value of about €1.5 billion.

Ordinary Shareholders' Meeting

The Shareholders' Meeting of doValue S.p.A. met in ordinary session on April 17, 2019 and approved all items on the agenda, including:

- the separate financial statements of doValue S.p.A. for the year ended December 31, 2018, which closed with a net profit of €43,374,465. During the Meeting, the Group's consolidated financial statements for the ended December 31, 2018 were presented, showing a net profit excluding non-recurring items of €52.6 million, +17% on the €45.0 million posted in 2017 (net profit of €50.9 million, +13% on €45.0 million in 2017);
- the distribution of dividends for 2018 of €36,836,956, equal to €0.460, gross of taxes, for each ordinary share, corresponding to 70% of consolidated net profit excluding non-recurring charges (70% payout);
- the annual Report on Remuneration and Incentives, the 2019 Incentive Plan based on financial instruments and the Termination Payment Policy.

Closing of the Altamira Asset Management acquisition

On June 27, 2019 the doValue Board of Directors announced that it had completed the acquisition of an 85% stake in the capital of Altamira Asset Management ("Altamira"). The

Santander Group has decided to remain a shareholder of Altamira at 15% by not exercising its co-sale right.
Altamira is a leading servicer of non-performing loans and real estate assets, with a presence in Spain, Portugal, Cyprus and Greece. The combination of doValue and Altamira has created the leader of the credit servicing sector in Southern Europe, with over €650 billion of non-performing assets and attracting strong interest from international investors.

The operation was financed with available cash from doValue and the use of a 5-year bank credit line amounting to €415 million. The structure of the transaction and its main terms are unchanged from those announced to the market on December 31, 2018, the date of the acquisition was announced.

Pro-forma reclassified income statement for the first half of 2019 and full-year 2018

The following is a pro-forma disclosure representing the significant impacts of the acquisition of the Altamira group on the reclassified consolidated income statement of the doValue Group as if the transaction had taken effect on January 1, 2019 (for the pro-forma figures for the first half of 2019) and January 1, 2018 (for the pro-forma figures for 2018), instead of from the end of June 2019.

In order to interpret the information provided in the pro-forma consolidated income statement for the first half of 2019 and the 2018 financial year presented below, it is necessary to bear in mind that:
a) as these are representations constructed on assumptions, if the acquisition had actually been carried out at the reference date for the preparation of the pro-forma consolidated income statement, the resulting accounting effects would not necessarily have been the same as that presented in the pro-forma data below;
b) the pro-forma adjustments made represent the significant financial effects directly connected with the acquisition;
c) the pro-forma data have been prepared so as to represent only the objectively measurable effects deriving from the acquisition and, therefore, do not take account of potential effects relating to changes in management policies or operational decisions consequent on the execution of those policies;
d) the pro-forma consolidated income statement does not reflect prospective data and is not intended to represent in any way a forecast of the future performance of the doValue Group after the acquisition and, therefore, should not be used in manner;
e) at the reference date for the preparation of the pro-forma consolidated income statement, there were no direct participatory links between the companies involved in the acquisition, nor were they "under common control" pursuant to IFRS 3;
f) the values calculated for the preparation of the "pro-forma adjustments" are consistent with the accounting representation of the transaction presented in detail in the section on business combinations;
g) the accounting data of the Altamira group companies used for the purposes of this pro-forma disclosure have been prepared using accounting policies and measurement criteria for the preparation of the macro-aggregates of the reclassified income statement that are consistent with those applied by the doValue Group following a process of standardisation of the criteria and principles for the preparation and presentation of financial information (GAAP analysis).

Pro-forma income statement for the first half of 2019

The following schedule presents:

1) in the column "doValue – 1H consolidated income statement ", the figures for the first half of 2019 for the doValue Group;
2) in the column "Altamira – 1H consolidated income statement " the figures for the first half of 2019 from the sub-consolidated financial statements of the Altamira group at June 30, 2019 prepared in accordance with local accounting standards, i.e. Spanish GAAP and reclassified to take account of the reclassified income statement format adopted by the doValue Group;
3) in the column "Impact of renewed contractual arrangements with Santander and related tax impact", the financial impact of the renegotiation of the contracts in June 2018. Specifically, for these contracts the method of accounting for revenues differs between the sub-consolidated accounts of the Altamira group and the consolidated financial statements of the doValue Group;
4) the column "PPA adjustments and other minor adjustments and related tax impact" mainly includes the adjustments to intangible assets, the amortisation and impairment of the Altamira group (€73.8 million) deriving from the measurement at fair value of its assets and liabilities following the purchase price allocation process, as described in more detail in the section on business combinations. Note that the measurement at fair value of the Altamira assets and liabilities acquired by the doValue Group has not yet been finalised since, at the date of approval of this document, not all of the related information is available yet. In this regard, note that this approach complies with the provisions of paragraph 45 of IFRS 3 - Business Combinations, which governs the methods for accounting for business combinations. In particular, the accounting standard in question provides for a "measurement period" during which the company must make a preliminary initial accounting for the acquisition and complete the measurement at a later time but in any case within 12 months of the acquisition date. Therefore, within 12 months of the date of the closing of the acquisition, the value of the net assets acquired could change compared with the provisional allocation, with a corresponding reduction or increase in the value of the goodwill. Any change in the value of the net assets acquired and goodwill would consequently lead to the recalculation of the depreciation and amortisation recognised in the periods ended after the closing date. This column also reports minor adjustments including: (i) the adjustment for operating expenses incurred in 2019 for the completion of the acquisition by dovalue (€9.1 million); (ii) the adjustments connected with ensuring compliance with international accounting standards (IAS/IFRS) of the sub-consolidated financial statements of the Altamira group to take into account the effects of the GAAP analysis referred to in point g) of the introductory paragraph above (€4.9 million); and (iii) the elimination of certain non-recurring costs and income related to the acquisition;
5) in the column "doValue 1H consolidated income statement pro-forma", the pro-forma reclassified consolidated performance figures for the first half of 2019 following the acquisition.

(thousand of Euro)	doValue 1H 2019 consolidated income statement	Pro-forma adjustments			doValue 1H 2019 consolidated income statement pro-forma
		Altamira 2018 consolidated income statement	Impact of renewed contractual arrangements with Santander and related tax impact	PPA adjustments and other minor adjustments and related tax impact	
	(1)	(2)	(3)	(4)	(5)
Servicing Revenue	98,149	133,725	(20,089)	-	211,785
o/w NPL Revenues	*98,149*	*70,782*	*(8,419)*	-	*160,512*
o/w REO Revenues	-	*62,943*	*(11,670)*	-	*51,273*
Co-investment, ancillary and other revenues	14,006	10,869	(653)	-	24,222
Gross Revenues	**112,155**	**144,594**	**(20,742)**	**-**	**236,007**
Outsourcing fees	(9,564)	(21,121)	-	-	(30,685)
Net revenues	**102,591**	**123,473**	**(20,742)**	**-**	**205,322**
Staff Costs	(48,727)	(44,635)	-	10,381	(82,981)
Operating Costs	(25,013)	(23,809)	-	10,518	(38,304)
Total Costs	**(73,740)**	**(68,444)**	**-**	**20,899**	**(121,285)**
EBITDA	**28,851**	**55,029**	**(20,742)**	**20,899**	**84,037**
Non-recurring items included in EBITDA	(10,208)	(11,292)	-	19,489	(2,011)
EBITDA excluding non-recurring items	**39,059**	**66,321**	**(20,742)**	**1,410**	**86,048**
Impairment/Write-backs on property, plant, equipment	(3,331)	(113,097)	-	76,622	(39,806)
Net Provisions for risks and charges	(3,002)	(1,676)	-	-	(4,678)
Net Write-downs of loans	405	-	-	-	405
Net income (losses) from investments	-	-	-	-	-
				-	
EBIT	**22,923**	**(59,744)**	**(20,742)**	**97,521**	**39,958**
Net income (loss) on financial assets and liabilities measured at fair value	669	-	-	-	669
Net financial interest and commission	(1,311)	(14,251)	2,478	4,261	(8,823)
EBT	**22,281**	**(73,995)**	**(18,264)**	**101,782**	**31,804**
Non-recurring items included in EBT	(12,640)	(64,195)	-	61,608	(15,227)
EBT excluding non-recurring items	**34,921**	**(9,800)**	**(18,264)**	**40,174**	**47,031**
Income tax for the period	(18,254)	(1,032)	4,566	(10,406)	(25,126)
Profit (loss) from group of assets sold and held for sale	-	-	-	-	-
Net Profit (Loss) for the period	**4,027**	**(75,027)**	**(13,698)**	**91,376**	**6,678**
Non-recurring items included in Net Profit (Loss) for the period	(22,584)	(60,953)	-	68,121	(15,416)
Net Profit (Loss) for the period excluding non-recurring items	**26,611**	**(14,074)**	**(13,698)**	**23,255**	**22,094**

Pro-forma income statement for 2018

The following schedule presents:

1) in the column "doValue – 2018 consolidated income statement", the figures for 2018 for the doValue Group;
2) in the column "Altamira – 2018 consolidated income statement" the figures for 2018 from the sub-consolidated financial statements of the Altamira group at December 31, 2018 prepared in accordance with local accounting standards, i.e. Spanish GAAP and reclassified to take account of the reclassified income statement format adopted by the doValue Group;
3) in the column "Impact of renewed contractual arrangements with Santander and related tax impact", the financial impact of the renegotiation of the contracts in June 2018. Specifically, for these contracts the method of accounting for revenues differs between the sub-consolidated accounts of the Altamira group and the consolidated financial statements of the doValue Group;
4) the column "PPA adjustments and other minor adjustments and related tax impact" mainly includes the adjustments to the amortisation of the intangible assets of the Altamira group (€39.1 million) deriving from the measurement at fair value of its assets and liabilities following the purchase price allocation process. This column also reports minor adjustments including: (i) the adjustments connected with ensuring compliance with international accounting standards (IAS/IFRS) of the sub-consolidated financial statements of the Altamira group to take into account the effects of the GAAP analysis referred to in point g) of the introductory paragraph above (€11.6 million); and (ii) the reversal of certain non-recurring costs and income related to the acquisition;
5) in the column "doValue 2018 consolidated income statement pro-forma", the pro-forma reclassified consolidated performance figures for 2018 following the acquisition.

(thousand of Euro)	doValue 2018 consolidated income statement	Pro-forma adjustments: Altamira 2018 consolidated income statement	Pro-forma adjustments: Impact of renewed contractual arrangements with Santander and related tax impact	Pro-forma adjustments: PPA adjustments and other minor adjustments and related tax impact	doValue 2018 consolidated income statement - pro-forma
	(1)	(2)	(3)	(4)	(5)
Servicing Revenue	205,539	261,807	(36,600)	-	430,746
o/w NPL Revenues	*205,539*	*150,616*	*(20,330)*	-	*335,825*
o/w REO Revenues	-	*111,191*	*(16,271)*	-	*94,920*
Co-investment, ancillary and other revenues	27,964	156,804	(122,437)	-	62,331
Gross Revenues	**233,503**	**418,611**	**(159,037)**	**-**	**493,077**
Outsourcing fees	(23,910)	(93,652)	50,000	-	(67,562)
Net revenues	**209,593**	**324,959**	**(109,037)**	**-**	**425,515**
Staff Costs	(94,054)	(76,143)	-	2,490	(167,707)
Operating Costs	(34,246)	(44,025)	-	-	(78,271)
Total Costs	**(128,300)**	**(120,168)**	**-**	**2,490**	**(245,978)**
EBITDA	**81,293**	**204,791**	**(109,037)**	**2,490**	**179,537**
Non-recurring items included in EBITDA	(2,712)	67,153	(70,000)	2,490	(3,069)
EBITDA excluding non-recurring items	**84,005**	**137,638**	**(39,037)**	**-**	**182,605**
Impairment/Write-backs on property, plant, equipment	(2,750)	(129,608)	-	50,767	(81,591)
Net Provisions for risks and charges	(318)	(198)	-	-	(516)
Net Write-downs of loans	862	-	-	-	862
Net income (losses) from investments	917	12	-	-	929
				-	
EBIT	**80,004**	**74,997**	**(109,037)**	**53,257**	**99,221**
Net income (loss) on financial assets and liabilities measured at fair value	417	-	-	-	417
Net financial interest and commission	(219)	(26,494)	2,824	4,733	(19,156)
EBT	**80,202**	**48,503**	**(106,213)**	**57,990**	**80,482**
Non-recurring items included in EBT	(2,712)	67,153	(70,000)	2,490	(3,069)
EBT excluding non-recurring items	**82,914**	**(18,650)**	**(36,213)**	**55,500**	**83,550**
Income tax for the period	(29,362)	(9,858)	26,553	(14,586)	(27,253)
Profit (loss) from group of assets sold and held for sale	-	-	-	-	-
Net Profit (Loss) for the period	**50,840**	**38,645**	**(79,660)**	**43,404**	**53,229**
Non-recurring items included in Net Profit (Loss) for the period	(1,784)	50,365	(52,500)	(623)	(4,541)
Net Profit (Loss) for the period excluding non-recurring items	**52,624**	**(11,720)**	**(27,160)**	**44,026**	**57,770**

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

New servicing contracts

On July 30, 2019, doValue announced that it had reached two new agreements for the management of loan portfolios in the Italian market with a total value of about €1.5 billion.

The first contract, with Iccrea Banca (Parent Company of the Iccrea Mutual Banking Group), provides for doValue to manage, in the role of Special and Master Servicer, a portfolio of non-performing loans with a value of about €1.2 billion (gross book value). The second, with an alternative asset manager, provides for doValue to manage a portfolio of non-performing loans with a value of about €0.3 billion.

These agreements, which are expected to close by the end of 2019, are consistent with the objectives of the 2018-2020 Business Plan.

OUTLOOK FOR OPERATIONS

Performance for the first half of 2019 confirms the objectives of the 2018-2020 Business Plan, presented in June 2018, which provides for the strengthening of doValue's leadership in the European credit servicing market.

In particular, excluding the effects of the acquisition of Altamira Asset Management, revenues are forecast to grow between 8% and 9% per year on average between 2017 and 2020 (CAGR), with Group EBITDA increasing by over 15% a year on average in the same period (CAGR) and earnings per share rising even faster than EBITDA, with a dividend payout ratio of at least 65% of consolidated profit. In 2019, it is also expected that collections in Italy will rise to about €2.1 billion.

It is expected that the acquisition of Altamira Asset Management will already have a positive impact on earnings per share and dividend per share in 2019, while in 2020 it will have a positive accretion impact on earnings per share of at least 20% prior to the positive impact of synergies.

In consideration of the importance of the acquisition of Altamira Asset Management (press release of December 31, 2018), the Group plans to update and announce the Business Plan targets on November 8, 2019.

MAIN RISKS AND UNCERTAINTIES

In consideration of the activities it performs and the results achieved, the financial position of the doValue Group is adequately scaled to meet its needs.
The financial policy pursued is in fact aimed at fostering the stability of the Group, which in view of its operations does not currently or prospectively intend to engage in speculative investment activity.
The main risks and uncertainties generated by current conditions in the financial markets do not represent any especially critical threats to the financial equilibrium of the Group and, as such, do not generate doubts about its operation as a going concern.

OTHER INFORMATION

Management and coordination by the Parent Company

At June 30, 2019, 50.1% of the shares of the Parent Company doValue are owned by Avio S.à r.l. a company incorporated in Luxembourg, which is jointly owned by the Fortress Group (in December 2017 it was acquired by Softbank Group Corporation) and Eurocastle Investment Limited, which is the majority shareholder.
After listing on the Milan Stock Exchange and the grant of shares in accordance with remuneration policy, 48.0% of the shares were placed on the market and the remaining 1.5% consisting of 1,164,173 treasury shares, measured at cost, for a total of €184 thousand held by the Parent Company.
The majority shareholder does not exercise any management or coordination powers over doValue pursuant to Art. 2497 et seq. of the Civil Code, as it does not issue directives to doValue and, more generally, does not interfere in the management of the Group. Accordingly, the strategic and management policies of the doValue Group and all of its activities in general are the product of the independent self-determination of the corporate bodies and do not involve external management by Avio.
The Parent Company doValue exercises its management and coordination powers over its direct subsidiaries as provided for in the legislation referred to above.

Transactions in treasury shares

During the period, the number of treasury shares declined following payments in shares as provided for under the remuneration policies.
At June 30, 2019, doValue held 1,164,173 treasury shares, equal to 1.5% of total share capital. Their carrying amount is €184 thousand and they are presented in the financial statements as a direct reduction of shareholders' equity under "Treasury shares". The item "Other reserves" includes the associated equity reserve in the same amount.

Research and development

During the period the Group continued a number of technological innovation projects, primarily connected with the credit servicing platform, which are expected to bring a competitive advantage in the future.

Transactions with related parties

In compliance with the provisions of the "Rules for Transactions with Related Parties" referred to in Consob Resolution no. 17221 of March 12, 2010, as amended, any transaction with related parties and connected persons shall be approved in accordance with the procedure approved by the Board of Directors, whose most recent update was approved at the meeting held on October 17, 2018.
This document is available to the public in the "Governance" section of the company website www.doValue.it.
The universe of related parties of the Group changed near the end of the previous year following the acquisition of the Fortress Investment Group LLC ("Fortress") by SoftBank Group Corp. ("SoftBank" or "SBG"). As a result of the transaction, SBG and its subsidiaries gained ownership of the shares of Fortress, which in turn held Avio S.à r.l., doValue's majority shareholder.

