



COSTRUZIONI ELETTROMECCANICHE BRESCIANE



2017 half-yearly

financial report

Cembre S.p.A.

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

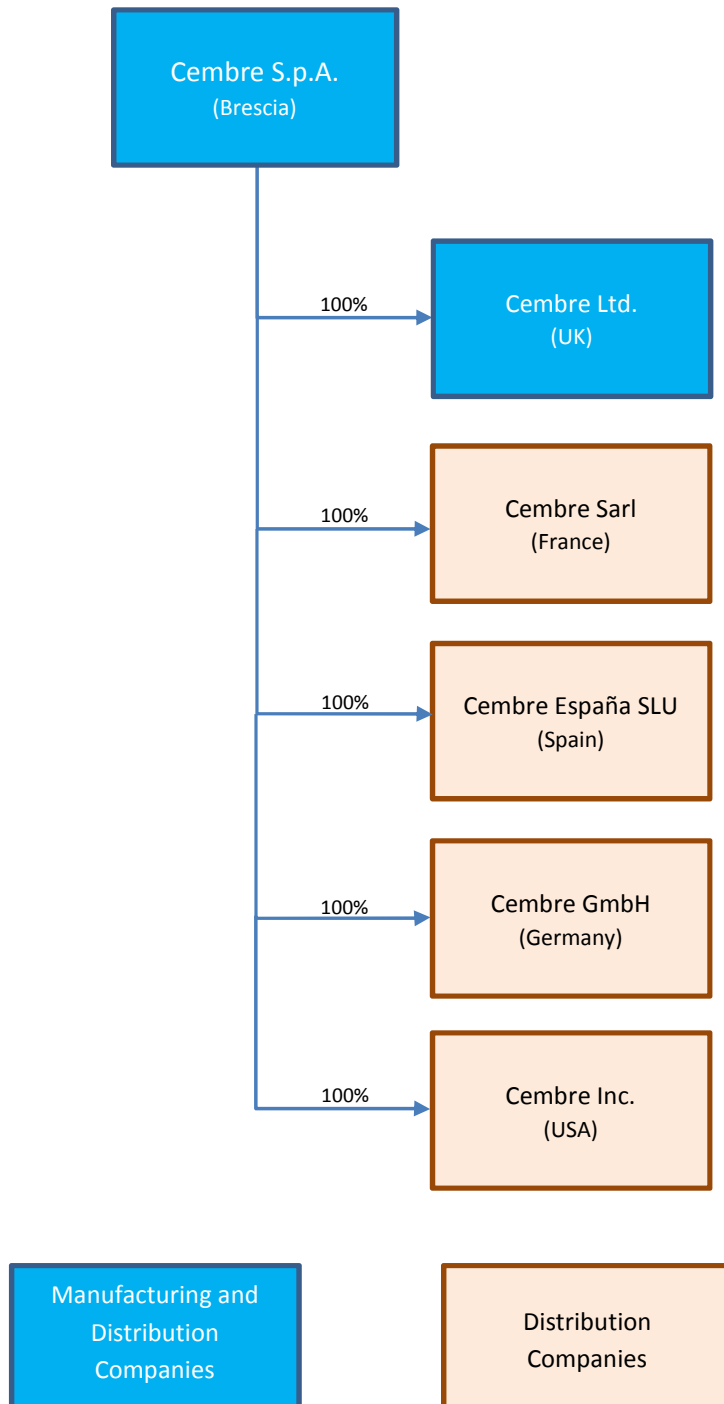
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the consolidated interim 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)

CONTENTS

Group Structure	1
Consolidated Interim Report of the Cembre Group for the 1st Half of 2017	2
Attachment 1: Comparative Consolidated Income Statement	15
Attachment 2: Corporate Boards	16
Condensed Consolidated Financial Statements at June 30, 2017	
<i>Consolidated Statement of Financial Position</i>	18
<i>Statement of Consolidated Comprehensive Income</i>	19
<i>Consolidated Statement of Cash Flows</i>	20
<i>Statement of Changes in the Consolidated Shareholders' Equity</i>	21
<i>Notes to the accounts</i>	22
Certification of the Condensed Consolidated Financial Statements at June 30, 2017 pursuant to article 81-ter of CONSOB Regulation no.11971/99	44
Report of the Independent Auditors on the limited audit	45

Group Structure



Report on Operations for the 1st Half of 2017

Operating Review

In the 1st Half of 2017 sales of the Cembre Group amounted to €66.6 million, up 6.2% on €62.7 million in the 1st Half of 2016.

The breakdown of consolidated sales by geographical area shows a growth in the domestic market, with domestic sales up by 10.3% to €28.1 million, exports to other European countries up by 6.7% to €28.0 million, and exports to the rest of the world declining by 4.2% to €10.5 million. In the 1st Half of 2017, 42.1% of Group sales were represented by Italy (as compared with 40.6% in the 1st Half of 2016), 42.1% by the rest of Europe (41.9% in the 1st Half of 2016), and the remaining 15.8% by the rest of the World (17.5% in the 1st Half of 2016).

Sales by geographical area

(€'000)	1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Italy	28,055	25,446	10.3%	25,312	22,194	19,309	20,968	24,819	19,121	15,074	21,522
Rest of Europe	28,014	26,250	6.7%	26,283	26,100	23,995	23,841	22,168	18,958	18,466	22,687
Rest of the World	10,527	10,989	-4.2%	11,442	8,319	8,955	8,412	6,848	5,362	4,592	5,922
Total	66,596	62,685	6.2%	63,037	56,613	52,259	53,221	53,835	43,441	38,132	50,131

In the 1st Half of 2017 the parent company and its foreign subsidiaries registered an increase in euro sales with the exception of the UK subsidiary whose sales measured in euro continued to suffer from the weakness of the British pound against the European currency. Though posting a 4.5% increase in sales in British pound terms, in fact, the subsidiary registered a 5.4% decline in sales measured in euro (a 4.6% decline considering only sales to third parties).

Revenues by Group company (net of intragroup sales)

(€'000)	1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Parent Company	37,303	35,226	5.9%	34,732	29,098	26,607	28,308	31,873	24,496	20,064	26,946
Cembre Ltd. (UK)	8,883	9,313	-4.6%	9,979	10,636	9,541	9,086	6,759	5,500	5,933	6,849
Cembre S.a.r.l. (F)	5,025	4,836	3.9%	4,300	4,292	4,037	4,081	3,846	3,157	3,197	3,420
Cembre España S.L.U. (E)	5,093	4,084	24.7%	4,406	3,567	3,167	3,093	3,929	4,333	3,790	6,698
Cembre GmbH (D)	4,319	3,824	12.9%	3,633	3,762	3,535	4,018	3,896	2,981	2,366	2,637
Cembre AS (NOR) (Wound up in 2016)	-	23	n.a.	591	450	412	528	424	469	321	431
Cembre Inc. (USA)	5,973	5,379	11.0%	5,396	4,808	4,960	4,107	3,108	2,505	2,461	3,150
Total	66,596	62,685	6.2%	63,037	56,613	52,259	53,221	53,835	43,441	38,132	50,131

In the 1st Half of 2017, Group companies reported the following results, before the consolidation:

	Sales										
(€'000)	1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Cembre S.p.A.	52,215	49,264	6.0%	48,817	42,969	39,071	41,385	43,034	33,823	28,713	39,994
Cembre Ltd. (UK)	9,504	10,047	-5.4%	10,779	11,572	10,394	9,970	7,842	6,197	6,485	7,448
Cembre S.a.r.l. (F)	5,031	4,845	3.8%	4,303	4,300	4,080	4,089	3,856	3,161	3,207	3,431
Cembre España S.L.U. (E)	5,093	4,084	24.7%	4,413	3,568	3,167	3,455	3,930	4,334	3,790	6,698
Cembre GmbH (D)	4,365	3,846	13.5%	3,673	3,796	3,666	4,029	3,909	2,997	2,499	2,641
Cembre AS (NOR) (Wound up in 2016)	-	196	n.a.	591	450	412	528	430	469	321	432
Cembre Inc. (USA)	5,979	5,400	10.7%	5,701	4,914	4,976	4,155	3,109	2,517	2,417	3,154

	Net profit										
(€'000)	1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Cembre S.p.A.	10,496	9,275	13.2%	9,283	6,807	4,305	5,635	6,153	4,835	2,181	5,263
Cembre Ltd. (UK)	2,997	1,049	185.7%	1,182	1,391	1,139	1,123	635	393	595	500
Cembre S.a.r.l. (F)	236	160	47.5%	211	183	166	100	165	74	213	199
Cembre España S.L.U. (E)	289	(40)	n.a.	264	161	69	(276)	(31)	197	153	524
Cembre GmbH (D)	288	166	73.5%	94	197	98	278	304	156	84	150
Cembre AS (NOR) (Wound up in 2016)	-	(91)	n.a.	49	31	11	57	37	110	56	94
Cembre Inc. (USA)	245	183	33.9%	160	294	480	210	131	46	77	285

The strong increase in net profit of the UK subsidiary is due to the £1,928 thousand (€2,231 thousand) capital gain on the sale to the parent company of shares held by the

UK company in other subsidiaries. For more detailed information see the section on Related Parties in the present document where the changes in the Group holding structure are described.

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										
(€'000)		1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Cembre Ltd. (UK)	Gbp	8,179	7,824	4,5%	7,894	9,504	8,843	8,200	6,808	5,392	5,797	5,773
Cembre Inc. (USA)	US\$	6,475	6,026	7,5%	6,361	6,734	6,536	5,387	4,363	3,339	3,221	4,826

	Currency	Net profit										
(€'000)		1 st Half 2017	1 st Half 2016	Change	1 st Half 2015	1 st Half 2014	1 st Half 2013	1 st Half 2012	1 st Half 2011	1 st Half 2010	1 st Half 2009	1 st Half 2008
Cembre Ltd. (UK)	Gbp	2,580	817	215.8%	865	1,142	969	923	552	342	531	387
Cembre Inc. (USA)	US\$	266	204	30.4%	179	402	630	272	183	61	103	436

To provide a better understanding of the Company's financial performance for the 1st Half of 2017, a Reclassified Consolidated Income Statement for the 1st Half of 2017 and 2016 showing percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the 1st Half of 2017 amounted to €17,336 thousand, representing a 26% margin on sales, up 14% on the corresponding period in 2016 when it amounted to €15,210 thousand, representing a 24.3% margin on sales. The cost of goods sold and personnel costs as a percentage of sales declined slightly in the period, despite the increase in the average number of persons employed from 659 in the 1st Half of 2016 to 680 in the 1st Half of 2017.

Consolidated operating profit for the period amounted to €14,227 thousand, representing a 21.4% margin on sales, up 15.7% on €12,294 thousand in the 1st Half of 2016, when it represented a 19.6% margin on sales.

Consolidated profit before taxes for the period profit amounted to €14,222 thousand, representing a 21.4% margin on sales, up 16.6% on €12,194 thousand in the 1st Half of 2016, when it represented a 19.5% margin on sales.

Net profit amounted to €10,150 thousand, representing a 15.2% margin on sales, up 19.3% on €8,510 thousand in the 1st Half of 2016, when it represented a 13.6% margin on sales.

The consolidated net financial position at June 30, 2017 amounted to a surplus of €14.6 million, down on December 31, 2016, when it amounted to a surplus of €26.7 million. The financial position was affected by the payment of €11.8 million in dividends and capital expenditure made by the parent company in the period, amounting to €6.7 million. At June 30, 2016 the net financial position was equal to a surplus of €14.5 million.

Definition of alternative performance indicators

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

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

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

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

Shareholders' Equity

Consolidation adjustments determined the following differences between the Financial Statements of the parent company at June 30, 2017 and the consolidated accounts at the same date:

(€'000)	Shareholders' Equity	Net Profit
Parent company's financial statements	111,915	10,496
Book value of consolidated companies	25,086	1,815
Elimination of intra-group profits included in the value of inventories (*)	(3,494)	303
Currency translation differences from elimination of intragroup payables and receivables	(6)	(5)
German subsidiary product warranty provision reversal (*)	21	-
Netting of intragroup dividends	-	(2,457)
Netting of intragroup gains	(14)	(2)
Consolidated Financial Statements	133,508	10,150

(*) Net of the related tax effect.

Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1st Half of 2017 amounted to €6.7 million and consisted mainly in the acquisition of plant and equipment. In the 1st Half of 2016 investments amounted to €2.7 million.

Main risks and uncertainties

Risks connected to the economic situation

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

In the 1st Half of 2017 the World economy consolidated its recovery started at the end of 2016. There however remain uncertainties regarding global economic policies that could affect investment and international trade. Despite encouraging signals with regard to growth, the European economy continues to show a weak inflation and the ECB thus continues to pursue its expansionary monetary policy with the aim of favoring a durable recovery in price progression.

The recovery of the Italian economy is gaining momentum pushed in particular by the services sector; savings are growing along with consumer spending. Employment figures are also improving and, despite the end of government incentives, the number of people employed increased in the past few months. The Bank of Italy forecasts GNP to grow by 1.4% this year and by 1.2% in 2019, with an increase in the level of investment as a result of improved financial conditions and tax facilitations (source: *Bank of Italy Economic Bulletin 3/2017*).

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

Risks connected with the market

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

Credit risk

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

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

Exposure to credit risk relates exclusively to trade receivables.

Liquidity risk

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

Interest rate risk

At the present date there are no loans outstanding.

Currency risk

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

In December 2016 the parent company entered into a currency hedging contract to hedge against the risk of fluctuations of the euro/dollar exchange rate.

Integrity and reputation risk

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

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

Environmental management

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

Worker safety management

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

Research & Development

In the 1st Half of 2017 costs for personnel employed in Research & Development activities amounted to €392 thousand, of which €185 thousand for research, expensed in the year, and €207 thousand for development, capitalized among intangibles.

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

Cable terminals

A total of 16 requests for new products were approached. All studies included both new connectors and equipment for their manufacturing.

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

Railroad equipment

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

A prototype for a new machine for the drilling of wooden sleepers was developed and manufactured.

A prototype for a new battery-run hydraulic utensil for the fastening of clips used to fasten rails to sleepers was developed and manufactured. The utensil features a particular

configuration developed by the University of Moscow for the Russian railways. The project is being patented.

A new trolley that may be combined with our impact wrench and our sleeper drill was developed. The device is being patented.

Tools

A new battery-operated hydraulic pump for the operation of insulated cable cutters was developed. The pump features an innovative wireless remote control that ensures the full safety of the operator in case of the erroneous cutting of a live wire.

Alongside the pump, three cutter heads able to communicate to the machine, and thus to the operator through a wireless connection, the completion of the cut, were developed. This improves the safety of the operator that is no longer required to approach the dangerous zone to verify that the operation has been completed. The project is being patented.

New battery-operated utensils for the crimping of terminals and the shearing of electric cables were developed. These feature strong innovations as the use of *smart technology* (already introduced with the B500 utensil), *by-linear ergonomic design* (reducing operator fatigue during use), and the *smart release* (which is the only system for the automatic completion of the job that allows visual verification of the effective crimping of the cable currently available). The project is being patented.

Cable marking

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

A project relating to the widening and updating of the range of thermal transfer printers is currently underway.

Related parties

Transactions concluded between the parent company and its subsidiaries in the 1st Half of 2017 were exclusively of a commercial nature and are summarized in the table below:

(€'000)	Receivables	Payables	Revenues	Purchases
Cembre Ltd.	700	27	4,058	87
Cembre S.a.r.l.	447	3	2,603	4
Cembre España S.L.U.	1,060	-	2,496	-
Cembre GmbH	892	12	2,672	31
Cembre Inc.	441	-	3,310	5
TOTAL	3,540	42	15,139	127

Revenues above include the charging to subsidiaries of costs incurred in the maintenance of the information system and royalties for the use of the *Cembre* trademark, amounting to €193 thousand.

Cembre S.p.A. currently leases property from Tha Immobiliare S.p.A., with registered office in Brescia, owned by Giovanni Rosani and Sara Rosani, Directors of Cembre S.p.A. Cumulative rent for these contracts for the 1st Half of 2017 amounts to €265 thousand.

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

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. Rent for the 1st Half of 2017 amounts to £61 thousand. Such amount is in line with market conditions.

Further detail of these transactions is provided in the notes.

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

On June 23, 2017, the parent company acquired from its UK subsidiary Cembre Ltd. (of which it holds the entire capital stock) shares held by the latter in other Group companies (i.e. a 29% share in Cembre Inc. (USA), a 5% share in Cembre Sarl (F), a 5% share in Cembre España (E) and a 5% share in Cembre GmbH (D). The operation did not have any effect on the consolidation area as the parent company already controlled – either directly or indirectly – all of its subsidiaries, and the reorganization of the ownership structure was only aimed at streamlining the governance of the Group which previously involved Cembre Ltd. in most operations.

Furthermore, given the uncertainty regarding economic developments in the UK after the decision to exit the European Union and about the future access to the common market of UK based companies and the application of EU norms within the country, the reorganization carried out is in line with Cembre's strategy to continue to monitor closely risks incurred by the Group and its Shareholders.

The Board of Directors of the parent company resolved the purchase of the shares from the UK subsidiary to take place at their net equity value at December 31, 2016, setting the following transfer prices:

Cembre Inc.	US\$	2,211,721
Cembre Sarl	€	153,411
Cembre España	€	355,360
Cembre GmbH	€	270,674

We note that, pursuant to article 9 of the Related Parties Procedure (RPP) adopted by Cembre in compliance with Consob Regulation no. 17221/2010, as subsequently amended, and of article 14 of said Regulation, the provisions of the Regulation and of the RPP do not apply – among other things – to transactions with or between subsidiaries whenever among the subsidiaries involved there do not exist interests that may be classified as "significant" with regard to other related parties of the parent company. In this regard, no interests classifiable as "significant" in this respect have been deemed to exist.

Absence of control and coordination

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

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

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

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

Cembre S.p.A. currently controls only one company incorporated under the laws of a State that is not part of the European Union and namely Cembre Inc., incorporated in the US.

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

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

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

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

Own shares and shares of parent companies

The Shareholders' Meeting of April 20, 2017 confirmed the campaign for the acquisition of own shares aimed at providing the Company with strategic investment opportunities that was originally launched in 2016. At June 30, 2017, the number of own shares held by Cembre S.p.A. was 152,407, corresponding to 0.9% of the capital stock.

Ownership Structure and Corporate Governance

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

Subsequent events

No event having significant effects on Cembre's financial or operating performance occurred after June 30, 2017.

A currency hedging contract for a nominal amount of US\$3 million was closed at an exchange rate of 1.0775 €/US\$ with the subsequent recording of a gain.

Outlook

The weakening of the British pound against the euro continues to negatively affect the conversion into euro of sales of the UK subsidiary Cembre Ltd. that accounts for 13% of Cembre's consolidated sales. Despite this, Cembre expects to close 2017 reporting a growth in sales on the previous year.

Attachments

The present Report includes the following attachments:

Attachment 1 Reclassified Consolidated Income Statement at June 30, 2017

Attachment 2 Company Boards

Brescia, September 14, 2017

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

Giovanni Rosani

Attachment 1 - Report on Operations of the Group

Comparative Consolidated Income Statement

	1 st Half 2017	% of sales	1 st Half 2016	% of sales	Change
	(€ '000)				
Revenues from sales and services provided	66.596	100,0%	62.685	100,0%	6,2%
Other revenues	253		423		-40,2%
TOTAL REVENUES	66.849		63.108		5,9%
Cost of goods and merchandise	(23.992)	-36,0%	(22.616)	-36,1%	6,1%
Change in inventories	2.628	3,9%	1.496	2,4%	75,7%
Cost of services received	(8.555)	-12,8%	(7.702)	-12,3%	11,1%
Lease and rental costs	(794)	-1,2%	(748)	-1,2%	6,1%
Personnel costs	(18.696)	-28,1%	(18.293)	-29,2%	2,2%
Other operating costs	(581)	-0,9%	(547)	-0,9%	6,2%
Increase in assets due to internal construction	583	0,9%	537	0,9%	8,6%
Write-down of receivables	(97)	-0,1%	(18)	0,0%	438,9%
Accruals to provisions for risks and charges	(9)	0,0%	(7)	0,0%	28,6%
GROSS OPERATING PROFIT	17.336	26,0%	15.210	24,3%	14,0%
Property, plant and equipment depreciation	(2.836)	-4,3%	(2.656)	-4,2%	6,8%
Intangible asset amortization	(273)	-0,4%	(260)	-0,4%	5,0%
OPERATING PROFIT	14.227	21,4%	12.294	19,6%	15,7%
Financial income	73	0,1%	13	0,0%	461,5%
Financial expenses	(4)	0,0%	(1)	0,0%	300,0%
Foreign exchange gains (losses)	(74)	-0,1%	(112)	-0,2%	-33,9%
PROFIT BEFORE TAXES	14.222	21,4%	12.194	19,5%	16,6%
Income taxes	(4.072)	-6,1%	(3.684)	-5,9%	10,5%
NET PROFIT	10.150	15,2%	8.510	13,6%	19,3%

Attachment 2 – Report on the 1st Half of 2017

CORPORATE BOARDS

Board of Directors

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

Board of Statutory Auditors

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

Independent Auditors

PricewaterhouseCoopers S.p.A.

The above list is updated at September 14, 2017.

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

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

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

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

Condensed Consolidated Financial Statements at June 30, 2017

Consolidated Statement of Financial Position

ASSETS	Note	June 30, 2017		Dec. 31, 2016	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS					
Tangible assets	1	69.621		66.298	
Investment property	2	1.152		1.647	
Intangible assets	3	1.510		1.350	
Other investments		10		10	
Other non-current assets		61		44	
Deferred tax assets	10	2.407		2.502	
TOTAL NON-CURRENT ASSETS		74.761		71.851	
CURRENT ASSETS					
Inventories	4	40.920		38.796	
Trade receivables	5	29.207		24.885	
Financial assets from derivative instruments	24	176		0	
Tax receivables		221		850	
Other receivables	6	470		560	
Cash and cash equivalents		14.407		26.709	
TOTAL CURRENT ASSETS		85.401		91.800	
NON-CURRENT ASSETS AVAILABLE FOR SALE		462		-	
TOTAL ASSETS		160.624		163.651	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2017		Dec. 31, 2016	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY					
Capital stock	7	8.840		8.840	
Reserves	7	114.518		111.860	
Net profit		10.150		16.927	
TOTAL SHAREHOLDERS' EQUITY		133.508		137.627	
NON-CURRENT LIABILITIES					
Non-current financial liabilities		-		-	
Employee termination indemnity and other personnel benefits	8	2.624	181	2.618	176
Provisions for risks and charges	9	531	175	421	150
Deferred tax liabilities	10	2.117		2.043	
TOTAL NON-CURRENT LIABILITIES		5.272		5.082	
CURRENT LIABILITIES					
Current financial liabilities		-		-	
Liabilities on derivative instruments		-		43	
Trade payables	11	12.645	-	13.306	16
Tax payables		991		921	
Other payables	12	8.208		6.672	
TOTAL CURRENT LIABILITIES		21.844		20.942	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		-		-	
TOTAL LIABILITIES		27.116		26.024	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160.624		163.651	

Condensed Consolidated Financial Statements at June 30, 2017

Statement of Consolidated Comprehensive Income

	Note	1 st Half 2017		1 st Half 2016	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from sales and services provided	13	66.596		62.685	
Other revenues	14	253		423	
TOTAL REVENUES		66.849		63.108	
Cost of goods and merchandise		(23.992)		(22.616)	
Change in inventories	4	2.628		1.496	
Cost of services received	15	(8.555)	(333)	(7.702)	(333)
Lease and rental costs		(794)	(335)	(748)	(289)
Personnel costs	16	(18.696)	(160)	(18.293)	(150)
Other operating costs	17	(581)		(547)	
Increase in assets due to internal construction		583		537	
Write-down of receivables	11	(97)		(18)	
Accruals to provisions for risks and charges		(9)		(7)	
GROSS OPERATING PROFIT		17.336		15.210	
Property, plant and equipment depreciation	1-2	(2.836)		(2.656)	
Intangible asset amortization	3	(273)		(260)	
OPERATING PROFIT		14.227		12.294	
Financial income	18	73		13	
Financial expenses	18	(4)		(1)	
Foreign exchange gains (losses)	24	(74)		(112)	
PROFIT BEFORE TAXES		14.222		12.194	
Income taxes	19	(4.072)		(3.684)	
NET PROFIT FROM ORDINARY ACTIVITIES		10.150		8.510	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		10.150		8.510	
Items that may be reclassified subsequently to profit and loss					
Conversion differences included in equity	20	(799)		(1.671)	
COMPREHENSIVE INCOME	20	9.351		6.839	
BASIC AND DILUTED EARNINGS PER SHARE	21	0,60		0,50	

Condensed Consolidated Financial Statements at June 30, 2017

Consolidated Statement of Cash Flows

	1 st Half 2017	2016
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	26.709	26.709
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	10.150	16.927
Depreciation, amortization and write-downs	3.109	5.930
(Gains)/Losses on disposal of assets	(26)	(25)
Net change in Employee Severance Indemnity	6	1
Net change in provisions for risks and charges	110	(23)
Operating profit (loss) before change in working capital	13.349	22.810
(Increase) Decrease in trade receivables	(4.322)	1.487
(Increase) Decrease in inventories	(2.124)	395
(Increase) Decrease in other receivables and deferred tax assets	814	(25)
Increase (Decrease) of trade payables	(1.024)	1.022
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.680	(235)
Change in working capital	(4.976)	2.644
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	8.373	25.454
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(431)	(553)
- tangible	(6.261)	(7.059)
Proceeds from disposal of tangible, intangible, financial assets		
- intangible	(2)	-
- tangible	512	219
Increase (Decrease) of trade payables for assets	363	631
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(5.819)	(6.762)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(17)	(34)
(Increase) Decrease in financial assets from derivatives	(176)	-
Increase (Decrease) in derivative instruments	(43)	43
Change in reserves	(1.637)	(863)
Dividends distributed	(11.834)	(7.820)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(13.707)	(8.674)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(11.153)	10.018
F) Foreign exchange differences	(687)	(1.039)
G) Discounting of Employee Termination Indemnity	-	(72)
I) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G+H)	14.869	35.616
Assets available for sales included above	462	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.407	35.616
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.407	35.616
Financial assets from derivative instruments	176	-
Liabilities on derivative instruments	-	(43)
NET CONSOLIDATED FINANCIAL POSITION	14.583	35.573
INTERESTS PAID IN THE PERIOD	-	-
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	28	44
Banks	14.379	26.665
	14.407	26.709

Condensed Consolidated Financial Statements at June 30, 2017

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2016	Allocation of previous year net profit	Other changes	Comprehensive income of the period	Balance at June 30, 2017
Capital stock	8.840				8.840
Share premium reserve	12.245				12.245
Legal reserve	1.768				1.768
Reserve for own shares	(863)		(1.636)		(2.499)
Suspended-tax revaluation reserve	585				585
Other suspended-tax reserves	68				68
Other reserves	22.378	995		445	23.818
Conversion differences	(631)			(1.244)	(1.875)
Extraordinary reserve	68.194	4.098			72.292
Reserve for FTA	3.715				3.715
Reserve for discounting of Employee Termination Indemnity	4				4
Merger surplus reserve	4.397				4.397
Retained earnings	-				-
Net profit	16.927	(16.927)		10.150	10.150
Total Shareholders' Equity	137.627	(11.834)	(1.636)	9.351	133.508

(€ '000)	Balance at December 31, 2015	Allocation of previous year net profit	Other changes	Comprehensive income of the period	Balance at December 31, 2016
Capital stock	8.840				8.840
Share premium reserve	12.245				12.245
Legal reserve	1.768				1.768
Reserve for own shares	-		(863)		(863)
Suspended-tax revaluation reserve	585				585
Other suspended-tax reserves	68				68
Other reserves	20.895	1.495		(12)	22.378
Conversion differences	1.075			(1.706)	(631)
Extraordinary reserve	61.576	6.618			68.194
Reserve for FTA	3.715				3.715
Reserve for discounting of Employee Termination Indemnity	76			(72)	4
Merger surplus reserve	4.397				4.397
Retained earnings	-				-
Net profit	15.933	(15.933)		16.927	16.927
Total Shareholders' Equity	131.173	(7.820)	(863)	15.137	137.627

Notes to the Interim Consolidated Financial Statements at June 30, 2017

I. CORPORATE INFORMATION

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

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

The publication of the Interim Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2017 was authorized by a resolution of the Board of Directors dated September 14, 2017.

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

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content

The present Consolidated Interim Report at June 30, 2017 was prepared under IAS 34 on Interim Reports.

This consolidated interim report does not include all additional information required for annual reports and must be read in conjunction with the Financial Statements at December 31, 2016. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

Accounting principles

Principles adopted in the preparation of the present Consolidated Interim Report are those formally approved by the European Union in force at June 30, 2017 and are

consistent with those adopted in the preparation of the Consolidated Financial Statements at December 31, 2016.

Future changes in accounting principles

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

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

Changes in accounting principles	Effective from
Amendments to IFRS 2 <i>Share-based payments – Classification and Measurement of Share-based Payment Transactions</i>	January 1, 2018
Amendments to IFRS 4 – <i>Applying IFRS 9 with IFRS 4 Insurance Contracts</i>	January 1, 2018
Amendments to IAS 40 <i>Investment Property – Transfers of Investment Property</i>	January 1, 2018
Annual improvements 2014-2016	January 1, 2018
IFRIC 22 – <i>Foreign Currency Transactions</i>	January 1, 2018

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

Translation of financial statements expressed in currencies other than the euro

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

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

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

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

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

Currency	Exchange rate at June 30, 2017	Average exchange rate for the 1 st Half of 2017
British pound (€/€)	0.8793	0.8606
US dollar (€/€)	1.1412	1.0830

III. SEASONAL FACTORS

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

IV. SEGMENT INFORMATION

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

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

1 st Half of 2017	Italy	Rest of Europe	Rest of World	Elimination of intragroup	TOTAL
Revenues					
Sales to customers	37,303	23,320	5,973		66,596
Sales to other Group companies	14,912	672	6	(15,590)	-
Revenues by sector	52,215	23,992	5,979	(15,590)	66,596
Operating profit by sector	11,804	2,022	401		14,227
Overhead costs not assigned					-
Operating profit					14,227
Financial income (expense)					(5)
Income taxes					(4,072)
Net profit					10,150

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

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

	1 st Half of 2017	1 st Half of 2016
Italy	28,055	25,446
Europe	28,014	26,250
Rest of World	10,527	10,989
	66,596	62,685

The breakdown of assets and liabilities is shown below:

June 30, 2017	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	118,443	38,535	7,217	164,195
Unassigned assets				(3,571)
Total assets				160,624
Liabilities of the sector	22,637	4,487	202	27,326
Unassigned liabilities				(210)
Total liabilities				27,116

December 31, 2016	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	124,666	34,636	8,157	167,459
Unassigned assets				(3,808)
Total assets				163,651
Liabilities of the sector	22,010	3,633	402	26,045
Unassigned liabilities				(21)
Total liabilities				26,024

1 st Half of 2017	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	5,864	395	2	6,261
- Intangible assets	427	2	2	431
Total investments				6,692
Depreciation and amortization:				
- Property, plant and equipment	(2,442)	(343)	(51)	(2,836)
- Intangible assets	(265)	(7)	(1)	(273)
Accruals to provision for employee benefits	445	-	-	445
Average no. of employees	463	191	26	680

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	43,003	56,568	12,449	7,451	38	1,636	121,145
Revaluation FTA of IFRS	5,921	-	-	-	-	-	5,921
Revaluations for tax purposes	934	43	-	-	-	-	977
Accumulated depreciation	(11,323)	(36,042)	(8,701)	(5,653)	(26)	-	(61,745)
Bal. at Dec. 31, 2016	38,535	20,569	3,748	1,798	12	1,636	66,298
Increases	945	3,200	220	310	-	1,586	6,261
Currency translation differences	(69)	(29)	(1)	(14)	-	-	(113)
Depreciation	(498)	(1,695)	(307)	(300)	(3)	-	(2,803)
Net divestments	-	(5)	(8)	(4)	-	(3)	(20)
Reclassifications	40	651	143	(2)	-	(834)	(2)
Bal. at June 30, 2017	38,953	22,691	3,795	1,788	9	2,385	69,621

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

Capital expenditure in the 1st Half of 2017 amounted to €6,261 thousand and consisted primarily of investments made by the parent company.

A large part of investments relate to machinery and the installation of plant, amounting to a total of €3,200 thousand. Production equipment purchased included a transfer machine acquired for €1,133 thousand and a press acquired for €790 thousand, while investment in plant amounted to €480 thousand. Investment in buildings amounted to €945 thousand and consisted primarily in the renovation of offices in the Brescia headquarters (€699 thousand) and the start of the construction of the new hangar that will host the packaging department (€214 thousand). Finally, advances paid on equipment

to be delivered amounted to €1,400 thousand. Investments for work in progress carried out in-house amounted to €187 thousand.

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

2. PROPERTY

	Land and buildings	Plant and equipment	Other assets	Total
Historical cost	2,430	278	5	2,713
Accumulated depreciation	(810)	(252)	(4)	(1,066)
Balance at Dec. 31, 2016	1,620	26	1	1,647
Depreciation expense	(29)	(4)	-	(33)
Reclassifications	(462)	-	-	(462)
Balance at June 30, 2017	1,129	22	1	1,152

The Group stipulated an agreement with a third party for the sale of the building located in Coslada (Madrid). For this reason the asset was reclassified among non-current assets held for sale.

3. INTANGIBLE ASSETS

	Development costs	Patents	Software	Other	Work in progress	Total
Historical cost	1,586	389	4,520	77	30	6,602
Accumulated amortization	(939)	(328)	(3,958)	(27)	-	(5,252)
Balance at Dec. 31, 2016	647	61	562	50	30	1,350
Increases	207	105	112	-	7	431
Amortization expense	(126)	(35)	(105)	(7)	-	(273)
Net divestments	-	-	30	-	(28)	2
Balance at Dec. 31, 2017	728	131	599	43	9	1,510

Development costs are discussed more in detail in the Report on Operations.

4. INVENTORIES

	1 st Half of 2017	1 st Half of 2016	Change
Raw materials	8,698	8,597	101
Work in progress and semi-finished goods	11,337	10,238	1,099
Finished goods	20,885	19,961	924
Total	40,920	38,796	2,124

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €2,605 thousand. Changes in the provision in the 1st Half of 2017 are shown in the table that follows:

	1 st Half of 2017	1 st Half of 2016
Balance at beginning of the period	2,739	2,177
Accruals	17	714
Uses	(96)	(106)
Currency translation differences	(55)	(46)
Balance at end of the period	2,605	2,739

5. TRADE RECEIVABLES

	1 st Half of 2017	1 st Half of 2016	Change
Gross trade receivables	30,420	26,063	4,357
Provision for doubtful accounts	(1,213)	(1,178)	(35)
Total	29,207	24,885	4,322

Trade receivables by geographical area

	1 st Half of 2017	1 st Half of 2016	Change
Italy	16,660	14,103	2,557
Europe	11,503	9,452	2,051
America	1,571	1,704	(133)
Oceania	187	152	35
Middle East	111	206	(95)
Far East	124	261	(137)
Africa	264	185	79
Total	30,420	26,063	4,357

Average collection time increased from 70 days in 2016 to 75 days in the 1st Half of 2017.

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

	June 30, 2017	Dec. 31, 2016
Balance at beginning of the period	1,178	1,378
Accruals	97	43
Uses	(61)	(175)
Reversal of accrual	-	(67)
Currency translation differences	(1)	(1)
Balance at end of the period	1,213	1,178

Breakdown of receivables by maturity

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
June 30, 2017	27,493	2,264	103	106	279	175	30,420
Dec. 31, 2016	22,273	3,043	100	136	436	75	26,063

6. OTHER ASSETS

	June 30, 2017	Dec. 31, 2016	Change
Receivables from employees	22	28	(6)
VAT receivables and indirect taxes	-	89	(89)
Advances to suppliers	302	283	19
Other	146	160	(14)
Total	470	560	(90)

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

7. SHAREHOLDERS' EQUITY

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

At June 30, 2017 the Company owned 152,407 treasury shares, corresponding to 0.9% of its capital stock. A liability amounting to €2,499 thousand was recorded under equity against the purchase of these shares.

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

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

The consolidation reserve is made up as follows:

	June 30, 2017	Dec. 31, 2016
Elimination of investments in subsidiaries	25,016	24,581
Elimination of unrealized intra-group profit in stock	(3,796)	(4,384)
German subsidiary product warranty provision reversal	21	21
Dividends from subsidiaries	2,588	2,163
Currency translation differences on intra-group payables and receivables	(1)	-
Intra Group gains and reconciliations	(10)	(3)
Total	23,818	22,378

8. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

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

At June 30, 2017, in view of the lack of changes in the discounting parameters, the Group decided to maintain unchanged the discounting effect at December 31, 2016.

	June 30, 2017	Dec. 31, 2016
Beginning balance	2,618	2,617
Accruals	445	893
Uses	(158)	(485)
Social security (INPS) treasury account	(281)	(550)
Discounting effect	-	143
Closing balance	2,624	2,618

Total amounts accrued with the INPS (Social Security) treasury amounted at June 30, 2017 to €6,083 thousand.

9. PROVISIONS FOR RISKS AND CHARGES

Changes in the 1st Half of 2017 are shown in the table below.

	Customer indemnities	Directors' variable compensation	Employee incentives	Total
At December 31, 2016	114	150	157	421
Accruals	9	25	76	110
At December 31, 2017	123	175	233	531

In line with the remuneration policy of the Company, variable compensation linked to the achievement of medium-long term objectives was introduced in favor of the Chairman and Managing Director. Such compensation could be paid out in 2018 in case targets set for years 2014-2017 by the Board of Directors, upon proposal of the Remuneration Committee, are achieved. The amount of the accrual against the possible variable compensation of directors is recorded among the cost of services.

The provision for employee benefits includes amounts accrued for sales personnel that will be paid out upon the achievement of performance objectives set in the sales development plan launched by the Company.

10. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2017	Dec. 31, 2016
Deferred tax liabilities		
Elimination of unrealized intra-group profits in stock	1,352	1,469
Write-down of inventories	269	420
Goodwill amortization	1	3
Provision for French personnel costs	88	88
Provision for doubtful accounts of parent company	226	216
Differences on amortization and depreciation of parent company	148	148
Other	323	158
Gross deferred tax liabilities	2,407	2,502
Deferred tax assets		
Average cost valuation of inventories by the parent	(321)	(241)
Accelerated depreciation	(152)	(156)
Elimination of Cembre GmbH product warranty provision	(10)	(10)
Reversal of land depreciation	(24)	(24)
Revaluation of land	(1,652)	(1,652)
Discounting of employee termination indemnity	42	42
Foreign exchange translation differences	-	(2)
Gross deferred tax assets	(2,117)	(2,043)
Net deferred tax liabilities	290	459

11. TRADE PAYABLES

	June 30, 2017	Dec. 31, 2016	Change
Payable to suppliers	12,610	13,281	(671)
Advances	35	25	10
Total	12,645	13,306	(661)

Trade payables by geographical area

	June 30, 2017	Dec. 31, 2016	Change
Italy	10,304	11,515	(1,211)
Rest of Europe	2,258	1,674	584
America	45	21	24
Other	3	71	(68)
Total	12,610	13,281	(671)

