



Half-year financial report as of
June 30, 2017

Nice S.p.A.

TheNiceGroup

Nice S.p.A.

Half-Year Financial Report

As at

30 June 2017

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General Information

Corporate bodies and information

Board of Directors

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

(*) Powers and attributions, within the limits of the law and of the Articles of association and in observance of the reserves within the competence of the Shareholders' Meeting and of the Board of Directors according to the resolution of the Board of Directors of 22 April 2016.

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

Board of Statutory Auditors

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

Control and Risk Committee (*)

Antonio Bortuzzo
Emanuela Paola Banfi

(*) the Control and Risk Committee also carries out the functions provided by the Related Parties Regulation

Remuneration Committee

Antonio Bortuzzo
Emanuela Paola Banfi

Supervisory Board

Antonio Bortuzzo	President
Alberta Figari	Member
Vittorio Gennaro	Member

Independent Auditors

BDO Italia S.p.A.

Registered offices and corporate details

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Report on operations

Economic and financial highlights of the Nice Group

Financial data (Thousands of Euro)	1H 2017	%	1H 2016	%	Δ %
Revenues	163,990	100.0%	150,158	100.0%	9.2%
Gross profit	88,286	53.8%	80,624	53.7%	9.5%
EBITDA	27,279	16.6%	22,554	15.0%	21.0%
Operating profit/loss	22,215	13.5%	11,339	7.6%	95.9%
Operating profit (EBIT) adjusted (*)	22,215	13.5%	18,145	12.1%	22.4%
Net profit/loss	12,805	7.8%	4,808	3.2%	166.3%
Net profit/loss adjusted (*)	12,805	7.8%	9,747	6.5%	31.4%
Group net profit/loss	12,506	7.6%	4,723	3.1%	164.8%
Group net profit/loss adjusted (*)	12,506	7.6%	9,662	6.4%	29.4%

(*) The adjustment at 30 June 2016 referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that housed FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact.

Equity data (Thousands of Euro)	30/06/2017	31/12/2016
Net working capital	68,275	62,211
Other current liabilities	0	(8,608)
Fixed assets and other non-current assets	178,607	178,246
Non-current liabilities	(19,802)	(19,537)
Net invested capital	227,081	212,311
Net financial position (cash)	13,522	(5,932)
- of which cash and cash equivalents	(46,939)	(70,552)
- of which financial assets	(4,950)	(4,781)
- of which financial liabilities	65,411	69,402
Shareholders' Equity	213,559	218,244
Total financing sources	227,081	212,311

Cash flow data (Thousands of Euro)	1H 2017	1H 2016*
Cash flow from operating activities	11,482	13,558
Cash flow used in investing activities	(9,258)	(10,404)
Operating free cash flow	2,224	3,155
Acquisitions	(9,727)	0
<i>Free cash flow</i>	<i>(7,333)</i>	<i>3,155</i>
Cash flow used in financing activities	(16,959)	(9,870)
Effect of exchange-rate changes on cash and cash equivalents	679	(422)
<i>Cash flow of the period</i>	<i>(23,613)</i>	<i>(7,136)</i>
Cash and cash equivalents at the beginning of the year	70,552	65,090
Cash and cash equivalents at the end of the year	46,939	57,955

* Some items of the Consolidated Cash Flow Statement as at 30 June 2016 were reclassified for comparability with figures as at 30 June 2017

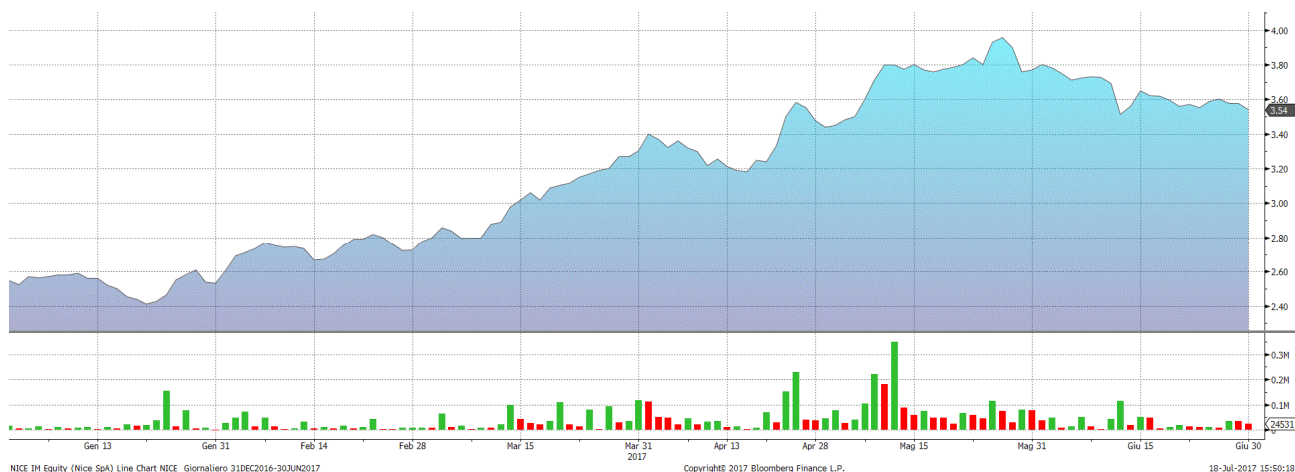
The alternative performance measures are not compliant with the accounting standards used in preparing the audited financial statements and can dispense with the recognition, measurement and presentation requirements in said standards.

Here below are the alternative performance measures:

- “Gross Profit” is defined as the difference between revenue and the cost of goods sold (consisting of the sub-items purchase of basic components, outsourced processing, and change in inventories).
- “EBITDA” represents net profit before depreciation & amortisation, impairment, finance income & expenses, and taxes.
- “Net working capital” is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (due within 12 months) and other current liabilities.
- “Net capital invested” is defined as the algebraic sum of Net working capital (as defined above), fixed assets, other non-current assets and non-current liabilities (the latter net of medium/long-term loans).
- The “Net financial debt” or “Net financial position” is a measure of the Company’s financial structure and is defined as current and non-current financial debts less cash and cash equivalents.
- “Free cash flow” is defined as the sum of cash flows from/(used in) operating activities and cash flows from/(used in) investing activities.

Share performance

The share performance of Nice stock in 1H 2017 is shown below.



As at 30 June 2017, Nice stock registered a per-share price of Euro 3.54 and the corresponding market capitalization was Euro 410,640,000.

The following table summarises the main share and stock market data for 1H 2017 (source: Bloomberg):

Share and stock market data	1H 2017
Price as at 30/06/2017	Euro 3.54
Maximum price in 1H 2017 (25/05/2017)	Euro 4.00
Minimum price in 1H 2017 (24/01/2017)	Euro 2.35
Market capitalization as at 30/06/2017	410,640,000
Average no. of outstanding shares	110,664,000
No. of common shares	116,000,000

Control of the Company

As at 30 June 2017, Nice Group S.p.A. directly controlled 70.19% of Nice S.p.A.'s share capital. Nice Group S.p.A., with registered office in Oderzo (Province of Treviso) – Italy, is a holding company owned by Lauro Buoro (68.42%). The remaining 31.58% is held by Nice Group S.p.A. itself in the form of treasury shares.

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

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

Shares owned by directors and statutory auditors

As at 30 June 2017, directors and statutory auditors directly or indirectly held a total of 87,906,885 Nice S.p.A. shares, broken down as follows:

Full name	No. of shares held as at 01/01/2017	No. of shares bought in 1H 2017	No. of shares held as at 30/06/2017	Nature of possession
Lauro Buoro - through Nice Group S.p.A.	81,193,095	221,390	81,414,485	owned
Lauro Buoro - Nice S.p.A. treasury shares	5,336,000	0	5,336,000	owned
Lorenzo Galberti	1,144,400	0	1,144,400	owned
Giorgio Zanutto	7,000	0	7,000	owned
Denise Cimolai	5,000	0	5,000	owned
Total	87,685,495	221,390	87,906,885	

Transactions with related parties

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

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

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme;
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A.;
- Nice Real Estate SRL: property lease to S.C. Nice Romania S.A. and financial payable to S.C. Nice Romania S.A.;
- Dorado Srl: a company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease to Silentron S.p.A.;
- Companies of the minority shareholders of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- New Real: property lease to Nice France S.a.S. Lauro Buoro, who is also the Chairman of Nice S.p.A., and one of the Group's directors have an interest in this company;
- Italian Creation Group S.p.A. (ICG): lease contract with FontanaArte S.p.A., subsidiary of ICG, related to the property of Fenice Immobiliare S.p.A. used as production facility, office and warehouses and services contract

for the provision of Information Technology services. This company is an investee of Nice Group S.p.A. or indirect investee of Lauro Buoro, who is also the Chairman of Nice S.p.A.;

- Habitat S.r.l.: property lease to Nice S.p.A.

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

Regarding the economic and financial transactions with related parties that took place in 1H 2017, please refer to the details reported in the explanatory notes.

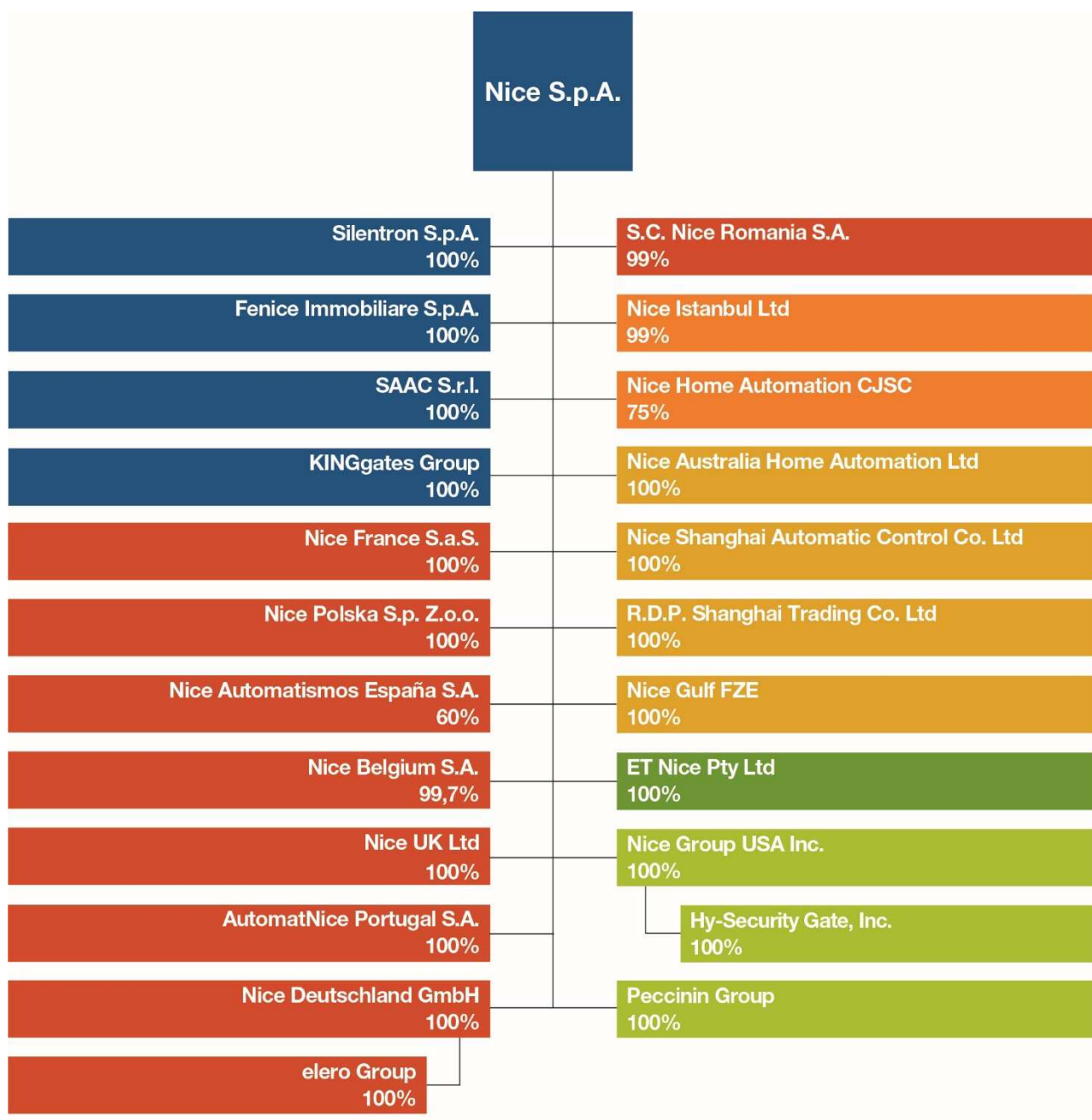
Group business description

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

Group Structure

The following chart presents Nice Group's structure as at 30 June 2017. The Group operates via 30 companies, detailed in the attachments, located as follows:

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



- Italy
- European Union
- Rest of Europe
- Asia and Oceania
- Africa
- America

Comments on economic and financial results

Operating performance – Group economic results

Following is the 1H 2017 income statement reclassified according to Nice Group's management scheme, including a comparison with the previous year:

(Thousands of Euro)	1H 2017	%	1H 2016	%	Δ %
Revenues	163,990	100.0%	150,158	100.0%	9.2%
Cost of goods sold	(75,704)	-46.2%	(69,534)	-46.3%	
Gross profit	88,286	53.8%	80,624	53.7%	9.5%
Industrial costs	(4,345)	-2.6%	(4,975)	-3.3%	
Marketing costs	(4,909)	-3.0%	(4,322)	-2.9%	
Trade costs	(7,417)	-4.5%	(7,535)	-5.0%	
General costs	(11,731)	-7.2%	(12,771)	-8.5%	
Personnel costs	(32,604)	-19.9%	(28,468)	-19.0%	
Total operating costs	(61,007)	-37.2%	(58,070)	-38.7%	5.1%
EBITDA	27,279	16.6%	22,554	15.0%	21.0%
Depreciation, amortisation and impairment	(5,065)	-3.1%	(11,214)	-7.5%	
EBIT	22,215	13.5%	11,339	7.6%	
EBIT adjusted*	22,215	13.5%	18,145	12.1%	22.4%
Financial management and other costs	(2,089)	-1.3%	(1,617)	-1.1%	
Pre-tax profit/loss	20,126	12.3%	9,722	6.5%	
Taxes	(7,321)	-4.5%	(4,914)	-3.3%	
Net profit/loss	12,805	7.8%	4,808	3.2%	
Net profit/loss adjusted*	12,805	7.8%	9,747	6.5%	31.4%
Profit/Loss attributable to non-controlling interests	299	0.2%	85	0.1%	
Group net profit/loss	12,506	7.6%	4,723	3.1%	
Group net profit/loss adjusted*	12,506	7.6%	9,662	6.4%	29.4%
<i>Tax rate</i>	36.4%		50.5%		

(*) The adjustment at 30 June 2016 referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that housed FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact.

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

Consolidated Revenues

In 1H 2017, the Nice Group achieved sales of Euro 164.0 million, up 9.2% at current exchange rates and 6.4% at constant exchange rates compared to 1H 2016, showing significant progress in both some traditional markets and in emerging markets.

With specific reference to the Home and Building Automation Business¹, sales in the period amounted to Euro 164.0 million, up 14.7% at current exchange rates and 11.7% at constant exchange rates, compared to Euro 143.0 million in 1H 2016.

Geographical Sales Breakdown

The following chart shows the geographical revenue breakdown:

	1H 2017	%	1H 2016	%	Δ %	Δ % (2)
<i>(Thousands of Euro)</i>						
France	24,009	14.6%	23,649	15.7%	1.5%	1.5%
Italy	17,125	10.4%	20,367	13.6%	-15.9%	-15.9%
Europe 15 (1)	43,772	26.7%	43,991	29.3%	-0.5%	0.2%
Rest of Europe	27,440	16.7%	26,001	17.3%	5.5%	5.0%
Rest of the world	51,644	31.5%	36,150	24.1%	42.9%	30.6%
Total revenues	163,990	100.0%	150,158	100.0%	9.2%	6.4%

(1) Excluding France and Italy (2) At constant exchange rates

Geographical Sales Breakdown – Home and Building Automation Business²

The following is an analysis of revenues in the Home and Building Automation Business in 1H 2017 compared to the corresponding period of the previous year.

<i>(Thousands of Euro)</i>	1H 2017	%	1H 2016	%	Δ %	Δ % (2)
France	24,009	14.6%	22,694	15.9%	5.8%	5.8%
Italy	17,125	10.4%	17,344	12.1%	-1.3%	-1.3%
Europe 15 (1)	43,772	26.7%	42,458	29.7%	3.1%	3.8%
Rest of Europe	27,440	16.7%	25,634	17.9%	7.0%	6.5%
Rest of the world	51,644	31.5%	34,870	24.4%	48.1%	35.4%
Total revenues	163,990	100.0%	143,000	100.0%	14.7%	11.7%

(1) Excluding France and Italy (2) At constant exchange rates

In 1H of the current year, sales in France, which represent 14.6% of Group sales, totalled Euro 24.0 million, up 5.8% compared to the corresponding period of 2016.

Instead in Italy, sales amounted to Euro 17.1 million, down 1.3% compared to 1H of the previous year.

Sales in the other Europe-15 countries in 1H 2017 amounted to Euro 43.8 million, up 3.1% at current exchange rates and 3.8% at constant exchange rates compared to 1H of the previous year.

As at 30 June 2017, sales in the Rest of Europe totalled Euro 27.4 million, rising 7.0% at current exchange rates and 6.5% at constant exchange rates compared to 1H of the previous year.

¹ Excluding sales achieved in the operating unit FontanaArte in the previous year

² 2016 results were pro-forma excluding sales in the operating unit FontanaArte

In 1H 2017, sales in the Rest of the World, which accounts for 31.5% of Group sales, grew by 48.1% at current exchange rates and by 35.4% at constant exchange rates, compared to 1H 2016, with sales of Euro 51.6 million.

Profitability Indicators

As at 30 June 2017, Gross profit (calculated as the difference between revenue and cost of goods sold) totalled Euro 88.3 million, growing by 9.5% compared to Euro 80.6 million in 1H 2016 and with a margin on sales of 53.8%, compared to 53.7% in 1H 2016.

In 1H 2017, EBITDA totalled Euro 27.3 million with a margin on sales of 16.6%, compared to Euro 22.6 million and a 15.0% margin on sales in 1H 2016.

As at 30 June 2017, the Net result of financial management was a debt of Euro -2.1 million, compared to Euro -1.6 million in 1H 2016.

The Net profit/loss in 1H 2017 was Euro 12.5 million compared to the Group adjusted net profit³ in 1H 2016 of Euro 9.7 million (Euro 4.7 million reported).

Operating performance – Financial position

As at 30 June 2017, Net working capital amounted to Euro 68.3 million, compared to Euro 62.2 million as at 31 December 2016 and compared to Euro 77.6 million as at 30 June 2016, primarily due to a decrease in both receivables and inventory.

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

(Euro thousands)	1H 2017	1H 2016*
Net profit/loss	12,805	4,808
Amortisation, depreciation and other non-monetary changes	6,869	9,975
Change in Net working capital	(8,192)	(1,225)
Cash flow from operating activities	11,482	13,558
Investments	(9,258)	(10,739)
Operating free cash flow	2,224	2,819
Acquisitions	(9,727)	-
Free cash flow	(7,503)	2,819
Dividend paid out	(11,066)	(7,780)
Other changes	(884)	(45)
Subtotal	(11,951)	(7,824)
Changes in the net financial position	(19,454)	(5,005)
Initial net financial position	5,932	541
Final net financial position	(13,522)	(4,464)

* Some items of the Consolidated Cash Flow Statement as at 30 June 2016 were reclassified for comparability with figures as at 30 June 2017

³ The adjustment referred to the exclusion of the impairment loss on the FontanaArte trademark as well as the building that houses FontanaArte's operations following their measurement at fair value. They were written down by Euro 4.8 million and Euro 2.0 million, respectively, resulting in an overall Euro 1.9 million tax impact.

The Group's net financial position amounted to Euro -13.5 million, compared to Euro -4.5 million as at 30 June 2016 and compared to Euro +5.9 million as at 31 December 2016. The change in the net financial position in 1H 2017 includes the payment of dividends approved by the Shareholders' Meeting held 26 April 2017 for Euro 11.1 million compared to Euro 7.8 million paid in 1H 2016 as well as disbursements related to transactions for about Euro 9.7 million.

Following is the Group's net financial position as at 30 June 2017 and as at 31 December 2016:

(Thousands of Euro)	30/06/2017	31/12/2016
A. Cash	12	33
B. Other cash equivalents	46,927	70,519
D. Liquidity (A) + (B) + (C)	46,939	70,552
E. Current financial receivables	1,438	1,268
F. Current bank loans	(77)	(8,839)
G. Current portion of non-current debt	(21,667)	(5,342)
H. Other current finance payables	(97)	(142)
I. Current financial debt (F) + (G) + (H)	(21,841)	(14,323)
J. Net current financial debt (I) + (E) + (D)	26,536	57,497
Non-current financial receivables (*)	3,512	3,513
K. Non-current bank loans	(43,550)	(55,058)
M. Other non-current payables	(19)	(21)
N. Non-current financial debt (K) + (L) + (M) (**)	(40,058)	(51,565)
O. Net financial debt (J) + (N)	(13,522)	5,932

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

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

The table below sets forth the reconciliation statement between Nice S.p.A. shareholders' equity and net profit with the corresponding consolidated shareholders' equity and net profit as at 30 June 2017 and 31 December 2016:

(Thousands of Euro)	Shareholders' equity 30/06/2017	Net Profit/Loss 1H 2017	Shareholders' equity 31/12/2016	Net Profit/Loss 2016
Shareholders' equity and profit/loss for the year as reported in the financial statements of the parent company	224,729	6,044	229,755	12,355
<i>Derecognition of the carrying value of consolidated equity investments:</i>				
- difference between carrying value and equity	(76,667)	0	(81,517)	0
- earnings	0	10,570	0	7,359
- goodwill	71,088	0	73,650	0
- other intangible fixed assets	717	0	885	0
<i>Derecognition of the effects of transactions among consolidated companies:</i>				
- intra-group profits included in the value of closing inventories	(4,518)	(358)	(4,160)	537
- intra-group dividends	0	(3,433)	0	(1,810)
<i>Other transactions</i>	(1,790)	(18)	(369)	(5,059)
Shareholders' equity and profit/loss for the year as reported in the consolidated financial statements	213,559	12,805	218,244	13,382

Significant events after the reporting half-year

There were no significant events after the reporting half-year.

Outlook

Thanks to the results achieved in 1H 2017 and to the sound financial position that has always characterised Nice Group, the management believes that it will be possible to pursue its investment plans to achieve the growth objectives set for the future.

Oderzo, 3 August 2017.

For the Board of Directors

The Chairman

Lauro Buoro

Half-year condensed consolidated financial statements as at 30 June 2017**Consolidated statement of financial position as at 30 June 2017 and 31 December 2016 ***

(Thousands of Euro)	30/06/2017	31/12/2016	NOTES
ASSETS			
Fixed assets			
Intangible assets	113,007	113,979	(1)
Tangible assets	45,770	42,721	(2)
Property investments	8,472	8,525	(2)
Other fixed assets	4,871	5,608	(3)
Deferred tax assets	10,000	10,926	(4)
Total non-current assets	182,120	181,759	
Current assets			
Inventory	62,392	62,598	(5)
Trade receivables	66,444	56,726	(6)
Other current assets	2,333	3,584	(7)
Tax receivables	9,368	8,139	(8)
Other current financial assets	1,438	1,268	(9)
Cash and cash equivalents	46,939	70,552	(10)
Total current assets	188,915	202,866	
Total assets	371,035	384,626	
LIABILITIES AND EQUITY			
Group equity	214,490	219,412	
Equity attributable to non-controlling interests	(931)	(1,169)	
Total shareholders' equity	213,559	218,244	(11)
Non-current liabilities			
Provisions for risks and charges	1,952	1,997	(12)
Termination indemnities	3,434	3,735	
Medium-/long-term loans	43,550	55,058	(13)
Other non-current liabilities	12,040	11,249	(14)
Tax payables (over 12 months)	478	469	
Provision for deferred tax liabilities	1,918	2,108	(15)
Total non-current liabilities	63,372	74,616	
Current liabilities			
Bank overdrafts and loans	21,744	14,181	(16)
Other financial liabilities	97	142	(17)
Trade payables	49,588	49,862	(18)
Other current liabilities	11,686	18,829	(19)
Tax payables (within 12 months)	10,988	8,753	(20)
Total current liabilities	94,103	91,767	
Total liabilities	157,475	166,383	
Total liabilities and shareholders' equity	371,035	384,626	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 35.

Half-year consolidated income statement as at 30 June 2017 and 2016 *

	1H 2017	1H 2016	NOTES
<hr/> (Thousands of Euro) <hr/>			
Revenues	163,990	150,158	(31)
Operating costs:			
Costs for basic components, ancillary materials and consumables	(70,248)	(64,093)	(21)
Cost for services	(29,466)	(29,680)	(22)
Rental and lease costs	(4,149)	(4,413)	(23)
Personnel costs	(32,604)	(28,468)	(24)
Other operating costs	(2,362)	(2,525)	(25)
Depreciation and amortisation	(5,065)	(4,408)	(26)
Impairment of assets	-	(6,806)	(27)
Other income	2,120	1,573	
Operating profit/loss	22,215	11,339	
Finance income	161	2,074	(28)
Finance expenses	(2,249)	(3,691)	(29)
Other charges	-	-	
Pre-tax profit/loss	20,126	9,722	
Income taxes	(7,321)	(4,914)	(30)
Net profit/loss	12,805	4,808	
Profit/loss attributable to non-controlling interests	299	85	
Group net profit/loss	12,506	4,723	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 35.

Consolidated earnings per share	1H 2017	1H 2016
<hr/> (Euro thousands) <hr/>		
Average number of shares	110,664,000	110,664,000
Group net profit/loss	12,506	4,722
<hr/> Data per share (Euro) <hr/>		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.11301	0.04267
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.11301	0.04267

Consolidated half-year comprehensive income statement as at 30 June 2017 and 2016

	1H 2017	1H 2016
(Thousands of Euro)		
Net profit/loss	12,805	4,808
Other items of comprehensive income after taxes reclassified to income statement	(4,991)	5,111
- Exchange differences on translation of foreign financial statements	<u>(4,991)</u>	<u>5,111</u>
Total comprehensive income/loss after taxes	<u>7,814</u>	<u>9,919</u>
Attributable to:		
Non-controlling shareholders	238	417
Shareholders of the parent	7,576	9,502

Consolidated statement of cash flow as at 30 June 2017 and 2016

(Thousands of Euro)	1H 2017	1H 2016*
CASH FLOW FROM OPERATING ACTIVITIES:		
Group net profit/loss	12,506	4,723
Net profit/loss attributable to non-controlling interests	299	85
Income taxes	4,427	4,914
Depreciation, amortisation and impairment	5,065	11,214
Net changes in other provisions	1,804	(1,240)
Changes in current assets and liabilities:		
Decrease/increase in Receivables due from customers	(11,752)	(9,021)
Other current assets	1,132	2,630
Inventories	(589)	(3,883)
Payables due to suppliers	337	7,433
Other current liabilities	1,503	382
Income taxes paid in the period	(3,249)	(3,679)
Total adjustments and changes	(1,024)	8,835
Cash flow from operating activities	11,482	13,558
CASH FLOW FROM INVESTING ACTIVITIES:		
Investments in intangible fixed assets	(2,097)	(1,366)
Investments in tangible fixed assets	(7,161)	(9,373)
Investments in shareholdings	(9,727)	-
Interest income collected	170	335
Cash flow used in investing activities	(18,815)	(10,404)
CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend distribution	(11,066)	(7,780)
New loans	64,544	-
Repayment of loans	(66,521)	(2,817)
Net change in other financial liabilities	(44)	67
Net change in medium-/long-term tax payables	35	1
Net change in other non-current assets	429	914
Net change in other financial assets	(64)	(235)
Interest expense paid	(327)	(400)
Translation differences and other changes in Equity	(3,943)	381
Cash flow used in financing activities	(16,959)	(9,870)
Effect of exchange rate differences on cash and cash equivalents	679	(422)
Increase/Decrease of cash and cash equivalents	(23,613)	(7,135)
Cash and cash equivalents at the beginning of the period	70,552	65,090
Cash and cash equivalents at the end of the period	46,939	57,955

* Some items of the Consolidated Cash Flow Statement as at 30 June 2016 were reclassified for comparability with figures as at 30 June 2017

Consolidated statement of changes in shareholders' equity as at 30 June 2017

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Translation reserve	Group shareholders' equity	Profit/Loss of non-controlling interests	Non-controlling interests in capital and reserves	Total shareholders' equity
Balance as at 31 December 2016	11,600	2,320	32,179	(20,771)	209,350	(15,266)	219,412	241	(1,410)	218,244
Profit/loss for the period					12,506		12,506	299		12,805
Translation difference						(4,930)	(4,930)		(61)	(4,991)
Comprehensive income					12,506	(4,930)	7,576	299	(61)	7,814
Dividend distribution					(11,066)		(11,066)			(11,066)
Other changes					(1,433)		(1,433)			(1,433)
Balance as at 30 June 2017	11,600	2,320	32,179	(20,771)	209,357	(20,196)	214,489	299	(1,230)	213,559

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

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Translation reserve	Group shareholders' equity	Profit/Loss of non-controlling interests	Non-controlling interests in capital and reserves	Total shareholders' equity
Balance as at 31 December 2015	11,600	2,320	32,179	(20,771)	203,951	(24,641)	204,638	348	(2,391)	202,595
Profit/loss for the period					4,723		4,723	85		4,808
Translation difference						4,779	4,779		332	5,111
Comprehensive income					4,723	4,779	9,502	85	332	9,919
Dividend distribution					(7,780)		(7,780)			(7,780)
Other changes										0
Balance as at 30 June 2016	11,600	2,320	32,179	(20,771)	200,894	(19,862)	206,360	433	(2,059)	204,734

Explanatory notes to the half-year condensed consolidated financial statements as at 30 June 2017

Company information

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

The publication of the Nice S.p.A. consolidated financial statements for the period ended 30 June 2017 was approved by the Board of Directors on 03 August 2017.

Contents and format of consolidated financial statements

These half-year condensed consolidated financial statements as at 30 June 2017 have been prepared by the Board of Directors based on accounting records updated to 30 June 2017 and in compliance with IAS 34 – “Interim Financial Reporting” – endorsed by the European Union and in force on the reporting date.

These half-year condensed consolidated financial statements do not include all the information required for preparation of annual consolidated financial statements. Given this, this report should be read in conjunction with the annual consolidated financial statements as at 31 December 2016.

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

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

For comparative purposes, the consolidated statement of financial position shows the comparison with the equity data of the consolidated financial statements as at 31 December 2016, while the interim consolidated income statement shows the comparison with the financial data of the half-year condensed consolidated financial statements as at 30 June 2016.

Accounting Standards variations

The accounting standards used to prepare these Half-year condensed financial statements, drawn up in accordance with IAS 34 – Interim Financial Reporting, are the same as those used to draw up the Consolidated financial statements as at 31 December 2016, with the exception of the standards and interpretations listed under the following paragraphs.

Accounting standards, amendments and interpretations not yet applicable and/or not adopted early by the Group

IFRS 9 – Financial Instruments

This standard was issued on 24 July 2014. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 - Financial instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. The new standard reduces to three the number of categories of financial assets pursuant to IAS 39 and requires that all financial assets be: (i) classified on the basis of the model which a company has adopted in order to manage its financial activities and on the basis of the cash flows from financing activities; (ii) initially measured at fair value plus any transaction costs in the case of financial assets not measured at fair value through income statement; and (iii) subsequently measured at their fair value or at the amortized cost. IFRS 9 also provides that embedded derivatives which fall within the scope of IFRS 9 must no longer be separated from the primary contract which contains them and states that a company may decide to directly record - within the consolidated statement of comprehensive income - any changes in the fair value of investments which fall within the scope of IFRS 9. The new impairment model introduced by IFRS 9 no longer requires for a trigger event to have occurred before impairment losses are recognised, on the contrary, it requires an entity to recognise expected impairment losses at all times and to review and update the amount of expected impairment losses at each reporting date to reflect changes in the credit risk of the financial instrument. IFRS 9 contains a three-stage approach to account for impairment losses. Each stage dictates how an entity measures impairment losses. IFRS 9 aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The new standard enables an entity to use information produced internally as a basis for hedge accounting. The standard is not applicable until January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

On 28 May 2014, the IASB published the standard IFRS 15 – Revenue from Contracts with Customers which is destined to replace IAS – 18 Revenue and IAS 11 – Construction Contracts, as well as the interpretations of IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard specifies how and when an Entity that adopts IFRS will recognise revenues, in addition to requiring additional disclosures to be provided to the recipients of the financial statements. The standard provides a single basic standard based on a five-phase model to be applied to all contracts with customers. In particular, the model for recognition of revenues proposed will include the following phases:

- a) Identification of the contract with the customer;
- b) Identification of individual performance obligations of the contract;
- c) Determination of the transaction price;
- d) Allocation of the transaction price to individual performance obligations;
- e) Recognition of revenues consistent with fulfilment of individual performance obligations.

Fulfilment of performance obligations and thus, the simultaneous recognition of the revenue, occurs upon transfer of the control of the good/service. For the purposes of recognition of the revenue, verification of the transfer of the risks and benefits related to the ownership of the good sold currently imposed by IAS 18 is no longer applicable. The standard is applicable starting from 1 January 2018. However, earlier application is permitted.

The Group is examining the aforementioned standards and assessing if their adoption is expected to have a significant impact on the consolidated financial statements.

Accounting principles, amendments and interpretations not yet approved by the European Union

IAS 12 – Income taxes (Amendment – Recognition of Deferred Tax Assets for Unrealized Losses)

Amendments to IAS 12 – Income Taxes essentially concern the recognition and measurement of Deferred Tax Assets (DTA). In particular, the standard amended establishes that:

- DTA can be recognised for the related temporary differences between the fair value and tax value of financial instruments at fixed rate that have not been impaired (applies to the category Available for sale), and
- the temporary differences must be compared with future income.

Amendments to IAS 12 were issued by the IASB on 19 January 2017 and the related endorsement process is expected to be concluded in Q4 2017.

IAS 7 - Statement of cash flows (Disclosure Initiative Amendments)

Amendments to IAS 7 are part of the broader Disclosure Initiative project. The Board has made said amendments in response to the requests of recipients of the financial statements, for which the understanding of cash flows of the entity is very important.

The amendments referred to the addition of paragraph 44A according to which an entity must provide disclosures that allows recipients of the financial statements to evaluate changes in liabilities from financing activities, including non-monetary elements.

As a result, in relation to the changes in financial liabilities, disclosures must be provided regarding:

- changes in cash flows related to financing activities;
- changes due to the acquisition or loss of control of subsidiaries;
- exchange rate effect;
- changes in fair value; and
- other changes.

The disclosures required by paragraph 44A are provided in a statement of reconciliation between the opening and closing balances of liabilities for financing activities.

Amendments to IAS 7 were issued by the Board on 29 January 2016 and the related endorsement process is expected to be concluded in Q4 2017.

IFRS 2 – Share Based Payments (Amendment – Classification and Measurement of Share Based Payment Transactions)

The amendment to the standard IFRS 2 Share Based Payments was published on 20 June 2016 by the IASB. The amendments provide some clarifications regarding:

- accounting of effects of the vesting conditions in the presence of cash-settled share-based payments,
- classification of share-based payments with net settlement characteristics and,
- accounting of amendments to the terms and conditions of a share-based payment that modify classification thereof from cash-settled to equity-settled.

The amendments will apply as of 01 January 2018 and the related endorsement process is expected to be concluded in Q4 2017.

IFRS 4 - Insurance Contracts (Amendment – Applying IFRS 9 Financial Instruments)

The document containing the amendments to IFRS 4 Insurance Contracts was published on 12 September 2016 and endorsement is expected in Q4 2017. The amendments mainly refer to the entities whose business mainly consists of

insurance activities and aim to clarify the criticality deriving from the application of the new standard IFRS 9 to the financial assets of said entities.

IAS 40 – Investment Property (Amendment – Transfer of Investment Property)

The amendments, published on 08 December 2016, clarify transfers of a property to or from property investment. In particular, an entity must reclassify a property as, or from, property investments only when there is evidence that there has been a change in the use of the property. This change must be attributed to a specific event that has occurred and therefore not be limited to a change of intent by an entity's management. Endorsement of the amendments is expected in Q4 2017 with application date as of 01 January 2018.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The purpose of the interpretation, published on 08 December 2016, is to provide guidelines for foreign currency transactions where non-monetary advances or prepayments are recognised in the financial statements prior to the recognition of the related asset, cost or revenue. This document provides indications on how an entity must determine the date of a transaction and, consequently, the spot rate to be used for foreign currency transactions in which payment is made or received in advance. Endorsement of IFRIC 22 is expected in Q4 2017 with application as of 01 January 2018.

IFRS 16 – Leases

The standard replaces IAS 17 “Leases” and requires all leases to be recorded on the balance sheet as assets and liabilities.

In particular, IFRS 16 contains a single model for accounting recognition of leases that eliminates the distinction between operating leases and finance leases from the perspective of the lessee. All contracts that fall within the definition of lease, with the exception of short-term leases and low-value item leases for which the lessor has the option of not recognising them based on IFRS 16, must be recognised in the balance sheet as “right of use” asset and corresponding liability.

IAS 16 will be effective as of 01 January 2019, subject to any subsequent deferrals following approval of the standard by the European Union, which has not yet occurred at the date of these half-year condensed consolidated financial statements.

Significant accounting estimates

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

Estimates are used to calculate:

Impairment of intangible assets with an indefinite useful life

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

More specifically, goodwill is tested for possible impairment at least annually and during the year if such indicators exist. This test requires estimation of the value in use of the cash generating unit to which the investment's cost and goodwill are attributed, in turn based on estimation of the future cash flows expected from the unit and discounted to present value based on an appropriate discount rate. As at 30 June 2017, the carrying value of goodwill was Euro 104,487 thousand (as at 31 December 2016: Euro 105,976 thousand). Further details are provided in note 1.

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

Deferred tax assets

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

Other estimated items

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

Principles of consolidation

The consolidated financial statements include the financial statements of the parent company Nice S.p.A. and of the Italian and foreign companies directly or indirectly controlled by Nice S.p.A. through its subsidiaries or associates.

Subsidiaries' financial statements are drawn up applying the same accounting standards as the parent company. Consolidation adjustments have been made if necessary to achieve the uniformity of any items affected by the use of different accounting standards. All the intra-group balances and transactions, including any unrealised profits deriving from relations among Group companies, have been fully derecognised.

The principles of consolidation applied include derecognition of equity investments in view of the recognition of investee companies' assets and liabilities on a line-by-line basis, and derecognition of all intra-group transactions and thus of payables, receivables, sales, purchases, and profits and losses not realised with third parties. Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. from the date when the Group takes control, and they cease to be considered as consolidated on the date when control is transferred outside the Group. Any difference between the acquisition cost and book equity of investee companies at the time of acquisition of the investment is allocated – if positive – to specific assets of the acquired companies, based on their current value as at the acquisition date, and amortised on a straight-line basis according to the investment's future useful life, with the remainder, if the prerequisites to do so exist, being allocated to Goodwill. In this latter case, the amounts are not amortised but are tested for impairment at least annually and, in any case, whenever it is deemed appropriate. If a negative difference results from derecognition, this is recognised through income statement.

If the conditions do not exist for definitive allocation of the price paid to purchase control of a company, use is made of the longer deadline (12 months) allowed by the relevant accounting standard (IFRS 3 – Business combinations).

Non-controlling interests represent the part of profits or losses and of net assets not owned by the Group, for which risks and rewards were not transferred to the subsidiary and are shown as a separate item in the income statement, while in the statement of financial position they are shown among shareholders' equity items, separately from the Group shareholders' equity.

As at 30 June 2017 the subsidiaries consolidated on a line-by-line basis were the following:

- **Nice S.p.A.** is the parent company and manages the design, production and marketing of Nice products, which holds:
 - Nice France S.a.S., a company that markets the Group's products in France;
 - Nice Polska Sp. z.o.o., a company that markets the Group's products in Poland;
 - Nice Automatismos Espana S.A., a company that markets the Group's products in Spain;
 - Nice Belgium S.A., a company that markets the Group's products in Belgium;
 - Nice Shanghai Automatic Control Co. Ltd., a company that markets the Group's products in the Far Eastern market;
 - R.D.P. Shanghai Trading Ltd., a company that purchases basic components in the Asian market for subsequent resale to the Group companies;
 - Nice UK Ltd., a company that markets the Group's products in the UK;
 - Nice Deutschland GmbH, a company that markets the Group's products in Germany and deals with the assembly of a line of products;
 - S.C. Nice Romania S.A., a company that markets the Group's products in Romania;
 - Nice Istanbul Ltd, a company that markets the Group's products in Turkey;
 - Nice Australia Home Automation Pty Ltd, a company that markets the Group's products in Australia and since 1 June 2017, it also deals with the production and assembly of a line of products;
 - AutomatNice Portugal S.A., a company that markets the Group's products in Portugal;
 - ET Nice (PTY) LTD, a company that designs, produces and markets automation systems of the Group's products in South Africa and Sub-Sahara;
 - Silentron S.p.A., a company that designs, produces and markets alarm systems;
 - Nice Home Automation CJSC, a company that markets the Group's products in Russia;
 - SAAC S.r.l., a company that markets and installs Nice products;
 - Nice Gulf FZE, a company that markets the Group's products in the Middle East;
 - Fenice Immobiliare S.p.A., a company that owns the property used as production facility, office and is responsible for design, production and warehouses leased and marketing of lighting systems;
- **Nice Group USA Inc.**, a company that markets the Group's products and designs, produces and markets automation systems in the USA, which holds:
 - Hy Security Gate Inc., a company that designs, produces and markets gate automation systems for industrial and commercial use, characterized by extremely high standards of security;

- **Peccinin Portoes Automaticos Industrial Ltda**, a company that designs, produces and markets automation systems in the Latin American market, which holds:
- Genno Tecnologia LTDA, a company that designs, produces and markets perimeter security systems and electronic accessories in the Latin American market;
- Omegaport Equipamentos de Seguranca LTDA, a company that designs, produces and markets automation systems in the Latin American market;
- **King Gates Sri**, a company that operates in the automation sector, designing, producing and selling automation systems for gates and garage doors, which holds:
- King Gates France SAS, a company that markets automation systems for gates and garage doors in France;
- **elero GmbH**, a company that operates in the design, production and marketing of products by elero, which holds:
 - elero Motors & Controls Pvt. Ltd., a company that markets the Group's products in India;
 - elero Singapore Pte. Ltd., a company that markets elero products in Asia;
 - elero AB, a company that markets the Group's products in Sweden.

It should be noted that, as at 30 June 2017, the company Nice Middle East was not included in the scope of consolidation because, as it happened in the last years, there were not the conditions for exercising control over the subsidiary due to the complex political situation that Syria has been facing for years.

Translation of foreign currency items and financial statements in currency other than the Euro

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

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

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

The exchange rates applied are shown in the table below and correspond to those published by the Italian Foreign Exchange Office:

Currency	Average 1H 2017	Final as of 30/06/2017	Average 1H 2016	Final as of 31/12/2016
Polish Zloty - PLN	4.26878	4.22590	4.36860	4.41030
Chinese Renminbi - CNY	7.43917	7.73850	6.91312	7.32020
Turkish Lira - TRY	3.93722	4.01340	3.25875	3.70720
Australian Dollar - AUD	1.43496	1.48510	1.52206	1.45960
US Dollar - USD	1.08202	1.14120	1.11552	1.05410
British Pound - GBP	0.85997	0.87933	0.77633	0.85618
Rumanian Leu - RON	4.53641	4.55230	4.49560	4.53900
South Africa Rand - ZAR	14.29900	14.92000	17.20361	14.45700
Russian Ruble - RUB	62.68680	67.54490	78.42833	64.30000
Singapore Dollar - SGD	1.51953	1.57100	1.54018	1.52340
Indian Rupee - INR	71.10235	73.74450	74.97531	71.59350
Swedish Krona - SEK	9.59449	9.63980	9.30154	9.55250
Brazilian Real - BRL	3.43628	3.76000	4.13492	3.43050
United Arab Emirates Dirham - AED	4.01596	4.18934	4.11848	3.86960

Breakdown of the main items on the consolidated statement of financial position as at 30 June 2017

Fixed Assets

1. Intangible assets

The following table shows changes in intangible fixed assets in 1H 2017:

(Thousands of Euro)	Goodwill	Software, licences and concessions	Trademarks	Customer relations	Technological know-how	R&D expenditure	Other intangible fixed assets	Total
<i>Cost:</i>								
As at 01/01/2016	66,831	9,868	20,050	2,879	2,649	105	5,005	107,388
Increases for acquisitions	32,813	-	-	-	-	-	-	32,813
Increases	-	1,507	-	-	-	1,711	405	3,623
Disposals	(62)	-	(9,166)	-	-	-	(68)	(9,296)
Reclassifications	-	(515)	-	-	-	-	-	(515)
Translation differences	7,081	105	-	101	-	-	81	7,367
As at 31/12/2016	106,663	10,965	10,885	2,980	2,649	1,816	5,424	141,381
Increases for acquisitions	3,486	-	-	-	-	-	(2)	3,484
Increases	-	1,176	6	-	24	788	153	2,147
Disposals	-	(55)	-	-	-	-	-	(55)
Reclassifications	-	35	46	261	125	79	(787)	(241)
Translation differences	(4,974)	(80)	-	-	-	-	(108)	(5,162)
As at 30/06/2017	105,174	12,040	10,937	3,241	2,798	2,683	4,680	141,553
<i>Amortisation and impairment:</i>								
As at 01/01/2016	(687)	(6,429)	(5,730)	(2,653)	(2,342)	(104)	(2,548)	(20,493)
Impairment	-	-	(5,089)	-	-	-	-	(5,089)
Amortisation	-	(1,272)	(33)	(321)	(262)	(78)	(338)	(2,303)
Disposals	-	-	-	-	-	-	132	132
Reclassifications	-	515	-	-	-	-	-	515
Translation differences	-	(51)	-	(63)	-	-	(49)	(163)
As at 31/12/2016	(687)	(7,238)	(10,852)	(3,036)	(2,604)	(182)	(2,803)	(27,401)
Amortisation	-	(835)	(5)	(141)	(134)	(142)	(22)	(1,278)
Disposals	-	-	-	-	-	-	-	2
Translation differences	-	64	-	-	-	-	67	131
As at 30/06/2017	(687)	(8,008)	(10,857)	(3,176)	(2,738)	(324)	(2,755)	(28,546)
<i>Net carrying value:</i>								
As at 30/06/2017	104,487	4,032	80	64	60	2,359	1,924	113,007
As at 31/12/2016	105,976	3,728	33	(56)	45	1,634	2,621	113,979

As at 30 June 2017, intangible fixed assets amounted to Euro 113,007 thousand compared to Euro 113,979 thousand as at 31 December 2016.

The change in intangible fixed assets is attributable to the increase thereof due to the investments made as well as the exchange rate differences on the opening balances of values expressed in foreign currencies (in particular, the "Goodwill" item).

In particular, the increase in the item "Goodwill" refers to the goodwill acquired in relation to the acquisition of a business unit of a local operator by the subsidiary Nice Australia Home Automation PTY Ltd and the change in goodwill related to the acquisition of HySecurity Inc.

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

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

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

As at 30 June 2017, management duly considered (a) the outcome of impairment tests when preparing financial statements for the year ended 31 December 2016; and (b) the evolution of the business in the period, substantially consistent with the expected scenario and used for the purposes of impairment testing, and did not deem it appropriate to repeat full impairment testing on the value of goodwill.

The following table details goodwill by CGU:

(Thousands of Euro)	30/06/2017	31/12/2016
France	4,131	4,131
Italy	4,124	4,124
Europe-15	16,994	16,994
Rest of Europe	8,715	8,913
Rest of the World	29,497	29,783
USA	41,025	42,030
Total goodwill	104,486	105,975

2. Tangible fixed assets

The following table shows changes in tangible fixed assets in 1H 2017:

(Thousands of Euro)	Land and buildings	Property investments	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
<i>Cost:</i>								
As at 01/01/2016	19,819	-	16,312	32,950	15,388	8,878	4,076	97,423
Increases for acquisitions	-	-	26	19	-	-	-	45
Increases	5,521	-	1,023	2,746	1,318	1,287	6,756	18,652
Disposals	-	-	(849)	(16)	(524)	-	-	(1,389)
Reclassifications	(13,975)	15,306	184	94	129	-	(1,738)	-
Translation differences	(10)	-	472	421	198	19	-	1,099
As at 31/12/2016	11,355	15,306	17,167	36,214	16,510	10,183	9,094	115,830
Increases for acquisitions	-	-	102	-	52	-	-	154
Increases	23	-	565	572	895	2,003	3,373	7,432
Disposals	-	-	(44)	-	(204)	(11)	(10)	(269)
Reclassifications	(18)	-	(349)	467	(45)	(323)	(39)	(307)
Translation differences	(84)	-	(283)	(239)	(144)	-	(56)	(806)
As at 30/06/2017	11,277	15,306	17,158	37,013	17,064	11,853	12,362	122,033
<i>Depreciation and impairment:</i>								
As at 01/01/2016	(4,207)	-	(10,154)	(25,395)	(13,419)	(2,444)	-	(55,619)
Increases for acquisitions	-	-	-	-	-	-	-	-
Impairment	-	(2,000)	-	-	-	-	-	(2,000)
Depreciation	(523)	(104)	(1,328)	(2,301)	(1,337)	(1,222)	-	(6,815)
Disposals	-	-	263	16	179	-	-	458
Reclassifications	4,529	(4,677)	8	-	144	(3)	-	-
Translation differences	17	-	(268)	(269)	(86)	(2)	-	(608)
As at 31/12/2016	(184)	(6,782)	(11,480)	(27,949)	(14,519)	(3,671)	-	(64,584)
Increases for acquisitions	-	-	(65)	-	(37)	-	-	(102)
Impairment	-	-	-	-	-	-	-	-
Depreciation	(245)	(52)	(671)	(1,224)	(723)	(871)	-	(3,787)
Disposals	-	-	23	-	164	-	-	188
Reclassifications	18	-	48	(10)	60	-	-	117
Translation differences	(19)	-	61	151	83	-	-	376
As at 30/06/2017	(430)	(6,834)	(11,984)	(29,032)	(14,970)	(4,542)	-	(67,792)
<i>Net carrying value:</i>								
As at 30/06/2017	10,847	8,472	5,174	7,981	2,094	7,311	12,362	54,241
As at 31/12/2016	11,171	8,525	5,687	8,265	1,992	6,513	9,094	51,246

As at 30 June 2017, tangible fixed assets amounted to Euro 54,241 thousand, net of the depreciation for the period of Euro 3,787 thousand and investments of Euro 7,038 thousand.

Land and buildings

The item includes the value of buildings owned by the Group, mainly in Germany and Brazil.

Property investments

The item "Property investments" includes the value of the building used as production facility, office and warehouses, belonging to Fenice Immobiliare S.p.A. and leased to FontanaArte S.p.A., a company sold with effect as of Q4 2016.

Industrial and commercial equipment

This item mainly includes moulds owned that are lent free of charge to sub-suppliers.

Other assets

This item mainly includes furniture, fittings and IT equipment.

Fixed assets under construction and advances

This item mainly includes the advances paid by elero GmbH for the realization of a new focused factory.

3. Other fixed assets

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

4. Deferred tax assets

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

	30/06/2017			31/12/2016		
	Total of timing differences	Tax effect (rate %)	Tax effect	Total of timing differences	Tax effect (rate %)	Tax effect
<i>(Thousands of Euro)</i>						
Unrealized profits on inventories	5,930	23.7%	1,408	5,453	23.70%	1,290
Deferred tax assets on tax losses of foreign subsidiary companies	17,980	33.5%	6,018	23,889	30.40%	7,258
Other deferred tax assets			2,574			2,379
Total deferred tax assets			10,000			10,927

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

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

Deferred tax assets mainly relate to:

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

Current assets

5. Inventory

The following table shows the breakdown of inventories as at 30 June 2017 and 31 December 2016:

(Thousands of Euro)	30/06/2017	31/12/2016
Basic components, ancillary materials and consumables	26,787	27,647
Work in progress and semi-finished products	11,319	11,532
Finished products	28,071	26,708
Inventory write-down provision	(3,785)	(3,289)
Total inventories	62,392	62,598

Inventories at the end of the period decreased by Euro 205 thousand compared to the end of previous year.

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

Inventories are recognised net of the inventory write-down provision. As at 30 June 2017, the net increase, as the difference between provisions and utilisations, was Euro 496 thousand for the purposes of a prudent measurement of inventories.

6. Trade receivables

The following table sets forth the breakdown of receivables due from customers and the relevant adjustment provisions as at 30 June 2017 and 31 December 2016:

(Thousands of Euro)	30/06/2017	31/12/2016
Trade receivables - Italy	12,953	13,181
Trade receivables - EU	27,723	19,453
Trade receivables - outside EU	32,688	30,544
Total	73,364	63,177
Bad-debt provision	(6,919)	(6,452)
Total trade receivables	66,444	56,726

Receivables due from customers increased by Euro 9,719 thousand. The increase is primarily attributable to a growth in sales in the last part of the half-year.

Trade receivables are non-interest bearing and collected in accordance with the typical commercial conditions of the countries of destination.

As at 30 June 2017, trade receivables amounted to Euro 66,444 thousand, net of the bad-debt provision of Euro 6,919 thousand. The changes in the bad-debt provision for the periods under consideration were as follows:

(Thousands of Euro)	30/06/2017	31/12/2016
Allowance at start of period	6,452	6,936
Provisions	479	1,536
Acquisitions	0	(211)
Utilisations	(12)	(1,810)
Allowance at end of period	6,919	6,452

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

7. Other current assets

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

8. Tax receivables

This item mainly includes the receivable due from tax authorities for VAT, the tax receivable for Research and Development and receivables due from tax authorities as further detailed in note 12.

9. Other current financial assets

This item refers to a non-interest-bearing loan granted to the Start up Building App and a loan granted to a related party.

10. Cash and cash equivalents

The following table shows the breakdown of cash and cash equivalents as at 30 June 2017 and 31 December 2016:

(Thousands of Euro)	30/06/2017	31/12/2016
Bank and post office deposits	46,927	70,519
Cash and equivalents on hand	12	33
Cash and cash equivalents	46,939	70,552

Cash and cash equivalents and bank demand deposits accrue interest at variable rates based on the rate of return of deposits. The fair value of cash and cash equivalents corresponds to their carrying value.

In the statement of cash flows, prepared according to changes in cash flows, cash and cash equivalents correspond to the item "Cash and cash equivalents".

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

11. Shareholders' equity

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

(Thousands of Euro)	30/06/2017	31/12/2016
Share capital	11,600	11,600
Legal reserve	2,320	2,320
Share premium reserve	32,179	32,179
Treasury shares	(20,771)	(20,771)
Reserves and retained earnings	196,851	196,210
Foreign currency translation adjustments	(20,194)	(15,265)
Profit for the year	12,506	13,140
Group shareholders' equity	214,490	219,412
Non-controlling interests in capital and reserves	(1,230)	(1,410)
Income/loss pertaining to non-controlling interests	299	241
Equity attributable to non-controlling interests	(931)	(1,169)
Total shareholders' equity	213,559	218,244

The share capital totals 116,000,000 shares with a par value of Euro 0.1 each, for a total amount of Euro 11,600,000.

The legal reserve is equal to one fifth of the share capital.

In previous financial years, as part of the buyback programme approved by the Shareholders' Meeting, the Group purchased 5,336,000 shares for a total amount of Euro 20,771 thousand. This amount is recognised as a direct reduction of shareholders' equity.

The item "Retained earnings and reserves" comprises earnings from previous years and the consolidation reserve.

The number of shares outstanding at the beginning and at the end of 1H 2017 is equal to 110,664,000 and remained unchanged during the period.

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

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

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

Non-current liabilities**12. Provisions for risks and charges**

The following table shows the breakdown of the provisions for risks and charges as at 30 June 2017 and 31 December 2016:

(Thousands of Euro)	30/06/2017	31/12/2016
Provision for product warranty	889	934
Provision for miscellaneous risks	999	997
Provision of customers' additional indemnity	64	67
Total provisions for risk and charges	1,952	1,998

Provision for product warranty

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

Provision for miscellaneous risks

This provision includes Euro 500 thousand allocated at the end of 2013 in view of the assessments carried out by tax authorities and concluded in 2013. This amount corresponds, on the basis of current information, to the probable outlay required. Accordingly, the Company appealed against the assessment notices of December 2014, December 2015 and December 2016. The Company believes that there are valid elements to contain the risk of loss, despite the mandatory payment of a portion of taxes ascertained.

Provision for customers' additional indemnity

The "Provision for customers' additional indemnity" includes amounts allocated for indemnities due to the agents in the event of termination of employment due to the Company. The allocations were determined on the basis of the category and industry sector economic agreements and were calculated on the amounts of the commissions accrued by agents in 1H 2017 and in prior years.

13. Medium- and long-term loans

The item includes loans with BNP Paribas and Unicredit taken out to meet the strategic needs of the Group. The expected maturity of such loans is set for 2018.

14. Other non-current liabilities

This item includes the non-current portion of payables for the acquisitions carried out in 2016. The change was related to the translation at the exchange rate for the period.

15. Provision for deferred tax liabilities

The following table shows the differences that originated deferred tax liabilities as at 30 June 2017 and as at 31 December 2016:

	30/06/2017			31/12/2016		
	Total of timing differences	Tax effect (rate %)	Tax effect	Total of timing differences	Tax effect (rate %)	Tax effect
<i>(Thousands of Euro)</i>						
Reversal of goodwill amortisation	3,459	24.00%	830	3,301	24.00%	792
Silentron technological know-how	110	27.90%	31	220	27.90%	61
Customer relationship - Apollo	134	35.00%	47	254	35.00%	89
Conversion of foreign currency items	613	24.00%	147	1,227	24.00%	295
Other differences			865			871
Total deferred tax liabilities			1,920			2,108

Following the purchase price allocation relating to the acquisitions made in previous years, tax liabilities have been allocated relating to the intangible fixed assets identified as they are not relevant for tax purposes, but were not recognised in the income statement. The tax rates applied are those in force in the countries where the acquired companies are based.

Current liabilities**16. Bank overdrafts and loans**

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

17. Other current financial liabilities

Current financial liabilities as at 30 June 2017 include the fair value measurement of financial instruments.

18. Trade payables

The following table shows the breakdown of trade payables as at 30 June 2017 and as at 31 December 2016:

<i>(Thousands of Euro)</i>	30/06/2017	31/12/2016
Payables to Italian suppliers	33,950	35,154
Payables to EU suppliers	8,788	8,351
Payables to suppliers outside EU	6,850	6,357
Total trade payables	49,588	49,862

As at 30 June 2017, trade payables amounted to Euro 49,588 thousand, a decrease of Euro 274 thousand compared to 31 December 2016.

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

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

19. Other current liabilities

The following table shows the breakdown of other current liabilities:

(Thousands of Euro)	30/06/2017	31/12/2016
Due to employees	7,266	5,725
Due to social security and welfare institutions	2,209	2,332
Other payables	2,211	10,772
Total other current liabilities	11,686	18,829

Due to social security and welfare institutions

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

Due to employees

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

Other payables

The change in the item "Other payables" is related to the payment of an earn-out portion in May 2017.

20. Tax payables (within 12 months)

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

Breakdown of the main items on the interim consolidated income statement as at 30 June 2017**21. Costs for the use of basic components and consumables**

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

(Thousands of Euro)	1H 2017	1H 2016
<i>Purchase of basic components, semi-finished products and consumables:</i>		
	71,346	67,215
Purchase of basic components	69,055	64,455
Other industrial purchases	1,282	1,497
Commercial purchases	1,009	1,263
<i>Change in inventories</i>	<i>(1,097)</i>	<i>(3,122)</i>
Cost of basic components and consumables	70,249	64,093

The use of basic components, semi-finished products and consumables increased by Euro 6,156 thousand in absolute terms.

22. Cost for services

The following table provides details of the cost of services:

(Thousands of Euro)	1H 2017	1H 2016
Direct production services	7,920	8,436
Industrial services	2,889	3,243
Trade services	11,318	10,594
General services	7,340	7,407
Total costs for services	29,467	29,680

Costs for services decreased by Euro 213 thousand in absolute terms.

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

23. Rental and lease costs

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

(Thousands of Euro)	1H 2017	1H 2016
Rental costs	3,117	3,351
Hire fees	1,033	1,062
Total rental and lease costs	4,149	4,413

Rental costs mainly refer to the rentals of the properties of Nice S.p.A. owned by the affiliated company Nice Immobiliare S.r.l. The amount of lease fees with Nice Immobiliare was determined on the basis of an appraisal conducted by an independent consultant.

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

24. Personnel costs

The following table details personnel costs:

(Thousands of Euro)	1H 2017	1H 2016
Wages and salaries	25,447	21,859
Social security contribution	5,349	5,117
Termination indemnities	858	523
Other charges	951	968
Total personnel costs	32,605	28,467

Group employees as at 30 June 2017 were 1,584 compared to 1,528 as at 30 June 2016.

25. Other operating costs

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

26. Depreciation and amortisation

The following table shows the breakdown of depreciation and amortisation:

(Thousands of Euro)	1H 2017	1H 2016
Depreciation of tangible assets	3,787	3,293
Amortisation of intangible assets	1,278	1,116
Total depreciation and amortisation	5,065	4,409

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

27. Impairment of assets

The amount of Euro 6,805 thousand as at 30 June 2016, referred to the write-down of the FontanaArte brand for Euro 4,805 thousand and Euro 2,000 thousand for the write-down of the property complex in Corsico used as production facility, office and warehouses owned by Fenice Immobiliare S.p.A. and leased to FontanaArte S.p.A.

28. Finance income

The following table shows the breakdown of finance income:

(Thousands of Euro)	1H 2017	1H 2016
Bank interest income	170	335
Exchange gains	(98)	1,703
Other financial income	89	36
Total financial income	161	2,074

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

29. Finance expenses

The following table shows the breakdown of finance expense:

(Thousands of Euro)	1H 2017	1H 2016
Cash discounts	1,330	1,254
Exchange losses	584	1,620
Bank interest expenses	227	400
Other financial expenses	107	419
Total financial expenses	2,249	3,693

In 1H 2017, finance expense amounted to Euro 2,249 thousand and decreased by Euro 1,444 thousand. The change is related to the translation at the exchange rate at the end of the period of payables and receivables not denominated in Euro.

The item also includes the mark-to-market of derivative financial instruments.

30. Taxes for the period

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

(Thousands of Euro)	1H 2017	1H 2016
Current taxes	7,226	6,583
(Prepaid) deferred taxes	95	(1,670)
Total income taxes	7,321	4,913

The tax rate for the period amounts to 36.4%, less than 50.5% last year. The decrease in the tax rate benefits from the combined effect of the rate change in some countries and some corporate reorganizations at some subsidiaries.

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

31. Segment information

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

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

The tables below show information on certain assets and liabilities relating to the segments in which the Group operated in 1H 2017 and 2016.

1H 2017						
(Thousands of Euro)	Italy	France	EU 15	Rest of Europe	Rest of the world	Consolidated figures
Net sales	17,125	24,009	43,772	27,440	51,644	163,990
Non-current assets (*)	25,071	14,972	39,207	27,860	65,009	172,120
Non-current liabilities (**)	(8,566)	(6,490)	(15,944)	(10,581)	(19,873)	(61,453)

(*) Excluding deferred tax assets
(**) Excluding deferred tax

31/12/2016						
(Thousands of Euro)	Italy	France	EU 15	Rest of Europe	Rest of the world	Consolidated figures
Net sales (1)	20,367	23,649	43,991	26,001	36,150	150,158
Non-current assets (*)	24,884	14,860	38,914	27,652	64,523	170,833
Non-current liabilities (**)	(10,107)	(7,657)	(18,812)	(12,484)	(23,447)	(72,507)

(1) Sales referred to 1H 2016
(*) Excluding deferred tax assets
(**) Excluding deferred tax

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

32. Earnings per share

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

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

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

Consolidated earnings per share	1H 2017	1H 2016
<i>(Thousands of Euro)</i>		
Average number of shares	110,664,000	110,664,000
Group net profit/loss	12,506	4,722
Data per share (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.11301	0.04267
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.11301	0.04267

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

33. Dividends paid and proposed

Dividends paid in 1H 2017 amounted to Euro 0.1 per share. The total outlay amounted to Euro 11,066 thousand. In 1H 2016, dividends were paid for a total of Euro 7,780 thousand (= Euro 0.0475 per share).

34. Commitments and risks

No commitments of a significant amount arose in 1H 2017.

35. Related-party disclosures

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

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme;
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A.;
- Nice Real Estate SRL: property lease to S.C. Nice Romania S.A. and financial payable to S.C. Nice Romania S.A.;
- Dorado Srl: a company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease to Silentron S.p.A.;
- Companies of the minority shareholders of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- New Real: property lease to Nice France S.a.S. Lauro Buoro, who is also the Chairman of Nice S.p.A., and one of the Group's directors have an interest in this company;
- Italian Creation Group S.p.A. (ICG): lease contract with FontanaArte S.p.A., subsidiary of ICG, related to the property of Fenice Immobiliare S.p.A. used as production facility, office and warehouses and services contract

for the provision of Information Technology services. This company is an investee of Nice Group S.p.A. or indirect investee of Lauro Buoro, who is also the Chairman of Nice S.p.A.;

- Habitat S.r.l.: property lease to Nice S.p.A.

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

Economic and financial transactions in 1H 2017 are summarised in the table below, which does not include the financial liabilities from the acquisition of minorities (amounts in thousands of Euro).

Company/ Natural person	Revenues	Investments	Rental and lease costs	Purchases of finished products	Cost for services	Trade payables	Trade receivables	Other current receivables/ payables	Financial receivables
Nice Group S.p.A.	-	-	-	-	-	-	1	(843)	-
Nice Immobiliare S.r.l.	-	(6)	(1,414)	-	-	(77)	-	56	-
Nice Real Estate SL	-	-	(209)	-	-	(25)	-	-	-
Nice Real Estate SRL	-	-	(32)	-	-	-	-	-	941
Dorado S.r.l.	-	-	(66)	-	-	-	-	-	-
Related parties									
Nice Home Automation	4	-	-	-	-	5	2	-	-
New Real	-	-	(56)	-	-	-	-	-	-
Fattoria Camporotondo S. agr. S.	-	-	-	-	-	(33)	1	-	-
Modular Professional Srl	89	(2)	-	-	-	(2)	2	-	-
Habitat Srl	-	-	(5)	-	-	-	-	-	-
Total related parties	93	(8)	(1,782)	-	-	(132)	6	(788)	941

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

36. Financial risk management policies and objectives

The Group's net financial position results in a surplus of Euro 13,522 thousand of financial payables over cash and cash equivalents.

The Group also holds financial instruments, mainly trade receivables and payables, and in some cases bank advances or overdrafts directly arising from operations.

Credit risk

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

The Group tends to minimise the risk arising from customers' default by dealing only with known, reliable and solvent customers. The Group's policy is to subject customers requesting extended payment terms to procedures to check their

credit rating. In addition, the balance of receivables is monitored during the year so that the amount of exposure to losses is not significant. Lastly, in case of new customers operating in some countries not belonging to the European Union, the Group usually requests and obtains letters of credit. There is no significant concentration of credit risk in the Group.

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

Liquidity risk

Liquidity risk is related to the possibility of not having the necessary financial instruments to meet the obligations relating to financial and trade liabilities within the established deadlines.

It is believed that the liquidity risk is essentially null, given the cash flows that the Group has always generated and it expects to continue to generate.

Exchange rate risk

The Nice Group exports its products all over the world: at present, the turnover in the non-Euro area exceeds 30% of the total. The characteristics of the business, distribution model and financial structure are factors that expose the Group to exchange rate risk.

The main objective of the Nice Group is to limit exposure in currency arising from the export of the finished product primarily through the compensation of collection and payment flows (natural hedging) settled in the same currency.

With regard to mismatch, it should be noted that the Board of Directors of 12 November 2015 approved a new Group Policy for the management of exchange rate risk, aimed at establishing financial management that allows the timely monitoring of Group currency exposure and safeguarding the margins of industrial activities.

Interest rate risk

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

37. Share capital management

The Group has limited payables to financial intermediaries and has a financial position that guarantees payment of an adequate dividend to shareholders and the pursuit of a growth strategy that includes acquisitions.

To maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay share capital, or issue new shares.

No change was made to the objectives, policies or procedures in 1H this year.

38. Financial instruments

Fair Value

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

(Thousands of Euro)	Carrying value 30/06/2017	Fair value 30/06/2017
Financial assets at fair value through income statement	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through income statement	97	97
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	97	97
Financial assets measured at amortized cost	116,898	116,898
Trade receivables	66,444	66,444
Other financial assets	3,514	3,514
Cash and cash equivalents	46,939	46,939
Financial liabilities measured at amortized cost	71,332	71,332
Bank overdrafts and loans	21,744	21,744
Trade payables	49,588	49,588
Other non-current financial liabilities	-	-
Financial assets at fair value through the comprehensive income	-	-

(Thousands of Euro)	Carrying value 31/12/2016	Fair value 31/12/2016
Financial assets at fair value through income statement	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through income statement	142	142
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	142	142
Financial assets measured at amortized cost	130,792	130,792
Trade receivables	56,726	56,726
Other financial assets	3,514	3,514
Cash and cash equivalents	70,552	70,552
Financial liabilities measured at amortized cost	64,043	64,043
Bank overdrafts and loans	14,181	14,181
Trade payables	49,862	49,862
Other non-current financial liabilities	-	-
Financial assets at fair value through the comprehensive income	-	-

Fair value measurement and hierarchy

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

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

All assets and liabilities measured at fair value as at 30 June 2017 can be classified in Level 2 of the fair value hierarchy. In addition, in 1H 2017, there were no transfers from Level 1 to Level 2 or Level 3 or vice versa.

In relation to derivative financial instruments, as at 30 June 2017, the Group has interest rate swaps (IRS) on a bank loan as well as hedging derivatives.

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

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

39. Events after the reporting period

There were no significant events after the reporting half-year.

These consolidated financial statements provide a true and fair view of the financial position and of the consolidated profit in 1H 2017.

Oderzo, 3 August 2017.

For the Board of Directors

The Chairman

Lauro Buoro

Attachments to the half-year condensed consolidated financial statements

List of consolidated companies as at 30 June 2017

Name	Registered office	Reporting date	Currency	Share capital	% ownership		
					Direct	Indirect	Total
Nice S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2017	EUR	11,600,000			
Nice UK LTD	Nottinghamshire, United Kingdom	31/12/2017	GBP	765,000	100.0%		100.0%
Nice Belgium S.A.	Hervelee, Belgium	31/12/2017	EUR	212,000	99.7%		99.7%
Nice Polska S.p. Z.o.o.	Pruszkov, Poland	31/12/2017	PLN	1,000,000	100.0%		100.0%
Nice Automatismos Espana S.A.	Mostoles, Madrid, Spain	31/12/2017	EUR	150,253	60.0%		60.0%
Nice Group USA Inc.	San Antonio, Texas, USA	31/12/2017	USD	1	100.0%		100.0%
Nice France S.a.s.	Aubagne, France	31/12/2017	EUR	600,000	100.0%		100.0%
S.C. Nice Romania S.A.	Bucharest, Romania	31/12/2017	RON	383,160	99.0%		99.0%
Nice Deutschland GmbH	Billerbeck, Germany	31/12/2017	EUR	50,000	100.0%		100.0%
Nice Shanghai Automatic Control Co. LTD	Shanghai, China	31/12/2017	EUR	2,300,000	100.0%		100.0%
R.D.P. Shanghai Trading Co. LTD	Shanghai, China	31/12/2017	EUR	200,000	100.0%		100.0%
Nice Istanbul Makine Ltd	Istanbul, Turkey	31/12/2017	TRY	10,560,000	99.0%		99.0%
Nice Australia Home Automation PTY Ltd	Sydney, Australia	31/12/2017	AUD	5,113,814	100.0%		100.0%
AutomatNice Portugal S.A.	Lisbon, Portugal	31/12/2017	EUR	50,000	100.0%		100.0%
Silentron S.p.A.	Turin, Italy	31/12/2017	EUR	500,000	100.0%		100.0%
ET Nice (PTY) LTD	Johannesburg, South Africa	31/12/2017	ZAR	22,000,000	100.0%		100.0%
Nice Home Automation CJSC	Moscow, Russia	31/12/2017	RUB	20,000	75.0%		75.0%
SAAC S.r.l.	Treviso (Italy)	31/12/2017	EUR	25,000	100.0%		100.0%
Fenice Immobiliare S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2017	EUR	2,670,000	100.0%		100.0%
Peccinin Portoes Automaticos Industrial Ltda	Limeira, Brazil	31/12/2017	BRL	32,095,000	100.0%		100.0%
King Gates S.r.l.	Pordenone, Italy	31/12/2017	EUR	100,000	100.0%		100.0%
King Gates France SAS	Castelnau D'estrefonds, France	31/12/2017	EUR	10,000		100.0%	100.0%
elero GmbH	Beuren, Germany	31/12/2017	EUR	1,600,000		100.0%	100.0%
elero Motors & Controls Pvt. Ltd.	New Delhi, India	31/12/2017	INR	638,200		100.0%	100.0%
elero Singapore Pte. Ltd.	Singapore	31/12/2017	SGD	2		100.0%	100.0%
elero AB	Malmo, Sweden	31/12/2017	SEK	100,000		100.0%	100.0%
Nice Gulf FZE	Dubai, United Arab Emirates	31/12/2017	AED	1,008,000	100.0%		100.0%
Genno Tecnologia LTDA	Santa Rita do Sapucaí, Brazil	31/12/2017	BRL	5,000		51.0% (*)	51.0% (*)
Omegaport Equipamentos de Seguranca LTDA	Toledo (PR), Brazil	31/12/2017	BRL	60,000		51.0% (*)	51.0% (*)
Hy-Security Gate Inc.	Kent, Washington, USA	31/12/2017	USD	200,000		100.0%	100.0%

* Usufruct right on shares

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

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

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

of administration and accounting procedures for the preparation of the half-year condensed consolidated financial statements during the period from 01 January 2017 to 30 June 2017.

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

3. It is further certified that:

3.1 the half-year condensed consolidated financial statements:

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

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

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

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

Oderzo, 03 August 2017

Roberto Griffa
(CEO)

Denise Cimolai
(Financial Reporting Manager)

Report of the Independent Auditors



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REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Translation from the original Italian text)

To the shareholders of
 Nice S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of cash flows, the statement of changes in shareholders' equity and the related explanatory notes of Nice S.p.A. and its subsidiaries (the "Nice Group") as of June 30th, 2017. Directors are responsible for the preparation of these interim condensed consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Nice Group as of June 30th, 2017 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, August 3rd, 2017

BDO Italia S.p.A.

Signed by: Carlo Boyancé, Partner

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

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