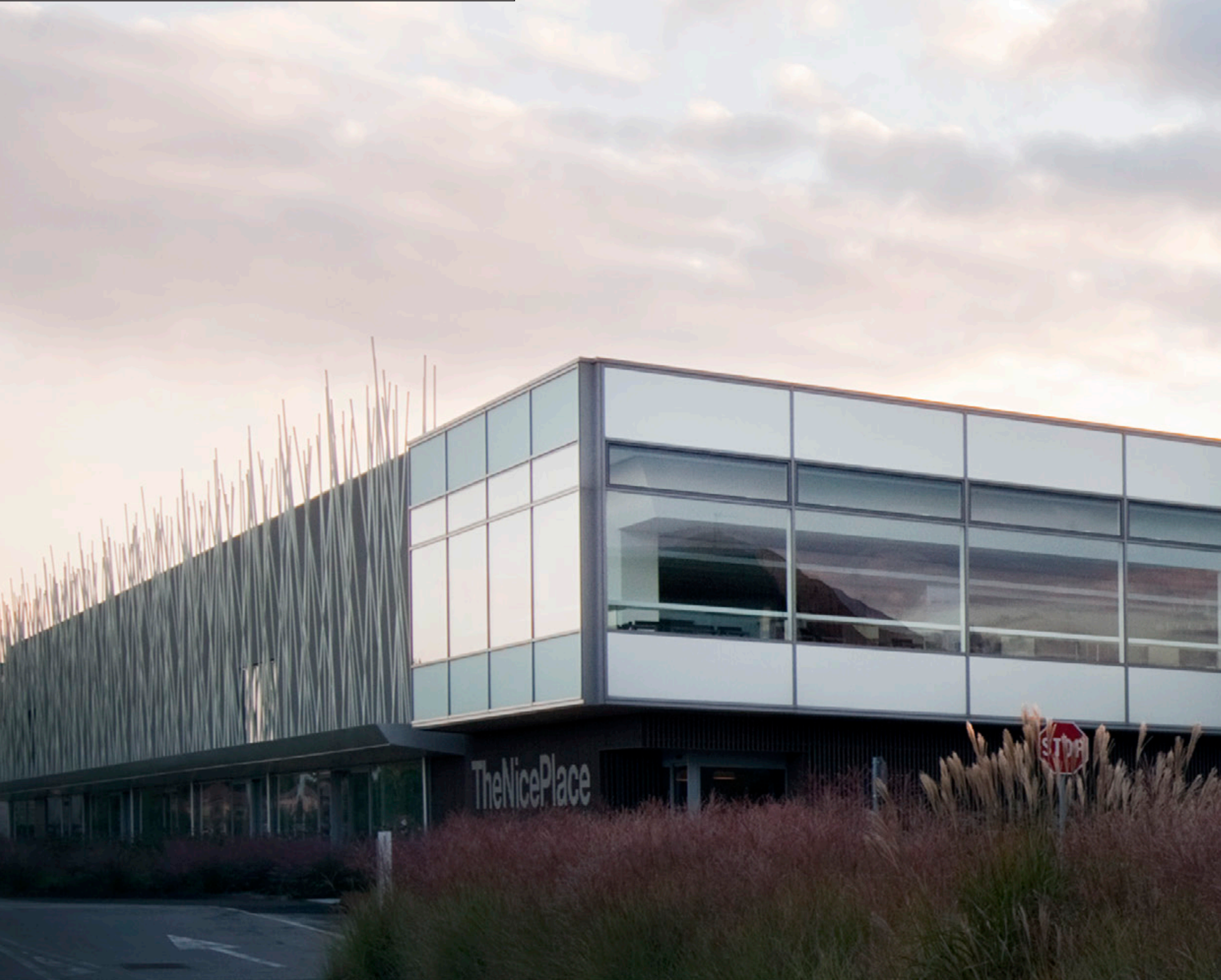
NICE S.P.A.

HALF-YEAR FINANCIAL REPORT AS OF JUNE 30, 2016

TheNiceGroup



Nice S.p.A.

Half-Year Financial Report

As at

30 June 2016

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General Information

Corporate bodies and information

Board of Directors

Lauro Buoro (*)	Chairman of the Board of Directors
Roberto Griffa (*)	Chief Executive Officer
Denise Cimolai (*)	Director
Emanuela Paola Banfi	Independent director
Giorgio Zanutto (*)	Director
Lorenzo Galberti (*)	Director
Antonio Bortuzzo	Independent director
Chiara Mio (**)	Director

(*) Powers and assignments for ordinary and extraordinary management within the limits established by the law and the Articles of Association and in compliance with the prerogatives reserved for the Shareholders' Meeting and Board of Directors, as per the Board of Directors' resolution of 22 April 2016.

(**) Functional powers, within the limits of the law and the Articles of Association and without prejudice to the powers of the Shareholders' Meeting and the Board of Directors, in accordance with the resolution of the Board of Directors of 13 May 2016.

Board of Statutory Auditors

Giuliano Saccardi	Chairman of the Board of Statutory Auditors
Monica Berna	Standing Statutory Auditor
Enzo Dalla Riva	Standing Statutory Auditor
David Moro	Alternate Statutory Auditor
Manuela Salvestrin	Alternate Statutory Auditor

Audit and Risk Committee

Antonio Bortuzzo
Emanuela Paola Banfi

Remuneration Committee

Antonio Bortuzzo
Emanuela Paola Banfi

Independent Auditors

BDO Italia S.p.A.

Registered office and corporate details

Nice S.p.A.
Via Pezza Alta, 13 - Z.I. Rustignè
I-31046 Oderzo (TV), Italy
Ph: +39 0422 853838
Fax: +39 0422 853585
Share capital: Euro 11,600,000.00 fully paid in
Tax code 02717060277
VAT no. 03099360269
www.niceforyou.com

Investor Relations

Nicola Biondo
e-mail: ir@niceforyou.com
Ph: +39 0422 505468

Report on Operations

Economic and financial highlights of Nice Group

Income statement (Thousands of Euro)	1H 2016	%	1H 2015	%	Δ %
Revenues	150,158	100.0%	142,606	100.0%	5.3%
Gross profit	80,624	53.7%	78,519	55.1%	2.7%
EBITDA	22,553	15.0%	20,905	14.7%	7.9%
Operating profit (EBIT)	11,339	7.6%	16,877	11.8%	-32.8%
Operating profit (EBIT) adjusted (*)	**18,145**	**12.1%**			
Net profit	4,808	3.2%	6,964	4.9%	-31.0%
Net profit/loss adjusted (*)	**9,747**	**6.5%**			
Group net profit	4,723	3.1%	6,919	4.9%	-31.7%
Group net profit/loss adjusted (*)	***9,662***	**6.4%**			

(*) The adjustment referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that houses FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact, as described in the Explanatory Notes.

Statement of Financial Position (Thousands of Euro)	30/06/2016	31/12/2015
Net working capital	77,617	75,809
Fixed assets and other non-current assets	146,154	141,778
Non-current liabilities	(14,572)	(15,535)
Net invested capital	**209,199**	**202,053**
Net financial position	4,465	(541)
- of which cash and cash equivalents	*(57,954)*	*(65,090)*
- of which financial assets	*(4,739)*	*(4,497)*
- of which financial liabilities	*67,158*	*69,045*
Shareholders' Equity	204,734	202,594
Total financing sources	**209,199**	**202,053**

Statement of Cash Flows (Thousands of Euro)	1H 2016	1H 2015
Cash flow from operating activity	13,872	8,425
Cash flow used in investing activities	(10,739)	(4,627)
Free Operating Cash Flow	3,133	3,798
Acquisitions	0	(9,890)
Free Cash Flow	*3,133*	*(6,092)*
Cash flow used in financing activities	(9,848)	(2,024)
Effect of exchange-rate changes on cash and cash equivalents	(422)	293
Cash flow of the period	*(7,136)*	*(7,823)*
Cash and cash equivalents at the beginning of the period	**65,090**	**61,978**
Cash and cash equivalents at the end of the period	**57,954**	**54,155**

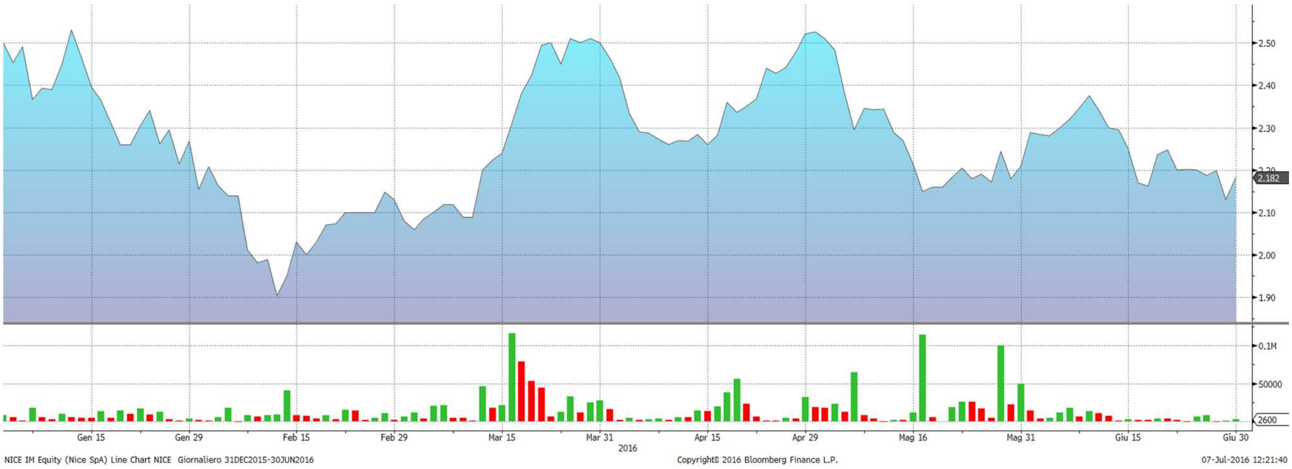
The alternative performance measures are not compliant with the accounting standards used in preparing the audited financial statements and can dispense with the recognition, measurement and presentation requirements in said standards. Here below are the Alternative Performance Measures:

- ‘Gross Profit’ is defined as the difference between revenue and the cost of goods sold (consisting of the sub-items purchase of basic components, outsourced processing, and change in inventories).

- ‘EBITDA’ represents net profit before depreciation & amortisation, impairment, finance income & expenses, and taxes.
- ‘Net working capital’ is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (due within 12 months) and other current liabilities.
- ‘Net capital invested’ is defined as the algebraic sum of Net working capital (as defined above), fixed assets, other non-current assets and non-current liabilities (the latter net of medium-/long-term loans).
- ‘Free cash flow’ Flow is defined as the sum of cash flows from/(used in) operating activities and cash flows from/(used in) investing activities.

Share performance

The share performance of Nice stock during the first half of 2016 is shown below.



As at 30 June 2016, Nice stock registered a per-share price of Euro € 2.18 and the corresponding market capitalisation was Euro 253,112,000.

The following table summarises the main share and stock market data for the first half of 2016 (source: Bloomberg):

Share and stock market data	**1H 2016**
Price as at 30/06/2016	€ 2.18
Maximum price in HY 2016 (04/05/2016)	€ 2.56
Minimum price in HY 2016 (11/02/2016)	€ 1.90
Market capitalisation as at 30/06/2016	253,112,000
Average no. of outstanding shares	110,664,000
No. of common shares	116,000,000

Control of the Company

As at 30 June 2016, Nice Group S.p.A. directly controlled 69.72% of Nice S.p.A.'s share capital. Nice Group S.p.A., with registered office in Oderzo (Province of Treviso) – Italy, is a holding company owned by Lauro Buoro (68.42%). The remaining 31.58% is held by Nice Group S.p.A. itself in the form of treasury shares.

The financial statements of Nice Group S.p.A. are available at the registered office in Via Pezza Alta no. 13 - Oderzo (Province of Treviso).

The financial statements of Nice S.p.A. are available on the website www.niceforyou.com, in the Investor Relations section.

Shares owned by directors and statutory auditors

As at 30 June 2016, directors and statutory auditors directly or indirectly held a total of 87,371,983 Nice S.p.A. shares, broken down as follows:

Full name	No. of shares held as at 01/01/2016	No. of shares bought in 1H 2016	No. of shares held as at 30/06/2016	Nature of possession
Lauro Buoro - through Nice Group SpA	80,879,583	0	80,879,583	owned
Lauro Buoro - Nice SpA treasury shares	5,336,000	0	5,336,000	owned
Lorenzo Galberti	1,144,400	0	1,144,400	owned
Giorgio Zanutto	7,000	0	7,000	owned
Denise Cimolai	5,000	0	5,000	owned
Total	**87,371,983**	**0**	**87,371,983**	

Transactions with related parties

Nice S.p.A. is indirectly controlled by the Italian company Nice Group S.p.A.