12. OTHER PAYABLES

	June 30, 2017	Dec. 31, 2016	Change
Payables to employees	3,704	1,694	2,010
Employee withholding taxes payable	381	1,097	(716)
Bonuses owed to customers	510	365	145
VAT and similar foreign taxes payable	1,303	670	633
Commissions payable	292	269	23
Payable to Statutory Auditors and similar foreign boards	19	19	-
Payable to Directors	7	7	-
Social security payables	1,742	2,533	(791)
Payable on sundry taxes	86	30	56
Other	239	157	82
Accrued liabilities	(75)	(169)	94
Total	8,208	6,672	1,536

13. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1st Half of 2017, revenues grew by 6.2% on the corresponding period in the previous year. Domestic sales represented 42,1% of total sales and grew by 10.3% on the 1st Half of 2016, while sales in the rest of Europe represented 42.1% of the total, up 6.7% on the 1st Half of 2016. Sales in the rest of the world represented 15.8% of total sales, down 4.2% on the 1st Half of 2016. In compliance with accounting principles, revenues are recorded net of discounts and bonuses to customers, in addition to adjustments to estimates of prior year's sales.

14. OTHER REVENUES

	1 st Half of 2017	1 st Half of 2016	Change
Capital gains	25	27	(2)
Insurance damages	3	5	(2)
Reimbursements	201	198	3
Other	24	193	(169)
Total	253	423	(170)

Reimbursements relate primarily to transport costs charged to customers.

15. COST OF SERVICES

	1 st Half of 2017	1 st Half of 2016	Change
Subcontracted work	1,596	1,414	182
Electricity, heating and water	770	748	22

Transport of goods sold	1,088	915	173
Fuel	212	190	22
Travelling expenses	590	607	(17)
Maintenance and repair	999	876	123
Consulting	829	727	102
Advertising and promotion	434	321	113
Insurance	435	404	31
Boards' compensation	378	378	0
Postage and telephone	176	183	(7)
Commissions	337	250	87
Security and cleaning	281	259	22
Bank charges	82	84	(2)
Other	348	346	2
Total cost of services	8,555	7,702	853

16. PERSONNEL COSTS

	1 st Half of 2017	1 st Half of 2016	Change
Wages and salaries	14,224	13,890	334
Social security contributions	3,527	3,491	36
Employee termination indemnity	574	559	15
Retirement benefits	112	101	11
Other costs	259	252	7
Total	18,696	18,293	403

Wages and salaries include €624 thousand relating to outsourced personnel, mainly of the parent company.

Average number of employees by category

	1 st Half of 2017	1 st Half of 2016	Change
Managers	15	14	1
Administrative and commercial staff	311	295	16
Workers	315	309	6
Outsourced personnel	39	41	(2)
Total	680	659	21

Average number of employees by Group company

	Managers	White collars	Blue collars	Outsourced personnel	Total 1 st Half 2017	Total 1 st Half 2016	Change
Parent Company	6	197	228	32	463	453	10
Cembre Ltd.	3	33	63	-	99	93	6
Cembre Sarl	1	19	7	-	27	25	2

Cembre España SL	1	26	8	7	42	39	3
Cembre AS (wound-up in 2016)	-	-	-	-	-	1	(1)
Cembre Inc.	3	19	4	-	26	24	2
Cembre GmbH	1	17	5	-	23	24	(1)
Total	15	311	315	39	680	659	21

The increase in personnel costs is due mainly to the increase in the number of employees of the parent company and of the UK subsidiary.

17. OTHER OPERATING COSTS

	1 st Half of 2017	1 st Half of 2016	Change
Sundry taxes	355	364	(9)
Losses on receivables	3	-	3
Capital losses	2	4	(2)
Donations	16	12	4
Other	205	167	38
Total	581	547	34

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

18. FINANCIAL INCOME (EXPENSE)

	1 st Half of 2017	1 st Half of 2016	Change
Other financial charges	(4)	(1)	(3)
	(4)	(1)	(3)
Interest earned on bank account balances	10	13	(3)
Other financial income	63	-	63
	73	13	60
Financial income (expense)	69	12	57

19. INCOME TAXES

Income taxes are made up as follows:

	1 st Half of 2017	1 st Half of 2016	Change
Current taxes	(3,894)	(3,558)	(336)
Deferred taxes	(163)	(126)	(37)
Net extraordinary gains	(15)	-	(15)
Total	(4,072)	(3,684)	(388)

In view of the complexity of the calculation and the immateriality of the difference between theoretical and actual tax expense recorded in the past, taxes for some foreign

subsidiaries were calculated based on the theoretical tax rate. We therefore limit our analysis to the comparison between actual tax and theoretical tax expense for the 1st Half of 2017 and the 1st Half of 2016, postponing a reconciliation to the financial statements at December 31, 2017.

	1 st Half of 2017	1 st Half of 2016
Profit before taxes	14,222	12,194
Income taxes	(4,072)	(3,684)
Effective tax rate	28.63%	30.21%
Theoretical tax rate (*)	27.90%	31.40%

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

At June 30, 2017 there were no temporary differences and loss carry-forwards on which no deferred tax asset or liability had been recorded.

Deferred and prepaid taxes

	1 st Half of 2017	1 st Half of 2016
Elimination of unrealized intra-group profits in stock	(117)	(128)
Provision for doubtful accounts of parent company	10	(42)
Average cost valuation of inventories by the parent	(80)	68
Accelerated depreciation	4	30
Write-down of inventories	(25)	-
Differences on amortization and depreciation of parent company	-	(4)
Goodwill amortization	(2)	(3)
Other	47	(47)
Prepaid/deferred taxes for the period	(163)	(126)

20. COMPREHENSIVE INCOME

The Cembre Group chose to adopt IAS 1 Revised providing for the use of a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders' Equity are reported separately and result as an increase or decrease of net profit for the period. At June 30, 2017, the only difference relates to foreign exchange translation differences arising upon consolidation on the translation into euro of the financial statements of companies whose functional currency is not the euro.

21. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the period, equal to 152,407.

	1 st Half of 2017	1 st Half of 2016
Consolidated net profit (€'000)	10,150	8,510
No. of ordinary shares ('000)	16,848	16,980
Basic and diluted earnings per share	0.60	0.50

22. NET FINANCIAL POSITION

The net financial position of the Group amounted at June 30, 2017 to a surplus of €14,586 thousand, down €12,080 thousand on December 31, 2016 due to capital expenditure made in the first six months of the year and the payment of dividends for financial year 2016.

At June 30, 2017, the Group had no outstanding debt involving covenants or negative pledges. Below we include the Net Financial Position of the Group, as provided by Consob in Regulation DEM/6064313 dated July 28, 2006.

