

INTERCOS GROUP
Global Cosmetic Manufacturer

HALF-YEAR FINANCIAL REPORT
AT JUNE 30, 2017

PREPARED IN CONFORMITY WITH IFRS
ADOPTED BY THE EUROPEAN UNION

Intercos S.p.A.
Registered office in Milan
Piazza Generale Armando Diaz 1

Corporate Information

BOARD OF DIRECTORS *

| Name | Office |
|---------------------------|------------------|
| Dario Gianandrea Ferrari | Chairman and CEO |
| Ludovica Arabella Ferrari | Director |
| Gianandrea Ferrari | Director |
| Nikhil Thukral Kumar | Director |
| James Michael Chu | Director |
| Ciro Piero Cornelli ** | Director |
| Renato Semerari | Director |

BOARD OF STATUTORY AUDITORS *

| Name | Office |
|------------------------------|-------------------|
| Nicola Pietro Lorenzo Broggi | Chairman |
| Matteo Tamburini | Standing auditor |
| Maria Maddalena Gnudi | Standing auditor |
| Francesco Molinari | Alternate auditor |
| Simone Alessandro Marchiò | Alternate auditor |

INDEPENDENT AUDITORS

EY S.p.A.

* The Board of Directors and the Board of Statutory Auditors currently in office were appointed by the shareholders' meeting of April 27, 2017 and will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ended December 31, 2019.

** Ciro Piero Cornelli holds the office of director from the date of April 27, 2017. During the period October 21, 2016 to April 25, 2017, the office was held by Paolo Valsecchi.

HALF-YEAR FINANCIAL REPORT ON OPERATIONS FOR THE FIRST HALF OF 2017

Introduction

The Half-Year Financial Report at June 30, 2017 of the Intercos Group is prepared in accordance with the provisions of art. 154 *ter*, paragraph 5 of Legislative Decree 58/98 – T.U.F., and subsequent modifications and additions, and drawn up in accordance with IAS 34 – “Interim Financial Reporting”, issued by the International Accounting Standards Board (IASB).

The notes to the half-year consolidated financial statements at June 30, 2017, in accordance with IAS 34, are presented in a condensed form and do not include all the information that would be required for annual financial statements, in that they refer solely to those components which, by amount, composition or variation, are necessary for an understanding of the results of operations, the cash flows and the financial position of the Group. Therefore, the condensed interim consolidated financial statements should be read in conjunction with the 2016 consolidated financial statements of Intercos S.p.A.

The accounting policies and basis of preparation of the condensed interim consolidated financial statements have been applied on basis consistent with those of the annual consolidated financial statements at December 31, 2016.

All amounts in the notes are expressed in thousands of euros, unless otherwise indicated.

The preparation of the Half-Year Financial Report required the use of estimates by management.

With the intention of providing information that reflects the analysis and control parameters used by management of the Group, the half-year consolidated statement of financial position at June 30, 2017 and the half-year consolidated income statement for the first half then ended, as well as the comparative statements at December 31, 2016 and June 30, 2016, respectively, have been reclassified and supplemented with non-GAAP alternative performance measures.

The reclassifications had no effect on the net profit or the equity reported in the half-year consolidated financial statements.

The non-GAAP alternative performance measures expressed in the reclassified consolidated income statement and the reclassified consolidated statement of financial position are used by management to provide information for a better assessment of the results of operations and financial position of the Group. Such performance measures should not be considered as a substitute for those established by IFRS.

The alternative performance measures are calculated as follows:

- **EBITDA:** is calculated as profit before taxes, financial income (expenses) without any adjustment and depreciation, amortization and impairment reversals (losses). EBITDA also excludes income (expenses) from the result of unconsolidated companies and securities, as well as gains or losses on disposal of consolidated investments, classified under financial income (expenses) or, for the share of the profit (loss) of investments accounted for using the equity method (non-operating), within the item result from investments (non-operating).
- **Adjusted EBITDA:** is calculated by the deducting the following, if applicable, from EBITDA, as defined above:
 - impairment of goodwill, if any;
 - amortization of the portion of the purchase price allocated to intangible assets in a business combination, as established in IFRS 3;
 - restructuring costs, under specific and significant restructuring plans;
 - nonrecurring other income (expenses) referring to particularly significant events unrelated to ordinary business operations.
- **Operating working capital** includes inventories and trade receivables and payables.
- **Net working capital** is given by operating working capital net of other current assets and liabilities.
- **Net invested capital** is the sum of non-current assets, non-current liabilities and net working capital.
- **Net debt (cash) or net financial position:** is given by the sum of current and non-current financial liabilities net of short- and long-term financial receivables, including cash and cash equivalents.
- **Headcount** is given by the number of employees registered in the payroll book on the last day of the reporting period.

Highlights of the Group

| (in € thousands) | Half 1 2017 | Half 1 2016 | Change |
|--------------------------------|---------------|-------------|--------|
| Revenues | 248,532 | 202,356 | 46,176 |
| EBITDA | 34,481 | 23,207 | 11,275 |
| Adjusted EBITDA | 34,522 | 23,087 | 11,435 |
| <i>Adjusted EBITDA margin</i> | 13.9% | 11.4% | 2.5% |
| Operating profit (EBIT) | 23,326 | 12,910 | 10,415 |
| <i>EBIT margin</i> | 9.4% | 6.4% | 3.0% |
| EBT | 17,795 | 7,643 | 10,152 |
| <i>EBT margin</i> | 7.2% | 3.8% | 3.4% |
| Profit | 10,614 | 2,781 | 7,834 |
| <i>Profit margin</i> | 4.3% | 1.4% | 2.9% |

| (in € thousands) | 6/30/2017 | 6/30/2016 | Change |
|-------------------------------------|-----------|-----------|---------|
| Net working capital | 68,584 | 61,882 | 6,703 |
| <i>Net working capital turnover</i> | 7.22 | 7.25 | 0.04 |
| Net invested capital | 273,633 | 270,328 | 3,304 |
| Non-current assets | 222,569 | 226,788 | (4,219) |
| Net financial position | 130,406 | 132,835 | (2,429) |

| | 6/30/2017 | 6/30/2016 | Change |
|---|-----------|-----------|--------|
| Headcount (number) | 2,879 | 2,528 | 360 |
| Earnings per share (basic and diluted) – in Euro | 0.12 | 0.03 | 0.09 |

Reclassified Consolidated Statement of Financial Position

| (in € thousands) | 6/30/2017 | 12/31/2016 |
|--|----------------|----------------|
| Fixed assets | 193,991 | 198,081 |
| Inventories | 101,025 | 83,296 |
| Trade receivables | 93,028 | 92,834 |
| Trade payables | (92,258) | (89,846) |
| Operating working capital | 101,796 | 86,284 |
| Other current assets and liabilities, net (*) | (33,211) | (24,402) |
| Net working capital | 68,584 | 61,882 |
| Other non-current assets and liabilities, net (**) | 5,320 | 5,669 |
| Investments accounted for using the equity method | 5,737 | 4,697 |
| Invested capital | 273,633 | 270,328 |
| Equity | 143,227 | 137,493 |
| Cash and cash equivalents | (64,664) | (64,525) |
| Financial payables | 195,070 | 197,360 |
| Net financial position | 130,406 | 132,835 |
| Total sources | 273,633 | 270,328 |

Ratios

| | | |
|--|--------|--------|
| Fixed assets / Invested capital | 70.89% | 73.27% |
| Net financial position / Equity | 0.91 | 0.97 |
| Invested capital / Equity | 1.91 | 1.97 |
| Operating working capital / Revenues (***) | 20.57% | 19.23% |
| Net working capital / Revenues (***) | 13.86% | 13.79% |

Notes on the reconciliation between the reclassified consolidated statement of financial position and the consolidated statement of financial position are the following:

(*) Includes Other current assets, Other current liabilities and Derivatives.

(**) Includes Deferred tax assets, Other non-current receivables, Non-current provisions for risks, Deferred tax liabilities, Other non-current liabilities and Employee benefits.