Pursuant to the above Consob Regulation, no transactions of greater importance were carried out during the period.

Disclosure on the opt-out option

We inform you that doValue S.p.A. has adopted the simplified rules provided for in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the CONSOB Issuers Regulation no. 11971/1999, subsequently amended, and has therefore exercised the option to derogate from compliance with the obligations to publish the information documents provided for in Articles 70, paragraph 6, and 71, paragraph 1, of that Regulation on the occasion of significant mergers, spin-offs, capital increases through the contribution of assets in kind, acquisitions and sales.

Rome, August 2, 2019 The Board of Directors

Statement reconciling the condensed consolidated Income Statement and the statutory consolidated Income Statement

(€/000)

Statement reconciling the reclassified consolidated income statement and the statutory income statement	Firs Half	
	2019	2018 RESTATED
Servicing revenues	**98,149**	**94,641**
of which NPL revenues	**98,149**	**94,641**
o.w. Revenue from contracts with customers	98,149	94,641
Co-investment revenues	**327**	**475**
o.w. Financial (expense)/income	327	475
Ancillary and other revenues	**13,679**	**10,158**
o.w. Financial (expense)/income	16	45
o.w. Revenue from contracts with customers	340	320
o.w. Administrative expenses	(115)	-
o.w. Other revenue	13,438	9,793
Gross Revenues	**112,155**	**105,274**
NPL Outsourcing fees	**(9,564)**	**(10,879)**
o.w. Costs for services rendered	(7,097)	(8,463)
o.w. Administrative expenses	(2,186)	(2,140)
o.w. Other operating (expense)/income	(281)	(276)
Net Revenues	**102,591**	**94,395**
Staff expenses	**(48,727)**	**(45,070)**
o.w. Personnel expenses	(48,727)	(45,070)
Administrative expenses	**(25,013)**	**(14,103)**
o.w. Personnel expenses	(197)	(292)
o.w. Administrative expenses	(25,494)	(15,138)
o.w. Other revenue	678	1,327
Operating expenses	**(73,740)**	**(59,173)**
EBITDA	**28,851**	**35,222**
Impairment/Write-backs on property, plant, equipment and intangible assets	**(3,331)**	**(2,430)**
o.w. Depreciation, amortisation and impairment	(3,331)	(2,430)
Net Provisions for risks and charges	**(3,002)**	**(81)**
o.w. Personnel expenses	(2,432)	(1,053)
Provisions for risks and charges	(477)	1,086
o.w. Other operating (expense)/income	(93)	(114)
Net Write-downs of loans	**405**	**388**
o.w. Depreciation, amortisation and impairment	12	22
o.w. Other revenue	393	366
Net income (losses) from investments	**-**	**340**
o.w. Profit (loss) of equity investments	-	340
EBIT	**22,923**	**33,439**
Net income (loss) on financial assets and liabilities measured at fair value	**669**	**630**
o.w. Financial (expense)/income	669	630
Net financial interest and commissions	**(1,311)**	**(193)**
o.w. Financial (expense)/income	(1,190)	(107)
o.w. Costs for services rendered	(121)	(86)
EBT	**22,281**	**33,876**
Income tax for the period	**(18,254)**	**(12,987)**
o.w. Administrative expenses	(911)	(957)
Income tax expense	(17,343)	(12,030)
Net Profit (Loss) for the period	**4,027**	**20,889**
Minorities	**-**	**-**
Profit attributable to non-controlling interests	-	-
Net Profit (Loss) attributable to the Group	**4,027**	**20,889**

Statement reconciling the reclassified consolidated balance sheet and the statutory consolidated balance sheet

(€/000)

Statement reconciling the reclassified consolidated balance sheet and the statutory balance sheet	6/30/2019	12/31/2018
Cash and liquid securities	**86,067**	**74,443**
Cash and cash equivalents	85,067	73,444
Current financial assets	1,000	999
Financial assets	**48,715**	**36,312**
Non-current financial assets	35,415	36,312
Current financial assets	13,300	-
Property, plant and equipment	**21,571**	**4,290**
Property, plant and equipment	21,294	3,726
Inventories	277	564
Intangible assets	**409,508**	**6,847**
Intangible assets	409,508	6,847
Tax assets	**79,943**	**87,355**
Deferred tax assets	76,297	81,406
Other current assets	3,646	5,916
Tax assets	-	33
Trade receivables	**199,650**	**99,224**
Trade receivables	199,650	99,224
Assets on disposal	**10**	**710**
Assets held for sale	10	710
Other assets	**11,926**	**7,855**
Other current assets	11,096	7,855
Other non-current assets	830	-
TOTAL ASSETS	**857,390**	**317,036**
Financial liabilities: due to banks	**405,809**	**-**
Loans and other financing non-current	324,868	-
Loans and other financing current	80,941	-
Other financial liabilities	**91,154**	**294**
Loans and other financing non-current	64	165
Loans and other financing current	132	129
Other non-current financial liabilities	85,142	-
Other current financial liabilities	5,816	-
Trade payables	**41,138**	**21,848**
Trade payables	41,138	21,848
Tax Liabilities	**70,804**	**11,090**
Tax payables	24,119	11,069
Deferred tax liabilities	46,685	21
Employee Termination Benefits	**9,949**	**9,577**
Employee benefits	9,949	9,577
Provision for risks and charges	**17,690**	**20,754**
Provisions for risks and charges	17,690	20,754
Liabilities on disposal	**-**	**6,532**
Liabilities associated with assets held for sale	-	6,532
Other liabilities	**25,814**	**14,152**
Other current liabilities	25,814	14,152
TOTAL LIABILITIES	**662,358**	**84,247**
Share capital	**41,280**	**41,280**
Share capital	41,280	41,280
Reserves	**149,909**	**140,915**
Valuation reserve	130	591
Other reserves	149,779	140,324
Treasury shares	**(184)**	**(246)**
Treasury shares	(184)	(246)
Result for the period	**4,027**	**50,840**
Net profit (loss) for the period	4,027	50,840
TOTAL SHAREHOLDERS' EQUITY	**195,032**	**232,789**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**857,390**	**317,036**
Non-controlling interests	**-**	**-**
Non-controlling interests	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**857,390**	**317,036**

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(€/000)

ASSETS	NOTE	6/30/2019	12/31/2018
NON-CURRENT ASSETS			
Intangible assets	1	409,508	6,847
Property, plant and equipment	2	21,294	3,726
Investments in associates and joint ventures		-	-
Non-current financial assets	3	35,415	36,312
Deferred tax assets	4	76,297	81,406
Other non-current assets	5	830	-
		543,344	**128,291**
CURRENT ASSETS			
Inventories	6	277	564
Current financial assets	3	14,300	999
Trade receivables	7	199,650	99,224
Tax assets	8	-	33
Other current assets	5	14,742	13,771
Cash and cash equivalents	9	85,067	73,444
		314,036	**188,035**
Assets held for sale	**10**	**10**	**710**
TOTAL ASSETS		**857,390**	**317,036**

SHAREHOLDERS' EQUITY AND LIABILITIES	NOTE	6/30/2019	12/31/2018
SHAREHOLDERS' EQUITY	11		
Share capital		41,280	41,280
Valuation reserve		130	591
Other reserves		149,779	140,324
Treasury shares		(184)	(246)
Net profit (loss) for the period		4,027	50,840
Equity attributable to shareholders of the Parent Company		**195,032**	**232,789**
Non-controlling interests		-	-
TOTAL SHAREHOLDERS' EQUITY		**195,032**	**232,789**
NON-CURRENT LIABILITIES			
Loans and other financing	12	324,932	165
Other non-current financial liabilities	13	85,142	-
Employee benefits	14	9,949	9,577
Provisions for risks and charges	15	17,690	20,754
Deferred tax liabilities	4	46,685	21
		484,398	**30,517**
CURRENT LIABILITIES			
Loans and other financing	12	81,073	129
Other current financial liabilities	13	5,816	-
Trade payables	16	41,138	21,848
Tax payables	8	24,119	11,069
Other current liabilities	17	25,814	14,152
		177,960	**47,198**
Liabilities associated with assets held for sale	**10**	**-**	**6,532**
TOTAL LIABILITIES		**662,358**	**84,247**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**857,390**	**317,036**

Consolidated Income Statement

(€/000)

	NOTE	6/30/2019	6/30/2018
Revenue from contracts with customers	**18**	98,489	94,961
Other revenue	**19**	14,229	11,251
Total revenue		**112,718**	**106,212**
Costs for services rendered	**20**	(7,333)	(8,548)
Personnel expenses	**21**	(51,356)	(46,415)
Administrative expenses	**22**	(28,591)	(19,325)
Other operating (expense)/income		(94)	(154)
Depreciation, amortisation and impairment	**23**	(3,319)	(1,166)
Provisions for risks and charges	**24**	(477)	1,087
Total costs		**(91,170)**	**(74,521)**
		-	-
Operating income		**21,548**	**31,691**
Financial (expense)/income	**25**	(178)	1,141
Profit (loss) of equity investments	**26**	-	340
Profit (loss) before tax		**21,370**	**33,172**
Income tax expense	**27**	(17,343)	(12,127)
Net Profit (loss) from continuing operations		**4,027**	**21,045**
Net income (expense) of assets held for sale		-	-
Net profit (loss) for the period		**4,027**	**21,045**

Consolidated statement of comprehensive income

(€/000)

Items	6/30/2019	6/30/2018
Net profit (loss) for the period	**4,027**	**21,045**
Other comprehensive income after tax not recyclable to profit or loss	**(463)**	**141**
Defined benefit plans	(463)	141
Other comprehensive income after tax recyclable to profit or loss	**2**	**(2)**
Financial assets (other than equity instruments) measured at fair value through comprehensive income	2	(2)
Total other comprehensive income after tax	**(461)**	**139**
Comprehensive income	**3,566**	**21,184**
Consolidated comprehensive income attributable to non-controlling interests	-	-
Consolidated comprehensive income attributable to shareholders of the Parent Company	**3,566**	**21,184**

Consolidated statement of changes in shareholders' equity

At 6/30/2019

(€/000)

				Allocation of profit from previous year		Changes during the year										
							Equity transactions									
	Balance as at 12/31/2018	Changes in opening balance	Balance as at 1/1/2019	Reserves	Dividends and other payouts	Changes in reserves	Issue of new shares	Acquisition of treasury shares	Distribution of extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Changes in equity investments	Comprehensive income at 6/30/2019	Shareholders' equity pertaining to shareholders of Parent Company as at 6/30/2019	Shareholders' equity pertaining to non-controlling interests as at 6/30/2019
Share capital:																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	-	41,280	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reserv es:																
- from profits	13,993	-	13,993	-	-	-	-	-	-	-	-	4,616	-	-	18,609	-
- other	126,331	-	126,331	14,576	-	(7,498)	-	-	-	-	-	(2,239)	-	-	131,170	-
Valuation reserv es	591	-	591	-	-	-	-	-	-	-	-	-	-	(461)	130	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Treasury shares	(246)	-	(246)	-	-	-	-	-	-	-	-	62	-	-	(184)	-
Net profit (loss) for the period	50,840	-	50,840	(14,576)	(36,264)	-	-	-	-	-	-	-	-	4,027	4,027	-
Shareholders' equity attributable to shareholders of Parent Company	232,789	-	232,789	-	(36,264)	(7,498)	-	-	-	-	-	2,439	-	3,566	195,032	-
Shareholders' equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

At 12/31/2018

(€/000)

				Allocation of profit from previous year		Changes during the year										
							Equity transactions									
	Balance as at 12/31/2017	Changes in opening balance	Balance as at 1/1/2018	Reserves	Dividends and other payouts	Changes in reserves	Issue of new shares	Acquisition of treasury shares	Distribution of extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Changes in equity investments	Comprehensive income at 12/31/2018	Shareholders' equity pertaining to shareholders of Parent Company as at 12/31/2018	Shareholders' equity pertaining to non-controlling interests as at 12/31/2018
Share capital:																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	-	41,280	-
Reserves:																
- from profits	10,476	1,140	11,616	-	-	-	(31)	-	-	-	-	2,408	-	-	13,993	-
- other	108,874	(36)	108,838	14,087	-	-	-	-	-	-	-	3,406	-	-	126,331	-
Valuation reserves	1,350	(1,125)	225	-	-	-	-	-	-	-	-	-	-	366	591	-
Treasury shares	(277)	-	(277)	-	-	-	31	-	-	-	-	-	-	-	(246)	-
Net profit (loss) for the period	44,994	-	44,994	(14,087)	(30,907)	-	-	-	-	-	-	-	-	50,840	50,840	-
Shareholders' equity attributable to share	206,697	(21)	206,676	-	(30,907)	-	-	-	-	-	-	5,814	-	51,206	232,789	-
Shareholders' equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

At 6/30/2018

(€/000)

				Allocation of profit from previous year		Changes during the year										
							Equity transactions									
	Balance as at 12/31/2017	Changes in opening balance	Balance as at 1/1/2018	Reserves	Dividends and other payouts	Changes in reserves	Issue of new shares	Acquisition of treasury shares	Distribution of extraordinary dividends	Change in equity instruments	Derivatives on own shares	Stock options	Changes in equity investments	Comprehensive income at 6/30/2018	Shareholders' equity pertaining to shareholders of Parent Company as at 6/30/2018	Shareholders' equity pertaining to non-controlling interests as at 6/30/2018
Share capital:																
- ordinary shares	41,280	-	41,280	-	-	-	-	-	-	-	-	-	-	-	41,280	-
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- from profits	10,476	1,140	11,616	-	-	-	(31)	-	-	-	-	2,408	-	-	13,993	-
- other	108,874	(36)	108,838	14,087	-	-	-	-	-	-	-	355	-	-	123,280	-
Valuation reserves	1,350	(1,125)	225	-	-	-	-	-	-	-	-	-	-	139	364	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(277)	-	(277)	-	-	-	31	-	-	-	-	-	-	-	(246)	-
Net profit (loss) for the period	44,994	-	44,994	(14,087)	(30,907)	-	-	-	-	-	-	-	-	21,045	21,045	-
Shareholders' equity attributable to shareholders of Parent Company	206,697	(21)	206,676	-	(30,907)	-	-	-	-	-	-	2,763	-	21,184	199,716	-
Shareholders' equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Consolidated cash flow statement – indirect method –

(€/000)

	6/30/2019	6/30/2018
OPERATING ACTIVITIES		
Profit (loss) for the period attributable to shareholders of the Parent Company (+/-)	4,027	21,045
Unsettled taxes, duties and tax credits (+/-)	18,097	11,307
Capital gains/losses on financial assets/liabilities measured at fair through profit or loss (+/-)	(669)	(630)
Depreciation, amortisation and impairment	3,319	1,166
Change in net provisions for risks and charges	477	(1,087)
Profit/loss on equity interests and investments	-	(340)
Costs for share-based payments	2,440	2,763
Net change in other liabilities and assets	405	2,399
A. Cash flows generated by operations	**28,096**	**36,623**
Financial assets measured at fair value through other comprehensive income	(1)	3
Other assets mandatorily measured at fair value	1,333	(12,956)
Financial assets measured at amortised cost	(11,847)	405
Change in trade receivables	(7,897)	2,909
Financial liabilities measured at amortised cost	(1,585)	112
Change in trade payables	5,201	(1,207)
Other changes in other assets/other liabilities	(9,240)	(3,519)
B. Cash flows used in changes in working capital	**(24,036)**	**(14,253)**
CASH FLOWS GENERATED BY OPERATIONS AND CHANGES IN NET WORKING CAPITAL (A+B)	**4,060**	**22,370**
INVESTING ACTIVITIES		
Dividends collected on equity investments	-	1,186
Sales of inventories	287	276
1. Liquidity generated by investing activities	**287**	**1,462**
Purchases of property, plant and equipment	(272)	(825)
Purchases of intangible assets	(999)	(814)
Purchases of subsidiaries and business units	(360,998)	-
2. Liquidity used in investment activities	**(362,269)**	**(1,639)**
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(361,982)**	**(177)**
FUNDING ACTIVITIES		
Distribution of dividends and other	(36,264)	(30,908)
Loans obtained	405,809	-
NET CASH FLOWS USED IN FUNDING ACTIVITIES	**369,545**	**(30,908)**
NET LIQUIDITY GENERATED/USED IN THE PERIOD	**11,623**	**(8,715)**
RECONCILIATION		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	73,444	49,361
NET LIQUIDITY GENERATED/USED IN THE PERIOD	11,623	(8,715)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**85,067**	**40,646**

NOTES

ACCOUNTING POLICIES

General information

STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The half-year condensed consolidated financial statements at June 30, 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting. The half-year condensed consolidated financial statements do not provide all of the disclosures required in preparing the annual consolidated financial statements. For this reason it is necessary to read the half-year condensed consolidated financial statements together with the consolidated financial statements as at December 31, 2018.
The preparation criteria, the measurement and consolidation criteria and the accounting policies adopted in the preparation of these consolidated financial statements are compliant with the accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2018, with the exception of the adoption of new or amended standards of the *International Accounting Standards Board* and the interpretations of the International Financial Reporting Interpretations Committee as set out below. The adoption of these amendments and interpretations had no significant impact on the Group's financial position or performance.
The term "IFRS" also includes the revised international accounting standards (IFRS and IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC), adopted by the European Union.

