HALF-YEAR FINANCIAL REPORT
for the six months ended at June 30, 2017

Dalla pianta alla tazzina, Massimo Zanetti Beverage Group è l'ambasciatore italiano del caffè nel mondo.

MASSIMO ZANETTI
BEVERAGE GROUP

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Parent Information

Massimo Zanetti Beverage Group S.p.A.

Registered Office
Viale G.G. Felissent, 53
31020 Villorba (Treviso)

Corporate Information
Share capital authorized Euro 34,300,000
Share capital subscribed and paid in Euro 34,300,000

Tax Code/Business Register/VAT No. 02120510371C

Corporate and supervisory bodies of the Parent

Board of Directors

Massimo Zanetti
Chairman and Chief Executive Officer

Matteo Zanetti (**)
Director

Laura Zanetti (**)
Director

Massimo Mambelli
Director

Lawrence L. Quier
Director

Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta (**)
Director

Sabrina Delle Curti (*) (2) (4)
Director

Mara Vanzetta (*) (2) (3)
Director

Giorgio Valerio (*) (1) (4)
Director

(*) Independent Director pursuant to article 148, paragraph 3 of the TUF (Consolidated Law on Finance) and article 3 of the Code of Conduct
(**) Non-executive Director pursuant to article 2 of the Code of Conduct

(1) Chairman of the Appointment and Remuneration Committee
(2) Member of the Appointment and Remuneration Committee
(3) Chairman of the Audit and Risk Committee
(4) Member of the Audit and Risk Committee

Board of Statutory Auditors

Fabio Facchini
Chairman

Simona Gnudi
Standing Auditor

Franco Squizzato
Standing Auditor

Cristina Mirri
Alternate Auditor

Alberto Piombo
Alternate Auditor

Corporate Reporting Manager

Massimo Zuffi

Independent Auditors

PricewaterhouseCoopers S.p.A.

DISCLAIMER

The document includes certain information considered to be "forward-looking statements" which are statements of expectation or belief, and therefore are not historical fact. By their very nature, they involve inherent risks and uncertainties, both general and specific, because they depend on the occurrence of future events and developments outside of the control of the Company. The actual results could therefore differ materially from the plans, objectives, expectations, estimates and intentions expressed in the forward-looking statements. Forward-looking statements use information available as at the date on which they are made, therefore Massimo Zanetti Beverage Group S.p.A. does not undertake any obligation to update or revise any of these after that date, whether as a result of new information, future events or otherwise, other than as required by applicable laws or regulations. The forward-looking statements do not represent and should not be considered to constitute legal, accounting, tax or investment advice of any kind, nor may the stakeholders rely on the same in any way to make investments of any kind.

INTERIM REPORT

Introduction

With reference to the six months ended June 30, 2017, the financial information included in this report and the comments reported therein are intended to provide an overview of the financial position and results of operations of the Group, the relevant changes that occurred during the period, and the significant events that have occurred affecting the results for the period.

Structure and Operations of the Group

Massimo Zanetti Beverage Group S.p.A. (the "**Company**") and its subsidiaries (together referred to as the "**Group**" or "**MZB Group**") are international players in the production and sale of roasted coffee. In order to support its core business, the MZB Group also produces and sells (or grants free use of) coffee machines and coffee equipment for use in the home, the workplace and professional offices. The Group also operates an international network of cafés (primarily under a franchise model). To complement its range of products, the MZB Group sells certain selected colonial products (primarily tea, cocoa and spices) and other food products (including sauces, sugar, chocolates and biscuits). Finally, the MZB Group sells certain goods and services (such as green coffee), that are related to its core business.

The Group sells roasted coffee and related products, primarily in the following three sales channels, which are monitored separately by Management: i) Mass Market, ii) Foodservice, and iii) Private Label.

Customers in the Mass Market channel are businesses which buy and sell food and drinks for domestic consumption (typically local shops, hyper and supermarkets chains (Large-Scale Retail Channel), door-to-door salesmen and the so-called cash & carry).

Customers in the Foodservice channel are businesses which buy and sell food and drinks for consumption outside the home (typically coffee shops, bars and cafés, restaurants, hotels, franchising chains, licensing chains, chains of road and highway service stations, on-board catering companies, as well as cafeterias, schools, hospitals, catering and vending machine companies).

Customers in the Private Label are customers from both the Mass Market or Foodservice channels that sell food and drinks produced and supplied by third parties under their own brands.

The Group operates mainly in: Italy, the USA, France, Finland, Portugal, Germany and Austria. The Group is also present, to a lesser extent, in other countries such as the Netherlands, Poland, Switzerland, Belgium, Czech Republic, Denmark, Greece, Hungary, Slovakia, Slovenia, United Kingdom, Estonia, Croatia, Brazil, Argentina, Chile, Costa Rica, Mexico, Japan, Australia, New Zealand, Thailand, Malaysia, United Arab Emirates and Singapore.

The structure of the Group is defined by product line, distribution channel and geographic area. The top management periodically reviews the results to make decisions, allocate resources and define the strategy of the Group based on a single vision of the business, which, therefore, is represented by a single operating segment.

Results of operations

Introduction

In addition to the financial statements and financial indicators required by the IFRS, this document presents reclassified financial statements and certain alternative performance indicators. Indeed, management believes that they enable readers to better assess the Group's financial position and financial performance. Such reclassified financial information and indicators should not be considered a substitute for financial information and indicators set forth by the IFRS.

The Group's business, while not showing significant seasonal or cyclical fluctuations in total annual revenue, is subject to different distribution in different months of the year which impact revenue and cost during the year. For this reason, the analysis of performance and financial and economic indicators for the first six months, should not be considered representative of all or a portion of the full year.

Results of operations for the six months ended June 30, 2017

The following table sets forth the reclassified consolidated income statement for the six months ended June 30 in 2017 and in 2016:

	Six months ended June 30,				**Change**	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Revenue	475,563	100.0%	442,728	100.0%	32,835	7.4%
Raw, ancillary, and consumable materials and goods	(279,649)	-58.8%	(258,482)	-58.4%	(21,167)	8.2%
Gross Profit[1]	**195,914**	**41.2%**	**184,246**	**41.6%**	**11,668**	**6.3%**
Purchases of services, leases and rentals	(92,112)	-19.4%	(85,471)	-19.3%	(6,641)	7.8%
Personnel costs	(72,911)	-15.3%	(69,141)	-15.6%	(3,770)	5.5%
Other operating costs, net[2]	(49)	0.0%	(521)	-0.1%	472	-90.6%
Impairment[3]	(1,747)	-0.4%	(2,433)	-0.5%	686	-28.2%
EBITDA[1]	**29,095**	**6.1%**	**26,680**	**6.0%**	**2,415**	9.1%
Depreciation and amortization[4]	(18,286)	-3.8%	(15,528)	-3.5%	(2,758)	17.8%
Operating profit	**10,809**	**2.3%**	**11,152**	**2.5%**	**(343)**	**-3.1%**
Net finance costs[5]	(3,144)	-0.7%	(2,806)	-0.6%	(338)	12.0%
Share of losses of companies accounted for using the equity method	(440)	-0.1%	(4)	0.0%	(436)	> 100%
Profit before tax	**7,225**	**1.5%**	**8,342**	**1.9%**	**(1,117)**	**-13.4%**
Income tax expense	(2,822)	-0.6%	(3,186)	-0.7%	364	-11.4%
Profit for the period	**4,403**	**0.9%**	**5,156**	**1.2%**	**(753)**	**-14.6%**

(*) Percentage of revenue

Reconciliation between the reclassified consolidated income statement and the condensed consolidated income statement:

(1) For additional information, refer to the "Non-GAAP" alternative performance indicators section.
(2) Includes other income and other operating costs
(3) Includes impairment of receivables
(4) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
(5) Includes finance income and finance costs

Revenue

Revenue amounted to Euro 475,563 thousand for the six months ended June 30, 2017, an increase of Euro 32,835 thousand (+7.4%) compared to the six months ended June 30, 2016. This increase is mainly due to the combined effect of:

- the increase in the sales prices of roasted coffee (+4.9%), partially offset by the decrease in the volumes of roasted coffee sold (-3.7%);
- the contribution from Nutricafés (+4.2%);
- the foreign currency exchange rate impact, mainly due to the fluctuations of the US dollar (+1.8%);
- and also the increase in revenues from other products (+0.2%).

At constant scope of consolidation and excluding the foreign exchange rate fluctuations, the increase in revenue is mainly due to the increase in the sale of roasted coffee, amounting to Euro 5,633 thousand (+1.4%). The increase is mainly due to the combined effect of:

- the increase in the sales prices of roasted coffee as a result of the increase in the average purchase price of green coffee and of the different mix found in the sales channels in 2017 and 2016 which led to an increase in revenues of 5.6%.

- decrease in the volumes of roasted coffee sold, leading to a decrease in revenues of 4.2% compared to the six months ended June 30, 2016. The volumes of roasted coffee sold amounted to 61.0 thousand tons and 63.7 thousand tons for the six months ended June 30, 2017 and 2016, respectively. This decrease of 2.7 thousand tons referred mainly to the Americas (2.4 thousand tons) and Southern Europe (0.5 thousand tons) in the Private Lable and Mass Market channels and was partially offset by the positive performance of the Asia-Pacific and Cafés area (0.2 thousand tons), while Northern Europe remained substantially stable.

The following table provides a breakdown of revenue for the six months ended June 30, 2017 and 2016, by sales channel:

	Six months ended June 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Mass Market	178,058	37.4%	165,450	37.4%	12,608	7.6%
Foodservice	104,691	22.0%	92,289	20.8%	12,402	13.4%
Private Label	163,453	34.4%	157,457	35.6%	5,996	3.8%
Other	29,361	6.2%	27,532	6.2%	1,829	6.6%
Total	**475,563**	**100.0%**	**442,728**	**100.0%**	**32,835**	**7.4%**

(*) Percentage of revenue.

The following table provides a breakdown of revenue for the six months ended June 30, 2017 and 2016, by geographical area:

	Six months ended June 30,				Change	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Americas	227,215	47.8%	220,593	49.8%	6,622	3.0%
Northern Europe	89,785	18.9%	85,434	19.3%	4,351	5.1%
Southern Europe	121,437	25.5%	103,777	23.4%	17,660	17.0%
Asia-Pacific and Cafés (**)	37,126	7.8%	32,924	7.4%	4,202	12.8%
Total	**475,563**	**100.0%**	**442,728**	**100.0%**	**32,835**	**7.4%**

(*) Percentage of revenue.
(***) This geographic area includes the revenue generated by the international network of cafés.

Gross profit

Gross Profit amounted to Euro 195,914 thousand for the six months ended June 30, 2017, an increase of Euro 11,668 thousand (+6.3%) compared to the six months ended June 30, 2016. This increase is partly due *i)* to the contribution from Nutricafés, a company acquired in September 2016 (+5.3%) and *ii)* the impact from exchange rate fluctuations (+1.4%).

On a constant currency basis and consistent scope of consolidation, Gross Profit decreased by Euro 723 thousand (-0.4%), compared to 2016. This trend is mainly attributable to the sale of roasted coffee (-1.1%) and is only partially offset by sales of other products (+0.7%). In particular, the variance in Gross Profit on the sale of roasted coffee, which in the period showed a decrease (-1.3%), was mainly due to the decrease in volumes of roasted coffee (-4.1%) that was only partially offset by favourable trends in the sales and purchase prices respectively of roasted and green coffee and the different mix found in the sales channels in 2017 and 2016 (+2.8%).