Consolidated net financial position - net debt (cash)

| (in € thousands) | 6/30/2017 | 12/31/2016 |
|-------------------------------------|----------------|----------------|
| Current net financial position | (40,323) | (30,227) |
| Non-current net financial position | 170,729 | 163,063 |
| Total Net financial position | 130,406 | 132,835 |

Reclassified Consolidated Income Statement by function

| (in € thousands) | H1 2017 | HI 2016 |
|---|----------------|----------------|
| Revenues | 248,532 | 202,356 |
| Cost of sales | (186,383) | (155,772) |
| Industrial gross margin | 62,149 | 46,583 |
| <i>Industrial gross margin</i> | 25.0% | 23.0% |
| Research & Development and innovation costs | (16,487) | (13,581) |
| Selling expenses | (11,440) | (9,837) |
| General and administrative expenses | (12,108) | (11,922) |
| Other operating income (expenses) | 2,181 | 1,950 |
| Result from investments (operating) | (928) | (403) |
| Nonrecurring income (expenses) | (41) | 121 |
| Operating profit (EBIT) | 23,326 | 12,910 |
| <i>EBIT margin</i> | 9.4% | 6.4% |
| Depreciation, amortization and impairment reversals (losses) | (11,155) | (10,296) |
| EBITDA (*) | 34,481 | 23,207 |
| Nonrecurring income (expenses) | (41) | 121 |
| Adjusted EBITDA (*) | 34,522 | 23,086 |
| <i>EBITDA margin</i> | 13.9% | 11.4% |
| Financial income (expenses), net (**) | (5,667) | (5,296) |
| Result from investments accounted for using the equity method | 137 | 28 |
| Profit before taxes (EBT) | 17,795 | 7,643 |
| Income taxes | (7,181) | (4,863) |
| Profit for the year | 10,614 | 2,781 |
| Of which: | | |
| - attributable to the owners of the parent | 10,525 | 2,586 |
| - attributable to non-controlling interests | 89 | 195 |
| Earnings per share: | | |
| Basic and diluted | 0.12 | 0.03 |

(*) For additional details, reference should be made to the notes on pages 3 and 4.

(**) Financial income (expenses) is the sum of financial income (expenses) without any adjustment.

The breakdown of the headcount of the Group at June 30, 2017 is as follows:

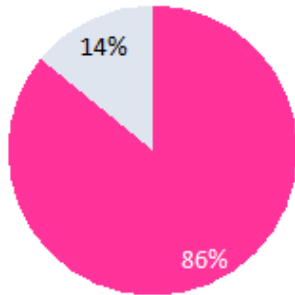
| Group headcount | 6/30/2017 | 6/30/2016 |
|-----------------------------------|------------------|------------------|
| Executives and mid-level managers | 244 | 232 |
| White-collars | 1,035 | 875 |
| Blue-collars | 1,600 | 1,421 |
| Total | 2,879 | 2,528 |
| Temporary | 2,536 | 2,013 |
| Total | 5,415 | 4,541 |

Results of Operations

Revenues

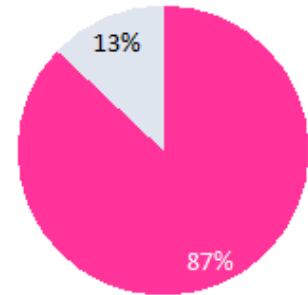
(in € millions)

Revenues 1H 2017
248,5 M€



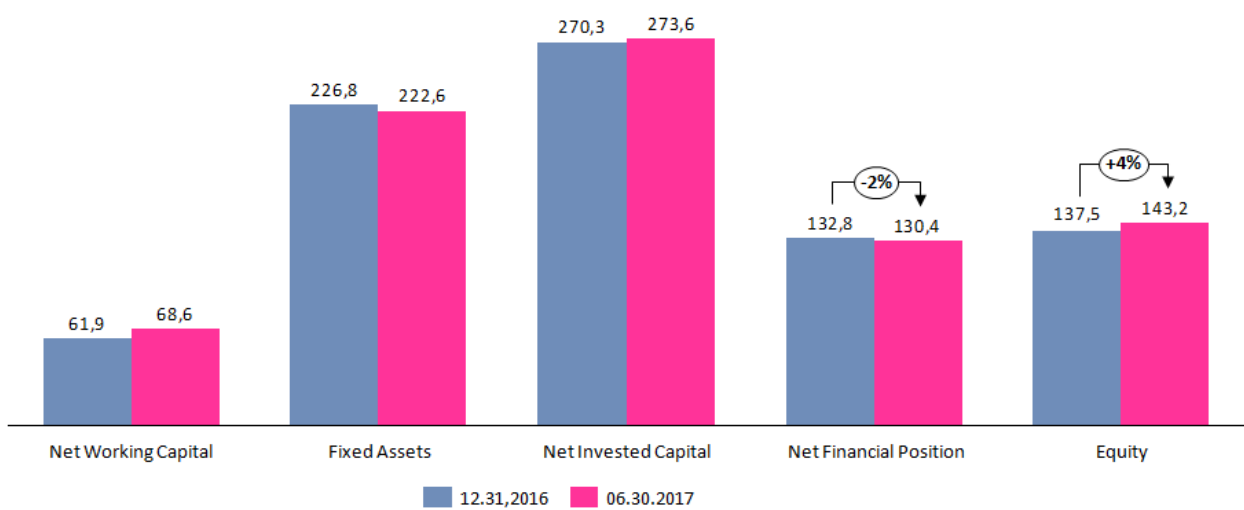
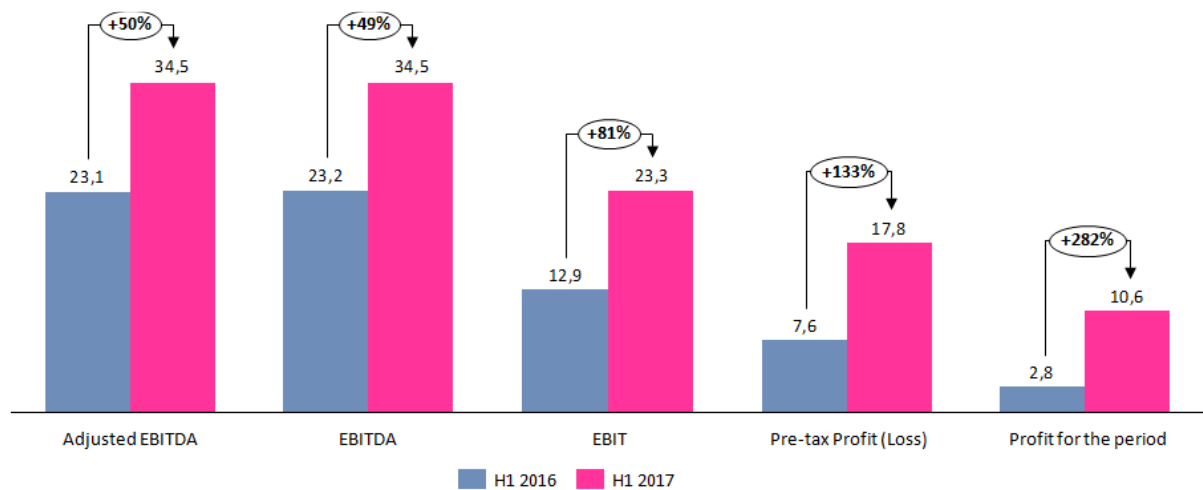
Makeup
Skincare

Revenues H1 2016
202,3 M€



Principal consolidated economic and financial measures

(in € millions)



Profit and Financial Performance

In the first six months of 2017 the Group reported revenues from sales of €248,532 thousand compared to €202,356 thousand in the first six months of 2016, with an increase of €46,176 thousand, or 22.8%.

Adjusted EBITDA in the first half of 2017 is a positive €34,522 thousand, with a 13.9% adjusted EBITDA margin against 11.4% in the first half of 2016 (€23,087 thousand).