The half-year condensed consolidated financial statements are accompanied by the certification of the Financial Reporting Officer pursuant to Article 154-bis of Legislative Decree 58/1998 and have undergone a limited audit by the audit firm EY S.p.A. in accordance with Legislative Decree 39 of January 27, 2010.

BASIS OF PREPARATION

The half-year condensed consolidated financial statements have been prepared using the euro as the currency of account, in accordance with Article 5, paragraph 2, of Legislative Decree 38/2005, and consist of:

- the **consolidated financial statements,** which include the consolidated balance sheet, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows (prepared using the "indirect method");
- the **notes to the financial statements**

and are accompanied by the **interim report on group operations**.

The amounts stated are expressed in thousands of euros unless otherwise specified.

Following the conclusion of the debanking process in June 2019 reported in the significant events of the Interim Directors' Report, the Group abandoned the formats and the related rules for completion provided for in Bank of Italy Circular no. 262/2005 and has therefore shifted its presentation to schedules in line with the framework established by IAS 1.
The comparative figures for performance and financial position (respectively at June 30, 2018 and December 31, 2018) are set out below with a reconciliation between the current new approach to representing the financial statements with the corresponding tables of consolidated balance sheet and consolidated income statement presented in the Consolidated Half-Year Report as at June 30, 2018 and in the 2018 Consolidated Reports and Accounts as at December 31, 2018.

Reconciliation of the current consolidated balance sheet and the consolidated balance sheet under Circular 262/05 – comparative figures at December 31, 2018

(€/000)

ASSETS		12/31/2018
NON-CURRENT ASSETS		
Intangible assets		**6,847**
100A	*o.w. Intangible assets*	6,847
	o.w. Goodwill	**-**
100A	*o.w. Intangible assets*	-
Property, plant and equipment		**3,726**
90A	*o.w. Property, plant and equipment*	2,246
130A	*o.w. Other assets - o.w. Improvements on goods of third party*	1,480
Investments in associates and joint ventures		**-**
70A	*o.w. Equity investments*	-
Non-current financial assets		**36,312**
20A	*o.w. Financial assets measured at fair value through profit or loss*	34,250
40Aa	*o.w. Financial assets measured at amortised cost a) Loans and receivables with banks*	98
40Ab	*o.w. Financial assets measured at amortised cost b) Loans and receivables with customers*	1,964
Deferred tax assets		**81,406**
110A	*o.w. Tax assets*	81,406
	TOTAL NON-CURRENT ASSETS	**128,291**
CURRENT ASSETS		
Inventories		**564**
	o.w. Property, plant and equipment used in the business: breakdown of assets - Other inventories	564
Current financial assets		**999**
30A	*o.w. Financial assets measured at fair value through comprehensive income*	999
Trade receivables		**99,224**
130A	*o.w. Other assets - Trade receivable - invoices issued and to be issued*	99,224
Tax assets		**33**
110A	*o.w. Tax assets*	33
Other current assets		**13,771**
130A	*o.w. Other assets: tax items*	5,916
130A	*o.w. Other assets: other accrued income and prepaid expenses*	7,855
Cash and cash equivalents		**73,444**
10A	*Cash and cash equivalents*	15
40Aa	*o.w. Financial assets measured at amortised cost a) Loans and receivables with banks*	73,429
	TOTAL CURRENT ASSETS	**188,035**
Assets held for sale		**710**
120A	*Non-current assets and disposal groups held for sale*	710
	TOTAL ASSETS	**317,036**

(cont)

(€/000)

SHAREHOLDERS' EQUITY AND LIABILITIES		12/31/2018
Share capital		**41,280**
170	*Share capital*	41,280
Valuation reserve		**591**
120	*Valuation reserves*	591
Other reserves		**140,324**
150P	*Reserves*	140,324
Treasury shares		**(246)**
180	*Treasury shares (-)*	(246)
Net profit (loss) for the period		**50,840**
200P	*Net profit (loss) for the period (+/-)*	50,840
	Equity attributable to shareholders of the Parent Company	**232,789**
Non-controlling interests		-
	TOTAL SHAREHOLDERS' EQUITY	**232,789**
NON-CURRENT LIABILITIES		
Loans and other financing		**165**
10Pa	*o.w. Financial liabilities: a) Due to banks*	-
10Pb	*o.w. Financial liabilities measured at amortised cost b) Due to customers*	165
Other non-current financial liabilities		**-**
10Pb	*o.w. Financial liabilities measured at amortised cost b) Due to customers*	-
Employee benefits		**9,577**
90P	*Employee termination benefits*	9,577
Provisions for risks and charges		**20,754**
100P	*Provisions for risks and charges*	20,754
Deferred tax liabilities		**21**
60P	*Tax liabilities*	21
	TOTAL NON-CURRENT LIABILITIES	**30,517**
CURRENT LIABILITIES		
Loans and other financing		**129**
10Pa	*o.w. Financial liabilities: a) Due to banks*	-
10Pb	*o.w. Financial liabilities measured at amortised cost b) Due to customers*	129
Trade payables		**21,848**
80P	*o.w. Other liabilities - Trade liabilities - invoices received and to be received*	21,848
Tax payables		**11,069**
60P	*o.w. Tax liabilities*	8,168
80P	*o.w. Other liabilities tax liabilities*	2,901
Other current liabilities		**14,152**
80P	*o.w. Other liabilities - Other liabilities due to employees*	14,152
	TOTAL CURRENT LIABILITIES	**47,198**
Liabilities associated with assets held for sale		**6,532**
70P	*o.w. Liabilities associated with non-current assets and disposal groups held for sale*	6,532
	TOTAL LIABILITIES	**84,247**
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**317,036**

Reconciliation of the current consolidated income statement and the consolidated income statement under Circular 262/05 – comparative figures at June 30, 2018

(€/000)

		6/30/2018
Revenue from contracts with customers		**94,961**
40	o.w. Fee and commission income	94,961
Other revenue		**11,251**
230	o.w. Other operating expense and income	11,251
	TOTALE REVENUES	**106,212**
Costs for services rendered		**(8,548)**
50	o.w. Fee and commission expense	(8,548)
Personnel expenses		**(46,415)**
190a	o.w. Administrative costs: a) Staff expenses	(46,415)
Administrative expenses		**(19,325)**
190b	o.w. Administrative costs: b) Other administrative expense	(19,325)
Other operating (expense)/income		**(154)**
230	o.w. Other operating expense and income	(154)
Depreciation, amortisation and impairment		**(1,166)**
210	Impairment/write-backs on property, plant and equipment	(290)
220	Impairment/write-backs on intangible assets	(732)
230	o.w. Other operating expense and income	(166)
130	Net losses/recoveries on impairment for credit risk	22
100	Gains (losses) on disposal and repurchase of:	-
Provisions for risks and charges		**1,087**
200	Net provisions for risks and charges	1,087
	TOTAL COSTS	**(74,521)**
	OPERATING INCOME	**31,691**
Financial (expense)/income		**1,141**
10	o.w. Interest income and similar revenues	520
20	o.w. Interest expense and similar charges	(9)
110	Gains and losses on financial assets/liabilities at fair value through profit or loss	630
Profit (loss) of equity investments		**340**
250	Profit (Loss) of equity investments	340
280	Gains (losses) on disposal of investments	-
70	Dividend income and similar revenue	-
	PROFIT (LOSS) BEFORE TAX	**33,172**
Income tax expense		**(12,127)**
300	Income tax expense from continuing operations	(12,127)
	NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**21,045**
Net income (expense) of assets held for sale		**-**
320	Profit (loss) after tax from discontinued operations	-
	NET PROFIT (LOSS) FOR THE PERIOD	**21,045**

The half-year condensed consolidated financial statements have been prepared on a going concern basis in accordance with the provisions of IAS 1, and in compliance with the principles of accrual accounting, the relevance and materiality of accounting information and the prevalence of economic substance over legal form and with a view to fostering consistency with future presentations.

The accounting policies adopted in these half-year condensed consolidated financial statements at June 30, 2019 for the recognition, measurement and derecognition of assets and liabilities and the recognition of costs and revenues have been updated from those adopted in the preparation of the consolidated financial statements as at December 31, 2018 following the entry into force as from January 1, 2019, of the new international accounting standard IFRS 16 – "Leases".

Please see the discussion in the sections "Effects of first-time adoption of IFRS 16".

SCOPE AND METHOD OF CONSOLIDATION

The preparation of the half-year condensed consolidated financial statements at June 30, 2019 drew on the accounts at June 30, 2019 of the companies included in the scope of consolidation reported in the table presented at the end of this section.

The accounts as at June 30, 2019 of the companies included in the scope of consolidation were reclassified and adjusted appropriately to take consolidation requirements into account and, where necessary, align them with the Group accounting policies.

All of the companies in the scope of consolidation use the euro as their currency of account and, accordingly, no translations of foreign currency amounts have been necessary.

The following section discussed the consolidation principles adopted by the Group in preparing the half-year condensed consolidated financial statements at June 30, 2019.

Subsidiaries

Entities in which doValue holds direct or indirect control are considered subsidiaries. Control over an entity is identified through the ability of the investor to exercise power in order to influence the variable returns to which the Group is exposed through its relationship with that entity.

In order to ascertain the existence of control, the following factors are considered:

- the purpose and design of the investee in order to identify the entity's objectives, the activities that determine its returns and how these activities are governed;
- power, in order to determine whether the investor has contractual rights that give it the ability to direct the relevant activities; to this end, only substantive rights that give the practical ability to govern are considered;
- the exposure in respect of the investee in order to assess whether the investor has relations with the investee whose returns of which are subject to changes that depend on the investee's performance;
- existence of potential "principal-agent" relationships.

The carrying amount of equity investments in companies consolidated on a line-by-line basis held by the Parent Company is eliminated – with the incorporation of the assets and liabilities of the investees – against the corresponding portion of shareholders' equity attributable to the Group.
Assets and liabilities, off-balance-sheet transactions, income and expense, as well as

profits and losses occurring between companies within the scope of consolidation are fully eliminated, in accordance with the consolidation methods adopted.
The costs and revenues of a subsidiary are included in the consolidated figures as from the date control was acquired. The costs and revenues of a transferred subsidiary are included in the consolidated income statement until the date of the disposal, i.e. until the moment in which control over the investee is lost. The difference between the amount received for the subsidiary and the carrying amount of its net assets as of the same date is recognised in the income statement under "Profit (loss) of equity investments" for companies subject to line-by-line consolidation.
For companies included within the scope of consolidation for the first time, the fair value of the cost incurred to obtain control over the investee, including transactions costs, is measured as of the acquisition date.
If the disposal does not involve a loss of control, the difference between the amount received in the disposal of a portion of a subsidiary and the associated carrying amount of the net assets is recognised in shareholders' equity.

Associates

An associate is an entity over which an investor has significant influence but which is not controlled exclusively or jointly controlled. Significant influence is presumed when the investor:

- holds, directly or indirectly, at least 20% of the share capital of another entity; or
- is able, including through shareholders' agreements, to exercise significant influence through:
    - representation on the governing body of the company;
    - participation in policy-making processes, including participation in decisions about dividends or other distributions;
    - material transactions between the entity and its investee;
    - interchange of managerial personnel;
    - provision of essential technical information.

Note that only companies which are governed through voting rights can be classified as subject to significant influence.
Investments in associates are measured using the equity method. In accordance with IAS 36, the carrying amount of associated companies is tested as a single asset, comparing this with the recoverable amount (defined as the higher of its value in use and its fair value less costs of disposal).

Equity method

Equity investments in companies measured using the equity method include any goodwill (less any impairment loss) paid to purchase them. The investor's share of the profit or loss of the investee after the acquisition date is recognised in the income statement under "Profit (loss) of equity investments". Any dividends distributed reduce the carrying amount of the equity investment.
If the investor's interest in a subsidiary's losses is equal to or greater than its carrying amount, no further losses are recognised, unless the investor has assumed specific obligations to or made payments on behalf of the company.
Gains and losses on transactions with associates or joint arrangements are eliminated in proportion to the percentage interest in the company.
Any changes in the valuation reserves of associates or joint arrangements, which are recorded against the value changes in the associated item, are reported separately in the statement of comprehensive income.

At June 30 2019, there were no companies measured using the equity method.

Investments in subsidiaries

The following table reports the companies included in the scope of consolidation:

Company name	Headquarters and Registered Office	Country	Type of Relationship (1)	Owner relationship		Voting rights % (2)
				Held by	Holding %	
1. doValue S.p.A. (formerly doBank S.p.A.)	Verona	Italy		Holding		
2. Italfondiario S.p.A.	Rome	Italy	1	doValue S.p.A.	100%	100%
3. doData S.r.l.	Rome	Italy	1	doValue S.p.A.	100%	100%
4. doSolutions S.p.A.	Rome	Italy	1	doValue S.p.A.	100%	100%
5. doValue Hellas Credit and Loan Servicing S.A.	Athens	Greece	1	doValue S.p.A.	100%	100%
6. Altamira Asset Management S.A.	Madrid	Spain	1	doValue S.p.A.	85%	85%
7. Proteus Asset Management, Unipessoal LDA	Lisbon	Portugal	1	Altamira Asset Management S.A.	100%	100%
8. Altamira Asset Management Cyprus limited	Nicosia	Cyprus	1	Altamira Asset Management S.A.	51%	51%
9. Altamira Asset Management Hellas Single-Member Company	Athens	Greece	1	Altamira Asset Management S.A.	100%	100%

Notes to the table

(1) Type of relationship:

1 = majority of voting rights at ordinary shareholders' meeting.
2 = dominant influence at ordinary shareholders' meeting.
3 = agreements with other shareholders.
4 = other types of control.
5 = centralized management pursuant to Article 39, paragraph 1, of Legislative Decree 136/2015.
6 = centralized management pursuant to Article 39, paragraph 1, of Legislative Decree 136/2015.

(2) Voting rights available in general meeting. The reported voting rights are considered effective

Changes in the scope of consolidation

As reported in section on significant events for the period in the Interim Directors' Report, the first half of 2019 saw the entry into the scope of consolidation of foreign companies located in southern Europe.
In chronological order, in April 2019 the business already begun at the doValue Hellas branch was transferred to a newly acquired servicer, resulting in the creation of doValue Hellas.
On June 27, 2019, following the debanking process, the acquisition of control (85%) of the sub-holding Altamira Asset Management S.A. was finalised, which in turn controls companies in Portugal, Cyprus and Greece.
Finally, in the period is noted the closure of the non-operating company New Bank SC S.p.A..

Significant assessments and assumptions for determining the scope of consolidation

The doValue Group determines the existence of control and, as a consequence, the scope of consolidation, by ascertaining compliance with the requirements provided for in IFRS 10 with regard to entities in which it holds exposures:

- the existence of power over the entities' relevant activities;
- exposure to variable returns;
- the ability to affect the returns.

The factors considered for the purpose of this assessment depend on the entity's method of governance, its purpose and its financial structure.
This analysis led to the inclusion of the subsidiaries listed in the previous section within the scope of consolidation at June 30, 2019.

SUBSEQUENT EVENTS

In accordance with the provisions of IAS 10, following the closing date of the period no significant events occurred that would require an adjustment to the results presented in the half-year condensed consolidated financial statements.
Please see the appropriate section of the Half-Year Report on Group Operations for a discussion of the most significant events that occurred after the close of the period.

OTHER MATTERS

Risks and uncertainties associated with the use of estimates

The application of accounting policies sometimes involves the use of estimates and assumptions that affect the amounts recorded in the financial statements and the disclosures regarding contingent assets and liabilities. For the purposes of the assumptions underlying estimates, we consider all information available at the date of preparation of the financial statements and any hypotheses considered reasonable in the light of past experience and current conditions in the financial markets.
More specifically, estimation processes were adopted to support the carrying amount of certain items recognised in the half-year condensed consolidated financial statements at June 30, 2019, as required by accounting standards. These processes are essentially based on estimates of future recoverability of the values recognised and were conducted on a going concern basis. The findings of these processes supported the carrying amounts recognised at June 30, 2018. Estimates and assumptions are reviewed regularly.
In view of the presence of uncertainty in the macroeconomic and market environment, the assumptions made, even if reasonable, might not hold in future scenarios in which the Group may operate. Accordingly, future results may differ from the estimates made for the purpose of preparing the financial statements, with the consequent probable need to make adjustments that currently cannot be foreseen or estimated to the carrying amount of the assets and liabilities recognised in the financial statements.
The following sections discuss the key accounting policies for the purposes of providing a true and fair representation of the Group's financial position and performance, both with regard to the materiality of the values in the financial statements and the considerable judgement required in performing the assessments.

