



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

INTERIM REPORT

2016 FIRST QUARTER

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 quarterly report 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)

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Corporate Boards and Independent Auditors

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

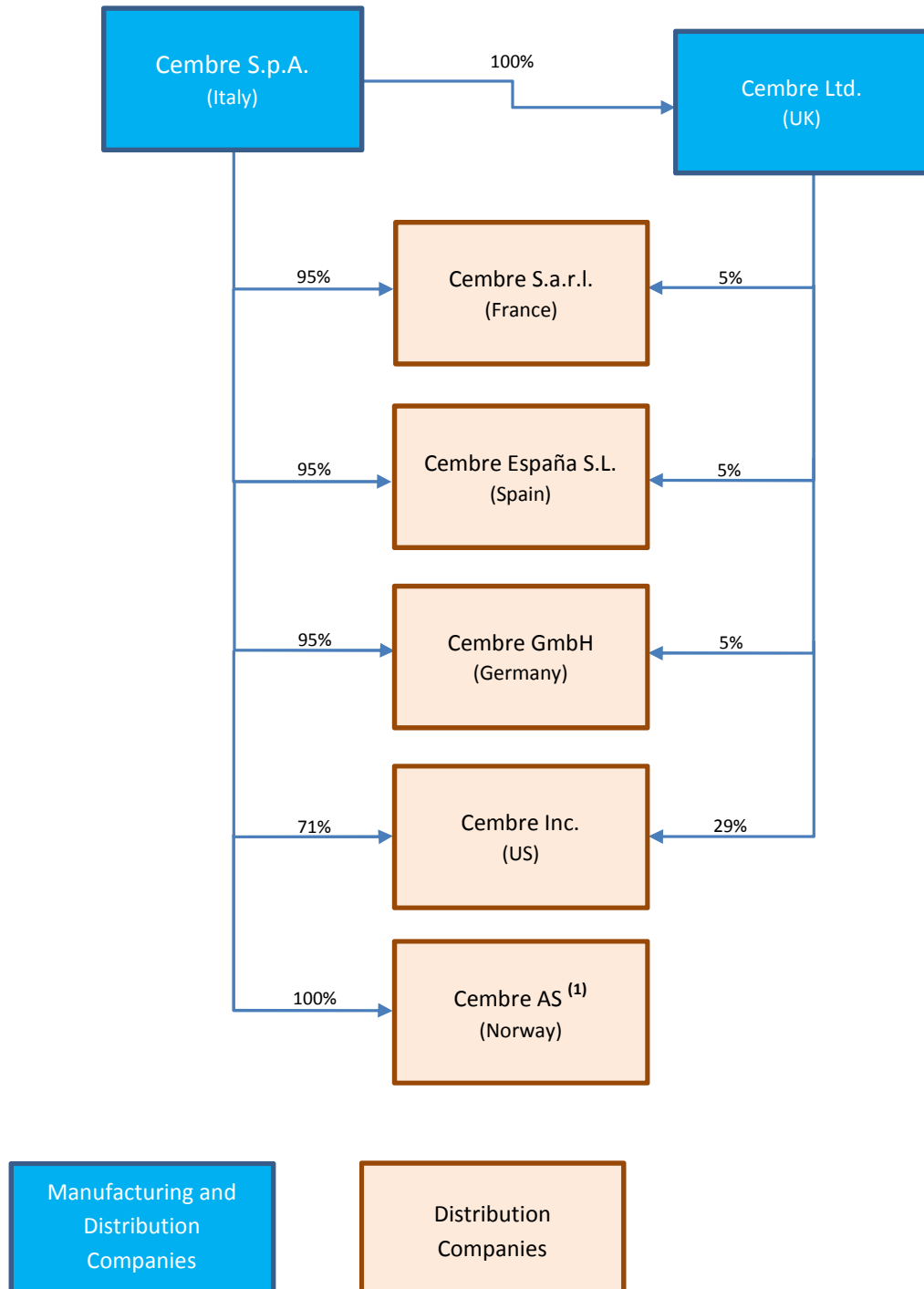
Board of Statutory Auditors

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.

Group Structure



(1) Under liquidation since March 2016

Management Report

In the 1st Quarter of 2016 consolidated sales amounted to €30,327, declining slightly (down 1.8%) on €30,897 in the corresponding period in 2015.

In the period, Group companies had contrasting performances, as the parent company reported an increase in both domestic sales and exports (up by an overall 3.1%), while the French and German subsidiaries reported respectively an 8.5 and 3.1% increase in sales and the US and UK subsidiaries continued along their negative trend, with sales declining respectively by 3.2 and 12.1%. The Spanish subsidiary also reported a decline in sales, with turnover down 12.1%.