Operating profit (EBIT) in the first half of 2017 is €23,326 thousand (with a 9.4% EBIT margin), against €12,910 thousand in the first half of 2016 (with a 6.4% EBIT margin).

Capital expenditures in property, plant and equipment and intangible assets during the first six months of 2017 total €7,493 thousand and €3,478 thousand, respectively.

The consolidated net financial position is a debt position of €130,406 thousand compared to €132,835 thousand at December 31, 2016, down €2,429 thousand, for the best mid-year result of the Group of late.

Total equity is €143,227 thousand compared to €137,493 thousand at December 31, 2016, up €5,734 thousand.

Structure of the Group

Group organization

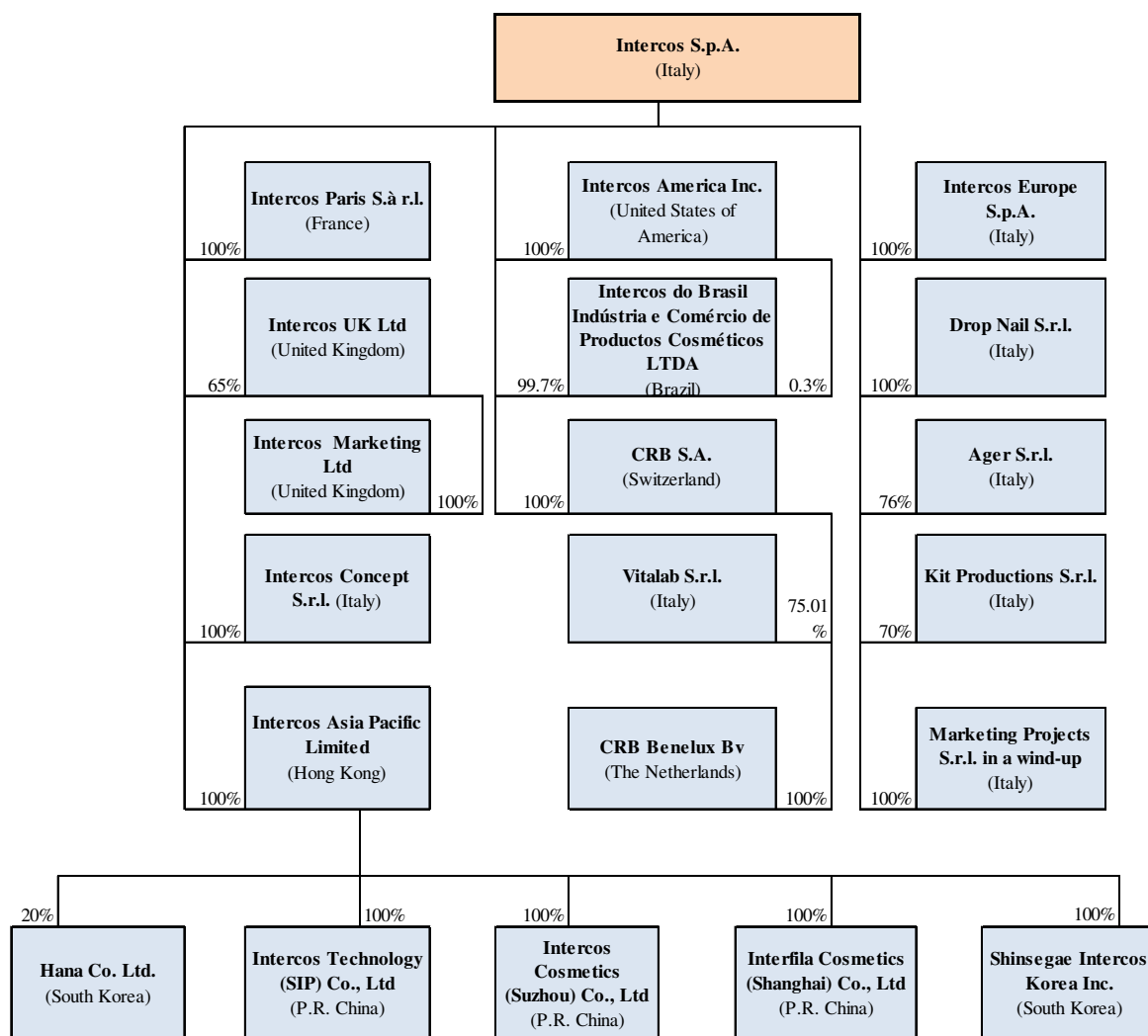
Intercos S.p.A. is a corporation organized under the laws of the Republic of Italy, with its registered office in Milan, Piazza Diaz 1.

Starting at the end of 2013, the Group's business was reorganized and is now aggregated into two areas identified on the basis of the following operating segments:

- ***Make-Up Business Unit:*** specialized in the creation, development, manufacture and marketing of powders, emulsions, lipsticks, nail polish and types of cosmetics using delivery systems in the form of pens/pencils for the face, eyes and lips.
- ***Skin Care Business Unit:*** specialized in the manufacture and marketing of cosmetic and skin care creams.

The Group's main manufacturing facilities are at the plant sites in Italy, United States, Switzerland, China and Brazil.

The Group's organization structure is updated to the reporting date of the half-year consolidated financial statements at June 30, 2017 and shows the operating companies and those in liquidation.



COMPOSITION OF THE GROUP
AND RELATED TRANSACTIONS AND INVESTMENTS

The half-year consolidated financial statements at June 30, 2017 include the half-year financial statements and/or accounting data of Intercos S.p.A. (group holding company) and the subsidiaries and other companies (Italian and foreign) that carry out manufacturing and marketing activities consolidated line-by-line or accounted for using the equity method.

Scope of consolidation

| SUBSIDIARIES | | | | | |
|---|--|----------------|----------------------------------|-------------------------|----------|
| <i>(consolidated line-by-line)</i> | | | | | |
| Name | Head Office | Currency | Capital in thousands of currency | Percentage of ownership | |
| | | | | Direct | Indirect |
| Intercos Europe S.p.A. | Milan | Euro | 3,000 | 100.00% | |
| Kit Productions S.r.l. | Pessano con Bornago (Milan) | Euro | 10 | 70.00% | |
| Marketing Projects S.r.l. in liquidation | Milan | Euro | 40 | 100.00% | |
| Ager S.r.l. | Monza | Euro | 31 | 76.00% | |
| Drop Nail S.r.l. | Milan | Euro | 50 | 100.00% | |
| Intercos America Inc. | Wilmington, New Castle, Delaware (USA) | US dollar | 10 | 100.00% | |
| Intercos do Brasil Indústria e Comércio de Produtos Cosméticos Ltda | Atibaia (Brazil) | Brazilian real | 30,377 | 99.7% | 0.3% |
| Intercos Paris S.a.r.l. | Paris (France) | Euro | 14 | 100.00% | |
| Intercos UK Ltd | Barnstaple (UK) | British pound | 0.1 | 65.00% | |
| Intercos Marketing Ltd | South Molton (UK) | British pound | 0.001 | | 100% |
| CRB S.A. | Puidoux (Switzerland) | Swiss franc | 100 | 100.00% | |
| Vitalab S.r.l. | Milan | Euro | 160 | | 75.01% |
| CRB Benelux BV | Maastricht (Netherlands) | Euro | 18 | | 100.00% |
| Intercos Technology Co.Ltd. | Suzhou (P.R.C.) | US dollar | 3,400 | | 100.00% |
| Interfila Cosmetics (Shanghai) Co. Ltd | Shanghai (P.R.C.) | US dollar | 2,700 | | 100.00% |
| Intercos Cosmetics Suzhou Co. Ltd. | Suzhou (P.R.C.) | US dollar | 12,800 | | 100.00% |
| Intercos Daily Product (SIP) Co. Ltd ** | Suzhou (P.R.C.) | RMB | 5,000 | | 100.00% |
| Intercos Asia Pacific Limited | Hong Kong | US dollar | 29,104* | 100.00% | |
| Intercos Concept S.r.l | Milan | Euro | 10 | 100.00% | |

In January 2017, Intercos S.p.A. increased its investment in the subsidiary Asia Pacific Limited by USD 2,100 thousand. This transaction had no effect on Intercos S.p.A.'s 100% direct investment.