Estimation of accruing servicing revenues and the effects of the application of servicing contracts

Sales revenues associated with servicing contracts for the recovery of receivables managed on an agency basis for third parties are recognised on an accruals basis on based on the Group's activities over time, using management IT procedures and complex accounting processes that take account of the different contractual terms of each agency agreement. Servicing agreements contain numerous clauses specifying the rights and duties of doValue in relations with the participating banks, which can generate income on the one hand and contingent liabilities on the other connected with the possibility of non-performance of contractual obligations.
At end of the period, revenues accrued in the period that have not yet been manifestly accepted by the client are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.
At the date of the preparation of these half-year condensed financial statements, the portion of servicing revenues without such manifest acceptance amounted to 74% of total amounts to be invoiced at June 30, 2019 and 33% of the item Revenues from contracts with customers of the consolidated income statement. In addition, Any certain or contingent liabilities must be prudentially determined in order to assess compliance with the obligations set out in the servicing agreement, taking due account of natural differences in interpretation of contractual clauses in the context of actual recovery operations.

Determination of the fair value of financial assets

In the presence of financial instruments not listed on active markets or illiquid and complex instruments, it is necessary to adopt appropriate valuation processes that require the use of a certain degree of judgement concerning the choice of valuation models and the related input parameters, which may sometimes not be observable on the market.
A degree of subjectivity is present in the assessment of the observability of certain parameters and the consequent classification in the hierarchy of inputs used in determining fair value.
With particular reference to valuation methods and the non-observable inputs that may be used in fair value measurements, please see the section Information on fair value.

Estimation of the recoverability of deferred tax assets

The Group has significant deferred tax assets mainly arising from temporary differences between the date on which certain business costs are recognised in the income statement and the date on which the same those can be deducted. Deferred tax assets are written down to the extent that they are deemed unrecoverable given the outlook for performance and the resulting expected taxable income, taking due account of tax legislation, which allows those assets to be converted into tax credits under certain conditions, regardless of the Group's ability to generate future profits. In the section on Tax assets and tax liabilities under assets in these explanatory notes, information is provided on the nature and the assessments conducted with regard to the recognition of deferred tax assets.

Estimation of provisions for risks and charges

The Group has significant deferred tax assets mainly arising from temporary differences between the date on which certain business costs are recognised in the income statement and the date on which the same those can be deducted. Deferred tax assets are written down to the extent that they are deemed unrecoverable given the outlook for performance and the resulting expected taxable income, taking due account of tax legislation, which allows those assets to be converted into tax credits under certain conditions, regardless of the Group's ability to generate future profits.
In the section on Tax assets and tax liabilities under assets in these explanatory notes, information is provided on the nature and the assessments conducted with regard to the recognition of deferred tax assets.

Estimating impairment losses on intangible assets

On an annual basis, on the occasion of the preparation of the financial statements, the absence of lasting impairment losses on intangible assets is verified. This impairment test is usually conducted by determining the value in use or the fair value of the assets and verifying that the carrying amount of the intangible asset is less than the greater of the respective value in use and the fair value less costs to sell.
Impairment testing for cash-generating units, to which almost all intangible assets with an indefinite life have been attributed, is conducted with reference to value in use obtained through the application of the dividend discount model (DDM), under which the value of a company is a function of the flow of dividends that it will be able to generate looking forward. In this case, the method used is the excess capital variant of the DDM, which assumes that the economic value of a company is equal to the sum of the current value of future cash flows (expected dividends) generated over the selected planning time horizon, and distributable to shareholders while maintaining an adequate level of capitalisation to ensure the expected future development of the business, and the perpetual capitalisation of the normalised dividend of the last year of the forecast, based on a pay-out ratio that is a function of profitability. A similar procedure is used to estimate the recoverability of the values recognised for active long-term servicing contracts, which assess the business plans of the portfolios under management in order to verify their consequent capacity to generate

adequate cash flows.
However, note that the parameters and information used to verify the recoverability of intangible assets, including goodwill (in particular the cash flow forecast for the various CGUs, as well as the discount rates used) are significantly influenced by macroeconomic conditions and market developments as well as the behaviour of counterparties, which could change unpredictably.
If the recoverable value of the assets undergoing impairment testing is determined on the basis of the associated fair value, it should also be noted that the significant and persistent volatility exhibited by the markets and the intrinsic difficulties in forecasting contractual cash flows mean that we cannot rule out the possibility that the assessments based on parameters drawn from the same markets and on contractual cash flow forecasts may subsequently prove not to be fully representative of the fair value of the assets.

Business combinations

The recognition of business combinations involves allocating the difference between the acquisition cost and the net book value to the assets and liabilities of the acquiree. For most of the assets and liabilities, the difference is allocated by recognising the assets and liabilities at their fair value. Any unallocated remainder is recognised as goodwill if positive; if negative, it is recognised in profit or loss as revenue. In the process of allocating the cost of the business combination, the doValue Group uses all available information. However, by definition this process involves the performance of complex and subjective estimations.

New accounting standards

The Group adopted for the first time a number of accounting standards and amendments that entered force for annual reporting periods beginning on or after January 1, 2019. The impact of first-time adoption of these measures is discussed below.

Effects of first-time adoption of IFRS 16 - Leases

IFRS 16, applicable to annual accounting periods beginning on or after January 1, 2019, replaces IAS 17 and all related interpretations (IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives, SIC 27 Evaluating the substance of the transactions involving the legal form of the lease).
The standard establishes that the recognition and presentation of items shall take account of the substance of the transaction or the contract.
Therefore, all leases shall be reported by the entity in the balance sheet as assets and liabilities and no longer off balance sheet as in the case of operating leases. At the time of initial recognition, the asset shall be measured on the basis of the cash flows associated with the lease, including, in addition to the present value of the lease payments, the initial direct costs associated with the lease and any costs necessary to restore the asset at the end of the lease. After initial recognition, the asset is measured on the same basis as property, plant and equipment. The standard requires the recognition in profit or loss of the depreciation on the asset and the separate recognition of the interest component of the lease payment.
A preliminary analysis of the impact of the application of IFRS 16 within the Group was carried out during 2018 with the involvement of various Group departments.
The Group will apply the modified retrospective approach envisaged in paragraph C.5 b) of IFRS 16, accounting for the cumulative effect of initial application of the standard at the transition date (January 1, 2019); consequently, no significant impacts are expected on the Group's shareholders' equity.
The Group has elected to use the two exemptions envisaged for first-time application of the standard for the following contracts:
- Short-term leases (term of less than or equal to 12 months);
- Low-value leases (less than €5,000).

The adoption of the new accounting standard has increased both assets and liabilities as a result of the recognition of the rights-of-use and the associated liabilities, the values for which at January 1, 2019 are reported in the following table. These values also take account of the new companies of the Altamira group, which entered the scope of consolidation at June 30, 2019.

(€/000)

Leasing category IFRS 16	Liability	Right of Use	Provisions for risks and charges	Number of assets
Office premises	15,466	15,617	151	50
Employee accomodation	467	467	-	6
Company cars	1,135	1,135	-	37
Total	**17,068**	**17,219**	**151**	**93**

The provisions for risks and charges exclusively report the discounted value of the charges expected to be incurred to restore office premises at the end of the leases.

Impact of the transition to IFRS 16 on the balance sheet

(€/000)

ASSETS	AMOUNTS AT 12/31/2018 (A)	Impact of transition to IFRS 16 (B)	AMOUNTS AT 01/01/2019 (C) = (A) + (B)
NON-CURRENT ASSETS			
Intangible assets	6,847	-	6,847
Property, plant and equipment	3,726	11,769	15,495
Non-current financial assets	36,312	-	36,312
Deferred tax assets	81,406	-	81,406
	128,291	**11,769**	**140,060**
CURRENT ASSETS			
Inventories	564	-	564
Current financial assets	999	-	999
Trade receivables	99,224	-	99,224
Tax assets	33	-	33
Other current assets	13,771	-	13,771
Cash and cash equivalents	73,444	-	73,444
	188,035	**-**	**188,035**
Assets held for sale	**710**	**-**	**710**
TOTAL ASSETS	**317,036**	**11,769**	**328,805**

SHAREHOLDERS' EQUITY AND LIABILITIES	AMOUNTS AT 12/31/2018 (A)	Impact of transition to IFRS 16 (B)	AMOUNTS AT 01/01/2019 (C) = (A) + (B)
SHAREHOLDERS' EQUITY			
Share capital	41,280	-	41,280
Valuation reserve	591	-	591
Other reserves	140,324	-	140,324
Treasury shares	(246)	-	(246)
Net profit (loss) for the period	50,840	-	50,840
Equity attributable to shareholders of the Parent Company	**232,789**	**-**	**232,789**
Non-controlling interests	-	-	-
TOTAL SHAREHOLDERS' EQUITY	**232,789**	**-**	**232,789**
NON-CURRENT LIABILITIES			
Loans and other financing	165	-	165
Other non-current financial liabilities	-	11,618	11,618
Employee benefits	9,577	-	9,577
Provisions for risks and charges	20,754	151	20,905
Deferred tax liabilities	21	-	21
	30,517	**11,769**	**42,286**
CURRENT LIABILITIES			
Loans and other financing	129	-	129
Other current financial liabilities	-	-	-
Trade payables	21,848	-	21,848
Tax payables	11,069	-	11,069
Other current liabilities	14,152	-	14,152
	47,198	**-**	**47,198**
Liabilities associated with assets held for sale	6,532	-	6,532
TOTAL LIABILITIES	**84,247**	**11,769**	**96,016**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**317,036**	**11,769**	**328,805**

The **impact on profit or loss** of the transition to IFRS 16 is reported in the section on Group results at June 30, 2019: in order to enable a uniform comparison of the data, a restated income statement for the first half of 2018 has been prepared assuming the application of IFRS 16 as from January 1, 2018.

In addition to the aforementioned IFRS 16, the Group has adopted for the first time a

number of other accounting standards and amendments in preparing these condensed half-year consolidated financial statements that took effect for financial years beginning as from 1 January 2019. They are listed below, noting that these changes did not have substantial effects on the financial position or performance:

- *Annual Improvements to IFRS Standards 2015-2017 Cycle*. The annual improvements cycle is intended to clarify certain provisions of the following IFRS (in force as from January 1, 2019):
  - IFRS 3 *Business Combinations;*
  - IFRS 11 *Joint Arrangements;*
  - IAS 12 *Income Taxes;*
  - IAS 23 *Borrowing Costs.*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (*in force as from January 1, 2019*);*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures* (in force as from January 1, 2019);
- *IFRIC 23 Uncertainty over income tax treatment* (in force as from January 1, 2019);
- *Amendments to IFRS9: Prepayment Features with Negative Compensation* (in force as from January 1, 2019).

At June 30, 2019, the following new standards, amendments and interpretations have been issued by the IASB, but have not yet been endorsed by the European Union:

- IFRS 17 *Insurance contracts* (in force as from January 1, 2021; early application is permitted);
- *Amendments to References to the Conceptual Framework in IFRS Standards* (in force as from January 1, 2020)*;*
- *Amendment to IFRS 3 Business Combinations* (in force as from January 1, 2020);
- *Amendments to IAS 1 and IAS 8: Definition of Material* (in force as from January 1, 2020).

Main items of the Financial Statement

Intangible assets

Recognition

Intangible assets are non-monetary assets with multi-year utility, are identifiable, lack physical substance, are controlled by the company and will probably generate future economic benefits.
Intangible assets mainly comprise goodwill, software, brands and patents.
Intangible assets other than goodwill are recognised at the purchase cost, including any direct costs incurred to prepare the asset for use, net of accumulated amortisation and any impairment.
Goodwill is equal to the difference between the consideration transferred in a business combination and the fair value of the identifiable net assets acquired, as discussed in greater detail in the section Business combinations below.
Any expenses incurred subsequent to the acquisition:

- are recognised as an increase in the initial cost if they increase the future economic benefits of the underlying assets (i.e. if they increase their value or productive capacity);
- are recognised entirely through profit or loss for the year in which they are incurred in other cases (i.e., when they do not increase the original value of the assets, but merely conserve the original functionality).

Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful life.
Intangible assets with an indefinite useful life are not amortised.

Classification

If there is objective evidence that an individual asset may have incurred an impairment loss, the carrying amount of the asset is compared with its recoverable amount, which is equal to the higher of its fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any write-downs are recognised under item "Impairment/write-backs on intangible assets" in the consolidated income statement.
For intangible assets with indefinite life, the carrying amount is compared with the recoverable amount on an annual basis even if no evidence of impairment is found. If the carrying amount is greater than the recoverable amount, a loss is recognised under Item "Impairment/write-backs on intangible assets" in the consolidated income statement in an amount equal to the difference between the two values.
If the value of a previously written-down intangible asset other than goodwill is written back the new carrying amount shall not exceed the net carrying amount that it would have had if no impairment loss had been recognised on the asset in previous years.
Goodwill does not undergo amortisation, but is instead periodically tested for impairment. More specifically, whenever there is evidence of impairment, and in any case at least once a year, goodwill is tested to ensure that it has incurred no lasting loss of value. To this end, the cash-generating unit to which the goodwill is allocated is identified. The amount of any impairment loss is determined on the basis of the difference between the carrying amount of the goodwill and its recoverable value, if lower. This recoverable value is equal to the greater of the fair value of the cash generating unit, less costs to sell, and its associated value in use. The value of use is the present value of the future cash flows expected from the cash generating units to which the goodwill has been allocated. The resulting value adjustments are recognised in profit or loss. Any subsequent write-backs may not be recognised.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any difference between the disposal value and the carrying amount is recognised in the income statement under Item "Gains and losses on disposal of investments".

Property, plant and equipment

Recognition and classification

This item includes:

- land and buildings
- furniture and fixtures
- plant and machinery
- other machinery and equipment

and breaks down into the following categories:

- assets used in the business;
- investment property.

Assets used in the business have physical substance, are held for use in production or in the provision of goods and services or for administrative purposes and can be used for more than one financial year. Improvements to leasehold assets are improvements and incremental expenses for identifiable and separable items of property, plant and equipment. In this case, the assets are classified in specific sub-items (e.g. plant), depending on the nature of the asset in question. Normally, these investments are incurred in order to render properties leased from third parties suitable for their intended use.

Investment property refers to real estate investments pursuant to IAS 40, i.e. properties held (owned outright or held through a finance lease) in order to earn rentals and/or for capital appreciation.
Property, plant and equipment is initially recognised at cost, including all charges directly attributable to the "commissioning" of the asset (transaction costs, professional fees, direct costs to transport the asset to the assigned location, installation costs, dismantling expense).
Expenses incurred subsequently are added to the carrying amount of the asset or recognised as separate assets if it is probable that future economic benefits will be received in excess of those initially estimated and the cost can be reliably determined.
All other expenses incurred subsequently (e.g. ordinary maintenance) are recognised through profit or loss in the period in which they are incurred, under the item:

- Administrative expense, if pertaining to assets used in the business;
  or
- Depreciation, amortisation and impairment, if pertaining to investment property.

Measurement

Subsequent to initial recognition, property, plant and equipment is recognised at cost net of cumulative depreciation and impairment.
Assets with defined useful lives are depreciated at constant rates over their useful life.
Assets with unlimited useful life are not depreciated.
The useful life of property, plant and equipment is reviewed at the end of each period, taking into account the conditions of use of the asset, the state of maintenance, expected obsolescence, etc. and, if these expectations differ from previous estimates, the depreciation charge for the current period and subsequent periods is adjusted.

If there is objective evidence that an individual asset may have incurred an impairment loss, the carrying amount of the asset is compared with its recoverable amount, which is equal to the higher of an assets fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any write-downs are recognised under Depreciation, amortisation and impairment in the consolidated income statement.
If the value of a previously written-down asset is written back, the new carrying amount cannot exceed the net carrying amount that it would have had if no impairment loss had been recognised on the asset in previous years.

Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any difference between the disposal value and the carrying amount is recognised in the income statement under Profit (loss) of equity investments.

Expenditure for leasehold improvements

Property renovation costs for properties of which the entity is not the owner are capitalised in view of the fact that over the term of the lease the entity has control of the asset and future economic benefits will flow to the entity. These costs, which are classified under Property, plant and equipment, are amortised over a period that does not exceed the term of the lease contract.

Investments in associates and joint ventures

The criteria for initial recognition and subsequent measurement of equity investments are governed by IFRS 10 - Consolidated Financial Statements, IAS 27 - Separate Financial Statements, IAS 28 - Investments in Associates and Joint Ventures, and IFRS 11 - Joint Arrangements.
These standards are explained in the section Scope and method of consolidation above, where disclosure is also provided on the assessments and assumptions made to establish the existence of control or significant influence.
The remaining equity investments - other than subsidiaries, associates and joint ventures, and any reported under Assets held for sale and Liabilities associated with assets held for sale" - are classified among financial assets depending on the category to which they belong.

Financial assets

1 – Financial assets measured at fair value through profit or loss

Recognition

Financial assets are initially recognised at the settlement date for debt securities and equities, and at the disbursement date for loans.
Upon initial recognition, financial assets measured at fair value through profit or loss are recorded at fair value, without considering transaction costs or income directly attributable to the instrument itself.

