



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

---



2016 half-yearly  
financial report

---

# Cembre S.p.A.

---

Head Office: Via Serenissima 9, Brescia, Italy  
Share Capital: EUR 8,840,000 (fully paid-up).

Registration no: 00541390175 (Commercial Register of Brescia)

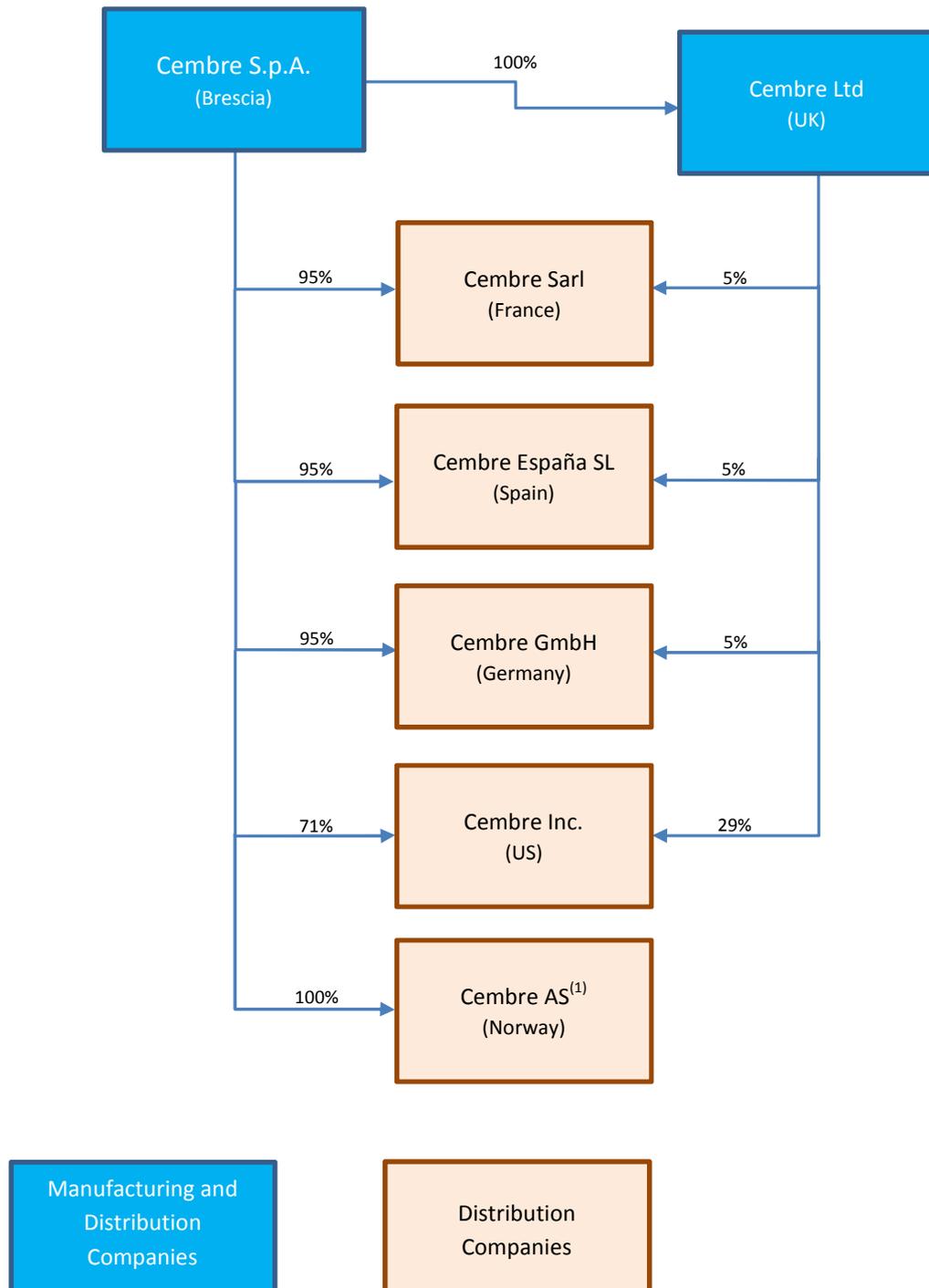
*This document contains translations of the draft statutory annual financial statements and consolidated annual financial statements prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)*

---

# CONTENTS

<b>Group Structure</b>	<b>1</b>
<b>Consolidated Interim Report of the Cembre Group for the 1<sup>st</sup> Half of 2016</b>	<b>2</b>
<b>Attachment 1: Comparative Consolidated Income Statement</b>	<b>14</b>
<b>Attachment 2: Corporate Boards</b>	<b>15</b>
<b>Condensed Consolidated Financial Statements at June 30, 2016</b>	
<i>Consolidated Statement of Financial Position</i>	<b>17</b>
<i>Statement of Consolidated Comprehensive Income</i>	<b>18</b>
<i>Consolidated Statement of Cash Flows</i>	<b>19</b>
<i>Statement of Changes in the Consolidated Shareholders' Equity</i>	<b>20</b>
<i>Notes to the accounts</i>	<b>21</b>
<b>Certification of the Condensed Consolidated Financial Statements at June 30, 2016 pursuant to article 81-ter of CONSOB Regulation no.11971/99</b>	<b>41</b>
<b>Report of the Independent Auditors on the limited audit</b>	<b>42</b>

## Group Structure



<sup>(1)</sup> Cembre AS was put in liquidation in 2016.

## Report on Operations for the 1<sup>st</sup> Half of 2016

### Operating Review

In the first six months of 2016 sales of the Cembre Group declined by 0.6% from €63 million in the 1<sup>st</sup> Half of 2015 to €62.7 million in the 1<sup>st</sup> Half of 2016.

The breakdown of consolidated sales by geographical area shows a growth in the domestic market, with domestic sales up by 0.5% to €25.4 million, exports to other European countries down by 0.1% to €26.2 million, and exports to the rest of the world declining by 4% to €11 million. In the 1<sup>st</sup> Half of 2016, 40.6% of Group sales were represented by Italy (as compared with 40.2% in the 1<sup>st</sup> Half of 2015), 41.9% by the rest of Europe (41.7% in the 1<sup>st</sup> Half of 2015), and the remaining 17.5% by the rest of the World (18.1% in the 1<sup>st</sup> Half of 2015).

### Sales by geographical area

(€'000)	1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Italy	25,446	25,312	0.5%	22,194	19,309	20,968	24,819	19,121	15,074	21,522
Rest of Europe	26,250	26,283	-0.1%	26,100	23,995	23,841	22,168	18,958	18,466	22,687
Rest of the World	10,989	11,442	-4.0%	8,319	8,955	8,412	6,848	5,362	4,592	5,922
<b>Total</b>	<b>62,685</b>	<b>63,037</b>	<b>-0.6%</b>	<b>56,613</b>	<b>52,259</b>	<b>53,221</b>	<b>53,835</b>	<b>43,441</b>	<b>38,132</b>	<b>50,131</b>

In the 1<sup>st</sup> Half of 2016 the parent company, the French subsidiary and the German subsidiary registered an increase in sales (net of intragroup sales) while the Spanish subsidiary reported a 7.3% decline in sales. In the same period, the UK subsidiary registered a 0.9% decline in sterling sales which, due to the decline of the British pound against the euro, resulted in a 6.7% decline in euro terms. Due to the stable €/US\$ exchange rate in the period, the US subsidiary's 0.3% decline in dollar sales for the period is in line with that in euro.

Starting with 2016, the Group has entrusted the distribution of its products in the Scandinavian market to a company outside the Group, with stronger operations in the area than Cembre AS and therefore more suited to achieve a better penetration of the Scandinavian market. The procedure for the liquidation of the Norwegian subsidiary was

started in March 2016 and no significant effect on the financial or operating performance of the Group is expected to derive from it.