* The investment in Intercos Asia Pacific is recorded for USD 29,101 thousand and HKD 26 thousand, the latter, converted at the exchange rate at the transaction date, is equal to €3 thousand.

** The SIP Market Inspection Administration Bureau approved the request to cancel the company Intercos Daily Product (SIP) Co. Ltd., effective May 19, 2017.

SUBSIDIARIES CONSOLIDATED BY EQUITY METHOD

| Company | Headquarters | Business | Financial Statements Date | Accounting Principles Adopted | Share capital €/000 | Total Assets €/000 | Total Liabilities €/000 | Currency | % Ownership | % voting rights | Ownership > 50% voting rights held but not control | Ownership < 50% voting rights held but control | Ownership > 20% voting rights held but not significant influence | Ownership < 20% voting rights held but significant influence | Amount €/000 |
|--------------------------|----------------------|-----------------|---------------------------|-------------------------------|---------------------|--------------------|-------------------------|----------|-------------|-----------------|--|--|--|--|--------------|
| Controllo: Direct | | | | | | | | | | | | | | | |
| Hana Co.Ltd | Hwasung, South Korea | Packaging | 6/30/2017 | IFRS | 906 | 15,808 | 9,672 | KRW | 20% | 20% | N/A | N/A | √ | N/A | 1,770 |
| Shinsegae Intercos Korea | South Korea | Cosmetics Prod. | 6/30/2017 | IFRS | 11,821 | 36,281 | 28,347 | KRW | 50% | 50% | N/A | N/A | √ | N/A | 3,967 |

In February 2017, Intercos Asia Pacific increased its investment in the share capital of the subsidiary Shinsegae Intercos Korea by KRW 2,500,000 thousand. The shareholder Shinsegae also increased its investment in the company's share capital so that its percentage investment would remain unchanged.

All amounts in the interim accounting statements and tables are expressed in thousands of Euro, unless otherwise indicated.

The exchange rates used for the translation of amounts expressed in currencies other than the Euro are the following:

| | Income Statement for HI ended 6/30/2017 | Income Statement for HI ended 6/30/2016 | Statement of Financial Position 6/30/2017 | Statement of Financial Position 12/31/2016 |
|-------------------------|---|---|---|--|
| | <i>Average for period</i> | <i>Average for period</i> | <i>At June 30, 2017</i> | <i>At December 31, 2016</i> |
| U.S. dollar | 1.0825 | 1.1155 | 1.1412 | 1.0541 |
| Pound sterling | 0.8601 | 0.7785 | 0.8793 | 0.8562 |
| Swiss franc | 1.0764 | 1.0960 | 1.0930 | 1.0739 |
| Chinese renminbi (yuan) | 7.4417 | 7.2937 | 7.7385 | 7.3202 |
| South Korean won | 1,235.5848 | 1,318.8092 | 1,304.5600 | 1,269.3600 |
| Brazilian real | 3.4392 | 4.1349 | 3.7600 | 3.4305 |

SEGMENT REPORTING

At June 30, 2017, the Group's business is aggregated into two Business Units identified on the basis of the following product lines:

- **“Make-up” Business Unit:** specialized in the creation, development, manufacture and marketing of powders, emulsions, lipsticks, nail polish and types of cosmetics using delivery systems in the form of pens/pencils for the face, eyes and lips.
- **“Skin Care” Business Unit:** specialized in the manufacture and marketing of cosmetic and skin care creams.

The Group's main manufacturing facilities are at the plant sites in Italy, United States, Switzerland, China and Brazil.

The financial information reported according to business unit is periodically reviewed by the board of directors and used for planning and budgeting.

Detailed information on each identified segment for the first half ended June 30, 2017 and June 30, 2016 is presented in the following tables.

| Half I 2017 - (in € thousands) | Make-up | Skin Care | Total |
|--|---------|-----------|----------|
| Revenues | 213,607 | 34,925 | 248,532 |
| Adjusted EBITDA (*) | 29,483 | 5,039 | 34,522 |
| Depreciation, amortization and impairment reversals (losses) | (9,832) | (1,324) | (11,155) |
| Nonrecurring income (expenses) | | | (41) |
| Financial income (expenses) | | | (5,667) |
| Result from investments accounting for using the equity method | | | 137 |
| Income taxes | | | (7,181) |
| Profit for the period | | | 10,614 |
| Net invested capital at 6/30/2017 | 229,842 | 43,791 | 273,633 |
| Half I 2016 - (in € thousands) | Make-up | Skin Care | Total |
| Revenues | 176,015 | 26,341 | 202,356 |
| Adjusted EBITDA (*) | 19,521 | 3,565 | 23,086 |
| Depreciation, amortization and impairment reversals (losses) | (9,096) | (1,200) | (10,296) |
| Nonrecurring income (expenses) | | | 121 |
| Financial income (expenses) | | | (5,296) |
| Result from investments accounting for using the equity method | | | 28 |
| Income taxes | | | (4,863) |
| Profit for the year | | | 2,781 |

Net invested capital at 12/30/2016 228,896 41,432 270,328

(*) For additional details, reference should be made to the comments on page 4.

Make-up Business Unit: reported revenues are €213,607 thousand, an increase of €37,592 thousand (21.4%) compared to the reclassified amount for the corresponding period of the prior year, and basically includes all the product families.

Adjusted EBITDA is €29,483 thousand, an increase of €9,962 thousand, or 51.0%, compared to €19,521 thousand in the first half of 2016). The adjusted EBITDA margin is 13.8% for the first half of 2017 (11.09% for the first half of 2016).

The **Skin Care Business Unit:** reported revenues are €34,925 thousand, an increase of €8,585 thousand, or 32.6%, compared to revenues in the same period of 2016.

Adjusted EBITDA is equal to €5,039 thousand, an increase of €1,474 thousand, or 41.3%, compared to €3,565 thousand in the first half of 2016. The adjusted EBITDA margin is 14.4% for the first half of 2017 (13.5% for the first half of 2016).

Detailed information on revenues by geographical region according to the location in which the recipient of the invoice has its headquarters is as follows:

(in € thousands)

| Sales by Business Unit | HI 2017 | HI 2016 |
|-------------------------------|----------------|----------------|
| Make-Up | 213,607 | 176,015 |
| Skin Care | 34,925 | 26,341 |
| Total | 248,532 | 202,356 |

(in € thousands)

| Sales by Geographic Region | HI 2017 | HI 2016 |
|-----------------------------------|----------------|----------------|
| Americas | 101,476 | 65,662 |
| EMEA | 122,108 | 114,091 |
| Asia | 24,948 | 22,603 |
| Total | 248,532 | 202,356 |

The different trends in sales by geographic region in the first half of 2017 compared to the first half of 2016 are as follows:

- Americas: records an increase in sales of 55% in the Prestige market in particular.
- EMEA: posts sales of €122,108 thousand versus €114,091 thousand in the corresponding period of the prior year, with an increase of €8,017 thousand, or 7%.
- Asia: reports sales of €24,948 thousand, up 10%, compared to €22,603 thousand in the same period of the prior year.