Classification

Financial assets other than those classified under financial assets measured at fair value through other comprehensive income or financial assets measured at amortised cost are

classified in this category. More specifically, the item includes financial assets that are mandatorily measured at fair value, which are represented by financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not provide exclusively for repayments of principal and interest payments on the principal amount to be repaid (failure to pass the "SPPI test") or which are not held as part of a business model whose intent is to hold assets in order to collect contractual cash flows (the "Hold to Collect" business model) or whose intent is achieved through the collection of contractual cash flows or through the sale of the financial assets (the "Hold to Collect and Sell" business model);
Accordingly, this item reports:
- debt securities and loans held as part of a "Hold to Collect" or "Hold to Collect and Sell" business model, but whose cash flows are not represented solely by payments of principal and interest (in other words, they do not pass the SPPI test);
- units of collective investment undertakings (CIUs);
- equity instruments - which do not represent holdings in a subsidiary, associate or joint arrangement - for which the Group does not apply the permitted option, at the time of initial recognition, to designate the instrument as measured at fair value through other comprehensive income.

Measurement

Following initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of the application of this measurement approach are recognised in profit or loss.
For the criteria used to determine fair value, please see the section "Fair value disclosures".

Derecognition

Financial assets are only derecognised if the sale involves the transfer of substantially all the risks and rewards associated with the assets themselves. If a significant portion of the risks and rewards of holding the financial assets sold has been retained, those assets continue to be recognised, even if ownership of the assets themselves has been effectively transferred.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no form of control over them has been retained. Otherwise, retention of even part of such control requires the entity to continue to recognise the assets in an amount equal to the residual continuing involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.
Finally, the transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay the cash flows, and only those flows, without material delay to other recipients.

2 - Financial assets measured at fair value through other comprehensive income

Recognition
Financial assets measured at fair value through other comprehensive income are initially recognised at the settlement date at fair value, which is normally equal to the consideration transferred in the transaction including transaction costs and revenues directly attributable to the instrument itself.

Classification
A financial asset is classified under financial assets measured at fair value through other comprehensive income if:
• intent of the business model is pursued through both the collection of contractual cash flows and the sale of financial assets ("Hold to Collect and Sell");
• the associated cash flows represent solely payments of principal and interest.

Measurement
Following initial recognition, interest accrued on interest-bearing instruments is recognised through profit or loss in accordance with the amortised cost method.
Gains and losses deriving from changes in fair value are recognised in the statement of comprehensive income and reported under Valuation reserve.
Such instruments undergo measurement of losses due to long-term reductions in value, as illustrated in the specific section.
These lasting value losses are recognised in profit or loss against the statement of comprehensive income and reported under Valuation reserve.

Derecognition
Financial assets are only derecognised if the sale involves the transfer of substantially all the risks and rewards associated with the assets themselves. If a significant portion of the risks and rewards of holding the financial assets sold has been retained, those assets continue to be recorded in the financial statements, even if ownership of the assets themselves has been effectively transferred.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no form of control over them has been retained. Otherwise, retention of even part of such control requires the entity to continue to recognise the assets in an amount equal to the residual continuing involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.
Finally, the transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay the cash flows, and only those flows, without material delay to other recipients.
In the event of a transfer, the accumulated profits and losses are reversed to profit or loss.

3 – Financial assets measured at amortised cost

Recognition

Financial assets measured at amortised cost are initially recognised at the settlement date at fair value, which is normally equal to the consideration transferred in the transaction including transaction costs and revenues directly attributable to the instrument itself.

Classification

A financial asset is classified under financial assets measured at amortised cost if:
• intent of the business model is to hold assets in order collect contractual cash flows ("Hold to Collect");
• the associated cash flows represent solely payments of principal and interest.

More specifically, assets recognised under this item include:
- the various technical forms of loans and receivables with banks that meet the requirements of the previous paragraph;
- the various technical forms of loans and receivables with customers that meet the requirements of the previous paragraph;

- debt securities that meet the requirements of the previous paragraph.

Measurement

Following initial recognition at fair value, these assets are measured at amortised cost, which involves the recognition of interest using the effective interest rate over the term of the loan or receivable
The carrying amount of financial assets measured at amortised cost is adjusted in order to take account of write-downs/writebacks resulting from the assessment process described in more detail in the section "Impairment of financial assets".

Derecognition

Financial assets are only derecognised if the sale involves the transfer of substantially all the risks and rewards associated with the assets themselves. If a significant portion of the risks and rewards of holding the financial assets sold has been retained, those assets continue to be recognised, even if ownership of the assets themselves has been effectively transferred.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no form of control over them has been retained. Otherwise, retention of even part of such control requires the entity to continue to recognise the assets in an amount equal to the residual continuing involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.
Finally, the transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay the cash flows, and only those flows, without material delay to other recipients.

Inventories

The item reports property, plant and equipment classified under IAS 2 – Inventories regarding the property portfolio of the Group's real estate company, which is held for sale.

Measurement

Properties undergoing renovation are measured at the lower of cost, increased by expenses increasing of their value and the capitalisable financial expense, and the corresponding estimated realisable value, less the direct costs to sell.
Trading properties are measured at the lower of cost and estimated realisable value, which is generally represented by the market value as determined from similar property transactions in terms of location and type. The estimated realisable value and the market value are determined on the basis of independent appraisals or any lower value at which management is prepared to sell based on urban/land registry circumstances that do not correspond to the effective state of the property and legal issues (such as the illegal occupation of the properties).
Any write-downs based on the above appraisal are charged to the appropriate item in the income statement.
If the reasons prompting the write-down of the inventories' write-down should no longer obtain, write-downs recognised in previous periods are reversed through profit or loss up to the lower of cost and estimated realisable value.

Trade receivables and other current assets

Current items essentially include receivables generated by the provision of non-financial services, items awaiting settlement and items that are not attributable to other items in the balance sheet, including tax items other than those recognised in a separate item (for example, those connected with tax withholding activities), and accrued income other than that that must be capitalised in the related financial assets, including that deriving from contracts with customers pursuant to IFRS 15, paragraphs 116 et seq..
For trade receivables, in consideration of the provisions of IFRS 9 (paragraphs 5.5.15-16) and the immateriality of the financing component of such receivables, the Group has opted for the "simplified approach" which essentially provides for the calculation of total lifetime expected losses for the financial asset. Given that the residual life of trade receivables is generally less than one year, the 12-month and lifetime expected losses are the same.

Current and deferred tax

Recognition

Tax assets and tax liabilities are recognised respectively under Tax assets in assets and Tax liabilities in liabilities.
In application of the "balance sheet method", items for current and deferred taxes include:

- current tax assets, i.e. excess payment of tax liabilities on the basis of current tax laws governing corporate income;
- current tax liabilities, i.e. tax liabilities to be settled on the basis of current tax laws governing corporate income;
- deferred tax assets, i.e. amounts of income taxes recoverable in future periods as a consequence of:
    - temporary deductible differences (represented mainly by costs deductible in future periods on the basis of current tax laws governing corporate income);
    - unutilised tax losses carried forward;
    - unutilised tax credits carried forward;
- deferred tax liabilities, i.e. income tax liabilities to be settled in future periods as a consequence of temporary taxable differences (mainly represented by the deferral of taxation of revenues or the advance deduction of charges on the basis of current tax laws governing corporate income).

Current tax assets and liabilities are recognised by applying current tax rates and are recognised as charges (income) using the same accrual criteria adopted for the costs and revenues which generated them. In particular, current IRES (corporate income tax) and IRAP were calculated using the tax rates established in current tax law, using the rate of 24% for IRES and, for Italfondiario, the surtax of 3.5 percentage points applicable to credit and financial institutions (Law 208 of December 28, 2015).
In general, deferred tax assets and liabilities arise in the cases in which the deductibility or taxability of a cost or revenue is deferred with respect to their recognition for accounting purposes.
Current tax items include payments on account (current assets) and liabilities to settle (current liabilities) for income tax for the period. Current tax liabilities and the associated receivables for payments on account still outstanding at the end of the year are recognised as a net amount in a single item.
Deferred tax assets and liabilities are recognised in the balance sheet in their full amount without offsetting.

Measurement

Deferred tax assets and liabilities are recognised on the basis of the tax rates which, as of the reporting date, are expected to be applicable in the period in which the asset will be

realised or the liability will be eliminated, in accordance with current tax legislation. They are periodically reviewed in order to take account of any regulatory changes.
Deferred tax assets are only recognised if their recovery through expected future taxable income is probable, measured on the basis of the Group's ability to produce taxable income in future financial years. Deferred tax liabilities are always recognised. A requirement for the recognition of deferred tax assets is that it is considered reasonably certain in view of corporate developments that taxable income will be generated against which the temporary deductible differences will be used. In accordance with the provisions of IAS 12, the probability that future taxable income will be sufficient to utilise the deferred tax assets is subject to periodic review. If that review suggests that future taxable income will be insufficient, the deferred tax assets are reduced in a corresponding amount.
Current and deferred taxes are recognised in the consolidated income statement under Income tax expense from continuing operations, with the exception of taxes which refer to items which are credited or debited, in the same or another financial year, directly in equity, such as, for example, those in respect of profits or losses on available-for-sale financial assets, whose changes in value are recognised directly in valuation reserves in the statement of comprehensive income.

Derecognition

Deferred tax assets and liabilities are derecognised at the time they are recovered/realised.

Business combinations

The governing accounting standard for business combinations is IFRS 3. The transfer of control of a business (or an integrated set of activities and assets conducted and managed together) constitutes a business combination. To this end, control is considered transferred when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 3 requires that an acquirer be identified for all business combinations. The latter is the entity that obtains control over another entity or group of assets. If it is not possible to identify a controlling entity on the basis of the definition of control described above, such as for example in the case of exchanges of equity interests, the acquirer shall be identified using circumstances such as: the entity whose fair value is significantly greater, the entity that transfers cash, or the entity that issues new equity interests. The acquisition, and therefore the initial consolidation of the acquiree, must be recognised on the date on which the acquirer effectively obtains control over the company or assets acquired. When the transaction takes place as a single transfer, the date of transfer normally coincides with the acquisition date. However, it is always necessary to verify the possible presence of agreements between the parties that may lead to the transfer of control before the date of the exchange. The consideration transferred as part of a business combination must be determined as the sum of the fair value, at the date of the exchange, of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control. In transactions involving payment in cash (or when payment is made using financial instruments comparable to cash) the price is the agreed consideration, possibly discounted if payment is to be made in instalments over a period longer than short term. If the payment is made using an instrument other than cash, therefore through the issue of equity instruments, the price is equal to the fair value of the means of payment, net of the costs directly attributable to the capital issue. Adjustments subject to future events are included in the consideration of the business combination at the acquisition date, if they are provided for in the agreements and only if they are probable, can be reliably determined and realised within the twelve months following the date of acquisition of control, while indemnities for a reduction of the value of the assets used are not considered as they are already considered either in the fair value of the equity instruments or as a reduction of the premium or increase in the discount on the initial issue

in the case of the issue of debt instruments. Acquisition-related costs are the costs the acquirer incurs to effect a business combination. By way of example, these may include professional fees paid to auditors, experts, legal consultants, costs for appraisals and auditing of accounts, preparation of information documents required by regulations, as well as finder's fees paid to identify potential targets to be acquired if it is contractually established that the payment is made only in the event of a positive outcome of the combination, as well as the costs of registering and issuing debt and equity securities. The acquirer shall recognise acquisition-related costs in the periods in which these costs are incurred and the services are received, with the exception of the costs of issuing debt or equity securities, which shall be recognised in accordance with IAS 32 and IAS 39. Business combinations are accounted for using the "acquisition method", under which the identifiable assets acquired (including any intangible assets not previously recognised by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) are recognised at their respective fair values on the acquisition date. In addition, for each business combination, any non-controlling interests in the acquiree can be recognised at fair value (with a consequent increase in the consideration transferred) or in proportion to the non-controlling stake in the identifiable net assets of the acquiree. If control is acquired in stages, the acquirer shall measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss in profit or loss. The excess of the consideration transferred (represented by the fair value of the assets transferred, the liabilities incurred or the equity instruments issued by the acquirer), the amount of any non-controlling interests (determined as described above) and the fair value of interests previously held by the acquirer, over the fair value of the assets and liabilities acquired shall be recognised as goodwill. Conversely, if the latter exceeds the sum of the consideration, non-controlling interests and fair value of previously held interests, the difference shall be recognised through profit or loss. Business combinations may be accounted for provisionally by the end of the financial year in which the business combination is carried out and must be completed within twelve months of the acquisition date. Pursuant to IFRS 10, the acquisition of additional interests in entities that are already controlled are considered equity transactions, i.e. transactions with owners in their capacity as owners. Therefore differences between the acquisition costs and the carrying amount of non-controlling interests acquired are booked to Group shareholders' equity; similarly, sales of non-controlling interests without loss of control do not generate gains/losses recognised in profit or loss but rather are recognised as changes in group equity. Business combinations do not include transactions to obtain control over one or more entities that do not constitute a business or to obtain transitory control or, finally, if the business combination is carried out for the purpose of reorganisation, therefore between two or more companies or activities that already belong to the doValue Group and that does not involve a change in the control structure regardless of the percentage of third-party rights before and after the transaction (so-called combinations of entities under common control). These transactions are considered as having no economic substance. Accordingly, in the absence of an IAS/IFRS that specifically applies to the transaction and in compliance with the assumptions of IAS 8, which requires that - in the absence of a specific standard – an entity shall use its judgment in applying an accounting policy that produces relevant, reliable and prudent information that reflects the economic substance of the transaction, such transactions are accounted for by retaining the values of the acquiree in the financial statements of the acquirer. Mergers are a form of business combination, representing the most complete form of such combinations, as they involve the legal and financial merging of the entities participating in the transaction. Whether they involve the formation of a new legal entity (merger of equals) or the absorption of one entity by another existing entity, mergers are treated in accordance with the criteria discussed above. Specifically, if the transaction involves the transfer of control of an entity, it is treated as a business combination pursuant to IFRS 3; or, if the transaction does not involve the transfer of control, it is accounted for by retaining the accounting values of the merged company.

Assets held for sale

These categories include individual non-current assets (property, plant and equipment, intangible assets, and financial assets) or groups of assets held for sale, together with the associated liabilities, as governed by IFRS 5.
The individual assets (or groups of assets held for sale) are recognised respectively under Assets held for sale and Liabilities associated with assets held for sale at the lower of the carrying amount and the fair value net of disposal costs.
For discontinued operations, the positive or negative balance of income (dividends, interest, etc.) and charges (interest expense, etc.), net of the associated current and deferred taxes, is recognised under Net income (expense) of assets held for sale in the income statement.

Loans and other financing and other financial liabilities

Recognition and classification

This includes financial liabilities measured at amortised cost represented by amounts due to banks, amounts due to customers and securities issued. They include financial instruments (other than liabilities held for trading and those designated as at fair value) representing the various forms of funding from third parties.
Liabilities recognised by the entity as a lessee in finance lease transactions are also included.
These financial liabilities are recognised at the settlement date and initially recognised at fair value, which normally corresponds to the consideration received, net of transaction costs directly attributable to the financial liability.

Measurement

Following initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.
Exception is made for short-term liabilities, for which the time factor is negligible, which continue to be carried at the amount received.

Derecognition

Financial liabilities are derecognised when they have expired or are discharged. The difference between the carrying amount of a liability and the consideration paid to purchase it is recognised in profit or loss.

Provisions for risks and charges

Recognition

Provisions for risks and charges consist of liabilities recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognised.

Other provisions for risks and charges include provisions for legal obligations or connected with an employment relationship or disputes, including tax disputes, arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits, assuming that a reliable estimate can be made

of the amount.
Where the effect of the time value of money is material, provisions shall be discounted using a current market rate. Provisions are recognised in profit or loss under "Provisions for risks and charges" and include the accretion of provisions connected with the passage of time.

Measurement

The amounts allocated to provisions are determined so that they represent the best estimate of the expense required to settle the obligation. In making this estimate, the risks and uncertainties pertaining to the facts and circumstances involved are taken into account.
Specifically, when the effect of deferring the charge in time is significant, the amount of the provision is determined as the present value of the best estimate of the cost assumed necessary to extinguish the obligation. In this case, the discount rate used reflects current market assessments.
Provisions are periodically reviewed and adjusted if necessary to reflect the current best estimate. When, following a review, it is found that the charge is unlikely to be incurred, the provision is reversed.

Derecognition

A provision is used only against the charges for which it was initially recognised.
Provisions for the year, recognised under Provisions for risks and charges in the income statement, include increases in provisions due to the passage of time and are reported net of any reversals.

Employee benefits

The provision for the *trattamento di fine rapporto* (the Italian deferred remuneration benefit scheme – TFR) is treated as a post-employment defined benefit scheme. Its recognition in the financial statements therefore requires the estimation, carried out using actuarial techniques, of the amount of benefits accrued by employees and the discounting of those benefits.
The determination of these benefits was conducted by an external actuary, using the "projected unit credit method". This method uniformly distributes the cost of the benefit over the working life of the employee. Obligations are determined as the discounted value of average future benefit payments, proportioned on the basis of the ratio between years of service accrued and total seniority achieved at the time the benefit is disbursed.
Following the reform of the supplementary pension system with Legislative Decree 252 of December 5, 2005, the termination benefits accrued up to December 12, 2006 (or up to a date selected by the employee between January 1, 2007 and June 30, 2007 in the event the employee elected to transfer accrued TFR to a supplementary pension scheme) remained with the company and continue to be considered "defined-benefit post-employment benefits" and are therefore subject to actuarial measurement, although using simplified actuarial assumptions that no longer take account of forecasts of future wage increases.