### Revenues by Group company (net of intragroup sales)

(€'000)	1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Parent Company	35,226	34,732	1.4%	29,098	26,607	28,308	31,873	24,496	20,064	26,946
Cembre Ltd. (UK)	9,313	9,979	-6.7%	10,636	9,541	9,086	6,759	5,500	5,933	6,849
Cembre S.a.r.l. (F)	4,836	4,300	12.5%	4,292	4,037	4,081	3,846	3,157	3,197	3,420
Cembre España S.L. (E)	4,084	4,406	-7.3%	3,567	3,167	3,093	3,929	4,333	3,790	6,698
Cembre GmbH (D)	3,824	3,633	5.3%	3,762	3,535	4,018	3,896	2,981	2,366	2,637
Cembre AS (NOR) (in liquidation)	23	591	-	450	412	528	424	469	321	431
Cembre Inc. (USA)	5,379	5,396	-0.3%	4,808	4,960	4,107	3,108	2,505	2,461	3,150
<b>Total</b>	<b>62,685</b>	<b>63,037</b>	<b>-0.6%</b>	<b>56,613</b>	<b>52,259</b>	<b>53,221</b>	<b>53,835</b>	<b>43,441</b>	<b>38,132</b>	<b>50,131</b>

In the 1<sup>st</sup> Half of 2016, Group companies reported the following results, before the consolidation:

(€'000)	Sales									
	1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Cembre S.p.A.	49,264	48,817	0.9%	42,969	39,071	41,385	43,034	33,823	28,713	39,994
Cembre Ltd. (UK)	10,047	10,779	-6.8%	11,572	10,394	9,970	7,842	6,197	6,485	7,448
Cembre S.a.r.l. (F)	4,845	4,303	12.6%	4,300	4,080	4,089	3,856	3,161	3,207	3,431
Cembre España S.L. (E)	4,084	4,413	-7.5%	3,568	3,167	3,455	3,930	4,334	3,790	6,698
Cembre GmbH (D)	3,846	3,673	4.7%	3,796	3,666	4,029	3,909	2,997	2,499	2,641
Cembre AS (NOR) (in liquidation)	196	591	-	450	412	528	430	469	321	432
Cembre Inc. (USA)	5,400	5,701	-5.3%	4,914	4,976	4,155	3,109	2,517	2,417	3,154

(€'000)	Net profit									
	1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Cembre S.p.A.	9,275	9,283	-0.1%	6,807	4,305	5,635	6,153	4,835	2,181	5,263
Cembre Ltd. (UK)	1,049	1,182	-11.3%	1,391	1,139	1,123	635	393	595	500
Cembre S.a.r.l. (F)	160	211	-24.2%	183	166	100	165	74	213	199
Cembre España S.L. (E)	(40)	264	-115.2%	161	69	(276)	(31)	197	153	524
Cembre GmbH (D)	166	94	76.6%	197	98	278	304	156	84	150
Cembre AS (NOR) (in liquidation)	(91)	49	-	31	11	57	37	110	56	94
Cembre Inc. (USA)	183	160	14.4%	294	480	210	131	46	77	285

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures of companies operating outside the euro area in the respective currency.

€'000)	Curr.	Sales									
		1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Cembre Ltd. (UK)	Gbp	7,824	7,894	-0.9%	9,504	8,843	8,200	6,808	5,392	5,797	5,773
Cembre AS (NOR) (in liquidation)	Nok	1,844	5,107	-	3,721	3,097	3,996	3,363	3,751	2,859	3,431
Cembre Inc. (USA)	Us\$	6,026	6,361	-5.3%	6,734	6,536	5,387	4,363	3,339	3,221	4,826

€'000)	Curr.	Sales									
		1 <sup>st</sup> Half 2016	1 <sup>st</sup> Half 2015	Change	1 <sup>st</sup> Half 2014	1 <sup>st</sup> Half 2013	1 <sup>st</sup> Half 2012	1 <sup>st</sup> Half 2011	1 <sup>st</sup> Half 2010	1 <sup>st</sup> Half 2009	1 <sup>st</sup> Half 2008
Cembre Ltd. (UK)	Gbp	817	865	-5.5%	1,142	969	923	552	342	531	387
Cembre AS (NOR) (in liquidation)	Nok	(861)	422	-	258	86	428	293	882	502	746
Cembre Inc. (USA)	Us\$	204	179	14.0%	402	630	272	183	61	103	436

To provide a better understanding of the Company's financial performance for the 1<sup>st</sup> Half of 2016, a Reclassified Consolidated Income Statement for the 1<sup>st</sup> Half of 2016 and 2015 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the 1<sup>st</sup> Half of 2016 amounted to €15,210 thousand, representing a 24.3% margin on sales, down 0.3% on the corresponding period in 2015 when it amounted to €15,257 thousand, representing a 24.2% margin on sales. The cost of goods sold as a percentage of sales declined slightly in the period, while personnel costs as a percentage of sales grew as the number of persons employed grew by 34, from 625 in the 1<sup>st</sup> Half of 2015 to 659 in the 1<sup>st</sup> Half of 2016, of which 21 relating to the parent company. The increase in the number of employees is due to the strengthening of the Company structure, and in particular of the sales department, in view of the expansive sales policy implemented by the Group.

Consolidated operating profit for the period amounted to €12,294 thousand, representing a 19.6% margin on sales, down 1.4% on €12,466 thousand in the 1<sup>st</sup> Half of 2015, when it represented a 19.8% margin on sales.

Consolidated profit before taxes for the period profit amounted to €12,194 thousand, representing a 19.5% margin on sales, down 3.9% on €12,689 thousand in the 1<sup>st</sup> Half of

2015, when it represented a 20.1% margin on sales. Profit before taxes was negatively affected by foreign exchange differences which in the 1<sup>st</sup> Half of 2016 were negative by €112 thousand, as compared with a gain of €207 thousand in the corresponding period in 2015.

Net profit amounted to €8,510 thousand, representing a 13.6% margin on sales, down 4.9% on €8,952 thousand in the 1<sup>st</sup> Half of 2015, when it represented a 14.2% margin on sales.

The consolidated net financial position at June 30, 2016 amounted to a surplus of €14.5 million, down on December 31, 2015, when it amounted to a surplus of €17.8 million. The financial position was affected by the payment of €7.8 million in dividends and capital expenditure made in the period, amounting to €2.7 million. At June 30, 2015 the net financial position was equal to a surplus of €8.4 million.

#### **Definition of alternative performance indicators**

In compliance with Consob Communication DEM/6064293 dated July 28, 2007, below we define alternative performance indicators used in the present document to illustrate the financial and operating performance of the Group.

*Gross operating profit (EBITDA)*: defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit before depreciation, amortization and write-downs, financial flows and taxes.

*Operating profit (EBIT)*: defined as the difference between Gross operating profit and the value of depreciation, amortization and write-downs. It represents the profit achieved before financial flows and taxes.

*Net financial position*: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

## Shareholders' Equity

Consolidation adjustments determined the following differences between the Financial Statements of the parent company at June 30, 2016 and the consolidated accounts at the same date:

(€'000)	Shareholders' Equity	Net Profit
<b>Parent company's financial statements</b>	<b>108,900</b>	<b>9,275</b>
Book value of consolidated companies	25,088	1,426
Elimination of intra-group profits included in the value of inventories (*)	(4,054)	330
Currency translation differences from elimination of intragroup payables and receivables	(10)	(10)
German subsidiary product warranty provision reversal (*)	21	-
Intercompany reconciliations	(12)	(12)
Netting of intragroup dividends	-	(2,498)
Netting of intragroup gains	(7)	(1)
<b>Consolidated Financial Statements</b>	<b>129,926</b>	<b>8,510</b>

(\*) Net of the related tax effect.

## Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1<sup>st</sup> Half of 2016 amounted to €2.7 million and consisted mainly in the acquisition of plant and equipment, while in the same period of 2015 capital expenditure amounted to €2.9 million.

## Main risks and uncertainties

### Risks connected to the economic situation

The economic and financial situation of the Group is influenced by macroeconomic factors such as changes in the Gross Domestic Product, consumer and business confidence, changes in interest rates and the cost of raw materials.

In the 1<sup>st</sup> Half of 2016 the world economy continued to show signs of weakness that have led main international organizations to review economic growth expectations downwards. The result of the referendum on the EU membership held in the United Kingdom on June 23<sup>rd</sup> will lead to a probable exit of the UK from the European Union, generating uncertainty and volatility in financial markets, while the repercussions of the choice made by voters are still unclear. Economic growth of developed economies was moderate, while the performance of emerging economies considerably weaker.

---

The Italian economy continued to recover slowly, pushed by domestic demand, while exports were negatively affected by the weakness of demand outside the EU. Disposable income of Italian households grew thanks partly to an improvement in employment figures and business confidence, as shown by a recovery of investments. Bank of Italy forecasts are affected by the weak foreign markets and the increase in risk connected to the Brexit issue. Expected growth for 2006 is just under 1% while for 2017 it hovers around 1% (source: *Bank of Italy Economic Bulletin 3/2006*).

The wide margin of uncertainty on which estimates of future performance are based make it very difficult to predict reliably the performance of markets and demand. The Cembre Group, thanks to its strong financial position and good competitive hedge, is confident about the future and feels it is in a position to take advantage of opportunities that may arise and to react to possible changes in the economic scenario that may develop in the next months.

#### **Risks connected with the market**

The Group protects its market position by pursuing ongoing innovation, the widening of the product range, introducing into production processes the most advanced methods and machinery while implementing focused marketing policies with the help of its foreign subsidiaries.

#### **Credit risk**

Cembre and its subsidiaries have focused over time on a careful selection of their customers, managing prudently sales to customers that do not possess an adequate credit standing. The Group has accrued a provision for doubtful accounts and the management of litigation. The Company reviews its customers by monitoring overdues and immediately contacting them regarding problem situations.