EBITDA

The following table provides a reconciliation between EBITDA and profit for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,				**Change**	
(in thousands of Euro)	**2017**	**(*)**	**2016**	**(*)**	**2017-2016**	
Profit for the period	4,403	0.9%	5,156	1.2%	(753)	-14.6%
Income tax expense	2,822	0.6%	3,186	0.7%	(364)	-11.4%
Finance costs	3,295	0.7%	2,936	0.7%	359	12.2%
Finance income	(151)	0.0%	(130)	0.0%	(21)	16.2%
Share of losses of companies accounted for using the equity method	440	0.1%	4	0.0%	436	> 100%
Depreciation and amortization[1]	18,286	3.7%	15,528	3.5%	2,758	17.8%
EBITDA[2]	**29,095**	**6.0%**	**26,680**	**6.1%**	**2,415**	**9.1%**

(*) Percentage of revenue
(1) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
(2) For additional information, refer to the "Non-GAAP" alternative performance indicators section.

EBITDA amounted to Euro 29,095 thousand for the six months ended June 30, 2017 and showed an increase of Euro 2,415 thousand (+9.1%) compared to the figure for the six months ended June 30, 2016 (Euro 26,680 thousand). The result is mainly due to the aforementioned factors affecting Gross Profit, and the combined effect of:

- the impact of Nutricafés, amounting to Euro 3,991 thousand;
- the impact of positive exchange rate fluctuations amounting to Euro 289 thousand;
- the increase in operating costs that, on a constant scope of consolidation and net of exchange rate fluctuations, amounted to Euro 1,142 thousand and was substantially attributable to the higher costs for advertising and promotional activities only partially offset by the reduction in personnel costs, and impairment of receivables.

Operating profit

Operating profit amounted to Euro 10,809 thousand for the six months ended June 30, 2017, a decrease of Euro 343 thousand (-3.1%) compared to the six months ended June 30, 2016. This decrease is attributable to the increase in amortisation and depreciation, amounting to Euro 2,758 thousand, especially after the acquisition of Nutricafés.

Profit for the period

Profit for the period amounted to Euro 4,403 thousand for the six months ended June 30, 2017, a decrease of Euro 753 thousand (-14.6%) compared to the six months ended June 30, 2016. In addition to what was previously described for the operating profit, this decrease is also due to the combined effect of:

- the increase in net finance costs (Euro 338 thousand), principally due to lower exchange rate gains only partially offset by the reduction in interest expenses;
- increase in the shares of losses of companies accounted for using the equity method, amounting to Euro 436 thousand;
- decrease in income taxes amounting to Euro 364 thousand, mainly due to the taxable income generated by the Group in the six months ended June 30, 2017 compared to 2016.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position at June 30, 2017 and at December 31, 2016.

	As at June 30,	As at December 31,
(in thousands of Euro)	**2017**	**2016 ***
Investments:		
Intangible assets	187,074	190,943
Property, plant and equipment and investment properties	221,314	224,492
Investments in joint ventures and associates	10,525	10,943
Non-current trade receivables	4,081	4,129
Deferred tax assets and other non-current assets(2)	26,955	26,315
Non-current assets (A)	**449,949**	**456,822**
Net working capital (B)(3)	**135,190**	**119,638**
Employee benefits	(9,414)	(9,268)
Other non-current provisions	(3,126)	(3,949)
Deferred tax liabilities and other non-current liabilities(4)	(31,261)	(32,414)
Non-current liabilities (C)	**(43,801)**	**(45,631)**
Net invested capital (A+B+C)	**541,338**	**530,829**
Sources:		
Equity	294,326	309,944
Net Financial Indebtedness	247,012	220,885
Sources of financing	**541,338**	**530,829**

* Restated figures (See Note 1)

Reconciliation between the reclassified statement of financial position and the condensed consolidated statement of financial position
(1) Includes deferred tax assets and other non-current assets
(2) For additional information, refer to the "Non-GAAP" alternative performance indicators section.
(3) Includes deferred tax liabilities and other non-current liabilities

The following table shows the breakdown of the Group's Net Working Capital at June 30, 2017 and at December 31, 2016:

	As at June 30,	As at December 31,
(in thousands of Euro)	**2017**	**2016 ***
Inventories	144,986	132,858
Trade receivables	129,218	120,074
Income tax assets	2,476	1,611
Other current assets (1)	13,529	18,519
Trade payables	(122,830)	(122,209)
Income tax liabilities	(540)	(644)
Other current liabilities	(31,649)	(30,571)
Net working capital(2)	**135,190**	**119,638**

(*) Restated figures (See Note 1)
(1) Other current assets excludes current financial receivables which are included in net financial indebtedness
(2) For additional information, refer to the "Non-GAAP" alternative performance indicators section.

Reclassified cash flow statement

The following table shows the reclassified cash flow statement for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
EBITDA (1)	**29,095**	**26,680**
Non-recurring items	-	-
Changes in net working capital	(25,206)	32,191
Net recurring investments (2)	(19,125)	(14,226)
Income tax paid	(2,846)	(3,090)
Other operating items	2,028	2,851
Free Cash Flow (1)	**(16,054)**	**44,406**
Net non-recurring investments (3)	(2,774)	(13,006)
Investments (Disposals) in financial receivables	251	-
Interest paid	(3,476)	(3,640)
Net cash generated from financing activities	33,176	(24,640)
Net cash from discontinuing operations	-	-
Exchange gains/(losses) on cash and cash equivalents	(446)	(201)
Net increase in cash and cash equivalents	**10,677**	**2,919**
Cash and cash equivalents at the beginning of the period	45,167	25,574
Cash and cash equivalents at the end of the period	**55,844**	**28,493**

(1) For additional information, refer to the "Non-GAAP" alternative performance indicators section.
(2) Net recurring investments include purchases of property, plant and equipment and intangible assets, excluding asset deals
(3) Net non-recurring investments include business combinations, asset deals and other minor items

Free Cash Flow showed a negative figure of Euro 16,054 thousand in the six months ended June 30, 2017, compared with a positive figure of Euro 44,406 in the six months ended June 30, 2016. This decrease is mainly due to the trends in changes to the net working capital.

The following table shows the breakdown of changes in Net Working Capital for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Changes in inventories	(15,361)	11,410
Changes in trade receivables	(13,017)	(5,098)
Changes in trade payables	2,528	24,217
Changes in other assets/liabilities	791	2,459
Payments of employee benefits	(147)	(797)
Changes in net working capital	**(25,206)**	**32,191**

Changes in Net Working Capital were negative for Euro 25,206 thousand for the six months ended June 30, 2017 compared with a positive figure of Euro 32,191 thousand for the six months ended June 30, 2016, mainly due to:

- changes in inventories, negative for Euro 15,361 thousand, reflecting the higher volumes of stocks of raw materials and finished products, in line with the sales of green coffee forecasted for the next months;
- changes in trade payables with a positive figure of Euro 2,528 thousand compared to the previous period, which benefited from the change in payment terms agreed with Cofiroasters SA;
- changes in trade receivables with a negative figure of Euro 13,017 thousand, principally reflecting the increase in turnover for the period.

Net recurring investments amounted to Euro 19,125 thousand for the six months ended June 30, 2017, with an increase of Euro 4,899 thousand compared to the six months ended June 30, 2016, mainly due to the investments by Nutricafés and Boncafé Hong Kong.

Net non-recurring investments amounted to Euro 2,774 thousand and Euro 13,006 thousand for the six months ended June 30, 2017 and 2016, respectively.

The cash flow used in the net non-recurring investments in the six months ended June 30, 2017 relate primarily to: *i)* the purchase of the business unit, Tru Blue, in Australia *ii*) the purchase of Le.ma in Italy, and *iii)* the subscription of the share capital increase in the sports club Virtus Pallacanestro Bologna S.S.D. a R.L, of 40%.

The cash flow used in the net non-recurring investments for the six months ended June 30, 2016 relate primarily to *i)* the acquisition of Segafredo Zanetti Worldwide Italia S.p.A., for Euro 2,624 thousand, net of the cash acquired *ii)* the purchase of a 15.1% stake in Club Coffee LP, for CAD 15,100 thousand (Euro 10,139 thousand) as well as *iii)* the purchase of Boncafe Vietnam Company Ltd. for Euro 148 thousand, net of the cash acquired.

Financing activities generated cash amounting to Euro 33,176 thousand in the six months ended June 30, 2017 compared to cash used amounting to Euro 24,640 thousand in the six months ended June 30, 2016. The cash generated in the six months ended June 30, 2017 was mainly due to the combined effect of:

- cash collected through new issues of long-term loans amounting to Euro 20,930 thousand, net of the repayment of the instalments due;
- the increase in short-term loans of Euro 17,551 thousand;
- the payment of dividends for Euro 5,145 thousand.

Net Financial Indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at June 30, 2017 and at December 31, 2016, determined in accordance with the CONSOB Communication dated July 28, 2006, and in compliance with the ESMA Recommendation 2013/319:

		As at June 30,	As at December 31,
(in thousands of Euro)		**2017**	**2016**
A	Cash and cash equivalents	(872)	(931)
B	Cash at bank	(54,972)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(55,844)**	**(45,167)**
E	**Current financial receivables**	**(3,189)**	**(3,495)**
F	Current loans	68,501	50,870
G	Current portion of non-current medium/long-term loans	18,470	24,952
H	Other current financial payables	1,112	1,608
I	**Current indebtedness (F+G+H)**	**88,083**	**77,430**
J	**Net current indebtedness (I+E+D)**	**29,050**	**28,768**
K	Non-current medium/long-term loans	214,970	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	2,992	2,724
N	**Non-current indebtedness (K+L+M)**	**217,962**	**192,117**
O	**Net financial indebtedness (J+N)**	**247,012**	**220,885**

Net Financial Indebtedness amounted to Euro 247,012 thousand at June 30, 2017, an increase of Euro 26,127 thousand compared to December 31, 2016. This increase is mainly due to the combined effect of the following:

- negative Free Cash Flow of Euro 16,054 thousand for the six months ended June 30, 2017;
- dividends paid amounting to Euro 5,145 thousand;
- interest paid of Euro 3,476 thousand for the six months ended June 30, 2017;
- net non-recurring investments of Euro 2,774 thousand in the six months ended June 30, 2017;
- the Euro/USD foreign currency exchange rate impact and other non-cash items.

Capital expenditure

The following table sets forth capital expenditure in business combinations, property, plant and equipment and intangible assets for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,			
(in thousands of Euro)	**2017**		**2016**	
	Capital expenditure	**Cash-out**	**Capital expenditure**	**Cash-out**
Business combinations, including those under common control	1,934	1,934	2,800	2,624
Investments in associates	840	840	10,139	10,139
Intangible assets	578	578	949	949
Property, plant and equipment	19,183	19,183	14,750	13,738
Total non-current assets	**22,535**	**22,535**	**28,638**	**27,450**

Business combinations, including transactions under common control
Cash-out amounted to Euro 1,934 thousand and Euro 2,624 thousand for the six months ended June 30, 2017 and June 30, 2016, respectively, relating to the acquisition in 2017 of Tru Blue (a business unit of the Australian group Boutique Beverage Pty.) and of Le.ma, a small operator in the Italian market, and the acquisition in 2016 of Segafredo Zanetti Worldwide Italia S.p.A. and Boncafe Vietnam Company Ltd.

Investments in associates
In the six months ended June 30, 2017, the Group subscribed a share capital increase in Virtus Pallacanestro Bologna S.S.D. a R.L., located in Bologna, with an overall share of 40%. The investment amounted to Euro 840 thousand. The Group is of the opinion that it exercises significant influence over the club and so it has been classified as an associated company and accounted for using the equity method.

Investments in the six months to June 30, 2016 amounted to Euro 10,139 thousand and related to the acquisition of the minority stake in Club Coffee.

Property, plant and equipment
Capital expenditure in property, plant and equipment for the six months ended June 30, 2017 mainly relates to bar equipment and assets under construction, amounting to Euro 10,923 thousand and Euro 4,115 thousand, respectively.

Capital expenditure in property, plant and equipment for the six months ended June 30, 2016 mainly relates to bar equipment and assets under construction, amounting to Euro 7,568 thousand and Euro 2,597 thousand, respectively.