TFR accruing after January 1, 2007 (or after the date of election between January 1 and June 30, 2007 by the employee to transfer TFR to (i) a supplementary pension scheme or (ii) leave the TFR with the company, which in turn deposits those contributions with the Treasury Fund operated by the National Social Security Institute (INPS) is considered to be a "defined contribution" plan.
Actuarial gains and losses, defined as the difference between the carrying amount of the liabilities and the present value of the obligation at the end of the period, are recognised in equity under Valuation reserve in accordance with the provisions of the IAS 19 Revised.

Other information

Treasury shares

Changes in treasury shares in the portfolio are recognised directly in equity, i.e. reducing the latter by the value of purchases and increasing it by the value of sales.
This means that in the case of a subsequent transfer the difference between the sales price of the treasury shares and the associated repurchase cost, net of any tax effects, is fully recognised in shareholders' equity.

Accruals and deferrals

Accruals and deferrals, which comprises charges and income pertaining to the period accrued on assets and liabilities, are recognised as an adjustment to the assets and liabilities to which they refer.

Share-based payments

Share-based payments are payments made to employees or comparable persons as payment for work or other services/assets received, based on shares representing capital, which consist in the grant of rights to receive shares upon meeting quantitative/qualitative objectives.
The fair value of payments settled the issue of shares is based on their stock market price and is recognised as a cost in the income statement under Item "Staff expense" and in the balance sheet under Item "Reserves" in equity, on an accruals basis in proportion to the period in which the service is rendered.

RECOGNITION OF REVENUE AND COSTS

Revenues represent the transfer of goods or services to customers and are recognised in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. They are recognised using the 5-step model (identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations; recognise the revenue when the entity satisfies the performance obligation).
Revenues from contractual obligations with customers are recognised in profit or loss when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. This consideration must be allocated to the individual obligations contained in the contract and must be recognised as revenue in profit or loss based on the timing of satisfaction of the performance obligation. More specifically, revenues can be recognised at a point in time or over time, as the entity satisfies the performance obligation. The consideration promised in the contract with the customer can include fixed amounts, variable amounts or both. In particular, the consideration may vary because of price concessions, discounts, rebates, incentives or other similar items and may be contingent on the occurrence or non-occurrence of a future event. In the presence of variable consideration, revenue is recognised when it is possible to reliably estimate the revenue and only if it is highly probable that this consideration will not be subsequently reversed from the income statement, in whole or in a significant part. If the entity receives consideration from the customer which provides for reimbursement to the customer, in whole or in part, of the revenue received, a liability must be recognised against the expected future repayments. The estimate of this liability is updated at each annual or interim reporting date or interim period and based on the portion of the consideration that the entity expects to not be entitled to.

Servicing revenues and revenues from ancillary products

These revenues are measured at the fair value of the consideration received or due and are recognised when they can be estimated reliably. Revenues for services provided are recognised in conjunction with the completion of the services. They are recognised only when it is probable that the economic benefits of the transaction will flow to the company. Nevertheless, when the recoverability of an amount already recognised under revenues is affected by uncertainty, the revenues originally recognised are adjusted by the unrecoverable amount or the amount whose recovery is no longer certain.

Dividends

Dividends are recognised in profit or loss in the period in which their distribution is authorised.

Costs

Costs are recognised when they are incurred, on an accruals basis.
Impairment losses are recognised through profit or loss in the period in which they are ascertained.

RELEVANT IAS/IFRS DEFINITIONS

The following presents a number of concepts relevant for the purposes of the IAS/IFRS international accounting standards are outlined, in addition to those already addressed in the previous sections.

Amortised cost

The amortised cost of a financial asset or liability is the amount at which it is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any write-down or unrecoverability (impairment).
The effective interest rate method is a method for allocating interest income or expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the life of the financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.
Fees and commissions that are considered an integral part of the effective interest rate include initial fees received for the disbursement or acquisition of a financial asset not classified as measured at fair value, such as, for example, those received as compensation for the assessment of the debtor's financial condition, the evaluation and registration of guarantees and, more generally, the completion of the transaction.
Transaction costs, in turn, include fees and commissions paid to agents (including employees filling the role of commercial agents), consultants, mediators and other operators, contributions levied by regulatory bodies and securities markets, and taxes and charges on the transfer. Transaction costs do not include lending costs or internal administrative or management costs.

Impairment of financial assets

Pursuant to IFRS 9, at each reporting date financial assets other than those measured at fair value through profit or loss undergo an assessment to determine whether there is evidence that the carrying amount of the assets cannot be fully recovered. An analogous analysis is conducted for commitments to disburse funds and for guarantees issued that fall within the scope of the impairment provisions of IFRS 9.
If evidence of impairment is found, the financial assets in question - consistently, where present, with all other assets pertaining to the same counterparty - are considered impaired and are classified in stage 3. Such exposures, represented by financial assets classified - pursuant to the provisions of Circular 262/2005 of the Bank of Italy - in the categories of non-performing loans, exposures unlikely to pay and exposures past due by more than ninety days, shall be written down in an amount equal to the expected losses over the entire residual life of the assets.

Financial assets for which there is no evidence of impairment (unimpaired financial instruments) shall be evaluated to determine whether there is evidence that the credit risk of the individual transaction has increased significantly since initial recognition. Following the assessment, the assets shall be classified (or, more properly, staged) as follows:
- where such evidence is found, the financial asset shall be classified in stage 2. Such valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires for the recognition of write-downs equal to the expected losses over the residual life of the financial instrument;
- where such evidence is not found, the financial asset shall be classified in stage 1. Such valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires the recognition of expected losses, for the specific financial instrument, over the following twelve months.

The Group impairment process is applied to financial assets measured at amortised cost or at fair value through other comprehensive income, which include: loans, trade receivables, contract assets, debt securities, financial guarantees, and irrevocable commitments to disburse funds.
For trade receivables, in consideration of the provisions of IFRS 9 (paragraphs 5.5.15-16) and the immateriality of the financing component of such receivables, the Group has opted for the "simplified approach" which essentially provides for the calculation of total lifetime expected losses for the financial asset. Given that the residual life of trade receivables is generally less than one year, the 12-month and lifetime expected losses are the same.

Fair value disclosures

Qualitative disclosures

For qualitative information on fair value, see the discussion in Part A.4 of the notes to the 2018 consolidated financial statements.

Qualitative disclosures

Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

The following table reports the breakdown of assets and liabilities measured at fair value by fair value hierarchy input level.

Level 1 includes, among financial assets measured at fair value through other comprehensive income, government securities (BOTs).

Level 3 for financial assets measured at fair value through profit or loss mainly includes (i) the residual value of the notes issued by the Romeo and Mercuzio Securitisation SPVs, equal to 5% of the total value of the notes, and (ii) under units of collective investment undertakings, the amount paid in 2017 and June 2018 for the subscription of 30 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II).

Financial liabilities include, at Level 3, (i) the earn-out represented by the fair value of the liability in respect of part of the purchase price for Altamira, which will be defined within two years of the date of the transaction agreement, i.e. at the end of December 2020; and (ii) the fair value of the liability in respect of the option to purchase residual non-controlling interests expiring in future years.

The fair value of these financial liabilities was determined on the basis of the contracts for the acquisition of the company equity and the economic-financial parameters that can be drawn from the long-term plans of the acquired company. Since these are not parameters that can be observed on the market (directly or indirectly), these liabilities are classified under Level 3.

(€/000)

	6/30/2019			12/31/2018		
Financial assets/liabilities measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	**-**	**-**	**33,701**	-	-	**34,251**
CIUs	-	-	27,995	-	-	28,964
Debt securities	-	-	5,659	-	-	5,240
Equity instruments	-	-	47	-	-	47
Financial assets measured at fair value through comprehensive income	**1,000**	**-**	**-**	**999**	**-**	**-**
Government securities	1,000	-	-	999	**-**	**-**
Total	**1,000**	**-**	**33,701**	**999**	**-**	**34,251**
Other financial liabilities	**-**	**-**	**75,716**	-	-	-
Earn-out	-	-	39,313	-	-	-
Put option su minority	-	-	36,403	-	-	-
Total	**-**	**-**	**75,716**	**-**	**-**	**-**

CONSOLIDATED BALANCE SHEET

ASSETS

NOTE 1 – INTANGIBLE ASSETS

(€/000)

	Other intangible assets					
	Software	Brands	Assets under development and payments on account	Other intangible assets	Goodwill	Total
Cost						
Opening balance at January 1, 2019	**16,285**	**76**	**1,335**	**412**	**-**	**18,108**
- Increases	329	7	663	-	-	999
- Acquisition of a subsidiary	13,696	40,367	-	251,863	96,967	402,893
- Other changes (+)	793	-	-	-	-	793
Closing balance at June 30, 2019	**31,103**	**40,450**	**1,998**	**252,275**	**96,967**	**422,793**
Depreciation, amortisation and impairment						
Opening balance at January 1, 2019	**(10,919)**	**(10)**	**-**	**(332)**	**-**	**(11,261)**
- Depreciation and amortisation	(1,178)	(2)	-	(40)	-	(1,220)
- Impairment	-	-	(11)	-	-	(11)
- Other changes (-)	-	-	(793)	-	-	(793)
Closing balance at June 30, 2019	**(12,097)**	**(12)**	**(804)**	**(372)**	**-**	**(13,285)**
Net carrying amount at January 1, 2019	**5,366**	**66**	**1,335**	**80**	**-**	**6,847**
Net carrying amount at June 30, 2019	**19,006**	**40,438**	**1,194**	**251,903**	**96,967**	**409,508**

With the acquisition of Altamira the value of intangible assets increased substantially, going from €6.8 million to €409.5 million.

During the purchase price allocation (PPA) process for the acquisition, goodwill determined as a consolidation difference and other intangible assets were identified as follows:

- €13.7 million for software
- €40.4 million for the Altamira brand
- €251.9 million in respect of the valuation of active long-term servicing contracts with major banks and companies, including the bank Santander and the real estate company Sareb.

Additional details on the Altamira acquisition are reported in the section on Business combinations.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

(€/000)

	Buildings	Furniture	Electronic systems	Other	Total
Gross opening balances	**2,837**	**2,272**	**5,778**	**473**	**11,360**
Total net reduction in value	(1,356)	(1,500)	(4,317)	(461)	(7,634)
Net opening balances	**1,481**	**772**	**1,461**	**12**	**3,726**
Initial adjustments	11,278	-	-	491	11,769
Increases	**4,363**	**6**	**1,228**	**2,313**	**7,910**
Purchases	4	6	191	71	272
External business combination	4,359	-	1,037	2,242	7,638
Decreases	**(1,651)**	**(76)**	**(296)**	**(88)**	**(2,111)**
Depreciation	(1,651)	(76)	(296)	(88)	(2,111)
Net closing balance	**15,471**	**702**	**2,393**	**2,728**	**21,294**
Total net reduction in value	(1,652)	(1,575)	(4,612)	(548)	(8,387)
Gross closing balances	**17,123**	**2,277**	**7,005**	**3,276**	**29,681**

The adjustments to the opening balances reflect the impact of IFRS 16, under which as from January 1, 2019, the Group has recognised rights of use, mainly deriving from long-term real estate leases. For more information, please see the appropriate section under Accounting Policies.

During the period, the Group acquired assets in the amount of €272 thousand. The increase associated with external business combinations regards the property, plant and equipment

of Altamira in the amount of €7.6 million.

NOTE 3 – FINANCIAL ASSETS

The following table reports financial assets other than liquidity held by the Group at June 30, 2019 and December 31, 2018.

(€/000)

	6/30/2019	12/31/2018
Non-current financial assets	**35,415**	**36,312**
Financial assets measured at fair value through profit or loss	**33,701**	**34,251**
Units in collective investment undertakings	27,995	28,964
Debt securities	5,659	5,240
Equity securities	47	47
Financial assets measured at amortised cost	**1,714**	**2,061**
Loans to customers	1,615	1,964
Loans to banks	99	97
Current financial assets	**14,300**	**999**
Financial assets measured at fair value through other comprehensive income	**1,000**	**999**
Government securities	1,000	999
Financial assets measured at amortised cost	**13,300**	**-**
Loans to customers	13,300	-
Total financial assets	**49,715**	**37,311**

Units in collective investment undertakings regard the amount paid in late 2017 and in June 2018 for the subscription of 30 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II). Following the two payments, at June 30, 2019, a minimal amount of €1.5 million remained recognised under commitments.

Debt securities are represented by the residual amount of ABSs from the Romeo SPV and Mercuzio Securitisation securitisations. The amount subscribed by doValue corresponds to 5% of the total notes issued by the two vehicles. The increase in the value with respect to December 31, 2018 reflects the adjustment of the valuation model, while the nominal outstanding declined as a result of collections on the notes.

Equity instruments consist of non-controlling interests for which the Group has not exercised the option available under IFRS 9 to measure these instruments at fair value through other comprehensive income.

The increase during the period in loans to customers regards an opportunistic, non-recurring short-term investment of €13.3 million in a non-performing to Government entity position for which a favourable settlement agreement has been reached.

NOTE 4 – DEFERRED TAX ASSETS AND LIABILITIES

The items report deferred tax assets by deductible temporary difference.

Deferred tax assets include amounts in respect of loan write-downs and deferred tax assets determined specifically on the basis of the stocks of the components to which they refer le (litigation, provisions for employees).

In this regard, the Parent Company exercised the option to retain the possibility of converting deferred tax assets into tax credits pursuant to Art. 11 of Legislative Decree 59 of May 3, 2016, ratified with Law 119 of June 30, 2016. This measures introduced the optional regime in order to eliminate issues that emerged at the Community level regarding the incompatibility of the DTA transformation legislation with the rules governing state aid, ensuring that the convertibility of qualifying DTAs into tax credits is only allowed following payment of a specific fee based on the amount of those DTAs.

The 2019 Budget Act (Law 145/2018) modified the temporary mechanism provided for in Article 16, paragraphs 3-4 and 8-9 of Decree Law 83/2015 concerning the deductibility for both IRES and IRAP purposes of the loan losses of banks, financial companies and insurance undertakings. The law essentially deferred to the current tax period at December 31, 2026, for both IRES and IRAP purposes, the deductibility of 10% of write-downs and losses on loans to customers recognised for that purpose that were originally intended to be deducted for the current tax period at December 31, 2018.

With regard to deferred tax assets referred to in Law 214/2011, as a result of the express provision of Art. 56 of Decree Law 225 of 29/12/2010, the negative components corresponding to the deferred tax assets transformed into tax credits are not deductible, first offsetting on a priority basis decreases at the nearest maturity in an amount corresponding to a tax equal to the transformed DTAs. As a result of this provision, changes in the amount of deferred tax assets recognised will on begin as from 2022.

With regard to the provisions of IAS 12, deferred tax assets are subject to probability testing, taking account of forecast profits in future years and verifying that future taxable income will be available against which the deferred tax assets can be used.
In particular, for the figures at June 30, 2019, the test performed, which took account of the 2018-2020 Business Plan presented on June 19, 2018, found that taxable income would be sufficient to use the deferred tax assets recognised by the bank.

The criteria used for the recognition of deferred tax assets can be summarised as follows:
- deferred tax assets correspond to the amounts of income tax that can be recovered in future years regarding temporary differences;
- the prerequisite for recognising deferred tax assets is the that it is reasonable to expect that taxable income will be earned against which the deductible temporary differences can be used.

IRES and IRAP were calculated by applying the tax rates established under current law, using the new 24% tax rate for IRES purposes and, for Italfondiario only, applying the 3.5 percentage-point surtax envisaged for credit and financial institutions (Law 208 of December 28, 2015).

Due to the "debanking" of doValue, the ordinary IRES and IRAP rates of 27.5% and 5.57%, respectively, for credit and financial institutions are no longer applied. Therefore it was necessary to adjust the value of deferred tax assets to the new rates for commercial companies used to calculate current taxes: IRES of 24% and IRAP of 4.44% (the latter calculated as the weighted average of the rates applied by the individual regions in which doValue has offices with staff). The effect of the write-off of the DTAs was equal to €10.8

million.

A further impact on the balance for deferred tax assets at June 30, 2019 was the increase of €11.8 million in DTAs contributed by the new subsidiary Altamira deriving from temporary differences on the deductibility of the depreciation of non-current assets.

Deferred tax assets

(€/000)

	6/30/2019	12/31/2018
Writedowns of loans	47,776	55,407
Tax losses carried forward	11,664	19,397
Provisions recognised through profit or loss - provisions for risks and charges	4,138	5,792
Property, plant and equipment / intangible assets	11,981	168
Provisions recognised through equity	452	315
Provisions recognised through profit or loss - administrative expenses	249	288
Other assets / liabilities	37	39
Total	**76,297**	**81,406**

Deferred tax liabilities

(€/000)

	6/30/2019	12/31/2018
Business combinations	46,663	-
Other assets / liabilities	21	-
Others	-	20
Financial assets and liabilities	1	1
Total	**46,685**	**21**

The amount of deferred tax liabilities referring to business combinations derives from the purchase price allocation process and, in particular, the tax effect of the fair value adjustments made to the initial consolidation values of the acquired company.