In February 2016 Cembre moreover stipulated an insurance policy against commercial credit risk with a primary insurance company that allowed it to further reduce exposure to this type of risk.

Exposure to credit risk relates exclusively to trade receivables.

---

**Liquidity risk**

Thanks to its solid financial position, the Group is not currently subject to particular liquidity risk, even in case the cash flow generated by operations should decline drastically.

**Interest rate risk**

At the present date there are no loans outstanding.

**Currency risk**

Despite its strong international presence, the Group does not have a significant exposure to currency risk, as it operates almost entirely in the euro area, the currency in which its trade transactions are mainly denominated. Exposure to currency risk is limited to sales in US dollars and British pounds, but the size of these transactions is not significant in influencing the overall performance of the Group or its financial position.

**Integrity and reputation risk**

Possible illicit behavior of employees, aimed at obtaining benefits for themselves and for the Group, can imply the risk of a loss of reputation and of sanctions against the Group. To prevent the risk of these occurrences and in line with Legislative Decree 231/2001, the Company adopted an organizational, management and control model that identifies processes that are subject to risk and establishes the conduct that the various persons involved are to keep in carrying out their tasks. The model was illustrated to employees through specific training sessions. The Company constantly integrates and upgrades the model.

Further information on main risks and uncertainties is contained in the notes.

**Environmental management**

Cembre S.p.A. deemed it fundamental for its development to adopt an environmental management system that covers in an integrated manner every aspect of its activities. Thanks to the setting of behavioral guidelines and of rigorous procedures, the Company obtained an Environmental Certification under standard UNI EN ISO 14001:2004 that singles out companies that are more sensitive to environmental protection issues.

---

## **Worker safety management**

In 2012 Cembre S.p.A. obtained the certification of its worker health and safety management system according to the OHSAS 18001: 2007 standard.

## **Research & Development**

In the 1<sup>st</sup> Half of 2016 costs for personnel employed in Research & Development activities amounted to €393 thousand, of which €227 thousand for research, expensed in the year, and €166 thousand for development, capitalized among intangibles.

Below we include a brief description of projects undertaken in the first half of the year. Information provided is purposely generic because some products will be launched in the second half of the year and are in some cases in the process of obtaining patents.

In the 1<sup>st</sup> Half of 2016 six applications for industrial patents were filed by the Company.

### **Cable terminals**

A total of 34 requests for new products were approached. All studies included both new connectors and equipment for their manufacturing.

The development of our range of our mechanical locking connectors continued.

### **Railroad equipment**

Tools and accessories for cutting, drilling and fastening rails to sleepers were developed.

A new battery operated drill for the drilling of rails entered production. The new drill has dimensions and weight similar to a fuel engine one, but is quieter and does not produce harmful emissions and can therefore be used in closed environments, in addition to possessing evident advantages in terms of safety and health of the operator. The tool is also equipped with a led display that helps the operator in the drilling, indicating whether the force applied on the lever is too low, excessive or correct.

A machine for the insertion and extraction of Pandrol Fast clips used to fasten rails to sleepers came into production. The new machine, made up by an oil pump, a trolley and two different clamp unit (according to the type of clip to be mounted), is covered by an industrial patent concerning primarily the automatic regulation of the engine speed in accordance with the power required by the hydraulic pump. The regulating device

allows to optimize fuel consumption and to reduce both polluting and noise emissions, with strong benefits for the operator. The fast-clip clamping station has an automatic rail lifting system that allows operation also when the rail is not sitting on the sleeper but hovers over it even by a few centimeters.

### **Tools**

A new compact and light hydraulic pump came into production and will be distributed in the fall. The pump includes a keypad with display that shows information on usage of the tool and allows to set different operating modes.

Though extremely compact and light, the new pump has performances comparable to those of pumps made by the competition and features also an elastic material side pocket allowing to store safely the keypad when it is not being used.

### **Cable marking**

A total of 20 requests for new products relating to flat labels for the marking of cables were followed up. Studies included also the related manufacturing tools.

Three projects relating to the widening and updating of the range of thermal transfer printers are currently underway: one has already reached the production phase and will be available in the fall, while the other two will be completed in 2017.

### **Related parties**

Transactions concluded between the parent company and its subsidiaries in the 1<sup>st</sup> Half of 2016 were exclusively of a commercial nature and are summarized in the table below:

(€)	Receivables	Payables	Revenues	Purchases
Cembre Ltd.	469	57	4,678	154
Cembre S.a.r.l.	481	-	2,599	9
Cembre España S.L.	853	-	2,514	-
Cembre AS (in liquidation)	-	-	1	172
Cembre GmbH	1,048	8	2,053	16
Cembre Inc.	376	-	2,420	6
<b>TOTAL</b>	<b>3,227</b>	<b>65</b>	<b>14,265</b>	<b>357</b>

Revenues above include the charging to subsidiaries of costs incurred in the maintenance of the information system and royalties for the use of the *Cembre* trademark, amounting to €211 thousand.

Cembre S.p.A. currently leases property from Tha Immobiliare S.p.A., with registered office in Brescia, owned by Giovanni Rosani and Sara Rosani, Directors of Cembre S.p.A. Cumulative rent for these contracts for the 1<sup>st</sup> Half of 2016 amounts to €265 thousand.

Invoices issued in the year relating to the above contracts were all paid in full.

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. Rent for the 1<sup>st</sup> Half of 2016 amounts to £20 thousand. Such amount is in line with market conditions.

Further detail of these transactions is provided in the notes.

With reference to assets and liabilities relating to subsidiaries shown above, we confirm that transactions with the same and with related parties fall within the scope of normal operating activities.

### **Absence of control and coordination**

Despite the fact that article 2497-*sexies* of the Italian Civil Code states that “it is presumed that, unless otherwise proved, the direction and coordination activities of companies is exercised by the company or entity that is required to consolidate the same in its accounts or that, in any case, controls the former company pursuant to article 2359 (of the Italian Civil Code)”, Cembre S.p.A. believes to be operating in full autonomy from its parent Lysne S.p.A..

In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Relationships with parent company Lysne S.p.A. are limited to the normal exercise of shareholders’ rights on the part of the parent.

## **Companies incorporated under the laws of States that are not part of the European Union**

Cembre S.p.A. controls two companies incorporated under the laws of States that are not part of the European Union. These are:

- Cembre Inc., incorporated in the US, and
- Cembre AS, incorporated in Norway.

The company deems the administrative, accounting and reporting systems currently in use to be adequate in supplying regularly its management and the company's independent auditors with the operating and financial information necessary for the preparation of the consolidated financial statements.

The accounts prepared by said foreign subsidiaries and used in the preparation of the consolidated financial statements, are audited and made available to the public, as provided by current regulations.

Cembre S.p.A. is active in ensuring an adequate flow of information from said subsidiaries to its independent auditors and believes the current communication process in place with the independent auditors to be effective.

Cembre S.p.A. already possesses the by-laws, the composition and of powers of company boards and its individual members, and directives ensuring the timely transmission of any information regarding the update of such information have been issued.

Norwegian subsidiary Cembre AS was put in liquidation in March 2016.

## **Own shares and shares of parent companies**

The Shareholders' Meeting of April 21, 2016 resolved the start of a campaign for the acquisition of own shares aimed at providing the Company with strategic investment opportunities. At June 30, 2016, the number of own shares held by Cembre S.p.A. was 19, 722, corresponding to 0.12% of the capital stock.

## **Ownership Structure and Corporate Governance**

In compliance with norms contained in article 123-*bis* of Legislative Decree 58, dated February 24, 1998 (*Testo Unico* Consolidated Finance Act), we refer to the Report on Corporate Governance which, in addition to providing a general description of corporate governance, contains information regarding the ownership structure of the Company, the adoption of the Code of Conduct and the observance of the resulting commitments. Said Report is available in the Investor Relations section of the Group's institutional web site ([www.cembre.it](http://www.cembre.it)).

## **Subsequent events**

No event having significant effects on Cembre's financial or operating performance occurred after June 30, 2016.

## **Outlook**

Making a reliable forecasts of economic activity for 2016 is at the present time extremely difficult and even national and international institutions underline in their publications the strong uncertainty that characterizes all economic indicators.

In the second half of the year the Group expects to close 2016 achieving an increase in turnover and a consolidated profit.