Intangible assets
Capital expenditure in intangible assets for the six months ended June 30, 2017 are mainly related to the implementation of new software in the USA, Italy and France.

Capital expenditure in intangible assets for the six months ended June 30, 2016 are mainly related to the implementation of new software in Finland, France and USA.

Key events for the six months ended June 30, 2017

On April 11, 2017, the Ordinary Shareholders' Meeting of Massimo Zanetti Beverage Group S.p.A.:
- approved the 2016 financial statements and the distribution of a dividend of Euro 0.15 per share, for a total of Euro 5,145 thousand;
- appointed the members and the Chairman of the new Board of Directors, who will be in office up to the date of the Annual General Meeting for the approval of the financial statements as at December 31, 2019.
- appointed the Standing and Alternate members and the Chairman of the Board of Statutory Auditors, who will be in office up to the date of the Annual General Meeting called to approve the financial statements as at December 31, 2019.

Within the scope of the ordinary fund raising activities, the Group entered into:
- a medium-to-long term loan agreement with Banco BPM in April 2017 for an overall amount of Euro 10,000 thousand reaching maturity in 2022;
- a medium-to-long term loan agreement with UBI Banca in May 2017 for an overall amount of Euro 15,000 thousand reaching maturity in 2022.

In order to reduce the Group's exposure to interest rate fluctuations, Interest Rate Swap agreements on certain existing loans were entered into in the six months ended June 30, 2017. For additional details, one should refer to note 14 "Current and non-current borrowings".

Legislative Decree no. 254 of December 30, 2016 introduced in Italy, Directive 2014/95/EU of the European Parliament (so called *"Barnier directive*") regarding non-financial disclosure reporting by certain large enterprises and groups. In particular, it specifies that, as from the year 2017, all listed companies must prepare a non-financial disclosure report to be annexed to the Management Report or to be published separately.
To ensure proper compliance with this reporting requirement, the Group launched a project in May 2017 for the collection, processing and analysis of such information, with support from external consultants.

Subsequent events

Please refer to Note 28 – Subsequent Events in the notes to the consolidated condensed interim financial report at June 30, 2017.

Business outlook

In line with what has happened in the past, in the second half of the year, we expect to see an increase in coffee volumes sold and in economic margins, compared to the first six months of 2017.

Based on the results achieved for the six months ended June 30, 2017 and on the current market trends, the outlook for the Group performance in 2017 is unchanged.

"Non-GAAP" alternative performance indicators

Company management evaluates the performance of the Group using certain financial and operating indicators not required by IFRS. In particular, EBITDA, which is appropriately adjusted when conditions apply, is used as a primary indicator of profitability, since it allows analysis of the profit margin of the Group, eliminating the effects of volatility due to non-recurring items or items unrelated to ordinary operations.

In accordance with Communication CESR/05-178b, a description of such items used by management is described below:

- Gross Profit is defined by the Group as the difference between Revenue and Purchases of Raw, ancillary, and consumable materials and goods;
- Gross Margin is defined by the Group as the ratio of Gross Profit to Revenue;
- EBITDA is defined by the Group as the profit for the period adjusted to exclude amortization and depreciation, financial income and costs, income tax expense and losses for the period from discontinued operations;
- EBITDA Margin is defined as the ratio of EBITDA to Revenue;
- Adjusted EBITDA is defined by the Group as EBITDA adjusted for non-recurring items;
- Adjusted EBITDA Margin is defined by the Group as the ratio of Adjusted EBITDA to Revenue;
- Net Working Capital is calculated as the sum of inventories, trade receivables, income tax receivables and other current assets (excluding financial assets), net of trade payables, income tax liabilities and other current liabilities;
- Net Invested Capital is defined by the Group as the sum of non-current assets, non-current liabilities and Net Working Capital;
- Free Cash Flow is defined by the Group as the sum of EBITDA, changes in Net Working Capital, net recurring investments, income tax paid and other operating items.

Unusual transactions and/or events

No significant unusual transactions and/or events occurred in the period which have an impact on the Group's results of operations or financial position.

Treasury shares

The Company does not own nor has owned in the period treasury shares or shareholdings in parent companies, including through third parties or trust companies, and therefore, has not carried out any sales and purchase transactions for such shares and/or shareholdings.

Related-party transactions

For details regarding related-party transactions for the six months ended June 30, 2017, one should refer to Note 27 – Related-Party Transactions of the notes to the consolidated condensed interim financial statements at June 30, 2017.

In accordance with the regulations on transactions with related parties introduced pursuant to Consob Resolution no. 17221 dated March 12, 2010 as subsequently amended and integrated, the Company has adopted the procedure governing related-party transactions.

The aforementioned procedure was approved by the Board of Directors of the Company on July 15, 2015 and amended on August 28, 2015 with the approval of the independent directors.

The objective of the procedure is to ensure transparency and the substantial correctness of transactions with related parties and is published on the Company website – www.mzb-group.com.

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2017

Consolidated Condensed Interim Income Statement

(in thousands of Euro)	**Note**	**Six months ended June 30, 2017**	**2016**
Revenue	**18**	475,563	442,728
Other income		3,352	3,009
Purchase of goods	**19**	(279,649)	(258,482)
Purchases of services, leases and rentals	**20**	(92,112)	(85,471)
Personnel costs	**21**	(72,911)	(69,141)
Other operating costs	**22**	(3,401)	(3,530)
Amortization, depreciation and impairment	**23**	(20,033)	(17,961)
Operating profit		**10,809**	**11,152**
Finance income	**24**	151	130
Finance costs	**24**	(3,295)	(2,936)
Share of losses of companies accounted for using the equity method		(440)	(4)
Profit before tax		**7,225**	**8,342**
Income tax expense	**25**	(2,822)	(3,186)
Profit for the year		**4,403**	**5,156**
Profit attributable to:			
Non-controlling interests		*107*	*112*
Owners of the parent		*4,296*	*5,044*
Basic/diluted earnings per share (in Euro)	**26**	**0.13**	**0.15**

Consolidated Condensed Interim Statement of Comprehensive Income

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Profit for the period	**4,403**	**5,156**
Gains/(Losses) from cash flow hedges	(2,261)	523
Currency translation differences	(12,307)	(1,618)
Items that may be subsequently reclassified to profit or loss	**(14,568)**	**(1,095)**
Remeasurements of employee benefit obligations	(148)	(106)
Items that will not be reclassified to profit or loss	**(148)**	**(106)**
Total comprehensive (loss)/income for the period	**(10,313)**	**3,955**
Comprehensive income attributable to non-controlling interests	99	108
Comprehensive (loss)/income attributable to owners of the parent	**(10,412)**	**3,847**

Consolidated condensed interim statement of financial position

(in thousands of Euro)	Note	As at June 30, 2017	As at December 31, 2016 *
Intangible assets	**9**	187,074	190,943
Property, plant and equipment	**10**	217,047	220,173
Investment properties		4,267	4,319
Investments in joint ventures and associates	**11**	10,525	10,943
Non-current trade receivables	**12**	4,081	4,129
Deferred tax assets		11,014	10,279
Other non-current assets		15,941	16,036
Total non-current assets		**449,949**	**456,822**
Inventories		144,986	132,858
Trade receivables	**12**	129,218	120,074
Income tax assets		2,476	1,611
Other current assets		16,718	22,014
Cash and cash equivalents		55,844	45,167
Total current assets		**349,242**	**321,724**
Total assets		**799,191**	**778,546**
Share capital		34,300	34,300
Other reserves		105,435	124,738
Retained earnings		152,803	149,057
Equity attributable to owners of the Parent		**292,538**	**308,095**
Non-controlling interests		1,788	1,849
Total equity	**13**	**294,326**	**309,944**
Non-current borrowings	**14**	217,962	192,117
Employee benefits		9,414	9,268
Other non-current provisions	**15**	3,126	3,949
Deferred tax liabilities		27,955	29,069
Other non-current liabilities	**16**	3,306	3,345
Total non-current liabilities		**261,763**	**237,748**
Current borrowings	**14**	88,084	77,430
Trade payables		122,830	122,209
Income tax liabilities		540	644
Other current liabilities	**16**	31,648	30,571
Total current liabilities		**243,102**	**230,854**
Total liabilities		**504,865**	**468,602**
Total equity and liabilities		**799,191**	**778,546**

(*) Restated figure

Consolidated Condensed Interim Statement of Cash Flows

(in thousands of Euro)	**Note**	**Six months ended June 30,**	
		2017	**2016**
Profit before tax		**7,225**	**8,342**
Adjustments for:			
Amortization, depreciation and impairment	**23**	20,033	17,961
Provisions for employee benefits and other charges		370	274
Finance costs	**24**	3,144	2,810
Other non-monetary items		351	144
Net cash generated from operating activities before changes in net working capital		**31,123**	**29,531**
Decrease/(Increase) in inventories		(15,361)	11,410
Decrease/(Increase) in trade receivables		(13,017)	(5,098)
Increase/(Decrease) in trade payables		2,528	24,217
Changes in other assets/liabilities		791	2,459
Payments of employee benefits		(147)	(797)
Interest paid		(3,476)	(3,640)
Income tax paid		(2,846)	(3,090)
Net cash generated from /(used in) operating activities		**(405)**	**54,992**
Acquisition of subsidiary, net of cash acquired	**7**	(1,934)	(148)
Acquisition under common control, net of cash acquired	**7**	-	(2,624)
Purchase of property, plant and equipment	**10**	(19,183)	(13,738)
Purchase of intangible assets	**9**	(578)	(949)
Proceeds from sale of property, plant and equipment	**10**	630	412
Changes in financial receivables	**9**	6	49
Investments in joint ventures and associates	**11**	(840)	(10,139)
Changes in financial receivables		191	(187)
Interest received		60	92
Net cash used in investing activities		**(21,648)**	**(27,232)**
Proceeds from long-term borrowings	**14**	41,740	20,000
Repayment of long-term borrowings	**14**	(20,810)	(12,016)
Increase / (decrease) in short-term borrowings	**14**	17,551	(29,537)
Dividends paid	**13**	(5,305)	(3,087)
Net cash generated from / (used in) financing activities		**33,176**	**(24,640)**
Exchange gains/(losses) on cash and cash equivalents		(446)	(201)
Net increase (decrease) in cash and cash equivalents		**10,677**	**2,919**
Cash and cash equivalents at the beginning of the period		45,167	25,574
Cash and cash equivalents at the end of the period		**55,844**	**28,493**

Consolidated Condensed Statement of Changes in Equity

(in thousands of Euro)	**Share capital**	**Other reserves**	**Retained earnings**	**Equity attributable to owners of the parent**	**Equity attributable to non-controlling interests**	**Total**
As of December 31, 2015	**34,300**	**121,803**	**135,786**	**291,889**	**1,797**	**293,686**
Profit for the period	-	-	5,044	5,044	112	**5,156**
Remeasurements of employee benefit obligations	-	-	(102)	(102)	(4)	**(106)**
Gain from cash flow hedges	-	523	-	523	-	**523**
Currency translation differences	-	(1,618)	-	(1,618)	-	**(1,618)**
Total loss for the period	**-**	**(1,095)**	**4,942**	**3,847**	**108**	**3,955**
Shareholders transactions						**-**
Acquisition of Segafedo Zanetti World Wide SpA	-	-	(1,374)	(1,374)	-	**(1,374)**
Dividends paid	-	(3,087)	-	(3,087)	-	**(3,087)**
Reclassifications	-	18	(18)	-	-	**-**
At June 30, 2016	**34,300**	**117,639**	**139,336**	**291,275**	**1,905**	**293,180**

(in thousands of Euro)	**Share capital**	**Other reserves**	**Retained earnings**	**Equity attributable to owners of the parent**	**Equity attributable to non-controlling interests**	**Total**
As at December 31, 2016	**34,300**	**124,738**	**149,057**	**308,095**	**1,849**	**309,944**
Profit for the year	-	-	4,296	4,296	107	**4,403**
Remeasurements of employee benefit obligations	-	-	(140)	(140)	(8)	**(148)**
Losses from cash flow hedges	-	(2,261)	-	(2,261)	-	**(2,261)**
Currency translation differences	-	(12,307)	-	(12,307)	-	**(12,307)**
Total income for the period	**-**	**(14,568)**	**4,156**	**(10,412)**	**99**	**(10,313)**
Shareholders transactions						
Dividends paid	-	(5,145)	-	(5,145)	(160)	**(5,305)**
Reclassifications	-	410	(410)	-	-	**-**
As at June 30, 2017	**34,300**	**105,435**	**152,803**	**292,538**	**1,788**	**294,326**

Notes

1. General information

Massimo Zanetti Beverage Group S.p.A. (hereinafter the "**Company")** is a company established and domiciled in Italy and organized under the laws of the Republic of Italy. The registered offices of the Company are located in Viale Felissent, Villorba (Treviso). The Company is controlled by Massimo Zanetti Industries S.A. (hereinafter also referred to as "**MZ Industries**"), based in Luxembourg.

