REPORT FOR THE FIRST HALF-YEAR OF 15/16

bene

BENE
H1 2015/16

STATEMENT BY THE EXECUTIVE BOARD

Dear shareholder,

The first six months of the current financial year were shaped by a number of decisive steps in the Company's realignment and fundamental changes within the Group. Following the successful completion of the financial restructuring, Bene now has a stable, financially sound majority shareholder and a solid equity base that will lay the foundations for continued healthy business performance. The wide-ranging restructuring and realignment initiatives implemented last year began to bear fruit, as reflected in an improvement in our key earnings indicators for the first half of this year.

The market remained highly competitive, and some regions were affected by political upheaval as well as the fall in the rouble and declining oil prices, which in turn had an impact on operating performance. Owing to intense competition and the resulting downward pressure on prices, the Group recorded a drop in revenue in its core Austrian and German markets in spite of the relatively stable economic environment. Revenue also fell sharply year on year in Russia and Eastern Europe due to a combination of the crisis in Ukraine and the weak rouble. In addition, operations in the Middle East and Africa were badly affected by declining oil prices and a related significant drop in companies' willingness to invest. The main drivers of growth were the UK and certain West European markets, where the Group saw a slight increase in revenue. In what has a very difficult period for Bene, we posted revenue of EUR 76.6 million (m) in the first half of 2015/16, a gain of around 4%, thanks to the contribution of the large-scale ADNOC project. However, adjusted for the project, revenue from core business activities declined to EUR 63.8m. During the first six months, Group earnings were impacted by impairments of trade receivables, as well as expenses associated with the restructuring programme and reductions in the workforce, and consulting costs incurred in the course of the restructuring process. In spite of this, EBITDA rose sharply, and we recorded improvements in EBIT and earnings before tax.

Following the entry of the resolutions adopted at the extraordinary general meeting of 8 June 2015 in the register of companies, BGO Beteiligungsverwaltungs GmbH now has a stake of over 90 %. Thanks to the reduction in the share capital to EUR 1.9m approved by the extraordinary general meeting and the subsequent capital increase, under which BGO subscribed new shares worth a total of EUR 18m, the restructuring of the Group's equity and liabilities has also been concluded. As a result, Bene has a strong financial and capital structure that will form the basis of sustainable, positive performance in the future. This is particularly true of the key Austrian and German markets, which were particularly affected by critical media coverage of the Group. Encouraging signals from our customers in recent weeks mean that we expect to post solid performance in these markets, despite a hard-fought trading environment characterised by predatory competition and significant pressure on prices.

Although we should assume that the difficult economic and political conditions will persist in some markets, in light of the results for the first half of 2015/16, Management stands by its goal of achieving positive EBITDA for the financial year as a whole. Revenue is likely to decline substantially compared with the 2014/15 financial year, and is expected to reach EUR 140m in the years to come, with an EBITDA margin of around 6 %.

We would like to thank all of our employees, the works council and the Supervisory Board for their dedication during the past six months. We would also like to express our gratitude to our customers and suppliers, to the representatives of the banks who were by our side throughout the restructuring process, and to the shareholders who have placed their trust in us.

Yours faithfully,

Michael Fried,
Executive Board Member for
Sales and Marketing

Rudolf Payer,
Executive Board Member for
Operations and Finance

OPERATING AND FINANCIAL REVIEW FOR THE FIRST HALF OF THE 2015/16 FINANCIAL YEAR

ECONOMIC CLIMATE

GDP growth in the **eurozone** held fairly steady in the second quarter of 2015, at 0.3 %, compared with 0.4 % in the first three months of the year. Although the low oil price, more aggressive fiscal policy, improved conditions on the credit markets and stronger consumer demand all had a positive effect on growth, the Greek crisis continued to threaten stability in the euro area. The French economy was stagnant in the second quarter of 2015, while growth in Italy slipped to 0.2 %.

The prospects for the eurozone remain glum, and the upturn in exports is being undermined by the weakening global economy, in spite of the fall in the euro. China has also been in the headlines for the wrong reasons as a result of subdued economic indicators, as well as exchange rate and stock market volatility.

The main factors behind the bleaker sentiment in the second quarter were probably the situation surrounding Heta – the winding-up vehicle for Hypo Alpe Adria – coupled with the conflict between Russia and Ukraine, as well as debate on tax reform and the future of Austria as a business location. **Austrian** economic growth slowed from 0.7 % in the first three months of 2015 to just 0.1 % in the following quarter. Conditions on the labour market remained challenging and private consumption was again weak owing to the adverse trend in real household incomes. However, retail revenue has picked up since the start of 2015, suggesting that a rebound in consumption is just around the corner.

Germany's economic upturn continued, with GDP up by 0.4 % in the second quarter of 2015 compared to the preceding three months, and 1.6 % higher than in the same period of 2014. Exports were the main driver of growth in the second quarter, returning to the more rapid pace seen in the second half of 2014 – this was due to the stronger global economy after a fragile start to the year, as well as the weaker euro. Both private and public consumption increased once again. However, lower gross fixed capital formation and significant inventory run-downs weighed on growth. The conditions for strong economic performance in the second half of the year are now in place, thanks to the anticipated recovery in the eurozone, as well as in the USA and the UK – both important markets for German exports – combined with the upbeat situation on the labour market and the jump in real incomes.