NOTES ON THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Movements in property, plant and equipment

Movements in Property, plant and equipment during the first half of 2017 are as follows:

| <i>(in € thousands)</i> | <i>December 31, 2016</i> | <i>Increases / Depreciation</i> | <i>Translation differences / Reclassifications.</i> | <i>Decreases / Utilization</i> | <i>June 30, 2017</i> |
|--|--------------------------|-------------------------------------|---|------------------------------------|----------------------|
| Historical cost | | | | | |
| Land and buildings | 132,464 | 621 | (3,543) | - | 129,542 |
| Plant and machinery | 128,618 | 2,441 | (452) | (200) | 130,408 |
| Industrial equipment | 36,519 | 868 | (90) | (52) | 37,244 |
| Office furniture and equipment | 14,622 | 420 | (1,727) | (1) | 13,314 |
| Motor vehicles and internal transportation equipment | 2,188 | - | (18) | (102) | 2,067 |
| Cell phones | 21 | 1 | - | - | 22 |
| Assets under construction and payments on account | 4,860 | 3,142 | (1,404) | (226) | 6,373 |
| Total | 319,292 | 7,493 | (7,234) | (581) | 318,970 |
| Accumulated depreciation | | | | | |
| Land and buildings | 74,764 | 2,860 | (1,615) | - | 76,009 |
| Plant and machinery | 102,777 | 3,325 | (2,320) | (8) | 103,774 |
| Industrial equipment | 32,974 | 827 | (80) | - | 33,720 |
| Office furniture and equipment | 9,978 | 422 | (269) | (1) | 10,129 |
| Motor vehicles and internal transportation equipment | 1,974 | 60 | (18) | (88) | 1,928 |
| Cell phones | 20 | - | - | - | 21 |
| Assets under construction and payments on account | - | - | - | - | 0 |
| Total | 222,486 | 7,494 | (4,302) | (98) | 225,580 |
| Net carrying amount | 96,804 | (1) | (2,932) | (484) | 93,390 |

2. Movements in intangible assets

Movements in Intangible assets are as follows:

| <i>(in € thousands)</i> | <i>December 31, 2016</i> | <i>Increases</i> | <i>Decreases/ Adjustments / Translation differences</i> | <i>Reclassifications</i> | <i>Amortization</i> | <i>June 30, 2017</i> |
|----------------------------|--------------------------|------------------|---|--------------------------|---------------------|----------------------|
| Development costs | 15,425 | 468 | (80) | - | (2,609) | 13,203 |
| Patent and software rights | 4,110 | 200 | (10) | 55 | (846) | 3,509 |
| Concessions and licenses | 2,163 | 61 | (75) | - | (204) | 1,945 |
| Assets under development | 2,701 | 2,573 | - | - | - | 5,274 |
| Other intangible assets | 111 | 176 | - | - | (3) | 284 |
| TOTAL | 24,509 | 3,478 | (164) | 55 | (3,662) | 24,215 |

3. Borrowings from banks and other lenders

Borrowings from banks and other lenders and the relative due dates are provided in the following table:

(in € thousands)

| June 30, 2017 | Short-term | Medium-term | Long-term | Total |
|--|---------------|---------------|----------------|----------------|
| Intercos S.p.A. bonds | 1,004 | 5,022 | 112,102 | 118,128 |
| Medium/long-term bank borrowings (pool) | 7,294 | 47,223 | - | 54,516 |
| Medium/long-term bank borrowings (CRB) | 357 | 1,487 | 4,018 | 5,862 |
| Drop Nail mortgage | 52 | - | - | 52 |
| Payables under Law 46 / Mediocredito | 122 | - | - | 122 |
| Finance leases payable | 196 | 878 | - | 1,074 |
| Other financial payables | 340 | - | - | 340 |
| Derivatives | 288 | - | - | 288 |
| Medium/long-term debt | 9,652 | 54,609 | 116,120 | 180,382 |
| Revolving credit facility Intercos S.p.A. | - | - | - | - |
| Revolving credit facility Intercos America | - | - | - | - |
| Revolving credit facility Intercos China | 13,012 | - | - | 13,012 |
| Bank overdrafts | 1,676 | - | - | 1,676 |
| Advances on invoices | - | - | - | - |
| Short-term debt | 14,688 | - | - | 14,688 |
| Borrowings from other lenders | - | - | - | - |
| Factoring companies payable | - | - | - | - |
| Total | 24,341 | 54,609 | 116,120 | 195,070 |

Details of the remaining loans outstanding at June 30, 2017 are as follows:

| Company | Bank | Amount | Internal rate of return | Description |
|------------------------|-------------------------|----------------|-------------------------|---|
| Intercos S.p.A. | Bank Pool | 9,863 | 1.716% | Tranche in EUR |
| Intercos S.p.A. | Bank Pool | 15,941 | 1.454% | Tranche B in EUR |
| Intercos S.p.A. | Bank Pool | 12,818 | 2.850% | Tranche in USD |
| Intercos S.p.A. | Institutional investors | 118,128 | 3.719% | Bonds |
| Intercos Europe S.p.A. | Bank Pool | 15,894 | 1.782% | Tranche in EUR |
| | | 172,644 | | |
| Intercos S.p.A. | Other lenders | 122 | 3.36% | Low-rate loan (EUR) Law 46 grant 11337 |
| | | 122 | | |
| CRB S.A. | SH Bank | 92 | 0.00% | Loan guarantee |
| CRB S.A. | BCV Bank | 1,304 | 1.85% | Mortgage (in CHF) |
| CRB S.A. | BCV Bank | 4,466 | 2.18% | Batipius (in CHF) |
| | | 5,862 | | |
| Drop Nail | BPM Bank | 52 | 1.505% | Mortgage (in EUR) |

Financial data:

The net financial position went from €132,835 thousand at December 31, 2016 to €130,406 thousand at June 30, 2017. The improvement of €2,429 thousand is attributable to the change in cash flows from operating activities that is only partially offset by investing and financing activities.

The net financial position at June 30, 2017 is analyzed as follows:

| (in € thousands) | 6/30/2017 | 12/31/2016 |
|---|-----------------|-----------------|
| Cash and cash equivalents | (64,664) | (64,525) |
| Borrowings from banks and other lenders | 24,341 | 34,298 |
| Total current financial position | (40,323) | (30,227) |
| Borrowings from banks and other lenders | 170,729 | 163,063 |
| Non-current financial position | 170,729 | 163,063 |
| Debt (cash) | 130,406 | 132,835 |

4. Financial position data summary

The equity and financial structure of the Group at June 30, 2017 compared to December 31, 2016 is represented as follows:

| (in € thousands) | 6/30/2017 | 12/31/2016 |
|--|----------------|----------------|
| Inventories | 101,025 | 83,296 |
| Trade receivables and other receivables | 104,423 | 100,639 |
| Income taxes receivable | 1,532 | 1,497 |
| Current non-financial liabilities (*) | (138,396) | (123,550) |
| Net working capital | 68,584 | 61,882 |
| Property, plant and equipment | 93,390 | 96,806 |
| Other intangible assets (**) | 100,601 | 101,274 |
| Other non-current non-financial assets (*) | 28,577 | 28,707 |
| Fixed assets | 222,569 | 226,788 |
| Employee severance indemnities | (8,742) | (8,621) |
| Provisions | (819) | (1,079) |
| Other non-current non-financial liabilities (*) | (7,959) | (8,641) |
| Net invested capital | 273,633 | 270,328 |
| Financed by: | | |
| Current financial position (*) | (40,323) | (30,227) |
| Non-current net financial position (*) | 170,729 | 163,063 |
| Total net financial position | 130,406 | 132,835 |
| Equity | 143,227 | 137,493 |
| Total (H+I) | 273,633 | 270,328 |

(*) Details of the composition of these items are provided in the "Reconciliation Schedule" on page 21.

(**) Includes goodwill.

Inventories amount to €101,025 thousand at June 30, 2017 and show an increase of €17,729 thousand over December 31, 2016. This increase is attributable to higher volumes manufactured during the period and the seasonal nature of the Group's business which causes a part of its production to be concentrated in the first half of the year to meet sales requirements that are higher in the last two quarters.

Trade receivables are €93,028 thousand at June 30, 2017 and basically in line with the figure at December 31, 2016 of €92,834 thousand, owing to the effects of a greater efficiency in the management of receivables, especially in Europe.

Equity increased by €5,734 thousand as a result of the negative change in exchange differences on translating foreign operations of €4,485 thousand and the cash flow hedge reserve of €219 thousand, the net profit in the first half of €10,614 thousand, the actuarial losses of €106 thousand and the negative consolidation reserve of €72 thousand which includes the effect of the payment of dividends to non-controlling interests.

The net financial position shows a positive effect of €2,429 thousand compared to December 31, 2016.

5. Reconciliation schedules

The reconciliation between the “Financial position data summary” on page 19 and the items included in the consolidated statement of financial position at June 30, 2017, are as follows:

| <i>(in € thousands)</i> | 6/30/2017 | 12/31/2016 |
|--|------------------|------------------|
| Trade payables and other payables | (124,257) | (114,906) |
| Taxes payable | (14,139) | (8,644) |
| Current non-financial liabilities (reclassified format) | (138,396) | (123,550) |

| <i>(in € thousands)</i> | 6/30/2017 | 12/31/2016 |
|---|---------------|---------------|
| Deferred tax assets | 15,885 | 16,768 |
| Non-current security deposits | 746 | 809 |
| Investments | 5,737 | 4,697 |
| Receivables for indirect taxes | 5,534 | 5,525 |
| Other non-current assets | 675 | 907 |
| Other non-current non-financial assets (reclassified format) | 28,577 | 28,707 |

| <i>(in € thousands)</i> | 6/30/2017 | 12/31/2016 |
|--|----------------|----------------|
| Deferred tax liabilities | (7,788) | (8,459) |
| Other non-current liabilities | (171) | (182) |
| Other non-current non-financial liabilities (reclassified format) | (7,959) | (8,641) |

| <i>(in € thousands)</i> | 6/30/2017 | 12/31/2016 |
|---|-----------------|-----------------|
| Cash and cash equivalents | (64,664) | (64,525) |
| Financial payables (current portion) | 24,341 | 34,298 |
| Current net financial position (reclassified format) | (40,323) | (30,227) |

| <i>(in € thousands)</i> | 6/30/2017 | 12/31/2016 |
|--|----------------|----------------|
| Financial payables (non-current portion) | 170,729 | 163,063 |
| Non-current net financial liabilities (reclassified format) | 170,729 | 163,063 |

6. Sales analysis

The contribution to sales by Group companies (revenues from sales and services) is summarized below:

| Company | HI 2017 | HI 2016 |
|--|----------------|----------------|
| Intercos Europe S.p.A. | 124,029 | 115,481 |
| Intercos America Inc. | 60,109 | 41,882 |
| Intercos Cosmetics Suzhou Co. Ltd | 11,603 | 7,540 |
| Intercos Technology Co. Ltd | 22,613 | 18,065 |
| Interfila Cosmetics (Shanghai) Co. Ltd | 14,835 | 7,785 |
| CRB S.A. | 21,340 | 18,894 |
| Other | 9,988 | 7,932 |
| Aggregate Total | 264,517 | 217,578 |
| Eliminations | (15,985) | (15,223) |
| Consolidated Total | 248,532 | 202,356 |

Group revenues in the first half of 2017 recorded an increase of €46,176 thousand, or 23%, compared to the first half of 2016.

Comments on the revenues of the main companies of the Group are as follows:

Intercos Europe S.p.A.: in terms of volumes, Intercos Europe is the most important company in the Group with revenues of €124,029 thousand in the first half of 2017, an increase of 7% compared to the first half of 2016.

Intercos America Inc.: revenues in the first half of 2017 amount to €60,109 thousand, a 44% increase in percentage terms over the first half of 2016.

Intercos Cosmetics Suzhou Ltd.: revenues total €11,603 thousand in the first half of 2017 versus €7,540 thousand in the first half of 2016, up 54%.

Intercos Technology Ltd.: this company operates the production facility of the Intercos Group for sales in Chinese territory. In the first six months of 2017, revenues are €4,549 thousand, or a 25% increase compared to the first half of 2016.

Interfila Cosmetics (Shanghai) Ltd.: in the first half of 2017, this company recorded a 91% surge in sales to €14,835 thousand against €7,785 thousand in the first half of 2016.

CRB S.A.: an increase of €2,446 thousand was reported, from €18,849 thousand in the first half of 2016 to €21,340 thousand in the first half of 2017, a 13% increase.

7. Income and expenses summary data

| (in € thousands) | Half I 2017 | Half I 2016 |
|---|------------------|------------------|
| Cost of sales | (186,383) | (155,772) |
| Net operating costs and nonrecurring expenses, of which: | (38,823) | (33,673) |
| Research & Development and Innovation | (16,487) | (13,581) |
| Sales & marketing | (11,440) | (9,837) |
| General & administrative | (12,108) | (11,922) |
| Other operating income (expenses) | 2,181 | 1,950 |
| Result from investments accounted for using the equity method (operating) | (928) | (403) |
| Nonrecurring income (expenses) | (41) | 121 |

Cost of sales is €186,383 thousand, an increase of €30,611 thousand largely due to higher direct manufacturing costs sustained as a result of higher volumes manufactured during the first half.

Management's careful attention to the progression of fixed costs has made it possible to contain their increase considerably, notwithstanding the continual investments of the Group.

Gross operating profit (adjusted EBITDA)

| (in € thousands) | HI 2017 | HI 2016 |
|--|---------|---------|
| Gross operating profit (adjusted EBITDA) | 34,522 | 23,086 |

The increase in sales and the industrial gross margin generated a positive effect on adjusted EBITDA, which is €34,522 thousand in the first half of 2017, up €11,436 thousand compared to the first half of 2016, with an Adjusted EBITDA margin of 13.9% (11.4% in the first half of 2016).

Operating profit (EBIT)

| (in € thousands) | Half I 2017 | Half I 2016 |
|-------------------------|-------------|-------------|
| Operating profit (EBIT) | 23,326 | 12,910 |

Operating profit (EBIT) is €23,326 thousand, an increase of €10,416 thousand over the first half of 2016, for the same reasons indicated for adjusted EBITDA. The EBIT margin is 9.4% (6.4% in the first half of 2016).

Profit before taxes (EBT)

| (in € thousands) | 6/30/2017 | 6/30/2016 |
|---------------------------|------------------|------------------|
| Profit before taxes (EBT) | 17,795 | 7,643 |

Profit before taxes (EBT) is €17,795 thousand, up €10,152 thousand compared to the first half of 2016, also owing to the impact of lower net financial expenses.

Profit for the period

| (in € thousands) | Half I 2017 | Half I 2016 |
|-------------------------|--------------------|--------------------|
| Profit for the period | 10,614 | 2,781 |

The profit for the period increased to €10,614 thousand, which is €7,834 thousand more than the profit reported in the first half of 2016. The positive effect is reflected in the EPS.

Related party transactions

In general, related party transactions are carried out on an arm's length basis.

There were no atypical and/or unusual transactions during the period.

Details of the most important transactions that were entered into during the period with related parties, including joint ventures, are as follows:

| (K€) | Revenues | Other Operating Income | Commodities, Consumer Goods and Cost for service | Personnel Cost | Miscellaneous operating income and expenses | Financial Charges | Financial Income | Trade Receivables | Trade payables | Financial Payables |
|-------------------------------------|----------|------------------------|--|----------------|---|-------------------|------------------|-------------------|----------------|--------------------|
| Dafe International Srl | - | - | (81) | - | - | - | - | - | 18 | - |
| Sci Maragia | - | - | (23) | - | - | - | - | - | 85 | - |
| Je m'en fous | - | - | - | - | (5) | - | - | - | 22 | - |
| Arterra Bioscience Srl | - | - | (308) | - | - | (4) | - | - | 227 | 340 |
| My Style | - | - | - | - | (16) | - | - | - | 1 | - |
| Interior | - | - | (0) | - | (5) | - | - | - | 1 | - |
| Catterton | - | - | (7) | - | - | - | - | - | 2 | - |
| Vault | - | - | (488) | - | - | - | - | - | 110 | - |
| Maragia USA Inc | - | - | (13) | - | - | - | - | - | 13 | - |
| Cornelli Gabelli e associati | - | - | (112) | - | - | - | - | - | 112 | - |
| Familiari e affini di Dario Ferrari | - | - | - | (85) | - | - | - | - | - | - |
| Totale | - | - | (1.032) | (85) | (25) | (4) | - | - | 590 | 340 |

| (K€) | Revenues | Other Operating Income | Commodities, Consumer Goods and Cost for service | Personnel Cost | Miscellaneous operating income and expenses | Financial Charges | Financial Income | Trade Receivables | Trade payables | Financial Payables |
|--------------------|--------------|------------------------|--|----------------|---|-------------------|------------------|-------------------|----------------|--------------------|
| Intercos Korea LTD | 1.753 | 372 | (722) | 20 | - | - | - | 1.702 | 596 | - |
| Hana Co Ltd | - | - | (3) | - | - | - | - | - | - | - |
| Totale | 1.753 | 372 | (725) | 20 | - | - | - | 1.702 | 596 | - |

OUTLOOK

The outlook for the second half of 2017 is basically positive, in effect confirming the Group's expectations, as set out in its business plan.

SIGNIFICANT NONRECURRING EVENTS AND TRANSACTIONS

There were no significant nonrecurring events or transactions during the first half.

IMPORTANT EVENTS DURING THE FIRST HALF AND SUBSEQUENT TO JUNE 30, 2017

- **In January and February 2017**, the parent negotiated, with a syndicate of banks composed of Banca IMI S.p.A., Intesa Sanpaolo S.p.A., Unicredit S.p.A., BNL S.p.A. and ICBC (Europe) SA – Milan Branch, certain amendments to the loan contract signed on March 24, 2015 by the company Intercos Europe S.p.A., Banca IMI S.p.A. and Unicredit S.p.A., the total amount of which, after such amendments, will nevertheless remain at €80,000,000. More specifically, the amendments refer to: a) an increase in the amount of the Term Facility from €50,000,000 to €60,000,000, with BNL S.p.A. entering the loan contract as a lender of such Term Facility, with a commitment of €20,000,000; b) a reduction in the amount of the Revolving Facility from €30,000,000 to €20,000,000, with ICBC (Europe) SA – Milan Branch entering the loan contract as the sole lender of such Revolving Facility, with a commitment of €20,000,000; c) a move in the due date on the Term Facility to December 31, 2021; d) a new annual interest rate for the Term Facility, equal to the 6-month Euribor (and 6-month Libor for the tranche in U.S. dollars), plus 150 basis points; e) a new annual interest rate for the Revolving Facility, equal to the 6-month Euribor or the 3-month Euribor, plus 100 basis points; f) a commitment fee of the Revolving Facility equal to 25 basis points; and g) a modification of the definition of Permitted Indebtedness.
- **Also in January and February 2017**, the parent negotiated amendments to certain terms and conditions of the €120,000,000 non-convertible bonds due March 28, 2022 with a 3.875% annual fixed rate, the issue of which was approved by the board of directors on February 19, 2015. More specifically, the company negotiated: a) the reduction in the annual interest rate from 3.875% to 3.25%; b) a move in the maturity date to March 28, 2023; c) the extension of the period – from March 28, 2018 to March 28, 2020 (excluded) – in which the bonds can be repaid in advance by

paying only the so-called “Make Whole Amount”; and d) the recalculation of the bond reimbursement cost, establishing that, in the event of repayment between March 28, 2020 and March 27, 2021 (included), the cost will be 101% of the face value of the bonds (instead of 100% as currently established for the same period) whereas in the event of repayment between March 28, 2021 and the new maturity date of the bonds, the cost will be equal to the face value of the bonds as currently established.

- **In February 2017**, Intercos Asia Pacific increased its investment in the share capital of the subsidiary Shinsegae Intercos Korea by KRW 2,500,000 thousand. The shareholder Shinsegae also increased its investment in the company’s share capital so that its percentage investment would remain unchanged.
- **In May 2017**, the SIP Market Inspection Administration Bureau approved the request to cancel the company Intercos Daily Product (SIP) Co. Ltd., effective May 19, 2017.
- **In June 2017**, Intercos S.p.A. signed a preliminary contract with “Futura Società Semplice” (“**Futura**”), the sole shareholder of “Cosmint Group S.r.l.” (“**Cosmint Group**”), and with Messrs. Decio Masu, Alessandro Masu and Massimiliano Masu (the “**Masu Family**”) (which controls Futura), for the purchase of the entire capital of the Cosmint Group (the “**SPA**”) which, in turn, owns the entire share capital of Cosmint S.p.A., Sodisco S.r.l. and Tatra Spring Polska Sp. Zoo. (a Polish-registered company). Intercos S.p.A. also asked and received, in July, approval from the financing banks to conclude the above described transaction, in addition to authorization from the German Antitrust Authority, on July 13, 2017, which gave its approval to the transaction, affirming that the same does not have the requisites that would impose a veto on proceeding with the transaction pursuant to art. 36, paragraph 1 of the German Antitrust Law.

In order to finance the transaction, Intercos S.p.A. asked the financing banks (except ICBC (Europe) SA – Milan Branch) – through the “Uncommitted Acquisition Facility Notice”, to grant a new credit line for the acquisition of Cosmint for an amount of €40 million (the “**Acquisition Facility**”), which will carry the same guarantees as the current loan contract signed by the company Intercos Europe S.p.A. (“**IE**”) and by some financial banks (jointly, the “**Financing Banks**”).
- **Also in June 2017**, Dafe 3000 S.r.l. purchased 105,960 Intercos S.p.A. Class C shares from some minority shareholders for a total of €406,463.59.

- **On July 28, 2017:**
 - (i) the Intercos S.p.A. shares held by DAFE 3000 S.r.l. were converted into Class A shares, like those held by DAFE 4000 S.p.A. and DAFE 5000 S.r.l.;
 - (ii) the Intercos S.p.A. share capital increase was approved, against payment, without exclusion of the option right (but the exercise of it was waived by all the other shareholders), issued and subscribed at par value and, therefore, without a share premium, for 922,423 Intercos S.p.A. Class C shares at a price per share of €0.1172824182. This share capital increase was thus equal to a total of €108,184, such as to represent – at conclusion of the capital increase – 1% of Intercos S.p.A. share capital. The total amount of Intercos S.p.A. share capital therefore became €10,818 thousand compared to previous total of €10,710; and
 - (iii) the bylaws of Intercos S.p.A. were amended for the number of directors, from 5 to 6 for the minimum and from 7 to 8 for the maximum number of members of the board of directors and a new director will be appointed.

INTERCOS GROUP
Global Cosmetic Manufacturer

HALF-YEAR
CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2017

Consolidated Statement of Financial Position at June 30, 2017 – unaudited

| <i>(in € thousands)</i> | <i>Note</i> | June 30, 2017 | December 31, 2016 |
|--|-------------|----------------------|--------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 1 | 93,390 | 96,806 |
| Intangible assets | 2 | 24,215 | 24,509 |
| Goodwill | | 76,386 | 76,765 |
| Investments | 5 | 5,737 | 4,697 |
| Deferred tax assets | 5 | 15,885 | 16,768 |
| Other non-current assets | 5 | 6,955 | 7,241 |
| Non-current assets | | 222,569 | 226,788 |
| CURRENT ASSETS | | | |
| Inventories | 4 | 101,025 | 83,296 |
| Trade receivables | 4 | 93,028 | 92,834 |
| Other current assets | | 12,449 | 9,301 |
| Derivatives | | 478 | - |
| Cash and cash equivalents | 5 | 64,664 | 64,525 |
| Current assets | | 271,644 | 249,957 |
| TOTAL ASSETS | | 494,213 | 476,745 |
| EQUITY | | | |
| Share capital | | 10,710 | 10,710 |
| Other reserves | | 66,005 | 66,005 |
| Retained earnings | | 64,172 | 58,424 |
| Equity attributable to owners of the parent | | 140,888 | 135,139 |
| Equity attributable to non-controlling interests | | 2,339 | 2,354 |
| TOTAL EQUITY | 4 | 143,227 | 137,493 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Borrowings from banks and other lenders | 3 | 170,729 | 163,063 |
| Provisions | 4 | 819 | 1,079 |
| Deferred tax liabilities | 5 | 7,788 | 8,459 |
| Other non-current liabilities | 5 | 171 | 182 |
| Employee benefit obligations | 4 | 8,742 | 8,621 |
| Non-current liabilities | | 188,249 | 181,403 |
| CURRENT LIABILITIES | | | |
| Borrowings from banks and other lenders | 3 | 23,395 | 33,667 |
| Other financial payables | 3 | 946 | 631 |
| Trade payables | 5 | 92,258 | 89,846 |
| Other current liabilities | 5 | 46,139 | 33,704 |
| Current liabilities | | 162,737 | 157,848 |
| TOTAL EQUITY AND LIABILITIES | | 494,213 | 476,745 |

Consolidated Income Statement for the First Half ended June 30, 2017 – unaudited

| <i>(in € thousands)</i> | <i>Note</i> | Half I 2017 | Half I 2016 |
|---|-------------|--------------------|--------------------|
| Revenues | 6 | 248,532 | 202,356 |
| Cost of sales | 7 | (186,383) | (155,772) |
| Industrial gross margin | | 62,149 | 46,583 |
| Research & Development and innovation costs | | (16,487) | (13,581) |
| Selling expenses | | (11,440) | (9,837) |
| General and administrative expenses | | (12,108) | (11,922) |
| Other operating income (expenses) | | 2,181 | 1,950 |
| Result from investments (operating) | | (928) | (403) |
| Nonrecurring income (expenses) | | (41) | 121 |
| Operating profit (EBIT) | 7 | 23,326 | 12,910 |
| Financial income | | 3,260 | 1,832 |
| Financial expenses | | (8,927) | (7,127) |
| Result from investments accounted for using the equity method | | 137 | 28 |
| Profit before tax (EBT) | 7 | 17,795 | 7,643 |
| Income taxes | | (7,181) | (4,863) |
| Profit for the period | 7 | 10,614 | 2,781 |
| Attributable to: | | | |
| - owners of the parent | | 10,525 | 2,586 |
| - non-controlling interests | | 89 | 195 |

Earnings per share:

| | | |
|--------------------------|------|------|
| <i>Basic and diluted</i> | 0.12 | 0.03 |
|--------------------------|------|------|

Consolidated Statement of Comprehensive Income – unaudited

| <i>(in € thousands)</i> | | Half I 2017 | Half I 2016 |
|---|---|--------------------|--------------------|
| Net profit | 7 | 10,614 | 2,781 |
| <i>Other comprehensive income that will not be reclassified subsequently to the income statement, net of tax effect</i> | | | |
| - Actuarial gains (losses) on remeasurement of employee defined benefit plans | | (114) | (1,421) |
| - Tax effect | | 8 | 449 |
| Actuarial losses, net of tax effect | 4 | (106) | (972) |
| <i>Other comprehensive income that will be reclassified subsequently to the income statement, net of tax effect</i> | | | |
| - Exchange differences on translating foreign operations | 4 | (4,485) | (1,403) |
| Exchange differences on translating foreign operations | | (4,485) | (1,403) |
| - Cash Flow Hedge | 4 | (288) | - |
| - Tax effect | | 69 | - |
| Cash Flow Hedge, net of tax effect | | (219) | - |
| Comprehensive income for the period | | 5,804 | 405 |
| Attributable to: | | | |
| - owners of the parent | | 5,747 | 333 |
| - non-controlling interests | | 57 | 72 |

Statement of Changes in Consolidated Equity for the First Half to June 30, 2017 and June 30, 2016 - unaudited

| <i>(in € thousands)</i> | | RETAINED EARNINGS | | | ATTRIBUTABLE TO NON CONTROLLING INTERESTS | | |
|--|---------------|--|--------------------------------|-----------------------|---|------------------------------|----------------|
| Description | Share capital | Other reserves (Share premium reserve) | Reserves and retained earnings | Profit for the period | Share capital | Profit (Loss) for the period | Total |
| Balances at December 31, 2016 | 10,710 | 66,005 | 38,366 | 20,058 | 2,193 | 161 | 137,493 |
| Appropriation of 2016 profit | | | 20,058 | (20,058) | 161 | (161) | - |
| Exchange differences on translating foreign operations | | | | (4,453) | | (32) | (4,485) |
| Remeasurement of defined benefit plans (OCI) | | | | (106) | | - | (106) |
| Cash flow hedge reserve IRS (OCI) | | | | (219) | | - | (219) |
| Consolidation reserve | | | | | (72) | | (72) |
| Profit for the first half 2017 | | | | 10,525 | | 89 | 10,614 |
| Balances at June 30, 2017 | 10,710 | 66,005 | 58,424 | 5,747 | 2,282 | 57 | 143,227 |

| <i>(in € thousands)</i> | | RETAINED EARNINGS | | | ATTRIBUTABLE TO NON CONTROLLING INTERESTS | | |
|--|---------------|--|--------------------------------|-----------------------|---|------------------------------|----------------|
| Description | Share capital | Other reserves (Share premium reserve) | Reserves and retained earnings | Profit for the period | Share capital | Profit (Loss) for the period | Total |
| Balances at December 31, 2015 | 10,710 | 66,005 | 18,065 | 20,792 | 2,599 | 220 | 118,391 |
| Appropriation of 2015 profit | | | 20,792 | (20,792) | 220 | (220) | - |
| Exchange differences on translating foreign operations | | | | (1,289) | | (114) | (1,403) |
| Remeasurement of defined benefit plans (OCI) | | | | (963) | | (9) | (972) |
| Consolidation reserve | | | (607) | | (618) | | (1,224) |
| Profit for the first half 2016 | | | | 2,586 | | 195 | 2,781 |
| Balances at June 30, 2016 | 10,710 | 66,005 | 38,250 | 333 | 2,202 | 72 | 117,572 |

Consolidated Statement of Cash Flows for the First Half ended June 30, 2017 - unaudited

| <i>(in € thousands)</i> | Half 1 2017 | Half 1 2016 |
|--|-----------------|-----------------|
| Profit from continuing operations | 10,614 | 2,781 |
| Profit for the period attributable to owners of the parent | 10,614 | 2,781 |
| Depreciation, amortization and impairment reversals (losses) | 11,155 | 10,085 |
| Nonrecurring income (expenses) | 41 | (121) |
| Change in provisions | (285) | 707 |
| Financial income (expenses) | 5,667 | 5,296 |
| Decrease / (Increase) in inventories | (21,299) | (11,526) |
| Decrease / (Increase) in trade receivables, net | (3,248) | 2,886 |
| Increase / (Decrease) in trade payables | 4,937 | (7,642) |
| Decrease / (Increase) in other assets | (583) | 5,417 |
| Increase / (Decrease) in other payables | 12,906 | 2,927 |
| Cash flows provided by operating activities (a) | 19,905 | 10,810 |
| Acquisition of property, plant and equipment, net | (7,493) | (8,954) |
| Acquisition of intangible assets, net | (3,478) | (2,969) |
| Disposal of property, plant and equipment | 484 | 433 |
| Acquisitions of investments | (1,040) | (3,587) |
| Cash flows (used in) investing activities (b) | (11,526) | (15,077) |
| Increase / (Decrease) in borrowings from banks and other lenders | (2,288) | 8,920 |
| Interest paid during the year | (4,878) | (6,874) |
| Cash flows provided by (used in) financing activities (c) | (7,165) | 2,046 |
| Change in equity (d) | (72) | (1,224) |
| Net increase (decrease) in cash and cash equivalents (a)+(b)+ (c) + (d) | 1,141 | (3,447) |
| Cash and cash equivalents, at beginning of the period | 64,525 | 50,683 |
| Translation exchange differences | 1,002 | 692 |
| Cash and cash equivalents, at end of the period | 64,664 | 46,545 |
| Net increase (decrease) in cash and cash equivalents during the period | 1,141 | (3,447) |