The Company and its subsidiaries (hereinafter referred to as the "**Group**") operate in the coffee business. In particular, the Group manages numerous well-known international brands and a vast assortment of regional products, including coffee, tea, cocoa and spices.

The Company has been listed on the STAR segment of the Mercato Telematico Azionario - MTA (screen-based stock exchange) managed and organised by Borsa Italiana S.p.A. (Italian Stock Exchange) since June 3, 2015.

These consolidated condensed interim financial statements as at June 30, 2017 (the ''**Consolidated Condensed Interim Financial Statements**'') have been prepared by the Company in accordance with the provisions of Article 154 ter paragraph 2 of Legislative Decree no. 58/98 - T.U.F. as amended, and also of Art. 2.2.3 (3) of the Regulation on Markets Organised and Managed by Borsa Italiana S.p.A. and taking account of Notice no. 7587 of April 21, 2016 of Borsa Italiana S.p.A.

The Consolidated Condensed Interim Financial Statements as at June 30, 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting. IAS 34 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements by International Financial Reporting Standards issued by the International Accounting Standards Board and approved by the European Union, given that the entity has prepared financial statements compliant with IFRS for the previous financial year. The Consolidated Condensed Interim Financial Statements should be read in conjunction with the Group's consolidated financial statements as at December 31, 2016 ("**Consolidated Financial Statements**") which were prepared in accordance with the IFRS as adopted by the European Union.

The items of current and non-current trade receivables, deferred tax assets and goodwill as at December 31, 2016 and reported, for comparison purpose, in the consolidated statement of financial position were reclassified to improve comparability with the corresponding balances as at June 30, 2017.

The Consolidated Condensed Interim Financial Statements have been prepared in Euro, the functional currency of the Company. Unless otherwise indicated, all the amounts included in this document are stated in thousands of Euro.

The Consolidated Condensed Interim Financial Statements were subject to a limited review by PricewaterhouseCoopers S.p.A. and were approved by the Board of Directors on August 8, 2017.

2. Accounting Policies

The accounting policies and principles used in the preparation of these Consolidated Condensed Interim Financial Statements are consistent with those used for the Group's Consolidated Financial Statements, and can be found described therein, and have been consistently applied to all periods presented.

It should be noted that, for what concerns the amendments of the IFRS applicable to the financial year ending on December 31, 2017, the Group is still assessing the implementation methodology and the possible accounting impacts generating from the introduction of the aforementioned accounting principles.

The recognition of income taxes is based on the best estimate of the actual tax rate expected for the full financial year.

3. Conversion of the financial statements in currencies other than the Euro

The financial statements of subsidiaries are prepared in the currency of the primary economic environment in which they operate. Financial information presented in currencies other than the Euro are translated into Euro as follows:

- assets and liabilities are translated using the exchange rates applicable at the reporting date;
- revenues and expenditures are translated at the average exchange rate for the period;
- the reserve for currency translation differences includes exchange differences generated by translating balances at a rate other than the closing rate, as well as those generated by translating opening assets and liabilities at a rate other than the rate applicable at the reporting date.

The following exchange rates were used to translate non-Euro financial information of subsidiaries:

Currency		Average exchange rate for the nine months ended September 30,		Exchange rate as at June 30,			Exchange rate as at December 31,	
		2017	2016	2017	2016	2015	2016	2015
US Dollar	USD	1.08	1.12	1.14	1.11	1.12	1.05	1.09
Australian Dollar	AUD	1.44	1.52	1.49	1.49	1.46	1.46	1.49
Japanese Yen	JPY	121.66	124.50	127.75	114.05	137.01	123.40	131.07
Swiss Franc	CHF	1.08	1.10	1.09	1.09	1.04	1.07	1.08
Brazilian Real	BRL	3.44	4.13	3.76	3.59	3.47	3.43	4.31
British Pound	GBP	0.86	0.78	0.88	0.83	0.71	0.86	0.73
Costarican Colon	CRC	608.90	598.69	652.15	607.47	598.28	580.81	585.64
Argentine Peso	ARS	17.00	15.99	18.89	16.58	10.17	16.75	14.10
Danish Crown	DKK	7.44	7.45	7.44	7.44	7.46	7.43	7.46
Polish Zloty	PLN	4.27	4.37	4.23	4.44	4.19	4.41	4.26
Chilean Peso	CLP	714.13	769.26	758.21	735.50	714.92	704.95	772.71
Czech Koruna	CZK	26.79	27.04	26.20	27.13	27.25	27.02	27.02
Mexican Peso	MXN	21.03	20.16	20.58	20.63	17.53	21.77	18.91
New Zealand Dollar	NZD	1.53	1.65	1.56	1.56	1.65	1.52	1.59
Singapore Dollar	SGD	1.52	1.54	1.57	1.50	1.51	1.52	1.54
Thai Bhat	THB	37.57	39.55	38.74	39.01	37.80	37.73	39.25
United Arab Emirates Dinar	AED	3.97	4.10	4.19	4.08	4.11	3.87	4.00
Malaysian Ringgit	MYR	4.75	4.57	4.90	4.43	4.22	4.73	4.70
Vietnamese Dong	VND	24,580.08	24,911.62	25,938.35	24,767.80	24,421.50	23,991.84	24,475.10
Croatian Kuna	HRK	7.45	7.56	7.41	7.53	7.59	7.56	7.64
Hong Kong Dollar	HKD	8.42	8.67	8.91	8.61	8.67	8.18	8.44
Romanian Leu	RON	4.54	4.50	4.55	4.52	n.a.	4.54	4.52
Hungarian Forint	HUF	309.47	312.70	308.97	317.06	314.93	309.83	315.98
Canadian Dollar	CAD	1.45	1.49	1.48	1.44	n.a.	1.42	n.a.

4. Use of Estimates

The preparation of the Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities. Actual results may differ from these estimates and assumptions.

In preparing these Consolidated Condensed Interim Financial Statements, the significant estimates and assumptions made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements.

5. Management of Financial Risks

The activities of the Group are exposed to the following risks: market risk (including in particular, interest rate risk, foreign exchange rate risk and price risk), credit risk, liquidity risk and capital risk.
The Consolidated Condensed Interim Financial Statements do not include all the information and notes on financial risk management required in the preparation of the Consolidated Financial Statements and they should be read in conjunction with the Consolidated Financial Statements.

There have been no changes in the risk management department or in any risk management policies since December 31, 2016.

Market risk

The Group is exposed to market risks associated with interest rates, exchange rates and green coffee prices.

There have been no significant changes in the policies, strategies or instruments used to manage interest rate risk, exchange rate risk and green coffee price risk since December 31, 2016.

Exchange rate risk

In order to reduce the exchange rate risk deriving from foreign currency denominated assets, liabilities and cash flows, the Group arranges forward contracts to hedge future cash flows denominated in currencies other than Euro. The instruments adopted by the Group satisfy the criteria necessary to be recognized in accordance with hedge accounting rules.
The notional value of forward contracts outstanding as at June 30, 2017 was Euro 82,386 thousand (Euro 21,309 thousand as at December 31, 2016). Forward contracts outstanding as at June 30, 2017 had a negative fair value of Euro 2,111 thousand (positive fair value of Euro 1,097 thousand as at December 31, 2016).

Price risk of green coffee

In the ordinary course of business, the Group is exposed to the risk of fluctuations in the price of green coffee, its principal raw material. The Group reduces risk deriving from fluctuations in the price of green coffee by entering into forward contracts for the purchase of green coffee that fix the price of expected future purchases. The maturity of such contracts is generally four to six months. For further details, see Note 27 - Related Party Transactions. For accounting purposes, changes in the fair value of such contracts are not disclosed when the "own use exemption" conditions apply.

The value of outstanding contractual obligations for which the own use exemption conditions apply amounted to Euro 203,521 thousand as at June 30, 2017 (Euro 219,495 thousand as at December 31, 2016).

Liquidity risk

Taking into account Note 14 – Current and Non-Current Borrowings, there were changes in the expected cash flows, in particular, non-current borrowings, compared to December 31, 2016.

As at June 30, 2017, the Group had credit lines available from various financial institutions (that are renewable annually and can be revoked at short notice), amounting to a total of Euro 207,939 thousand (Euro 223,444 thousand as at December 31, 2016).

The undrawn portion of such credit lines at June 30, 2017 totalled Euro 140,700 thousand (Euro 170,977 thousand at December 31, 2016).

Additionally, it is noted that:

- there are different sources of funding from various financial institutions;
- there is not a significant concentration of liquidity risk in terms of financial assets or sources of financing.

Fair value

The fair value of financial instruments listed in an active market is based on their market prices at the reporting date. The fair value of financial instruments not listed in an active market is determined using measurement techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The following table shows the fair value hierarchy for financial assets and liabilities that are measured at fair value on a recurring basis as at June 30, 2017 and December 31, 2016:

As at June 30, 2017 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Current derivatives on exchange rates	-	-	-	-
Total	**-**	**-**	**-**	**-**
Liabilities				
Current derivatives on exchange rates	-	2,112	-	2,112
Derivatives on interest rates	-	1,242	-	1,242
Total	**-**	**3,354**	**-**	**3,354**

As at December 31, 2016 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Current derivatives on exchange rates	-	1,097	-	1,097
Total	**-**	**1,097**	**-**	**1,097**
Liabilities				
Derivatives on interest rates	-	1,806	-	1,806
Total	**-**	**1,806**	**-**	**1,806**

Level 1: Fair value is determined with reference to the (unadjusted) listed prices in active markets of identical financial instruments.

Level 2: Fair value is determined using measurement techniques based on inputs observable in active markets.

Level 3: Fair value is determined using measurement techniques based on inputs that are not observable.

There were no transfers between levels for the six months ended June 30, 2017 or the year ended December 31, 2016. Similarly, there were no changes in the valuation techniques used. Transfers in the fair value hierarchy levels 2 and 3 are analyzed at each reporting date.

Valuation techniques used to derive Level 2 fair values

The fair value of derivative instruments in place as at June 30, 2017 and December 31, 2016 is measured in accordance with Level 2.

Financial instruments with a Level 2 fair value include derivatives that qualify for hedge accounting and other derivative instruments designed to reduce exposure to economic risks. Derivative instruments include forward foreign exchange contracts and interest rate swaps.

The fair value of forward foreign exchange contracts is determined using forward exchange rates quoted on active markets. The fair value of interest rate swaps is determined using a forward curve of interest rates based on market yield curves.

The fair value of trade receivables and other financial assets, trade payables, other payables and other financial liabilities, which are classified as current in the statement of financial position, are measured at amortized cost. The fair value of such assets and liabilities does not differ materially from their carrying amounts as at June 30, 2017 and December 31, 2016, as they relate primarily to balances generated from normal operations that will be settled in the short term.