The Group's transactions with related parties are the following:

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme.
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A.;
- Nice Real Estate SRL: financial receivable due from Nice Real Estate SRL and property lease to S.C. Nice Romania S.A.;
- Dorado Srl: a company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease to Silentron S.p.A.;
- Companies owned by the non-controlling interests of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fly Nice: consortium set up by Nice S.p.A. and other companies controlled by Lauro Buoro. It provides air transport services to the consortium members;
- New Real: leasing of a property to Nice France S.a.S.. Mr. Lauro Buoro, who is also the Chairman of Nice S.p.A., and one of the Group's directors have an interest in this company.

Sales and purchases among related parties take place at arm's length. Balances outstanding as at the reporting date are unsecured, non-interest bearing and settled in cash. No guarantees have been given or received for receivables from or payables to related parties.

Regarding the economic and financial transactions with related parties that took place during the first half of 2016, please refer to the details reported in the explanatory notes.

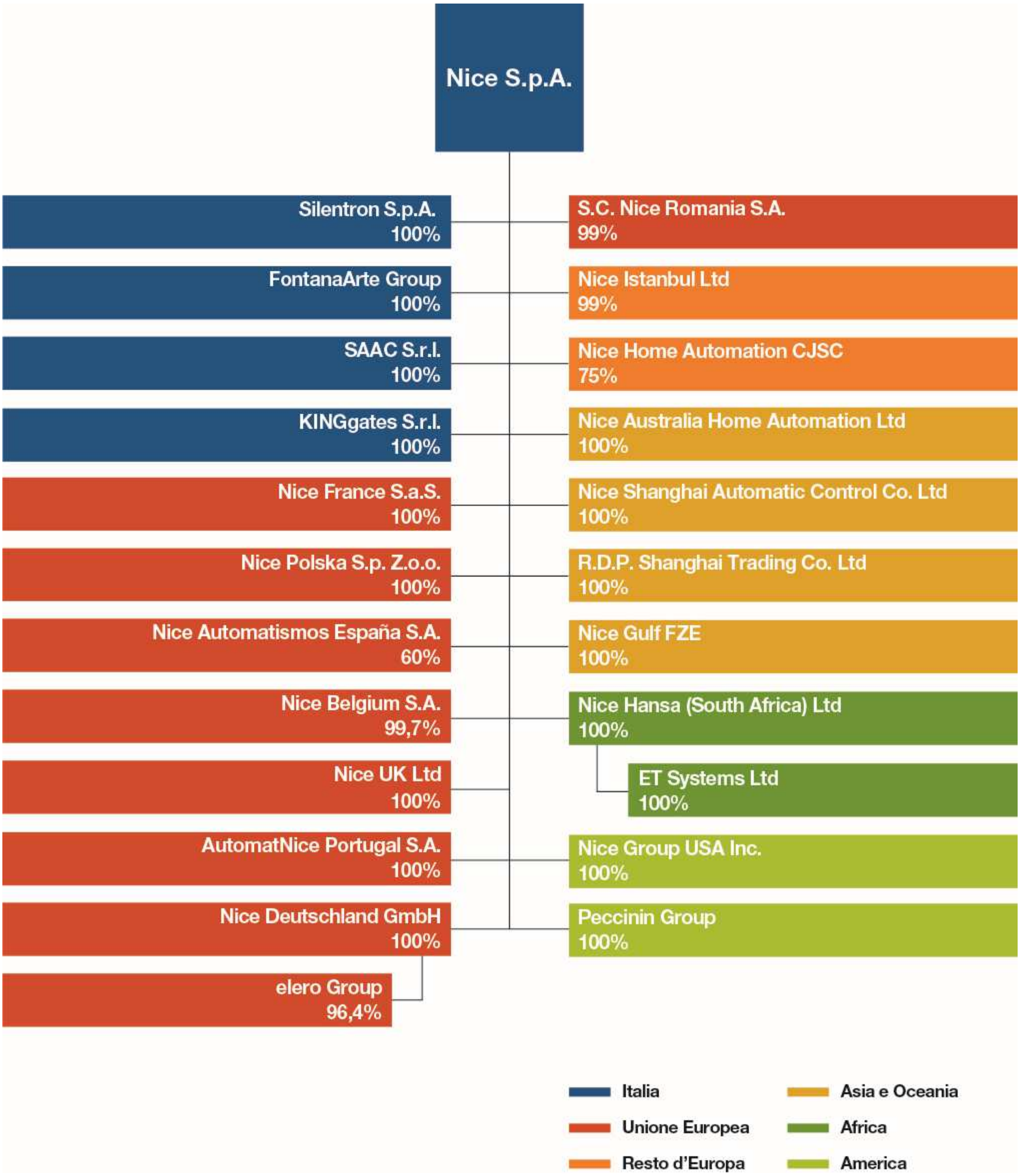
Group business description

Nice's business is the design, production and marketing of Home Automation systems. These systems provide automation of gates for residential, commercial and industrial buildings, garage doors and road barriers, and of awnings, rolling shutters, solar screens and alarm systems. The various systems can be integrated and controlled by means of a single radio control unit. The Group operates in the lighting industry with the brand FontanaArte.

Group structure

The following chart presents Nice Group's corporate structure as at 30 June 2016. The Group operates via 33 companies, detailed in the attachments, located as follows:

- *Italy*: Nice S.p.A., Silentron S.p.A., Saac S.r.l., FontanaArte S.p.A., King Gates Srl;
- *European Union:* Nice France Sas, Nice Automatismos Espana S.A., Nice UK Ltd, Nice Belgium S.A., Nice Polska S.p. Z.o.o., Nice Deutschland Gmbh, S.C. Nice Romania S.A., AutomatNice Portugal S.A., elero GmbH, elero AB, FontanaArte France S.a.S., King Gates France SAS;
- *Rest of Europe:* Nice Istanbul Ltd, Nice Home Automation CJSC;
- *Asia and Oceania:* Nice Shanghai Automatic Control Ltd, R.D.P. Shanghai Trading Ltd, Nice Australia Home Automation Ltd, FontanaArte Trading Co. Ltd, elero Motors & Controls Pvt. Ltd., elero Singapore Pte. Ltd., Nice Gulf FZE;
- *Americas:* Nice Group USA Inc., FontanaArte Corp., Peccinin Portoes Automaticos Industrial Ltda, Genno Tecnologia LTDA, Omegaport Equipamentos de Seguranca LTDA;
- *Africa:* ET Nice (PTY) LTD, ET Systems (Pty) Ltd.


Nice S.p.A.
Silentron S.p.A. 100%
FontanaArte Group 100%
SAAC S.r.l. 100%
KINGgates S.r.l. 100%
Nice France S.a.S. 100%
Nice Polska S.p. Z.o.o. 100%
Nice Automatismos España S.A. 60%
Nice Belgium S.A. 99,7%
Nice UK Ltd 100%
AutomatNice Portugal S.A. 100%
Nice Deutschland GmbH 100%
elero Group 96,4%
S.C. Nice Romania S.A. 99%
Nice Istanbul Ltd 99%
Nice Home Automation CJSC 75%
Nice Australia Home Automation Ltd 100%
Nice Shanghai Automatic Control Co. Ltd 100%
R.D.P. Shanghai Trading Co. Ltd 100%
Nice Gulf FZE 100%
Nice Hansa (South Africa) Ltd 100%
ET Systems Ltd 100%
Nice Group USA Inc. 100%
Peccinin Group 100%
Italia
Unione Europea
Resto d'Europa
Asia e Oceania
Africa
America

Comments on economic and financial results

Operating performance – Group economic results

Following is the 1H 2016 income statement reclassified according to Nice Group's management scheme, including a comparison with the previous year:

(Thousands of Euro)	1H 2016	%	1H 2015	%	Δ %
Revenues	**150,158**	**100.0%**	**142,606**	**100.0%**	**5.3%**
Cost of goods sold	(69,534)	-46.3%	(64,087)	-44.9%	
Gross Profit	**80,624**	**53.7%**	**78,519**	**55.1%**	**2.7%**
Industrial costs	(4,975)	-3.3%	(4,690)	-3.3%	
Marketing costs	(4,322)	-2.9%	(5,232)	-3.7%	
Trade costs	(7,535)	-5.0%	(7,132)	-5.0%	
General costs	(12,771)	-8.5%	(12,758)	-8.9%	
Personnel costs	(28,468)	-19.0%	(27,802)	-19.5%	
Total Operating Costs	**(58,071)**	**-38.7%**	**(57,614)**	**-40.4%**	**0.8%**
EBITDA	**22,553**	**15.0%**	**20,905**	**14.7%**	**7.9%**
Depreciation and amortisation	(11,214)	-7.5%	(4,028)	-2.8%	
EBIT	**11,339**	**7.6%**	**16,877**	**11.8%**	**-32.8%**
EBIT adjusted	***18,145***	***12.1%***	***16,877***	***11.8%***	***7.5%***
Financial management and other costs	(1,617)	-1.1%	(1,644)	-1.2%	
Pre-tax profit	**9,722**	**6.5%**	**15,233**	**10.7%**	**-36.2%**
Taxes	(4,914)	-3.3%	(8,269)	-5.8%	
Net profit	**4,808**	**3.2%**	**6,964**	**4.9%**	**-31.0%**
Net profit/loss adjusted	***9,747***	***6.5%***	***6,964***	***4.9%***	***40.0%***
Profit/Loss attributable to non-controlling interests	85	0.1%	45	0.0%	
Group net profit	**4,723**	**3.1%**	**6,919**	**4.9%**	**-31.7%**
Group net profit/loss adjusted	***9,662***	***6.4%***	***6,919***	***4.9%***	***39.6%***
Tax rate	*50.5%*		*54.3%*		

Pursuant to Consob Communication n. DEM/6064293 of 28 July 2006, it is pointed out that alternative Performance indicators have been defined in the paragraph 'Economic and financial highlights of Nice Group' of this report.

Non-recurring expenses

	1H 2016		
(Thousands of Euro)	**EBIT**	**Net profit**	**Group net profit**
Profit and Loss indicators	***11,339***	***4,808***	***4,723***
Impairment of trademarks	4,806	4,806	4,806
Impairment of fixed assets	2,000	2,000	2,000
Fiscal impact on non-recurring expenses	0	(1,866)	(1,866)
Profit and Loss Indicators before non-recurring expenses	***18,145***	***9,747***	***9,662***

"Non-recurring expenses" means expenses not related to day-to-day operations. In the first half of 2016, the Group incurred Euro 4.9 million in non-recurring expenses referring to the change in the measurement of a building complex and the net assets of the lighting business from value in use to estimated realisable value.
As at 30 June 2016, EBIT amounted to Euro 11.3 million, compared to Euro 18.1 million in operating profit before non-recurring expenses. The adjustment referred to the exclusion of the Euro 4.8 million impairment loss on the FontanaArte trademark as well as the Euro 2.0 million impairment loss on the building that houses FontanaArte's operations, as this will probably be reclassified to investment property no longer used in the Group's operations. This required measurement of the asset at fair value, rather than value in use.
The Group net profit, totalling Euro 4.7 million as at 30 June 2016, included the Euro 1.9 million tax impact deriving from the impairment losses. The Group net profit before non-recurring expenses was Euro 9.7 million.

Consolidated Revenue

Nice Group sales in the first half of 2016 totalled Euro 150.2 million, growing by 5.3% at current exchange rates and by 9,8% at constant exchange rates from the prior-year period, as business grew across all markets.
The following chart shows the geographical revenue breakdown:

(Thousands of Euro)	1H 2016	%	1H 2015	%	Δ %	Δ % (2)
France	23,649	15.7%	21,876	15.3%	8.1%	8.1%
Italy	20,367	13.6%	19,022	13.3%	7.1%	7.1%
Europe 15 (1)	43,991	29.3%	39,802	27.9%	10.5%	10.9%
Rest of Europe	26,001	17.3%	24,358	17.1%	6.7%	12.4%
Rest of the world	36,150	24.1%	37,548	26.3%	-3.7%	9.2%
Total Revenues	**150,158**	**100.0%**	**142,606**	**100.0%**	**5.3%**	**9.8%**

([1]) Excluding France and Italy *([2]) at constant exchange rates*

In the first half of 2016, sales in France, accounting for 15.7% of the Group's sales, amounted to Euro 23.6 million, up 8.1% from the prior-year period. There, sales grew double-digit in the second quarter of 2016.

Sales in Italy totalled Euro 20.4 million, up 7.1% from the prior-year period, and rose double-digit over the last three months there as well.

Sales in Europe-15 in the first half of 2016 amounted to Euro 44.0 million, up 10.5% at current exchange rates and 10.9% at constant exchange rates compared to the prior-year period.

