

GEFRAN GROUP
INTERIM FINANCIAL STATEMENTS
AT 31 MARCH 2017



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1. CORPORATE BODIES

Board of Directors

Chairman of the Board of Directors	Ennio Franceschetti
Vice Chairman	Maria Chiara Franceschetti
CEO	Alberto Bartoli
Director	Giovanna Franceschetti
Director	Andrea Franceschetti
Director	Daniele Piccolo (*)
Director	Monica Vecchiati (*)
Director	Mario Benito Mazzoleni (*)
Director	Romano Gallus

Board of Statutory Auditors

Chairman	Marco Gregorini
Standing Auditor	Primo Ceppellini
Standing Auditor	Roberta Dell'Apa
Deputy auditor	Guido Ballerio
Deputy auditor	Rossella Rinaldi

Internal Control Committee

- Daniele Piccolo
- Monica Vecchiati
- Mario Benito Mazzoleni

Remuneration Committee

- Romano Gallus
- Daniele Piccolo
- Monica Vecchiati

External auditor

PricewaterhouseCoopers S.p.A.

On 21 April 2016, the ordinary shareholders' meeting of Gefran S.p.A. engaged auditing firm PricewaterhouseCoopers S.p.A. to audit the separate annual financial statements of Gefran S.p.A., as well as the consolidated annual and interim financial statements of the Gefran Group for a period of nine years until the approval of the financial statements for 2024, in accordance with Italian Legislative Decree 39/2010.

(*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Code of Conduct

2. ALTERNATIVE PERFORMANCE INDICATORS

In addition to the conventional financial tables and indicators required under IFRS, this document includes restated tables and alternative performance indicators. These are intended to allow a better assessment of the Group's economic and financial management. However, these tables and indicators must not be considered as a substitute for those required under IFRS.

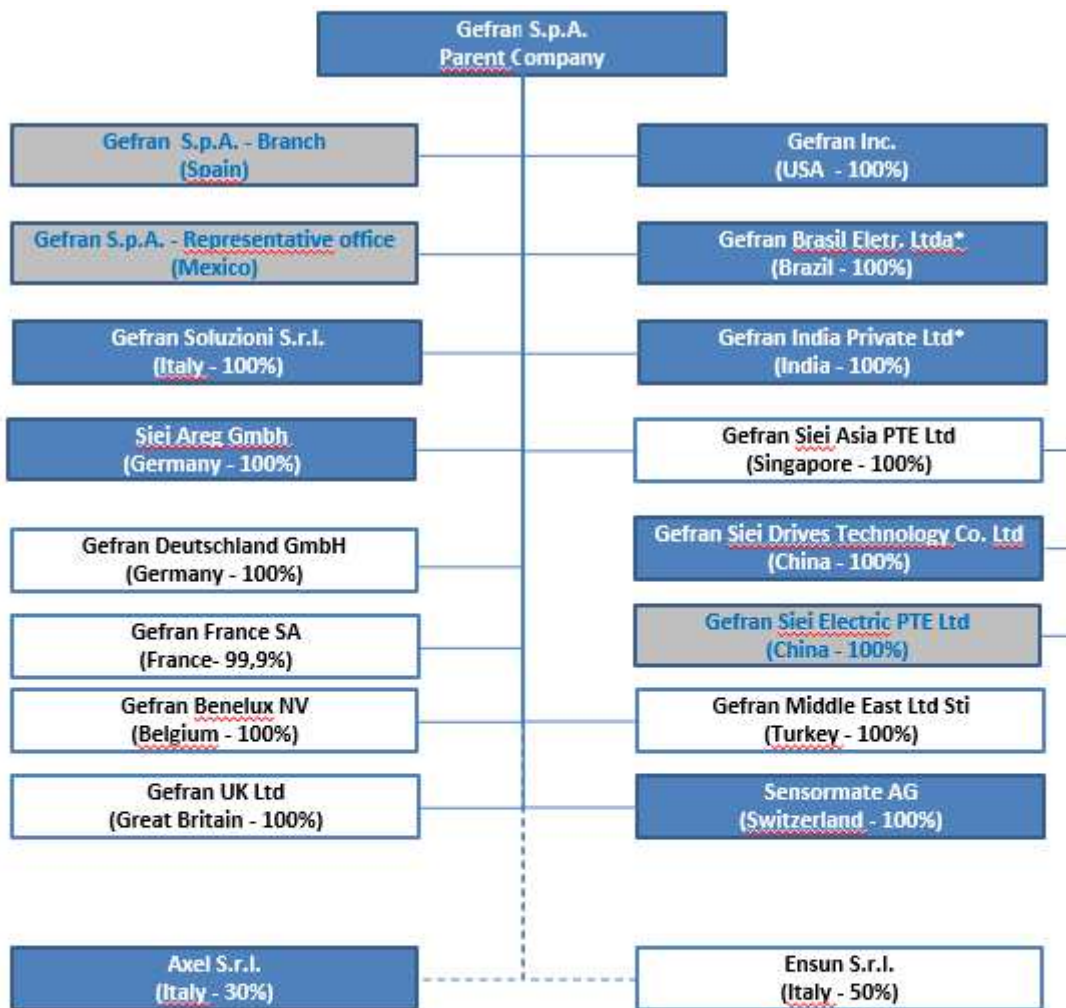
Specifically, the alternative indicators used in the notes to the income statement are:

- **Added value:** the direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA:** operating result before depreciation, amortisation and write-downs. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **EBIT:** operating result before financial management and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the notes to the statement of financial position are:

- **Net non-current assets:** the algebraic sum of the following items in the statement of financial position:
 - Goodwill
 - Intangible assets
 - Property, plant, machinery and tools
 - Shareholdings valued at equity
 - Equity investments in other companies
 - Receivables and other non-current assets
 - Deferred tax assets
- **Working capital:** the algebraic sum of the following items in the statement of financial position:
 - Inventories
 - Trade receivables
 - Trade payables
 - Other assets
 - Tax receivables
 - Current provisions
 - Tax payables
 - Other liabilities
- **Net invested capital:** the algebraic sum of fixed assets, operating capital and provisions;
- **Net debt (financial position):** the algebraic sum of the following items:
 - Medium- to long-term financial payables
 - Short-term financial payables
 - Financial liabilities for derivatives
 - Financial assets for derivatives
 - Cash and cash equivalents and short-term financial receivables
 - Non-current financial assets

3. STRUCTURE OF THE GEFRAN GROUP



(*) Gefran India e Gefran Brazil indirectly through Gefran UK

4. KEY CONSOLIDATED INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION FIGURES

The amounts shown below only refer to continuing operations, unless otherwise specified.

Group income statement highlights

(EUR /,000)	1Q 2017		1Q 2016	
Revenues	32,278	100.0%	29,524	100.0%
EBITDA	4,296	13.3%	1,714	5.8%
EBIT	2,802	8.7%	157	0.5%
Profit (loss) before tax	2,559	7.9%	(682)	-2.3%
Result from operating activities	1,808	5.6%	(1,198)	-4.1%
Profit (loss) from assets held for sale	0	0.0%	486	1.6%
Group net profit (loss)	1,808	5.6%	(712)	-2.4%

Group income statement highlights, excluding non-recurring components

(EUR /,000)	1Q 2017		1Q 2016	
Revenues	32,278	100.0%	29,003	100.0%
EBITDA	4,617	14.3%	3,085	10.6%
EBIT	3,123	9.7%	1,528	5.3%
Profit (loss) before tax	2,880	8.9%	689	2.4%
Result from operating activities	2,129	6.6%	173	0.6%
Profit (loss) from assets held for sale	0	0.0%	486	1.7%
Group net profit (loss)	2,129	6.6%	659	2.3%

Group statement of financial position highlights

(EUR /,000)	31 March 2017	31 Dec 2016
Invested capital from operations	77,882	78,612
Net working capital	33,176	35,754
Shareholders' equity	70,076	66,908
Net financial position	(9,020)	(12,918)

(EUR /,000)	31 March 2017	31 March 2016
Operating cash flow	3,965	2,845
Investments	1,256	954

5. CONSOLIDATED FINANCIAL STATEMENTS

Statement of profit/(loss)

(EUR /,000)	cumulative 31 March	
	2017	2016
Revenues from product sales	32,144	28,753
<i>of which: related parties:</i>	30	34
Other revenues and income	134	771
<i>of which: non-recurring:</i>	0	521
Increases for internal work	168	408
TOTAL REVENUES	32,446	29,932
Change in inventories	(300)	689
Costs of raw materials and accessories	(10,821)	(10,228)
Service costs	(5,346)	(5,221)
<i>of which: related parties:</i>	(58)	(58)
Miscellaneous management costs	(238)	(211)
Other operating income	53	52
Personnel costs	(11,445)	(13,116)
<i>of which: non-recurring:</i>	(321)	(1,892)
Impairment of trade and other receivables	(53)	(183)
Amortisation	(579)	(565)
Depreciation	(915)	(992)
EBIT	2,802	157
<i>of which: non-recurring:</i>	(321)	(1,371)
Gains from financial assets	466	104
Losses from financial liabilities	(703)	(865)
Losses (gains) from shareholdings value at equity	(6)	(78)
PROFIT (LOSS) BEFORE TAX	2,559	(682)
<i>of which: non-recurring:</i>	(321)	(1,371)
Current taxes	(753)	(456)
Deferred taxes	2	(60)
TOTAL TAXES	(751)	(516)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	1,808	(1,198)
<i>of which: non-recurring:</i>	(321)	(1,371)
Net profit (loss) from assets held for sale	0	486
<i>of which: non-recurring:</i>	0	0
NET PROFIT (LOSS) FOR THE YEAR	1,808	(712)
<i>of which: non-recurring:</i>	(321)	(1,371)
Attributable to:		
Group	1,808	(712)
Third parties	0	0
(Euro)	Earnings per share	
	2017	2016
Basic earnings per ordinary share	0.13	(0.05)
Diluted earnings per ordinary share	0.13	(0.05)

Statement of profit/ (loss) and other items of comprehensive income

(EUR /,000)	cumulative 31 March	
	2017	2016
NET PROFIT (LOSS) FOR THE YEAR	1,808	(712)
Items that will not subsequently be reclassified in the income statement for the year		
- revaluation of employee benefits: IAS 19	0	0
- overall tax effect	0	0
Items that will or could subsequently be reclassified in the income statement for the year		
- conversion of foreign companies' financial statements	(162)	(980)
- equity investments in other companies	238	(43)
- fair value of cash flow hedging derivatives	107	(21)
- Other changes in the consolidation reserve		6
Total changes, net of tax effect	183	(1,038)
Comprehensive result for the period	1,991	(1,750)
Attributable to:		
Group	1,991	(1,750)
Third parties	0	0

Statement of financial position

(EUR /,000)	31 March 2017	31 Dec 2016
NON-CURRENT ASSETS		
Goodwill	6,055	6,093
Intangible assets	7,897	8,260
<i>of which: related parties:</i>	17	39
Property, plant, machinery and tools	37,025	36,931
<i>of which: related parties:</i>	11	105
Shareholdings valued at equity	1,046	1,051
Equity investments in other companies	2,195	1,956
Receivables and other non-current assets	156	148
Deferred tax assets	7,039	7,021
Non-current financial assets	209	-
TOTAL NON-CURRENT ASSETS	61,622	61,460
CURRENT ASSETS		
Inventories	21,254	21,589
Trade receivables	30,238	30,745
<i>of which: related parties:</i>	23	114
Other receivables and assets	3,890	3,512
Current tax receivables	525	734
Cash and cash equivalents	20,700	20,477
Financial assets for derivatives	24	4
TOTAL CURRENT ASSETS	76,631	77,061
ASSETS HELD FOR SALE	1,214	1,214
TOTAL ASSETS	139,467	139,735
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	53,868	48,560
Profit/(loss) for the year	1,808	3,948
Total Group Shareholders' Equity	70,076	66,908
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	70,076	66,908
NON-CURRENT LIABILITIES		
Non-current financial payables	14,564	16,045
Employee benefits	4,607	5,212
Non-current provisions	1,252	1,317
Deferred tax provisions	1,009	1,005
TOTAL NON-CURRENT LIABILITIES	21,432	23,579
CURRENT LIABILITIES		
Current financial payables	15,241	17,134
Trade payables	18,316	16,580
<i>of which: related parties:</i>	54	46
Financial liabilities for derivatives	148	220
Current provisions	1,361	1,143
Current tax payables	1,554	1,348
Other payables and liabilities	11,339	12,823
TOTAL CURRENT LIABILITIES	47,959	49,248
TOTAL LIABILITIES	69,391	72,827
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	139,467	139,735

Consolidated cash flow statement

(EUR / .000)	31 March 2017	31 March 2016
A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	20,477	24,602
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD:		
Net profit (loss) for the period	1,808	(712)
Depreciation/amortisation	1,494	1,557
Capital (gains) losses on the sale of <i>Non-current assets</i>	(36)	78
Capital (gains) losses on the sale of <i>Assets held for sale</i>	0	(486)
Net result from financial operations	243	839
Change in provisions for risks and future liabilities	(452)	1,444
Change in other assets and liabilities	(1,656)	(587)
Change in deferred taxes	(14)	58
Change in trade receivables	507	(319)
<i>of which: related parties:</i>	91	(22)
Change in inventories	335	(376)
Change in trade payables	1,736	1,349
<i>of which: related parties:</i>	8	17
TOTAL	3,965	2,845
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(1,256)	(954)
<i>of which: related parties:</i>	(28)	(40)
- Equity investments and securities	0	0
- Acquisitions net of acquired cash	0	0
- Financial receivables	(8)	0
Disposal of non-current assets	36	(7)
TOTAL	(1,228)	(961)
D) FREE CASH FLOW (B+C)	2,737	1,884
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	0	0
Repayment of financial payables	(2,553)	(2,906)
Increase (decrease) in current financial payables	(821)	(2,677)
Interest (paid)	(169)	(225)
Interest received		
Change in shareholders' equity reserves	1,111	(951)
Dividends paid	0	0
TOTAL	(2,432)	(6,759)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	305	(4,875)
G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE	-	626
H) Exchange translation differences on cash at hand	(82)	(226)
I) NET CHANGE IN CASH AT HAND (F+G+H)	223	(4,475)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	20,700	20,127

Statement of changes in shareholders' equity

(EUR/000)	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit / (loss)	overall EC reserves			Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
						Fair value measurement reserve	Currency translation reserve	Other reserves				
Balances at 1 January 2016	14,400	21,926	14,373	9,567	3,052	(259)	5,336	(643)	(4,769)	62,984	0	62,984
Destination of 2015 profit												
- Other reserves and provisions			(3,423)	0	(1,346)				4,769	0		0
- Dividends										0		0
Income/(expenses) recognised at equity			72			194		(16)		250		250
Change in translation reserve			0				(260)	(2)		(262)		(262)
Other changes			0	(12)						(12)		(12)
2016 profit									3,948	3,948		3,948
Balance at 31 December 2016	14,400	21,926	11,022	9,555	1,706	(65)	5,076	(661)	3,948	66,908	0	66,908
Destination of 2016 profit												
- Other reserves and provisions			(4,094)	0	8,042				(3,948)	0		0
- Dividends										0		0
Income/(expenses) recognised at equity			0			346		0		346		346
Change in translation reserve							(162)	0	0	(162)		(162)
Other changes			(105)	694	587					1,176		1,176
2017 profit									1,808	1,808		1,808
Balances at 31 March 2017	14,400	21,926	6,823	10,249	10,335	281	4,914	(661)	1,808	70,076	0	70,076

6. GROUP PERFORMANCE IN THE FIRST QUARTER OF 2017

(EUR / .000)	1Q 2017			1Q 2016			Chg 2017-2016	
	Excl.	Comp.	Final	Excl.	Comp.	Final	Value	%
	non rec.	non rec.		non rec.	non rec.		Excl. non rec.	
a Revenues	32,278		32,278	29,003	(521)	29,524	3,275	11.3%
b Increases for internal work	168		168	408		408	(240)	58.8%
c Consumption of materials and products	11,121		11,121	9,539		9,539	1,582	16.6%
d Added Value (a+b-c)	21,325		21,325	19,872	(521)	20,393	1,453	7.3%
e Other operating costs	5,584		5,584	5,563		5,563	21	0.4%
f Personnel costs	11,124	(321)	11,445	11,224	(1,892)	13,116	(100)	0.9%
g Gross operating margin - EBITDA (d-e-f)	4,617	321	4,296	3,085	1,371	1,714	1,532	49.7%
h Depreciation, amortisation and impairments	1,494		1,494	1,557		1,557	(63)	4.0%
i EBIT (g-h)	3,123	321	2,802	1,528	1,371	157	1,595	104.4%
l Gains (losses) from financial assets/liabilities	(237)		(237)	(761)		(761)	524	68.9%
m Gains (losses) from shareholdings valued at equity	(6)		(6)	(78)		(78)	72	92.3%
n Profit (loss) before tax (i±l±m)	2,880	321	2,559	689	1,371	(682)	2,191	318.0%
o Taxes	(751)		(751)	(516)		(516)	(235)	45.5%
p Result from operating activities (n±o)	2,129	321	1,808	173	1,371	(1,198)	1,956	1130.6%
q Profit (loss) from assets held for sale	0		0	486		486	(486)	100.0%
r Group net profit (loss) (p±q)	2,129	321	1,808	659	1,371	(712)	1,470	223.1%

Revenues of the first quarter of 2017 amounted to EUR 32,278 thousand an increase of EUR 2,754 thousand over the same period of 2016 (+9.3%) mainly due to the positive results recorded in almost all markets, and especially in Asia, the EU, non-EU Europe and South America, generated mainly by the sensors and automation components businesses.

Revenues for the first quarter of 2016 included government grants recorded by the Chinese branch, equal to EUR 521 thousand, relating to incentives for research and development granted to technology companies; net of these grants, the growth in the first quarter of 2017 came to 11.3%.

New orders in the first quarter totalled EUR 35,525 thousand, up by EUR 2,847 thousand (+8.7%) over the first quarter of 2016. The upward trend in growth of incoming orders continued, mainly due to the positive performance of the sensors business.

The table below shows a breakdown of revenues by geographical region:

(EUR / .000)	1Q 2017		1Q 2016		Chg 2017-2016	
	value	%	value	%	value	%
Italy	8,981	27.8%	8,856	30.0%	125	1.4%
European Union	9,206	28.5%	8,266	28.0%	940	11.4%
Europe non-EU	1,948	6.0%	1,469	5.0%	479	32.6%
North America	3,555	11.0%	3,875	13.1%	(320)	-8.3%
South America	1,209	3.7%	864	2.9%	345	39.9%
Asia	7,196	22.3%	6,083	20.6%	1,113	18.3%
Rest of the World	183	0.6%	111	0.4%	72	64.9%
Total	32,278	100%	29,524	100%	2,754	9%

The breakdown by **geographical region** shows a growth in all regions, with the exception of the North America one, where the contraction is caused by a delay in the orders collection, that will be recovered in the next quarters.

The breakdown of business revenue for the first quarter of 2017 and the comparison with the same period of the previous year is as follows:

(EUR /,000)	1Q 2017		1Q 2016		Chg 2017-2016	
	value	%	value	%	value	%
Sensors	14,724	45.6%	12,568	42.6%	2,156	17.2%
Automation components	9,305	28.8%	7,989	27.1%	1,316	16.5%
Drives	9,222	28.6%	9,694	32.8%	(472)	-4.9%
Eliminations	(973)	-3.0%	(727)	-2.5%	(246)	33.8%
Total	32,278	100%	29,524	100%	2,754	9%

The breakdown of **Revenue by business area** in the first quarter of 2017 shows a growth over the same period 2016, affecting the sensors business and automation components business, respectively equal to EUR 2,156 thousand (+17.2%) for the sensors and EUR 1,316 thousand (+16.5%) for automation components. The drives business is in contraction, with revenues down by EUR 472 thousand (-4.9%), due to government grants received in the first quarter of 2016, without which turnover would be in line with the same period last year.

The **added value** of the first quarter amounted to EUR 21,325 thousand (66.1% of revenues), a decrease in percentage terms over the same period of 2016 (-3%). The change in terms of absolute value, positive and equal to EUR 932 thousand, is mainly due to a growth in volumes, which generated an improvement in the added value of EUR 1,907 thousand, partially affected by the increase in impairment provisions for the warehouse of EUR 637 thousand.

The **other operating costs** of the first quarter of 2017 amounted to EUR 5,584 thousand, representing a slight increase over the same period of 2016 (+0.4%), when they amounted to EUR 5,563 thousand. As a percentage of revenues, these costs in fact fell from 18.8% in the first quarter of 2016 to the current 17.3%.

Personnel costs for the first three months of 2017 amounted to EUR 11,445 thousand against EUR 13,116 thousand in the same period of 2016. This item includes non-recurring items for restructuring operations equal to EUR 321 thousand in the first quarter of 2017, compared with non-recurring items of EUR 1,892 thousand recorded in the first quarter of 2016. Net of these components, labour costs for the first three months of 2017 were down EUR 100 thousand over the same period of 2016.

EBITDA in the first quarter amounted to EUR 4,296 thousand, an increase of EUR 2,582 thousand over the same period of 2016 and was equal to 13.3% of revenues (5.8% in the first quarter of 2016) due to the combined effect of revenue growth and added value.

Excluding the aforementioned non-recurring items, EBITDA was EUR 4,617 thousand (14.3% of revenues) for the first quarter of 2017 and compared with the first quarter of 2016 equal to EUR 3,085 thousand (10.6%), recording a growth of EUR 1,532 thousand.

EBIT was positive in the first quarter of 2017, and amounted to EUR 2,802 thousand, compared with an EBIT of EUR 157 thousand for the same period of 2016.

EBIT for the first quarter of 2017, excluding the aforementioned non-recurring items, was equal to EUR 3,123 thousand, and compared with the result for the same quarter of 2016 of EUR 1,528 thousand, shows a growth of EUR 1,595 thousand.

Net financial charges were EUR 237 thousand in the first quarter of 2017, compared to net financial charges of EUR 761 thousand in the first quarter of 2016. They include financial charges relating to Group debt of EUR 164 thousand (EUR 254 thousand at 31 March 2016), financial income of EUR 27 thousand and a negative balance of EUR 100 thousand resulting from differences in currency transactions (this was a negative amount of EUR 533 thousand in the first quarter of 2016).

Losses from shareholdings valued at equity were EUR 6 thousand (EUR 78 thousand in the first quarter of 2016), and mainly relate to the negative pro-rata result of the Ensun S.r.l. Group.

Taxes were negative in the amount of EUR 751 thousand in the first quarter of 2017, compared to a negative figure of EUR 516 thousand in the same period of the previous year. They comprise negative current taxes of EUR 753 thousand (EUR 456 thousand in the first quarter of 2016), and positive deferred taxes amounting to EUR 2 thousand (negative in the amount of EUR 60 thousand in the first quarter of 2016).

The **profit (loss) from operating activities** in the first quarter of 2017 was positive in the amount of EUR 1,808 thousand, compared to a negative figure of EUR 1,198 thousand in the same period of 2016.

Excluding all non-recurring components, the profit (loss) from operating activities was positive for EUR 2,129 thousand, compared to EUR 173 thousand in the first quarter of 2016.

Profit (loss) from assets held for sale of the first quarter of 2017 is nil and compares with a positive result of EUR 486 thousand in the same period of 2016, which included the effects of the divestment of the business segment related to the distribution of sensors and components for automation in the Iberian Peninsula to a Spanish distributor.

The **Group net profit** in the first quarter of 2017 amounted to EUR 1,808 thousand, compared to a loss of EUR 712 thousand in the same period of 2016.

Excluding all non-recurring components, the result from operating activities was positive for EUR 2,129 thousand, compared to EUR 659 thousand in the first quarter of 2016.

7. RECLASSIFIED CONSOLIDATED FINANCIAL POSITION AT 31 MARCH 2017

The reclassified consolidated financial position of the Gefran Group at 31 March 2017 is shown below.

GEFRAN GROUP (EUR /,000)	31 March 2017		31 Dec 2016	
	value	%	value	%
Intangible assets	13,952	17.6	14,353	18.0
Tangible assets	37,025	46.8	36,931	46.3
Financial assets	10,436	13.2	10,176	12.7
Net non-current assets	61,413	77.6	61,460	77.0
Inventories	21,254	26.9	21,589	27.0
Trade receivables	30,238	38.2	30,745	38.5
Trade payables	(18,316)	(23.2)	(16,580)	(20.8)
Other assets/liabilities	(8,478)	(10.7)	(9,925)	(12.4)
Working capital	24,698	31.2	25,829	32.4
Provisions for risks and future liabilities	(2,613)	(3.3)	(2,460)	(3.1)
Deferred tax provisions	(1,009)	(1.3)	(1,005)	(1.3)
Employee benefits	(4,607)	(5.8)	(5,212)	(6.5)
Invested capital from operations	77,882	98.5	78,612	98.5
Invested capital from assets held for sale	1,214	1.5	1,214	1.5
Net invested capital	79,096	100.0	79,826	100.0
Shareholders' equity	70,076	88.6	66,908	83.8
Non-current financial payables	14,564	18.4	16,045	20.1
Current financial payables	15,241	19.3	17,134	21.5
Financial liabilities for derivatives	148	0.2	220	0.3
Financial assets for derivatives	(24)	(0.0)	(4)	(0.0)
Non-current financial assets	(209)	(0.3)	-	-
Cash on hand and current financial receivables	(20,700)	(26.2)	(20,477)	(25.7)
Net debt relating to operations	9,020	11.4	12,918	16.2
Total sources of financing	79,096	100.0	79,826	100.0

Net non-current assets at 31 March 2017 were EUR 61,413 thousand, compared with EUR 61,460 thousand at 31 December 2016. The main movements were as follows:

- intangible assets registered an overall decrease of EUR 401 thousand. This includes increases for new investments (EUR 53 thousand), the capitalisation of development costs (EUR 166 thousand), as well as decreases due to amortisation for the period (EUR 579 thousand) and negative exchange rate effects on goodwill and other intangible assets (EUR 41 thousand);
- tangible assets increased by EUR 94 thousand compared with 31 December 2016. They include investments for the period (EUR 1,037), offset by depreciation (EUR 915 thousand), in addition to negative exchange rate differences (EUR 29 thousand);

- financial fixed assets at 31 March 2017 amounted to EUR 10,436 thousand, up by EUR 260 thousand compared to the figure at 31 December 2016, mainly due to the re-measurement of equity investments in other companies stated at fair value for EUR 238 thousand.

Working capital was EUR 24,698 thousand at 31 March 2017, compared with EUR 25,829 thousand at 31 December 2016, an overall decrease of EUR 1,131 thousand. The main changes were as follows:

- inventories decreased by EUR 335 thousand, from EUR 21,589 thousand in December 2016 to the current figure of EUR 21,254 thousand.
- trade receivables totalled EUR 30,238 thousand, a decrease of EUR 507 thousand compared to 31 December 2016, mainly owing to the reduction in the average collection days from customers, together with a decrease in the incidence of the payment delays compared with the contractual conditions;
- trade payables amounted to EUR 18,316 thousand and rose by EUR 1,736 thousand compared to 31 December 2016, thanks to the increase in average number of days to pay suppliers, especially in the Parent Company Gefran S.p.A.;
- other net assets and liabilities, negative in the amount of EUR 8,478 thousand as at 31 March 2017 were down by EUR 1,447 thousand compared to the previous year (EUR 9,925 thousand as at 31 December 2016). The decrease was mainly attributable to the provision of incentives and disbursements to employees of the Parent Company Gefran S.p.A.

Provisions for risks and future liabilities were EUR 2,613 thousand, an increase of EUR 153 thousand with respect to 31 December 2016; they include provisions for legal disputes underway and for sundry risks. The change refers to the adjustment of the restructuring and product warranty provisions.

Shareholders' equity at 31 March 2017 was EUR 70,076 thousand, compared with EUR 66,908 thousand at 31 December 2016. The increase was generated by the positive result for the period of EUR 1,808 thousand, by the effect of the sale of treasury shares of EUR 1,127 thousand and the increase in the fair value reserve of EUR 346 thousand, partially absorbed by the negative change in the conversion reserve of EUR 162 thousand.

Net debt at 31 March 2017 was a negative EUR 9,020 thousand, an improvement of EUR 3,898 thousand from 31 December 2016.

Net financial debt comprises short-term financial funds of EUR 5,335 thousand and medium-/long-term debt of EUR 14,355 thousand.

The change in net debt originated primarily from the positive cash flow from ordinary operations (EUR 3,965 thousand), which include the improvement in working capital (EUR 2,578 thousand), and the proceeds of the sale of treasury shares (EUR 1,127 thousand), partially mitigated by net flows from investment activities (EUR 1,228 thousand).

The composition is as follows:

<i>(EUR /,000)</i>	31 March 2017	31 Dec 2016	Changes
Cash on hand and current financial receivables	20,700	20,477	223
Financial assets for derivatives	24	4	20
Non-current financial assets	209	-	209
Non-current financial payables	(14,564)	(16,045)	1,481
Current financial payables	(15,241)	(17,134)	1,893
Financial liabilities for derivatives	(148)	(220)	72
Total	(9,020)	(12,918)	3,898

The following table show the composition of the net debt by maturity:

<i>(EUR /,000)</i>	31 March 2017	31 Dec 2016	Changes
A. Cash on hand	25	24	1
B. Cash in bank deposits	20,675	20,450	225
Term deposits – less than 3 months	-	3	(3)
C. Securities held for trading	-	3	(3)
D. Cash And cash equivalents (A) + (B) + (C)	20,700	20,477	223
Financial liabilities for derivatives	(148)	(220)	72
Financial assets for derivatives	24	4	20
E. Fair value hedging derivatives	(124)	(216)	92
F. Current portion of long-term debt	(8,785)	(9,857)	1,072
G. Other current financial payables	(6,456)	(7,277)	821
H. Total current financial payables (F) + (G)	(15,241)	(17,134)	1,893
I. Total current payables (E) + (H)	(15,365)	(17,350)	1,985
J. Net current financial debt (I) + (D)	5,335	3,127	2,208
L. Non-current financial assets	209	0	209
M. Non-current financial debt	(14,564)	(16,045)	1,481
N. Net financial debt (J) + (L) + (M)	(9,020)	(12,918)	3,898
<i>of which to minorities:</i>	<i>(9,020)</i>	<i>(12,918)</i>	<i>3,898</i>

8. CONSOLIDATED CASH FLOW STATEMENT

The Gefran Group consolidated cash flow statement as at 31 March 2017 shows a positive net change in cash at hand of EUR 223 thousand, compared to a positive change of EUR 4,475 thousand for the same period of 2016. The change was as follows:

<i>(EUR / .000)</i>	31 March 2017	31 March 2016
A) Cash and cash equivalents at the start of the period	20,477	24,602
B) Cash flow generated by (used in) operations in the period:	3,965	2,845
C) Cash flow generated by (used in) investment activities	(1,228)	(961)
D) Free Cash Flow (B+C)	2,737	1,884
E) Cash flow generated by (used in) financing activities	(2,432)	(6,759)
F) Cash flow from continuing operations (D+E)	305	(4,875)
G) Cash flow from assets held for sale	0	626
H) Exchange translation differences on cash at hand	(82)	(226)
I) Net change in cash at hand (F+G+H)	223	(4,475)
J) Cash and cash equivalents at the end of the period (A+I)	20,700	20,127

Cash flow generated by operations was positive in the amount of EUR 3,965 thousand in the period; specifically, operations in the first three months of the year, net of the inflow of provisions, amortisation and depreciation and financial items, generated cash of EUR 1,387 thousand, while the decrease in working capital in the same period generated positive cash flow of EUR 2,578 thousand, owing to the effect of the reduction in trade receivables of EUR 507 thousand and the increase in trade payables of EUR 1,736 thousand and by the reduction in inventories of EUR 335 thousand.

Technical and financial investments, net of disposals, absorbed resources of EUR 1,228 thousand compared with investments of EUR 961 thousand in the first three months of 2016.

Free cash flow (operating cash flow excluding investment activities) was a positive EUR 2,737 thousand, compared to a positive figure of EUR 1,884 thousand as at 31 March 2016; this was an improvement of EUR 853 thousand thanks to the improvement of the cash flow generated by operations.

The loans absorbed EUR 2,432 thousand in cash, mainly for repayment of the loan instalments falling due (EUR 2,553 thousand) and the reduction in short-term financial liabilities (EUR 821 thousand), offset by the collection received following the sale of the shares in their portfolio (EUR 1,127 thousand). In the same period of 2016, the loans absorbed EUR 6,759 thousand in cash, mainly for repayment of the loan instalments falling due (EUR 2,906 thousand) and the reduction in short-term financial liabilities (EUR 2,677 thousand).

The cash flow from operating assets held for sale was zero in 2017, compared to a positive cash flow of EUR 626 thousand in the first quarter of 2016, due to the sale of the company branch involved in the distribution of sensors and automation components in Spain/Portugal, finalised on 21 March 2016.

9. INVESTMENTS

Gross technical **investments** made in the first three months of 2017 amounted to EUR 1,256 thousand (EUR 954 thousand as at 31 March 2016), and relate to:

- investments in production plant and equipment in the Group's Italian factories of EUR 962 thousand, in the factory of subsidiary Gefran Brazil of EUR 11 thousand, and EUR 22 thousand in other Group subsidiaries;
- investments to upgrade the industrial buildings of the Parent Company of approximately EUR 42 thousand;
- the capitalisation of costs incurred in the period for new product development, totalling EUR 166 thousand;
- other investments in intangible assets, relating to management software licences of EUR 53 thousand.

<i>(EUR /,000)</i>	at 31 March 2017	at 31 March 2016
Intangible assets	219	476
Tangible assets	1,037	478
Total	1,256	954

Investments are broken down by individual business area below:

<i>(EUR /,000)</i>	Sensors	Components	Drives	Total
Intangible assets	27	147	45	219
Tangible assets	313	706	18	1,037
Total	340	853	63	1,256

The investments are summarised below in accordance with the geographical region:

Geographical region	31 March 2017		31 March 2016	
	intangible assets and goodwill	tangible assets	intangible assets and goodwill	tangible assets
<i>(EUR/000)</i>				
Italy	214	1,004	476	428
European Union	0	9	0	5
Europe non-EU	0	5	0	0
North America	0	4	0	4
South America	0	11	0	3
Asia	4	3	0	38
Rest of the World	1	1	0	0
Total	219	1,037	476	478

10. RESULTS BY BUSINESS AREA

The following sections comment on the performance of the individual business areas.

To ensure a correct interpretation of figures relating to individual activities, it should be noted that:

- the business represents the sum of revenues and related costs both of the Parent Company Gefran S.p.A. and Group subsidiaries;
- the figures for each business are provided gross of internal trade between different businesses;
- the central operations costs, which pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

10.1) SENSORS BUSINESS

Summary results

The key figures are summarised in the table below.

(EUR /,000)	31 March 2017	31 March 2016	Chg 2017 - 2016	
			value	%
Revenues	14,724	12,568	2,156	17.2%
EBITDA	3,771	3,319	452	13.6%
<i>% of revenues</i>	25.6%	26.4%		
EBIT	3,186	2,775	411	14.8%
<i>% of revenues</i>	21.6%	22.1%		

The breakdown of sensor business revenues by geographical region is as follows:

(EUR /,000)	31 March 2017		31 March 2016		Chg 2017 - 2016	
	value	%	value	%	value	%
Italy	2,945	20.0%	2,767	22.0%	178	6.4%
Europe	5,173	35.1%	4,691	37.3%	482	10.3%
America	2,631	17.9%	2,361	18.8%	270	11.4%
Asia	3,922	26.6%	2,702	21.5%	1,220	45.2%
Rest of World	53	0.4%	47	0.4%	6	12.8%
Total	14,724	100%	12,568	100%	2,156	17.2%

Business performance

Business revenues at 31 March 2017 amounted to EUR 14,724 thousand, an increase compared to 31 March 2016 of EUR 2,156 thousand, or 17.2%. These revenues were affected by the exchange rate trend with respect to 31 March 2016, which had a positive impact of EUR 167 thousand, without which the 2017 revenues would have been 15.8% higher than in 2016.

The product line revenues show a growth in all the business's product lines, especially in the families of position transducers (+27.5%), industrial pressure (+35.9%) and Melt (+11.1%).

Compared to the first quarter of 2016, sales in Asia increased (+45.2%), in Europe (+10.3%) and in Italy (+6.4%). The US market also showed a significant increase (+11.4%), influenced by favourable exchange rate movements, excluding which growth would have been lower (+3%).

EBITDA at 31 March 2017 was EUR 3,771 thousand, an increase of EUR 452 thousand over 2016, when it was EUR 3,319 thousand. In the first quarter of 2017 there were some negative non-recurring items, related to provisions for staff restructuring, amounting to EUR 101 thousand. Non-recurring items recorded in the first quarter of 2016, were also negative and related to staff restructuring activities, equalling EUR 247 thousand. Excluding these components, EBITDA for the first quarter of 2017 was up by 306 thousand, with a growth in margin due to increased sales volumes, partially nullified by the consequent increase of operational management costs.

EBIT at 31 March 2017 was EUR 3,186 thousand, equal to 21.6% of revenues, compared to EBIT of EUR 2,775 thousand (22.1% of revenues) in the first quarter of 2016, with a positive change of EUR 411 thousand. Excluding the above-mentioned non-recurring items, EBIT improved by EUR 265 thousand.

Investments

The Group invested EUR 340 thousand in the Sensors business at 31 March 2017, which breaks down as EUR 27 thousand for investments in intangible assets, and EUR 313 thousand for investments in tangible assets.

Investments in intangible assets mainly relate to research and development into new products.

The most significant investment in tangible assets was realised in the parent company (EUR 290 thousand) for the improvement of the production lines in order to boost production capacity, as well as the renewal of workshop and assembly equipment.

10.2) AUTOMATION COMPONENTS

Summary results

The key figures are summarised in the table below.

(EUR /,000)	31 March 2017	31 March 2016	Chg 2017-2016	
			value	%
Revenues	9,305	7,989	1,316	16.5%
EBITDA	896	(123)	1,019	-828.6%
<i>% of revenues</i>	9.6%	-1.5%		
EBIT	448	(593)	1,041	-175.6%
<i>% of revenues</i>	4.8%	-7.4%		

The breakdown of component business revenues by geographical region is as follows:

(EUR /,000)	31 March 2017		31 March 2016		Chg 2017-2016	
	value	%	value	%	value	%
Italy	4,182	44.9%	3,970	49.7%	212	5.3%
Europe	2,783	29.9%	2,279	28.5%	504	22.1%
America	1,111	11.9%	1,078	13.5%	33	3.1%
Asia	1,200	12.9%	633	7.9%	567	89.6%
Rest of World	29	0.3%	29	0.4%	0	0.0%
Total	9,305	100%	7,989	100%	1,316	16.5%

Business performance

At 31 March 2017 revenues amounted to EUR 9,305 thousand, an increase over the first quarter of 2016 of EUR 1,316 thousand. All product families did well, in particular the Programmable Automation family, which posted a positive performance, up 62.5% over the same period of the previous year.

As far as the geographical division is concerned, sales in the EU area rose, with France and Germany showing growth of 5.7% and 13.3%, respectively. There was also a rise in revenues in the South American market of EUR 147,000 compared to the first quarter of 2016, which also benefited from currency market fluctuations, which had a positive impact on the business of EUR 85 thousand. However, revenues in the North American market decreased, for the reasons previously explained.

The results for the first quarter of 2017 include negative non-recurring items of EUR 101 thousand relating to provisions for staff restructuring, while the same period of the previous year included non-recurring items, which again were negative for EUR 807 thousand.

EBITDA at 31 March 2017 was positive for EUR 896 thousand, an improvement of EUR 1,019 thousand compared with 31 March 2016; net of the non-recurring item indicated above, 2017 EBITDA was positive for EUR 997 thousand, up EUR 313 thousand compared to the same period last year.

EBIT was positive at EUR 448 thousand (+4.8% of revenues), a rise of EUR 1,041 thousand compared to 2016. Excluding the aforementioned non-recurring items for 2016 and 2017, EBIT improved by EUR 335 thousand.

Investments

Investments in 2017 totalled EUR 857 thousand and include intangible assets (EUR 147 thousand) and tangible assets (EUR 710 thousand).

The business's tangible investments were mostly made by the Italian office and destined to the creation of a new SMT assembly line.

As regards investments in intangible assets, capitalised development costs totalled EUR 147 thousand in the period, and related to the new regulator and power control ranges.

10.3) DRIVES

Summary results

The key figures are summarised in the table below.

(EUR /,000)	31 March 2017	31 March 2016	Chg 2017-2016	
			value	%
Revenues	9,222	9,694	(472)	-4.9%
EBITDA	(371)	(1,482)	1,111	-74.9%
<i>% of revenues</i>	-4.0%	-15.3%		
EBIT	(832)	(2,025)	1,193	-58.9%
<i>% of revenues</i>	-9.0%	-20.9%		

The breakdown of revenues by geographical region is as follows:

(EUR /,000)	31 March 2017		31 March 2016		Chg 2017-2016	
	value	%	value	%	value	%
Italy	2,753	29.9%	2,902	29.9%	(149)	-5.1%
Europe	3,259	35.3%	2,887	29.8%	372	12.9%
America	1,023	11.1%	1,301	13.4%	(278)	-21.4%
Asia	2,087	22.6%	2,604	26.9%	(517)	-19.9%
Rest of World	100	1.1%	0	0.0%	100	--
Total	9,222	100%	9,694	100%	(472)	-4.9%

Business performance

Revenues totalled EUR 9,222 thousand at 31 March 2017, down by EUR 472,000 thousand (-4.9%) compared to the same period of 2016. Revenues in the first quarter of 2016 also included non-recurring amounts of EUR 521 thousand relating to government funds awarded to the Chinese subsidiary as incentives for research and development granted to technology companies. Net of the non-recurring portion, 2017 revenues were in line with the same period of 2016.

From the business point of view, there was a reduction in sales of Lift family products, for lifting applications mainly in Asian subsidiaries. In contrast, the trend for industrial Inverters and custom products was positive.

Regarding the geographical areas, the positive sales growth trend in Europe (+12.9%) continued, while the other of the Group's markets declined.

EBITDA was negative at EUR 371 thousand at 31 March 2017, an increase of EUR 1,111 thousand compared to 31 March 2016. In the first quarter of 2017, non-recurring items amounting to EUR 120 thousand were recorded for the restructuring activity that began in 2016 and is still continuing, and compared with non-recurring items totalling a negative balance of EUR 317 thousand for the same period of 2016 (EUR 838 thousand related to costs for staff restructuring provisions and EUR 521 thousand in revenues for government grants for research and development). Excluding all non-recurring effects, EBITDA 2017 remains negative and amounts to EUR 251 thousand, up by EUR 914 thousand over the same period of the previous year, made possible by reducing operating costs, following the performance of the organisational reorganisation.

EBIT for the first quarter of 2017 was negative for EUR 832 thousand, compared with a negative result for the same period of 2016 of EUR 2,025 thousand, an improvement of EUR 1,193 thousand. Not considering the aforementioned non-recurring items, EBIT improved by EUR 996 thousand.

Investments

Investments total EUR 63 thousand in 2017, divided between technical investments of EUR 18 thousand and investments in intangible assets of EUR 45 thousand.

Technical investments carried out in the period mainly related to the purchase of new production equipment, as well as work to upgrade the Gerenzano plant.

The increases in intangible assets mainly concerned the capitalisation of development costs for EUR 30 thousand, referring to new products for the industrial sector and Lift sector.

11. HUMAN RESOURCES

At 31 March 2017, the Group headcount was 725, including 5 staff with fixed-term contracts (contracts to replace temporarily absent staff or to undertake specific projects).

The change in headcount over the year was marked by an overall turnover rate within the Group of 3.4%, which breaks down as follows:

- 10 people joined the Group, including 2 manual workers, and 8 clerical staff;
- 15 people left the Group, including 1 manual worker, 12 clerical staff and 2 managers/executives.

12. SIGNIFICANT EVENTS IN THE FIRST QUARTER OF 2017

- The administrative procedure to close the sales office in Russia was completed on 31 March 2017.
- On 30 January 2017, the cancellation of the subsidiary Gefran South Africa (Pty) Ltd., already in liquidation, became effective.

13. SIGNIFICANT EVENTS FOLLOWING THE END OF THE FIRST QUARTER OF 2017

- On 20 April 2017, the ordinary shareholders' meeting of Gefran S.p.A. voted to:
 - o Approve the Financial Statements for the financial year 2016 and distribute a dividend of EUR 0.25 per share;
 - o Appoint for the three-year period 2017 - 2019 as members of the Board of Directors: Ennio Franceschetti, Maria Chiara Franceschetti, Giovanna Franceschetti, Andrea Franceschetti, Alberto Bartoli, Daniele Piccolo, Monica Vecchiati, Mario Benito Mazzoleni and Romano Gallus;
 - o Authorise the Board of Directors to purchase up to a maximum of 1,440,000 treasury shares for a period of 18 months from the date of the shareholders' meeting.

The shareholders also expressed a favourable opinion of the general Group remuneration policy adopted by Gefran, pursuant to Article 123-ter of the TUF.

- At the end of the Shareholders' Meeting, the new Board of Directors met and appointed Ennio Franceschetti Chairman and Managing Director, Maria Chiara Franceschetti, Vice-Chairman and Alberto Bartoli Chief Executive Officer. Board members Daniele Piccolo, Monica Vecchiati and Mario Benito Mazzoleni were appointed members of the Control and Risk Committee, while Romano Gallus, Daniele Piccolo and Monica Vecchiati were appointed members of the Remuneration Committee.
- At the board meeting the independence requirements of the newly appointed board were verified. The non-executive directors Daniele Piccolo, Monica Vecchiati and Mario Benito Mazzoleni declared they were in possession of the independence requirements. The executive directors are Ennio Franceschetti, Maria Chiara Franceschetti, Giovanna Franceschetti, Andrea

Franceschetti and Alberto Bartoli, while Romano Gallus is a non-independent, non-executive director.

14. OUTLOOK

In an international context in which the world economy is continuing to improve, with a positive effect on the trends in international trade and manufacturing activity, Gefran recorded excellent results in the first quarter of this year thanks to a concentration of orders and sales that were expected in the second half of the six-month period.

The upward trend in incoming orders and the backlog in the sensors business and the automation components business are continuing, while the drives business is down.

In the light of the above considerations, it is deemed appropriate not to modify the previously announced targets (increase in consolidated revenues of around 6%, EBITDA margin at 12% and EBIT margin at 6%).

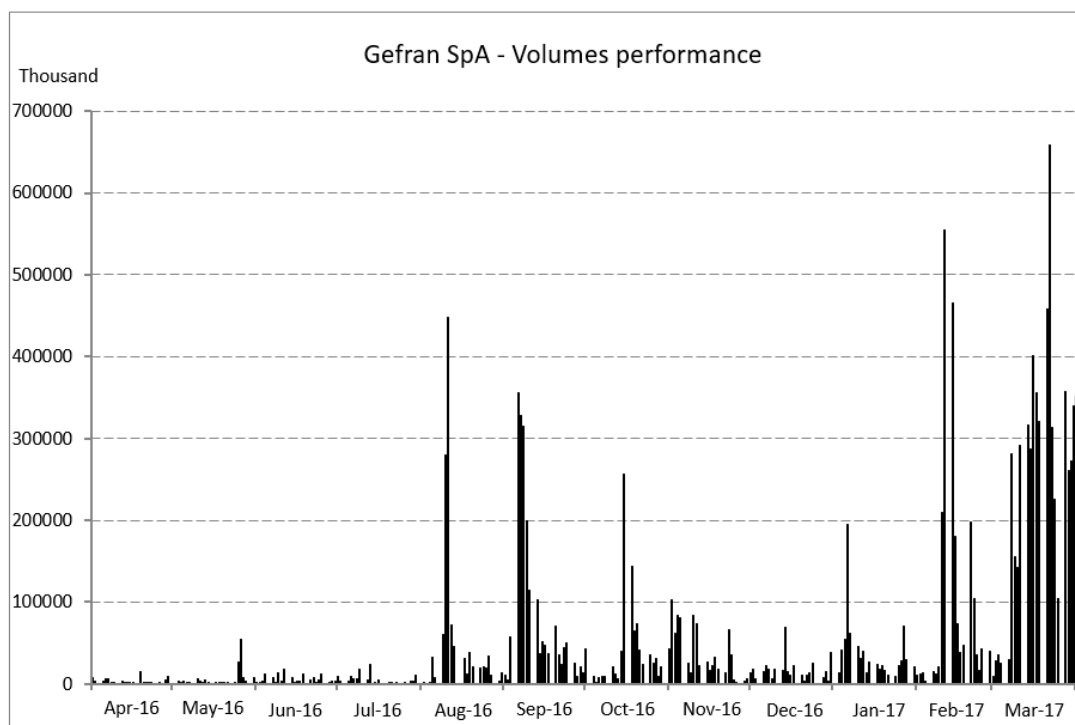
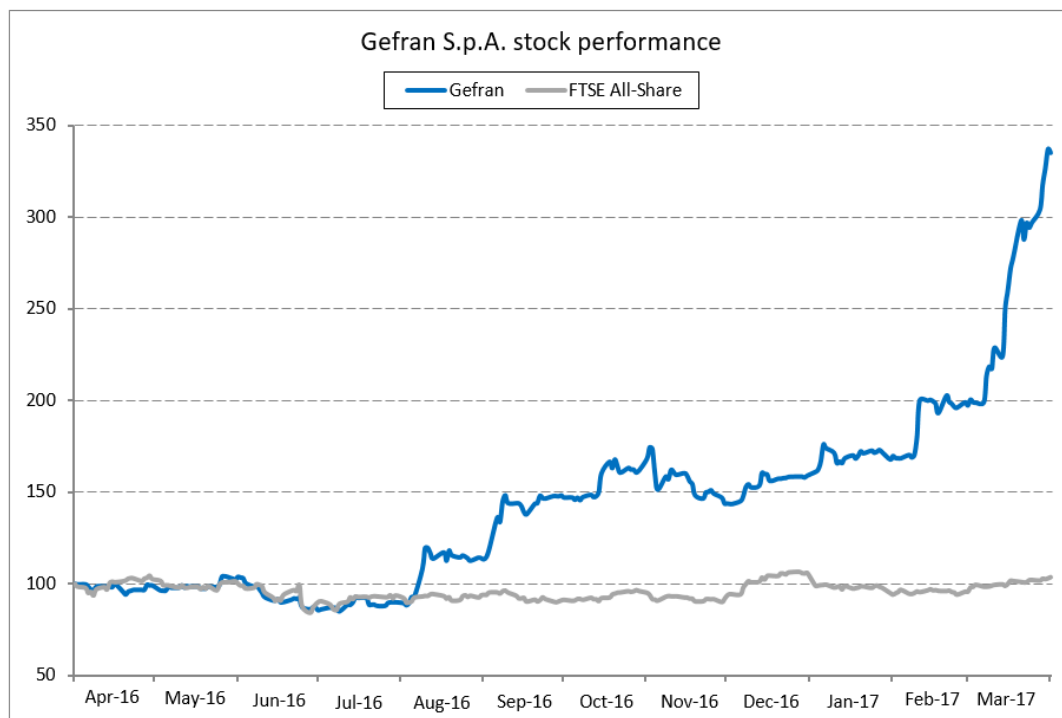
Finally, it should be stressed that the significant improvement in the net financial position recorded in the quarter (from minus 12,918 thousand to minus 9,020 thousand) is to be attributed not only to improved profitability, resulting in the generation of higher cash flows, but also to economic factors (the sale of treasury shares) that will not be repeated in subsequent quarters. It should also be noted that the Shareholders' Meeting held on 20 April resolved to distribute a dividend of EUR 0.25 with a payment date of 4 May and with a total disbursement of EUR 3,600 thousand.

15. OWN SHARES AND STOCK PERFORMANCE

During the first three months of 2017, 227,394 treasury shares were sold, with an average sale price of EUR 4.96.

At 31 March 2017, Gefran S.p.A. did not hold any shares in its portfolio and as of the date of this report the situation was unchanged.

Below we summarise the performance of the stock and volumes traded in the last 12 months:



16. OTHER INFORMATION

Pursuant to Article 70, paragraph 8, and article 71, paragraph 1-bis, of CONSOB's Issuers' Regulation, the Board of Directors decided to take advantage of the option to derogate from the obligations to publish the information documents prescribed in relation to significant mergers, spin-offs, capital increases through contribution in kind, acquisitions and disposals.

17. DEALINGS WITH RELATED PARTIES

In accordance with IAS 24, information relating to dealings with related parties for the first three months of 2017 and the previous year is provided below.

Transactions with related parties are part of normal operations and the typical business of each entity involved, and are carried out under normal market conditions. The Group did not carry out any unusual and/or abnormal transactions that may have a significant impact on its economic, equity and financial situation.

On 12 November 2010, the Board of Directors of Gefran S.p.A. adopted the regulations governing transactions with related parties, published in the "Corporate Governance" section of the Company's website www.gefran.com.

Transactions with related parties are part of the Group's normal business management and typical activity. Dealings with other related parties are as follows:

- Elettropiemme S.r.l., a subsidiary Ensun S.r.l.: a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is Chairman and Giovanna Franceschetti (Executive director of Gefran S.p.A.) is appointed director.
- Climat S.r.l.: a company in which the director and shareholder is a relative of Maria Chiara Franceschetti (Vice Chairman of Gefran S.p.A.);
- Axel S.r.l.: a company in which Gefran S.p.A. holds a 30% stake;
- Francesco Franceschetti Elastomeri S.r.l.: a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is a member of the Board of Directors;
- Ensun S.r.l.: a company in which Ennio Franceschetti (Chairman of Gefran S.p.A.) is Chairman and Giovanna Franceschetti (Executive director of Gefran S.p.A.) is appointed director.

These dealings, summarised below, have no material impact on the Group's economic and financial structure. They are summarised in the following tables:

<i>(EUR /,000)</i>	Elettropiemme S.r.l.	Climat S.r.l.	Ensun S.r.l.	Axel S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Revenues from product sales						
2016	34	0	0	0	0	34
2017	19	0	11	0	0	30
Service costs						
2016	-15	-28	0	-15	0	-58
2017	-23	-28	0	-7	0	-58

<i>(EUR /,000)</i>	Elettropiemme S.r.l.	Climat S.r.l.	Ensun S.r.l.	Axel S.r.l.	Francesco Franceschetti Elastomeri S.r.l.	Total
Intangible assets						
2016	0	0	0	39	0	39
2017	0	0	0	17	0	17
Property, plant, machinery and tools						
2016	0	105	0	0	0	105
2017	0	11	0	0	0	11
Trade receivables						
2016	13	0	50	0	51	114
2017	9	0	14	0	0	23
Trade payables						
2016	0	38	0	8	0	46
2017	18	18	0	18	0	54

In accordance with internal regulations, transactions with related parties of an amount below EUR 50 thousand are not reported, since this amount was determined as the threshold for identifying significant transactions.

With regard to dealings with subsidiaries, Parent Company Gefran S.p.A. provided technical, administrative and management services as well as royalties to Group operating subsidiaries amounting to around EUR 593 thousand and governed by specific contracts.

The Gefran Group provides a Group cash pooling service, partly through a “Zero Balance” service, which involves all the European subsidiaries.

None of the subsidiaries holds shares of the Parent Company or held them during the period.

18. EXPLANATORY

General information, form and content

Gefran S.p.A. is incorporated and located at Via Sebina 74, Provaglio d’Iseo (BS).

The Group’s main activities are described in the Report on Operations.

These interim financial statements as at 31 March 2017 were approved by the meeting of the Board of Directors held on 11 May 2017, which authorised their publication.

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

In preparing these interim financial statements, the same accounting criteria were applied as in the preparation of the annual financial report for the year ending 31 December 2016. The interim financial statements for the quarter ending 31 March 2017 do not contain all the additional information required

in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ending 31 December 2016, prepared in accordance with IFRS.

Significant transactions with related parties and non-recurring items have been detailed in separate schedules, as required by CONSOB resolution 15519 of 27 July 2006.

These interim financial statements for the quarter ending 31 March 2017 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first three months of 2017, prepared in accordance with international accounting standards. These accounting statements were prepared using valuation criteria in line with those of the Parent Company, or adjusted owing to consolidation.

Interim financial statements are not subject to an audit.

These consolidated financial statements are presented in euro (EUR), the functional currency of most Group companies. Unless otherwise stated, all amounts are expressed in thousands of euro.

Change in the scope of consolidation

The consolidation area at 31 March 2017 is different from both 31 December 2016 and 31 March 2016, in that the cancellation of the subsidiary Gefran South Africa (Pty) Ltd. in liquidation became effective on 30 January 2017.

The scope of consolidation at 31 March 2017 changed with respect to that at 31 March 2016 because Ensun S.r.l., 50% owned and carried at equity, in April 2016 increased its investment in BS Energia 2 S.r.l. from 60% to 100%.

Consolidation principles and valuation criteria

The valuation criteria adopted for the preparation of these interim financial statements as at 31 March 2017 are the same as those adopted in preparing the annual financial report for the year ending 31 December 2016.

In line with the requirements of document no. 2 of 6 February 2009 issued jointly by the Bank of Italy, CONSOB and ISVAP, the Gefran Group's interim financial statements were prepared on the assumption that the Group is a going concern.

With reference to CONSOB Communication DEM/11070007 of 5 August 2011, it is also noted that the Group does not hold in its portfolio any bonds issued by central or local governments or government agencies, and is therefore not exposed to risks generated by market fluctuations. The consolidated financial statements were prepared using the general historic cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to CONSOB Communication 0007780 of 28 January 2016, we note that the impacts of the market conditions on the balance sheet information were included in the Directors' Report on Operations. It is furthermore noted that the application of IFRS 13 "Fair Value Measurement" does not involve any significant changes in the financial statement items for Gefran and currently an assessment is being carried out of the impacts on the financial statements reporting of application of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" both of the latter coming into force as from 1 January 2018.

With reference to CONSOB Communication No. 0092543 dated 3 December 2015, it is hereby revealed that in the Report on operations the guidelines of the ESMA (ESMA/2015/1415) were followed with

regard to the information aimed at ensuring the comparability, reliability and comprehensibility of the Alternative Performance Indicators.

For details on the seasonal nature of the Group's operations, please refer to the attached "Consolidated income statement: analysis by quarter".

Provaglio d'Iseo, 11 May 2017

For the Board of Directors

Chairman

Ennio Franceschetti

Chief Executive Officer

Alberto Bartoli

ANNEXES

a) Consolidated income statement by quarter

(EUR / .000)	Q1	Q2	Q3	Q4	TOT	Q1
	2016	2016	2016	2016	2016	2017
a Revenues	29,524	30,138	28,905	30,763	119,330	32,278
b Increases for internal work	408	292	179	240	1,119	168
c Consumption of materials and products	9,539	10,526	10,416	11,245	41,726	11,121
d Added Value (a+b-c)	20,393	19,904	18,668	19,758	78,723	21,325
e Other operating costs	5,563	5,628	5,688	5,173	22,052	5,584
f Personnel costs	13,116	11,364	10,009	10,858	45,347	11,445
g Gross operating margin - EBITDA (d-e-f)	1,714	2,912	2,971	3,727	11,324	4,296
h Depreciation, amortisation and impairments	1,557	1,557	1,560	1,535	6,209	1,494
i EBIT (g-h)	157	1,355	1,411	2,192	5,115	2,802
l Gains (losses) from financial assets/liabilities	(761)	139	(378)	177	(823)	(237)
m Gains (losses) from shareholdings valued at equity	(78)	34	59	(10)	5	(6)
n Profit (loss) before tax (i±l±m)	(682)	1,528	1,092	2,359	4,297	2,559
o Taxes	(516)	(275)	(632)	588	(835)	(751)
p Result from operating activities (n±o)	(1,198)	1,253	460	2,947	3,462	1,808
q Profit (loss) from assets held for sale	486	0	0	0	486	0
r Group net profit (loss) (p±q)	(712)	1,253	460	2,947	3,948	1,808

b) Consolidated income statement by quarter – excluding non-recurring items

(EUR / .000)	Q1	Q2	Q3	Q4	TOT	Q1
	2016	2016	2016	2016	2016	2017
a Revenues	29,003	30,138	28,905	30,609	118,655	32,278
b Increases for internal work	408	292	179	240	1,119	168
c Consumption of materials and products	9,539	10,526	10,416	11,245	41,726	11,121
d Added Value (a+b-c)	19,872	19,904	18,668	19,604	78,048	21,325
e Other operating costs	5,563	5,628	5,688	5,173	22,052	5,584
f Personnel costs	11,224	11,217	10,009	11,033	43,483	11,124
g Gross operating margin - EBITDA (d-e-f)	3,085	3,059	2,971	3,398	12,513	4,617
h Depreciation, amortisation and impairments	1,557	1,557	1,560	1,535	6,209	1,494
i EBIT (g-h)	1,528	1,502	1,411	1,863	6,304	3,123
l Gains (losses) from financial assets/liabilities	(761)	139	(378)	177	(823)	(237)
m Gains (losses) from shareholdings valued at equity	(78)	34	59	(10)	5	(6)
n Profit (loss) before tax (i±l±m)	689	1,675	1,092	2,030	5,486	2,880
o Taxes	(516)	(275)	(632)	588	(835)	(751)
p Result from operating activities (n±o)	173	1,400	460	2,618	4,651	2,129
q Profit (loss) from assets held for sale	486	0	0	0	486	0
r Group net profit (loss) (p±q)	659	1,400	460	2,618	5,137	2,129

c) Exchange rates used to convert the financial statements of foreign companies

End-of-period exchange rates

Currency	31 March 2017	31 Dec 2016	31 March 2016
Swiss franc	1.0696	1.0739	1.0931
Pound sterling	0.8555	0.8562	0.7916
US dollar	1.0691	1.0541	1.1385
Brazilian real	3.3800	3.4305	4.1174
Chinese renminbi	7.3642	7.3202	7.3514
Indian rupee	69.3965	71.5935	75.4298
South African rand	14.2404	14.4570	16.7866
Turkish lira	3.8894	3.7072	3.2118

Average exchange rates in the period

Currency	2017	2016	1Q 2017	1Q 2016
Swiss franc	1.0693	1.0902	1.0693	1.0960
Pound sterling	0.8598	0.8189	0.8598	0.7701
US dollar	1.0647	1.1066	1.0647	1.1018
Brazilian real	3.3455	3.8616	3.3455	4.3056
Chinese renminbi	7.3341	7.3496	7.3341	7.2090
Indian rupee	71.2990	74.3553	71.2990	74.4075
South African rand	14.0842	16.2772	14.0842	17.4601
Turkish lira	3.9369	3.3427	3.9369	3.2474

d) List of companies included in the scope of consolidation

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Gefran UK Ltd	Uxbridge	UK	GBP	4,096,000	Gefran S.p.A.	100.00
Gefran Deutschland Gmbh	Seligenstadt	Germany	EUR	365,000	Gefran S.p.A.	100.00
Siei Areg Gmbh	Pleidelshheim	Germany	EUR	150,000	Gefran S.p.A.	100.00
Gefran France S.A.	Lyon	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux Nv	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	Winchester	US	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	Sao Paolo	Brazil	REAL	450,000	Gefran S.p.A.	99.90
					Gefran UK	0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A.	95.00
					Gefran UK	5.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Pte Ltd	Shanghai	Cina (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Gefran Siei Electric Pte Ltd	Shanghai	Cina (PRC)	RMB	1,005,625	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Middle East Ltd Sti	Istanbul	Turkey	TRY	1,030,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00

e) List of companies consolidated at equity

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Ensun S.r.l.	Brescia	Italy	EUR	30,000	Gefran S.p.A.	50
Bs Energia 2 S.r.l.	Rodengo Saiano	Italy	EUR	1,000,000	Ensun S.r.l.	50
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Ensun S.r.l.	50
Axel S.r.l.	Dandolo	Italy	EUR	26,008	Gefran S.p.A.	30

f) List of other subsidiaries

Name	Registered office	Country	Currency	Share capital	Parent Company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	16.56
Woojin Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2.00
UBI Banca S.p.A.	Bergamo	Italy	EUR	2,254,368,000	Gefran S.p.A.	n/s

20. DECLARATION OF THE DIRECTOR RESPONSIBLE FOR PREPARING THE COMPANY'S ACCOUNTING STATEMENTS

Declaration pursuant to article 154-bis, paragraph 2 of Legislative Decree 58 of 24 February 1998
(Consolidated Finance Act "TUF")

The undersigned, **Fausta Coffano**, the Director responsible for corporate financial reporting, hereby declares, pursuant to paragraph 2, article 154-bis of the TUF, that the information contained in these interim financial statements as at 31 March 2017 accurately represents the figures contained in the Group's accounting records.

Provaglio d'Iseo, 11 May 2017

The Director responsible for preparing
the accounting and corporate documents

Fausta Coffano