		1 st Half of 2017	1 st Half of 2016
A	Cash	28	44
B	Bank deposits	14,379	26,665
C	Cash and equivalents (A+B)	14,407	26,709
D	Unrealized gains on financial derivatives	176	-
E	Financial receivables	176	-
F	Unrealized losses on financial derivatives	-	(43)
G	Current financial debt (F)	-	(43)
H	Net current financial position (C+E+G)	14,583	26,666
I	Non-current financial debt	-	-
L	Net financial position (H+I)	14,583	26,666

23. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2017.

	Payables	Receivables	Revenues	Purchases
Cembre Ltd.	700	27	4,058	87
Cembre S.a.r.l.	447	3	2,603	4
Cembre España S.L.U.	1,060	-	2,496	-
Cembre GmbH	892	12	2,672	31
Cembre Inc.	441	-	3,310	5
TOTAL	3,540	42	15,139	127

Revenues above include revenues from the charging to subsidiaries of costs incurred in information technology services provided and of royalties for the use of the *Cembre* trademark, amounting to €193 thousand.

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

Among assets leased to Cembre by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Monza, Padua and Bologna sales offices, all of which are owned by company Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Giovanni Rosani and Sara Rosani, directors of Cembre S.p.A. Lease payments for the 1st Half of 2017 amounted to €265 thousand. Rent is in line with market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases. At June 30, 2017, all amounts due to Tha Immobiliare had been settled.

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A.. Rent for the 1st Half of 2016 amounted to £61 thousand, in line with market conditions.

	1 st Half of 2017	1 st Half of 2016	Change
Rent paid to related parties	335	289	46

On June 23, 2017, the parent company acquired from its UK subsidiary Cembre Ltd. (of which it holds the entire capital stock) shares held by the latter in other Group companies (i.e. a 29% share in Cembre Inc. (USA), a 5% share in Cembre Sarl (F), a 5% share in Cembre España (E) and a 5% share in Cembre GmbH (D). The operation did not have any effect on

the consolidation area as the parent company already controlled – either directly or indirectly – all of its subsidiaries, and the reorganization of the ownership structure was only aimed at streamlining the governance of the Group which previously involved Cembre Ltd. in most operations.

Furthermore, given the uncertainty regarding economic developments in the UK after the decision to exit the European Union and about the future access to the common market of UK based companies and the application of EU norms within the country, the reorganization carried out is in line with Cembre's strategy to continue to monitor closely risks incurred by the Group and its Shareholders.

The Board of Directors of the parent company resolved the purchase of the shares from the UK subsidiary to take place at their net equity value at December 31, 2016, setting the following transfer prices:

Cembre Inc.	US\$	2,211,721
Cembre Sarl	€	153,411
Cembre España	€	355,360
Cembre GmbH	€	270,674

We note that, pursuant to article 9 of the Related Parties Procedure (RPP) adopted by Cembre in compliance with Consob Regulation no. 17221/2010, as subsequently amended, and of article 14 of said Regulation, the provisions of the Regulation and of the RPP do not apply – among other things – to transactions with or between subsidiaries whenever among the subsidiaries involved there do not exist interests that may be classified as "significant" with regard to other related parties of the parent company. In this regard, no interests classifiable as "significant" in this respect have been deemed to exist.

Cembre S.p.A. does not have direct relationships with its parent company Lysne S.p.A. of any other nature than that of the exercise of shareholders' rights on the part of the

parent. Lysne S.p.A. does not carry out any management or coordination activity with respect to Cembre S.p.A.

Boards' compensation

In the 1st Half of 2017, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

	Statutory Auditors	Directors
Emoluments as directors and auditors of the parent company	44	264
Retribution as employees	-	160
Non-monetary benefits	-	8

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

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

24. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

Risks connected with the market

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

Interest rate risk

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

Currency risk

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

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

On December 14, 2016, the parent Company however entered into a currency hedging contract (Currency options usable multiple times with a ceiling) with a notional value of \$3 million, an exercise price of €1.0775/\$ and expiration date on December 20, 2017. At June 30, 2017 the contract had a value of €176 thousand, recorded among assets. The resulting unrealized gain amounted to €220 thousand which was recorded as a reduction in the foreign currency translation differences recorded in the period.

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

In addition to currency risk, the Group is also exposed to currency translation risk. As described in the consolidation principles section, in fact, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the Internet site of the *Ufficio Italiano Cambi*.

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

	Currency	Exchange rate fluctuation	Effect on Shareholders' Equity	Effect on sales	Effect on pre-tax profit
Cembre Ltd.	GBP	5% / -5%	654 / (654)	409 / (409)	136 / (136)
Cembre Inc.	USD	5% / -5%	374 / (374)	324 / (324)	22 / (22)

At June 30, 2017, the effect of foreign-exchange transactions, net of currency hedging, was negative by €74 thousand.

Liquidity risk

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

Credit risk

Exposure to credit risk relates exclusively to trade receivables.

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

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

25. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2017.

The currency hedging contract entered into by the Company having a notional amount of US\$ 3 million was closed in July 2017 at an exchange rate of 1.0775 €/US\$, resulting in a gain.

26. CONSOLIDATED COMPANIES

The consolidation area has changed from December 31, 2016 as a result of the winding-up of Norwegian subsidiary Cembre AS in December 2016.

The ownership structure has also changed from December 31, 2016 as, to streamline the structure of the Group, the parent company acquired from its UK subsidiary the shares held by the latter in other Group companies. As a result, the parent company now controls directly 100% of all its subsidiaries.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2017	Share held at Dec. 31, 2016
Cembre Ltd.	Sutton Coldfield (Birmingham, UK)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris, France)	€ 1,071,000	100%	100% (*)
Cembre España S.L.U.	Torrejón de Ardoz (Madrid, Spain)	€ 2,902,000	100%	100% (*)
Cembre GmbH	Munich (Germany)	€ 1,812,000	100%	100% (*)
Cembre Inc.	Edison (New Jersey, US)	US\$ 1,440,000	100%	100%**

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

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

Brescia, September 14, 2017

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

Giovanni Rosani

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



C e m b r e

Attestation of the Half-year Condensed Financial Statements

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

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

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

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1st Half of 2017.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2017:

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

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

Brescia, September 14, 2017

the Chairman and
Managing Director

signed by
Giovanni Rosani

the Manager responsible for
preparing the financial reports

signed by
Claudio Bornati



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Cembre SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Cembre SpA and its subsidiaries (the Cembre Group) as of June 30, 2017, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement and notes to the accounts. The directors of Cembre SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Cembre Group as of June 30, 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, 14 September 2017

PricewaterhouseCoopers SpA

Alessandro Vincenzi
(Partner)

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

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iserita al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wulher 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311