## **Attachments**

The present Report includes the following attachments:

Attachment 1 Reclassified Consolidated Income Statement at June 30, 2016

Attachment 2 Company Boards

Brescia, September 9, 2016

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE S.P.A.**

Giovanni Rosani

## Attachment 1 - Report on Operations of the Group

### Comparative Consolidated Income Statement

	1 <sup>st</sup> Half 2016	% of sales	1 <sup>st</sup> Half 2015	% of sales	Change
	(€ '000)				
Revenues from sales and services provided	62.685	100,0%	63.037	100,0%	-0,6%
Other revenues	423		360		17,5%
<b>TOTAL REVENUES</b>	<b>63.108</b>		<b>63.397</b>		<b>-0,5%</b>
Cost of goods and merchandise	(22.616)	-36,1%	(22.591)	-35,8%	0,1%
Change in inventories	1.496	2,4%	1.025	1,6%	46,0%
Cost of services received	(7.702)	-12,3%	(7.781)	-12,3%	-1,0%
Lease and rental costs	(748)	-1,2%	(679)	-1,1%	10,2%
Personnel costs	(18.293)	-29,2%	(17.604)	-27,9%	3,9%
Other operating costs	(547)	-0,9%	(692)	-1,1%	-21,0%
Increase in assets due to internal construction	537	0,9%	422	0,7%	27,3%
Write-down of receivables	(18)	0,0%	(200)	-0,3%	-91,0%
Accruals to provisions for risks and charges	(7)	0,0%	(40)	-0,1%	-82,5%
<b>GROSS OPERATING PROFIT</b>	<b>15.210</b>	<b>24,3%</b>	<b>15.257</b>	<b>24,2%</b>	<b>-0,3%</b>
Property, plant and equipment depreciation	(2.656)	-4,2%	(2.562)	-4,1%	3,7%
Intangible asset amortization	(260)	-0,4%	(229)	-0,4%	13,5%
<b>OPERATING PROFIT</b>	<b>12.294</b>	<b>19,6%</b>	<b>12.466</b>	<b>19,8%</b>	<b>-1,4%</b>
Financial income	13	0,0%	17	0,0%	-23,5%
Financial expenses	(1)	0,0%	(1)	0,0%	0,0%
Foreign exchange gains (losses)	(112)	-0,2%	207	0,3%	-154,1%
<b>PROFIT BEFORE TAXES</b>	<b>12.194</b>	<b>19,5%</b>	<b>12.689</b>	<b>20,1%</b>	<b>-3,9%</b>
Income taxes	(3.684)	-5,9%	(3.737)	-5,9%	-1,4%
<b>NET PROFIT</b>	<b>8.510</b>	<b>13,6%</b>	<b>8.952</b>	<b>14,2%</b>	<b>-4,9%</b>

## Attachment 2 – Report on the 1<sup>st</sup> Half of 2016

### CORPORATE BOARDS

#### Board of Directors

Giovanni Rosani	Chairman and Managing Director
Anna Maria Onofri	Vice Chairman
Sara Rosani	Director
Giovanni De Vecchi	Director
Aldo Bottini Bongrani	Director
Fabio Fada	Independent Director
Giancarlo Maccarini	Independent Director
Paolo Giuseppe La Pietra	Independent Director

#### Board of Statutory Auditors

Fabio Longhi	Chairman
Andrea Boreatti	Permanent Auditor
Rosanna Angela Pilenga	Permanent Auditor
Maria Grazia Lizzini	Substitute Auditor
Gabriele Baschetti	Substitute Auditor

#### Independent Auditors

PricewaterhouseCoopers S.p.A.

The above list is updated at September 9, 2016.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2017.

The Chairman holds by statute (article 18) powers of legal representation of the Company. The Board of Directors conferred to the Chairman and Managing Director Giovanni Rosani all the ordinary management powers not specifically reserved to it by

law, including exclusive powers over the organization, management and monitoring of the internal control system.

In case of absence or impediment of the Chairman and Managing Director Giovanni Rosani, Vice Chairman and Managing Director Anna Maria Onofri holds all ordinary management powers not reserved to the Board by law, with the exception of the appointment of professionals. All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

## Condensed Consolidated Financial Statements at June 30, 2016

### Consolidated Statement of Financial Position

ASSETS	Note	June 30, 2016		Dec. 31, 2015	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
<b>NON CURRENT ASSETS</b>					
Tangible assets	<b>1</b>	64.624		65.435	
Investment property	<b>2</b>	1.681		1.715	
Intangible assets	<b>3</b>	1.323		1.336	
Other investments		10		10	
Other non-current assets		48		10	
Deferred tax assets	<b>9</b>	2.351		2.550	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70.037</b>		<b>71.056</b>	
<b>CURRENT ASSETS</b>					
Inventories	<b>4</b>	39.948		39.191	
Trade receivables	<b>5</b>	29.749		26.372	
Tax receivables		702		770	
Other receivables	<b>6</b>	606		567	
Cash and cash equivalents	<b>21</b>	14.548		17.802	
<b>TOTAL CURRENT ASSETS</b>		<b>85.553</b>		<b>84.702</b>	
<b>NON-CURRENT ASSETS AVAILABLE FOR SALE</b>		-		-	
<b>TOTAL ASSETS</b>		<b>155.590</b>		<b>155.758</b>	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Jun. 30, 2015		Dec. 31, 2015	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
<b>SHAREHOLDERS' EQUITY</b>					
Capital stock	<b>7</b>	8.840		8.840	
Reserves	<b>7</b>	112.576		106.400	
Net profit		8.510		15.933	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>129.926</b>		<b>131.173</b>	
<b>NON-CURRENT LIABILITIES</b>					
Non-current financial liabilities		-		-	
Employee termination indemnity and other personnel benefits	<b>8</b>	2.553	172	2.617	168
Provisions for risks and charges		340	125	444	100
Deferred tax liabilities	<b>9</b>	2.136		2.235	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5.029</b>		<b>5.296</b>	
<b>CURRENT LIABILITIES</b>					
Current financial liabilities		-		-	
Trade payables	<b>10</b>	11.439		11.653	
Tax payables		1.206		679	
Other payables	<b>11</b>	7.990		6.957	
<b>TOTAL CURRENT LIABILITIES</b>		<b>20.635</b>		<b>19.289</b>	
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>		-		-	
<b>TOTAL LIABILITIES</b>		<b>25.664</b>		<b>24.585</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>155.590</b>		<b>155.758</b>	

## Condensed Consolidated Financial Statements at June 30, 2016

### Statement of Consolidated Comprehensive Income

	Note	1 <sup>st</sup> Half 2016		1 <sup>st</sup> Half 2015	
			of which: related parties		of which: related parties
(euro '000)					
Revenues from sales and services provided	<b>12</b>	62.685		63.037	
Other revenues	<b>13</b>	423		360	
<b>TOTAL REVENUES</b>		<b>63.108</b>		<b>63.397</b>	
Cost of goods and merchandise		(22.616)		(22.591)	
Change in inventories		1.496		1.025	
Cost of services received	<b>14</b>	(7.702)	(333)	(7.781)	(323)
Lease and rental costs		(748)	(289)	(679)	(291)
Personnel costs	<b>15</b>	(18.293)	(150)	(17.604)	(131)
Other operating costs	<b>16</b>	(547)		(692)	
Increase in assets due to internal construction		537		422	
Write-down of receivables		(18)		(200)	
Accruals to provisions for risks and charges		(7)		(40)	
<b>GROSS OPERATING PROFIT</b>		<b>15.210</b>		<b>15.257</b>	
Property, plant and equipment depreciation	<b>1</b>	(2.656)		(2.562)	
Intangible asset amortization	<b>3</b>	(260)		(229)	
<b>OPERATING PROFIT</b>		<b>12.294</b>		<b>12.466</b>	
Financial income	<b>17</b>	13		17	
Financial expenses	<b>17</b>	(1)		(1)	
Foreign exchange gains (losses)	<b>23</b>	(112)		207	
<b>PROFIT BEFORE TAXES</b>		<b>12.194</b>		<b>12.689</b>	
Income taxes	<b>18</b>	(3.684)		(3.737)	
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>		<b>8.510</b>		<b>8.952</b>	
<b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b>		<b>-</b>		<b>-</b>	
<b>NET PROFIT</b>		<b>8.510</b>		<b>8.952</b>	
<b>Items that may be reclassified subsequently to profit and loss</b>					
Conversion differences included in equity		(1.671)		1.641	
<b>COMPREHENSIVE INCOME</b>	<b>19</b>	<b>6.839</b>		<b>10.593</b>	
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>20</b>	<b>0,50</b>		<b>0,53</b>	