In the first six months of the year, sales in the Rest of Europe totalled Euro 26.0 million, rising 6.7% at current exchange rates and 12.4% at constant exchange rates compared to the first half of 2015.

The Rest of the World, accounting for 24.1% of Group sales, was down 3.7% at current exchange rates and up 9.2% at constant exchange rates, posting Euro 36.1 million in sales.

Profitability Indicators

Gross profit (calculated as the difference between revenue and cost of goods sold) in the first half of 2016 totalled Euro 80.6 million, growing by 2.7% compared to Euro 78.5 million in the the prior-year period and amounted to 53.7% as a percentage of sales, compared to 55.1% in the first half of 2015.

EBITDA in the first half of 2016 totalled Euro 22.6 million with a margin of 15.0% compared to Euro a 20.9 million and a 14.7% margin in the prior-year period.

In the first half of 2016, the Group reported a Euro 1.6 million net loss from financing activities, in line with the prior-year period.

The Group net profit, totalling Euro 4.7 million in the first half of 2016, included the Euro 4.8 million impairment loss on the FontanaArte trademark and the Euro 2.0 million impairment loss on the building that houses FontanaArte's operations, with the relative Euro 1.9 million tax impact.
The Group net profit adjusted was Euro 9.7 million, compared to Euro 6.9 million in the first half of 2015.

Operating performance – Financial position

As at 30 June 2016, net working capital amounted to Euro 77.6 million, compared to Euro 75.8 million as at 31 December 2015, showing an improvement compared to Euro 80,6 million as at 30 June 2015, primarily due to a decrease in receivables.

The table below sets forth some data related to the Group cash flows:

(Thousands of Euro)	**1H 2016**	**1H 2015**
Net profit	4,808	6,964
Amortisation, depreciation and other non-monetary changes	10,289	5,210
Changes in Net Working Capital	(1,225)	(3,749)
Cash flow from operating activity	**13,872**	**8,426**
Investments	(10,739)	(4,626)
Free Operating Cash Flow	**3,133**	**3,800**
Acquisitions	-	(9,890)
Free cash flow	**3,133**	**(6,090)**
Net financial position of acquired companies	-	986
Residual debt for acquisitions	-	(5,558)
Payment of dividends	(7,780)	(5,257)
Other changes	(359)	(1,873)
Sub-total	**(8,139)**	**(11,702)**
Changes in the net financial position	**(5,007)**	**(17,792)**
Opening net financial position	**541**	**11,555**
Closing net financial position	**(4,465)**	**(6,237)**

The Group's net financial position is equal to Euro -4.5 million million compared to Euro -6.2 as at 30 June 2015 and compared to Euro +541 thousands as at 31 December 2015. In the first half of 2016, changes in the net financial position include the payment of dividends of Euro 7.8 million approved by the Shareholders' Meeting of 22 April 2016, compared to 5.2 million paid in the first half of 2015.

Following is the Group's net financial position as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	30/06/2016	31/12/2015
A. Cash	38	25
B. Other cash equivalents	57,916	65,065
D. Liquidity (A) + (B) + (C)	**57,954**	**65,090**
E. Current finance receivables	1,225	984
F. Current bank loans	(418)	(695)
G. Current portion of non-current debt	(5,000)	(6,700)
H. Other current finance payables	(207)	(141)
I. Current financial debt (F) + (G) + (H)	**(5,626)**	**(7,536)**
J. Net current financial debt (I) + (E) + (D)	**53,554**	**58,538**
Non-current finance receivables (*)	3,514	**3,513**
K. Non-current bank loans	(60,219)	(60,206)
M. Other non-current payables	(1,313)	(1,304)
N. Non-current financial debt (K) + (L) + (M) (**)	**(58,019)**	**(57,997)**
O. Net financial debt (J) + (N)	**(4,465)**	**541**

(*) Non-current finance receivables are included in the item 'Other non-current assets' of the 'Consolidated statement of financial position'.

(**) Non-current financial debt includes also non-current finance receivables.

The table below sets forth the reconciliation statement between Nice S.p.A. shareholders' equity and net profit with the corresponding consolidated shareholders' equity and net profit as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	Shareholders' equity 30/06/2016	Net income 1H 2016	Shareholders' equity 31/12/2015	Net income 2015
Shareholders' equity and net profit as reported in the Parent company's financial statements	**223,821**	**6,407**	**225,193**	**16,299**
Derecognition of the carrying value of consolidated equity investments:				
- difference between carrying value and equity	(70,519)	0	(74,778)	0
- earnings	0	(727)	0	7,016
- goodwill	49,555	0	46,216	0
- other intangible fixed assets	7,631	0	11,353	0
Derecognition of the effects of transactions among consolidated companies				
- intra-group profits included in the value of closing inventories	(4,965)	82	(4,764)	(160)
- intra-group dividends	0	(205)	0	(7,669)
Other transactions	(789)	(749)	(625)	79
Shareholders' equity and profit for the year as reported in consolidated financial statements	**204,734**	**4,808**	**202,595**	**15,565**

Fatti di rilievo intervenuti dopo la chiusura del semestre

On 5 July 2016, the Nice Group announced the acquisition of Hy-Security Gate Inc, a US-based North American leader in designing and manufacturing automation systems for gates for industrial and commercial use to the highest security standards.

Today, FontanaArte S.p.A., 100%-owned by Nice S.p.A., resolved to spin off its operating unit into a new company, entirely owned by FontanaArte S.p.A. and that will eventually be sold to Italian Creation Group S.p.A. This company will qualify as a related party under IAS 24.

Business outlook

Thanks to the results achieved in the first half of 2016 and to the sound financial position that has always characterised Nice Group, the management believes that it will be possible to pursue its investment plans in order to achieve the growth objectives set for the future.

Oderzo, 5 August 2016.

On behalf of the Board of Directors

The Chairman

Lauro Buoro

Half-year condensed consolidated financial statements as at 30 June 2016

Consolidated statement of financial position as at 30 June 2016 and 31 December 2015 *

(Thousands of Euro)	30/06/2016	31/12/2015	NOTES
ASSETS			
Non-Current Assets			
Intangible fixed assets	86,309	86,894	(1)
Tangible fixed asets	46,329	41,804	(2)
Other non-current assets	3,962	3,917	(3)
Deferred tax assets	13,066	12,675	(4)
Total non-current assets	**149,667**	**145,290**	
Current assets			
Inventories	74,257	69,548	(5)
Trade receivables	65,943	56,587	(6)
Other current assets	2,182	4,635	(7)
Tax receivables	11,680	9,948	(8)
Other current financial assets	1,225	984	(9)
Cash and cash equivalents	57,954	65,090	(10)
Total current assets	**213,241**	**206,792**	
Total assets	**362,908**	**352,082**	
EQUITY AND LIABILITIES			
Group equity	**206,360**	**204,639**	
Equity attributable to non-controlling interests	(1,626)	(2,044)	
Total shareholders' equity	**204,734**	**202,595**	(11)
Non-current liabilities			
Provision for risk and charges	2,256	2,739	(12)
Termination benefits	1,815	1,750	
Medium-/Long-term loans	60,219	60,206	(13)
Other non current liabilities	7,521	6,859	(14)
Tax payables (over 12 months)	349	296	
Provision for deferred tax liabilities	3,943	5,195	(15)
Total non-current liabilities	**76,104**	**77,044**	
Current liabilities			
Bank overdrafts and loans	5,419	7,395	(16)
Other financial liabilities	207	141	(17)
Trade payables	53,830	46,211	(18)
Other current liabilities	9,956	9,005	(19)
Tax payables (within 12 months)	12,659	9,692	(20)
Total current liabilities	**82,070**	**72,443**	
Total liabilities	**158,174**	**149,487**	
Total shareholders' equity and liabilities	**362,908**	**352,082**	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 34.

Half-year consolidated income statement as at 30 June 2016 and 2015*

(Thousands of Euro)	1H 2016	1H 2015	NOTES
Revenue	**150,158**	**142,606**	(31)
Operating costs:			
Costs for the use of basic components, ancillary materials and consumables	(64,093)	(59,107)	(21)
Costs for services	(29,680)	(29,213)	(22)
Rental and lease costs	(4,413)	(4,012)	(23)
Personnel costs	(28,468)	(27,802)	(24)
Other operating costs	(2,525)	(2,929)	(25)
Depreciation and amortisation	(4,409)	(4,028)	(26)
Impairment of assets	(6,806)	-	(27)
Other income	1,573	1,362	
Operating profit (EBIT)	**11,339**	**16,877**	
Finance income	2,074	3,499	(28)
Finance expenses	(3,691)	(5,129)	(29)
Other expenses	-	(14)	
Pre-tax profit	**9,722**	**15,233**	
Taxes for the period	(4,914)	(8,269)	(30)
Net profit	**4,808**	**6,964**	
Profit (loss) attributable to non-controlling interests	85	45	
Group net profit	**4,723**	**6,919**	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 34.

Consolidated earnings per share	**1H 2016**	**1H 2015**
(Thousands of Euro)		
Average nr. of shares	110,664,000	110,664,000
Group net profit	4,723	6,919
Data per share (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.04268	0.06252
Diluited, for net profit attributable to ordinary shareholders of the parent company	0.04268	0.06252

Consolidated half-year comprehensive income statement as at 30 June 2016 and 2015

(Thousands of Euro)	1H 2016	1H 2015
Net profit	**4,808**	**6,964**
Other items of comprehensive income after taxes not reclassified to profit or loss	-	-
- Actuarial loss on termination benefits	-	-
Other items of comprehensive income after taxes reclassified to profit or loss	5,111	1,102
- Exchange differences on translation of foreign financial statements	*5,111*	*1,102*
Total comprehensive income (loss) after taxes	**9,919**	**8,066**
Attributable to:		
Non-controlling interests	417	471
Shareholders of the parent	9,502	7,595

Consolidated statement of cash flow as at 30 June 2016 and 2015

(Thousands of Euro)	1H 2016	1H 2015
CASH FLOW FROM OPERATING ACTIVITY:		
Group net profit	**4,723**	**6,919**
Net profit/loss attributable to non-controlling interests	85	45
Income taxes	4,914	8,269
Depreciation, amortisation and impairment	11,517	4,028
Net changes in other provisions	351	1,234
Changes in current assets and liabilities:		
Decrease / (increase) in Receivables due from customers	(9,021)	(9,477)
Other current assets	2,630	154
Inventories	(3,883)	(8,065)
Payables due to suppliers	7,433	8,354
Other current liabilities	382	2,739
Income taxes paid	(3,679)	(5,723)
Tax receivables/payables	-	-
Total adjustments and changes	**9,149**	**1,507**
Cash flow from operating activity	**13,872**	**8,426**
CASH FLOW USED IN INVESTING ACTIVITIES:		
Investments in intangible fixed assets	(1,366)	(567)
Investments in tangible fixed assets	(9,373)	(4,060)
Other changes in equity investments	-	(9,890)
Cash flow used in investing activities	**(10,739)**	**(14,517)**
CASH FLOW USED IN FINANCING ACTIVITIES:		
Dividend distribution	(7,780)	(5,257)
Net change in medium-/long-term loans	(766)	30,098
Net change in short-term loans	(2,050)	(22,898)
Net change in other financial liabilities	67	(6,259)
Net change in other non-current liabilities	-	1,100
Net change in medium-/long-term tax payables	1	-
Net change in other non-current assets	914	(29)
Net change in other financial assets	1,483	3,903
Net interest paid	(1,783)	(1,625)
Translation differences and other equity movements	67	(1,059)
Cash flow used in financing activities	**(9,848)**	**(2,024)**
Effect of exchange rate differences on cash and cash equivalents	(422)	293
Increase (decrease) of cash and cash equivalents	**(7,136)**	**(7,823)**
Cash and cash equivalents at the beginning of the period	65,090	61,978
Cash and cash equivalents at the end of the period	**57,954**	**54,155**

Consolidated statement of changes in shareholders' equity as at 30 June 2016

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Translation reserve	Group sharehol-ders' equity	Profit (loss) of non-controlling interests	Share capital and reserves attributable to non-controlling interests	Total Sharehol-ders' Equity
Balance as at 31 December 2015	**11,600**	**2,320**	**32,179**	**(20,771)**	**203,951**	**(24,641)**	**204,638**	**348**	**(2,391)**	**202,595**
Profit for the period					4,723		4,723	85		4,808
Translation difference						4,779	4,779		332	5,111
Comprehensive income					**4,723**	**4,779**	**9,502**	**85**	**332**	**9,919**
Dividend distribution					(7,780)		(7,780)			(7,780)
Other movements							0			0
Balance as at 30 June 2016	**11,600**	**2,320**	**32,179**	**(20,771)**	**200,894**	**(19,862)**	**206,360**	**85**	**(1,711)**	**204,734**

Consolidated statement of changes in shareholders' equity as at 30 June 2015

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Translation reserve	Group sharehol-ders' equity	Profit (loss) of non-controlling interests	Share capital and reserves attributable to non-controlling interests	Total Sharehol-ders' Equity
Balance as at 31 December 2014	**11,600**	**2,320**	**32,179**	**(20,771)**	**194,342**	**(15,876)**	**203,794**	**433**	**(2,604)**	**201,623**
Profit for the period					6,919		6,919	45		6,964
Translation difference						676	676		426	1,102
Comprehensive income					**6,919**	**676**	**7,595**	**45**	**426**	**8,066**
Dividend distribution					(5,257)		(5,257)			(5,257)
Other movements					(62)		(62)			(62)
Balance as at 30 June 2015	**11,600**	**2,320**	**32,179**	**(20,771)**	**195,942**	**(15,200)**	**206,070**	**45**	**(1,745)**	**204,370**

Explanatory notes to the half-year condensed consolidated financial statements as at 30 June 2016

Company information

Nice S.p.A. is an Italian joint-stock company established and located in Oderzo (province of Treviso) – Via Pezza Alta, 13 Z.I. Rustignè. It is the operating holding company of a group of entities (Nice Group), which is primarily active in the design, production and marketing of automation systems for gates, garage doors, rolling shutters, awnings, and access, security and lighting systems.