For more details, see the section on Business combinations.

NOTE 5 – OTHER ASSETS

The following table provides a breakdown of other current and non-current assets at June 30, 2019 and at December 31, 2018.

(€/000)

	6/30/2019	12/31/2018
Other non current assets	**830**	**-**
Other current assets	**14,742**	**13,771**
Accrued income / prepaid expenses	4,620	2,714
Items for employees	982	851
Receivables for advances	5,401	4,007
Tax receivables	3,645	5,916
Other items	94	283
Total	**15,572**	**13,771**

Other non-current assets mainly consist of security deposits.

NOTE 6 – INVENTORIES

At June 30, 2019 the item amounted to €277 thousand (€564 thousand at December 31, 2018) and refers to the Group's real estate portfolio, consisting of the value of 9 properties. During the period, 10 properties were sold with a reduction in inventories of €287 thousand from their value at December 31, 2018.

NOTE 7 – TRADE RECEIVABLES

(€/000)

	6/30/2019	12/31/2018
Receivables accruing (Invoices to be issued)	97,073	82,465
Receivables for invoices issued but not collected	102,954	17,131
	200,027	**99,596**
Provisions for expected losses on receivables	(377)	(372)
Total	**199,650**	**99,224**

Trade receivables arise in respect of invoices issued and accruing revenues from servicing activities.

The acquisition of Altamira and its subsidiaries accounts for €92.5 million of the balance at June 30, 2019, as can also be seen from the table given in the section on Business combinations.

NOTE 8 – TAX ASSETS AND TAX LIABILITIES

The following table provides a breakdown of tax liabilities at June 30, 2019 and at December 31, 2018.

(€/000)

	6/30/2019	12/31/2018
Current tax liabilities	9,738	8,168
VAT liability	6,413	308
IRPEF and other	7,968	2,593
Total	**24,119**	**11,069**

The increase with respect to December 31, 2018 essentially reflects the inclusion of Altamira in the scope of consolidation, which accounted for €11.8 million of the total.

NOTE 9 – CASH AND CASH EQUIVALENT

The balance of €85.1 million, representing an increase of €11.7 million compared with the €73.4 million reported at December 31, 2018, represents the liquidity available at the end of the period.
For an analysis of changes in cash and cash equivalents, please see the consolidated cash flow statement.

NOTE 10 – ASSETS HELD FOR SALE

At June 30, 2019 the balance of assets held for the sale and associated liabilities was significantly lower due to the effect of the "debanking" process, which was completed during the period and involved the elimination of performing current accounts with customers credit and debit balances that had originated in our banking activities.

LIABILITIES

NOTE 11 – SHAREHOLDERS' EQUITY

	6/30/2019	12/31/2018
Share Capital (€/000)	41,280	41,280
Number of ordinary shares	80,000,000	80,000,000
Nominal value of ordinary shares	0.516	0.516
Treasury Shares (€/000)	184	246
Number of treasury shares	1,164,173	1,554,353

Other reserves at June 30, 2019 and at December 31, 2018 break down as follows:

(€/000)

	6/30/2019	12/31/2018
Reserves from allocation of profits or tax-suspended reserves	**18,609**	**13,993**
Legal reserve	8,256	8,256
Reserve art. 7 Law 218/90	2,305	2,305
Tax-suspended reserve from business combinations	3	3
Reserve from FTA IAS art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Reserve from FTA IAS IFRS 9	1,140	1,140
Reserve from retained earnings - Share Based Payments	7,086	2,408
Reserve established in by laws for purchase of treasury shares	184	246
Reserve from retained earnings IAS art. 6 par. 2 Lgs. Decree 38/2005	(9,145)	(9,145)
Other reserves	**131,170**	**126,331**
Extraordinary reserve	102,970	95,860
Reserve, Lgs. Decree no. 153/99	6,103	6,103
Legal reserve for distributed earnings	44	44
Reserve art. 7 Law 218/90	4,179	4,179
Reserve from business combinations	578	578
Share Based Payments Reserve	3,363	5,602
Consolidation reserve	21,431	13,965
Negative reserve for put option on non-controlling interests	(7,498)	-
Total	**149,779**	**140,324**

Other reserves increased by €9.4 million in the period due mainly to:
- a €7.1 million increase in the **Extraordinary reserve** formed in implementation of the resolution approved by the Shareholders' Meeting of April 17, 2019 which allocated a portion of profit for the previous year;
- a €2.3 million net increase in **Share Based Payments** reserves accounted for pursuant to IFRS 2 in implementation of the post-IPO remuneration policy, which provides for the grant of shares as remuneration to certain categories of managers;
- a €7.5 million increase in the **consolidation reserve** due to the effects of the undistributed profits of the subsidiaries;
- a €7.5 million decrease in respect of the negative reserve associated with the recognition of the financial liability for the **option to purchase non-controlling interests** pursuant to IAS 32 in the amount that exceeds the non-controlling interests identified in the Altamira PPA of €28.9 million. See the section on Business combinations for more information.

NOTE 12 – LOANS AND OTHER FINANCING

(€/000)

	Interest rate %	Due date	6/30/2019	12/31/2018
Non-current loans and other financing			**324,932**	**165**
Bank loan	2.50%	Mar-24	324,868	-
Due to other lenders	3.20%	Dec-26	64	165
Current loans and other financing			**81,073**	**129**
Bank loan	2.50%	Jun-20	80,941	-
Due to other lenders	4.99%	Apr-20	132	129
Total			**406,005**	**294**

The balance of loans and other financing at June 30, 2019 mainly includes the loans from banks obtained as part of the acquisition of Altamira at the end of the period.
The loan (the Facility Loan) has a term of 5 years and provides for repayment in six-monthly instalments. The rate is variable (6-month Euribor plus a spread margin linked to a number of financial covenants monitored on a quarterly basis).
In order to cover the interest rate risk, the exposure had been hedged with a cash flow hedge instrument that will be activated during the third quarter of 2019.
Pursuant to IFRS 9, the debt is measured at amortised cost and therefore takes account of the costs connected with obtaining the loan.

NOTE 13 – OTHER FINANCIAL LIABILITIES

(€/000)

	6/30/2019	12/31/2018
Other non-current financial liabilities	**85,142**	**-**
Lease liabilities	9,426	-
Earn-out	39,313	-
Put option on non-controlling interests	36,403	-
Other current financial liabilities	**5,816**	**-**
Lease liabilities	5,816	-
Total	**90,958**	**-**

The other financial liabilities consist of the three items indicated in the table above.
The **lease liabilities**, divided into current and non-current components, represent the recognition of the discounted value of lease instalments following the introduction of IFRS 16, as explained in the section on Accounting Policies.
The liability for the **earn-out** is connected with the Altamira acquisition and represents a portion of the Altamira acquisition price that will be defined within two years of the date of the agreement, i.e. at the end of December 2020.
The **put option on non-controlling interests** represents the liability connected with the option to purchase residual non-controlling interests expiring in future years.

NOTE 14 – EMPLOYEE BENEFITS

The following table shows changes in the provision for the TFR termination payment scheme at June 30, 2019 and at December 31, 2018.

(€/000)

	6/30/2019	12/31/2018
Opening balance	**9,577**	**10,360**
Increases	**681**	**164**
- Provisions for the year	77	146
- Other increases	604	18
Decreases	**(309)**	**(947)**
- Benefits paid	(303)	(431)
- Other decreases	(6)	(516)
Final balance	**9,949**	**9,577**

NOTE 15 – PROVISIONS FOR RISKS AND CHARGES

(€/000)

	6/30/2019	12/31/2018
Legal and tax disputes	7,519	7,421
Personnel charges	6,349	9,627
Out-of-court disputes and other provisions	3,819	3,703
Provisions for other commitments and guarantees issued	3	3
Total	**17,690**	**20,754**

The item **legal disputes** primarily reports provisions in respect of the risks of litigation brought against the Group concerning its core activities.
The item **Staff expenses** reports provisions to finance any bonuses not governed by existing agreements or determinable quantification mechanisms and MBO bonuses. The amount of this component also reflects the remuneration policies, which for certain categories of manager envisage changes in the structure of variable remuneration, which provides for deferred amounts and the grant of equity instruments.

The item **Out-of-court disputes and other provisions** mainly reports provisions for risks for which no litigation has currently been undertaken.

(€/000)

	Balance at 1/1/2019	Provisions	Utilisation	Other changes	Balance at 6/30/2019
Legal and tax disputes	7,421	497	(368)	(31)	7,519
Personnel charges	9,627	3,780	(7,067)	9	6,349
Out-of-court disputes and other provisions	3,854	10	(52)	7	3,819
Provisions for other commitments and guarantees issued	3	-	-	-	3
Total	**20,905**	**4,287**	**(7,487)**	**(15)**	**17,690**

The balance at January 1, 2019 includes €151 thousand in respect of the provision for costs to restore office premises, in application of IFRS 16. For more information, see the appropriate part of the section on Accounting Policies.

Risks connected with outstanding litigation

The Group operates in a legal and legislative context that exposes it to a vast range of possible litigation connected with the core business of servicing, loan recovery, potential administrative irregularities and labour litigation.
The associated risks are assessed periodically in order to quantify a specific allocation to the "Provision for risks and charges" whenever an outlay is considered probable or possible on the basis of the information that becomes available, as provided for in the specific internal policies.

NOTE 16 – TRADE PAYABLES

(€/000)

	6/30/2019	12/31/2018
Payables to suppliers for invoices to be received	33,482	15,508
Payables to suppliers for invoices to be paid	7,656	6,340
Total	**41,138**	**21,848**

As with trade receivables, the balance at June 30, 2019 for trade payables has been impacted by the consolidation of Altamira, which accounts for €14.1 million of the total.

NOTE 17 – OTHER CURRENT LIABILITIES

The composition of other current liabilities, which mainly include payables to personnel and related social security contributions, is shown in the following table.
The difference with respect to December 31, 2018 is mainly due to the accrual of the 13th monthly salary payment and termination incentives.

(€/000)

	6/30/2019	12/31/2018
Amounts to be paid to third parties	2,274	219
Amounts due to personnel	12,191	3,828
of which employees	*12,025*	*3,571*
of which members of Board of Directors and Auditors	*166*	*257*
Amounts due to pension and social security institutions	4,526	3,643
Items being processed	3,272	2,363
Other items	3,192	3,699
Accrued expenses / deferred income	359	400
Total	**25,814**	**14,152**

CONSOLIDATED INCOME STATEMENT

NOTE 18 - REVENUE FROM CONTRACTS WITH CUSTOMERS

(€/000)

	6/30/2019	6/30/2018
Services for agency contract operations	54,887	59,066
Servicing for securitisations	43,602	35,895
Total	**98,489**	**94,961**

Revenues from contracts with customers show an overall increase of 4% compared with the first half of 2018, mainly due to collection fees on recoveries on management contracts and from portfolio transfer indemnities, in particular the termination indemnity on the assignment of receivables to the Penelope vehicle.

NOTE 19 – OTHER REVENUES

(€/000)

	6/30/2019	6/30/2018
Administrative Servicing / Corporate Services Provider	7,084	4,036
Information services	2,333	1,735
Recovery of expenses	3,594	3,650
Due diligence	416	807
Other revenues	802	1,023
Total	**14,229**	**11,251**

The item **Other revenue** increased by around 26% compared with the previous period, mainly due to the accrual of income related to administrative services.

NOTE 20 – COSTS FOR SERVICES RENDERED

(€/000)

	6/30/2019	6/30/2018
Costs for management of agency contracts	(7,286)	(8,408)
Costs for services	(47)	(140)
Total	**(7,333)**	**(8,548)**

The item, which reports fee and commission expense payable to the debt collection network, decreased by 14%, mainly in reflection of a decrease in the portfolio assigned on an outsourcing basis.

NOTE 21 – PERSONNEL EXPENSES

(€/000)

	6/30/2019	6/30/2018
Payroll employees	(48,239)	(42,509)
Members of Board of Directors and Board of Auditors	(3,090)	(3,300)
Other personnel	(27)	(606)
Total	**(51,356)**	**(46,415)**

Average number of employees by category

	6/30/2019	6/30/2018
Payroll employees	**1,261**	**1,171**
a) Executives	42	31
b) Managers	514	472
c) Other employees	705	668
Other staff	**9**	**12**
Total	**1,270**	**1,183**

Personnel expenses show an increase of 11% compared with June 30, 2018, mainly due to the increase in the average workforce in the period (+7%), particularly among the executive and management ranks, with a consequent increase in the average cost.
The increase is also due to costs for termination incentives, which in the first half of 2019 amounted to €2.4 million.

NOTE 22 – ADMINISTRATIVE EXPENSES

(€/000)

	6/30/2019	6/30/2018
External consultants	(12,880)	(3,451)
Information Technology	(7,966)	(7,460)
Administrative and logistical services	(1,874)	(880)
Rentals, building maintenance and security	(1,909)	(3,300)
Insurance	(722)	(567)
Indirect taxes and duties	(908)	(1,212)
Postal services, office supplies	(671)	(677)
Indirect personnel expenses	(554)	(655)
Debt collection	(425)	(242)
Utilities	(441)	(591)
Advertising and marketing	(139)	(153)
Other expenses	(102)	(137)
Total	**(28,591)**	**(19,325)**

Administrative expenses increased sharply (+48%) compared with the year-earlier period, mainly reflecting the increase in one-off external consulting costs connected with the Altamira acquisition.

NOTE 23 – DEPRECIATION, AMORTISATION AND IMPAIRMENT

(€/000)

	6/30/2019	6/30/2018
Depreciation of property, plant and equipment	(1,220)	(731)
Amortisation of intangibles	(2,111)	(457)
Financial assets measured at amortised cost	12	22
- of which writedowns	*(27)*	*(12)*
- of which writebacks	*39*	*34*
Total	**(3,319)**	**(1,166)**

Depreciation and amortisation charges were determined on an accruals basis in relation to the estimated useful life of the assets.
The increase recorded in the first half of 2019 over the same period of the previous year primarily reflects the application of the new IFRS 16, with the recognition starting from January 1, 2019, of the rights of use deriving from building and car leases. For more details, see also the Accounting Policies section.

NOTE 24 – PROVISIONS FOR RISKS AND CHARGES

(€/000)

	6/30/2019			6/30/2018		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Litigation	(375)	8	**(367)**	(2,003)	338	**(1,666)**
Employee disputes	(98)	-	**(98)**	(77)	14	**(63)**
Out-of-court disputes	(12)	-	**(12)**	(296)	3,112	**2,816**
Total	**(485)**	**8**	**(477)**	**(2,376)**	**3,464**	**1,087**

The item consists of the operational changes in provisions, with the exception of those for employee benefits (classified under personnel costs), allocated to meet legal and contractual obligations that are presumed will require an outflow of economic resources in subsequent years .
The item shows a negative balance of €477 thousand, compared with a positive balance of €1.1 million in the first half of 2018. This change reflects the significant reallocation of excess provisions from the previous year for a number of disputes that did not go to litigation and were not repeated in the first half of this year. Allocations to provisions decreased substantially (-80%).

NOTE 25 – FINANCIAL (EXPENSE)/INCOME

(€/000)

	6/30/2019	6/30/2018
Income	**354**	**520**
of which financial assets measured through profit or loss	326	475
of which financial assets measured at amortised cost	28	45
Expense	**(1,201)**	**(9)**
of which financial liabilities measured at amortised cost	(1,076)	(9)
Financial assets mandatorily measured at fair value	**669**	**630**
Total	**(178)**	**1,141**

Financial income includes revenues of €326 thousand from the Romeo and Mercuzio securities, whose measurement at fair value pursuant to IFRS 9 resulted in a positive valuation of €669 thousand.
Financial expense is linked to the loan taken out at the end of June for the acquisition of Altamira. This represents fee and commission expenses that have not been included in the measurement of the amortised cost of the financial liability recognised under Loans and other financing.

NOTE 26 – PROFIT (LOSS) OF EQUITY INVESTMENTS

The item makes no contribution to the result for the first half of 2019, unlike the year-earlier period when the value of €340 thousand reflected the equity valuation of the investment in BCC Gestione Crediti S.p.A., which was sold in the third quarter of 2018.

NOTE 27 – INCOME TAX EXPENSE

(€/000)

	6/30/2019	6/30/2018
Current tax expense	(272)	(5,497)
Change in pre-paid taxes	(17,067)	(6,630)
Change in prior-year taxes	(4)	-
Total	**(17,343)**	**(12,127)**

Income taxes for the period amounted to €17.3 million. This mainly reflects:

- the one-off adjustment of €10.8 million of the DTAs of the Parent Company doValue to reflect the new rates for commercial companies used to calculate current taxes;
- the reversal to profit or loss of €3.1 million in excess provisions for current taxes recognised in previous years. For the moment, this reallocation has been limited to provision formed in years no longer assessable by the tax authorities, reserving the right to examine the remaining years in order to proceed with a complete definition of the positions.

INFORMATION ON RISKS AND RISK MANAGEMENT POLICIES

Introduction

The doValue Group adopts specific procedures to manage the risk factors that could impact performance.

The Internal Control and Risk Management System consists of the set of rules, procedures and organisational structures designed to identify, measure and monitor the main risks.