## Condensed Consolidated Financial Statements at June 30, 2016

### Consolidated Statement of Cash Flows

	1 <sup>st</sup> Half 2016	2015
€ '000		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>17.802</b>	<b>11.659</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	8.510	15.933
Depreciation, amortization and write-downs	2.916	5.701
(Gains)/Losses on disposal of assets	(22)	9
Net change in Employee Severance Indemnity	(64)	63
Net change in provisions for risks and charges	(104)	175
<b>Operating profit (loss) before change in working capital</b>	<b>11.236</b>	<b>21.881</b>
(Increase) Decrease in trade receivables	(3.377)	(747)
(Increase) Decrease in inventories	(757)	(900)
(Increase) Decrease in other receivables and deferred tax assets	228	(29)
Increase (Decrease) of trade payables	476	(1.401)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.461	(709)
<b>Change in working capital</b>	<b>(1.969)</b>	<b>(3.786)</b>
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>9.267</b>	<b>18.095</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(249)	(601)
- tangible	(2.460)	(6.534)
Proceeds from disposal of tangible, intangible, financial assets		
- intangible	-	9
- tangible	127	327
Increase (Decrease) of trade payables for assets	(690)	(165)
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(3.272)</b>	<b>(6.964)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	(38)	(1)
Change in reserves	(266)	-
Dividends distributed	(7.820)	(6.120)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(8.124)</b>	<b>(6.121)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>(2.129)</b>	<b>5.010</b>
F) Foreign exchange differences	(1.125)	961
G) Discounting of Employee Termination Indemnity	-	(35)
H) Restatement of deferred tax liabilities as per new tax rate	-	207
<b>I) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G+H)</b>	<b>14.548</b>	<b>17.802</b>
Assets available for sales included above	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14.548</b>	<b>17.802</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14.548</b>	<b>17.802</b>
Current financial liabilities	-	-
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>14.548</b>	<b>17.802</b>
<b>INTERESTS PAID IN THE PERIOD</b>	<b>-</b>	<b>(1)</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash	29	18
Banks	14.519	17.784
	<b>14.548</b>	<b>17.802</b>

## Condensed Consolidated Financial Statements at June 30, 2016

### Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2015	Allocation of previous year net profit	Other changes	Comprehensive income of the period	Balance at June 30, 2016
Capital stock	8.840				8.840
Share premium reserve	12.245				12.245
Legal reserve	1.768				1.768
Reserve for own shares	-		(266)		(266)
Suspended-tax revaluation reserve	585				585
Other suspended-tax reserves	68				68
Other reserves	20.895	1.495		22	22.412
Conversion differences	1.075			(1.693)	(618)
Extraordinary reserve	61.576	6.618			68.194
Reserve for FTA	3.715				3.715
Reserve for discounting of Employee Termination Indemnity	76				76
Merger surplus reserve	4.397				4.397
Retained earnings	-				-
Net profit	15.933	(15.933)		8.510	8.510
<b>Total Shareholders' Equity</b>	<b>131.173</b>	<b>(7.820)</b>	<b>(266)</b>	<b>6.839</b>	<b>129.926</b>

(€ '000)	Balance at December 31, 2014	Allocation of previous year net profit	Other changes	Comprehensive income of the period	Balance at December 31, 2015
Capital stock	8.840				8.840
Share premium reserve	12.245				12.245
Legal reserve	1.768				1.768
Suspended-tax revaluation reserve	585				585
Other suspended-tax reserves	68				68
Other reserves	19.586	1.339		(30)	20.895
Conversion differences	(248)			1.323	1.075
Extraordinary reserve	55.286	6.083		207	61.576
Reserve for FTA	3.715				3.715
Reserve for discounting of Employee Termination Indemnity	111			(35)	76
Merger surplus reserve	4.397,00				4.397
Retained earnings	-				-
Net profit	13.542	(13.542)		15.933	15.933
<b>Total Shareholders' Equity</b>	<b>119.895</b>	<b>(6.120)</b>	<b>-</b>	<b>17.398</b>	<b>131.173</b>

# Notes to the Interim Consolidated Financial Statements

## at June 30, 2016

### I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9. The company is listed in the Italian Market of Shares (MTA) managed by Borsa Italiana S.p.A.

Cembre S.p.A. and its subsidiaries (hereinafter referred to jointly as “the Cembre Group” or “the Group”) are active primarily in the manufacturing and sale of electrical connectors and related tools.

The publication of the Interim Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2016 was authorized by a resolution of the Board of Directors dated September 9, 2016.

Cembre S.p.A. is controlled by Lysne S.p.A., a holding company based in Brescia, that does not direct or coordinate its subsidiary.

### II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Form and content

The present Consolidated Interim Report at June 30, 2016 was prepared under IAS 34 on Interim Reports.

This consolidated interim report does not include all additional information required for annual reports and must be read in conjunction with the Financial Statements at December 31, 2015. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

#### Accounting principles

Principles adopted in the preparation of the present Consolidated Interim Report are those formally approved by the European Union in force at June 30, 2016 and are

consistent with those adopted in the preparation of the Consolidated Financial Statements at December 31, 2015.

### **Future changes in accounting principles**

The following updates of IFRS (already approved by the IASB), interpretations and amendments are in the process of being incorporated into European Union regulations:

	<b>Applicable from</b>
<b>New Principles</b>	
IFRS 9 – Financial Instruments	January 1, 2018
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

The Cembre Group will evaluate in the next months the possible effects of the adoption of the new principles.

### **Translation of financial statements expressed in currencies other than the euro**

The functional and reporting currency of the Group is the euro.

Financial statements denominated in functional currencies other than the euro are translated according to the following criteria:

- assets and liabilities are translated at the exchange rate applicable at the date of the financial statements;
- income statement items are translated at the average exchange rate for the period;
- foreign-exchange translation differences are recorded in a specific Shareholders' Equity reserve.

At the time at which a foreign subsidiary is disposed of, accumulated foreign-exchange differences recorded under Shareholders' Equity relating to the same are taken to the Income Statement.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below.

Currency	Exchange rate at June 30, 2016	Average exchange rate for the 1 <sup>st</sup> Half of 2016
British pound (€/£)	0.8265	0.7788
US dollar (€/€)	1.1102	1.1159
Norwegian kroner (€/NOK)	9.3008	9.4197

### III. SEASONAL FACTORS

The Group's activity is not subject to cyclical or seasonal swings in activity with the exception of the slowdown registered in August for the Summer holidays, and in December for the Christmas holidays.

#### IV. SEGMENT INFORMATION

IFRS 8 requires segment information to be supplied using the same elements on which management bases internal reporting.

Cembre adopted as its primary reporting focus information by geographical area based on the location in which the operations of the company are based or the production process takes place. As the Cembre Group operates in a single segment denominated “Electric connectors and related tools”, items based on this element are not usually utilized for the purposes of internal reporting.

1 <sup>st</sup> Half of 2016	Italy	Rest of Europe	Rest of World	Elimination of intragroup	TOTAL
<b>Revenues</b>					
Sales to customers	35,228	22,078	5,379		62,685
Sales to other Group companies	14,035	939	21	(14,995)	-
Revenues by sector	49,263	23,017	5,400	(14,995)	62,685
Operating profit by sector	10,414	1,577	303		12,294
Overhead costs not assigned					-
Operating profit					12,294
Financial income (expense)					(100)
Income taxes					(3,684)
Net profit					8,510

1 <sup>st</sup> Half of 2015	Italy	Rest of Europe	Rest of World	Elimination of intragroup	TOTAL
<b>Revenues</b>					
Sales to customers	34,731	22,910	5,396		63,037
Sales to other Group companies	14,086	850	305	(15,241)	-
Revenues by sector	48,817	23,760	5,701	(15,241)	63,037
Operating profit by sector	9,907	2,307	252		12,466
Overhead costs not assigned					-
Operating profit					12,466
Financial income (expense)					223
Income taxes					(3,737)
Net profit					8,952

As the breakdown of sales by geographical area is different from that of the related Group activities, a breakdown of sales by geographical area of customers is shown below.

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015
Italy	25,446	25,312
Europe	26,250	26,283
Rest of World	10,989	11,442
	<b>62,685</b>	<b>63,037</b>

The breakdown of assets and liabilities is shown below:

December 31, 2016	Italy	Rest of Europe	Rest of World	TOTAL
<b>Assets and Liabilities</b>				
Assets of the sector	116,663	36,259	6,952	159,874
Unassigned assets				(4,284)
<b>Total assets</b>				<b>155,590</b>
Liabilities of the sector	21,071	4,649	177	25,897
Unassigned liabilities				(233)
<b>Total liabilities</b>				<b>25,664</b>

June 30, 2015	Italy	Rest of Europe	Rest of World	TOTAL
<b>Assets and Liabilities</b>				
Assets of the sector	114,240	37,924	7,959	160,123
Unassigned assets				(4,365)
<b>Total assets</b>				<b>155,758</b>
Liabilities of the sector	20,404	4,151	51	24,606
Unassigned liabilities				(21)
<b>Total liabilities</b>				<b>24,585</b>

1 <sup>st</sup> Half of 2016	Italy	Rest of Europe	Rest of World	TOTAL
<b>Other information by sector</b>				
Capital expenditure:				
- Property, plant and equipment	2,216	231	13	2,460
- Intangible assets	247	2	-	249
<b>Total investments</b>				<b>2,709</b>
Depreciation and amortization:				
- Property, plant and equipment	(2,228)	(370)	(58)	(2,656)
- Intangible assets	(250)	(10)	-	(260)
<b>Accruals to provision for employee benefits</b>	417	-	-	<b>417</b>
<b>Average no. of employees</b>	453	182	24	<b>659</b>