Starting with 2016, the Group has entrusted the distribution of its products in the Scandinavian market to a company different from its Norwegian subsidiary Cembre AS. The new distributor has wider operations in the area than Cembre AS and is more suited to improve 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):

<i>(euro '000)</i>	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Parent	16,987	16,483	3.1%	13,543	13,014	13,624	15,762	11,381	9,727	13,622
Cembre Ltd. (UK)	4,757	5,460	-12.9%	5,770	4,850	4,592	3,588	2,654	2,425	3,399
Cembre S.a.r.l. (France)	2,339	2,156	8.5%	2,098	2,070	2,203	1,934	1,514	1,696	1,669
Cembre España S.L. (Spain)	1,889	2,149	-12.1%	1,845	1,586	1,527	1,932	2,097	1,860	3,622
Cembre GmbH (Germany)	1,697	1,646	3.1%	1,737	1,685	1,813	1,769	1,220	1,199	1,358
Cembre Inc. (US)	2,635	2,721	-3.2%	2,346	2,268	2,166	1,656	1,216	1,188	1,779
Cembre AS (Norway) (in liquidation)	23	282	-91.8%	190	199	204	159	131	144	160
Total	30,327	30,897	-1.8%	27,529	25,672	26,129	26,800	20,213	18,239	25,609

In the 1st Quarter of 2016, 40.5% of Group sales were represented by Italy (as compared with 38.7% in the 1st Quarter of 2015), 42.0% by the rest of Europe (42.6% in the 1st Quarter of 2015), and the remaining 17.5% by the rest of the World (18.7% in the 1st

Quarter of 2015). In the same period, domestic sales grew by 2.7% while exports declined by 4.7%, with European sales (excluding Italy) declining by 3.3% and sales in the rest of the world by 7.9%.

Revenues by geographical area

(euro '000)	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Italy	12,293	11,967	2.7%	10,324	9,538	10,058	12,302	8,594	7,206	10,759
Rest of Europe	12,725	13,165	-3.3%	13,319	12,211	11,702	11,071	8,671	8,929	11,573
Rest of the world	5,309	5,765	-7.9%	3,886	3,923	4,369	3,427	2,948	2,104	3,277
Total	30,327	30,897	-1.8%	27,529	25,672	26,129	26,800	20,213	18,239	25,609

In the 1st Quarter of 2016, Group companies reported the following results, before the consolidation:

(€'000)	Sales									
	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Parent company	23,547	23,460	0.4%	20,445	18,651	20,186	21,833	15,667	14,698	20,502
Cembre Ltd. (UK)	5,099	5,847	-12.8%	6,211	5,229	5,071	4,087	2,979	2,715	3,683
Cembre S.a.r.l. (F)	2,344	2,157	8.7%	2,100	2,071	2,209	1,942	1,517	1,704	1,674
Cembre España S.L. (E)	1,890	2,154	-12.3%	1,846	1,587	1,804	1,932	2,097	1,860	3,623
Cembre GmbH (D)	1,705	1,657	2.9%	1,764	1,810	1,819	1,775	1,228	1,210	1,361
Cembre Inc. (USA)	2,656	2,728	-2.6%	2,441	2,273	2,195	1,659	1,226	1,239	1,780
Cembre AS (NOR) (in liquidation)	194	283	-31.4%	190	200	204	164	131	144	160

(€'000)	Pre-tax profit									
	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Parent company	6.801	6.692	2,4%	5.062	3.133	4.335	5.258	3.346	2.106	3.666
Cembre Ltd. (UK)	755	950	-20,5%	981	715	773	511	225	329	289
Cembre S.a.r.l. (F)	110	173	-36,4%	106	127	149	150	59	178	154
Cembre España S.L. (E)	(22)	153	-114,4%	96	50	(124)	(48)	134	101	468
Cembre GmbH (D)	66	90	-26,7%	95	40	143	208	47	32	122
Cembre Inc. (USA)	134	240	-44,2%	203	298	191	174	60	31	333
Cembre AS (NOR) (in liquidation)	(73)	3	-	15	1	7	(1)	(10)	20	42

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.

