Interim Financial Report at March 31, 2016

Investor Relator
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Tesmec S.p.A.
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Fully paid up share capital as at 31 March 2016 Euro 10,708,400
Milan Register of Companies no. 314026
Tax and VAT code 10227100152

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COMPOSITION OF THE CORPORATE BODIES

Board of Directors (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2018)

Chairman and Chief Executive Officer	Ambrogio Caccia Dominioni
Vice Chairman	Gianluca Bolelli
Directors	Sergio Arnoldi (*) Gioacchino Attanzio (*) Guido Giuseppe Maria Corbetta (*) Caterina Caccia Dominioni Lucia Caccia Dominioni Paola Durante (*)

(*)Independent Directors

Board of Statutory Auditors (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2018)

Chairman	Simone Cavalli
Statutory Auditors	Stefano Chirico Alessandra De Beni
Alternate Auditors	Attilio Marcozzi Stefania Rusconi

Members of the Control and Risk Committee (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2018)

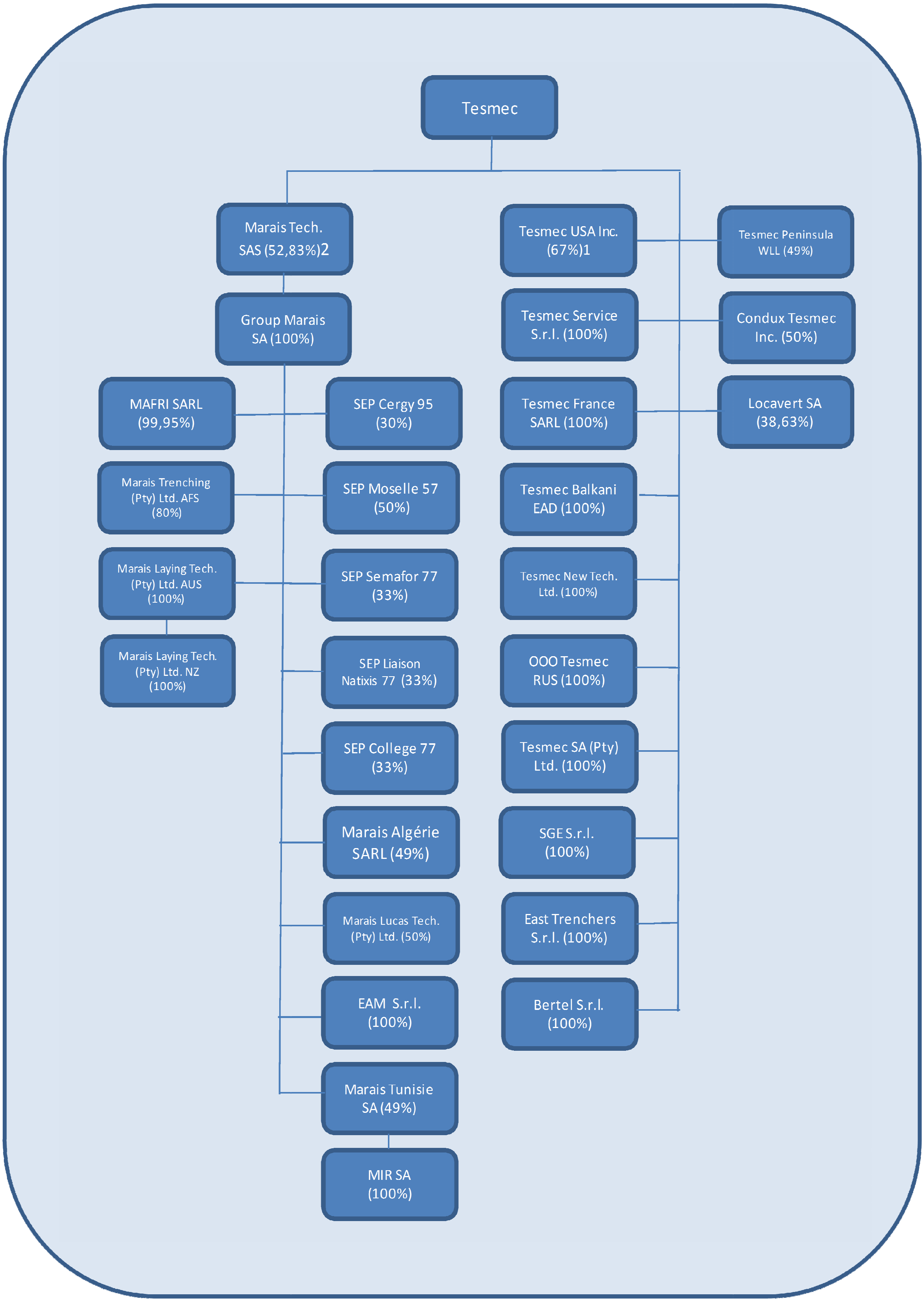
Chairman	Sergio Arnoldi
Members	Gioacchino Attanzio Gianluca Bolelli

Members of the Remuneration Committee and Appointments Committee (in office until the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2018)

Chairman	Gioacchino Attanzio
Members	Sergio Arnoldi Caterina Caccia Dominioni

Lead Independent Director	Gioacchino Attanzio
Director in charge of the internal control and risk management system	Caterina Caccia Dominioni
Manager responsible for preparing the Company's financial statements	Andrea Bramani
Independent Auditors	Reconta Ernst & Young S.p.A.

GROUP STRUCTURE



(1) The remaining 33% is held by Simest S.p.A. Since Tesmec has an obligation to buy it back from Simest S.p.A., from an accounting point of view the shareholding of the Parent Company in Tesmec USA, Inc. is fully consolidated on a 100% basis.

(2) The remaining 47.17% is held by Simest S.p.A. for 33.96% and by C2D SAS for 13.21% (related party). Since Tesmec has an obligation to buy it back from Simest S.p.A., from an accounting point of view the shareholding of the Parent Company in Marais Technologies SAS is consolidated on an 86.79% basis.

INTERIM CONSOLIDATED REPORT ON OPERATIONS

(Not audited by the Independent Auditors)

1. Introduction

The Parent Company Tesmec S.p.A. (hereinafter "Parent Company" or "Tesmec") is a legal entity organised in accordance with the legal system of the Italian Republic. The ordinary shares of Tesmec are listed on the MTA (screen-based share market) STAR Segment of the Milan Stock Exchange. The registered office of the Tesmec Group (hereinafter "Group" or "Tesmec Group") is in Milan, Piazza S. Ambrogio 16.

The Tesmec Group is a leader in the design, production and marketing of special products and integrated solutions for the construction, maintenance and streamlining of infrastructures relating to the transmission of electrical power and data and material transport.
Founded in Italy in 1951 and managed by the Chairman and Chief Executive Officer Ambrogio Caccia Dominioni, the Group has more than 600 employees and six production plants, four in Italy, Grassobbio (Bergamo), Endine Gaiano (Bergamo), Sirone (Lecco) and Monopoli (Bari), one in the USA, in Alvarado (Texas) and one in France, Durtal. The Group also has a global commercial presence, with a direct presence on different continents, constituted by foreign companies and sales offices in the USA, South Africa, Russia, Qatar, Bulgaria, China and France.
As a result of its listing on the Stock Exchange on 1 July 2010, the Parent Company has pursued the stated objective of diversification of the types of products in order to offer a complete range of integrated solutions grouped into three main areas of business: Stringing equipment, Trencher and Rail.

Through the different types of product, the Group is able to offer:

Stringing equipment segment
- machines and integrated systems for overhead and underground stringing of power lines and fibre optic cables;
- integrated solutions for the streamlining, management and monitoring of low, medium and high voltage power lines (smart grid solutions).

Trencher segment
- high-efficiency crawler trenching machines for excavation with a set section for the construction of infrastructures for the transmission of data, raw materials and gaseous and liquid products in the various segments: energy, farming, chemical and public utilities;
- crawler trenching machines for working in the mines, surface works and earth moving works (RockHawg);
- specialised consultancy and excavation services on customer request;
- multipurpose site machinery (Gallmac);
- this sector also includes the excavation services for power lines and fibre optic cables that constitute the core business of the recently acquired Marais Group.

Rail segment
- Machines and integrated systems for the installation, maintenance and diagnostics of the railway catenary wire system, plus customised machines for special operations on the line.

All types of product are developed according to the ISEQ approach (Innovation, Safety, Efficiency and Quality), in observance of environmental sustainability and energy saving.

The know-how acquired in developing specific technologies and innovative solutions and the presence of a team of highly specialised engineers and technicians allows the Tesmec Group to directly manage the entire production chain: from the design, production and marketing of machinery to the supply of know-how relating to the use of systems and optimisation of work, to all pre- and post-sales services related to machinery and the increase in site efficiency. All businesses are developed by the Group according to the ISEQ approach (Innovation, Safety, Efficiency and Quality), in observance of environmental sustainability and energy saving.

2.Macroeconomic Framework

In the recent report published by the OECD, the estimates on Italian GDP in 2016 amounted to 1% compared to a growth that is expected to decrease by 3% worldwide compared to 3.3% of the last report of last November.
Due to a scenario of low inflation and low growth of the economy, the central banks did not interrupt the expansionary monetary policies and rather increased their extent.
The Fed itself, worried by the signs of weakness of the US growth, postponed and weakened the expected increasing measures of the interest rates and thereby favoured a weakening of the dollar against the euro.

In general, the huge amount of liquidity injected into the system emphasised the volatility of the economies of Emerging Countries that are suffering due to the lowering of prices of the main commodities with oil in the front row.
For the Tesmec Group, the current situation of the economies of Emerging Countries could represent a negative factor for the development of activities. However, the huge effort to diversify the product range with the entry into the rail segment, automation and the acquisition of Marais helps to decrease the correlation with the macroeconomic trends of certain geographical areas.

3.Significant events occurred during the period

The extraordinary transactions that occurred during the period include the following:

- on 9 February 2016, the subsidiary Group Marais SA purchased the entire shareholding in the French company EAM SRL, with registered office in Carcassone, for Euro 450 thousand.

- on 3 March 2016, the parent company Tesmec S.p.A. purchased the remaining 60% of the share capital of Bertel S.r.l., company operating in a market with a high technical profile such as that of streamlining systems of Transmission Power Lines. Tesmec already owned 40% of the share capital of Bertel S.r.l.
  The value of the transaction amounted to Euro 300 thousand corresponding to the nominal value and will be paid in two tranches: the first one of Euro 150 thousand within 12 months and the second one of Euro 150 thousand within 24 months.

4. Activity, reference market and operating performance for the first three months of 2016

The consolidated financial statements of Tesmec have been prepared in accordance with the International Financial Reporting Standards (hereinafter the “IFRS” or the “International Accounting Standards”), which were endorsed by the European Commission, in effect as at 31 December 2015. The following table shows the major economic and financial indicators of the Group as at March 2016 compared with the same period of 2015.

OVERVIEW OF RESULTS

31 March 2015	**Key income statement data** (Euro in millions)	**31 March 2016**
34.4	Operating Revenues	40.5
4.4	EBITDA	5.4
2.4	Operating Income	2.5
2.8	Foreign exchange gains/losses	(1.4)
2.8	Group Net Profit	(0.1)
31 December 2015	**Key financial position data** (Euro in millions)	**31 March 2016**
145.8	Net Invested Capital	161.2
55.9	Shareholders’ Equity	54.1
89.9	Net Financial Indebtedness	107.1
13.2	Investments in property, plant and equipment and intangible assets	1.9
569	Annual average employees	622

The information relating to the main companies that carried out operations during the quarter is shown below:

- Tesmec USA Inc., a company that is 67% owned by Tesmec S.p.A. and 33% by Simest S.p.A. (with an option of Tesmec S.p.A. to repurchase the Simest’s shareholding interest), is based in Alvarado (Texas) and operates in the Trencher segment and in the stringing equipment/rail sector (as from 2012). In the first three months of 2016, revenues achieved directly with customers/end users came to Euro 10.1 million. In the quarter, the development phase of the sales of machinery in the civil construction industry was confirmed and machinery were sold from the fleet that previously had been used by customers with the "Rent to Buy" formula confirming the appreciation of the technology by the market.

- Tesmec Service S.r.l., company 100% owned by Tesmec S.p.A. with registered office in Grassobbio (BG) and operating unit in Monopoli (BA) where it carries out its activity of design and construction of machinery for the maintenance of rolling stock. During the first quarter of the 2016 financial period, the company continued to develop the product range for the domestic market and recorded revenues of Euro 0.9 million;

- Tesmec SA (Pty) Ltd, with registered office in Johannesburg (South Africa), 100% owned by Tesmec S.p.A., was set up in August 2011. In the first three months, the company generated revenues of Euro 2.4 million confirming the positive trend achieved in the second half of last year;

- Condux Tesmec Inc, a joint venture that is 50% owned by Tesmec S.p.A. and 50% by US shareholder Condux, which is based in Mankato (USA), has been active since June 2009 in selling products for the North American stringing equipment market. The company has been consolidated using the equity method and in the first three months of the year generated revenues totalling Euro 2.9 million.

- Tesmec Peninsula WLL, a Joint Venture with registered office in Doha (Qatar) 49% owned by Tesmec S.p.A., is the hub through which the Tesmec Group is present on the Arabian Peninsula. The activity of Tesmec Peninsula started in the second quarter of 2011. The company has been consolidated using the equity method and generated revenues of Euro 0.2 million.

- SGE S.r.l., controlled company specialised in the design and sales of sensors and fault detectors and measurement devices for medium voltage power lines. During the first quarter of 2016, revenues amounted to Euro 1.6 million.

- Marais Technologies SAS, with registered office in Durtal (France), company 52.83% owned by Tesmec S.p.A., 33.96% by Simest S.p.A. (with an option of Tesmec S.p.A. to repurchase this shareholding interest as at 30 June 2020) and 13.21% by C2D SAS. The French company, purchased on 8 April 2015, is at the head of an international group leader in rental services and construction of machines for infrastructures in telecommunications, electricity and gas. The Group generated during the first quarter of 2016 revenues totalling Euro 6.5 million.

Income statement

The comments provided below refer to the comparison of the consolidated income statement figures as at 31 March 2016 with those as at 31 March 2015.

The main profit and loss figures for the first three months of 2016 and 2015 are presented in the table below:

	Quarter ended 31 March			
(Euro in thousands)	2016	% of revenues	2015	% of revenues
Revenues from sales and services	**40,458**	**100.0%**	**34,442**	**100.0%**
Cost of raw materials and consumables	(17,795)	-44.0%	(17,666)	-51.3%
Cost of services	(7,687)	-19.0%	(5,732)	-16.6%
Payroll costs	(9,403)	-23.2%	(7,409)	-21.5%
Other operating (costs)/revenues, net	(1,395)	-3.4%	(664)	-1.9%
Amortisation and depreciation	(2,898)	-7.2%	(1,991)	-5.8%
Development costs capitalised	1,124	2.8%	1,222	3.5%
Portion of losses/(gains) from the valuation of operating Joint Ventures using the equity method	65	0.2%	214	0.6%
Total operating costs	**(37,989)**	**-93.9%**	**(32,026)**	**-93.0%**
Operating income	**2,469**	**6.1%**	**2,416**	**7.0%**
Net Financial Income/Expenses	(1,079)	-2.7%	(1,007)	-2.9%
Foreign exchange gains/losses	(1,379)	-3.4%	2,786	8.1%
Portion of losses/(gains) from the valuation of subsidiaries and non-operating Joint Ventures using the equity method	(93)	-0.2%	(101)	-0.3%
Pre-tax profit /(loss)	**(82)**	**-0.2%**	**4,094**	**11.9%**
Income tax	(35)	-0.1%	(1,338)	-3.9%
Net profit / (loss) for the period	**(117)**	**-0.3%**	**2,756**	**8.0%**
Profit / (loss) attributable to non-controlling interests	(66)	-0.2%	-	0.0%
Group profit / (loss)	**(51)**	**-0.1%**	**2,756**	**8.0%**

Revenues

Total revenues as at 31 December 2016 increased by 17.5%.

	Quarter ended 31 March				
(Euro in thousands)	2016	% of revenues	2015	% of revenues	2016 vs. 2015
Sales of products	33,520	82.85%	32,521	94.42%	999
Services rendered	6,040	14.93%	2,120	6.16%	3,920
	39,560	**97.78%**	**34,641**	**100.58%**	**4,919**
Changes in work in progress	898	2.22%	(199)	-0.58%	1,097
Total revenues from sales and services	**40,458**	**100.00%**	**34,442**	**100.00%**	**6,016**

Services rendered mainly concern the trencher segment and are represented by the machine rental business carried out in the United States, in France.

a) Revenues by geographic area

The turnover of the Group continues to be produced almost exclusively abroad and in non-EU countries, in particular. Also sales made to customers based in Europe are at times intended for use outside the European continent. The revenue analysis by area is indicated below, compared with the first quarter of 2016 and the first quarter of 2015, which indicates the growth of the African market, partially balanced by the downtrends recorded in the European market and in North and Central America. Note that the geographical segmentation is determined by the Country where the headquarters of the purchaser is located without considering the Country where the project activities are organised.

	Quarter ended 31 March	
(Euro in thousands)	**2016**	**2015**
Italy	4,067	2,396
Europe	10,114	13,062
Middle East	6,069	5,554
Africa	6,207	1,296
North and Central America	9,413	8,439
BRIC and Others	4,588	3,695
Total revenues	**40,458**	**34,442**

b) Revenues by segment

	Quarter ended 31 March				
(Euro in thousands)	**2016**	**% of revenues**	**2015**	**% of revenues**	**2016 vs. 2015**
Stringing equipment	10,408	25.7%	19,505	56.6%	(9,097)
Trencher	29,231	72.3%	14,342	41.6%	14,889
Rail	819	2.0%	595	1.7%	224
Total revenues	**40,458**	**100.0%**	**34,442**	**100.0%**	**6,016**

In the first three months of 2016, the Group recorded consolidated revenues of Euro 40,458 thousand, marking an increase of Euro 6,016 thousand compared to Euro 34,442 thousand in the same period of the previous year. In percentage terms, this increase represents a positive difference of 17.5%, which is split unevenly between the Group's three business areas. More specifically, an increase of +103.8% was recorded for the Trencher segment, +37.6% for the Rail segment, while the Stringing equipment segment recorded a decrease of -46.6%.

The increase in revenues in the Trencher segment is mainly a result of the contribution of the Marais Group and of the sales in the African continent.

For the Stringing equipment segment, the decline compared to the same quarter last year reflects the impact in 2015 of an important contract that affected the revenues of the first six months of 2015. Note also that the Energy Automation business, with the consolidation of recent developments in the sector of technologies for power lines, is contributing increasingly to the Group's results.

For the Rail segment, the results are still very low and can, therefore, generate significant fluctuations if analysed on a quarterly basis. However, important commercial operations are confirmed in the quarter compared to possible new contracts whose potential turnover could determine a substantial business development for the Group.

Operating costs net of depreciation and amortisation

	Quarter ended 31 March			
(Euro in thousands)	2016	2015	2016 vs. 2015	% change
Cost of raw materials and consumables	(17,795)	(17,666)	(129)	0.7%
Cost of services	(7,687)	(5,732)	(1,955)	34.1%
Payroll costs	(9,403)	(7,409)	(1,994)	26.9%
Other operating (costs)/revenues, net	(1,395)	(664)	(731)	110.1%
Development costs capitalised	1,124	1,222	(98)	-8.0%
Portion of losses/(gains) from the valuation of Joint Ventures using the equity method	65	214	(149)	-69.6%
Operating costs net of depreciation and amortisation	**(35,091)**	**(30,035)**	**(5,056)**	**16.8%**

The table shows an increase in operating costs of Euro 5,056 thousand (+16.8%) in a less than proportional way compared to the increase in sales (+17.5%). Other cost items include the increase in costs for services and labour mainly due to the entry of the Marais Group in the consolidated financial statements of the Group as from 8 April 2015.

EBITDA

Thanks to the increase in revenues (+17.5%) in a more than proportional way compared to the increase in operating costs (+16.8%), in terms of margins, EBITDA amounts to Euro 5,367 thousand increasing by 21.8% compared to what was recorded in the first quarter of 2015.

A restatement of the income statement figures representing the performance of EBITDA is provided below:

	Quarter ended 31 March				
(Euro in thousands)	2016	% of revenues	2015	% of revenues	2016 vs. 2015
Operating income	2,469	6.1%	2,416	7.0%	53
+ Depreciation and amortisation	2,898	7.2%	1,991	5.8%	907
EBITDA (*)	**5,367**	**13.3%**	**4,407**	**12.8%**	**960**

(*****) EBITDA is represented by the operating income gross of amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and is therefore not comparable.

The tables below show the income statement figures as at 31 March 2016 compared to those at 31 March 2015, broken down into three operating segments:

	Quarter ended 31 March				
(Euro in thousands)	2016	% of revenues	2015	% of revenues	2016 vs. 2015
Stringing equipment	1,979	19.0%	3,475	17.8%	(1,496)
Trencher	3,728	12.8%	1,181	8.2%	2,547
Rail	(340)	-41.5%	(249)	-41.8%	(91)
EBITDA (*)	**5,367**	**13.3%**	**4,407**	**12.8%**	**960**

(*****) EBITDA is represented by the operating income gross of amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and therefore not comparable.

This result is the combined effect of different trends in the three segments:

- Stringing equipment: the worsening of the EBITDA from Euro 3,475 thousand in the first quarter of 2015 to Euro 1,979 thousand in 2016 is only due to lower revenues in relation to the completion of an important contract; in percentage terms, EBITDA on revenues increased to 19.0% in the first quarter of 2016 compared to 17.8% achieved in the first quarter of 2015 benefiting from a better customer mix, with a lower level of sales but with higher margins;
- Trencher: the margin, as a percentage of revenue, improved by 215.7% in a more than proportional way compared to the increase in sales volumes benefiting from a better absorption of fixed overhead costs. in percentage terms, EBITDA on revenues increased to 12.8% in the first quarter of 2016 compared to 8.2% achieved in the first quarter of 2015;
- Rail: advanced revenues in the period did not yet absorb the impact of overhead costs, therefore Ebitda amounted to a negative amount of Euro 340 thousand.

Financial Management

	Quarter ended 31 March	
(Euro in thousands)	**2016**	**2015**
Net Financial Income/Expenses	(1,100)	(1,106)
Net Foreign exchange gains/losses	(1,379)	2,786
Fair value adjustment of derivative instruments	21	99
Portion of losses/(gains) from the valuation of subsidiaries and non-operating Joint Ventures using the equity method	(93)	(101)
Total net financial income/expenses	**(2,551)**	**1,678**

Net financial management decreased compared to the same period in 2015 of Euro 4,229 thousand due, for Euro 4.165 thousand, to the different USD/EUR exchange rate in the two periods of reference that resulted in the recording of net losses totalling Euro 1,379 thousand (realised for Euro 126 thousand and unrealised for Euro 1,253 thousand) in the first quarter of 2016 against net profits of Euro 2,786 thousand in the first quarter of 2015;

5.Summary of balance sheet figures as at 31 March 2016

Information is provided below on the Group's main equity indicators as at 31 March 2016 compared to 31 December 2015. In particular, the following table shows the reclassified funding sources and uses from the consolidated balance sheet as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	**As at 31 March 2016**	**As at 31 December 2015**
USES		
Net working capital (1)	80,598	63,505
Fixed assets	81,755	83,945
Other long-term assets and liabilities	(1,163)	(1,697)
Net invested capital (2)	**161,190**	**145,753**
SOURCES		
Net financial indebtedness (3)	107,074	89,876
Shareholders' equity	54,116	55,877
Total sources of funding	**161,190**	**145,753**

[(1)] The net working capital is calculated as current assets net of current liabilities excluding financial assets and financial liabilities. Net working capital is not recognised as a measure of performance by the IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.
[(2)] The net invested capital is calculated as net working capital plus fixed assets and other long-term assets less long-term liabilities. The net invested capital is not recognised as a measure of performance under IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.
[(3)] The net financial indebtedness is calculated as the sum of cash and cash equivalents, current financial assets including available–for–sale securities, non-current financial liabilities, fair value of hedging instruments and other non-current financial assets.

A) Net working capital

The table below shows a breakdown of “Net Working Capital” as at 31 March 2016 and 31 December 2015:

(Euro in thousands)	**As at 31 March 2016**	**As at 31 December 2015**
Trade receivables	63,201	50,882
Work in progress contracts	2,745	3,864
Inventories	60,048	58,891
Trade payables	(33,978)	(39,049)
Other current assets/(liabilities)	(11,418)	(11,083)
Net working capital [(1)]	**80,598**	**63,505**

[(1)] The net working capital is calculated as current assets net of current liabilities excluding financial assets and financial liabilities. Net working capital is not recognised as a measure of performance by the IFRS. The valuation criteria applied by the Company may not necessarily be the same as those adopted by other groups and therefore the balance obtained by the Company may not necessarily be comparable therewith.

Net working capital amounted to Euro 80,598 thousand, marking an increase of Euro 17,093 thousand (equal to 26.9%) compared to 31 December 2015. Euro 12,319 thousand of this is due to the increase in “Trade receivables” as a result of sales in the first quarter of the financial year and Euro 5,071 thousand is due to the decrease in the balance to suppliers.

B) Fixed assets

The table below shows a breakdown of “Fixed assets” as at 31 March 2016 and 31 December 2015:

(Euro in thousands)	**As at 31 March 2016**	**As at 31 December 2015**
Intangible assets	17,557	13,827
Property, plant and equipment	60,527	65,352
Equity investments in associates	3,668	4,763
Other equity investments	3	3
Fixed assets	**81,755**	**83,945**

Total *fixed assets* recorded a decrease of Euro 2,190 thousand due to the decrease in property, plant and equipment of Euro 4,825 thousand thanks to the sale of trenchers from the fleet especially by the American subsidiary offset by the increase in intangible assets of Euro 3,730 thousand.

The increase of Intangible assets derives from the change in the consolidation area for a total value of Euro 3,686 thousand related to the line-by-line consolidation of the subsidiary Bertel S.r.l. as from 1 March 2016; the amount includes the temporary differential of Euro 1,147 thousand generated by the acquisition of the remaining 60% of the equity investment in the company Bertel S.r.l. in March 2015. As provided by IFRS 3, within 12 months after the transaction (i.e. March 2017), the recording of the acquisition will be completed through the final allocation of the emerging differential.

C) Net financial indebtedness

Details of the breakdown of "Net financial indebtedness" as at 31 March 2016 and 31 December 2015 are as follows:

(Euro in thousands)	**As at 31 March 2016**	***of which with related parties and group***	**As at 31 December 2015**	***of which with related parties and group***
Cash and cash equivalents	(18,565)		(21,204)	
Current financial assets [(1)]	(7,338)	*(6,670)*	(11,871)	*(11,499)*
Current financial liabilities	60,226	*1,271*	45,178	*1,241*
Current portion of derivative financial instruments	-		14	
Current financial indebtedness [(2)]	**34,323**	***(5,399)***	**12,117**	***(10,258)***
Non-current financial liabilities	72,420	*14,411*	77,409	*14.743*
Non-current portion of derivative financial instruments	331		350	
Non-current financial indebtedness [(2)]	**72,751**	***14,411***	**77,759**	**14.743**
Net financial indebtedness pursuant to CONSOB Communication No. DEM/6064293/2006	**107,074**	***9,012***	**89,876**	***(4,485)***

[(1)] Current financial assets as at 31 March 2016 and 31 December 2015 include the market value of shares and warrants, which are therefore considered cash and cash equivalents.

[(2)] Current and non-current financial indebtedness are not identified as an accounting element by the IFRS. The valuation criteria applied by the Group may not necessarily be the same as those adopted by other groups and therefore the balances obtained by the Group may not be comparable therewith.

In the first three months of 2016, the Group's net financial indebtedness increased by Euro 17,198 thousand compared to the figure at the end of 2015. The change compared to 31 December 2015 is mainly attributable to the traditional seasonal nature of the business in this period of the year, to the changes in the consolidation area with the acquisition of 100% of the subsidiary Bertel and to the business typicality of the subsidiary Marais in the management of the construction sites.

The table below shows the breakdown of the following changes:

- increase in current financial indebtedness of Euro 22,206 thousand due to the:
  - increase in current financial liabilities of Euro 15,048 thousand mainly due to (i) Euro 11,048 thousand as a result of greater advances on export and (ii) to Euro 3,229 thousand as a result of the increase in current portion of medium/long-term loans;
  - decrease in current financial assets and cash and cash equivalents of Euro 7,172 thousand;
- decrease in non-current financial indebtedness of Euro 5,008 thousand mainly due to the reclassification of current financial indebtedness relating to the short-term portion of medium/long-term loans.

6.Management and types of financial risk

For the management of financial risks, please see the paragraph "Financial risk management policy" contained in the Explanatory Notes to the Annual Consolidated Financial Statements for 2015, where the Group's policies in relation to the management of financial risks are presented.

7.Atypical and/or unusual and non-recurring transactions with related parties

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, it should be noted that during the first quarter of the 2016 financial year, no transactions took place with related parties of an atypical or unusual nature, outside of normal company operations or such as to harm the profits, balance sheet or financial results of the Group.
For significant intercompany and related party information, please see the paragraph "Related party transactions" in the Explanatory Notes.

8.Group Employees

The average number of Group employees in the first quarter of 2016, including the employees of companies that are fully consolidated, is 622 persons compared to 569 in 2015.

9.Other information

Treasury shares

On 29 April 2016, the Shareholders' Meeting authorised the Board of Directors of the Company, for a period of 18 months, to purchase, on the regulated market, ordinary shares of the Tesmec until 10% of the share capital of the Company and within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the Company or the subsidiary company making the purchase. The authorisation also includes the right to dispose of (in whole or in part and also in several times) the shares in the portfolio subsequently, even before having exhausted the maximum amount of shares purchasable and to possibly repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by the companies controlled by it, do not exceed the limit established by the authorisation. The quantity and the price at which transactions will be made will comply with the operating procedures laid down by the regulations. This authorisation replaces the last authorisation resolved by the Shareholders' Meeting on 30 April 2015 and expiring in October 2016.

With regard to the programme, in the event of purchases, the Company will periodically disclose the transactions made, specifying: the number of shares purchased, the average unit price, the total number of shares purchased since the beginning of the programme and the total counter value as at the date of the disclosure.

Subsequent events and business outlook

Of events subsequent to the end of the quarter, the following are of note:

- On 20 April 2016, the parent company Tesmec S.p.A. signed the contract related to the acquisition of 100% of the CPT Engineering S.r.l., company specialised in the design and implementation of monitoring, protection and industrial automation solutions, which offers cutting-edge systems within the technologies of power lines.

  In detail, the transaction involved the purchase of the entire share capital of CPT against a maximum price of Euro 1.1 million, divided into a fixed portion of Euro 300 thousand and a variable portion of maximum Euro 800 thousand, consisting of an earn out related to the achievement of certain turnover results by the CPT and its economic balance. The payment of the price by Tesmec will be made by using own resources.

  As at 31 December 2015, CPT recorded a turnover of Euro 1.4 million, a negative EBITDA of Euro 200 thousand and net payables to third parties of Euro 1.7 million.

  The transaction is expected to be completed by the end of June 2016.

- On 28 April 2016, the subsidiary SGE S.r.l. finalised the acquisition by R&S Laboratorio S.r.l. of the business unit, already rented since 2014, active in technology research, design, manufacture and sale of sensors and fault and basic electrical quantity detectors in substations and medium voltage power lines.

  The value of the transaction is Euro 1,384 thousand, and Euro 902 thousand will be paid at the same time of the deed, whereas the remaining part (Euro 482 thousand) in subsequent instalments. In 2015, the Business Unit subject-matter of the acquisition recorded revenues of Euro 3.6 million. The transaction will be executed no later than the end of May 2016, in advance compared to the expected contractual terms.

  The transaction is included in the more general development strategy in the Energy Automation sector, within which the Group recently concluded the acquisition of Bertel S.r.l., active in the sector of streamlining systems of Transmission Power Lines (transaction completed and communicated last 3 March) and the acquisition of CPT Engineering S.r.l., company specialised in the design and implementation of monitoring, protection and industrial automation solutions, which offers cutting-edge systems within the technologies of power lines (transaction communicated on 1 April and completed on 20 April 2016).

- On 29 April 2016, upon approval of the financial statements for 2015, the Shareholders' Meeting of Tesmec S.p.A. resolved to:
  - allocate the profit of the Parent Company, amounting to Euro 7,412 thousand, as follows:
    - assign a dividend of Euro 0.025 to each outstanding ordinary share;
    - assign to the Extraordinary Reserve the amount of profit remaining after the allocation to the Legal reserve and dividend;
  - appoint the new Board of Directors which shall remain in office until the shareholders' meeting called to approve the financial statements for the year ended 31 December 2018, composed of Gianluca Bolelli, Sergio Arnoldi, Gioacchino Attanzio, Guido Giuseppe Maria Corbetta, Caterina Caccia Dominioni, Lucia Caccia Dominioni e Paola Durante as well as Ambrogio Caccia Dominioni who was confirmed as Chairman of the Board of Directors;
  - appoint the new Board of Statutory Auditors which shall also remain in office until the shareholders' meeting called to approve the financial statements for the year ended 31 December 2018, composed of Statutory Auditors Simone Cavalli (Chairman), Alessandra De Beni and Stefano Chirico and Alternate Auditors Attilio Marcozzi and Stefania Rusconi.

- On 29 April 2016, the Board of Directors confirmed Ambrogio Caccia Dominioni as the Chief Executive Officer and Gianluca Bolelli as Vice Chairmen.

  The Board of Directors also established:
  - the merger of the functions of the Appointment Committee in the Remuneration Committee, with the change of the name from Remuneration Committee to Remuneration and Appointment Committee.
  - the Remuneration and Appointment Committee is composed by: Gioacchino Attanzio (Chairman), Sergio Arnoldi and Caterina Caccia;
  - the Control and Risk Committee is composed by directors Sergio Arnoldi (Chairman), Gioacchino Attanzio and Gianluca Bolelli.
  - the Director in charge of the internal control and risk management system is Caterina Caccia Dominioni;
  - the lead independent director is director Gioacchino Attanzio;
  - the appoint of the Supervisory Committee which shall also remain in office until the shareholders' meeting called to approve the financial statements for the year ended 31 December 2018, composed by Lorenzo Pascali (Chairmain), Maurizio Brigatti and Stefano Chirico.

These acquisitions represent a significant step in the growth process of Tesmec in the world of energy, allowing the Group to complete the portfolio of solutions offered at the level of different voltage classes (high, medium, low) to meet the new technological challenges related to renewable energy sources and to distributed generation. In fact, the combination of the excellent skills in the development of sensors with the excellent skills in electronic devices will allow the Tesmec Group to offer a wide range of integrated systems to manage efficiently and in a sustainable manner the requests of a market characterised by the increase in energy consumption.
Massimo Gentili, who has a significant experience in leading companies in the sector, was appointed person in charge of the management and coordination of all the activities related to Energy Automation.

Business outlook

The Group confirms the prospects for growth in the telecommunications and transmission of electrical power sectors: in fact, the need for convergence between the power lines and the fibre optic infrastructures offers important opportunities for development. Therefore, the Group is focusing more and more in the provision of high value-added services and solutions for the customer and, also thanks to synergies with the subsidiary Marais, Tesmec is now able to offer integrated systems for the complete management of the construction site with advantages recognised by important international Groups in terms of costs, operational efficiency and environmental impact. Moreover, sector of technologies for intelligent networks, the Group is developing an integration strategy to meet the new challenges related to renewable energy sources and to the distributed generation. In the following quarters, the results of the rail segment are expected to normalise and interesting developments may derive from participating in important national and international tenders. Despite a complex economic situation with regard to the world's major economies, the increase in business volumes will lead to the increase in the Group's margins, a better absorption of fixed costs and a consequent cash generation.

CONSOLIDATED FINANCIAL STATEMENTS OF THE TESMEC GROUP

Consolidated financial statements

Consolidated statement of financial position as at 31 March 2016 and as at 31 December 2015

(Euro in thousands)	Notes	31 March 2016	31 December 2015
NON-CURRENT ASSETS			
Intangible assets	5	17,557	13,827
Property, plant and equipment	6	60,527	65,352
Equity investments valued using the equity method		3,668	4,763
Other equity investments		3	3
Financial receivables and other non-current financial assets	14	471	473
Derivative financial instruments	14	3	11
Deferred tax assets		12,448	8,844
Non-current trade receivables		68	80
TOTAL NON-CURRENT ASSETS		**94,745**	**93,353**
CURRENT ASSETS			
Work in progress contracts	7	2,745	3,864
Inventories	8	60,048	58,891
Trade receivables	9	63,201	50,882
of which with related parties:	9	*4,518*	*4,050*
Tax receivables		533	486
Other available-for-sale securities	14	551	22
Financial receivables and other current financial assets	10	6,787	11,849
of which with related parties:	10	*6,670*	*11,499*
Other current assets		5,043	4,337
Cash and cash equivalents	14	18,565	21,204
TOTAL CURRENT ASSETS		**157,473**	**151,535**
TOTAL ASSETS		**252,218**	**244,888**
SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS			
Share capital	11	10,708	10,708
Reserves / (deficit)	11	41,916	36,623
Group net profit / (loss)	11	(51)	6,931
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**52,573**	**54,262**
Minority interest in capital and reserves / (deficit)		1,609	1,385
Net profit / (loss) for the period attributable to non-controlling interests		(66)	230
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**1,543**	**1,615**
TOTAL SHAREHOLDERS' EQUITY		**54,116**	**55,877**
NON–CURRENT LIABILITIES			
Medium-long term loans	12	72,420	77,409
of which with related parties:	12	*14,411*	*14,743*
Derivative financial instruments	14	331	350
Employee benefit liability		2,943	2,847
Deferred tax liabilities		11,057	8,255
Other non-current liabilities		150	3
Non-current trade payables		3	-
TOTAL NON-CURRENT LIABILITIES		**86,904**	**88,864**
CURRENT LIABILITIES			
Interest-bearing financial payables (current portion)	13	60,226	45,178
of which with related parties:	13	*1,271*	*1,241*
Derivative financial instruments	14	-	14
Trade payables		33,978	39,049
of which with related parties:		*68*	*200*
Advances from contractors		-	-
Advances from customers		2,560	1,694
Income taxes payable		3,093	2,933
Provisions for risks and charges		3,449	3,392
Other current liabilities		7,892	7,887
TOTAL CURRENT LIABILITIES		**111,198**	**100,147**
TOTAL LIABILITIES		**198,102**	**189,011**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**252,218**	**244,888**

Consolidated income statement for the quarter ended 31 March 2016 and 2015

(Euro in thousands)	Notes	Quarter ended 31 March 2016	 2015
Revenues from sales and services	15	**40,458**	**34,442**
of which with related parties:		*1,411*	*2,701*
Cost of raw materials and consumables		(17,795)	(17,666)
of which with related parties:		*(3)*	*(151)*
Cost of services		(7,687)	(5,732)
of which with related parties:		*(86)*	*14*
Payroll costs		(9,403)	(7,409)
Other operating (costs)/revenues, net		(1,395)	(664)
of which with related parties:		*53*	*5*
Amortisation and depreciation		(2,898)	(1,991)
Development costs capitalised		1,124	1,222
Portion of losses/(gains) from the valuation of operating Joint Ventures using the equity method		65	214
Total operating costs	16	**(37,989)**	**(32,026)**
Operating income		**2,469**	**2,416**
Financial expenses		(4,392)	(2,353)
of which with related parties:		*(218)*	*(282)*
Financial income		1,934	4,132
of which with related parties:		*39*	*32*
Portion of losses/(gains) from the valuation of subsidiaries and non-operating Joint Ventures using the equity method		(93)	(101)
Pre-tax profit		**(82)**	**4,094**
Income tax		(35)	(1,338)
Net profit / (loss) for the period		**(117)**	**2,756**
Profit / (loss) attributable to non-controlling interests		(66)	-
Group profit / (loss)		**(51)**	**2,756**
Basic and diluted earnings per share		**(0.0005)**	**0.0257**

Consolidated statement of comprehensive income for the quarter ended 31 March 2016 and 2015

		Quarter ended 31 March	
(Euro in thousands)	**Notes**	**2016**	**2015**
NET PROFIT / (LOSS) FOR THE PERIOD		**(51)**	**2,756**
Other components of comprehensive income:			
Exchange differences on conversion of foreign financial statements	11	(1,439)	4,023
Total other income/(losses) after tax		**(1,439)**	**4,023**
Total comprehensive income (loss) after tax		**(1,490)**	**6,779**
Attributable to:			
Shareholders of the Parent Company		(1,424)	6,779
Minority interests		(66)	-

Statement of consolidated cash flows for the quarter ended 31 March 2016 and 2015

(Euro in thousands)	Notes	Quarter ended 31 March 2016	Quarter ended 31 March 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period		(117)	2,756
Adjustments to reconcile net income/ (loss) for the period with the cash flows generated by (used in) operating activities:			
Amortisation and depreciation		2,898	1,991
Provisions for employee benefit liability		208	-
Provisions for risks and charges / inventory obsolescence / doubtful accounts		340	53
Employee benefit payments		(112)	(23)
Payments of provisions for risks and charges		16	(551)
Net change in deferred tax assets and liabilities		(791)	753
Change in fair value of financial instruments	14	(22)	160
Change in current assets and liabilities:			
Trade receivables	9	(12,347)	(7,335)
Inventories	8	(1,379)	(6,042)
Trade payables		(4,887)	5,063
Other current assets and liabilities		(397)	93
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**(16,590)**	**(3,082)**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	6	(2,688)	(175)
Investments in intangible assets	5	(1,505)	(1,502)
Change in the consolidation area		(4,590)	-
(Investments) / disposal of financial assets		5,443	(1,521)
Proceeds from sale of property, plant and equipment and intangible assets	5-6	6,137	12
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		**2,797**	**(3,186)**
NET CASH FLOW FROM FINANCING ACTIVITIES			
Disbursement of medium/long-term loans	12	-	5,930
Repayment of medium/long-term loans	12	(7,001)	(4,691)
Change in the consolidation area		491	-
Net change in short-term financial debt	13	17,990	14,110
Purchase of treasury shares		(193)	(13)
Other changes		(15)	(158)
NET CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES (C)		**11,272**	**15,178**
TOTAL CASH FLOW FOR THE PERIOD (D=A+B+C)		**(2,521)**	**8,910**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (E)		(118)	247
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)		21,204	18,665
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**14**	**18,565**	**27,822**
Additional information:			
Interest paid		835	920
Income tax paid		23	875

Statement of changes in consolidated shareholders’ equity for the quarter ended 31 March 2016 and 2015

(Euro in thousands)	Share capital	Legal reserve	Share premium reserve	Reserve of Treasury Shares	Translation reserve	Other reserves	Result for the period	Total Shareholders' Equity Attributable to Parent Company Shareholders	Total Shareholders' Equity Attributable to Non-Controlling Interests	Total Shareholders’ Equity
Balance as at 1 January 2016	**10,708**	**2,141**	**10,915**	**(2,136)**	**5,731**	**19,972**	**6,931**	**54,262**	**1,615**	**55,877**
Profit / (loss) for the period	-	-	-	-	-	-	(51)	(51)	(66)	(117)
Other profits / (losses)	-	-	-	-	(1,439)	-	-	(1,439)	3	(1,436)
Total comprehensive income / (loss)	-	-	-	-	-	-	-	**(1,490)**	(63)	**(1,553)**
Allocation of profit for the period	-	-	-	-	-	6,931	(6,931)	-	-	-
Change in the consolidation area	-	-	-	-	-	(6)	-	(6)	(9)	(15)
Other changes	-	-	-	(193)	-		-	(193)	-	(193)
Balance as at 31 March 2016	**10,708**	**2,141**	**10,915**	**(2,329)**	**4,292**	**26,897**	**(51)**	**52,573**	**1,543**	**54,116**

(Euro in thousands)	Share capital	Legal reserve	Share premium reserve	Reserve of Treasury Shares	Translation reserve	Other reserves	Result for the period	Total Shareholders' Equity Attributable to Parent Company Shareholders	Total Shareholders' Equity Attributable to Non-Controlling Interests	Total Shareholders’ Equity
Balance as at 1 January 2015	**10,708**	**2,004**	**10,915**	**(1,010)**	**2,114**	**18,524**	**4,909**	**48,164**	9	**48,173**
Profit / (loss) for the period	-	-	-	-	-	-	2,756	2,756	-	2,756
Other profits / (losses)	-	-	-	-	4,023	-	-	4,023	-	4,023
Total comprehensive income / (loss)	-	-	-	-	-	-	-	**6,779**	-	**6,779**
Allocation of profit for the period	-	-	-	-	-	4,909	(4,909)	-	-	-
Change in the consolidation area	-	-	-	-	-	9	-	9	(9)	-
Other changes	-	-	-	(158)	-	(22)	-	(180)	-	(180)
Balance as at 31 March 2015	**10,708**	**2,004**	**10,915**	**(1,168)**	**6,137**	**23,420**	**2,756**	**54,772**	**-**	**54,772**

Explanatory notes

Accounting policies adopted in preparing the consolidated financial statements as at 31 March 2016

1.Company information

The Parent Company Tesmec S.p.A. (hereinafter “Parent Company” or “Tesmec”) is a legal entity organised in accordance with the legal system of the Italian Republic. The ordinary shares of Tesmec are listed on the MTA STAR Segment of the Milan Stock Exchange since 1 July 2010. The registered office of the Tesmec Group (hereinafter “Group” or “Tesmec Group”) is in Milan, Piazza S. Ambrogio 16.

2.Reporting standards

The consolidated financial statements as at 31 March 2016 were prepared in condensed form in accordance with International Financial Reporting Standards (IFRS), by using the methods for preparing interim financial reports provided by IAS 34 Interim financial reporting.

The accounting standards adopted in preparing the interim consolidated financial statements as at 31 March 2016 are those adopted for preparing the consolidated financial statements as at 31 December 2015 in compliance with IFRS.

More precisely, the consolidated statement of financial position, income statement, comprehensive income statement, statement of changes in shareholders’ equity and statement of cash flows are drawn up in extended form and are in the same format adopted for the consolidated financial statements as at 31 December 2014. The explanatory notes to the financial statements indicated below are in condensed form and therefore do not include all the information required for annual financial statements. In particular, as provided by IAS 34, in order to avoid repeating already disclosed information, the notes refer exclusively to items of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders’ equity and the statement of consolidated cash flows whose breakdown or change, with regard to amount, type or unusual nature, are significant to understanding the economic and financial situation of the Group.

Since the consolidated financial statements do not disclose all the information required in preparing the consolidated annual financial statements, they must be read together with the consolidated financial statements as at 31 December 2015.

The consolidated financial statements as at 31 March 2016 comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated shareholders’ equity, statement of consolidated cash flows and related explanatory notes. Comparative figures are disclosed as required by IAS 34 (31 December 2015 for the statement of financial position and the first quarter of 2015 for the consolidated income statement, consolidated statement of comprehensive income, statement of changes in shareholders’ equity and cash flow statement).

The quarterly consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand, unless otherwise indicated.

Disclosure of the quarterly consolidated financial statements of the Tesmec Group for the period ended 31 March 2016 was authorised by the Board of Directors on 6 May 2016.

Translation of foreign currency financial statements and of foreign currency items

The exchange rates used to determine the value in Euros of the financial statements of subsidiary companies expressed in foreign currency (exchange rate to 1 Euro) are shown below:

	Average exchange rates for the quarter ended 31 March		End-of-period exchange rate as at 31 March	
	2016	2015	2016	2015
US Dollar	1.102	1.127	1.139	1.076
Bulgarian Lev	1.956	1.956	1.956	1.956
Russian Rouble	82.473	71.087	76.305	62.440
South African Rand	17.460	13.230	16.787	13.132
Renmimbi	7.209	7.028	7.351	6.671
Qatar Riyal	4.010	4.104	4.144	3.918
Algerian Dinar	118.781	104.921	123.567	104.895
Tunisian Dinar	2.238	2.179	2.292	2.108
Australian dollar	1.530	1.432	1.481	1.415
New Zealand Dollar	1.662	1.499	1.641	1.439

3.Consolidation methods and area

On 31 March 2016, the consolidated area changed with respect to that as at 31 December 2015:

- on 9 February 2016, the subsidiary Group Marais SA purchased the entire shareholding in the French company EAM SRL, with registered office in Carcassone, for Euro 450 thousand.

- on 3 March 2016, the parent company Tesmec S.p.A. purchased the remaining 60% of the share capital of Bertel S.r.l.
  The subsidiary, previously consolidated with the equity method, as from 1 March 2016 is consolidated on a line-by-line basis.

4.Significant events occurred during the period

The extraordinary transactions that occurred during the period include the following:

- on 9 February 2016, the subsidiary Group Marais SA purchased the entire shareholding in the French company EAM S.r.l., with registered office in Carcassone, for Euro 450 thousand, by implementing the strategy of increasing customer proximity in order to reduce the costs/time required for organising the site activities.

- on 3 March 2016, the parent company Tesmec S.p.A. purchased the remaining 60% of the share capital of Bertel S.r.l., company operating in a market with a high technical profile such as that of streamlining systems of Transmission Power Lines. Tesmec already owned 40% of the share capital of Bertel S.r.l.
  The value of the transaction amounted to Euro 300 thousand corresponding to the nominal value and will be paid in two tranches: the first one of Euro 150 thousand within 12 months and the second one of Euro 150 thousand within 24 months.
  Due to the acquisition, as from that date, the financial statements of Bertel S.r.L. will be consolidated on a line-by-line basis.

COMMENTS ON THE MAIN ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

5.Intangible assets

The breakdown and changes in "Intangible assets" as at 31 March 2016 and as at 31 December 2015 are shown in the table below:

(Euro in thousands)	01/01/2016	Increases due to purchases	Change in the consolidation area	Decreases	Amortisation	Exchange rate differences	31/03/2016
Development costs	11,612	1,284	2,508	-	(1,174)	(127)	14,103
Rights and trademarks	2,215	16	31	-	(160)	-	2,102
Assets in progress and advance payments to suppliers	-	205	1,147	-	-	-	1,352
Total intangible assets	**13,827**	**1,505**	**3,686**	**-**	**(1,334)**	**(127)**	**17,557**

As at 31 March 2016, *intangible assets* totalled Euro 17,557 thousand, up Euro 3,730 thousand on the previous year due to:

- *development costs* capitalised in the first three months of 2016 for Euro 1,284 thousand, partially offset by the amortisation for the period (Euro 1,174 thousand). These costs are related to projects for the development of new products and equipment that are expected to generate positive cash flows in future years;
- change in the consolidation area for a total value of Euro 3,686 thousand related to the line-by-line consolidation of the subsidiary Bertel S.r.l. as from 1 March 2016; this amount includes as *assets in progress and* advance payments to suppliers the temporary differential of Euro 1,147 thousand generated by the acquisition of the remaining 60% of the equity investment in the company Bertel S.r.l. in March 2015. As provided by IFRS 3, within 12 months after the transaction (i.e. March 2017), the recording of the acquisition will be completed through the final allocation of the emerging differential.

6.Property, plant and equipment

The breakdown and changes in "Property, plant and equipment" as at 31 March 2016 and as at 31 December 2015 are shown in the table below:

(Euro in thousands)	01/01/2016	Increases due to purchases	Change in the consolidation area	Decreases	Depreciations	Exchange rate differences	31/03/2016
Land	5,815	-	-	-	(2)	(10)	5,803
Buildings	24,613	-	-	-	(217)	(264)	24,132
Plant and machinery	7,898	103	17	(70)	(320)	(70)	7,558
Equipment	1,267	43	95	(9)	(110)	(5)	1,281
Other assets	25,219	1,843	792	(6,058)	(915)	(367)	20,514
Assets in progress and advance payments to suppliers	540	699	-	-	-	-	1,239
Total property, plant and equipment	**65,352**	**2,688**	**904**	**(6,137)**	**(1,564)**	**(716)**	**60,527**

As at 31 March 2016, property, plant and equipment totalled Euro 60,527 thousand, down compared to the previous year by Euro 4,825 thousand.
The decrease is due to the sale of trenchers from the fleet especially by the American subsidiary.

7.Work in progress contracts

The following table sets forth the breakdown of Work in progress contracts as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Work in progress (Gross)	7,209	9,158
Advances from contractors	(4,464)	(5,294)
Work in progress contracts	**2,745**	**3,864**
Advances from contractors (Gross)	-	-
Work in progress (Gross)	-	-
Advances from contractors	**-**	**-**

"Work in progress" refers exclusively to the rail segment where the machinery is produced in accordance with specific customer requirements. "Work in progress" is recognised as an asset if, on the basis of an analysis carried out for each contract, the gross value of work in progress is greater than advances from customers; it is recognised as a liability if the advances are greater than the related work in progress.
If the advances are not collected at the reporting date, the corresponding amount is recognised as trade receivables.

8.Inventories

The following table provides a breakdown of the item Inventories as at 31 March 2016 compared to 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Raw materials and consumables	30,993	32,886
Work in progress	12,425	9,824
Finished products and goods for resale	16,284	16,134
Advances to suppliers for assets	346	47
Total Inventories	**60,048**	**58,891**

Compared to 31 December 2015, *inventories* recorded an increase of Euro 1,157 thousand mainly attributable to the increase in Raw materials and consumables necessary to cover the expected sales for the coming months of the year.

9.Trade receivables

The following table sets forth the breakdown of Trade Receivables as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Trade receivables from third-party customers	58,683	46,832
Trade receivables from associates, related parties and joint ventures	4,518	4,050
Total trade receivables	**63,201**	**50,882**

The increase in *trade receivables* (24.2%) reflects the trend of sales for the quarter, which were concentrated in March, in particular. The balance of trade receivables due from related parties increased by Euro 468 thousand mainly due to higher sales to the associated company Tesmec Peninsula.

10.Financial receivables and other current financial assets

The following table provides a breakdown of financial receivables and other current financial assets as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Financial receivables from related parties	6,670	11,499
Financial receivables from third parties	51	285
Other current financial assets	66	65
Total financial receivables and other current financial assets	**6,787**	**11,849**

The decrease in current financial assets from Euro 11,849 thousand to Euro 6,787 thousand is mainly due to the decrease in credit positions relating to specific contracts signed with the related parties of joint ventures on which an interest rate is applied and repayable within 12 months and to the acquisition by 100% of the company Bertel S.r.l. which is described in paragraph 4.

11.Share capital and reserves

The share capital amounts to Euro 10,708 thousand, fully paid in, and is comprised of 107,084,000 shares with a par value of Euro 0.1 each.

The following table provides a breakdown of Other reserves as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Revaluation reserve	86	86
Extraordinary reserve	20,559	20,559
Consolidation reserve	2,072	2,078
Severance indemnity valuation reserve	(278)	(278)
Network Reserve	794	794
Retained earnings/(losses brought forward)	7,712	781
Bills charged directly to shareholders' equity		
on operations with entities under common control	(4,048)	(4,048)
Total other reserves	**26,897**	**19,972**

The revaluation reserve is a reserve in respect of which tax has been deferred, set up in accordance with Italian Law No. 72/1983.

The value of translation differences has a negative impact on Shareholders' Equity of Euro 1,439 thousand as at 31 March 2016.

As at 31 March 2016, the increase in Retained earnings/(losses brought forward) is due to the 2015 profit that was allocated by the Shareholders' Meeting on 29 April 2016.

12.Medium-long term loans

During the first three months of 2016, medium-long term loans decreased from Euro 77,409 thousand to Euro 72,420 thousand mainly due to (i) the reclassification in the current financial indebtedness relating to the short-term portion of medium/long-term loans and the (ii) decrease in financial leases (Euro 16,708 thousand as at 31 March 2016 compared to Euro 16,953 thousand as at 31 December 2015).

13.Interest-bearing financial payables (current portion)

The following table provides details of this item as at 31 March 2016 and as at 31 December 2015:

(Euro in thousands)	31 March 2016	31 December 2015
Advances from banks against invoices and bills receivables	29,451	18,403
Other financial payables (short-term leases)	2,016	2,455
Payables due to factoring companies	4,101	4,822
Current account overdrafts	2,982	22
Short-term loans to third parties	2,777	3,806
Current portion of medium/long-term loans	18,862	15,633
Other short-term payables	37	37
Total interest-bearing financial payables (current portion)	**60,226**	**45,178**

The increase in the *current portion of medium/long-term loans* refers to the reclassification of the short-term portion of the loans described in the previous paragraph.

14.Disclosure of derivative financial instruments

The following table shows a summary of the financial instruments, other than cash and cash equivalents, owned by the Group as at 31 March 2016:

(Euro in thousands)	Loans and receivables/ financial liabilities measured at amortised cost	Guarantee deposits	Cash and cash equivalents	Available-for-sale financial assets	Fair value recognised in the income statement
Financial assets:					
Financial receivables	471	-	-	-	-
Derivative financial instruments	-	-	-	-	3
Trade receivables	68	-	-	-	-
Total non-current	**539**	**-**	**-**	**-**	**3**
Trade receivables	63,201	-	-	-	-
Financial receivables from related parties	6,670	-	-	-	-
Financial receivables from third parties	51	-	-	-	-
Other current financial assets	66	-	-	-	-
Other available-for-sale securities	-	-	-	551	-
Cash and cash equivalents	-	-	18,565	-	-
Total current	**69,988**	**-**	**18,565**	**551**	**-**
Total	**70,527**	**-**	**18565**	**551**	**3**
Financial liabilities:					
Loans	55,712	-	-	-	-
Non-current portion of finance leases, net	16,708	-	-	-	-

Derivative financial instruments	-	-	-	-	331
Trade payables	3	-	-	-	-
Total non-current	**72,423**	**-**	**-**	**-**	**331**
Loans	21,639	-	-	-	-
Other financial payables (short-term leases)	2,016	-	-	-	-
Other short-term payables	36,571	-	-	-	-
Trade payables	33,978	-	-	-	-
Total current	**94,204**	**-**	**-**	**-**	**-**
Total	**166,627**	**-**	**-**	**-**	**331**

Management and types of risk

Within its scope of operations, the Group is exposed, to a greater or lesser extent, to certain types of risk that are managed as follows.
The Group does not hold derivatives or similar products for purely speculative purposes.

Interest rate risk

The Tesmec Group's exposure to interest rate risk is managed by taking overall exposure into consideration: as part of the general policy to optimise financial resources, the Group seeks equilibrium, by using less expensive forms of financing.

With regard to the market risk due to changes in the interest rate, the Group's policy is to hedge the exposure related to the portion of medium to long-term indebtedness. Derivative instruments such as Swaps, Collars and Caps are used to manage this risk.

As at 31 March 2016, there were five positions related to derivative instruments of interest rate swap hedging the risk related to the potential increase in interest bearing financial payables (current portion) due to fluctuating market rates. The notional value of these positions was equal to Euro 15.9 million, with a negative equivalent value of Euro 294 thousand. Moreover, there were four positions related to derivative instruments of Cap interest rate; the notional value of these positions was equal to Euro 8.2 million, with a negative equivalent value of Euro 34 thousand.

Exchange rate risk

A significant portion of the Group's revenues is generated by sales in foreign countries, including developing countries.

The main transaction currencies used for the Group's sales are the Euro and the US Dollar. The Group believes that if the exchange rate fluctuations of these two currencies are low, there is no risk to operating margins, insofar as the sale price could be adapted on each occasion to the exchange rate. However, if the US dollar were to depreciate significantly against the Euro, we cannot exclude negative effects on margins to the extent that a good portion of sales in US dollars concerns the productions of Italian factories that operate with costs in the Eurozone.
With regard to net exposure that is mainly represented by loans in US Dollars of Tesmec S.p.A., the forward buying of the American currency is adopted as the only hedging instrument. However, these hedges are carried out only for one part of the total exposure in that the timing of the inflow of the receipts in dollars is difficult to predict at the level of each sales invoice. Besides, for a good part of the sales in dollars, the Group uses the production of the American factory with costs in US dollars by creating in this way a sort of natural hedging of the currency exposure.
Forward sale instruments for fixing the exchange rate at the moment of the order are mainly used for covering the risk of the dollar exposure deriving from:

i) selling trenchers produced in Italy in Middle-East Countries;
ii) selling stringing machines produced in Italy in the USA where purchases are in Euro, and sales in US dollars.

Despite the adoption of the above strategies aimed at reducing the risks arising from fluctuation of exchange rates, the Group cannot exclude that future changes thereof might affect the results of the Group. Fluctuations in exchange rates could also significantly affect the comparability of the results of each financial period.

In the first three months of 2016, the Group did not sign any forward cover contracts of the Euro/USD exchange rate.

Credit risk

For the Group, credit risk is closely linked to the sale of products on the market. In particular, the extent of the risk depends on both technical and commercial factors and the purchaser's solvency.
From a commercial viewpoint, the Group is not exposed to a high credit risk insofar as it has been operating for years in markets where payment on delivery or letter of credit issued by a prime international bank are usually used as payment methods. For customers located in the European region, the Group mainly uses factoring without recourse. The provisions for doubtful accounts are considered to be a good indication of the extent of the overall credit risk.

Price risk

In general, price risk is linked to the fluctuation of commodity prices.
Specifically, the price risk of the Group is mitigated by the presence of many suppliers of raw materials as well as by the need to be sure on the supply volumes, in order not to affect the warehouse stock.
In reality, this risk seems remote for two fundamental reasons:
1. the existence and use of alternative suppliers;
2. the heterogeneity of raw materials and components used in the production of the Tesmec machinery: it is unlikely for all of them to be affected by increasing price tensions at the same time.
In particular, in the current market situation, this risk seems particularly weakened by the situation of oversupply in many markets.

Liquidity/cash flow variation risks

The management of financial requirements and related risks (mainly interest rate risks, liquidity and exchange rate risks) is carried out by the Group on the basis of guidelines defined by the Group General Management and approved by the Chief Executive Officer of the Parent Company.
The main purpose of these guidelines is to guarantee the presence of a liability structure always in equilibrium with the structure of the balance sheet assets, in order to keep a very sound balance sheet structure.
Forms of financing most commonly used are represented by:

- medium-long term loans with multiyear redemption plan, to cover the investments in fixed assets and to finance expenses related to several development projects;
- short-term financial payables, advances on export, transfers of trade receivables, to finance the working capital.

The average cost of indebtedness is benchmarked to the trend of the 1/3-month Euribor rates for short-term loans and of the 3/6-month Euribor rates for medium to long-term loans. Some interest rate hedges have been set in place for floating medium-long term loans. Existing loans contemplate the observance of financial covenants. Existing loans contemplate the observance of financial covenants, commented below.

Risks related to transactions with suppliers

The Tesmec Group adopts a supply policy aimed at diversifying the suppliers of components that are characterised by purchased volumes or by high added value. However, the termination for any reason of these supply relations could imply for the Group supply problems of such raw materials, semi-finished and finished goods as for quantity and time suitable for ensuring the continuity of production, or the provisioning could lead to time issues for achieving quality standards already acquired with the old supplier.

Disclosures: hierarchy levels of fair value measurement

In relation to financial instruments measured at fair value, the following table shows the classification of such instruments on the basis of the hierarchy of levels required by IFRS 13, which reflects the significance of the inputs used in measuring the fair value. The levels are broken down as follows:

- level 1 - quoted prices without adjustment recorded in an active market for measured assets or liabilities;
- level 2 - are inputs other than quoted prices included within Level 1, that are observable in the market, either directly (as in the case of prices) or indirectly (i.e. when derived from the prices);
- level 3 - inputs that are not based on observable market data.

The following table shows the assets and liabilities that are measured at fair value as at 31 March 2016, divided into the three levels defined above:

(Euro in thousands)	**Book value as at 31 March 2016**	**Level 1**	**Level 2**	**Level 3**
Financial assets:				
Derivative financial instruments	3	-	3	-
Total non-current	**3**	**-**	**3**	**-**
Other available-for-sale securities	551	-	-	551
Total current	**551**	**-**	**-**	**551**
Total	**554**	**-**	**3**	**551**
Financial liabilities:				
Derivative financial instruments	331	-	331	-
Total non-current	**331**	**-**	**331**	**-**
Total	**331**	**-**	**331**	**-**

15.Revenues from sales and services

The table below shows the breakdown of Revenues from sales and services as at 31 March 2016 and as at 31 March 2015:

	Quarter ended 31 March	
(Euro in thousands)	**2016**	**2015**
Sales of products	33,520	32,521
Services rendered	6,040	2,120
Total revenues from sales and services	**39,560**	**34,641**
Changes in work in progress	898	(199)
Total revenues from sales and services	**40,458**	**34,442**

In the first three months of 2016, the Group recorded consolidated revenues of Euro 40,458 thousand, marking an increase of Euro 6,016 thousand compared to Euro 34,442 thousand in the same period of the previous year. In percentage terms, this increase represents a positive difference of 17.5%, which is split unevenly between the Group’s three business areas. More specifically, an increase of +103.8% was recorded for the Trencher segment, +37.6% for the Rail segment, while the Stringing equipment segment recorded a decrease of -46.6%.
The increase in revenues in the Trencher segment is mainly a result of the contribution of the Marais Group and of the sales in the African continent.

For the Stringing equipment segment, the decline compared to the same quarter last year reflects the impact in 2015 of an important contract that affected the revenues of the first six months of 2015. Note also that the Energy Automation business, with the consolidation of recent developments in the sector of technologies for power lines, is contributing increasingly to the Group's results.

For the Rail segment, the results are still very low and can, therefore, generate significant fluctuations if analysed on a quarterly basis. However, important commercial operations are confirmed in the quarter compared to possible new orders whose potential turnover could determine a substantial business development for the Group.

16.Operating costs

The item *operating costs* amounted to Euro 37,989 thousand, an increase of 18.6% compared to the previous year, a more than proportional increase with respect to the performance in revenues (17.5%).

17.Segment Reporting

For management purposes, the Tesmec Group is organised into strategic business units on the basis of the nature of the goods and services supplied, and presents three operating segments for disclosure purposes:

- *Stringing equipment segment*
- machines and integrated systems for overhead and underground stringing of power lines and fibre optic cables; integrated solutions for the streamlining, management and monitoring of low, medium and high voltage power lines (smart grid solutions).

- *Trencher segment*
- high-efficiency crawler trenching machines for excavation with a set section for the construction of infrastructures for the transmission of data, raw materials and gaseous and liquid products in the various segments): energy, farming, chemical and public utilities, crawler trenching machines for working in the mines, surface works and earth moving works (RockHawg);
- specialised consultancy and excavation services on customer request;
- multipurpose site machinery (Gallmac).

- *Rail segment*
- Machines and integrated systems for the installation, maintenance and diagnostics of the railway catenary wire system, plus customised machines for special operations on the line.

	Quarter ended 31 March							
	2016				2015			
(Euro in thousands)	Stringing equipment	Trencher	Rail	Consolidated	Stringing equipment	Trencher	Rail	Consolidated
Revenues from sales and services	10,408	29,231	819	40,458	19,505	14,342	595	34,442
Operating costs net of depreciation and amortisation	(8,429)	(25,503)	(1,159)	(35,091)	(16,030)	(13,161)	(844)	(30,035)
EBITDA	**1,979**	**3,728**	**(340)**	**5,367**	**3,475**	**1,181**	**(249)**	**4,407**
Amortisation and depreciation	(770)	(1,769)	(359)	(2,898)	(514)	(1,167)	(310)	(1,991)
Total operating costs	**(9,199)**	**(27,272)**	**(1,518)**	**(37,989)**	**(16,544)**	**(14,328)**	**(1,154)**	**(32,026)**
Operating income	**1,209**	**1,959**	**(699)**	**2,469**	**2,961**	**14**	**(559)**	**2,416**
Net financial income/(expenses)				(2,551)				1,678
Pre-tax profit				**(82)**				**4,094**
Income tax				(35)				(1,338)
Net profit / (loss) for the period				**(117)**				**2,756**
Profit / (loss) attributable to non-controlling interests				(66)				-
Group profit (loss)				**(51)**				**2,756**

(*) The EBITDA is represented by the operating income gross of amortisation/depreciation. The EBITDA thus defined represents a measurement used by Company management to monitor and assess the company's operating performance. EBITDA is not recognised as a measure of performance by the IFRS and therefore is not to be considered an alternative measurement for assessing the performance of the Group's operating income. As the composition of EBITDA is not governed by the reference accounting standards, the criterion for determination applied by the Group may not be in line with the criterion adopted by others and is therefore not comparable.

Management monitors the operating income of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is assessed on the basis of operating income.

Group financial management (including financial income and charges) and income tax is managed at Group level and are not allocated to the individual operating segments.

The following table shows the consolidated statement of financial position by business segment as at 31 March 2016 and as at 31 December 2015:

	31 March 2016					31 December 2015				
(Euro in thousands)	Stringing equipment	Trencher	Rail	Not allocated	Consolidated	Stringing equipment	Trencher	Rail	Not allocated	Consolidated
Intangible assets	8,645	3,677	5,235	-	17,557	4,537	3,664	5,626	-	13,827
Property, plant and equipment	11,493	48,934	100	-	60,527	11,456	53,792	104	-	65,352
Financial assets	3,079	716	-	350	4,145	4,187	692	371	-	5,250
Other non-current assets	783	3,503	83	8,147	12,516	146	2,775	78	5,925	8,924
Total non-current assets	**24,000**	**56,830**	**5,418**	**8,497**	**94,745**	**20,326**	**60,923**	**6,179**	**5,925**	**93,353**
Work in progress contracts	-	-	**2,745**	-	2,745	-	-	3,864	-	3,864
Inventories	13,892	46,120	22	14	60,048	12,580	45,865	446	-	58,891
Trade receivables	16,376	45,286	1,539	-	63,201	13,247	36,874	761	-	50,882
Other current assets	1,732	3,371	338	7,473	12,914	826	3,244	309	12,315	16,694
Cash and cash equivalents	-	-	-	18,565	18,565	-	-	-	21,204	21,204
Total current assets	**32,000**	**94,777**	**1,899**	**26,052**	**154,728**	**26,653**	**85,983**	**5,380**	**33,519**	**151,535**
Total assets	**56,000**	**151,607**	**7,317**	**34,549**	**249,473**	**46,979**	**146,906**	**11,559**	**39,444**	**244,888**
Shareholders' equity attributable to Parent Company Shareholders	**-**	**-**	**-**	**52,573**	**52,573**	**-**	**-**	**-**	**54,262**	**54,262**
Shareholders' equity attributable to non-controlling interests	**-**	**-**	**-**	**1,543**	**1,543**	**-**	**-**	**-**	**1,615**	**1,615**
Non-current liabilities	**309**	**10,137**	**383**	**76,075**	**86,904**	**35**	**9,086**	**372**	**79,371**	**88,864**
Current financial liabilities	-	-	-	60,226	60,226	-	-	-	45,192	45,192
Trade payables	12,093	20,383	1,460	42	33,978	15,820	22,248	981	-	39,049
Other current liabilities	614	6,776	249	9,355	16,994	531	6,135	277	8,963	15,906
Total current liabilities	**12,707**	**27,159**	**1,709**	**69,623**	**111,198**	**16,351**	**28,383**	**1,258**	**54,155**	**100,147**
Total liabilities	**13,016**	**37,296**	**2,092**	**145,698**	**198,102**	**16,386**	**37,469**	**1,630**	**133,526**	**189,011**
Total shareholders' equity and liabilities	**13,016**	**37,296**	**2,092**	**199,814**	**252,218**	**16,386**	**37,469**	**1,630**	**189,403**	**244,888**

18. Related party transactions

The following table gives details of economic and equity transactions with related parties. The companies listed below have been identified as related parties as they are linked directly or indirectly to the current shareholders:

	Quarter ended 31 March 2016					Quarter ended 31 March 2015				
(Euro in thousands)	Revenues	Cost of raw materials	Cost of services	Other operating (costs)/ revenues, net	Financial income and expenses	Revenues	Cost of raw materials	Cost of services	Other operating (costs)/ revenues, net	Financial income and expenses
Associates:										
Locavert S.A.	55	-	-	-	-	16	-	-	-	-
Bertel S.r.l.		-	-	-		6	-	-	-	6
Subtotal	**55**	**-**	**-**	**-**	**-**	**22**	**-**	**-**	**-**	**6**
Joint Ventures:										
Condux Tesmec Inc.	470	-	-	44	18	1,143	-	-	(46)	2
Tesmec Peninsula	-	-	-	27	21	1,070	(147)	(23)	(27)	24
Subtotal	**470**	**-**	**-**	**71**	**39**	**2,213**	**(147)**	**(23)**	**(73)**	**26**
Related parties:										
Ambrosio S.r.l.	-	-	-	(4)	-	-	-	-	4	-
Ceresio Tours S.r.l.	-	-	(1)	-	-	-	-	(2)	-	-
Dream Immobiliare S.r.l.	-	-	-	(89)	(218)	-	-	-	78	(282)
TTC S.r.l.	-	-	(21)	-	-	-	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	886	-	1	3	-	466	-	1	(3)	-
Reggiani Macchine S.p.A.	-	(3)	(65)	72	-	-	(4)	38	(1)	-
Subtotal	**886**	**(3)**	**(86)**	**(18)**	**(218)**	**466**	**(4)**	**37**	**78**	**(282)**
Total	**1,411**	**(3)**	**(86)**	**53**	**(179)**	**2,701**	**(151)**	**14**	**5**	**(250)**

	31 March					31 December				
	2016					2015				
(Euro in thousands)	Trade receivables	Current financial receivables	Non-current financial payables	Current financial payables	Trade payables	Trade receivables	Current financial receivables	Non-current financial payables	Current financial payables	Trade payables
Associates:										
Locavert S.A.	55	-	-	-	-	12	-	-	-	-
Bertel S.r.l.	-	-	-	-	-	25	2,524	-	-	-
SEP Cergy	-	-	-	-	-	-	46	-	-	-
SEP Moselle	-	32	-	-	-	-	32	-	-	-
SEP Semafor 77	-	-	-	20	-	-	-	-	20	-
SEP Laison	-	-	-	10	-	-	-	-	10	-
SEP College	-	6	-	-	-	-	6	-	-	-
Subtotal	**55**	**38**	**-**	**30**	**-**	**37**	**2,608**	**-**	**30**	**-**
Joint Ventures:										
Condux Tesmec Inc.	520	1,061	-	-	1	576	2,307	-	-	1
Tesmec Peninsula	38	3,677	-	-	-	44	4,690	-	-	7
Marais Algerie SARL	1,092	-	-	-	-	1,102	-	-	-	-
Marais Tunisie	-	2	-	-	-	-	2	-	-	-
Marais Lucas	-	794	-	-	-	-	794	-	-	-
Subtotal	**1,650**	**5,534**	**-**	**-**	**1**	**1,722**	**7,793**	**-**	**-**	**8**
Related parties:										
Ambrosio S.r.l.	-	-	-	-	4	-	-	-	-	-
Ceresio Tours S.r.l.	-	-	-	-	1	-	-	-	-	-
Dream Immobiliare S.r.l.	-	1,096	14,411	1,241	-	-	1,096	14,743	1,211	52
Eurofidi S.p.A.	-	2	-	-	-	-	2	-	-	-
CONAI	-	-	-	-	1	-	-	-	-	1
TTC S.r.l.	-	-	-	-	25	-	-	-	-	42
Finetis S.r.l.	30	-	-	-	-	30	-	-	-	-
Lame Nautica S.r.l.	-	-	-	-	-	1	-	-	-	-
M.T.S. Officine meccaniche S.p.A.	2,783	-	-	-	-	2,170	-	-	-	-
Reggiani Macchine S.p.A.	-	-	-	-	22	52	-	-	-	77
Comatel	-	-	-	-	-	38	-	-	-	-
C2D	-	-	-	-	14	-	-	-	-	20
Subtotal	**2,813**	**1,098**	**14,411**	**1,241**	**67**	**2,291**	**1,098**	**14,743**	**1,211**	**192**
Total	**4,518**	**6,670**	**14,411**	**1,271**	**68**	**4,050**	**11,499**	**14,743**	**1,241**	**200**

Certification pursuant to Article 154-bis of Italian Legislative Decree 58/98

1. The undersigned Ambrogio Caccia Dominioni and Andrea Bramani, as the Chief Executive Officer and the Manager responsible for preparing the Company's financial statements of Tesmec S.p.A., respectively, hereby certify, also taking into consideration the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

    - the adequacy in relation to the characteristics of the business and
    - the actual application

    of the administrative and accounting procedures for preparing the Interim Condensed Consolidated Financial Statements as at 31 March 2016.

2. We also certify that:

2.1 The Interim condensed consolidated financial statements as at 31 March 2016:

- have been prepared in accordance with international accounting standards endorsed by the European Union, as provided by the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the amounts shown in the Company’s accounts, books and records;
- provide a true and fair view of the equity, income and cash flow situation of the issuer and of its consolidated companies.

2.2 The interim report on operations includes a reliable analysis of the important events that took place during the first three months of the financial period and their impact on the Interim Condensed Consolidated Financial Statements, together with a description of the main risks and uncertainties for the nine remaining months of the financial period. The interim report on operations also includes a reliable analysis of information on significant transactions with related parties.

Grassobbio, 6 May 2016

Ambrogio Caccia Dominioni	Andrea Bramani
Chief Executive Officer	Manager responsible for preparing the Company’s financial statements

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