1 <sup>st</sup> Half of 2015	Italy	Rest of Europe	Rest of World	TOTAL
<b>Other information by sector</b>				
Capital expenditure:				
- Property, plant and equipment	2,212	414	86	2,712
- Intangible assets	226	2	-	228
<b>Total investments</b>				<b>2,940</b>
Depreciation and amortization:				
- Property, plant and equipment	(2,109)	(396)	(57)	(2,562)
- Intangible assets	(216)	(13)	-	(229)
<b>Accruals to provision for employee benefits</b>	423	-	-	<b>423</b>
<b>Average no. of employees</b>	432	170	23	<b>625</b>

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	42,699	54,199	11,496	7,687	38	1,075	117,194
Revaluation FTA of IFRS	5,921	-	-	-	-	-	5,921
Revaluations for tax purposes	936	47	-	-	-	-	983
Accumulated depreciation	(10,466)	(34,414)	(8,186)	(5,577)	(20)	-	(58,663)
<b>Bal. at Dec. 31, 2015</b>	<b>39,090</b>	<b>19,832</b>	<b>3,310</b>	<b>2,110</b>	<b>18</b>	<b>1,075</b>	<b>65,435</b>
Increases	155	927	430	162	-	786	2,460
Currency translation differences	(341)	(178)	-	(26)	-	-	(545)
Depreciation	(485)	(1,544)	(269)	(321)	(3)	-	(2,622)
Net divestments	-	(2)	(51)	(51)	-	-	(104)
Reclassifications	-	165	91	-	-	(256)	-
<b>Bal. at June 30, 2016</b>	<b>38,419</b>	<b>19,200</b>	<b>3,511</b>	<b>1,874</b>	<b>15</b>	<b>1,605</b>	<b>64,624</b>

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	42,104	51,493	10,208	7,051	38	912	111,806
Revaluation FTA of IFRS	5,921	-	-	-	-	-	5,921
Revaluations for tax purposes	936	53	-	-	-	-	989
Accumulated depreciation	(9,590)	(32,028)	(7,717)	(5,317)	(14)	-	(54,666)
<b>Bal. at Dec. 31, 2014</b>	<b>39,371</b>	<b>19,518</b>	<b>2,491</b>	<b>1,734</b>	<b>24</b>	<b>912</b>	<b>64,050</b>
Increases	167	1,294	321	597	-	333	2,712
Currency translation differences	282	147	1	38	-	-	468
Depreciation	(472)	(1,473)	(221)	(346)	(3)	-	(2,515)
Net divestments	(24)	(55)	(4)	(17)	-	-	(100)
Reclassifications	(84)	227	33	4	-	(180)	-
<b>Bal. at June 30, 2015</b>	<b>39,240</b>	<b>19,658</b>	<b>2,621</b>	<b>2,010</b>	<b>21</b>	<b>1,065</b>	<b>64,615</b>

Capital expenditure in the 1<sup>st</sup> Half of 2016 amounted to €2,460 thousand and consisted primarily of investments made by the parent company.

Plant and equipment acquired amounted to €744 thousand relating primarily to the renovation of the Company's headquarters and the new dehumidification system for the plastic manufacturing process. Among equipment purchased, dies represented an expense of €315 thousand. Finally, advances for equipment to be delivered amounted to

€495 thousand. Investments for work in progress carried out in-house amounted to €291 thousand.

Item Land and buildings includes the €5,921 thousand revaluation made upon the first-time application of international accounting principles (IAS).

## 2. INVESTMENT PROPERTY

	Land and buildings	Plant and equipment	Other assets	Total
Historical cost	2,430	278	5	2,713
Accumulated depreciation	(752)	(243)	(3)	(998)
<b>Balance at Dec. 31, 2015</b>	<b>1,678</b>	<b>35</b>	<b>2</b>	<b>1,715</b>
Depreciation expense	(29)	(4)	(1)	(34)
<b>Balance at June 30, 2016</b>	<b>1,649</b>	<b>31</b>	<b>1</b>	<b>1,681</b>

The Group vacated the industrial buildings located in Calcinato (Bergamo) and Coslada (Madrid). Awaiting for a recovery of the real estate market that would improve sale conditions, these buildings and the related plant and equipment were reclassified among investment properties.

## 3. INTANGIBLE ASSETS

	Development costs	Patents	Software	Other	Work in progress	Total
Historical cost	1.263	332	4.426	63	2	6.086
Accumulated depreciation	(720)	(279)	(3.737)	(14)	-	(4.750)
<b>Balance at Dec. 31, 2015</b>	<b>543</b>	<b>53</b>	<b>689</b>	<b>49</b>	<b>2</b>	<b>1.336</b>
Increases	167	31	33	-	18	249
Currency translation differences	-	-	(2)	-	-	(2)
Amortization expenses	(101)	(23)	(130)	(6)	-	(260)
Net divestments	-	-	2	-	(2)	-
<b>Balance at June 30, 2016</b>	<b>609</b>	<b>61</b>	<b>592</b>	<b>43</b>	<b>18</b>	<b>1.323</b>

## 4. INVENTORIES

	June 30, 2016	Dec. 31, 2015	Change
Raw materials	9,220	8,291	929
Work in progress and semi-finished goods	10,308	9,804	504
Finished goods	20,420	21,096	(676)
<b>Total</b>	<b>39,948</b>	<b>39,191</b>	<b>757</b>

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €2,163

thousand. Changes in the provision in the 1<sup>st</sup> Half of 2016 are shown in the table that follows:

	June 30, 2016	Dec. 31, 2015
<b>Balance at beginning of the period</b>	<b>2,177</b>	<b>2,042</b>
Accruals	75	424
Uses	(30)	(344)
Currency translation differences	(59)	55
<b>Balance at end of the period</b>	<b>2,163</b>	<b>2,177</b>

## 5. TRADE RECEIVABLES

	June 30, 2016	Dec. 31, 2015	Change
Gross trade receivables	30,894	27,750	3,144
Provision for doubtful accounts	(1,145)	(1,378)	233
<b>Total</b>	<b>29,749</b>	<b>26,372</b>	<b>3,377</b>

### Trade receivables by geographical area

	June 30, 2016	Dec. 31, 2015	Change
Italy	18,183	15,529	2,654
Europe	10,776	10,190	586
America	1,184	1,299	(115)
Oceania	123	348	(225)
Middle East	94	35	59
Far East	346	258	88
Africa	188	91	97
<b>Total</b>	<b>30,894</b>	<b>27,750</b>	<b>3,144</b>

Average collection time increased from 72 days in 2015 to 80 days in the 1<sup>st</sup> Half of 2016.

Changes in the provision for doubtful accounts are shown in the table that follows:

	June 30, 2016	Dec. 31, 2015
<b>Balance at beginning of the period</b>	<b>1.378</b>	<b>1.185</b>
Accruals	18	417
Uses	(72)	(227)
Reversal of accrual	(177)	-
Currency translation differences	(2)	3
<b>Balance at end of the period</b>	<b>1.145</b>	<b>1.378</b>

In February 2016 Cembre moreover stipulated an insurance policy against commercial credit risk with a primary insurance company. The provision for doubtful accounts was

reassessed to take into account risks covered by said insurance company and the provision was consequently reduced by €177 thousand.

#### Breakdown of receivables by maturity

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
June 30, 2016	27.555	2.457	240	79	388	175	30.894
Dec. 31, 2015	23.136	3.761	132	143	412	166	27.750

#### 6. OTHER ASSETS

	June 30, 2016	Dec. 31, 2015	Change
Receivables from employees	29	69	(40)
Advances to suppliers	445	252	193
Other	132	246	(114)
<b>Total</b>	<b>606</b>	<b>567</b>	<b>39</b>

Item *Other* includes prevalently receivables of the parent company relating to social security.

#### 7. SHAREHOLDERS' EQUITY

The capital stock of the parent company amounts to €8,840 thousand, and is made up of 17 million ordinary shares of par value €0.52 each, fully underwritten and paid-up.

At June 30, 2016 the Company owned 19,722 treasury shares, corresponding to 0.12% of its capital stock. A liability amounting to €266 thousand was recorded under equity against the purchase of these shares.

A reconciliation between the Shareholders' Equity and net profit of the parent company and the Consolidated Shareholders' Equity and net profit is provided in the Report on Operations.

Changes in individual components of the Consolidated Shareholders' Equity are shown in the Statement of Changes in the Consolidated Shareholders' Equity included in the Consolidated Financial Statements.