Currency	Sales										
	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008	
(€'000)											
Cembre Ltd. (UK)	Gbp	3,928	4,346	-9.6%	5,142	4,450	4,232	3,490	2,644	2,467	2,801
Cembre Inc. (USA)	Us\$	2,927	3,072	-4.7%	3,343	3,002	2,877	2,270	1,696	1,615	2,666
Cembre AS (NOR) (in liquidation)	Nok	1,844	2,467	-25.3%	1,584	1,483	1,545	1,287	1,061	1,291	1,273

Currency	Sales										
	1 st Quarter 2016	1 st Quarter 2015	Change	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008	
(€'000)											
Cembre Ltd. (UK)	Gbp	582	706	-17.6%	812	609	645	436	199	299	219
Cembre Inc. (USA)	Us\$	147	270	-45.6%	278	394	251	238	83	40	499
Cembre AS (NOR) (in liquidation)	Nok	(693)	30	-	129	11	50	(2)	(83)	181	337

To provide a better understanding of the Company's financial performance for the 1st Quarter of 2016, a Reclassified Consolidated Income Statement for the quarters ended March 31, 2016 and 2015 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit grew by 8.9% from €6,767 thousand in the 1st Quarter of 2015 (representing a 21.9% margin on sales), to €7,372 thousand (a 24.3% margin on sales) in the 1st Quarter of 2016. The cost of goods sold as a percentage of sales declined over the corresponding period in 2015 while personnel costs as a percentage of sales grew, as the number of employees increased from 621 in the 1st Quarter of 2015 to 647 in the 1st Quarter of 2016. The cost of services received as a percentage of sales remained stable.

Consolidated operating profit for the 1st Quarter of 2016 amounted to €5,930 thousand, representing a 19.6% margin on sales, up 9.7% on €5,408 thousand in the 1st Quarter of 2015 when it represented a 17.5% margin on sales.

Consolidated profit before taxes for the 1st Quarter of 2016 was equal to €5,763 thousand, representing a 19.0% margin on sales, down 1.9% on €5,876 thousand in the 1st Quarter of 2015, when it represented 19% of sales. The decline is due to the strengthening of the euro in the quarter which resulted in a currency translation loss of

€175 thousand, as compared with a €458 thousand gain registered in the 1st Quarter of 2015.

Consolidated net profit for the 1st Quarter of 2016 was equal to €3,968 thousand, representing a 13.1% margin on sales, up 2.6% on €3,867 thousand in the 1st Quarter of 2015, when it represented 12.5% of sales.

The consolidated net financial position of the Group improved from a surplus of €17.8 million at December 31, 2015, to a surplus of €19.2 million at March 31, 2016. At March 31, 2015, the net financial position amounted to a surplus of €13.8 million.

	(euro '000)	March 31, 2016	December 31, 2015	March 31, 2015
A	Cash	33	18	17
B	Bank deposits	19,149	17,784	13,750
C	Cash and cash equivalents (A+B)	19,182	17,802	13,767
D	Current financial debt	-	-	-
E	Net current financial position (C+D)	19,182	17,802	13,767
F	Non-current financial debt	-	-	-
G	Net financial position (E+F)	19,182	17,802	13,767

Capital expenditure made in the 1st Quarter of 2016 by the Group amounted to €0.8 million and included €0.2 million of new plant and machinery and €0.1 million of equipment. In the 1st Quarter of 2015 capital expenditure had amounted to €1.3 million.

Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after March 31, 2016.

Outlook

Despite the slight decline in turnover (down 1.8%) in the 1st Quarter of 2016, Cembre expects sales to grow for the year as a whole over 2015.

The Group's activity is not subject to cyclical or seasonal factors except for the slowdown in activity in August for the summer holidays, and in December for the Christmas holidays.

Attachment 1 to the Management Report

Consolidated Income Statement

	1 st Quarter 2016	% of sales	1 st Quarter 2015	% of sales	Change
<i>(euro '000)</i>					
Revenues from sales and services provided	30,327	100.0%	30,897	100.0%	-1.8%
Other revenues	112		251		-55.4%
Total Revenues	30,439		31,148		-2.3%
Cost of goods and merchandise	(11,068)	-36.5%	(11,172)	-36.2%	-0.9%
Change in inventories	1,409	4.6%	(138)	-0.4%	-1121.0%
Cost of services received	(3,740)	-12.3%	(3,718)	-12.0%	0.6%
Lease and rental costs	(364)	-1.2%	(338)	-1.1%	7.7%
Personnel costs	(9,096)	-30.0%	(8,819)	-28.5%	3.1%
Other operating costs	(267)	-0.9%	(311)	-1.0%	-14.1%
Increase in assets due to internal construction	164	0.5%	212	0.7%	-22.6%
Write-down of current assets	(101)	-0.3%	(94)	-0.3%	7.4%
Accruals to provisions for risks and charges	(4)	0.0%	(3)	0.0%	33.3%
Gross Operating Profit	7,372	24.3%	6,767	21.9%	8.9%
Property, plant and equipment depreciation	(1,314)	-4.3%	(1,246)	-4.0%	5.5%
Intangible assets amortization	(128)	-0.4%	(113)	-0.4%	13.3%
Operating Profit	5,930	19.6%	5,408	17.5%	9.7%
Financial income	8	0.0%	10	0.0%	-20.0%
Foreign exchange gains (losses)	(175)	-0.6%	458	1.5%	-138.2%
Profit before Taxes	5,763	19.0%	5,876	19.0%	-1.9%
Income taxes	(1,795)	-5.9%	(2,009)	-6.5%	-10.7%
Net profit	3,968	13.1%	3,867	12.5%	2.6%

Consolidated Financial Statements at March 31, 2016

Consolidated Comprehensive Income Statement

	1 st Quarter 2016	1 st Quarter 2015
(<i>'000</i>)		
Revenues from sales and services provided	30,327	30,897
Other revenues	112	251
Total Revenues	30,439	31,148
Cost of goods and merchandise	(11,068)	(11,172)
Change in inventories	1,409	(138)
Cost of services received	(3,740)	(3,718)
Lease and rental costs	(364)	(338)
Personnel costs	(9,096)	(8,819)
Other operating costs	(267)	(311)
Increase in assets due to internal construction	164	212
Write-down of receivables	(101)	(94)
Accruals to provisions for risks and charges	(4)	(3)
Gross Operating Profit	7,372	6,767
Property, plant and equipment depreciation	(1,314)	(1,246)
Intangible asset amortization	(128)	(113)
Operating Profit	5,930	5,408
Financial income	8	10
Foreign exchange gains (losses)	(175)	458
Profit Before Taxes	5,763	5,876
Income taxes	(1,795)	(2,009)
Net Profit	3,968	3,867
Elements that can be reclassified into profit or loss		
Conversion difference reserves	(1,258)	1,572
Comprehensive Income	2,710	5,439

Consolidated Statement of Financial Position - Assets

ASSETS	March 31, 2016	December 31, 2015
<i>(euro '000)</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	64,433	65,435
Investment property	1,698	1,715
Intangible assets	1,317	1,336
Other investments	10	10
Other non-current assets	48	10
Deferred tax assets	2,427	2,550
TOTAL NON-CURRENT ASSETS	69,933	71,056
CURRENT ASSETS		
Inventories	39,978	39,191
Trade receivables	28,009	26,372
Tax receivables	744	770
Other receivables	634	567
Cash and cash equivalents	19,182	17,802
TOTAL CURRENT ASSETS	88,547	84,702
NON-CURRENT ASSETS HELD FOR DISPOSAL	-	-
TOTAL ASSETS	158,480	155,758

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2016	December 31, 2015
<i>(euro '000)</i>		
SHAREHOLDERS' EQUITY		
Capital stock	8,840	8,840
Reserves	121,075	106,400
Net profit	3,968	15,933
TOTAL SHAREHOLDERS' EQUITY	133,883	131,173
NON-CURRENT LIABILITIES		
Employee Severance Indemnity and other personnel benefits	2,592	2,617
Provisions for risks and charges	297	444
Deferred tax liabilities	2,228	2,235
TOTAL NON-CURRENT LIABILITIES	5,117	5,296
CURRENT LIABILITIES		
Trade payables	11,545	11,653
Tax payables	2,028	679
Other payables	5,907	6,957
TOTAL CURRENT LIABILITIES	19,480	19,289
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	24,597	24,585
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	158,480	155,758

Consolidated Statement of Cash Flows

	1 st Qtr. 2016	2015
	(euro '000)	
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,802	11,659
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	3,968	15,933
Depreciation, amortization and write-downs	1,442	5,701
(Gains)/Losses on disposal of assets	3	9
Net change in Employee Termination Indemnity	(25)	63
Net change in provisions for risks and charges	(147)	175
Operating profit (loss) before change in working capital	5,241	21,881
(Increase) Decrease in trade receivables	(1,637)	(747)
(Increase) Decrease in inventories	(787)	(900)
(Increase) Decrease in other receivables and deferred tax assets	82	(29)
Increase (Decrease) of trade payables	390	(1,401)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	292	(709)
Change in working capital	(1,660)	(3,786)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	3,581	18,095
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(111)	(601)
- tangible	(713)	(6,534)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	-	9
- tangible	364	327
Increase (Decrease) of trade payables for assets	(498)	(165)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(958)	(6,964)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in non current assets	(38)	(1)
Dividends distributed	-	(6,120)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(38)	(6,121)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	2,585	5,010
F) Foreign exchange conversion differences	(1,205)	961
G) Discounting of Employee Termination Indemnity	-	(35)
H) Restatement of deferred tax liabilities as per new tax rate	-	207
H) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F+G)	19,182	17,802
	-	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,182	17,802
Current financial liabilities	-	-
NET CONSOLIDATED FINANCIAL POSITION	19,182	17,802
INTEREST PAID	-	(1)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	33	18
Current account deposits	19,149	17,784
	19,182	17,802

Statement of Changes in the Consolidated Shareholders' Equity

<i>(euro '000)</i>	Balance at Dec. 31, 2015	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2016
Capital stock	8,840				8,840
Share premium reserve	12,245				12,245
Legal Reserve	1,768				1,768
Suspended-tax reserves	585				585
Other suspended-tax reserves	68				68
Other reserves	20,895	1,495		(53)	22,337
Conversion differences	1,075			(1,205)	(130)
Extraordinary reserve	61,576				61,576
First-time adoption of IAS/IFRS	3,715				3,715
Reserve for discounting of Employee Termination Indemnity	76				76
Merger difference	4,397				4,397
Retained earnings	-	14,438			14,438
Net profit	15,933	(15,933)		3,968	3,968
Total Shareholders' Equity	131,173	-	-	2,710	133,883

<i>(euro '000)</i>	Balance at Dec. 31, 2014	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2015
Capital stock	8,840				8,840
Share premium reserve	12,245				12,245
Legal Reserve	1,768				1,768
Suspended-tax reserves	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
First-time adoption of IAS/IFRS	3,715				3,715
Reserve for discounting of Employee Termination Indemnity	111			(35)	76
Merger difference	4,397				4,397
Retained earnings	-				-
Net profit	13,542	(13,542)		15,933	15,933
Total Shareholders' Equity	119,895	(6,120)	-	17,398	131,173

Notes to the accounts

Accounting principles, form and content of the Financial Statements, estimates

The present Interim Report at March 31, 2016 was prepared in compliance with article 2.2.3, paragraph 3, of the “Regulations for Organized Markets managed by Borsa Italiana S.p.A.”, and aims at providing a general description of the financial position and the economic performance of the Company and its subsidiaries in the period, in addition to reporting relevant events and operations that took place in the period and their effect on the financial position of the Company and its subsidiaries. Keeping into account also the guidelines of the European Securities and Markets Authority (ESMA), disclosure required under IAS 34 is therefore not provided in the present document.

Principles of consolidation and valuation criteria adopted are consistent with international accounting principles (IAS/IFRS).

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre S.p.A. (parent company) at March 31, 2016, and those of the following companies at the same date:

	Share owned by the Group March 31, 2016	Share owned by the Group March 31, 2015
Cembre Ltd. (UK)	100%	100%
Cembre S.a.r.l.* (France)	100%	100%
Cembre España S.L.* (Spain)	100%	100%
Cembre GmbH* (Germany)	100%	100%
Cembre Inc.** (US)	100%	100%
Cembre AS (Norway) (in liquidation)	100%	100%

* 5% share held through Cembre Ltd.

** 29% share held through Cembre Ltd.

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

Criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data was adjusted and reclassified. In compliance with IAS 1, in the financial statements costs were classified by nature.

The scope of the consolidation is unchanged from March 31, 2015 and December 31, 2015. Amounts are expressed in thousands of euro.

The present Quarterly Report was prepared in accordance with the “period separation criteria”, based on which the period considered is treated as an independent financial period. The income statement for the quarter thus reflects the income components relating to the period based on the accrual method.

Bonuses recognized to customers were estimated based on past sales and their expected future performance.

Conversion of financial statements of subsidiaries expressed in currencies other than the euro

The functional currency of the Group is the euro, in which its accounts are presented.

Exchange rates applied for the conversion of financial statements of subsidiaries expressed in currencies other than the euro are shown in the table below.

Currency	Exchange rate at March 31, 2016	Average exchange rate for 2016
British pound (£)	0.7916	0.7704
US dollar (US\$)	1.1385	1.1020
Norwegian kroner (NOK)	9.4145	9.5266

Brescia, May 12, 2016

**The Chairman and Managing Director of
Cembre S.p.A.**

Giovanni Rosani

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C e m b r e

DECLARATION

pursuant to art 154-bis, Paragraph 2 of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations" and subsequent integrations and updates

Re: 2016 first Quarter Interim Report

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

DECLARES

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in the 2016 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, may 12, 2016

Signed by: Claudio Bornati
Manager in charge of drafting
the accounts of Cembre S.p.A.