6. Seasonality

While the Group's business is not subject to significant seasonal or cyclical fluctuations, the revenue and cost flows are not entirely uniform throughout the year. For that reason, the interim financial position and results of operations should not be considered representative of all or a portion of the full year.

7. Business combinations

For the six months ended June 30, 2017

The acquisition of Le.ma, a small local operator in the Italian market, took place in the first six months of 2017 and in June, the Group acquired the business unit Tru Blue, operating in the distribution of coffee in Australia.

With reference to the Australian acquisition, the following table provides a comparison between the amount paid and the carrying amount of the net assets acquired:

(in thousands of Euro)	**Provisional Fair value**
Property, plant and equipment	9
Inventories	118
Net assets acquired	**127**
Consideration	(1,734)
Provisional goodwill	**1,607**

In September 2016, through its subsidiary Segafredo Zanetti Portugal S.A., the Group completed its purchase of 100% of the capital in Nutricafés, one of the major coffee market operators in Portugal.

The price paid for the acquisition was a total of Euro 40,459 thousand.

During the six months ended June 30, 2017, the purchase price allocation was reviewed and the figure indicated in Note 5 "Business Combinations" of the Annual Financial Report as at December 31, 2016 had to be restated.

The following table provides a comparison between the amount paid and the provisional fair value of the net assets acquired, showing the updated figures:

(in thousands of Euro)	**Provisional fair value - initial recognition**	**Fair value adjustment**	**Provisional Fair value**
Intangible assets	10,340	21,889	32,229
Property, plant and equipment	8,235	-	8,235
Other assets	890	162	1,052
Deferred tax assets/(liabilities)	628	(5,098)	(4,470)
Inventory	3,365	-	3,365
Trade receivables	5,165	(3,177)	1,988
Cash and cash equivalents	1,550	-	1,550
Other non-current provisions	(85)	(1,200)	(1,285)
Borrowings	(34,994)	-	(34,994)
Trade payables	(6,083)	-	(6,083)
Other liabilities	(2,319)	-	(2,319)
Net assets acquired	**(13,308)**	**12,576**	**(732)**
Consideration	(40,459)	-	(40,459)
Provisional goodwill	**53,767**	**(12,576)**	**41,191**

For the six months ended June 30, 2016

In the six months ended June 30, 2016, the Group acquired the entire share capital of Segafredo Zanetti Worldwide Italia S.p.A., a company owned directly by Massimo Zanetti, Chairman and CEO of the Parent Company. The agreed purchase price amounts to Euro 2,800 thousand on the basis of an expert valuation.

This acquisition is described as "*under common control*" and therefore the acquired assets and liabilities were recognised based on their historical carrying amounts, without recognising any gains.

In the six months ended June 30, 2016, moreover, the Group acquired 100% of the share capital of Boncafe Vietnam for USD 175 thousand (Euro 155 thousand).

8. Operating Segments

IFRS 8 defines an operating segment as a component of an entity: *i)* that engages in business activities from which it may earn revenues and incur expenses; *ii)* whose operating results are reviewed regularly by the entity's chief operating decision maker; and *iii)* for which discrete financial information is available. For the purposes of IFRS 8, the Group has a single operating segment.

Details of revenue by product line, distribution channel and geographical area are provided in Note 18 - Revenue.

9. Intangible Assets

The following table sets forth the changes in property, plant and equipment for the six months ended June 30, 2017:

(in thousands of Euro)	**Goodwill**	**Trademarks, licenses, and similar**	**Customer related assets**	**Software and other immaterial assets**	**Total**
As at December 31, 2016 *	**115,448**	**67,578**	**3,750**	**4,167**	***190,943***
Of which:					
- historical cost	*115,448*	*73,893*	*5,586*	*20,193*	***215,120***
- accumulated depreciation	-	*(6,315)*	*(1,836)*	*(16,026)*	***(24,177)***
Change in scope of consolidation	1,705	-	-	-	**1,705**
Capital expenditure	-	56	-	522	**578**
Disposals	-	-	-	(6)	**(6)**
Amortization	-	(1,555)	(328)	(692)	**(2,575)**
Exchange differences	(1,958)	(1,402)	(139)	(72)	**(3,571)**
As at June 30, 2017	**115,195**	**64,677**	**3,283**	**3,919**	**187,074**
Of which:					
- historical cost	*115,195*	*72,380*	*5,333*	*19,530*	***212,438***
- accumulated depreciation	-	*(7,703)*	*(2,050)*	*(15,611)*	***(25,364)***

* Figures restated due to the application of IFRS 3

Capital expenditure in intangible assets for the six months ended June 30, 2017 are mainly related to the implementation of new software in the USA, Italy and France.

As regards capital expenditure in 2016, it should be noted that it is mainly related to the implementation of new software in Finland, France and USA.

As at June 30, 2017, no impairment indicators were identified regarding the CGUs requiring allocation of goodwill and consequently, no impairment tests were performed.

10. Property, Plant and Equipment

The following table sets forth the changes in property, plant and equipment for the six months ended June 30, 2017:

(in thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment and other assets**	**Bar equipment**	**Asset under construction**	**Total**
As at December 31, 2016	**81,928**	**70,590**	**21,845**	**44,222**	**1,588**	**220,173**
Of which:						
- historical cost	*122,134*	*152,170*	*77,617*	*174,774*	*1,588*	***528,283***
- accumulated depreciation	*(40,206)*	*(81,580)*	*(55,772)*	*(130,552)*	-	***(308,110)***
Change in scope of consolidation	-	-	9	102	-	**111**
Capital expenditure	466	981	2,698	10,923	4,115	**19,183**
Disposals	(95)	(39)	(180)	(150)	-	**(464)**
Amortization	(2,139)	(3,220)	(2,693)	(7,607)	-	**(15,659)**
Reclassifications	78	264	337	198	(877)	**-**
Exchange differences	(1,324)	(4,105)	(378)	(330)	(160)	**(6,297)**
As at June 30, 2017	**78,914**	**64,471**	**21,638**	**47,358**	**4,666**	**217,047**
Of which:						
- historical cost	*119,830*	*146,687*	*78,192*	*176,315*	*4,666*	***525,690***
- accumulated depreciation	*(40,916)*	*(82,216)*	*(56,554)*	*(128,957)*	-	***(308,643)***

Bar equipment includes coffee machines, grinders and company-branded products. Bar equipment is generally provided free of charge to customers in the Foodservice channel mainly in Italy, France, Germany and Austria. This equipment is of a commercial nature and is designed to build customer loyalty.

Additions to property, plant and equipment in the six months ended June 30, 2016 amounted to Euro 14,750 thousand and related mainly to the following categories: *i)* Bar equipment amounting to Euro 7,568 thousand; *ii)* Assets under construction amounting to Euro 2,597 thousand; *iii)* Industrial and commercial equipment and other assets amounting to Euro 2,148 thousand; *iv)* Land and Buildings amounting to Euro 1,965 thousand.

11. Investments in joint ventures and associates

The following table shows the changes in this item for the period in question:

	As at June 30,
(in thousands of Euro)	2017
As at December 31, 2016	**10,943**
Increases	840
Profit for the Period	(440)
Exchange differences	(818)
As at June 30, 2017	**10,525**

In the six months ended June 30, 2017, the Group subscribed a share capital increase in Virtus Pallacanestro Bologna S.S.D. a R.L., located in Bologna, with an overall share of 40%. The investment amounted to Euro 840 thousand. This operation will strengthen the Segafredo Zanetti brand by linking it with a leading sport club well renown in Italy and abroad. The Group is of the opinion that it exercises significant influence over the club and so it has been classified as an associated company and accounted for using the equity method.

In the six months ended June 30, 2016, through its North American subsidiary Massimo Zanetti Beverage USA, the Group acquired a minority stake (15.1% of capital) in Coffee Club LP, based in Toronto, for Euro 10,139 thousand. The Group has determined to exercise significant influence over Club Coffee LP and so it has been classified as an associated company and accounted for using the equity method.

12. Current and non-current trade receivables

The following table shows a breakdown of amortization, depreciation and impairment:

	As at June 30,	As at December 31,
(in thousands of Euro)	2017	2016(*)
Trade receivables and other receivables	146,973	138,369
Provision for impairment of trade receivables	(17,755)	(18,295)
Total trade receivables	**129,218**	**120,074**
Non-current trade receivables and other receivables from customers	9,708	9,465
Non-current provision for impairment of trade receivables	(5,627)	(5,336)
Total non-current trade receivables	**4,081**	**4,129**
Total current and non-current trade receivables	**133,299**	**124,203**

* Figures restated due to the application of IFRS 3

The following table sets forth the changes in the provision for impairment of trade receivables:

(in thousands of Euro)	Provision for impairment of trade receivables	Non-current provision for impairment of trade receivables
As at December 31, 2016 (*)	**18,295**	**5,336**
Change in scope of consolidation	-	-
Accruals	816	1,003
Releases	(72)	-
Utilizations	(1,244)	(712)
Reclassifications		
Exchange differences	(40)	
As at June 30, 2017	**17,755**	**5,627**

* Figures restated due to the application of IFRS 3

13. Equity

Share capital

As at June 30, 2017, the issued and fully paid share capital of the Parent amounted to Euro 34,300 thousand and consists of 34,300,000 ordinary shares without nominal value.

Other reserves and retained earnings

Other reserves and retained earnings are detailed as follows:

(in thousands of Euro)	*Legal reserve*	*Share premium reserve*	*Other reserves*	*Cash flow hedge*	*Net investment hedge*	*Translation reserve*	*Total other reserves*	*Retained earnings*
As of December 31, 2015	**3,768**	**62,918**	**49,879**	**286**	**(10,433)**	**15,385**	**121,803**	**135,786**
Remeasurements of employee benefit obligations - gross	-	-	-	-	-	-	**-**	**(140)**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**38**
Cash flow hedge: fair value gains in the period	-	-	-	637	-	-	**637**	-
Tax on fair value losses in the period from cash flow hedges	-	-	-	(114)	-	-	**(114)**	-
Currency translation differences	-	-	-	-	-	(1,618)	**(1,618)**	-
Acquisition of Segafredo Zanetti World Wide S.p.A.	-	-	-	-	-	-	**-**	**(1,374)**
Other changes	-	-	-	-	-	-	**-**	-
Dividends paid to non-controlling interests	-	-	(3,087)	-	-	-	**(3,087)**	-
Profit for the year	-	-	-	-	-	-	**-**	**5,044**
Reclassifications	18	-	-	-	-	-	**18**	**(18)**
At June 30, 2016	**3,786**	**62,918**	**46,792**	**809**	**(10,433)**	**13,767**	**117,639**	**139,336**

(in thousands of Euro)	*Legal reserve*	*Share premium reserve*	*Other reserves*	*Cash flow hedge*	*Net investment hedge*	*Translation reserve*	*Total other reserves*	*Retained earnings*
As at December 31, 2016	**3,786**	**62,918**	**46,792**	**740**	**(8,578)**	**19,080**	**124,738**	**149,057**
Remeasurements of employee benefit obligations - gross	-	-	-	-	-	-	**-**	**(186)**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**46**
Cash flow hedge: fair value losses in the period - gross	-	-	-	(3,210)	-	-	**(3,210)**	-
Tax on fair value gains in the period from cash flow hedges	-	-	-	949	-	-	**949**	-
Currency translation differences	-	-	-	-	-	(12,307)	**(12,307)**	-
Other changes	-	-	-	-	-	-	**-**	-
Dividends paid to non-controlling interests	-	-	(5,145)	-	-	-	**(5,145)**	-
Profit for the year	-	-	-	-	-	-	**-**	**4,296**
Reclassifications	410	-	-	-	-	-	**410**	**(410)**
As at June 30, 2017	**4,196**	**62,918**	**41,647**	**(1,521)**	**(8,578)**	**6,773**	**105,435**	**152,803**

On April 11, 2017 the Shareholders' Meeting of Massimo Zanetti Beverage Group S.p.A. approved the financial statements for 2016 and resolved to distribute a dividend of € 0.15 (Euro fifteen cents) per share for the year 2016. The total dividend of Euro 5,145 thousand, was paid in May.