The consolidation reserve is made up as follows:

	June 30, 2016	Dec. 31, 2015
Elimination of investments in subsidiaries	24,527	22,774
Elimination of unrealized intra-group profit in stock	(4,384)	(3,623)
German subsidiary product warranty provision reversal	21	21
Dividends from subsidiaries	2,250	1,719
Currency translation differences on intra-group payables and receivables	1	6
Intra Group gains and reconciliations	(3)	(2)
<b>Total</b>	<b>22,412</b>	<b>20,895</b>

## 8. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Severance Indemnity accrued for employees of the parent company. Special retirement benefits, due in accordance with French regulations to persons employed in France at the time of retirement, are also included in the provision.

At June 30, 2016, in view of the lack of changes in the discounting parameters, the Group decided to maintain unchanged the discounting effect at December 31, 2015.

	June 30, 2016	Dec. 31, 2015
<b>Beginning balance</b>	<b>2,617</b>	<b>2,554</b>
Accruals	417	829
Uses	(228)	(232)
Social security (INPS) treasury	(253)	(635)
Discounting effect	-	101
<b>Closing balance</b>	<b>2,553</b>	<b>2,617</b>

Total amounts accrued with the INPS (Social Security) treasury amounted at June 30, 2016 to €5,506 thousand.

## 9. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2016	Dec. 31, 2015
<b>Deferred tax liabilities</b>		
Elimination of unrealized intra-group profits in stock	1,569	1,697
Write-down of inventories	241	241
Goodwill amortization	5	8
Provision for French personnel costs	77	77
Provision for doubtful accounts of parent company	186	228
Differences on amortization and depreciation of parent company	128	132

Other	145	167
<b>Gross deferred tax liabilities</b>	<b>2,351</b>	<b>2,550</b>
<b>Deferred tax assets</b>		
Average cost valuation of inventories by the parent	(229)	(297)
Accelerated depreciation	(212)	(242)
Elimination of Cembre GmbH product warranty provision	(10)	(10)
Reversal of land depreciation	(24)	(24)
Revaluation of land	(1,652)	(1,652)
Discounting of employee termination indemnity	7	7
Differences on amortization and depreciation of US subsidiary	(15)	(15)
Foreign exchange translation differences	(1)	(2)
<b>Gross deferred tax assets</b>	<b>(2,136)</b>	<b>(2,235)</b>
<b>Net deferred tax liabilities</b>	<b>215</b>	<b>315</b>

## 10. TRADE PAYABLES

	June 30, 2016	Dec. 31, 2015	Change
Payable to suppliers	11,390	11,627	(237)
Advances	49	26	23
<b>Total</b>	<b>11,439</b>	<b>11,653</b>	<b>(214)</b>

### Trade payables by geographical area

	June 30, 2016	Dec. 31, 2015	Change
Italy	9,634	10,387	(753)
Rest of Europe	1,539	1,228	311
America	10	2	8
Far East	204	-	204
Other	3	10	(7)
<b>Total</b>	<b>11,390</b>	<b>11,627</b>	<b>(237)</b>

## 11. OTHER PAYABLES

	June 30, 2016	Dec. 31, 2015	Change
Payables to employees	3,789	1,711	2,078
Employee withholding taxes payable	401	1,167	(766)
Bonuses owed to customers	438	337	101
VAT and similar foreign taxes payable	1,246	964	282
Commissions payable	237	231	6
Payable to Statutory Auditors and similar foreign	19	19	-
Payable to Directors	7	7	-
Social security payables	1,728	2,535	(807)
Payable on sundry taxes	68	59	9
Other	152	182	(30)
Accrued liabilities	(95)	(255)	160
<b>Total</b>	<b>7,990</b>	<b>6,957</b>	<b>1,033</b>

## 12. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1<sup>st</sup> Half of 2016, revenues declined by 0.6% on the corresponding period in the previous year. Domestic sales represented 40.6% of total sales and grew by 0.5% on the 1<sup>st</sup> Half of 2015, while sales in the rest of Europe represented 41.9% of the total, down 0.1% on the 1<sup>st</sup> Half of 2015. Sales in the rest of the world represented 17.5% of total sales, down 3.95% on the 1<sup>st</sup> Half of 2015. In compliance with accounting principles, revenues are recorded net of discounts and bonuses to customers, in addition to adjustments to estimates of prior year's sales.

## 13. OTHER REVENUES

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Rent	-	1	(1)
Capital gains	27	69	(42)
Insurance damages	5	2	3
Reimbursements	198	196	2
Other	193	92	101
<b>Total</b>	<b>423</b>	<b>360</b>	<b>63</b>

Reimbursements relate primarily to transport costs charged to customers.

## 14. COST OF SERVICES

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Subcontracted work	1,414	1,660	(246)
Electricity, heating and water	748	807	(59)
Transport of goods sold	915	905	10
Fuel	190	221	(31)
Travelling expenses	607	491	116
Maintenance and repair	876	924	(48)
Consulting	727	685	42
Advertising and promotion	321	310	11
Insurance	404	345	59
Boards' compensation	378	365	13
Postage and telephone	183	165	18
Commissions	250	263	(13)
Security and cleaning	259	243	16
Bank charges	84	78	6
Other	346	319	27
<b>Total cost of services</b>	<b>7,702</b>	<b>7,781</b>	<b>(79)</b>

**15. PERSONNEL COSTS**

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Wages and salaries	13,890	13,327	563
Social security contributions	3,491	3,404	87
Employee termination indemnity	559	541	18
Retirement benefits	101	108	(7)
Other costs	252	224	28
<b>Total</b>	<b>18,293</b>	<b>17,604</b>	<b>689</b>

Wages and salaries include €603 thousand relating to outsourced personnel, mainly of the parent company.

**Average number of employees by category**

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Managers	14	14	-
Administrative and commercial staff	295	285	10
Workers	309	301	8
Outsourced personnel	41	25	16
<b>Total</b>	<b>659</b>	<b>625</b>	<b>34</b>

**Average number of employees by Group company**

	Managers	White collars	Blue collars	Outsourced personnel	Total 1 <sup>st</sup> Half 2016	Total 1 <sup>st</sup> Half 2015	Change
Parent Company	6	191	230	26	453	432	21
Cembre Ltd.	2	35	56	-	93	96	(3)
Cembre Sarl	1	18	6	-	25	24	1
Cembre España SL	1	22	6	10	39	30	9
Cembre AS	-	1	-	-	1	2	(1)
Cembre Inc.	3	16	5	-	24	23	1
Cembre GmbH	1	12	6	5	24	18	6
<b>Total</b>	<b>14</b>	<b>295</b>	<b>309</b>	<b>41</b>	<b>659</b>	<b>625</b>	<b>34</b>

The increase in personnel costs is due mainly to the increase in the number of employees of the parent company and is due to the strengthening of the Company structure, and in particular of the sales department, in view of the expansive sales policy implemented by the Group.

**16. OTHER OPERATING COSTS**

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Sundry taxes	364	358	6

Losses on receivables	-	17	(17)
Capital losses	4	83	(79)
Donations	12	8	4
Other	167	226	(59)
<b>Total</b>	<b>547</b>	<b>692</b>	<b>(145)</b>

Item *Other* includes prevalently sundry costs incurred by the parent company.

## 17. FINANCIAL INCOME (EXPENSE)

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Other financial charges	(1)	(1)	-
	(1)	(1)	-
Interest earned on bank account balances	13	16	(3)
Other financial income	-	1	(1)
	13	17	(4)
<b>Financial income (expense)</b>	<b>12</b>	<b>16</b>	<b>(4)</b>

## 18. INCOME TAXES

Income taxes are made up as follows:

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Current taxes	(3,558)	(4,063)	505
Deferred taxes	(126)	400	(526)
Net extraordinary gains	-	(74)	74
<b>Total</b>	<b>(3,684)</b>	<b>(3,737)</b>	<b>53</b>

In view of the complexity of the calculation and the immateriality of the difference between theoretical and actual tax expense recorded in the past, taxes for some foreign subsidiaries were calculated based on the theoretical tax rate. We therefore limit our analysis to the comparison between actual tax and theoretical tax expense for the 1<sup>st</sup> Half of 2016 and the 1<sup>st</sup> Half of 2015, postponing a reconciliation to the financial statements at December 31, 2016.

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015
Profit before taxes	12,194	12,689
Income taxes	(3,684)	(3,737)
<b>Effective tax rate</b>	<b>30.21%</b>	<b>29.45%</b>
Theoretical tax rate (*)	31.40%	31.40%

(\*)Tax rate of the parent company (IRES + IRAP)

At June 30, 2016 there were no temporary differences and loss carry-forwards on which no deferred tax asset or liability had been recorded.

### Deferred and prepaid taxes

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015
Elimination of unrealized intra-group profits in stock	(128)	291
Provision for doubtful accounts of parent company	(42)	34
Differences on amortization and depreciation of US subsidiary	-	30
Average cost valuation of inventories by the parent	68	(46)
Accelerated depreciation	30	(20)
Write-down of inventories	-	18
Differences on amortization and depreciation of parent company	(4)	(2)
Goodwill amortization	(3)	(2)
Other	(47)	97
<b>Prepaid/deferred taxes for the period</b>	<b>(126)</b>	<b>400</b>

## 19. COMPREHENSIVE INCOME

The Cembre Group chose to adopt IAS 1 Revised providing for the use of a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders' Equity are reported separately and result as an increase or decrease of net profit for the period. At June 30, 2016, the only difference relates to foreign exchange translation differences arising upon consolidation on the translation into euro of the financial statements of companies whose functional currency is not the euro.

## 20. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the period, that were 19,722 .

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015
Consolidated net profit (€'000)	8,510	8,952
No. of ordinary shares ('000)	16,980	17,000
<b>Basic and diluted earnings per share</b>	<b>0.50</b>	<b>0.53</b>

## 21. NET FINANCIAL POSITION

The net financial position of the Group amounted at June 30, 2016 to a surplus of €14,548 thousand, down €3,254 thousand on December 31, 2015 due to capital expenditure made in the first six months of the year and the payment of dividends for financial year 2015.

At June 30, 2016, the Group had no outstanding debt involving covenants or negative pledges. Below we include the Net Financial Position of the Group, as provided by Consob in Regulation DEM/6064313 dated July 28, 2006.

		1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015
A	Cash	18	13
B	Bank deposits	9,540	11,646
<b>C</b>	<b>Cash and equivalents (A+B)</b>	<b>9,558</b>	<b>11,659</b>
D	Financial receivables	-	-
<b>E</b>	<b>Current financial debt (E+F)</b>	<b>(1,194)</b>	<b>-</b>
<b>F</b>	<b>Net current financial position (C+D+E)</b>	<b>8,364</b>	<b>11,659</b>
<b>G</b>	<b>Non-current financial debt</b>	<b>-</b>	<b>-</b>
<b>H</b>	<b>Net financial position (H+F+G)</b>	<b>8,364</b>	<b>11,659</b>

## 22. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2016.

	Payables	Receivables	Revenues	Purchases
Cembre Ltd.	339	3	3,743	99
Cembre S.a.r.l.	439	-	2,071	2
Cembre España S.L.	934	2	2,513	7
Cembre AS	48	-	259	-
Cembre GmbH	903	11	2,168	22
Cembre Inc.	2,453	1	3,559	4
<b>TOTAL</b>	<b>5,116</b>	<b>17</b>	<b>14,313</b>	<b>134</b>

Revenues above include revenues from the charging to subsidiaries of costs incurred in the maintenance of the information system and royalties for the use of the *Cembre* trademark, amounting to €211 thousand.

With reference to assets and liabilities relating to subsidiaries shown above, we confirm that transactions with the same and with related parties fall within the scope of normal operating activities.

Among assets leased to Cembre by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Milan, Padua and Bologna sales offices, all of which are owned by company Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Giovanni Rosani and Sara Rosani, directors of Cembre S.p.A. Lease payments for the 1<sup>st</sup> Half of 2016 amounted to €265 thousand. Rent is in line with market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases. At June 30, 2016, all amounts due to Tha Immobiliare had been settled.

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A.. Rent for the 1<sup>st</sup> Half of 2016 amounted to £20 thousand, in line with market conditions.

	1 <sup>st</sup> Half of 2016	1 <sup>st</sup> Half of 2015	Change
Rent paid to related parties	289	265	24

Cembre S.p.A. does not have direct relationships with its parent company Lysne S.p.A. of any other nature than that of the exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not carry out any management or coordination activity with respect to Cembre S.p.A.

#### Boards' compensation

In the 1<sup>st</sup> Half of 2016, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

	Statutory Auditors	Directors
Emoluments as directors and auditors of the parent company	44	265
Retribution as employees	-	150
Non-monetary benefits	-	8

Non-monetary benefits relate to the use of a company car and insurance policies underwritten in favor of directors.

Consistent with its remuneration policy, the Company introduced a variable compensation based on medium and long-term objectives for its Managing Director. This remuneration will be paid out in 2018 contingent on the achievement of objectives set for financial years 2014-2017 by the Board of Directors, upon proposal of the Remuneration Committee. The Company prudentially accrued a provision of €25 for the part relating to the 1<sup>st</sup> Half of 2016.

### **23. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Group does not make significant use of derivative instruments to hedge against interest risk and currency exposure.

The short term maturity of a large part of the financial instruments held is such that their carrying value is in line with their fair value of the same.

#### Risks connected with the market

The Group faces these risks with ongoing innovation, the widening of the product range and the upgrade of its production process, implementing focused marketing policies also with the help of its foreign subsidiaries.

#### Interest rate risk

At June 30, 2016 the Group had no loans outstanding with the exception of bank overdrafts to face ordinary liquidity needs.

#### Currency risk

Despite a strong international presence, the Group does not have a significant exposure to currency risk (on an operating or equity basis), as it operates mainly in the euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is determined mainly by sales in US dollars, British pounds and Norwegian kroners. The size of these transactions is not significant in influencing the overall performance of the Group.

As described in the consolidation principles section, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the Internet site of the *Ufficio Italiano Cambi*.

In the table that follows we report the economic effect of possible fluctuations in exchange rates for main financial figures of consolidated companies operating outside the euro area.

	Currency	Exchange rate fluctuation	Effect on Shareholders' Equity	Effect on sales	Effect on pre-tax profit
Cembre Ltd.	GBP	5% / -5%	683 / (683)	502 / (502)	66 / (66)
Cembre AS (in liquidation)	NOK	5% / -5%	18 / (18)	10 / (10)	(5) / 5
Cembre Inc.	USD	5% / -5%	320 / (320)	270 / (270)	15 / (15)

At June 30, 2016, the effect of foreign-exchange transactions is negative by €112 thousand.

#### Liquidity risk

The exposure of the Group to liquidity risk is not material as its financial position is balanced. The collection and payment cycle is also in balance, as shown by the ratio of current assets to current liabilities which is considerably above 2.

#### Credit risk

Exposure to credit risk relates exclusively to trade receivables.

As shown in note 5, none of the areas in which the Group operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide secured guarantees. Receivables matured over 12 months and those under litigation are widely covered by the provision for bad debt accrued. In February 2016 Cembre moreover stipulated an insurance policy against

commercial credit risk with a primary insurance company, allowing it to reduce further exposure to credit risk.

## 24. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2016.

## 25. CONSOLIDATED COMPANIES

The consolidation area is unchanged from December 31, 2015.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2016	Share held at Dec. 31, 2015
Cembre Ltd.	Sutton Coldfield (Birmingham - UK)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	Torrejón de Ardoz (Madrid)	€ 2,902,000	100% (*)	100% (*)
Cembre AS (in liquidation)	Stokke (Norway)	NOK 2,400,000	100%	100%
Cembre GmbH	Munich (Germany)	€ 1,812,000	100% (*)	100% (*)
Cembre Inc.	Edison (New Jersey , US)	US\$ 1,440,000	100%**)	100%**)

(\*) of which 5% held through Cembre Ltd.

(\*\*) of which 29% held through Cembre Ltd.

Brescia, September 9, 2016

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE S.P.A.**

Giovanni Rosani

**Sede:**  
Via Serenissima, 9  
25135 Brescia  
Tel.: 030 3692.1  
Telefax: 030 3365766  
www.cembre.com  
E-mail: Info@cembre.com



**C e m b r e**

## **Attestation of the Half-year Condensed Financial Statements**

pursuant to art 154-bis Paragraph 5, of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations" and subsequent integrations and updates

The undersigned Giovanni Rosani and Claudio Bornati in their capacity respectively of, Managing Director and Manager responsible for preparing the financial reports of Cembre S.p.A., attest, pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no.58 dated February 24, 1998, as amended and integrated:

- the adequacy in relation to the characteristics of the company, and
- the application of

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1<sup>st</sup> Half of 2016.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1<sup>st</sup> Half of 2016:

- correspond to the document results, books and accounting records;
- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated July 19, 2002;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

It is furthermore attested that the Report on Operations includes reference to important events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year, in addition to information on significant related-party transactions. The interim management statement also contains a reliable analysis of the information on significant transactions with related parties.

Brescia, September 9, 2016

the Chairman and  
Managing Director

signed by  
Giovanni Rosani

the Manager responsible for  
preparing the financial reports

signed by  
Claudio Bornati



## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of  
Cembre SpA

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Cembre SpA and its subsidiaries (the Cembre Group) as of June 30, 2016, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement and notes to the accounts. The directors of Cembre SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of review

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

### Conclusion

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

---

#### **PricewaterhouseCoopers SpA**

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



30, 2016 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, 9 September 2016

PricewaterhouseCoopers SpA

Signed By

Alessandro Vincenzi  
(Partner)

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