The **UK** economy again picked up speed in the second quarter of 2015. GDP was up on the previous quarter, at 0.7 %, due to the solid development of the service sector and increased oil and gas production. In contrast, manufacturing output shrank and construction was again flat, holding at the level of summer 2014.

The recession in **Russia**, prompted by the fall in the oil price and the imposition of international sanctions, continued in the second quarter. According to estimates from the Russian statistics service, the economy contracted by 4.5 % year on year. Manufacturing and construction were among the hardest-hit sectors. Although the rouble was relatively stable compared to December 2014, rising prices and a drop in real incomes put the brakes on demand. Any improvement in the Russian economy will be dependent on a recovery in oil prices, improved international relations and the success of the country's import substitution programme.

At the start of 2015 the economies of **Central and Eastern Europe** profited from the fledgling recovery in the eurozone, but in most countries growth slowed in the second quarter of 2015. Growth remained steady in Latvia (1.2 %), the Czech Republic, Poland (both 0.9 %) and Slovakia and Estonia (both 0.8 %). The outlook for the second half of 2015 is brighter, and the regional economy is expected to pick up momentum.

In the second quarter GDP in the **United States** rose by 0.6 % quarter on quarter (Q1 2015: 0.2 %) and by 2.3 % year on year. The growth in exports of goods and services outpaced that of imports in the second quarter, while unemployment held steady at a cyclical low in July 2015. The upward trend is expected to carry on into the second half of the year.

Sources: Business Insider, Deloitte University Press, Deutsche Bundesbank, Eurostat, Focus Economics, OeNB, Office for National Statistics, German Federal Statistical Office, Wirtschaftsblatt

BUSINESS PERFORMANCE IN THE FIRST HALF OF THE 2015/16 FINANCIAL YEAR

BENE
H1 2015/16

In the first half of the 2015/16 financial year Bene's business performance was again shaped by difficult market conditions, and by continued efforts aimed at the sustainable restructuring of the Group.

KEY EARNINGS INDICATORS

EUR '000	H1 2015/16	H1 2014/15	Change	Change in %
Revenue	76,556	73,482	3,074	4.2
Operating revenue	72,799	75,088	-2,289	-3.0
Gross profit	41,874	42,762	-888	-2.1
as % of operating revenue	57.5	56.9	0.6	
EBITDA	-157	-1,540	1,383	89.8
as % of operating revenue	-0.2	-2.1	1.8	
EBIT	-3,021	-5,205	2,184	42.0
as % of operating revenue	-4.1	-6.9	2.8	
Earnings before tax	-3,520	-7,171	3,651	50.9
as % of operating revenue	-4.8	-9.6	4.7	

During the period under review, **revenue** increased by around 4.2 % or EUR 3.1 million (m) year on year. This was due solely to the ADNOC project, which generated revenue of EUR 12.8m during the first six months of 2015/16. The project did not deliver any revenue during the comparative period of 2014/15. Adjusted for the ADNOC project, revenue from core business activities fell by EUR 9.8m or some 13 %. Performance in the Group's main markets varied widely, as shown below:

EUR '000	H1 2015/16	H1 2014/15	Change	Change in %
Austria	16,401	18,342	-1,941	-10.6
Germany	14,539	18,940	-4,401	-23.2
UK	10,586	10,135	451	4.4
Other Western Europe	10,760	9,342	1,418	15.2
CEE/Russia/CIS	5,514	7,561	-2,047	-27.1
Middle East/Africa	15,123	7,577	7,546	99.6
Rest of world	3,633	1,584	2,049	129.4
BENE GROUP	**76,556**	**73,482**	**3,074**	**4.2**

BENE
H1 2015/16

Bene faced a difficult environment in its home **Austrian** and **German** markets prompted by more intense competition, which in turn led to downward pressure on prices. In line with its new sales strategy, Bene is focusing on high-margin projects and the volume business. In the first half, the Group supplied innovative office solutions to high-profile Austrian clients such as Herold, Käfer Isoliertechnik, Labors.at, Planreal Immobilien & Bauträger and the Red Cross, and German pension insurance company Deutsche Rentenversicherung.

Bene recorded a 4.4 % rise in revenue in the **UK**. Thanks to the broadly positive sentiment on London's real estate market, the Group implemented projects for key accounts such as media company Warner Bros, HSBC, American Express and electronics group Panasonic.

Revenue also improved in the rest of **Western Europe** in the first half of the 2015/16 financial year, mainly as a result of project business in France, where Bene completed orders for various customers including Groupe Casino, a major retailer. Bene also secured the contract for a reference project at Utrecht University in the Netherlands.

In contrast, the Group faced testing market conditions in **Eastern Europe**, especially in Russia. Revenue in the region was down 27.1 % compared with a year earlier. There were already signs of a downturn on the Russian market before the start of the Ukrainian crisis, and this trend became more pronounced in the first six months. Bene will be keeping a close eye on developments in the region. Changes in the sales structure in certain countries cannot be ruled out unless there is an improvement in the economic and political climate.

In spite of these difficulties, the Group executed several reference projects in the region, including orders from pharmaceuticals company Merck, Kaspersky Laboratory and optical retail chain GrandVision (all Russia), as well as energy supplier SEC (Poland).

Revenue growth in the Middle East and Africa was badly affected by declining oil prices and a significant drop in the willingness to invest in the first half. Adjusted for non-recurring effects from the ADNOC project, revenue fell to around 30 % of the previous year's level. Nevertheless, the Group won a number of large-scale contracts, including for investment company PAR Global.

In its **other markets**, Bene capitalised on a number of opportunities, securing more orders than in the like period of 2014/15.

Operating revenue dipped by EUR 2.3m year on year, primarily as a result of a EUR 3.9m decrease in inventories on account of the ADNOC project.

Gross profit was about EUR 0.9m lower than in the comparative period. The gross profit margin rose by 0.6 % year on year on account of the ADNOC project, to reach 57.5 %, which is in line with the Group's long-term target.

Owing to the cost-reduction measures introduced in the previous and the current financial year, **staff costs** and **other operating expenses** fell slightly year on year in the first half.

The changes in Group **head count** in the various regions over the past 12 months were as follows:

EMPLOYEES	**31.07.2015**	**31.01.2015**	**31.07.2014**
Austria	678	779	789
Germany	96	106	131
UK	46	46	43
Russia	37	40	60
Other regions	63	77	86
BENE GROUP	**920**	**1,048**	**1,109**

Earnings before interest, tax, depreciation and amortisation (EBITDA) were negative by EUR 157,000 in the first half of 2015/16 – a significant improvement on the comparative period of 2014/15. However, earnings were affected by impairments of trade receivables, by expenses of EUR 1.8m resulting from reductions in the workforce and by consulting costs related to the restructuring programme.

Net interest income fell by EUR 900,000 following the renegotiation of bank fees connected with the Group's restructuring, and the net loss dropped from EUR 7.7m in the first half of 2014/15 to EUR 3.7m in the first six months of the 2015/16 financial year.

ASSETS AND FINANCES – KEY INDICATORS

EUR '000	31.07.2015	31.01.2015	Change	Change in %
Total assets	87,688	88,310	-622	-0.7
Total equity	-24,615	-38,971	14,356	36.8
as % of total assets	-28.1	-44.1	16.1	
Net working capital*	17,546	16,883	663	3.9
Net financial liabilities	59,960	74,596	-14,636	-19.6

* Inventories plus receivables, less trade payables, other liabilities and short-term provisions

EUR '000	H1 2015/16	H1 2014/15	Change	Change in %
Operating profit before working capital changes	-1,009	-1,863	855	45.9
Cash flows from operating activities	1,457	-225	1,683	746.3
Investment	4,676	946	3,730	394.2
Free cash flow	-1,652	-1,060	-592	-55.9

The capital increase of EUR 18.0m (less costs of EUR 196,000), which was entered in the register of companies on 14 July 2015, resulted in a rise in consolidated equity. Prior to the capital increase, the share capital had been reduced by EUR 22,399,564, from EUR 24,347,352 to EUR 1,947,788, and two new shares issued for every 25 existing shares. Debt declined to EUR 65.4m as a result of repayments of EUR 13.5m and EUR 1.6m made under the terms of the restructuring agreement. The waiver of borrowings of EUR 35.4m has not yet been recognised in the financial statements, as a primary security in favour of HYPO NOE Gruppe Bank AG had not been registered as at 31 July 2015. A statement of the Group's financial position based on the anticipated registration of the security is presented in this interim report as additional information.

Operating profit before working capital changes improved by EUR 0.8m year on year, but remained negative owing to the loss before tax.

Cash flows from operating activities rose by EUR 1.7m compared with the first half of last year. This was due to the progress made on the ADNOC project and an increase in short-term provisions.

Investment amounted to EUR 4.7m, of which EUR 0.7m was attributable to property, plant and equipment (further information is provided in the Notes) and EUR 4.0m to financial investments.

Following the capital increase, the Group's **net financial liabilities** fell by EUR 14.6m compared with the end of the previous reporting period, to EUR 60.0m.

Unrestricted **cash** amounted to EUR 5.4m at the end of the first half.

SIGNIFICANT RISKS IN THE REMAINDER OF THE FINANCIAL YEAR

As an international group, Bene faces a wide variety of risks in the course of its operations, mainly in relation to economic developments in its target markets. Weak economic growth in tandem with companies' reluctance to invest has a significant influence on the Bene Group's sales.

Bene has identified the following risks for the second half of the current financial year:

• A further deterioration in the political climate could have an adverse effect on the development of markets in Eastern Europe, especially Russia.

• In connection with the Group's ongoing strategic and operational restructuring, there is a risk that the targets for cost reductions will not be met in full or that one-off expenses will be incurred.

On the whole, the Executive Board believes that these risks are duly reflected in its planning.

OUTLOOK

This year revenue will be significantly lower than in 2014/15. In light of the results for the first half of 2015/16, Management stands by its goal of achieving positive EBITDA for the financial year as a whole. However, this may depend on economic developments in the Group's main markets.

The Executive Board assumes revenue will reach EUR 140m in the years to come, with an EBITDA margin of around 6%.

Note
This report contains forward-looking statements that are based on the information currently available to us. Such statements, which reflect Management's current interpretations of future events, are not intended as a guarantee of future performance and are subject to unpredictable risks and uncertainties. A wide variety of factors could lead to actual results or conditions deviating significantly from the assumptions made in these statements.

CONDENSED INTERIM FINANCIAL STATEMENTS OF BENE AG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015 (UNAUDITED) AND 31 JANUARY 2015 (AUDITED)

BENE
H1 2015/16

EUR '000

Assets	31.07.2015	31.01.2015
Intangible assets	6,346	6,755
Property, plant and equipment	29,601	31,170
Non-current financial assets	3	3
Deferred tax assets	109	36
Non-current assets	**36,058**	**37,964**
Inventories	12,705	14,641
Trade receivables	25,653	19,953
Receivables from construction contracts	349	6,088
Receivables and other assets	7,118	3,018
Available-for-sale assets	385	806
Cash	5,419	5,840
Current assets	**51,630**	**50,346**
Total ASSETS	**87,688**	**88,310**
Equity and liabilities		
Share capital	19,948	24,347
Capital reserves	-196	0
Accumulated consolidated profit	-44,570	-63,537
Equity attributable to owners of parent	**-24,818**	**-39,190**
Non-controlling interests	203	219
Equity	**-24,615**	**-38,971**
Employee benefit obligations	17,772	19,107
Long-term government grants	722	774
Deferred tax liabilities	46	44
Non-current liabilities	**18,541**	**19,925**
Trade payables (incl. prepayments received)	12,324	12,736
Short-term borrowings	65,379	80,436
Short-term provisions	2,389	877
Provisions for income taxes	250	53
Other liabilities	13,317	13,151
Short-term government grants	103	103
Current liabilities	**93,762**	**107,356**
Total EQUITY AND LIABILITIES	**87,688**	**88,310**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 JULY 2015 (UNAUDITED) AND THE HALF-YEAR ENDED 31 JULY 2014 (UNAUDITED)

BENE
H1 2015/16

EUR '000	H1 2015/16	H1 2014/15
Revenue	**76,556**	**73,482**
Change in work in progress and finished goods	-3,879	1,502
Work performed by the entity and capitalised	123	104
Other income	2,353	721
Raw materials and consumables used	-30,925	-32,326
Staff costs	-30,499	-31,103
Other expenses	-13,886	-13,920
Earnings before interest, tax, depreciation and amortisation, and income from securities (EBITDA)	**-157**	**-1,540**
Depreciation and amortisation	-2,864	-3,665
Earnings before interest, tax and income from securities (EBIT)	**-3,021**	**-5,205**
Interest expense	-1,290	-1,624
Interest income	5	6
Other finance costs	-114	-348
Other finance income	900	0
Net finance costs	**-499**	**-1,967**
Earnings before tax (EBT)	**-3,520**	**-7,171**
Taxes on income	-225	-534
Profit for the period	**-3,744**	**-7,705**
Attributable to owners of parent	-3,729	-7,698
Non-controlling interests	-15	-7
	-3,744	-7,705
Weighted average number of shares	**3,636,967**	**1,947,788**
Earnings per share (diluted=undiluted), EUR	**-1.03**	**-3.95**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 JULY 2015 (UNAUDITED) AND THE HALF-YEAR ENDED 31 JULY 2014 (UNAUDITED)

BENE
H1 2015/16

EUR '000	H1 2015/16	H1 2014/15
Profit for the period	**-3,744**	**-7,705**
Items subsequently reclassified to profit or loss		
Translation effects	294	64
Other comprehensive income after tax	**294**	**64**
Other comprehensive income for the period	**-3,450**	**-7,641**
Attributable to owners of parent	**-3,435**	**-7,642**
Non-controlling interests	**-15**	**1**
	-3,450	**-7,641**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 JULY 2015 (UNAUDITED) AND THE HALF-YEAR ENDED 31 JULY 2014 (UNAUDITED)

EUR '000	Share capital	Capital reserves	Accruals for foreign currency translation	Accumulated consolidated profit	Total attributable to owners of parent	Non-controlling interests	Total
1 Feb. 2014	**24,347**	**0**	**-2,155**	**-44,232**	**-22,040**	**158**	**-21,883**
Profit for the period	0	0	0	-7,698	-7,698	-7	-7,705
Other comprehensive income	0	0	55	0	55	8	63
Other comprehensive income for the period	0	0	55	-7,698	-7,643	1	-7,642
31 Jul. 2014	**24,347**	**0**	**-2,100**	**-51,930**	**-29,683**	**159**	**-29,525**
1 Feb. 2015	**24,347**	**0**	**-1,890**	**-61,647**	**-39,190**	**219**	**-38,971**
Profit for the period	0	0	0	-3,729	-3,729	-15	-3,744
Other comprehensive income	0	0	294	0	294	0	294
Formation of subsidiaries	0	0	0	3	3	0	3
Transactions with owners of the parent							
Capital increase	18,000	0	0	0	18,000	0	18,000
Capital reduction	-22,400	0	0	22,400	0	0	0
Cost of capital increase	0	-196	0	0	-196	0	-196
Other comprehensive income for the period	-4,400	-196	294	18,674	14,372	-15	14,357
31 Jul. 2015	**19,948**	**-196**	**-1,596**	**-42,973**	**-24,818**	**203**	**-24,615**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 JULY 2015 (CONDENSED, UNAUDITED) AND THE HALF-YEAR ENDED 31 JULY 2014 (CONDENSED, UNAUDITED)

BENE
H1 2015/16

EUR '000	H1 2015/16	H1 2014/15
Operating profit before working capital changes	-1,009	-1,863
Cash flows from operating activities	1,457	-225
Cash flows from investing activities	-3,109	-834
Cash flows from financing activities	1,339	-1,642
Change in cash	-313	-2,702
Cash at beginning of period	5,839	10,339
Currency translation differences	-107	0
Cash at end of period	5,419	7,637

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

AS AT 31 JULY 2015 (UNAUDITED) AND 31 JANUARY 2015 (AUDITED)

BENE
H1 2015/16

EUR '000

Assets	**31.07.2015**	**31.01.2015**
Intangible assets	6,346	6,755
Property, plant and equipment	29,601	31,170
Non-current financial assets	3	3
Deferred tax assets	109	36
Non-current assets	**36,058**	**37,964**
Inventories	12,705	14,641
Trade receivables	25,653	19,953
Receivables from construction contracts	349	6,088
Receivables and other assets	7,118	3,018
Available-for-sale assets	385	806
Cash	5,419	5,840
Current assets	**51,630**	**50,346**
Total ASSETS	**87,688**	**88,310**
Equity and liabilities		
Share capital	19,948	24,347
Capital reserves	-196	0
Accumulated consolidated profit	-9,179	-63,537
Equity attributable to owners of parent	**10,573**	**-39,190**
Non-controlling interests	203	219
Equity	**10,776**	**-38,971**
Employee benefit obligations	17,772	19,107
Non-current financial liabilities	29,986	0
Long-term government grants	722	774
Deferred tax liabilities	46	44
Non-current liabilities	**48,527**	**19,925**
Trade payables (incl. prepayments received)	12,324	12,736
Short-term borrowings	2	80,436
Short-term provisions	2,389	877
Provisions for income taxes	250	53
Other liabilities	13,317	13,151
Short-term government grants	103	103
Current liabilities	**28,385**	**107,356**
Total EQUITY AND LIABILITIES	**87,688**	**88,310**

*This statement includes the final stages of the Group's financial restructuring (payment of EUR 10.0m from HYPO NOE and repayment of the same amount to former banks, and recognition of a waiver of bank borrowings amounting to EUR 35.4m).

SELECTED NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

Bene AG is a company under Austrian law with its registered office and headquarters at Schwarzwiesenstrasse 3, 3340 Waidhofen an der Ybbs. The company is registered in the commercial register of St. Pölten under the company registration number (FN) 89102h.

The Bene Group develops, produces and sells office furniture and integrated office concepts, principally for the European market. Bene is one of the leading manufacturers of high-quality office furnishings in Austria and Europe.

The interim consolidated financial statements have been prepared in euros (EUR). Unless otherwise specified, all amounts are rounded to the nearest thousand euros (EUR ’000). The aggregation of rounded amounts may result in rounding differences caused by software.

The interim consolidated financial statements of Bene AG and its subsidiaries for the half-year ended 31 July 2015 are the responsibility of the company’s management and were approved by the Executive Board as at the date of their signatures.

ACCOUNTING AND MEASUREMENT POLICIES

Accounting policies
The consolidated interim financial statements for the period ended 31 July 2015 were prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements have neither been audited nor reviewed by an independent auditor.

The consolidated interim financial statements do not contain all of the information and notes provided for the annual financial statements, and should therefore be read in conjunction with the consolidated financial statements for Bene AG for the year ended 31 January 2015.

Basis of consolidation
There were no changes in the consolidation methods used to account for Group subsidiaries.

Judgements and estimation uncertainties
Disclosures with regard to judgements and estimation uncertainties are provided in the notes to the annual consolidated financial statements for the year ended 31 January 2015.

Accounting and valuation policies
Essentially the same accounting and valuation methods were applied as in the consolidated financial statements for the year ended 31 January 2015.

No changes were made to accounting and valuation policies.

The following new or amended standards became effective and were applied in the first half of the 2015/16 financial year. Unless otherwise stated, these changes had no effect on the interim financial statements of Bene AG:

- IFRIC 21: Levies
- Improvements to IFRSs 2011-2013 Cycle

IFRIC 21 provides guidance on when to recognise a liability to pay a levy that is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This interpretation is most frequently applied in respect of the bank levy.

SEASONAL VARIATIONS AND REVENUE DURING THE COURSE OF THE FINANCIAL YEAR

Variations in revenue and EBIT can occur over the financial year, primarily due to the seasonal nature of the business and final invoicing for large projects. Revenue was higher in the first half of 2015/16 than in the comparative period, solely as a result of the ADNOC project. Revenue from core business activities fell by about 13 %.

SCOPE OF CONSOLIDATION

As at 31 July 2015, ten subsidiaries were included in the scope of consolidation (31 January 2015: nine). Bene Inc., Delaware, was consolidated for the first time in June 2015.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the first six months the Bene Group acquired property, plant and equipment and intangible assets with a value of EUR 676,000 (H1 2014/15: EUR 946,000).

The largest additions to property, plant and equipment were for replacement investments and the refurbishment and reopening of the Bene plc showroom in London. Most of the other additions were for plant and equipment, office equipment, fixtures and furnishings, and IT hardware. Depreciation of property, plant and equipment amounted to EUR 1,922,000.

Additions to intangible assets mainly comprised purchases of software licences and capitalisation of software development costs. Depreciation of intangible assets totalled EUR 942,000.

Goodwill increased by EUR 191,000 to EUR 3,012,000, due to the change in the exchange rate of sterling to the euro.

In the first six months the Bene Group disposed of property, plant and equipment and intangible assets with a net carrying value of EUR 824,000 (31 July 2014: EUR 102,000). Net proceeds from disposals amounted to EUR 1,327,000 (31 July 2014: EUR 4,000).

As at 31 July 2015 there were no commitments related to investments in property, plant and equipment.

LONG AND SHORT-TERM BORROWINGS

On 27 March 2015 Bene AG concluded a restructuring agreement with its financing banks, investors grosso Holding GmbH and Bartenstein Holding GmbH, and the Bene Private Foundation. The agreement provided for a capital injection of EUR 18m by the investors, a waiver of bank borrowings amounting to EUR 35.4m, new borrowings of EUR 10m and debt repayments of EUR 23.7m and EUR 1.6m. As at 31 July 2015 the capital injection had been completed, and a partial debt repayment of EUR 13.5m as well as the EUR 1.6m repayment had been made. However, the new borrowings of EUR 10m could not be transferred as at the end of the reporting period (despite Bene AG fulfilling the conditions of the loan) due to delayed registration of a primary security; this meant that the EUR 34.5m waiver of bank borrowings could not be recognised in the statement of financial position.

The interim financial statements include a pro forma statement of financial position as at 31 July 2015 that reflects completion of the final stages of the financial restructuring, which were expected to take place in August 2015.

TAXES ON INCOME

Taxes on income recognised in the interim financial statements comprise EUR 268,000 in accrued taxes and a EUR 43,000 decrease in deferred tax assets.

FINANCIAL INSTRUMENTS

The table below shows the carrying amounts and fair values of the Group's financial assets:

CLASSES of financial instruments EUR '000	**Measurement category**	**31.07.2015** **Carrying amount**	**Fair value**	**31.01.2015** **Carrying amount**	**Fair value**
ASSETS					
Cash	n/a	5,419	5,419	5,840	5,840
Total trade receivables	**LAR**	**26,002**	**26,002**	**26,041**	**26,041**
Trade receivables – EUR	LAR	18,786	18,786	21,695	21,695
Trade receivables – GBP	LAR	6,022	6,022	3,482	3,482
Trade receivables – RUB	LAR	11	11	38	38
Trade receivables – other currencies	LAR	1,182	1,182	826	826
Other receivables and assets	LAR	3,118	3,118	3,019	2,895
Available-for-sale financial assets	AFS	4,000	4,000	0	0
LIABILITIES					
Total trade payables	**FLAC**	**-10,087**	**-10,087**	**-8,368**	**-8,368**
Trade payables – EUR	FLAC	-6,218	-6,218	-6,593	-6,593
Trade payables – GBP	FLAC	-3,571	-3,571	-1,447	-1,447
Trade payables – RUB	FLAC	0	0	0	0
Trade payables – other currencies	FLAC	-297	-297	-328	-328
Other liabilities	FLAC	-6,943	-6,943	-8,276	-8,276
Borrowings (incl. bond)	FLAC	-65.379	n/a	-80.436	n/a

It is assumed that the fair values of cash, receivables and payables substantially correspond to the carrying amounts. Owing to the restructuring process, it is assumed that reliable estimates of the fair value of borrowings are not possible, and that the fair value will under no circumstances be higher than the amount repayable.

FAIR VALUE HIERARCHY

The following table shows the fair value hierarchy of financial assets, broken down into levels 1, 2 or 3 depending on the extent to which fair value is based on observable inputs:

31.07.2015 EUR '000	**Level 1**	**Level 2**	**Level 3**	**Fair value as at 31 Jul. 2015**
ASSETS				
Total trade receivables		**x**		**26,002**
Trade receivables – EUR		x		18,786
Trade receivables – GBP		x		6,022
Trade receivables – RUB		x		11
Trade receivables – other currencies		x		1.182
Other receivables and assets		x		3,118
Available-for-sale financial assets	x			4,000
LIABILITIES				
Total trade payables		**x**		**-10,087**
Trade payables – EUR		x		-6,218
Trade payables – GBP		x		-3,571
Trade payables – RUB		x		0
Trade payables – other currencies		x		-297
Other liabilities		x		-6,943
Borrowings (incl. bond)		x		n/a

The following table shows the measurement approaches and inputs used in determining fair value:

Level	**Financial instruments**	**Measurement assumptions**	**Inputs**
Remeasurement not to fair value – disclosure of fair value			
2	Borrowings	Income approach	Payments, yield curves and credit spread information related to financial instruments
2	Receivables	-	Estimate of fair value based on payment behaviour and period for which receivables are outstanding, as well as information from third parties
1	Available-for-sale financial assets	Market approach	Nominal value

RELATED PARTY TRANSACTIONS

Sales to and purchases from related parties are concluded on arm's length terms.

Open items at the end of the reporting period and the comparative period amount to less than EUR 50,000 and were neither secured nor interest-bearing.

Services purchased from related parties in the first half comprised EUR 39,000 in consulting services provided by a member of the Supervisory Board (H1 2014/15: nil) and EUR 41,000 in consulting services provided by a former member of the Executive Board (H1 2014/15: EUR 144,000). Purchases of EUR 76,000 were made from a member of the Supervisory Board. No other transactions were concluded with related parties in the first half of the 2015/16 financial year.

CONTINGENCIES AND OTHER COMMITMENTS

As at the end of the reporting period, proceedings related to the dissolution of the Asia-Pacific joint venture and proceedings against the former CEO of Bene GmbH were still pending. The risks associated with both cases have been duly considered in the interim financial statements.

There were no significant pending proceedings involving the Bene Group (e.g. legal disputes arising from ordinary activities, relating to product liability or supply or other contracts, or patents).

EVENTS AFTER THE REPORTING PERIOD

The agreed EUR 10m bank loan was received from HYPO NOE on 28 August 2015, meaning that the conditions for the waiver of borrowings from other banks were met, and a further repayment of borrowings was made. The waiver of bank borrowings became effective on the same day, in accordance with the restructuring agreement of March 2015. The pro forma statement of financial position as at 31 July 2015 reflects these events.

DECLARATION BY THE COMPANY'S MANAGEMENT PURSUANT TO SECTION 87(1)(3) AUSTRIAN STOCK EXCHANGE ACT

As the legal representatives of Bene AG we hereby confirm that to the best of our knowledge the interim consolidated financial statements as at 31 July 2015 give a true and fair view of the Group's assets, finances and earnings as required by the applicable accounting standards, and that the interim operating and financial review gives a true and fair view of the Group's assets, finances and earnings in light of important events that occurred during the first six months of the financial year and their impact on the interim consolidated financial statements, and of the principal risks and uncertainties to which the Group will be exposed during the remaining six months of the financial year, as well as material transactions with related parties that require disclosure.

Mag. Rudolf Payer
Executive Board Member for
Operations and Finance

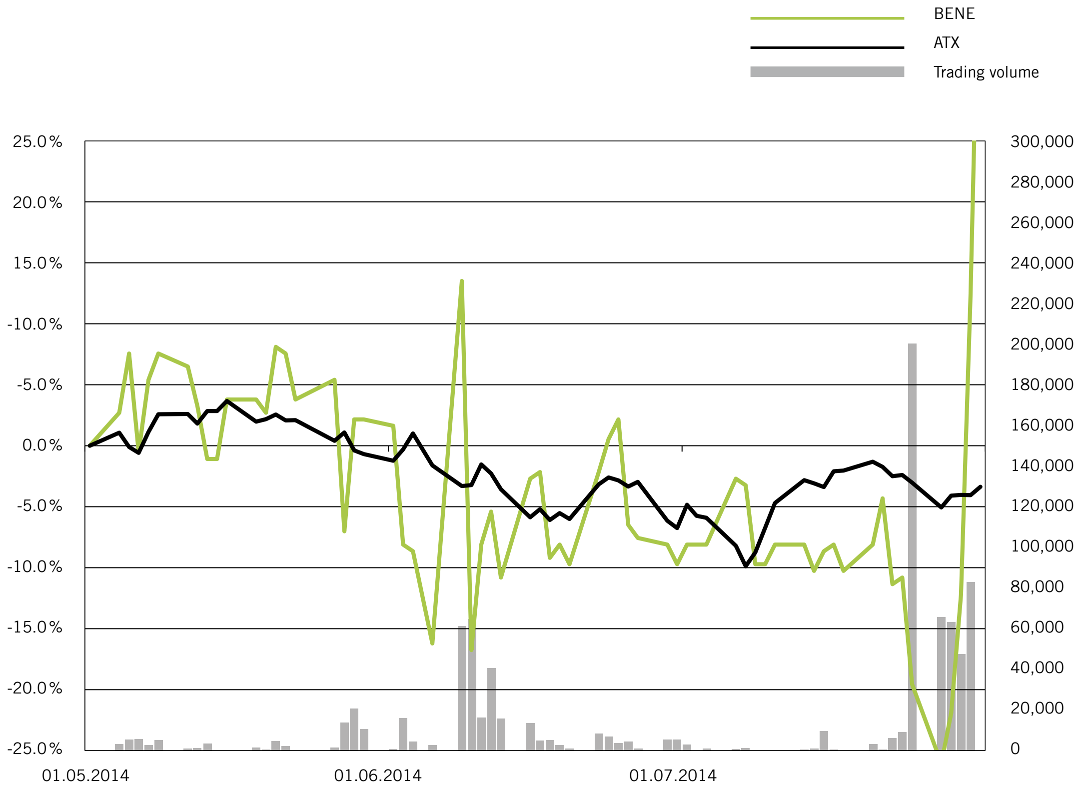
Mag. Michael Fried
Executive Board Member for
Sales and Marketing

Waidhofen an der Ybbs, 17 September 2015

BENE SHARES

BENE
H1 2015/16

Bene shares have been listed on the Vienna Stock Exchange since 3 November 2006. From 20 November 2006 they were quoted on the ATX Prime Market as well as in the Wiener Börse Index (WBI), and on 24 September 2012 the listing was transferred to the Midmarket Continuous segment.



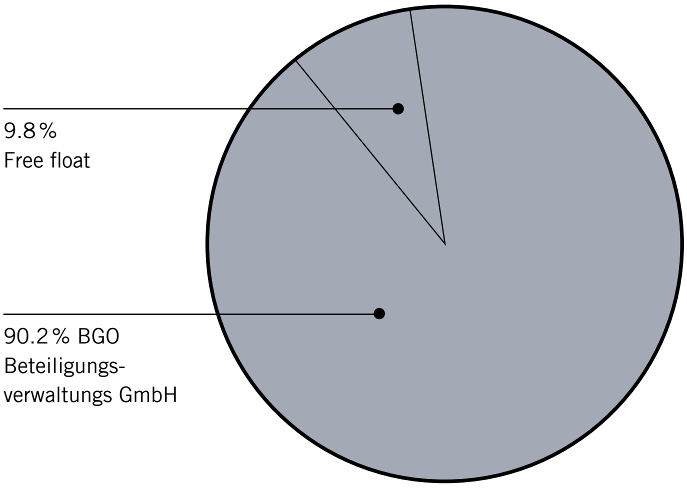
SHARE PRICE PERFORMANCE

While the ATX declined by 3.4 % in the first half of 2015/16, the Bene AG share price climbed by 47.0 %. The highest closing price during the reporting period was EUR 3.40 (31 July 2015), and the lowest was EUR 1.71 (27 July 2015).

TRADING VOLUMES

The volume of shares traded averaged 14,369 in the first half of the 2015/16 financial year. The highest daily trading volume was recorded on 24 July 2015 at 199,900 shares, and the lowest was 100 shares, on 8 July 2015.

SHAREHOLDER STRUCTURE



ISIN	AT00000BENE6
Market	Vienna Stock Exchange, Mid Market Continuous segment
Share type	Ordinary no par value bearer shares
Total number of shares	19,947,788
Other markets	None
Indices	Mid Market Continuous, WBI, VÖNIX
Ticker symbol	BENE
Research coverage	Raiffeisen Centrobank
Free float	9.8%

INVESTOR RELATIONS

Bene is committed to open and proactive communication with investors, with the aim of presenting as accurate a picture of the company as possible and fulfilling the expectations of the financial markets in terms of transparency. The Company website is the main communication channel, providing extensive information about the business, including all relevant data on shares, as well as recent analyses, key indicators and dates, and downloadable versions of annual and interim reports.

Bene AG complies with the provisions of the Austrian Code of Corporate Governance in its version of July 2012, as amended. The Code is primarily aimed at listed companies in Austria and sets out standards for good company management and supervision. Its objective is to promote responsible management and control of enterprises with a view to creating sustainable, long-term value. The Code is also geared towards achieving greater transparency for shareholders, and companies voluntarily undertake to adhere to the principles it contains.

FINANCIAL CALENDAR

Annual General Meeting	17 September 2015
Results for the first half of the 2015/16 financial year	17 September 2015
Results for the third quarter of the 2015/16 financial year	10 December 2015

CONTACT

Investor Relations
Martina Vomela

A-3340 Waidhofen/Ybbs Schwarzwiesenstraße 3
Phone +43-7442-500-3100
E-Mail ir@bene.com www.bene.com

bene