14. Current and Non-current borrowings

The following tables provide a breakdown of current and non-current borrowings at June 30, 2017 and December 31, 2016.

As at June 30, 2017 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	18,470	179,793	35,177	233,440
Short-term borrowings	60,114	-	-	60,114
Advances from factors and banks	8,387	-	-	8,387
Finance lease liabilities	1,112	2,657	335	4,104
Total	**88,083**	**182,450**	**35,512**	**306,045**

As at December 31, 2016 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	24,952	140,878	48,515	214,345
Short-term borrowings	41,564	-	-	41,564
Advances from factors and banks	9,306	-	-	9,306
Finance lease liabilities	1,608	2,041	683	4,332
Total	**77,430**	**142,919**	**49,198**	**269,547**

Long-term borrowings

The following table provides details of the main long-term borrowings in place as at June 30, 2017 and December 31, 2016:

			As at June 30,	**As at December 31,**
Interest rate	**Year**	**Initial principal**	**2017**	**2016**
		(in thousands)	*(in thousands of Euro)*	
denominated in Euro				
Euribor 6M + 2.50%	2011	15,000	-	2,774
Euribor 3M + 3.50%	2013	12,000	-	2,518
Euribor 6M + 3.00%	2013	20,000	-	8,459
Euribor 6M + 1.25%	2015	5,000	1,687	2,524
Euribor 3M + 1.25%	2015	12,000	9,000	9,667
Euribor 6M + 1%	2016	5,000	3,613	4,437
Euribor 3M + 1.10%	2016	15,000	13,295	14,969
Euribor 6M + 1.35%	2016	50,000	50,000	50,000
Euribor 6M + 0.90%	2016	9,000	8,989	8,987
Euribor 6M + 1.05%	2016	50,000	49,805	49,787
Euribor 6M + 0.9%	2016	10,000	9,995	9,995
Euribor 3M + 0.75%	2016	10,000	9,995	9,995
Euribor 6M +1%	2016	10,000	9,983	4,962
0.80%	2017	10,000	9,983	-
Euribor 3M +0.85%	2017	15,000	14,985	-
Euribor 3M +0.85%	2017	10,000	10,000	-
Other loans	-	-	2,359	1,068
		subtotal	**203,689**	**180,142**
denominated in USD				
Libor 1M + 2.50%	2015	39,620	27,572	31,680
6.5% Libor 3M + 7.5%	2015	3,000	2,179	2,523
		subtotal	**29,751**	**34,203**
Total			**233,440**	**214,345**
of which non-current			*214,970*	*189,393*
of which current			*18,470*	*24,952*

The Group's loan contracts require compliance with the so-called negative pledge and financial covenant commitments considered standard international practice for such agreements.

These covenants are constantly monitored by the Group's management and were complied with as at June 30, 2017 and December 31, 2016.

In the six months ended June 30, 2017, the Group obtained the provisions from two long-term financing agreements with the following financial institutions:

- Banco BPM – entered into on April 07, 2017 for a principal amount of Euro 10,000 thousand and with a maturity date of June 30, 2022;
- UBI Banca – entered into on May 18, 2017 for a principal amount of Euro 15,000 thousand and with a maturity date of May 18, 2022;

In order to reduce the Group's exposure to interest rate fluctuations, certain Interest Rate Swap agreements on existing loans were entered into in the six months ended June 30, 2017.

The following table reports the long-term borrowings by variable and fixed rates of interest and by currency (Euro and USD)

	As at June 30,	**As at December 31,**
(in thousands of Euro)	**2017**	**2016**
Principal amount of long-term borrowings		
- at variable rate	223,457	214,995
- at fixed rate	9,983	-
Notional value of derivatives on interest rates	91,500	23,476
Long-term borrowings converted at fixed rate	43%	11%
Remaining portion of long-term borrowings at variable rate	57%	89%
Long-term borrowings denominated in Euro	87%	84%
Long-term borrowings denominated in USD	13%	16%

It should be noted that the interest rate swaps, which the Group uses to reduce the exposure to interest rate fluctuations, do not comply with the requirements for hedge accounting set forth by IAS 39 "Financial instruments: recognition and valuation".

Advances from factors and banks

Advances from factors and banks relate to advances received from factors or other banks in relation to trade receivables assigned during the year that do not meet the criteria established for the de-recognition of the financial asset.

Net financial indebtedness

The following table shows the breakdown of net financial indebtedness of the Group at June 30, 2017 and December 31, 2016, determined in accordance with CONSOB communication dated July 28, 2006 and ESMA/2013/319 Recommendation:

(in thousands of Euro)		As at June 30, 2017	As at December 31, 2016
A	Cash and cash equivalents	(872)	(931)
B	Cash at bank	(54,972)	(44,236)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(55,844)**	**(45,167)**
E	**Current financial receivables**	**(3,189)**	**(3,495)**
F	Current loans	68,501	50,870
G	Current portion of non-current loans	18,470	24,952
H	Other current financial payables	1,112	1,608
I	**Current indebtedness (F+G+H)**	**88,083**	**77,430**
J	**Net current indebtedness (I+E+D)**	**29,050**	**28,768**
K	Non-current medium/long-term loans	214,970	189,393
L	Issued bonds	-	-
M	Other non-current financial payables	2,992	2,724
N	**Non-current indebtedness (K+L+M)**	**217,962**	**192,117**
O	**Net financial indebtedness (J+N)**	**247,012**	**220,885**

15. Other non-current provisions

The following table sets forth a breakdown of other non-current provisions:

(in thousands of Euro)	Provision for agents' termination indemnities	Provisions for other charges	Total
As at December 31, 2016	**1,613**	**2,336**	**3,949**
Accruals	156	153	**309**
Utilizations	(79)	(972)	**(1,051)**
Releases	-	(70)	**(70)**
Exchange differences	(11)	-	**(11)**
As at June 30, 2017	**1,679**	**1,447**	**3,126**

16. Other Current and Non-Current Liabilities

The following table shows a breakdown of amortization, depreciation and impairment:

(in thousands of Euro)	As at June 30, 2017	As at December 31, 2016
Derivatives on interest rates	1,121	1,142
Non-current financial guarantee contracts	1,568	1,568
Other non-current liabilities	617	635
Other non-current liabilities	**3,306**	**3,345**
Payables to personnel	8,554	10,440
Payables to social security institutions	4,517	4,311
Other tax payables	4,759	5,309
Current financial guarantee contracts	1,111	1,111
Advances from customers	1,050	1,011
Payables to agents	1,367	1,397
Derivatives on interest rates	121	664
Current derivatives on exchange rates	2,112	-
Other current liabilities	8,057	6,328
Total other current liabilities	**31,648**	**30,571**

Please refer to Note 5 – Fair Value for further details regarding liabilities related to derivative instruments.

Financial guarantee contracts refer to the effects of financial guarantees (in the form of discounted bills of exchange) issued in favour of Claris Factor S.p.A. and MBFacta in relation to loans provided by the latter to Group customers. Such guarantees are part of a broader business arrangement with customers, and in particular with bars in Italy. As at June 30, 2017, total loans made to customers by Claris Factor SpA which are covered by Group guarantees amounted to Euro 13,923 thousand (Euro 14,795 thousand as at December 31, 2016).

Other current liabilities include the last instalment of the fine from the German Antitrust Authority that is expected to be settled in 2017.

17. Potential Liabilities

On May 9, 2011, Massimo Zanetti Beverage U.S.A. Inc., was summoned, along with several other companies operating in the production and marketing of coffee, by the Council for Education and Research on Toxics, which accused them of failing to include, in the product labels, a warning relating to the presence of a component in coffee allegedly harmful to health (acrylamide). In December 2015, Massimo Zanetti Beverage U.S.A. Inc. and the defendants summoned in the court case were unsuccessful in the proceedings. Pending the opening of the appeal proceedings, Massimo Zanetti Beverage USA Inc. and the defendants in the court case, though not considering a unsuccessful outcome to the dispute very likely, do not exclude a possible extra-judicial resolution of the dispute. Considering that these are the initial phases of the dispute and that numerous other factors will influence the outcome, the companies involved are not currently capable of estimating an amount.

18. Revenue

The following table sets forth a breakdown of revenue, the trends of which are illustrated in the interim management report:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Sales of roasted coffee	423,982	392,311
Sale of regional products and other food related products	22,219	22,884
Sales of coffee machines	16,467	16,129
Revenue from café network	5,715	5,402
Other revenue	7,180	6,002
Total	**475,563**	**442,728**

The following table shows a breakdown of revenue by distribution channel:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Mass Market	178,058	165,450
Foodservice	104,691	92,289
Private Label	163,453	157,457
Other	29,361	27,532
Total	**475,563**	**442,728**

The following table shows a breakdown of revenue by geographic area:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Americas	227,215	220,593
Northern Europe	89,785	85,434
Southern Europe	121,437	103,777
Asia-Pacific and Cafés**	37,126	32,924
Total	**475,563**	**442,728**

(**) This geographic area includes the revenue generated by the international network of cafés.

19. Purchases of Goods

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Purchases of raw materials	216,109	188,623
Purchases of finished goods	32,405	34,806
Purchases of packaging and other	31,135	35,053
Total	**279,649**	**258,482**

20. Purchases of Services, Leases and Rentals

The following table sets forth a breakdown of purchases of services, leases and rentals:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Advertising and promotions	24,060	21,740
Transportation costs	11,948	11,829
Agent commissions and other	9,473	9,359
Maintenance, repair and support	8,911	7,081
Leases and rentals	7,590	7,514
Utilities	6,578	7,076
Travel expenses and fuel	4,847	4,553
Consultancy and collaborations	5,817	4,683
Temporary workers	2,162	1,709
Insurance	1,384	1,458
Outsourced processing	1,698	1,517
Other services	7,644	6,952
Total	**92,112**	**85,471**

21. Personnel Costs

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Wages and salaries	59,151	56,261
Social security contributions	9,783	9,819
Directors' fees	2,029	1,678
Contributions to pension funds	536	415
Other personnel-related costs	1,412	968
Total	**72,911**	**69,141**

22. Other Operating Costs

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Indirect taxes and levies	1,824	1,831
Other costs	1,338	1,625
Accruals of provisions	239	74
Total	**3,401**	**3,530**

23. Amortization, Depreciation and Impairment

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Depreciation of property, plant and equipment	15,659	13,841
Amortization of intangible assets	2,575	1,635
Depreciation of investment property	52	52
Allowances for doubtful accounts	1,747	2,433
Total	**20,033**	**17,961**

24. Finance Income and Costs

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Interest expense	2,478	3,277
Interest expense to related parties	708	549
Net foreign exchange gains	(288)	(1,121)
Net fair value gains on derivative financial instruments	(128)	(336)
Other finance costs	525	567
Total finance costs	**3,295**	**2,936**
Finance income	(151)	(130)
Total net finance expense	**3,144**	**2,806**

25. Income Tax Expense

The following table shows a breakdown of amortization, depreciation and impairment:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Current income tax	2,400	2,725
Deferred tax	422	461
Total	**2,822**	**3,186**

The following table shows the amount of income tax recognised in the Comprehensive Statement of Income for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,	
(in thousands of Euro)	**2017**	**2016**
Tax impact on cash flow hedges	949	(114)
Tax impact of remeasurements on employee benefits obligations	46	40
Total	**995**	**(74)**

26. Earnings per share

The following table provides a breakdown of earnings per share:

	Six months ended June 30,	
(in thousands of Euro, unless otherwise indicated)	**2017**	**2016**
Average number of ordinary shares	34,300,000	34,300,000
Profit attributable to owners of the Parent	4,296	5,044
Basic and diluted earnings per share (in Euro)	**0.13**	**0.15**

Basic earnings per share and diluted earnings per share were the same for the six months ended June 30, 2017, as they were in the same period of 2016, as there were no dilutive options.