The publication of the Nice S.p.A. consolidated financial statements for the period ended 30 June 2016 was approved by the Board of Directors on 5 August 2016.

Contents and format of consolidated financial statements

These half-year condensed consolidated financial statements as at 30 June 2016 have been prepared by the Board of Directors based on accounting records updated to 30 June 2016 and in compliance with IAS 34 – "Interim Financial Reporting" – endorsed by the European Union and in force on the reporting date.

These half-year condensed consolidated financial statements do not include all the information required for preparation of annual consolidated financial statements. Given this, this report should be read in conjunction with the annual consolidated financial statements as at 31 December 2015.

The consolidated financial statements have been drawn up based on the historical-cost principle - except in the case of derivative financial instruments, which are recorded at fair value - and also on the assumption that the business is a going concern. The carrying value of assets and liabilities involved in fair value hedging transactions, and which otherwise would have been posted at cost, has been adjusted to take account of changes in fair value attributable to the risks hedged.

The currency unit used is the Euro and, unless otherwise indicated, all amounts are rounded to thousands of Euro.

For comparative purposes, the consolidated statement of financial position shows the comparison with the equity data of the consolidated financial statements as at 31 December 2015, while the interim consolidated income statement shows the comparison with the financial data of the half-year condensed consolidated financial statements as at 30 June 2015.

Accounting Standards variations

The accounting standards used to prepare these Half-year condensed financial statements, drawn up in accordance with IAS 34 – Interim Financial Reporting, are the same as those used to draw up the Consolidated financial statements as at 31 December 2015, with the exception of the standards and interpretations listed under paragraph "Accounting standards, amendments and interpretations effective from 1 January 2016".

Accounting standards, amendments and interpretations effective from January, 1 2016

The application of the new and amended accounting standards and interpretations, indicated below, did not have a significant impact on the consolidated financial statements of the Group.

IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations
On 6 May 2014, the IASB issued an amendment to IFRS 11 - Joint Arrangements - Accounting for acquisitions of interests in joint operations, regarding the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business, as defined in IFRS 3. For these cases the amendments require to apply all of the principles on business combinations accounting in IFRS 3.

Annual Improvements to IFRSs - 2010–2012 Cycle.
The amendments adopted impact: (i) IFRS 2, clarifying the definition of ''vesting condition'' and introducing the definitions of conditions of service and results; (ii) IFRS 3, clarifying that obligations that correspond to contingent considerations, other than those covered by the definition of equity instrument, are measured at fair value at each balance sheet date, with changes recognized in the income statement; (iii) IFRS 8, requiring information to be disclosed regarding the judgments made by management in the aggregation of operating segments that describes how the segments have been aggregated and the economic indicators that have been evaluated in order to determine that the aggregated segments have similar economic characteristics; (iv) IAS 16 and IAS 38, clarifying the procedures for determining the gross carrying amount of assets when a revaluation is determined as a result of the revaluation model; and (v) IAS 24, establishing the disclosures to be provided when there is a related party entity that provides key management personnel services to the reporting entity.

Annual Improvements to IFRSs: 2012-2014 Cycle
On 15 September 2014, the IASB issued 'Annual Improvements to IFRSs: 2012-2014 Cycle'. Among others, the most important topics addressed in these amendments are: the introduction, in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, of specific guidelines in case an entity reclassifies an asset from held-for-sale to held-for-distribution (or vice-versa), or when the requirements for the classification of an asset as held-for-distribution no longer exist and the introduction, provided for by IFRS 7 - Financial Instruments: Disclosure and IAS 19 – Employee Benefits, of additional guidelines to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purposes of the disclosure required in relation to the transferred assets. The amendment modify also IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 34, which clarifying that the required disclosures should be included either in the interim financial report or by cross-reference to other sections.

IAS 27 Equity method in separate financial statements
On 12 August 2014, the IASB issued an amendment to IAS 27 - Equity method in separate financial statements. The amendments clarify that an entity can apply the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements retrospectively.

IAS 16 Property, plant and equipment e IAS 41 Agriculture – "Bearer Plants"

These amendments, issued on 30 June 2014, provide that bearer plants, i.e. fruit trees that will generate annual crops (for example, grape vines, hazelnut trees) must be accounted for in accordance with IAS 16 requirements (rather than IAS 41).

IAS 16 Property, plant and Equipment e IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"

According to these standards, published on 12 May 2014, revenue-based depreciation and/or amortisation methods are not considered appropriate, since revenue generated by an activity that includes the use of a depreciated asset generally reflects factors other than the consumption of an asset's expected future economic benefits, which is instead required for depreciation/amortisation.

IFRS 14 – Regulatory Deferral Accounts

The standard, published on 30 January 2014, allows only first-time adopters of the IFRS to continue recognising amounts related to Rate Regulated Activities according to the previous accounting standards adopted.

Since the Company/Group is not a first-time adopter, this standard is not applicable.

IAS 1 - Presentation of Financial Statements

The International Accounting Standards Board (IASB) published the "Disclosure Initiative (Amendments to IAS 1). The amendments aim to make disclosures more effective and encourage companies to apply professional judgement in determining what information to disclose in their financial statements in accordance with IAS 1.

IAS 19 - Defined Benefit Plans: Employee Contributions

The amendment reduces current services costs for the period by contributions paid by employees or by third parties during the period that are not related to the number of years of service, instead of allocating these contributions over the period when the services are rendered.

New standard and amendments that are effective for the reporting periods beginning after January 1, 2016 and not early adopted by the Group

The Group is assessing the full impact of the new and amended accounting standards and interpretations on its consolidated financial statements.

IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments provide clarification of the application of the exception to consolidation of investment entities. The amendments will be applicable after the European Union endorsement, which has not yet occurred as of the date this Financial Report was authorized for issue.

IAS 12 – Recognition of Deferred Tax Assets on Unrealised Losses

The amendments provide clarifications on the recognition of deferred tax assets on debt instruments measured at fair value. The amendments are applicable to periods beginning on or after January 1, 2017.

IAS 7 – Disclosure initiative

The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes The amendments are applicable to periods beginning on or after January 1, 2017.

IFRS 15 – "Revenue from contracts with customers

The new standard will be effective for the first interim period within the annual reporting periods beginning on or after January 1, 2018. This standard replaces IAS 18—Revenues, IAS 11—Construction Contracts, IFRIC 13—Customer Loyalty Programs, IFRIC 15—Agreements for Constructions of Real Estate, IFRIC 18—Transfers of Assets from Customers and SIC 31—Revenue—Barter Transactions Involving Advertising Services. Revenue is recognized when the customer obtains control over goods or services and, therefore, when it has the ability to direct the use of and obtain the benefit from them. If an entity agrees to provide goods or services for consideration that varies upon certain future events occurring or not occurring, an estimate of this variable consideration is included in the transaction price only if highly probable. The consideration in multiple element transactions is allocated based on the price an entity would charge a customer on a stand-alone basis for each good or service. Entities sometimes incur costs, such as sales commissions, to obtain or fulfill a contract. Contract costs that meet certain criteria are capitalized as an asset and amortized as revenue is recognized. The standard also specifies that an entity should adjust the transaction price for the time value of money in case the contract includes a significant financing component. IFRS 15 is applicable to periods beginning on or after January 1, 2018.

Clarifications to IFRS 15

The objective of the document is to clarify the guidance in IFRS 15 in respect of issues arising from the discussions of the Transition Resource Group for Revenue Recognition (TRG). The clarifications are applicable to periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments

This standard was issued in July 2014. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39—Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces to three the number of categories of financial assets pursuant to IAS 39 and requires that all financial assets be:
(i) classified on the basis of the model which a company has adopted in order to manage its financial activities and on the basis of the cash flows from financing activities; (ii) initially measured at fair value plus any transaction costs in the case of financial assets not measured at fair value through profit and loss; and (iii) subsequently measured at their fair value or at the amortized cost. IFRS 9 also provides that embedded derivatives which fall within the scope of IFRS 9 must no longer be separated from the primary contract which contains them and states that a company may decide to directly record—within the consolidated statement of comprehensive income—any changes in the fair value of investments which fall within the scope of IFRS 9. The new model introduced by IFRS 9 eliminates the threshold for the recognition of expected impairment losses, so that it is no longer necessary for a trigger event to have occurred before impairment losses are recognized, and requires an entity to recognize expected impairment losses at all times and to update the amount of expected impairment losses at each reporting date to reflect changes in the credit risk of the financial instrument. IFRS 9 contains a three-stage approach to account for impairment losses. Each stage dictates how an entity measures impairment losses. IFRS 9 aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The new standard enables an entity to use information produced internally as a basis for hedge accounting. The standard is not applicable until January 1, 2018.

IFRS 16 – Leases

The standard replaces IAS 17 ‘‘Leases’’ and requires all leases to be recorded on the balance sheet as assets and liabilities. IFRS 16 is applicable to periods beginning on or after January 1, 2019. An entity can apply IFRS 16 before that date but only if it also applies IFRS 15.

IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments clarify the accounting treatment in relation to profits or losses arising from transactions with joint ventures or associates accounted for using the equity method. The application date has not yet been defined.

Significant accounting estimates

Preparation of financial statements and their notes in compliance with IFRSs requires directors to make discretionary assessments, estimates and assumptions that affect the values of revenue, costs, assets and liabilities and the indication of contingent liabilities as at the reporting date. The estimates and assumptions used are based on experience and on other factors considered important. Estimates and assumptions are regularly reviewed and the effects of any change made to them are reflected in profit or loss for the period when the estimate is revised.

Estimates are used to calculate:

Impairment of intangible assets with an indefinite useful life

On each reporting date, the Group tests all intangible assets with an indefinite useful life to see whether there are any indicators of impairment.

More specifically, goodwill is tested for possible impairment at least annually and during the year if such indicators exist. This test requires estimation of the value in use of the cash generating unit to which the investment’s cost and goodwill are attributed, in turn based on estimation of the future cash flows expected from the unit and discounted to present value based on an appropriate discount rate. As at 30 June 2016, the carrying value of goodwill was Euro 70,098 thousand (as at 31 December 2015: Euro 66,144 thousand). Further details are provided in note 1.

Other non-financial assets are tested annually for impairment when there are indications suggesting that carrying value may not be recovered.

Deferred tax assets

Deferred tax assets are recognised in view of all temporary differences and all tax losses carried forward, to the extent that there will possibly be adequate future taxable income in view of which these temporary differences can be absorbed and such tax losses used. A significant discretionary assessment is required to directors to calculate the amount of deferred tax assets that can be recorded in the accounts. They have to estimate the probable timing and amount of future taxable income as well as a planning strategy for future taxes.

Other estimated items

Estimates are also used to calculate bad-debt provisions and for inventory obsolescence, depreciation and amortisation, employee benefit obligations, and provisions for risks and charges.

Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company Nice S.p.A. and of the Italian and foreign companies directly or indirectly controlled by Nice S.p.A. through its subsidiaries or associates.
Subsidiaries' financial statements are drawn up applying the same accounting standards as the Parent Company. Consolidation adjustments have been made if necessary to achieve the uniformity of any items affected by the use of different accounting standards. All the intra-group balances and transactions, including any unrealised profits deriving from relations among Group companies, have been fully derecognised.
The principles of consolidation applied include derecognition of equity investments in view of the recognition of investee companies' assets and liabilities on a line-by-line basis, and derecognition of all intra-group transactions and thus of payables, receivables, sales, purchases, and profits and losses not realised with third parties. Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. from the date when the Group takes control, and they cease to be considered as consolidated on the date when control is transferred outside the Group. Any difference between the acquisition cost and book equity of investee companies at the time of acquisition of the investment is allocated – if positive – to specific assets of the acquired companies, based on their current value as at the acquisition date, and amortised on a straight-line basis according to the investment's future useful life, with the remainder, if the prerequisites to do so exist, being allocated to Goodwill. In this latter case, the amounts are not amortised but are tested for impairment at least annually and, in any case, whenever it is deemed appropriate. If a negative difference results from derecognition, this is recognised through profit or loss.
If the conditions do not exist for definitive allocation of the price paid to purchase control of a company, use is made of the longer deadline (12 months) allowed by the relevant accounting standard (IFRS 3 – 'Business combinations').
Non-controlling interests represent the part of profits or losses and of net assets not owned by the Group, for which risks and rewards were not transferred to the subsidiary and are shown as a separate item in the income statement, while in the statement of financial position they are shown among shareholders' equity items, separately from the Group shareholders' equity.

As at 30 June 2016 the subsidiaries consolidated on a line-by-line basis were the following:

- **Nice S.p.A.** is the parent company. It manages the design, production and marketing of Nice products;
- Nice France S.a.S., a company that markets the Group's products in France;
- Nice Polska Sp. z.o.o., a company that markets the Group's products in Poland;
- Nice Automatismos Espana S.A., a company that markets the Group's products in Spain;
- Nice Belgium S.A., a company that markets the Group's products in Belgium;
- Nice Shanghai Automatic Control Co. Ltd., a company that markets the Group's products in the Far Eastern market;
- R.D.P. Shanghai Trading Ltd., a company that purchases basic components in the Asian market for subsequent resale to the Group companies;
- Nice UK Ltd., a company that markets the Group's products in the UK;
- Nice Deutschland Gmbh, a company that markets the Group's products in Germany;
- Nice Group USA Inc., a company that markets the Group's products and designs, produces and markets automation systems in the USA;
- S.C. Nice Romania S.A., a company that markets the Group's products in Romania;

- Nice Istanbul Ltd, a company that markets the Group’s products in Turkey;
- Nice Australia Home Automation Pty Ltd, a company that markets the Group’s products in Australia;
- AutomatNice Portugal S.A., a company that markets the Group’s products in Portugal;
- ET Nice (PTY) LTD, a company that markets automation systems in South Africa;
- ET Systems Ltd, a company that designs, produces and markets automation systems in South Africa.
- Silentron S.p.A., a company that designs, produces and markets alarm systems;
- Nice Home Automation CJSC, a company that markets the Group’s products in Russia;
- SAAC S.r.l., a company that markets and installs Nice products;
- Nice Gulf FZE, a company that markets the Group's products in the Middle East;
- **FontanaArte S.p.A.**, a company that designs, produces and markets lighting systems;
- FontanaArte Corp (USA), a company that markets lighting systems in the USA market;
- FontanaArte Trading Co. Ltd (China), a company that markets lighting systems in China;
- FontanaArte France S.A.S., a company that markets lighting systems in the French market;
- Peccinin Portoes Automaticos Industrial Ltda, a company that designs, produces and markets automation systems in the Latin American market;
- Genno Tecnologia LTDA, a company that designs, produces and markets perimeter security systems and electronic accessories in the Latin American market;
- Omegaport Equipamentos de Seguranca LTDA, a company that designs, produces and markets automation systems in the Latin American market;
- King Gates Srl, a company that operates in the automation sector, designing, producing and selling automation systems for gates and garage doors;
- King Gates France SAS, a company that markets automation systems for gates and garage doors in France;
- **elero GmbH**, a company that operates in the design, production and marketing of products by elero, which holds:
- elero Motors & Controls Pvt. Ltd., a company that markets elero products in India;
- elero Singapore Pte. Ltd., a company that markets elero products in Asia;
- elero AB, a company that markets the Group's products in Sweden.

It should be noted that, as at 30 June 2016, the company Nice Middle East was not included in the scope of consolidation because, as it happened in the last three years, there were not the conditions for exercising control over the subsidiary due to the current complex political situation in Syria.

Consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency. Foreign companies' financial statements expressed in currencies other than the Euro are translated into Euro applying the following methods:

- the assets and liabilities of these subsidiaries, excluding shareholders' equity and the period's profit or loss, are translated into Euro at the exchange rate in force on the reporting date;
- income statement items are translated into Euro using the period's average exchange rate.

Foreign exchange differences arising from translation are recognised directly in equity and are shown separately in a specific equity reserve called "Translation reserve".

The exchange rates applied are shown in the table below and correspond to those published by the Ufficio Italiano dei Cambi (Italian Foreign Exchange Office):

Currency	Average 1H 2016	Final as of 30/06/2016	Average 1H 2015	Final as of 31/12/2015
Polish Zloty- PLN	4.36860	4.43620	4.13967	4.26390
Chinese Renminbi - CNY	6.91312	7.37550	6.94110	7.06080
Turkish Lira - TRY	3.25875	3.20600	2.86201	3.17650
Australian dollar- AUD	1.52206	1.49290	1.42595	1.48970
US dollar - USD	1.11552	1.11020	1.11585	1.08870
Pound sterling - GBP	0.77633	0.82650	0.73238	0.73395
Rumanian Leu - RON	4.49560	4.52340	4.44752	4.52400
South Africa Rand - ZAR	17.20361	16.44610	13.29908	16.95300
Russian Ruble - RUB	78.42833	71.52000	64.60237	80.67360
Singapore dollar - SGD	1.54018	1.49570	1.50587	1.54170
Indian rupee - INR	74.97531	74.96030	70.12237	72.02150
Swedish krona- SEK	9.30154	9.42420	9.34216	9.18950
Brazilian real - BRL	4.13492	3.58980	3.30764	4.31170
United Arab Emirates dirham - AED	4.11848	4.07554	4.09693	3.99662

Breakdown of the main items on the consolidated statement of financial position as at 30 June 2016

Non-current assets

1. Intangible fixed assets

The following table shows changes in intangible fixed assets in the first half of 2016:

(Thousands of Euro)	Goodwill	Software, licences and concessions	Trademarks	Customer relations	Technological know-how	R&D expenditure	Other intangible fixed assets	Total
Cost:								
As at 01/01/2015	53,584	8,515	20,052	2,807	2,649	105	5,115	92,827
Increases for acquisitions	19,300	461	-	-	-	-	8	19,769
Increases	-	747	-	-	-	-	248	995
Disposals	-	-	(2)	-	-	-	(40)	(41)
Reclassifications	-	215	-	-	-	-	(215)	-
Translation differences	(6,053)	(69)	-	72	-	-	(112)	(6,162)
As at 31/12/2015	**66,831**	**9,868**	**20,050**	**2,879**	**2,649**	**105**	**5,005**	**107,388**
Increases for acquisitions	-	-	-	-	-	-	-	-
Increases	-	584	-	-	-	682	93	1,358
Disposals	-	(5)	-	-	-	-	(4)	(10)
Reclassifications	-	(58)	-	-	-	-	-	(58)
Translation differences	3,953	67	-	(48)	-	-	(2)	3,971
As at 30/06/2016	**70,785**	**10,456**	**20,050**	**2,831**	**2,649**	**787**	**5,092**	**112,649**
Amortisation and impairment:								
As at 01/01/2015	(687)	(5,060)	(5,719)	(2,223)	(2,074)	(104)	(2,261)	(18,128)
Increases for acquisitions	-	41	-	-	-	-	-	41
Impairment	-	-	-	-	-	-	-	-
Amortisation	-	(1,192)	(11)	(320)	(268)	-	(350)	(2,141)
Disposals	-	(249)	-	-	-	-	33	(216)
Translation differences	-	31	-	(110)	-	-	30	(49)
As at 31/12/2015	**(687)**	**(6,429)**	**(5,730)**	**(2,653)**	**(2,342)**	**(104)**	**(2,548)**	**(20,493)**
Increases for acquisitions	-	-	-	-	-	-	-	-
Impairment	-	-	(4,805)	-	-	-	-	(4,805)
Amortisation	-	(593)	(11)	(159)	(110)	(81)	(162)	(1,116)
Disposals	-	-	-	-	-	-	-	-
Reclassifications	-	58	-	-	-	-	(3)	55
Translation differences	-	(28)	-	38	-	-	9	19
As at 30/06/2016	**(687)**	**(6,992)**	**(10,546)**	**(2,774)**	**(2,452)**	**(185)**	**(2,704)**	**(26,340)**
Net carrying value:								
As at 30/06/2016	**70,098**	**3,463**	**9,504**	**58**	**197**	**602**	**2,388**	**86,309**
As at 31/12/2015	**66,144**	**3,439**	**14,320**	**226**	**307**	**1**	**2,457**	**86,895**

As at 30 June 2016, intangible fixed assets amounted to Euro 86,309 thousand compared to Euro 86,895 thousand as at 31 December 2015.
The change in intangible fixed assets is attributable to the increase thereof due to the investments made as well as the exchange rate differences on the opening balances of values expressed in foreign currencies (in particular the 'Goodwill' item) and due to the impairment of the FontanaArte trademark.

Amortisation and impairment of intangible fixed assets are included under the item Depreciation and Amortisation of the income statement, discussed under point 26 and 27 below.

Impairment test on goodwill and intangible assets with an indefinite useful life allocated to each cash generating unit (CGU).

The value recognised as goodwill refers to the higher value paid for the acquisition of some investees that have been consolidated on a line-by-line basis, compared to the fair value of the assets and liabilities acquired.

As at 30 June 2016, management duly considered (a) the outcome of impairment tests when preparing financial statements for the year ended 31 December 2015; (b) the evolution of the business in the period, substantially consistent with the expected scenario and used for the purposes of impairment testing. Based on these considerations, management did not deem it appropriate to repeat full impairment testing on the value of goodwill.

The following table details goodwill, also indicating its nature as at 30 June 2016.

(Migliaia di Euro)	**30/06/2016**	**31/12/2015**
Francia	3,956	4,369
Italia	5,176	4,679
Europa a 15	16,313	16,122
Resto d'Europa	8,551	8,327
Resto del Mondo	36,040	32,585
Gruppo FontanaArte	62	62
Totale avviamento	**70,098**	**66,144**

The change, totalling Euro 3,955 thousand, referred to the effect of the translation at the exchange rate for the period.

Trademarks

In light of the shift in its strategy, for the purposes of impairment testing, the Group deemed it appropriate to measure the net assets of the lighting business no longer at value in use, but rather at their estimated realisable value. As a result, the Group recognised Euro 4,805 thousand in impairment losses during the period.

2. Tangible fixed assets

The following table shows changes in tangible fixed assets in the first half of 2016:

(Thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other tangible assets**	**Improve-ments on third-party assets**	**Fixed assets under construc-tion and advances**	**Total**
Cost:							
As at 01/01/2015	18,710	13,890	30,200	14,155	4,744	4,714	86,413
Increases for acquisitions	111	457	301	329	17	-	1,215
Increases	994	2,008	2,416	973	312	4,487	11,189
Disposals	-	(95)	(20)	(412)	(24)	(175)	(725)
Reclassifications	-	358	314	407	3,824	(4,903)	-
Translation differences	4	(307)	(261)	(63)	5	(47)	(669)
As at 31/12/2015	**19,819**	**16,312**	**32,950**	**15,388**	**8,878**	**4,076**	**97,423**
Increases for acquisitions	-	-	-	-	-	-	-
Increases	1,738	850	933	843	785	4,549	9,699
Disposals	-	(44)	-	(214)	(11)	(10)	(279)
Reclassifications	(18)	(467)	467	(35)	-	(39)	(93)
Translation differences	(66)	310	263	56	-	(25)	538
As at 30/06/2016	**21,474**	**16,961**	**34,613**	**16,038**	**9,652**	**8,551**	**107,288**
Amortisation and impairment:							
As at 01/01/2015	**(3,640)**	**(8,869)**	**(23,505)**	**(12,035)**	**(1,505)**	**-**	**(49,554)**
Increases for acquisitions	**(11)**	**(141)**	**(42)**	**(172)**	**(9)**	**-**	**(375)**
Depreciations	(555)	(1,406)	(2,171)	(1,299)	(928)	-	(6,359)
Disposals	-	95	1	57	-	-	153
Translation differences	(1)	167	322	29	(2)	-	516
As at 31/12/2015	**(4,207)**	**(10,154)**	**(25,395)**	**(13,419)**	**(2,444)**	**-**	**(55,619)**
Increases for acquisitions	-	-	-	-	-	-	-
Impairment	(2,000)	-	-	-	-	-	(2,000)
Depreciations	(266)	(747)	(1,110)	(637)	(532)	-	(3,293)
Disposals	-	23	-	164	-	-	188
Reclassifications	18	48	(10)	60	-	-	117
Translation differences	16	(175)	(166)	(26)	-	-	(351)
As at 30/06/2016	**(6,439)**	**(11,004)**	**(26,682)**	**(13,858)**	**(2,976)**	**-**	**(60,959)**
Net carrying value:							
As at 30/06/2016	**15,034**	**5,957**	**7,931**	**2,179**	**6,676**	**8,551**	**46,329**
As at 31/12/2015	**15,612**	**6,158**	**7,555**	**1,969**	**6,434**	**4,076**	**41,804**

As at 30 June 2016, tangible fixed assets amounted to Euro 46,329 thousand, net of the depreciation for the period of Euro 5,293 thousand and investments of Euro 9,699 thousand.

<u>Land and buildings</u>

The change referred to the write-down of the building complex in Corsico, Fontana Arte S.p.A.'s place of business, resulting in a Euro 2,000 thousand impairment loss in the first half of 2016. This was determined based on an appraisal by an independent expert, and became necessary because the asset will probably be reclassified to investment property no longer used in the Group's operations.

Plant and machinery

The increase in the item Plant and Machinery includes equipment for regulatory and operational product testing.

Industrial and commercial equipment

This item mainly relates to moulds that are lent free of charge to sub-suppliers; the investment for the year relates to equipment for new products launched on the market.

Other assets

This item mainly includes furniture, fittings and IT equipment.

Fixed assets under construction and advances

The change is related to the asset investments in Brasil and Germany.

3. Other non-current assets

This item mainly includes a loan granted to an important customer of the Group, aimed at further consolidating the already existing industrial partnership.

4. Deferred tax assets

The following table sets forth the temporary differences that originated deferred tax assets:

	30/06/2016			31/12/2015		
(Thousands of Euro)	**total of timing differences**	**Tax effect (% rate) %**	**Tax effect**	**total of timing differences**	**Tax effect (% rate) %**	**Tax effect**
Unrealized profits on inventories	6,580	24.5%	1,612	6,477	26.4%	1,711
Deferred tax assets on tax losses of foreign subsidiary companies	29,899	27.5%	8,224	30,135	29.0%	8,733
Other deferred tax assets			3,230			2,231
Total deferred tax assets			**13,066**			**12,675**

The Group fully recognised deferred tax assets relating to temporary differences between taxable income and the statutory pre-tax profit or loss of Group companies because it believes that future taxable income will absorb all the temporary differences (including consolidation adjustments) that have generated them.

Measurement of deferred tax has been based, for Italian companies, on the Italian corporate income tax (IRES) rate (24%) and, where applicable, to the regional income tax (IRAP) rate (3.9%). In the case of foreign subsidiaries, it has been based on their local tax rates.

Deferred tax assets mainly relate to:

- Prior tax losses reported by some foreign subsidiaries that have been recognised in the financial statements since they are considered to be recoverable in a reasonably short time.
- Reversal of unrealised profits on intra-group sales recognised in inventories as at the reporting date. In relation to this point, it should be noted that this effect has been calculated applying the tax rates of the countries where the inventories were held at the end of the reporting period. Because of this, the tax rate indicated in the table is a weighted average of the various countries' tax rates.
- Other deferred tax assets mainly refer to adjustment provisions that are not relevant for tax purposes.

Current assets

5. Inventories

The following table shows the breakdown of inventories as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	**30/06/2016**	**31/12/2015**
Base components, ancillary and consumable materials	31,828	28,836
Work in progress and semi-finished products	15,876	14,930
Finished products	30,640	29,693
Inventory writedown allowance	(4,087)	(3,911)
Total inventories	**74,257**	**69,548**

Inventories at the end of the period growing by Euro 4,709 thousand compared to the end of previous year.

The increase is largely justified by the procurement policy, which is based on a seasonal factor.

Inventories are recognised net of the inventory write-down provision. As at 30 June 2016, the net increase, as the difference between provisions and utilisations, was Euro 176 thousand for the purposes of a prudent measurement of inventories.

6. Trade receivables

The following table sets forth the breakdown of receivables due from customers and the relevant adjustment provisions as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	**30/06/2016**	**31/12/2015**
Trade receivables - Italy	21,591	14,903
Trade receivables - EU	32,305	26,907
Trade receivables – outside EU	19,563	21,713
Total	**73,460**	**63,523**
Allowance for doubtful receivables	(7,517)	(6,936)
Total trade receivables	**65,943**	**56,587**

Receivables due from customers increased by Euro 9,356 thousand. The increase is primarily attributable to a growth in sales during the last part of the first half of the year.

Trade receivables are non-interest bearing and are normally collected within 90-120 days.

As at 30 June 2016, trade receivables amounted to Euro 65,943 thousand, net of the bad-debt provision of Euro 7,517 thousand. The changes in the bad-debt provision for the periods under consideration were as follows:

(Thousands of Euro)	30/06/2016	31/12/2015
Allowance at start of period	**6,936**	**6,493**
Provisions	591	1,511
Utilisations	(10)	(1,068)
Allowance at end of period	**7,517**	**6,936**

The provision existing at the end of the period represents a prudent estimate of the current risk.

7. Other current assets

Other current assets comprise other receivables normally payable within 12 months.

8. Tax receivables

This item mainly includes receivables due from tax authorities for VAT.

9. Other current financial assets

This item mainly includes receivables and other financial assets measured at fair value.

10. Cash and cash equivalents

The following table shows the breakdown of cash and cash equivalents as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	30/06/2016	31/12/2015
Bank and post office deposits	57,916	65,065
Cash and equivalents on hand	38	25
Cash and cash equivalents	**57,954**	**65,090**

Cash and cash equivalents and bank demand deposits accrue interest at variable rates based on the rate of return of deposits. The fair value of cash and cash equivalents corresponds to their carrying value.
In the statement of cash flows, prepared according to changes in cash flows, cash and cash equivalents correspond to the item ‘Cash and cash equivalents’.

For the analysis of changes in cash and cash equivalents during the period, reference should be made to the statement of cash flows.

11. Shareholder's Equity

The following table sets forth the breakdown of shareholders' equity:

(Thousands of Euro)	**30/06/2016**	**31/12/2015**
Share capital	11,600	11,600
Legal reserve	2,320	2,320
Share premium reserve	32,179	32,179
Own shares	(20,771)	(20,771)
Reserves and retained earnings	196,171	188,735
Foreign currency translation adjustments	(19,862)	(24,641)
Net income (loss) for the year	4,723	15,217
Group shareholders' equity	**206,360**	**204,638**
Non-controlling interests in capital and reserves	(1,711)	(2,392)
Income (loss) pertaining to non-controlling interests	85	348
Equity attributable to non-controlling interests	**(1,626)**	**(2,044)**
Total shareholders' equity	**204,734**	**202,594**

The share capital totals 116,000,000 shares with a par value of Euro 0.1 each, for a total amount of Euro 11,600,000.
The legal reserve is equal to one fifth of the share capital.
In previous financial years, as part of the buyback programme approved by the Shareholders' Meeting, the Group purchased 5,336,000 shares for a total amount of Euro 20,771 thousand. This amount is recognised as a direct reduction of shareholders' equity.
The item 'retained earnings and reserves' comprises earnings from previous years and the consolidation reserve.

The number of shares outstanding at the beginning and at the end of the first half of 2016 is equal to 110,664,000 and remained unchanged during the period.

The translation reserve relates to the differences caused by translation into Euro of financial statements expressed in foreign currencies.

Foreign subsidiaries do not present revenue reserves that, in the event of distribution to the parent company, would lead to a significant tax charge.

Shareholders' equity attributable to non-controlling interests is the portion of shareholders' equity and profit or loss for the period of subsidiaries not wholly owned.

Non-current liabilities

12. Provisions for risks and charges

The following table shows the breakdown of the provisions for risks and charges as at 30 June 2016 and 31 December 2015:

(Thousands of Euro)	**30/06/2016**	**31/12/2015**
Product warrenty reserve	936	962
Provision for miscellaneous risks	962	1,416
Provision of Customers' additional indemnity	358	361
Total Provisions for risk and charges	**2,256**	**2,739**

Product warranty provision

The 'Product warranty provision' is allocated based on forecasts of the cost to be incurred, presumably over two financial years following the reporting date, to fulfil the obligation of contract warranty for products already sold as at the reporting date.

Provision for miscellaneous risks

The change in the provision for miscellaneous risks, amounting to Euro 454 thousand, mainly referred to the settlement of pending disputes, which gave rise to a gain related to the excess provision.
The Provision for miscellaneous risks mainly includes amounts allocated for ongoing organisational restructuring.
This provision also includes Euro 500 thousand allocated at the end of 2013 in view of the assessments carried out by tax authorities and concluded in 2013. The Company brought claims in the competent jurisdictions, appealing against the verification notice received in December 2014 and December 2015. As at 30 June 2016, the allocation was deemed appropriate.

Provision for customers' additional indemnity

The Provision for customers' additional indemnity includes amounts allocated for indemnities due to the agents in the event of termination of employment due to the Company. The allocations were determined on the basis of the category and industry sector economic agreements and were calculated on the amounts of the commissions accrued by agents during the first half of 2016 and in prior years.

13. Medium- and long-term loans

The item includes loans with BNP Paribas and Unicredit, each amounting to Euro 30,000 thousand, taken out to meet the strategic needs of the Group. The expected maturity of such loans is set for 2018.

14. Other non-current liabilities

This item includes the non-current portion of payables for the acquisitions carried out in 2015. The change was related to the payment of a deposit on a sale price and the effect of the translation at the exchange rate for the period.

15. Provision for deferred tax liabilities

The following table shows the differences that originated deferred tax liabilities as at 30 June 2016 and as at 31 December 2015:

	30/06/2016			31/12/2015		
(Thousands of Euro)	**total of timing differences**	**Tax effect (% rate)**	**Tax effect**	**total of timing differences**	**Tax effect (% rate)**	**Tax effect**
Reversal of goodwill amortization	3,301	24.00%	792	2,862	31.40%	899
Silentron technological know-how	550	27.90%	153	440	27.90%	123
Customer relationship - Apollo	362	35.00%	127	492	35.00%	172
FontanaArte trademark	9,386	28.25%	2,651	14,191	27.90%	3,959
Other differences			220			42
Total deferred tax liabilities			**3,943**			**5,195**

Following the purchase price allocation relating to the acquisitions made in previous years and the recognition of the FontanaArte trademark, tax liabilities have been allocated relating to the intangible fixed assets identified as they are not relevant for tax purposes, but were not recognised in the income statement. The tax rates applied are those in force in the countries where the acquired companies are based, in particular, deferred tax liabilities relating to companies based in Italy were adjusted to an IRES rate of 24%, which will come into force in 2017.

Current liabilities

16. Bank overdrafts and loans

This item mainly refers to bank advances and to the current portion of bank loans.

17. Other current financial liabilities

Current financial liabilities as at 30 June 2016 include the fair value measurement of financial instruments.

18. Trade payables

The following table shows the breakdown of trade payables as at 30 June 2016 and as at 31 December 2015:

(Thousands of Euro)	30/06/2016	31/12/2015
Payables to Italian suppliers	38,010	32,414
Payables to EU suppliers	10,754	9,930
Payables to suppliers outside EU	5,067	3,867
Total trade payables	**53,830**	**46,211**

As at 30 June 2016, trade payables amounted to Euro 53,830 thousand, a decrease of Euro 7.619 thousand compared to 31 December 2015.

Trade payables are non-interest bearing and are normally settled within 90-120 days. Terms and conditions referring to related parties are not different from those applied to third-party suppliers.

It should be noted that the carrying value of trade payables corresponds to their fair value.

19. Other current liabilities

The following table shows the breakdown of other current liabilities:

(Thousands of Euro)	**30/06/2016**	**31/12/2015**
Due to employees	5,974	4,679
Due to social security and welfare institutions	2,111	2,465
Other payables	1,871	1,861
Total other current liabilities	**9,956**	**9,005**

Payables to social security agencies

Payables to social security agencies mainly refer to amounts payable to such agencies for social security charges pertaining to the previous year and paid at the beginning of the current year.

Payables to personnel

The amounts due to employees for holidays not taken, monthly payments and accrued bonuses relate to holidays accrued but not yet taken as at the reporting date. These amounts include the related social security contributions. These payables are not significant and are generally paid within the following month, except for the payable for holidays accrued but not taken that is paid or used within the following year.

Other payables

These are payables of various origin that are not significant and are generally paid within the next month.

20. Tax payables (due within 12 months)

Tax payables due within 12 months mainly refer to the amount payable for current tax, net of the relevant prepaid taxes, and to taxes already withheld.

Breakdown of the main items on the interim consolidated income statement as at 30 June 2016

21. Costs for the use of basic components and consumables

The following table shows the use of basic components, ancillary materials and consumables:

(Thousands of Euro)	1H 2016	1H 2015
Purchases of base components, semi finished products and consumable materials :	*67,215*	*66,565*
Purchase of base components	64,455	63,802
Other industrial purchases	1,497	1,388
Commercial purchases	1,263	1,375
Change in inventories	*(3,122)*	*(7,458)*
Cost of base components and other consumables	**64,093**	**59,107**

The use of basic components, semi-finished products and consumables un incremento Euro 4,986 thousand in absolute terms.

22. Costs for services

The following table details the costs for services:

(Thousands of Euro)	1H 2016	1H 2015
Direct production services	8,436	7,949
Industrial services	3,243	3,096
Commercial services	10,594	10,990
General services	7,407	7,178
Total costs for services	**29,680**	**29,213**

Costs for services aumentati by Euro 467 thousand in absolute terms.

The costs of direct production services mainly refer to outsourced processing. Industrial services include costs relating to outsourced planning and design, certifications, expenses for trademarks and patents. Trade costs mainly relate to transport costs on sales, commissions, trips, travels and other trade costs, as well as marketing and advertising costs. General services include fees for directors and statutory auditors, legal, tax, notarial and financial consulting, insurance, utilities and other general costs.

23. Rental and lease costs

The following table shows the breakdown of rental and lease costs:

(Thousands of Euro)	1H 2016	1H 2015
Rental expenses	3,352	2,954
Hire fees	1,062	1,058
Total rental and lease costs	**4,413**	**4,012**

Rental costs mainly refer to rents for Nice S.p.A.'s registered office, owned by the related company Nice Immobiliare S.r.l. The amount of lease fees with Nice Immobiliare were determined on the basis of an appraisal provided by an independent expert. The change, that amounts to Euro 398 thousand, refers mainly to the ri-negotiation of the agreement related to the building that houses elero GmbH.

Hire fees (mainly for motor vehicles) refer to the rents paid for vehicles under long-term leases.

24. Personnel costs

The following table details personnel costs:

(Thousands of Euro)	1H 2016	1H 2015
Wages ans salaries	21,859	21,636
Social security contribution	5,117	4,993
Termination indeminities	523	458
Other charges	968	715
Total personnel costs	**28,467**	**27,802**

Group employees as at 30 June 2016 were 1,528 compared to 1,589 as at 30 June 2015.

As at 30 June 2016, the Group capitalised Euro 680 thousand in personnel costs for the development of new projects.

25. Other operating costs

Other operating costs include the allocation made to the bad-debt provision in order to adjust trade receivables to their realisable value. The residual amount of this item refers to bad-debt expenses and other operating costs such as general expenses, bank commissions and various taxes and duties. The decrease in this item is due to lower general expenses.

26. Depreciation and Amortisation

The following table shows the breakdown of amortisation and depreciation:

(Thousands of Euro)	1H 2016	1H 2015
Depreciation of tangible assets	3,293	3,020
Amortization of intangible assets	1,116	1,008
Total amortization and depreciation	**4,409**	**4,028**

Depreciation mainly consists of depreciation of moulds, testing machinery, industrial equipment, furniture, furnishings and hardware.

27. Asset impairment

As at 30 June 2016, the Group recognised Euro 6,805 thousand in impairment losses on fixed assets.
The shift in the Group's strategy made it appropriate to measure the net assets of the lighting business no longer at value in use, but rather at their estimated realisable value. As a result, the Group recognised Euro 4,805 thousand in impairment losses during the period.
Concerning the building complex in Corsico, FontanaArte S.p.A.'s place of business, as it will probably be reclassified to investment property no longer used in operations, the Group deemed it appropriate to measure it at fair value, rather than value in use. As a result, the Group recognised Euro 2,000 thousand in impairment losses during the period.

28. Finance income

The following table shows the breakdown of finance income:

(Thousands of Euro)	1H 2016	1H 2015
Bank interest income	335	636
Exchange gains	1,703	2,691
Other financial income	36	172
Total financial income	**2,074**	**3,499**

Exchange gains mainly relate to unrealised profits deriving from the translation, at the rate in force as at the reporting date, of assets and liabilities in currencies other than the Euro.

29. Finance expense

The following table shows the breakdown of finance expense:

(Thousands of Euro)	1H 2016	1H 2015
Cash discounts	1,254	1,076
Exchange losses	1,620	2,505
Bank interest expenses	400	348
Other financial expenses	418	1,200
Total financial expenses	**3,691**	**5,129**

In the first half of 2016, finance expense amounted to Euro 3,691 thousand and decreased by Euro 1.438 thousand. The difference is mainly due to unrealised losses deriving from the translation, at the rate in force as at the reporting date, of assets and liabilities in currencies other than the Euro and to the recognition, as at 30 June 2015, of the higher amounts paid for the exercise of the put and call option for the purchase of minorities in the subsidiary Elero, amounted to Euro 972 thousand.
The item included also the mark-to-market of derivative financial instruments.

30. Taxes for the period

The following table shows the breakdown of income taxes, distinguishing between the current, deferred and prepaid component and between Italian and foreign taxes:

(Thousands of Euro)	1H 2016	1H 2015
Current taxes	6,583	8,400
(Prepaid) deferred taxes	(1,670)	(131)
Total income taxes	**4,914**	**8,269**

Reconciliation between the theoretical and effective tax charge is presented only for IRES - whose structure has the typical features of a corporate income tax - and considers the tax rate applicable to the Group. For IRAP, to which Italian companies are subject, in view of the different basis used to calculate this tax, the reconciliation between the theoretical and effective tax charge has not been prepared.

Theoretical income taxes calculation	**1H 2016**		**1H 2015**	
Pre-tax result	9,722		15,233	
Theoretical taxes	2,674	27.5%	4,189	27.5%
Effective taxes	4,914	50.5%	8,269	54.3%
Difference	*2,240*	23.0%	*4,080*	26.8%
Irap	312	3.2%	542	3.6%
Non-deductible provisions	956	9.8%	1,425	9.4%
Deferred and prepaid taxes	(1,670)	-17.2%	(68)	-0.4%
Effect on dividends received	3	0.0%	25	0.2%
Different tax rates in foreing countries	(236)	-2.4%	2,483	16.3%
Other differences	2,875	29.6%	(328)	-2.2%
Total differences	*2,241*	23.0%	*4,079*	26.8%

The tax rate for the period amounts to 50.5%, less than 54.3% last year. The tax rate increase is mainly due to non-deductible expenses, as at 30 June 2015, that included the higher value of the loan relating to the put and call option for the purchase of minorities in the subsidiary Elero, amounting to Euro 972 thousand, and also to a different profit distribution by geographical area.

Taxes have been measured with reference to the taxable income and in compliance with the legislation in force in the individual countries. The Group's Italian companies participated in the Italian Tax consolidation scheme envisaged by Articles 117 et seq. of the TUIR (Italian Consolidated Law on Income Taxes) - Italian Presidential Decree no. 917 of 22 December 1986, with Nice Group S.p.A. as consolidator. Transactions arising from such Tax consolidation scheme are governed by specific regulations approved and signed by all members of the tax consolidation scheme. Pursuant to said regulations, the companies recognise, and subsequently transfer, current tax even in case of a tax loss, recording, as a compensation, a receivable due from Nice Group S.p.A. On the other hand, if there is a tax gain, current tax as well as a payable due to the parent company as a compensation shall be recognised. Transactions among the parties are governed by a contract that envisages full recognition of the amount calculated on tax gains or losses transferred at current IRES rates.

31. Segment information

For management purposes, the Group is organised in just one business segment, within which there are product differentiations that, however, are not separate business units. Given this, consistently with the approach adopted in previous financial statements in application of IFRS 8, it was decided to provide information based on geographical areas. This aspect is currently being closely analysed and managed by the management, and the relevant operational responsibilities have been attributed.

It is noted that, in order to better show the procedures for the analysis and reading of the management data, the grouping by geographical area is presented according to the destination market.

The tables below show information on certain assets and liabilities relating to the segments in which the Group operated in the first half of 2016 and 2015.

	1H 2016					
(Thousands of Euro)	**Italy**	**France**	**EU 15**	**Rest of Europe**	**Rest of world**	**Consolidated figures**
Net sales (1)	20,367	23,649	43,991	26,001	36,150	150,158
Non-current assets (*)	19,898	11,882	31,116	22,111	51,594	136,601
Non-current liabilities (**)	(10,059)	(7,620)	(18,722)	(12,424)	(23,335)	(72,160)

(*) Excluding deferred tax assets.

(**) Excluding deferred tax.

	2015					
(Thousands of Euro)	**Italia**	**Francia**	**EU 15**	**Resto d'Europa**	**Resto del mondo**	**Consolidato**
Net sales (1)	19,022	21,876	39,802	24,358	37,548	142,606
Non-current assets (*)	19,317	11,536	30,209	21,466	50,089	132,616
Non-current liabilities (**)	(10,015)	(7,587)	(18,642)	(12,370)	(23,234)	(71,849)

([1]) Net sales referred to the first half of 2015.

(*) Excluding deferred tax assets.

(**) Excluding deferred tax.

Please see paragraph 'Consolidated revenue' in the Report on Operations for the reasons of the most significant changes and for a description of seasonal or cyclical effects as per IAS 34.

32. Earnings per share

As required by IAS 33, information on the data used to calculate basic and diluted earnings per share (EPS) is provided. EPS is calculated by dividing the net profit for the period attributable to the Group shareholders by the weighted average number of shares outstanding during the reporting periods.

For the calculation of basic EPS, it should be noted that the numerator used is the period's net profit or loss less the portion attributable to non-controlling interests. There are no preference dividends, conversion of preference shares and other similar effects requiring adjustments to the profit or loss attributable to holders of ordinary equity instruments.
Diluted EPS is equal to basic EPS, since there are no ordinary shares that could have dilution effect, or shares or warrants that could have the same effect, and, based on the current plan, there is no likelihood of stock options accruing.

The following table shows the profit or loss and the number of ordinary shares used to calculate basic EPS, established according to the method envisaged by IAS 33.

Consolidated earnings per share	**1H 2016**	**1H 2015**
(Thousands of Euro)		
Average nr. of shares	110,664,000	110,664,000
Group net profit	4,723	6,919
Data per share (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.04268	0.06252
Diluited, for net profit attributable to ordinary shareholders of the parent company	0.04268	0.06252

No other transactions involving ordinary shares occurred between the reporting date and the date of preparation of the financial statements.

33. Dividends paid and proposed

Dividends paid during the first half of 2016 amounted to Euro 0.0703 per share. The total outlay amounted to Euro 7,780 thousand.

During the first half of 2015 dividends were paid for a total of Euro 5,257 thousand (= Euro 0.0475 per share).

34. Commitments and risks

No commitments of a significant amount arose during the first half of 2016.

35. Related-party disclosures

Nice Spa is controlled by the Italian company Nice Group S.p.A. The Group's transactions with related parties are the following:

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme.
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A.;
- Nice Real Estate SRL: financial receivable due from Nice Real Estate SRL and property lease to S.C. Nice Romania S.A.;
- Dorado Srl: a company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease to Silentron S.p.A.;
- Companies owned by the non-controlling interests of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fly Nice: consortium set up by Nice S.p.A. and other companies controlled by Lauro Buoro. It provides air transport services to the consortium members;
- New Real: leasing of a property to Nice France S.a.S.. Mr. Lauro Buoro, who is also the Chairman of Nice S.p.A., and one of the Group's directors have an interest in this company.

Sales and purchases among related parties take place at arm's length. Balances outstanding as at the reporting date are unsecured, non-interest bearing and settled in cash. No guarantees have been given or received for receivables from or payables to related parties.

Economic and financial transactions during the first half of 2016 are summarised in the table below, which does not include the financial liabilities from the acquisition of minorities (amounts in thousands of Euro).

Company	Sales	Capex	Cost for rent	Purchases of finished products	Cost for services	Commercial debts	Commercial credits	Other current assets/liabilities	Financial Receivables
Nice Group S.p.A.	-	-	(67)	-	-	-	13	426	-
Nice Immobiliare S.r.l.	-	-	(1,347)	-	-	(15)	14	25	-
Nice Real Estate SL	-	-	(209)	-	-	(25)	-	-	-
Nice Real Estate SRL	-	-	(32)	-	-	-	-	-	941
Dorado S.r.l.	-	-	(70)	-	-	-	-	-	-
Related parties									
Nice Home	643	-	-	-	-	-	253	-	-
Consorzio Fly Nice	-	-	-	-	(19)	(14)	-	-	-
New Real	-	-	(56)	-	-	-	-	-	-
Nice Team Sail S.r.l.	-	-	-	-	-	-	-	-	-
Fattoria Camporotondo S. agr. S.	-	-	-	-	-	(37)	3	-	-
Modular Professional Srl	26	-	-	-	-	-	4	-	-
Total related parties	**669**	**-**	**(1,780)**	**-**	**(19)**	**(91)**	**286**	**451**	**941**

Pursuant to Consob resolution no. 15520 of 27 July 2006, it is hereby specified that none of said transactions is considered significant and therefore it is not separately indicated in the consolidated financial statements.

36. Financial risk management policies and objectives

The Group's net financial position results in a surplus of Euro 4.465 thousand of financial liabilities over cash equivalents. The Group also holds financial instruments, mainly trade receivables and payables, and in some cases bank advances or overdrafts directly arising from operations.

Credit risk

Credit risk is the exposure to potential losses arising from the failure to meet commitments made by both trade and financial counterparties.

The Group tends to minimise the risk arising from customers' default by dealing only with known, reliable and solvent customers. The Group's policy is to subject customers requesting extended payment terms to procedures to check their credit rating. In addition, the balance of receivables is monitored during the year so that the amount of exposure to losses is not significant. Lastly, in case of new customers operating in some countries not belonging to the European Union, the Group usually requests and obtains letters of credit. There is no significant concentration of credit risk in the Group.

Credit risk relating to the Group's other financial assets, which include cash and cash equivalents, features a maximum risk equal to the carrying value of such assets in the event of insolvency of the counterparty.

Liquidity risk

Liquidity risk is related to the possibility of not having the necessary financial instruments to meet the obligations relating to financial and trade liabilities within the established deadlines.
It is believed that the liquidity risk is essentially null, given the cash flows that the Group has always generated and it expects to continue to generate.

Exchange rate risk

Nice Group exports its products throughout the world: non-Euro area sales currently exceed 30% of the total. The characteristics of the business, distribution model and financial structure are factors that expose the Group to exchange rate risk.
The main objective of Nice Group is to limit exposure in currency arising from the export of the finished product primarily through the compensation of collection and payment flows (natural hedging) settled in the same currency.
With regard to mismatch, it should be noted that the Board of Directors of 12 November 2015 approved a new Group Policy for the management of exchange rate risk, aimed at establishing financial management that allows the timely monitoring of Group currency exposure and safeguarding the margins of industrial activities.

Interest rate risk

Bank loans expose the Group to interest rate risk, particularly with reference to variable rate loans. The Group manages this risk by relying on Interest Rate Swaps (IRS).

37. Share capital management

The Group has limited payables to financial intermediaries and has a financial position that guarantees payment of an adequate dividend to shareholders and the pursuit of a growth strategy that includes acquisitions.
In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay share capital, or issue new shares.
No change was made to the objectives, policies or procedures during the first half of this year.

38. Financial instruments

<u>Fair Value</u>
Comparison of the carrying value and the fair value by class of all the Company's financial instruments recognised in the financial statements does not show any significant differences that should be mentioned, besides those highlighted.
As required by paragraphs 25 and 27 of IFRS 7, the table below presents the comparison of carrying value and fair value by class for all the Company's financial instruments recognised in the financial statements:

(in thousands of Euro)	Carrying value 30/06/2016	Fair value 30/06/2016
Financial assets at fair value through profit or loss	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through profit or loss	207	207
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*207*	*207*
Financial assets measured at amortised cost	127,411	127,411
Trade receivables	*65,943*	*65,943*
Other financial assets	*3,514*	*3,514*
Cash and cash equivalents	*57,954*	*57,954*
Financial liabilities measured at amortised cost	60,504	60,504
Bank overdrafts and loans	*5,419*	*5,419*
Trade payables	*53,830*	*53,830*
Other non-current financial liabilities	*1,255*	*1,255*
Financial assets at fair value through the comprehensive income	-	-

(in thousands of Euro)	Carrying value 31/12/2015	Fair value 31/12/2015
Financial assets at fair value through profit or loss	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through profit or loss	141	141
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*141*	*141*
Financial assets measured at amortised cost	125,191	125,191
Trade receivables	*56,587*	*56,587*
Other financial assets	*3,514*	*3,514*
Cash and cash equivalents	*65,090*	*65,090*
Financial liabilities measured at amortised cost	54,861	54,861
Bank overdrafts and loans	*7,395*	*7,395*
Trade payables	*46,211*	*46,211*
	1,255	1,255
Financial assets at fair value through the comprehensive income	-	-

<u>Fair value measurement and hierarchy</u>

Regarding financial instruments recognised in the statement of financial position at fair value, IFRS 7 requires that their value would be classified according to a hierarchy of levels that reflects the significance of the inputs used in measuring fair value. The following levels are identified:

- Level 1 – quoted prices in an active market for the asset or liability being measured;
- Level 2 – inputs other than the quoted prices included within Level 1, that are observable in the market, either directly (prices) or indirectly (derived from prices);
- Level 3 – inputs not based on observable market data.

All assets and liabilities measured at fair value as at 30 June 2016 can be classified in Level 2 of the fair value hierarchy. In addition, during the first half of 2016 there were no transfers from Level 1 to Level 2 or Level 3 or vice versa.

In relation to derivative financial instruments, as at 30 June 2016, the Group has interest rate swaps (IRS) on a bank loan as well as hedging derivatives.

The derivatives in question are represented by instruments that can be traced back to the following situations:

- currency forward purchases through which the Company undertakes to purchase the underlying currency on a given due date and at an established rate;
- currency forward sales through which the Company undertakes to sell the underlying currency on a given due date and at an established rate.

39. Events after the reporting period

On 5 July 2016, the Nice Group announced the acquisition of Hy-Security Gate Inc, a US-based North American leader in designing and manufacturing automation systems for gates for industrial and commercial use to the highest security standards.

Today, FontanaArte S.p.A., 100%-owned by Nice S.p.A., resolved to spin off its operating unit into a new company, entirely owned by FontanaArte S.p.A. and that will eventually be sold to Italian Creation Group S.p.A. This company will qualify as a related party under IAS 24.

These consolidated financial statements provide a true and fair view of the financial position, and of the consolidated profit in the first half of 2016.

Oderzo, 5 August 2016.

Per il Consiglio di Amministrazione

Il Presidente

Lauro Buoro

Attachments to the half-year condensed consolidated financial statements

List of consolidated Companies as at 30 June 2016

Name	Registered office	Reporting date	Currency	Share capital	% ownership direct	indirect	total
Nice S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2016	EUR	11,600,000			
Nice UK LTD	Nottinghamshire, United Kingdom	31/12/2016	GBP	765,000	100.0%		100.0%
Nice Belgium S.A.	Hervelee, Belgium	31/12/2016	EUR	212,000	99.7%		99.7%
Nice Polska S.p. Z.o.o.	Pruszkov, Poland	31/12/2016	PLN	1,000,000	100.0%		100.0%
Nice Automatismos Espana S.A.	Mostoles, Madrid, Spain	31/12/2016	EUR	150,253	60.0%		60.0%
Nice Group USA Inc.	San Antonio, Texas, USA	31/12/2016	USD	1	100.0%		100.0%
Nice France S.a.s.	Aubagne, France	31/12/2016	EUR	4,950,000	100.0%		100.0%
S.C. Nice Romania S.A.	Bucharest, Romania	31/12/2016	RON	383,160	99.0%		99.0%
Nice Deutschland Gmbh	Billerbeck, Germany	31/12/2016	EUR	50,000	100.0%		100.0%
Nice Shanghai Automatic Control Co. LTD	Shanghai, China	31/12/2016	EUR	2,300,000	100.0%		100.0%
R.D.P. Shanghai Trading Co. LTD	Shanghai, China	31/12/2016	EUR	200,000	100.0%		100.0%
Nice Istanbul Makine Ltd	Istanbul, Turkey	31/12/2016	TRY	10,560,000	99.0%		99.0%
Nice Australia Home Automation PTY Ltd	Sydney, Australia	31/12/2016	AUD	5,113,814	100.0%		100.0%
AutomatNice Portugal S.A.	Lisbon, Portugal	31/12/2016	EUR	50,000	100.0%		100.0%
Silentron S.p.A.	Turin, Italy	31/12/2016	EUR	500,000	100.0%		100.0%
ET Nice (PTY) LTD	Johannesburg, South Africa	31/12/2016	ZAR	213,096,975	100.0%		100.0%
Nice Home Automation CJSC	Moscow - Russia	31/12/2016	RUB	20,000	75.0%		75.0%
SAAC S.r.l.	Treviso (Italy)	31/12/2016	EUR	25,000	100.0%		100.0%
Fontana Arte S.p.A.	Milan (Italy)	31/12/2016	EUR	2,670,000	100.0%		100.0%
FontanaArte Corp. (USA)	Wilmington - Delaware (USA)	31/12/2016	USD	12,000		100.0%	100.0%
FontanaArte Trading Co. Ltd	Shanghai (China)	31/12/2016	CNY	1,136,564		100.0%	100.0%
FontanaArte France S.a.S.	Aubagne, France	31/12/2016	EUR	10,000		76.0%	76.0%
Peccinin Portoes Automaticos Industrial Ltda	Limeira, Brazil	31/12/2016	BRL	24,095,000	100.0%		100.0%
King Gates S.r.l.	Pordenone, Italy	31/12/2016	EUR	100,000	100.0%		100.0%
King Gates France SAS	Castelnau D'estrefonds	31/12/2016	EUR	10,000	100.0%		100.0%
elero GmbH	Beuren, Germany	31/12/2016	EUR	1,600,000		96.4%	96.4%
elero Motors & Controls Pvt. Ltd.	New Delhi, India	31/12/2016	INR	638,200		96.4%	96.4%
elero Singapore Pte. Ltd.	Singapore, China	31/12/2016	SGD	2		96.4%	96.4%
elero AB	Malmo, Sweden	31/12/2016	SEK	100,000		96.4%	96.4%
Nice Gulf FZE	Dubai, United Arab Emirates	31/12/2016	AED	1,008,000	100.0%		100.0%
ET Systems (Pty) Ltd	Cape Town, South Africa	28/02/2017	ZAR	150		100.0%	100.0%
Genno Tecnologia LTDA	Santa Rita do Sapucaí, Brasil	31/12/2016	BRL	5,000		51,0% (*)	51,0% (*)
Omegaport Equipamentos de Seguranca LTDA	Toledo (PR), Brasil	31/12/2016	BRL	60,000		51,0% (*)	51,0% (*)

(*) Usufruct right

Certification of the half-year condensed consolidated financial statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Roberto Griffa, in his capacity as Chief Executive Officer, and Denise Cimolai, in her capacity as Financial Reporting Manager of Nice S.p.A., herewith certify, also taking into account the requirements of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the appropriateness in relation to the enterprise's characteristics and
- the effective application

of administration and accounting procedures for the preparation of the half-year condensed consolidated financial statements during the period from 1 January 2016 to 30 June 2016.

2. Analysis and assessment of the adequacy and effectiveness of Nice's administration-accounting internal control system has been performed through the set-up of uniform administration-accounting Internal Control System Model common to the entire Group, developed consistently with the most commonly applied international framework, i.e. the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO Report), and also through the use of international auditing standards and best practices.

3. It is further certified that:

3.1 the half-year condensed consolidated financial statements:

a) have been prepared in compliance with the applicable international accounting standards endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;

b) match the data of corporate books and accounting records;

c) are appropriate to provide a true and fair view of the assets and liabilities, results, and financial position of the issuer and of the companies included in the scope of consolidation.

3.2 the interim report on operations contains a reliable analysis of the key events that took place during the first six months of the year and of their impact on the half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also contains a reliable analysis of disclosures on significant transactions with related parties.

Oderzo, 5 August 2016

Roberto Griffa	Denise Cimolai
(Chief Executive Officer)	(Financial Reporting Manager)

Tel: +39 049 7800999
Fax: +39 049 8077936
www.bdo.it

Piazza Zanellato, 5
35131 Padova

Review report on interim condensed consolidated financial statements
(Translation from the original Italian text)

To the shareholders of
Nice S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of cash flows, the statement of changes in shareholders' equity and the related explanatory notes of Nice S.p.A. and its subsidiaries (the "Nice Group") as of June 30th, 2016. Directors are responsible for the preparation of these interim condensed consolidated financial statements in accordance 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 consist of making inquiries, primarily of persons responsible for financial and accounting matters, and 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 accompanying interim condensed consolidated financial statements of Nice Group as of June 30th, 2016 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Padova, August 5th, 2016

BDO Italia S.p.A.
Signed by: Stefano Bianchi, Partner

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