The doValue Group assigns a central role to the Internal Control System, considering it not only a key element in ensuring effective risk management and the alignment of the company's strategies and policies with the principles of sound and prudent management, but also as a prerequisite for the creation of long-term value and for preserving quality.

The adoption of an internal control and risk management system is also consistent with the provisions of the Borsa Italiana Corporate Governance Code, which the Parent Company doValue decided to adopt to after its listing on the Italian regulated market (MTA), in the awareness that one of the crucial elements of the governance of a listed company is precisely its internal control system.

The doValue Group has structured the Internal Control System so as to ensure integration and coordination among the actors within the system, in compliance with the principles of proportionality and cost effectiveness.

The roles of the various actors involved in the internal control system (Board of Directors, Board of Auditors, Risk and Transactions with Connected Persons Committee, Executive Director in charge of the internal control system, Supervisory Body pursuant to Legislative Decree 231/2001, Internal Audit, Financial Reporting Officer and other control functions) and the system guidelines are defined in specific internal rules that set out the corporate governance mechanisms, while the detailed operating instructions and information regarding the controls carried out at the various levels of the company processes are contained in specific policies, rules and internal procedures. This documentation is subject to constant monitoring to ensure updating and/or revisions in order to effectively incorporate regulatory changes and best practice in this field.

As regards the structure of the control units, following completion of the surrender of the Parent Company’s banking license and the cancellation of the Banking Group, we have retained an organisational model that, while taking due account of the change in regulatory status and the specific operations of the various components of the Group, ensures strong overall strategic coordination of the Internal Control System and preserves the specialist skills and expertise acquired. At the same time, these arrangements seek to achieve overall operational rationalisation and greater efficiency and the capacity of the system to meet the Group’s strategic development needs.

FINANCIAL RISKS

Credit risk

Credit risk is defined as the risk for the creditor that a borrower will not discharge a financial obligation at maturity or subsequently, generating a financial loss. For the Company, the main assets exposed to such risk are trade receivables as well as non-performing loans held in our portfolio and deposits held with leading banks and financial institutions.

Trade receivables, which are at very short term and are settled with payment of the related invoice, are essentially attributable to servicing contracts under which the Group companies accrue receivables in respect of their counterparties, who may default due to insolvency, economic events, liquidity shortages, operational deficiencies or other reasons. Positions that are considered on objective grounds to be partly or wholly unenforceable are written down, taking account of any recoverable amounts and the associated date of collection. At June 30, 2019, trade counterparties were represented by banks with high credit standing and vehicle companies established pursuant to the provisions of Law 130/1999.

For a quantitative analysis, please see the notes on trade receivables.

With regard to individual non-performing positions, which regard a marginal number of positions acquired over time, the procedures and tools supporting the activity of the workout units always enable position managers to prepare accurate forecasts of the amounts and timing of expected recoveries on the individual relationships in accordance with the state of progress in the recovery management process. These analytical evaluations take account of all the elements objectively connected with the counterparty and are in any case conducted by the position managers in compliance with the principle of sound and prudent management.

Liquidity risk

The liquidity risk is manifested as the inability to raise, an economically sustainable manner, the financial resources necessary for the Group's operations.

The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investment activities and, on the other, the expiry and renewal characteristics of the debt or liquidity of financial investments and market conditions.

The Group has adopted a series of policies and processes to optimise the management of financial resources, thereby reducing liquidity risk.

The Parent Company doValue identifies and monitors liquidity risk on a current and forward-looking basis. In particular, the prospective assessment takes account of probable developments in the cash flows connected with the Group's business.

One of the main instruments for mitigating liquidity risk is the holding of reserves of liquid assets and revolving credit lines. The liquidity buffer represents the amount of liquid assets held by the Group and readily usable under stress conditions and deemed appropriate in relation to the risk tolerance threshold specified.
Management believes that the funds and credit lines currently available, in addition to the liquidity that will be generated by operations and financing activities, will enable the Group to meet its requirements for investment, working capital management and repayment of debt as it falls due.

Market risk - Interest rate risk

The Group uses external financial resources in the form of debt. Changes in market interest rates impact the cost of the various forms of financing, thus affecting the level of the Group's net financial expense.

Securitisations

On September 30, 2016, the assignment of the non-performing portfolio of the Parent company, doValue, to the securitisation vehicle Romeo SPV Srl ("Romeo") was finalised. Romeo was established pursuant to Law 130/1999. Subsequently, during the second quarter of 2017, the unsecured portion of the portfolio was transferred to the vehicle Mercuzio Securitisation S.r.l. ("Mercutio") and at the same time the issue of ABSs by both the SPVs was completed with a single tranche of securities.

As originator, doValue has subscribed a nominal amount of notes equal to 5% of the total securities issued in order to comply with the provisions of the retention rule referred to in Regulation (EU) 575/2013 (the CRR).

In both operations, doValue plays the role of Servicer and Administrative Services Provider.

OPERATIONAL RISK

Operational risk is the risk of incurring losses due to the inadequacy or the failure of procedures, human resources and internal systems, or to external events. This includes, among other things, losses from fraud, human error, the interruption of operations, system unavailability, contractual breaches and natural disasters. Operational risks includes legal risk, while strategic and reputational risks are not included.

In order to equip the Group with a comprehensive set of principles and rules to ensure appropriate management, the method adopted by the Group envisages:

- the identification and assessment of the operational risk inherent in every product, activity, process and system;
- the periodic monitoring of operational risk profiles and exposures to significant losses;
- specific strategies, policies, processes and procedures to control and/or mitigate significant operational risks.

With regard to organisational aspects, the doValue Group has established the Operational Risk Management unit, which is charged with monitoring the operation of the operational risk management system (including IT risk), verifying compliance and the adequacy of the system and implementing risk governance policies. In this regard, the unit has adopted a model based on principles of proportionality and efficiency, consistent with the approach outlined in the broader doValue Control System.

The governance structure for operational risks envisages not only the direct involvement of senior management but also an Operational Risks Committee, which is responsible for doValue and for issues affecting the entire Group, proposing measures to address the risks detected, examining operational risk reports, recommending control procedures and limits on operational risks and monitoring risk mitigation actions.

In order to manage operational risks, the doValue Group has implemented a structured set of processes, functions and resources dedicated to:

- the collection, registration and monitoring of operational risk reports from workout units and other company structures and the preparation of the associated reporting flows;
- the collection of internal loss data;
- the determination and calculation of risk indicators.

With regard to the latter process, risk indicators are a forward-looking component that promptly reflects improvements or deteriorations in the risk profile as a result of changes in operating segments, in human resources, technological and organisational resources as well as in the internal control system. In this regard, specific risk indicators have been created which are monitored on a monthly basis and compared with the previous month to justify any positive or negative changes in order to highlight any risks in corporate processes, as well as an action plan for indicators that do not fall within the specified range.

Finally, the Parent Company, doValue, has set up a reporting system that ensures timely reporting on operational risks to the corporate bodies and to the managers of the organisational units involved. The frequency and content of reporting is consistent with the level of risk and varies depending on the recipient and the intended use of the information.

With regard to IT risk, defined as the risk of incurring financial losses, reputational harm or loss of market share as a result of breaches of confidentiality, integrity, availability, execution of unauthorised transactions or the non-traceability of information, the doValue Group adopts an integrated representation of business risks in which IT risk is considered as a component of operational risks.

BUSINESS COMBINATIONS

BUSINESS COMBINATIONS COMPLETED IN THE PERIOD

This section provides detailed information on business combinations involving companies or business units undertaken with counterparties outside the Group, which are accounted for using the purchase method as provided for under IFRS 3 "Business combinations".

Business combinations involving companies or business units already controlled directly or indirectly by doValue as part of the Group's internal reorganisations are also reported here. These transactions, which do not have economic substance, are accounted for in the financial statements of the seller and the buyer on a predecessor value basis.

External and internal business combinations

The following business combinations with companies external to the Group were carried out in the first half of 2019.

Altamira

On June 27, 2019 the Group acquired 85% of the voting shares of Altamira Asset Management S.A. (Altamira), one of the leading servicers of non-performing loans and real estate assets, with a presence in Spain, Portugal, Cyprus and Greece. The combination of doValue and Altamira creates the leader in the credit servicing sector in Southern Europe, with over €650 billion in non-performing assets and attracting strong interest from international investors.
The provisional fair value of Altamira assets and liabilities at the acquisition date was: [1]

(€/000)

	Fair value recognised in acquisition*
ASSETS	
NON-CURRENT ASSETS	
Intangible assets	305,926
of which servicing contracts	*251,863*
of which software, brands and patents	*54,063*
Property, plant and equipment	7,638
Investments in associates and joint ventures	-
Non-current financial assets	-
Deferred tax assets	11,822
	325,386
CURRENT ASSETS	
Inventories	-
Current financial assets	-
Trade receivables	92,528
Tax assets	-
Other current assets	1,917
Cash and cash equivalents	45,315
	139,760
TOTAL ASSETS	**465,146**

[1] The initial consolidation values are those at June 30, 2019, given the proximity of the closing to the end of the period adn the fact that in this brief period of time no significant events occurred that would have modified the fair value of the assets and liabilities indicated.

(€/000)

LIABILITIES	Fair value recognised in acquisition*
NON-CURRENT LIABILITIES	
Loans and other financing	144,708
Other non-current financial liabilities	1,885
Employee benefits	-
Provisions for risks and charges	-
Deferred tax liabilities	46,664
	193,257
CURRENT LIABILITIES	
Loans and other financing	40,155
Other current financial liabilities	3,075
Trade payables	14,088
Tax payables	11,853
Other current liabilities	10,024
	79,195
TOTAL LIABILITIES	**272,452**
TOTALE NET IDENTIFIABLE ASSETS AT FAIR VALUE	**192,694**
Non-controlling interests measured at fair value	**(28,904)**
Goodwill arising from acquisition (provisional)*	**96,532**
ACQUISITION PRICE	**260,322**
Earn-out	(39,306)
ACQUISITION PRICE PAID	**221,016**

(*) The valuation of the fair value of the net assets is provisional and could be corrected subsequently with an adjustment corresponding to goodwill prior to June 27, 2020 (within one year of the transaction date).

The Earn-out is recognised at fair value under other financial liabilities, as described in Note 13.

(€/000)

Breakdown of acquisition cash flows	
Net liquidity acquired with the subsidiary	45,315
Price paid	(221,015)
Net acquisition cash flows	**(175,700)**
Refinancing of subsidiary's debt	(184,863)
Total acquisition cash flows	**(360,563)**

At the acquisition date, the provisional fair value of the intangible assets represented by the Altamira servicing contracts amounted to €251.9 million, while the related carrying amount was €215.5 million. The difference between the provisional fair value and the book value is the result of the valuation performed using the "Multi-period Excess Earnings method" (MEEM), which discounts the value of the net cash flows specifically attributable to these active contracts.

In consideration of the fact that the date of acquisition of Altamira occurred at the end of the period, it did not contribute to the net profit of the Group. Please see the Interim Directors' Management Report for the financial effects of the acquisition if this had occurred at the beginning of the year.

Transaction costs of €9.1 million were charged to the consolidated income statement under administrative expenses.

doValue Hellas

On April 19, 2019, a new subsidiary was established in Greece. The process involved a number of steps: the first was the acquisition of 100% of the shares of a non-operational but licensed local servicer at a price of €488 thousand, followed by the transfer to the latter of all assets, liabilities and contracts of the doValue Hellas branch, which was simultaneously closed.
The acquisition of the company represented an external business combination, with the recognition of goodwill of €435 thousand.
The transfer of assets and liabilities to the latter represented an internal business combination and therefore all the related effects have been cancelled as part of the consolidation process.
In particular, the transferred assets and liabilities were measured with a fair value valuation of the assets involved in the transaction by an independent third party, which identified the value of the Solar contract entered into with the 4 Greek banks in an amount of €1.1 million, which was eliminated for consolidation purposes.

Internal business combinations

In addition to the transfer of assets and liabilities between the doValue branch Hellas and the company doValue Hellas, no further internal business combinations were completed in the first half of the year.
However, starting from January 1, 2019 the following transactions discussed in the 2018 consolidated financial statements took effect:
• the partial demerger of Italfondiario assets, representing the special servicer operations incorporating the entire loan portfolio managed by Italfondiario, to doValue;
• the contribution to Italfondiario S.p.A. of the doValue unit responsible for master servicing activities and providing support to securitisation vehicles in cash management and corporate servicer activities.
These operations did not have an impact on the consolidated financial statements.

BUSINESS COMBINATIONS COMPLETED AFTER THE END OF PERIOD

After June 30, 2019, the doValue Group carried out an internal business combination involving the contribution to Italfondiario of the doValue business unit "UTP operations".
This operation will take effect from August 1, 2019 and have no impact on the consolidated financial statements.

RETROSPECTIVE ADJUSTMENTS

In the first half of 2019, no retrospective adjustments were made to business combinations carried out in previous years.

RELATED-PARTY TRANSACTIONS

INTRODUCTION

The provisions of IAS 24 apply for the purposes of disclosures on related parties. That standard defines the concept of related party and identifies the relationship between related parties and the entity preparing the financial statements.

Pursuant to IAS 24, significant related parties for the doValue Group include:

- the Parent Company;
- associates, joint ventures and their subsidiaries;
- key management personnel;
- close family members of key management personnel and companies controlled, including jointly, by key management personnel or their close family.

In compliance with Consob Resolution no. 17221 of March 12, 2010, doValue has adopted the "doValue Group procedure for the management of transactions with connected persons and related parties and transactions conducted in situations of conflict of interest", published on the corporate website of doValue (www.doValue.it/en), which defines the principles and rules for managing the risk associated with situations of possible conflict of interest engendered by the proximity of certain parties to decision-making centres.

To manage transactions with related parties, doValue has established a Risks and Related Party Transactions Committee – composed of two independent directors and a non-executive director – which is charged with the task of issuing reasoned opinions reasoned opinions to the Board of Directors regarding transactions with related parties in the cases governed by the procedure.

Related-party transactions

The following reports information on transactions with related parties pursuant to IAS 24.

During the period, low-value transactions with related parties of an ordinary nature and lesser importance were carried out, mainly attributable to contracts for the provision of services.
All transactions with related parties carried out in the first half of 2019 were concluded in the interest of the Group and on market or standard conditions.

The following table shows the assets, liabilities and guarantees and commitments outstanding at June 30, 2019, with separate indication for the various types of related parties pursuant to IAS 24.

(€/000)

	6/30/2019						
	Parent Company	Unconsolidated subsidiaries	Associates	Joint ventures	Key management	Other related parties	Total
Trade receivables	-	-	-	-	-	423	423
Total assets	-	**-**	**-**	**-**	**-**	**423**	**423**
Trade payables	-	-	-	-	-	15	15
Total liabilities	**-**	**-**	**-**	**-**	**-**	**15**	**15**

(€/000)

	6/30/2019						
	Parent Company	Unconsolidated Subsidiaries	Associates	Joint Ventures	Key management	Other related parties	Total
Revenue from contracts with customers	-	-	-	-	-	211	211
Other revenue	-	-	-	-	-	112	112
Total	**-**	**-**	**-**	**-**	**-**	**323**	**323**

With 50.1% of the shares, the **ultimate parent company** is Avio S.à r.l., a company incorporated under Luxembourg law that is jointly owned by the Fortress Group (since December 2017 acquired by Softbank Group Corp.) and Eurocastle Investment.
The majority shareholder does not exercise any management or coordination powers over doValue pursuant to Art. 2497 et seq. of the Civil Code.

CERTIFICATIONS ON THE CONSOLIDATED HALF-YEAR REPORT AT JUNE 30, 2019

Consolidated Half-Yearly Financial Statements Certification pursuant to art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned

- Mr. Andrea Mangoni, in his capacity as Chief Executive Officer (CEO);
- Mrs. Elena Gottardo, as the Financial Reporting Officer with preparing the financial reports of doValue S.p.A.;

of also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, do hereby certify:

- the adequacy in relation to the Legal Entity's features and
- the actual application of the administrative and accounting procedures employed to draw up the to draw up the 2019 Consolidated Half-Yearly Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2019 Consolidated Half-Yearly Financial Statements has been evaluated by applying a model developed by doValue SpA, in accordance with "Internal Control - Integrated Framework (CoSO)" and with the "Control Objective" for IT and Related Technologies (Cobit) ", which represent reference standards for the internal control system and for financial reporting, generally accepted internationally.

3. The undersigned also certify that:

3.1. the 2019 Consolidated Half-Yearly Financial Statements:

a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;

b) correspond to the results of the accounting books and records;

c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;

3.2 the interim management report contains at least references to the important events that occurred in the first six months of the year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. For issuers of listed shares with Italy as the home Member State, the interim management report also contains information on significant transactions with related parties.

Roma, August 02, 2019

Andrea Mangoni

Chief Executive Officer

Elena Gottardo

Financial Reporting Officer

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Building a better working world

Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
doValue S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet as of June 30, 2019, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flows for the period then ended and the related explanatory notes, of doValue S.p.A. and its subsidiaries (the "doValue Group"). The Directors of doValue S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of doValue Group as of June 30, 2019 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, August 2, 2019

EY S.p.A.
Signed by: Marco Bozzola, Partner

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

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Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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