27. Related Party Transactions

Related parties are recognized in accordance with IAS 24. Related party transactions are mainly of a commercial and financial nature and are conducted under normal market terms and conditions; there is however, no guarantee that had similar transactions been entered into between or with third parties, such third parties would have negotiated or entered into the contracts under the same conditions or in the same manner.

The transactions with related parties described below result in benefits arising from the use of common services and shared competencies, Group-level synergies and common policy and strategy in financial matters. In particular, for the six months ended June 30, 2017 and the year ended December 31, 2016, related party transactions were entered into in the following areas:

- purchase and sale of green coffee;
- provision of professional and other services;
- issue of loans and guarantees; and
- management of shared services.

The Group has entered into transactions with the following related parties:

- entities which are controlled directly or indirectly by MZ Industries or Mr. Massimo Zanetti (“**Entities under Common Control**”);
- joint ventures and associates (“**JV and Associates**”); and
- Group directors with strategic responsibilities and, in particular, members of the Board of Directors (“**Key Management**”).

The following table shows the income statement effects of related party transactions for the six months ended June 30, 2017 and 2016, as well as the statement of financial position balances resulting from related party transactions by financial statement line item as at June 30, 2017 and December 31, 2016:

(in thousands of Euro)	Entities under Common Control	JV and associates	Key Management	Total related parties	Financial statements line item	Percentage of financial statements line item
Impact of transactions on income statement						
Revenue						
Six months ended June 30, 2017	49	601	-	**650**	475,563	**0.1%**
Six months ended June 30, 2016	48	-	-	**48**	442,728	**0.0%**
Purchase of goods						
Six months ended June 30, 2017	99,313	5,730	-	**105,043**	279,649	**37.6%**
Six months ended June 30, 2016	81,821	-	-	**81,821**	258,482	**31.7%**
Purchases of services, leases and rentals						
Six months ended June 30, 2017	242	303	-	**545**	92,112	**0.6%**
Six months ended June 30, 2016	233	-	-	**233**	85,471	**0.3%**
Personnel costs						
Six months ended June 30, 2017	-	-	2,942	**2,942**	73,404	**4.0%**
Six months ended June 30, 2016	-	-	1,862	**1,862**	69,141	**2.7%**
Finance income						
Six months ended June 30, 2017	-	2	-	**2**	151	**1.3%**
Six months ended June 30, 2016	-	-	-	**-**	130	**0.0%**
Finance costs						
Six months ended June 30, 2017	708	-	-	**708**	3,295	**21.5%**
Six months ended June 30, 2016	549	-	-	**549**	2,936	**18.7%**

(in thousands of Euro)	Entities under Common Control	Joint ventures and associates	Key Management	Total related parties	Financial statements line item	Percentage of financial statements line item
Impact of transactions on statement of financial position						
Trade receivables						
As at June 30, 2017	128	463	-	**591**	129,218	**0.5%**
As at December 31, 2016	336	23	-	**359**	120,074	**0.3%**
Other non-current assets						
As at June 30, 2017	-	120	-	**120**	15,941	**0.8%**
As at December 31, 2016	-	120	-	**120**	16,036	**0.7%**
Other current assets						
As at June 30, 2017	2	106	-	**108**	16,718	**0.6%**
As at December 31, 2016	-	-	-	**-**	22,014	**0.0%**
Trade payables						
As at June 30, 2017	44,711	1,366	-	**46,077**	122,830	**37.5%**
As at December 31, 2016	46,641	6	-	**46,647**	122,209	**38.2%**

The following table shows certain other information, resulting from related party transactions, as at June 30, 2017 and December 31, 2016:

(in thousands of Euro)	Entities under Common Control	JV and associates	Key Management	Total related parties	Total	Percentage of Total
Other information						
Guarantees						
As at June 30, 2017	46,754	-	-	**46,754**	60,677	**77.1%**
As at December 31, 2016	44,633	-	-	**44,633**	59,428	**75.1%**
Commitments						
As at June 30, 2017	79,486	-	-	**79,486**	203,521	**39.1%**
As at December 31, 2016	66,458	-	-	**66,458**	219,495	**30.3%**

Entities under Common Control

The following table shows the income statement effects of transactions with Entities under Common Control for the six months ended June 30, 2017 and 2016, as well as the statement of financial position balances resulting from transactions with Entities under Common Control by financial statement line item for and at June 30, 2017 and December 31, 2016:

(in thousands of Euro)	**Cofiroasters SA**	**Other entities *Green Coffee***	**Doge SpA**	**Hotel Cipriani**	**Other**	**Total Entities under Common Control**	**Financial statements line item**	**Percentage of financial statements line item**
Impact of transactions on income statement								
Revenue								
Six months ended June 30, 2017	-	9	12	4	24	**49**	475,563	**0.0%**
Six months ended June 30, 2016	-	7	12	5	24	**48**	442,728	**0.0%**
Purchase of goods								
Six months ended June 30, 2017	92,499	6,814	-	-	-	**99,313**	279,649	**35.5%**
Six months ended June 30, 2016	77,017	4,804	-	-	-	**81,821**	258,482	**31.7%**
Purchases of services, leases and rentals								
Six months ended June 30, 2017	-	-	39	13	190	**242**	92,112	**0.3%**
Six months ended June 30, 2016			33	69	131	**233**	85,471	**0.3%**
Finance costs								
Six months ended June 30, 2017	708	-	-	-	-	**708**	3,295	**21.5%**
Six months ended June 30, 2016	549	-	-	-	-	**549**	2,936	**18.7%**
Impact of transactions on statement of financial position								
Trade receivables								
As at June 30, 2017	-	-	29	99	-	**128**	129,218	**0.1%**
As at December 31, 2016	217	2	22	95	-	**336**	120,074	**0.3%**
Other current assets								
As at June 30, 2017	-	2	-	-	-	**2**	16,718	**0.0%**
As at December 31, 2016	-	-	-	-	-	**-**	22,014	**0.0%**
Trade payables								
As at June 30, 2017	41,519	3,187	-	5	-	**44,711**	122,830	**36.4%**
As at December 31, 2016	45,069	1,572	-	-	-	**46,641**	122,209	**38.2%**

The following table shows certain other information, resulting from transactions with Entities under Common Control, as at June 30, 2017 and December 31, 2016.

(in thousands of Euro)	**Cofiroasters SA**	**Parent**	**Subsidiaries**	**Total Entities under Common Control**	**Total**	**Percentage of total**
Other information						
Guarantees						
As at June 30, 2017	-	39,000	7,754	**46,754**	60,677	**77.1%**
As at December 31, 2016	-	39,000	5,633	**44,633**	59,428	**75.1%**
Commitments				**-**		
As at June 30, 2017	79,486	-	-	**79,486**	203,521	**39.1%**
As at December 31, 2016	66,458	-	-	**66,458**	219,495	**30.3%**

Cofiroasters S.A. and other green coffee companies

(a) Purchase of green coffee from Cofiroasters S.A.

Cofiroasters S.A. purchases green coffee from producers and sells it to both to Group entities and to other customers (mainly through purchase and sale on the New York and London coffee commodity markets) and organizes the transport of green coffee from production locations to destination ports or directly to roasting plants.

Group purchases of green coffee from Cofiroasters S.A. are based on individual orders placed by individual Group entities as required by the "*European contract for Coffee*" as adopted by the *European Coffee Federation*.

Group purchases of green coffee from Cofiroasters account for raw material costs included in "Purchases of Raw, ancillary, and consumable materials and goods" totalling Euro 92,499 thousand for the six months ended June 30, 2017 (Euro 77,017 thousand for the six months ended June 30, 2016). Payables to Cofiroasters SA included among Trade payables amounted to Euro 41,519 thousand at June 30, 2017 (Euro 45,069 thousand at December 31, 2016)

(b) Commitments to purchase green coffee from Cofiroasters S.A.

In order to mitigate risks relating to the price of green coffee, Group entities make forward purchases of green coffee thereby fixing the price of future purchases. Commitments to purchase green coffee from Cofiroasters S.A. not reflected in the financial statements as at June 30, 2017 totalled Euro 79,846 thousand (Euro 66,458 thousand as at December 31, 2016).

Subsidiaries

The Group has provided guarantees in favor of banking institutes on behalf of Group companies. The main guarantees offered by the Company include one in favour of United Overseas Bank Limited dated January 27, 2016 in relation to the credit lines granted by the latter to Boncafe International Pte Ltd for an amount of SGD 5,200 thousand (Euro 3,310 thousand) at June 30, 2017, and a surety in favour of Intesa San Paolo SpA issued on May 16, 2017 in relation to credit lines issued by the latter to Boncafe Hong Kong LTD in favour of Banca Intesa per HKD 20.000 thousand (Euro 2,245 thousand) at June 30, 2017.

Parent

As foreseen by the terms of a contract entered into between Doge S.p.A. and the Milan branch of Fortis Bank S.A./N.V., on January 22, 2009, Doge Finland Oy created a mortgage over land and buildings situated in Vallila Paahtimo - Aleksis Kiven Katu 15, Helsinki, Finland, as guarantee up to a maximum of Euro 24,000 thousand against the obligations of Doge S.p.A. As a result of the assumption of the loan by the Company during 2015, this guarantee serves all obligations of the Company.

On March 21, 2016, the subsidiary Segafredo Zanetti Italia S.p.A. issued a surety in favor of UBI Banca S.p.A. in relation to the credit line granted by the latter to the Parent totalling Euro 15,000 thousand.

JV and Associates

In the six months ended June 30, 2017, through its subsidiary Massimo Zanetti Beverage USA Inc., the Group performed the following related party transactions with the associate Club Coffee:

- sale of raw materials for USD 441 thousand (Euro 407 thousand);
- purchases classified under the item “Raw, ancillary, and consumable materials” for an amount of USD 6,201 thousand (Euro 5,728 thousand);
- Recognition of licensing fees of USD 100 thousand (Euro 92 thousand) for the use of proprietary production processes relating to single serve as well as for intellectual property associated with the products.

Key Management

Key Management include members of the Company’s Board of Directors who also carry out executive roles within other Group entities.

Key Management compensation amounted to Euro 2,942 thousand and Euro 1,862 thousand for the six months ended June 30, 2017 and 2016, respectively.

28. Subsequent Events

The process of merging two of the Group’s companies, Nutricafés SA and Segafredo Zanetti Portugal SA, started in July and should reach completion by the end of September. The objective of the merger is to create a production and sales platform geared to reinforcing the presence of the Segafredo, Nicola and Chave d’Ouro brands in the Iberian Peninsula, by simplifying the business model and optimising structural costs. This operation should provide the Group with significant efficiencies over the coming years.

List of companies included in the Consolidated Condensed Interim Financial Statements

Company	Registered office	Reporting date	Share capital		Percentage held as at	
			Currency	Amount (000)	June 30, 2017	December 31, 2016
Massimo Zanetti Beverage S.A.	Geneva	December 31	CHF	149,900	100%	100%
Segafredo Zanetti S.p.A.	Bologna	December 31	EUR	38,800	100%	100%
La San Marco S.p.A.	Gorizia	December 31	EUR	7,000	90%	90%
Segafredo Zanetti Sarl	Geneva	December 31	CHF	20	100%	100%
Segafredo Zanetti Argentina S.A.	Buenos Aires	December 31	ARS	4,913	100%	100%
Segafredo Zanetti Australia Pty Ltd.	Sydney	December 31	AUD	4,400	100%	100%
Segafredo Zanetti Austria GmbH	Salzburg	December 31	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Brussels	December 31	EUR	3,892	100%	100%
Segafredo Zanetti (Brasil) Com. Distr. de Café SA	Belo Horizonte	December 31	BRL	16,479	100%	100%
Segafredo Zanetti Chile S.A.	Santiago	December 31	CLP	25,000	100%	100%
Segafredo Zanetti Coffee System S.p.A.	Treviso	December 31	EUR	6,000	100%	100%
Segafredo Zanetti CR spol.sro	Prague	December 31	CSK	9,300	100%	100%
Segafredo Zanetti Danmark Aps	Copenhagen	December 31	DKK	141	100%	100%
Segafredo Zanetti Deutschland GmbH	Munich	December 31	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Worldwide Ltd.	Geneva	December 31	CHF	38,000	98%	98%
Segafredo Zanetti Espresso Worldwide Japan Inc.	Tokyo	December 31	YEN	179,500	98%	98%
Segafredo Zanetti France S.A.S.	Rouen	December 31	EUR	8,500	100%	100%
Segafredo Zanetti Hellas S.A.	Athens	December 31	EUR	950	100%	100%
Segafredo Zanetti Hungaria KFT	Budapest	December 31	HUF	46,630	100%	100%
Tiktak/Segafredo Zanetti Nederland BV	Groningen	December 31	EUR	18	100%	100%
Segafredo Zanetti Poland Sp.z.o.o.	Bochnia	December 31	PLN	47,615	100%	100%
Segafredo Zanetti Portugal S.A.	Porto	December 31	EUR	40,300	100%	100%
Segafredo Zanetti SR Spol S.r.o.	Bratislava	December 31	EUR	200	100%	100%
Segafredo Zanetti Trgovanje s kavo. d.o.o.	Ljubljana	December 31	EUR	651	100%	100%
Brodie Merlose Drysdale & CO Ltd.	Edinburgh	December 31	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	December 31	EUR	152	100%	100%
Distribuidora Cafè Montaña S.A.	San Jose	December 31	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Jose	December 31	CRC	10	100%	100%
Massimo Zanetti Beverage U.S.A. Inc.	Suffolk	December 31	USD	73,641	100%	100%
Meira Eesti Oü	Tallin	December 31	EUR	15	100%	100%
Meira Oy Ltd.	Helsinki	December 31	EUR	1,000	100%	100%
Puccinos Worldwide Ltd	Edinburgh	December 31	GBP	-	100%	100%
Massimo Zanetti Beverage Mexico SA de CV	Mazatlán	December 31	MXN	1,806	50%	50%
MZB Cafes USA Inc	Suffolk	December 31	USD	-	100%	100%
Kauai Coffee Company LLC	Hawaii	December 31	USD	-	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	December 31	USD	-	100%	100%
Coffee Care (South West) Ltd	Weddmore	December 31	GBP	-	50%	50%
Segafredo Zanetti New Zealand Ltd	Auckland	December 31	NZD	-	100%	100%
Segafredo Zanetti Croatia d.o.o.	Zagreb	December 31	HRK	1,850	100%	100%
Doge Finland Oy	Helsinki	December 31	EUR	3	n.a.	100%
Massimo Zanetti Beverage Vietnam Company Ltd	Ben Cat district - Binh Duong	December 31	VND	21,000,000	100%	100%
Segafredo Zanetti (Thailand) Ltd	Bangkok	December 31	THB	15,300	100%	100%
Boncafe International Pte Ltd	Singapore	December 31	SGD	18,710	100%	100%
Boncafe (Cambodia) Ltd	Phnom Penh	December 31	KHR	108,000	100%	100%
Boncafe (M) Sendirian Berhad	Kuala Lumpur	December 31	MYR	200	100%	100%
Boncafe (East Malaysia) Sdn Bhd	Kota Kinabalu	December 31	MYR	-	100%	100%
Six Degrees Cafè Pte Ltd	Singapore	December 31	SGD	-	100%	100%
BeanToCup (Thailand) Ltd	Bangkok	December 31	THB	4,000	100%	100%
Boncafe Middle East Co LLC	Dubai	December 31	AED	300	100%	100%
Boncafe (Thailand) Ltd	Bangkok	December 31	THB	150,000	100%	100%
Massimo Zanetti Beverage (Thailand) Ltd	Bangkok	December 31	THB	30,000	100%	100%

Company	Registered office	Reporting	Share capital	Percentage held as at

		date	Currency	Amount (000)	June 30, 2017	December 31, 2016
Boncafe (Hong Kong) Ltd	Hong Kong	December 31	USD	500	100%	100%
Segafredo Zanetti Grandi Eventi Srl	Bologna	December 31	EUR	20	100%	100%
SZE Service SRL	Municipiul Brasov	December 31	RON	1	51%	51%
Boncafe Vietnam Company Ltd	Thuan An	December 31	VND	12,268,000	100%	100%
Massimo Zanetti Beverage USA (Canada), Inc.	Suffolk	December 31	USD	0	100%	100%
Massimo Zanetti Beverage Canada Investment ULC	Vancouver	December 31	CAD	0	100%	100%
Club Coffee LP	Toronto	April 25	CAD	4,000	15%	15%
Nutricafés S.A.	Lisbon	December 31	EUR	23,900	100%	100%
Virtus pallacanestro Bologna SSD a.r.l.	Bologna	June 30	EUR	2,101	40%	n.a.

Consolidated Condensed Income Statement pursuant to Consob Resolution no. 15519 dated July 27, 2006

	Six months ended June 30,			
(in thousands of Euro)	**2017**	***of which related parties***	**2016**	***of which related parties***
Revenue	475,563	650	442,728	48
Other income	3,352		3,009	
Purchase of goods	(279,649)	(105,043)	(258,482)	(81,821)
Purchases of services, leases and rentals	(92,112)	(545)	(85,471)	(233)
Personnel costs	(72,911)	(2,942)	(69,141)	(1,862)
Other operating costs	(3,401)		(3,530)	
Amortization, depreciation and impairment	(20,033)		(17,961)	
Operating profit	**10,809**		**11,152**	
Finance income	151	2	130	
Finance costs	(3,295)	(708)	(2,936)	(549)
Share of losses of companies accounted for using the equity method	(440)		(4)	
Profit before tax	**7,225**		**8,342**	
Income tax expense	(2,822)		(3,186)	
Profit for the year	**4,403**		**5,156**	
Profit attributable to:				
Non-controlling interests	*107*		*112*	
Owners of the parent	*4,296*		*5,044*	

Consolidated Condensed Statement of Financial Position pursuant to Consob Resolution no. 15519 dated July 27, 2006

	As at June 30,		As at December 31,	
(in thousands of Euro)	**2017**	***of which related parties***	**2016 ***	***of which related parties***
Intangible assets	187,074		190,943	
Property, plant and equipment	217,047		220,173	
Investment properties	4,267		4,319	
Investments in joint venture	10,525		10,943	
Non-current trade receivables	4,081		4,129	
Deferred tax assets	11,014		10,279	
Other non-current assets	15,941	120	16,036	120
Total non-current assets	**449,949**		**456,822**	
Inventories	144,986		132,858	
Trade receivables	129,218	591	120,074	359
Income tax assets	2,476		1,611	
Other current assets	16,718	108	22,014	
Cash and cash equivalents	55,844		45,167	
Total current assets	**349,242**		**321,724**	
Total assets	**799,191**		**778,546**	
Share capital	34,300		34,300	
Other reserves	105,435		124,738	
Retained earnings	152,803		149,057	
Equity attributable to owners of the Parent	**292,538**		**308,095**	
Non-controlling interests	1,788		1,849	
Total equity	**294,326**		**309,944**	
Non-current borrowings	217,962		192,117	
Employee benefits	9,414		9,268	
Other non-current provisions	3,126		3,949	
Deferred tax liabilities	27,955		29,069	
Other non-current liabilities	3,306		3,345	
Total non-current liabilities	**261,763**		**237,748**	
Current borrowings	88,084		77,430	
Trade payables	122,830	46,077	122,209	46,647
Income tax liabilities	540		644	
Other current liabilities	31,648		30,571	
Total current liabilities	**243,102**		**230,854**	
Total liabilities	**504,865**		**468,602**	
Total equity and liabilities	**799,191**		**778,546**	

Consolidated Condensed Statement of Cash Flows pursuant to Consob Resolution no. 15519 dated 27 July 2006

	Six months ended June 30,			
(in thousands of Euro)	**2017**	***of which related parties***	**2016**	***of which related parties***
Profit before tax	**7,225**		**8,342**	
Adjustments for:	-		-	
Amortization, depreciation and impairment	20,033		17,961	
Provisions for employee benefits and other charges	370		274	
Finance costs	3,144	706	2,810	549
Other non-monetary items	351		144	
Net cash generated from operating activities before changes in net working capital	**31,123**		**29,531**	
Decrease/(Increase) in inventories	(15,361)		11,410	
Decrease/(Increase) in trade receivables	(13,017)	(232)	(5,098)	(20)
Increase/(Decrease) in trade payables	2,528	(267)	24,217	23,149
Changes in other assets/liabilities	791	(108)	2,459	(273)
Payments of employee benefits	(147)		(797)	
Interest paid	(3,476)	(708)	(3,640)	(183)
Income tax paid	(2,846)		(3,090)	
Net cash generated from / (used in) operating activities	**(405)**		**54,992**	
Acquisition of subsidiary, net of cash acquired	(1,934)		(148)	
Acquisition under common control, net of cash acquired	-	-	(2,624)	(2,624)
Purchase of property, plant and equipment	(19,183)		(13,738)	
Purchase of intangible assets	(578)		(949)	
Proceeds from sale of property, plant and equipment	630		412	
Changes in financial receivables	6		49	
Investments in joint ventures and associates	(840)		(10,139)	
Changes in financial receivables	191		(187)	
Interest received	60		92	
Net cash used in investing activities	**(21,648)**		**(27,232)**	
Proceeds from long-term borrowings	41,740		20,000	
Repayment of long-term borrowings	(20,810)		(12,016)	
Increase / (decrease) in short-term borrowings	17,551		(29,537)	
Proceeds from sale of shares	-		-	
Dividends paid	(5,305)		(3,087)	
Net cash generated from / (used in) financing activities	**33,176**		**(24,640)**	
Exchange gains/(losses) on cash and cash equivalents	(446)		(201)	
Net increase (decrease) in cash and cash equivalents	**10,677**		**2,919**	
Cash and cash equivalents at the beginning of the period	45,167		25,574	
Cash and cash equivalents at the end of the period	**55,844**		**28,493**	

Certification of the Consolidated Condensed Interim Financial Statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

1. We, the undersigned, Massimo Zanetti, in his capacity as Chairman and Chief Executive Officer, and Massimo Zuffi, in his capacity as Manager in Charge of the Financial Reports of Massimo Zanetti Beverage Group S.p.A., hereby declare, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998,:

   • the adequacy in relation to the company features and
   • the effective application

   of the administrative and accounting procedures for preparing the consolidated condensed interim financial statements, for the semester ended June 30, 2017.

2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the consolidated condensed interim financial statements, for the semester ended June 30, 2017 was based on a process defined by Massimo Zanetti Beverage Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned further declare that:

   3.1 the consolidated condensed interim financial statements:

   a) have been prepared in accordance with applicable International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

   3.2 the interim Report on Operations includes a reliable analysis of the significant events that occurred during the first six months of the financial year and the impact of such events on the Company's consolidated condensed interim financial statements, along with a description of the main risks and uncertainties to which the Group is exposed. Furthermore, the interim Report on Operations contains a reliable analysis of significant related party transactions.

Villorba (TV), 8th August 2017

Massimo Zanetti
Chairman and Chief Executive Officer

Massimo Zuffi
Manager in Charge of the Company's Financial Reports

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REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Massimo Zanetti Beverage Group SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Massimo Zanetti Beverage Group SpA and its subsidiaries (hereinafter also "MZB Group") as of 30 June 2017, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cashflow statement and related notes. The directors of Massimo Zanetti Beverage Group SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution n° 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope 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 consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of MZB Group as of 30 June

PricewaterhouseCoopers SpA

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2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 10 August 2017

PricewaterhouseCoopers SpA

Filippo Zagagnin
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers