OFFICINE MACCAFERRI S.p.A.

Half-year report to the bondholders

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following is a discussion and analysis of the Group's results of operations and financial condition based on interim condensed consolidated financial statements of the Company for the six month ended June 30, 2017 and 2016 (the "**Unaudited Interim Condensed Consolidated Financial Statements**") and other sources of Company data. The Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with Italian GAAP. We have, however, reclassified the Italian GAAP line items in a manner that makes them more easily comparable to the financial information of other business who do not use Italian GAAP.*

Some of the measures used in this first half-year report to the bondholders are not measurements of financial performance under Italian-GAAP, IFRS or any other generally accepted accounting principles and should not be considered an alternative to cash flow from operating activities, as a measure of liquidity or an alternative to operating income/(loss) or income/(loss) for the period, as indicators of the Company's operating performance or any other measures of performance derived in accordance with Italian-GAAP, IFRS or any other generally accepted accounting principles.

Overview

We are a global leader in the design, manufacture and provision of engineered products and solutions that are used in a broad array of end markets, including environmental protection, civil and urban infrastructure, hydraulic and coastal works and certain other industrial applications, such as, mining, oil and gas, agriculture and aquaculture among others. Within these markets our products are used for critical applications including: retaining walls, reinforced soils, road stabilization and support, tunneling, erosion and coastal protection, river training works, hydraulic structures, natural hazard mitigation, drainage and landfills, among others.
Our leadership position in key solutions is underpinned by engineering expertise acquired over 135 years of industry experience.
We operate an integrated business model (design, manufacture, supply and after-sale support) through a network of about 70 companies and 30 production facilities strategically located in key markets, and a presence in more than 100 countries across five continents. In order to support the sale of our individual products, and strengthen our market position, a key part of our business model is to offer integrated solutions to the engineering issues faced by our clients, incorporating multiple products and solutions and providing advice and support in design, installation and maintenance.

We broadly classify our versatile products into four main categories:

• *Double twist mesh:* our "*Gabions*", "*Reno Mattresses*" and other products are steel-wire mesh baskets filled with rock, sand or other materials to form flexible, durable and permeable building blocks from which a broad range of structures can be built to prevent soil erosion, support unstable ground and strengthen soils within excavation and land-design works in mining, construction and other civil engineering projects;

• *Geosynthetics:* our geogrids, mats, drainage geocomposites, geomembranes and textiles are made from synthetic fibers and other components (such as steel) for construction engineering uses from soil reinforcement and erosion protection to landfill membranes and drainage;

• *Rockfall protection and snow net structures:* our light-weight and flexible structures are designed to protect assets and infrastructure from hydro-geotechnical hazards such as debris flows, rockfalls and avalanches;

• *Other products and services:* we offer a range of products and services to address our clients' specific project needs, including *tunneling & flooring*, *vertical concrete retaining walls*, *engineering support services* and *wire manufacturing*.

Our expertise in each of our product areas allows us to offer clients integrated, engineered solutions, combining a range of products and technical expertise and know-how to address each client's specific requirements. Our vertically integrated business model covers the full value chain, allowing us to offer bespoke solutions to our clients through our involvement in each step of the process: (i) we design and engineer the ideal solution for the end user foreseeing the utilization of our products; (ii) we manufacture our products in our own facilities around the world; (iii) we deliver our products to our clients' project sites (with transportation costs typically passed through to clients); and (iv) we can supervise installation and provide expert technical assistance through our local teams on the ground when our clients require it. Our

comprehensive product offering and global infrastructure, along with our extensive relationships with customers and end-users, provide us with access to attractive markets worldwide, visibility into upcoming projects and the flexibility to serve customers regardless of geographic location. Furthermore, our extensive geographical footprint allows us to respond quickly and efficiently to new orders, which serves as a key competitive advantage relative to our peers.
We are active both in mature markets, like Western Europe and the United States, and emerging markets like Latin America, Russia, the Middle East, Africa, China and countries throughout Southeast Asia. In addition to our geographic diversification, we have a broad client base diversified across products and geographies with limited client concentration.

Results of Operations

Results of Operation for the six month period ended June 30, 2017 and 2016

The unaudited interim condensed consolidated financial statements reported in this report to the bondholders have been reclassified as described below:

- Consolidated balance sheet presented herein classifies assets and liabilities on the basis of their liquidity, where (i) non-current assets comprise those assets realizable after twelve months from the date and include mainly property, plant and equipment, intangible assets and investments; (ii) current assets comprise those assets realizable within twelve months from the reporting date; (iii) non-current liabilities comprise the payables due after twelve months from the reporting date, including financial liabilities, provisions for risks and charges and employee termination indemnities; and (iv) current liabilities comprise the payables due within twelve months of the reporting date, including the current portion of medium and long term loans, provisions for risks and charges and of employee termination indemnities;
- Consolidated income statement classifies costs by nature. Furthermore in order ensure the full comparability with the past years, the income statement separates the recurring income and expenses from the non-recurring income and expenses even if, this separation have been eliminated from the income statement schedule by the Italian General Accounting Principles;
- Consolidated statements of cash flows have been prepared on the basis of the indirect method distinguishing between cash flows from operating, investing and financing activities.

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the six and the three month period ended June 30, 2017 and 2016.

(Euro/000)	For the six month period ended June 30, H1 2017	H1 2016	Amount	%
Revenue from sales and services	219,627	199,632	19,995	10.0%
Other revenue	11,133	9,386	1,747	18.6%
Total revenue	**230,760**	**209,017**	**21,742**	**10.4%**
Costs of materials and consumables	(126,373)	(110,986)	(15,387)	13.9%
Costs of services and use of third party assets	(51,420)	(48,507)	(2,912)	6.0%
Costs of personnel	(40,726)	(37,619)	(3,108)	8.3%
Other operating costs	(658)	(823)	165	(20.1%)
Total Operating costs	**(219,177)**	**(197,935)**	**(21,242)**	**10.7%**
EBITDA	**11,583**	**11,082**	**500**	**4.5%**
Amortization, depreciation and write downs	(8,378)	(8,301)	(77)	0.9%
Accrual to provision for risks and charges	(209)	(318)	109	(34.3%)
Total Amortization, depreciation, write downs and provisions	**(8,586)**	**(8,618)**	**32**	**(0.4%)**
Operating income	**2,996**	**2,464**	**532**	**21.6%**
Financial income	1,679	1,728	(49)	(2.8%)
Financial expenses	(8,354)	(8,179)	(175)	2.1%
Gains/(losses) on exchange rate	(1,907)	(2,072)	165	(8.0%)
Net expenses and losses from financial activities	**(8,582)**	**(8,523)**	**(59)**	**0.7%**
Net non-recurring expenses and charges	(1,663)	(1,660)	(3)	0.2%
Profit/losses before taxes	**(7,249)**	**(7,719)**	**470**	**(6.1%)**
(Income taxes)/tax benefit	1,560	1,288	272	21.1%
Net Income / (Losses) for the period	**(5,689)**	**(6,431)**	**742**	**(11.5%)**
Attributable to non-controlling interests	295	611	(316)	(51.7%)
Attributable to equity holders of the parent	(5,984)	(7,042)	1,058	(15.0%)

(Euro/000)	For the three month period from April to June Q2 2017	Q2 2016	Amount	%
Revenue from sales and services	120,413	109,084	11,329	10.4%
Other revenue	3,334	4,440	(1,106)	(24.9%)
Total revenue	**123,747**	**113,525**	**10,223**	**9.0%**
Costs of materials and consumables	(66,136)	(60,044)	(6,092)	10.1%
Costs of services and use of third party assets	(26,754)	(24,992)	(1,761)	7.0%
Costs of personnel	(20,826)	(19,435)	(1,391)	7.2%
Other operating costs	(408)	(501)	92	(18.4%)
Total Operating costs	**(114,124)**	**(104,972)**	**(9,152)**	**8.7%**
EBITDA	**9,623**	**8,552**	**1,071**	**12.5%**
Amortization, depreciation and write downs	(4,282)	(4,097)	(186)	4.5%
Accrual to provision for risks and charges	(147)	(222)	74	(33.5%)
Total Operating costs	**(4,430)**	**(4,318)**	**(111)**	**2.6%**
Operating income	**5,194**	**4,234**	**959**	**22.7%**
Financial income	907	962	(55)	(5.7%)
Financial expenses	(4,132)	(4,372)	240	(5.5%)
Gains/(losses) on exchange rate	(1,722)	(965)	(757)	78.5%
Net expenses and losses from financial activities	**(4,947)**	**(4,375)**	**(573)**	**13.1%**
Net non-recurring expenses and charges	(850)	(950)	100	(10.5%)
Profit/losses before taxes	**(603)**	**(1,090)**	**487**	**(44.7%)**
(Income taxes)/tax benefit	492	80	413	518.9%
Net Income / (Losses) for the period	**(111)**	**(1,010)**	**899**	**(89.0%)**
Attributable to non-controlling interests	235	394	(159)	(40.4%)
Attributable to equity holders of the parent	(346)	(1,404)	1,059	(75.4%)

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the six month period ended June 30, 2017 and 2016 and for the twelve month ended June 30, 2017.

(Euro/000)	H1 2017	% of Total Revenue	H1 2016	% of Total Revenue	LTM	% of Total Revenue	YE 2016	% of Total Revenue
Revenue from sales and services	219,627	95.2%	199,632	95.5%	471,348	96.7%	451,353	97.0%
Other revenue	11,133	4.8%	9,386	4.5%	15,887	3.3%	14,140	3.0%
Total revenue	**230,760**	**100.0%**	**209,017**	**100.0%**	**487,235**	**100.0%**	**465,493**	**100.0%**
Costs of materials and consumables	(126,373)	(54.8%)	(110,986)	(53.1%)	(264,083)	(54.2%)	(248,696)	(53.4%)
Costs of services and use of third party assets	(51,420)	(22.3%)	(48,507)	(23.2%)	(103,797)	(21.3%)	(100,885)	(21.7%)
Costs of personnel	(40,726)	(17.6%)	(37,619)	(18.0%)	(78,369)	(16.1%)	(75,262)	(16.2%)
Other operating costs	(658)	(0.3%)	(823)	(0.4%)	(622)	(0.1%)	(788)	(0.2%)
Total Operating costs	**(219,177)**	**(95.0%)**	**(197,935)**	**(94.7%)**	**(446,872)**	**(91.7%)**	**(425,630)**	**(91.4%)**
EBITDA	**11,583**	**5.0%**	**11,082**	**5.3%**	**40,363**	**8.3%**	**39,863**	**8.6%**
Amortization, depreciation and write downs	(8,378)	(3.6%)	(8,301)	(4.0%)	(17,591)	(3.6%)	(17,514)	(3.8%)
Accrual to provision for risks and charges	(209)	(0.1%)	(318)	(0.2%)	(675)	(0.1%)	(784)	(0.2%)
Total Amortiz., deprec., write downs and prov.	**(8,586)**	**(3.7%)**	**(8,618)**	**(4.1%)**	**(18,266)**	**(3.7%)**	**(18,297)**	**(3.9%)**
Operating income	**2,996**	**1.3%**	**2,464**	**1.2%**	**22,098**	**4.5%**	**21,566**	**4.6%**
Financial income	1,679	0.7%	1,728	0.8%	3,288	0.7%	3,337	0.7%
Financial expenses	(8,354)	(3.6%)	(8,179)	(3.9%)	(17,037)	(3.5%)	(16,862)	(3.6%)
Gains/(losses) on exchange rate	(1,907)	(0.8%)	(2,072)	(1.0%)	(1,693)	(0.3%)	(1,858)	(0.4%)
Net expenses and losses from financial activities	**(8,582)**	**(3.7%)**	**(8,523)**	**(4.1%)**	**(15,442)**	**(3.2%)**	**(15,383)**	**(3.3%)**
Net non-recurring expenses and charges	(1,663)	(0.7%)	(1,660)	(0.8%)	(3,052)	(0.6%)	(3,048)	(0.7%)
Income before taxes	**(7,249)**	**(3.1%)**	**(7,719)**	**(3.7%)**	**3,604**	**0.7%**	**3,134**	**0.7%**
(Income taxes)/tax benefit	1,560	0.7%	1,288	0.6%	(1,403)	(0.3%)	(1,675)	(0.4%)
Net Income / (Losses) for the period	**(5,689)**	**(2.5%)**	**(6,431)**	**(3.1%)**	**2,201**	**0.5%**	**1,459**	**0.3%**
Attributable to non-controlling interests	295	(0.1%)	611	(0.3%)	(1,096)	(0.2%)	(1,412)	(0.3%)
Attributable to equity holders of the parent	(5,984)	(2.6%)	(7,042)	(3.4%)	1,105	0.2%	47	0.0%

Revenue from sales and services

Revenue from sale of goods and services for the three month period ended June 30, 2017, increased 10,4% to €120.4 million from €109 million for the comparable period of 2016.

The following table shows our total revenue from sale of goods and services by geographical area for the six and three month period ended June 30, 2017 and 2016.

	For the six month period ended June 30,	
(Euro/000)	**H1 2017**	**H1 2016**
Revenues from sales of goods	(206,282)	(186,145)
Revenues from services	(13,344)	(13,487)
Total revenues from sales and services	**(219,627)**	**(199,632)**

			For the six month period ended June 30,	
(Euro/000)	**H1 2017**	**H1 2016**	**Amount**	**%**
EMEA (Ex Italy)	75,215	70,515	4,700	6.7%
Latin America	51,955	51,190	765	1.5%
Asia Pacific	45,749	37,264	8,486	22.8%
Italy	24,812	23,023	1,789	7.8%
NAFTA	21,896	17,640	4,255	24.1%
Total	**219,627**	**199,632**	**19,995**	**10.0%**

	For the three month period from April to June	
(Euro/000)	**Q2 2017**	**Q2 2016**
Revenues from sales of goods	(112,289)	(101,113)
Revenues from services	(8,124)	(7,972)
Total revenues from sales and services	**(120,413)**	**(109,084)**

		For the three month period from April to June		
(Euro/000)	**Q2 2017**	**Q2 2016**	**Amount**	**%**
EMEA (Ex Italy)	42,398	40,820	1,578	3.9%
Latin America	25,760	27,027	(1,266)	(4.7%)
Asia Pacific	25,728	19,283	6,445	33.4%
Italy	12,777	12,564	213	1.7%
NAFTA	13,749	9,389	4,360	46.4%
Total	**120,413**	**109,083**	**11,329**	**10.4%**

The increase of € 11.3 million in revenue from sale of goods and services was primarily attributable to a combination of the following:

- in EMEA, increase of 3,9% in sales thanks mainly to positive performance of Spain and Russia. The overall trend in EMEA has been affected positively by the fibers business of the JV with Bekaert.

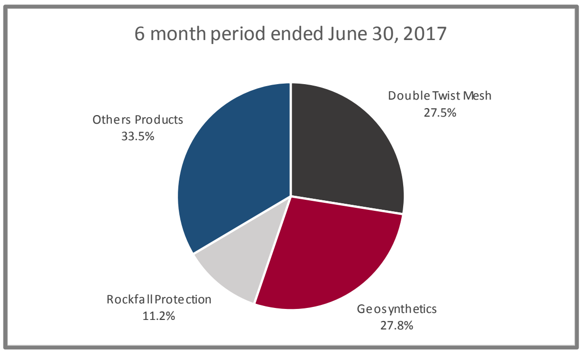
- in Latin America despite the still critical political situation in Brazil, revenues are almost in line with previous year thanks to the good performance of the Latin America countries (in particular Argentina, Costa Rica and Peru). The Brazilian political instability has caused a lack of projects.

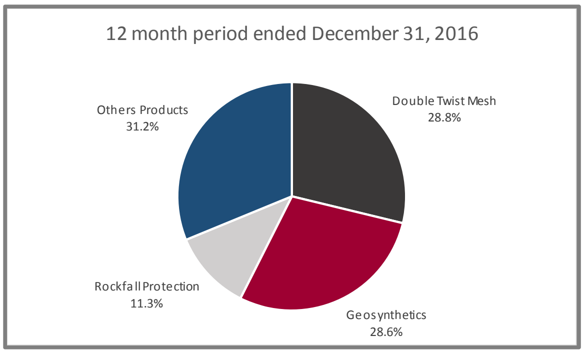
- in Asia Pacific, increase of 33,4% in sale thanks mainly to positive performance in Indonesia, Malaysia and India which has recovered the delay of Q1 because of adverse weather conditions. China has registered a negative Q2 but with positive future outlook to recover the shortfall.

- Italy performs positively in the second quarter in line with previous year.

- revenues in Nafta area 46,4% higher than previous year thanks to the positive performance of the US subsidiary after some years of poor performance. Mexico in delay compared to 2016 due to projects rescheduled to Q3.

The chart below shows our total revenue by product category for the six month period ended June 30, 2017 compared to the twelve month period ended December 31, 2016:





The difference in the product mix, compared to previous year, is mainly due to the increase of Others product sales, in particular Wire and Fibers in Emea area and Wire in Brazil.

Other revenues

Other revenues for the three month period ended June 30, 2017, decreased to €3.3 million from € 4.4 million for the comparable period of 2016. The decrease of €1.1 million was mainly due to lower increase of stock for semi-finished and finished products.

Cost of materials and consumables

Cost of materials and consumables for the three month period ended June 30, 2017, increased 10.1% to €66.1 million from €60 million for the comparable period of 2016. The increase of €6.1 million was primarily due the higher activities of the Group as showed by the 10.4% increase in total revenues. The incidence of the costs of materials and consumables on total revenues increased from 52.9% of the same period of the previous year to 53.4% due to a different mix of products sold.

Costs of services and use of third party assets

The following table shows our costs for services and use of third party assets for the six and the three month period ended June 30, 2017 and 2016.

	For the six month period ended June 30,			
(Euro/000)	**2017**	**2016**	**Amount**	**%**
Transport expenses	7,233	7,010	222	3.2%
Accessory purchase expenses	1,601	-	1,601	100%
Technical, legal, fiscal and consulting expenses	4,654	4,853	(200)	(4.1%)
Remuneration of directors, Board of auditors	348	443	(95)	(21.5%)
Advertising expenses	1,127	1,299	(172)	(13.2%)
Commissions	3,550	3,370	181	5.4%
Utilities expenses	3,237	3,526	(289)	(8.2%)
Travel expenses	3,671	3,562	109	3.1%
Banking service expenses	671	308	362	117.4%
Insurance expenses	765	656	108	16.5%
External manufacturing	1,373	1,514	(141)	(9.3%)
External maintenance	720	735	(15)	(2.1%)
IT consulting	1,485	1,078	407	37.7%
Information on client and debt collection	465	771	(306)	(39.7%)
Telephone and other communication expenses	715	695	19	2.8%
Audit Costs	480	402	78	19.3%
Other services	16,267	15,498	769	5.0%
Total cost of services	**48,362**	**45,723**	**2,639**	**5.8%**
Plant and equipment rents	1,265	898	367	40.9%
Selling and marketing rents	995	1,066	(71)	(6.7%)
Technical rents	245	232	13	5.8%
General and administrative rents	552	589	(37)	(6.2%)
Total cost for use of third parties assets	**3,058**	**2,785**	**273**	**9.8%**
Costs of services and use of third party assets	**51,420**	**48,507**	**2,912**	**6.0%**

	For the three month period from April to June			
(Euro/000)	**Q2 2017**	**Q2 2016**	**Amount**	**%**
Transport expenses	3,959	3,773	186	4.9%
Accessory purchase expenses	962	-	962	100.0%
Technical, legal, fiscal and consulting expenses	2,140	2,382	(242)	(10.2%)
Remuneration of directors, Board of auditors	163	192	(29)	(14.9%)
Advertising expenses	526	581	(55)	(9.4%)
Commissions	1,924	1,777	147	8.3%
Utilities expenses	1,572	1,865	(293)	(15.7%)
Travel expenses	2,058	1,991	67	3.4%
Banking service expenses	422	180	241	133.8%
Insurance expenses	431	294	137	46.5%
External manufacturing	801	560	240	42.9%
External maintenance	374	440	(66)	(15.0%)
IT consulting	746	583	163	27.9%
Information on client and debt collection	150	446	(295)	(66.2%)
Telephone and other communication expenses	358	342	16	4.7%
Audit Costs	195	214	(20)	(9.3%)
Other services	8,455	7,881	574	7.3%
Total cost of services	**25,235**	**23,503**	**1,733**	**7.4%**
Plant and equipment rents	673	477	195	40.9%
Selling and marketing rents	516	602	(86)	(14.2%)
Technical rents	129	126	3	2.1%
General and administrative rents	201	284	(84)	(29.4%)
Total cost for use of third parties assets	**1,518**	**1,490**	**28**	**1.9%**
Costs of services and use of third party assets	**26,754**	**24,992**	**1,761**	**7.0%**

Costs of services and use of third party assets for the three month period ended June 30, 2017, increased 7% to €26.8 million from €25 million for the comparable period of 2016. The increase of €1.8 million is primarily due to: (i) the new item "accessory purchase expenses" that amounts to €1 million as a result of a different classification of these costs previously classified in the cost of material and consumables (ii) increase of external manufacturing of €0.2 million and increase of other services of €0.6 million; the net increase of €0.8 million is mainly related to the construction costs services due to the increase in construction turnover primarily in India and to the external production costs related some specific products in Italy (iii) decrease of utilities expenses for €0.3 million mainly due to the lower consumption in Brazil as a consequence of the reduction in the production volumes (iv) net decrease of 0.05 million of banking service expenses and information on client and debts collection summed together because subjected to reclassification.

Cost of personnel

Cost of personnel for the three month period ended June 30, 2017, increased 7.2% to €20.8 million from €19.4 million for the comparable period of 2016. The increase of €1.4 million includes a negative exchange rate effect of about €0.5 million coming, mainly, from the strengthening of the Brazilian Real. The remaining increase is primarily due to new hiring of temporary workers employed in construction business in Peru, for some relevant projects started in April, to higher personnel insurance cost for Brazilian subsidiary and to new hiring of project and site managers in India for some important projects in place in its territories. The incidence of the costs of personnel on total revenues remained substantially stable around 17% compared to the same period of the previous year.

Other operating costs

Other operating costs for the three month period ended June 30, 2017, decreased of 18.4% to €0.4 million from €0.5 million of the comparable period of 2016. Its incidence on total revenues remained substantially stable at 0.3%.

Amortization, depreciation and write-downs

The following table shows our amortization, depreciation and write-downs for the six and the three month period ended June 30, 2017 and 2016.

	For the six month period ended June 30,			
(Euro/000)	**H1 2017**	**H1 2016**	**Amount**	**%**
Amortization of intangible assets	2,308	2,152	156	7.2%
Depreciation of property, plant and equipment	5,373	5,227	145	2.8%
Accrual to allowance for doubtful accounts	697	921	(224)	(24.3%)
Total Amortization, depreciation and write downs	**8,378**	**8,301**	**77**	**0.9%**

	For the three month period from April to June			
(Euro/000)	**Q2 2017**	**Q2 2016**	**Amount**	**%**
Amortization of intangible assets	1,157	1,073	84	7.9%
Depreciation of property, plant and equipment	2,698	2,563	136	5.3%
Accrual to allowance for doubtful accounts	427	461	(34)	(7.5%)
Total Amortization, depreciation and write downs	**4,282**	**4,097**	**186**	**4.5%**

Amortization, depreciation and accrual to allowances for bad debt provision for the three month period ended June 30, 2017, increased 4.5% to €4.3 million from €4.1 million for the comparable period of 2016. The increase of €0.2 million was primarily attributable to higher depreciation of tangible assets in particular plant and machinery.

Income/(Losses) from financial activities

The following table shows our net expenses and losses from financial activities for the six and the three month period ended June 30, 2017 and 2016.

	For the six month period ended June 30,			
(Euro/000)	**H1 2017**	**H1 2016**	**Amount**	**%**
Financial income	1,679	1,728	(49)	(2.8%)
Financial expenses	(8,354)	(8,179)	(175)	2.1%
Gain/(losses) on exchange rates	(1,907)	(2,072)	165	(8.0%)
Net income/(losses) from financial activities	**(8,582)**	**(8,523)**	**(59)**	**0.7%**

	For the three month period from April to June			
(Euro/000)	**Q2 2017**	**Q2 2016**	**Amount**	**%**
Financial income	907	962	(55)	(5.7%)
Financial expenses	(4,132)	(4,372)	240	(5.5%)
Gain/(losses) on exchange rates	(1,722)	(965)	(757)	78.5%
Net income/(losses) from financial activities	**(4,947)**	**(4,375)**	**(573)**	**13.1%**

Net income and losses from financial activities for the three month period ended June 30, 2017 increased 13.1% from €4.4 million to €4.9 million from the comparable period of 2016. The increase in mainly due: (i) higher unrealized losses on exchange rate due to the devaluation of US Dollar, Turkish Lira and Brazilian Real versus Euro (ii) lower financial expenses of 0.2 million.

Net non-recurring expenses and charges

Net non-recurring expenses and charges for the three month period ended June 30, 2017, decreased 10.5% to €0.9 million from €1 million for the comparable period of 2016. The amount of the current year is primarily attributable to costs incurred for the reorganization of Maccaferri de Centro America, Canada and for indemnities due on internal restructuring of Maccaferri do Brazil Ltda.

Income taxes

Income taxes for the three month period ended June 30, 2017 increased to an income of €0.5 million from €0.08 million for the comparable period of 2016 mainly thanks to the different taxable income mix in relation to the single tax jurisdiction which apply to the single companies in the consolidation area.

Consolidated balance sheet

The following table sets forth the interim unaudited condensed consolidated balance sheet of the Company for the six month period ended June 30, 2017 and December 31, 2016.

	June 30, 2017	**December 31, 2016**
(Euro/000)		
Intangible assets	28,012	29,834
of which goodwill	*18,498*	*19,457*
Property, plant and equipment	115,080	123,048
Investment in subsidiaries, associates, joint ventures and other companies	511	441
Other non-current assets	29,576	25,696
of which deferred tax assets	*25,376*	*21,781*
Total non-current assets	**173,178**	**179,019**
Cash and cash equivalents	37,878	46,619
Other current financial assets	32,000	29,000
Trade receivables	122,753	109,654
Inventories	95,385	85,238
Current tax receivables	13,796	15,112
Other current non-financial assets	23,949	16,434
Total current assets	**325,761**	**302,057**
Total assets	**498,939**	**481,076**
Shareholders' equity and liabilities		
Share capital	33,400	33,400
Reserves	27,579	37,572
Profit / (Loss) for the Year Group	(5,984)	47
Equity attributable to equity holders of the parent	**54,995**	**71,019**
Equity attributable to non-controlling interests	35,859	37,286
Total shareholders' equity	**90,855**	**108,305**
Non-current portion of banks loans and other financial liabilities	9,786	8,155
Non-current bonds	190,000	190,000
Employees' termination indemnity	1,205	1,463
Provisions for risks and charges	6,908	7,018
Deferred tax liabilities	6,900	6,908
Total non-current liabilities	**214,799**	**213,543**
Current portion of banks loans and other financial liabilities	55,658	23,394
Advance from customers	4,292	3,134
Trade payables	87,131	71,507
Current tax payables	5,222	6,405
Other current non-financial liabilities	40,982	54,787
Total current liabilities	**193,285**	**159,227**
Total liabilities	**408,084**	**372,770**
Total shareholders' equity and liabilities	**498,939**	**481,076**

Liquidity and Capital Resources

Cash flows

The following table summarizes our consolidated statements of cash flows for the six and three month period ended June 30, 2017 and 2016.

	For the six month period ended June 30,		For the three month period from April to June 30,	
(Euro/000)	***June 30, 2017***	***June 30, 2016***	***Q2 2017***	***Q2 2016***
Net cash flow from operating activities	(37,080)	(41,206)	(181)	(10,550)
Net cash flow used in investing activities	(2,586)	(4,384)	(1,403)	(1,534)
Net cash flow from/(used in) financing activities	29,737	23,448	7,753	8,933
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	1,188	1,750	826	1,393
Cash and cash equivalent at the beginning of the period	**46,619**	**49,198**	**30,883**	**30,563**
Changes in cash and cash equivalent	(8,741)	(20,392)	6,995	(1,758)
Cash and cash equivalent at the end of the period	**37,878**	**28,806**	**37,878**	**28,806**

Net cash flow from operating activities

Three month ended June 30, 2017 and 2016

Our operating activities used net cash of € 0.2 million in the three month ended June 30, 2017, compared to cash used of €10.6 million in the three month ended June 30, 2016. The decrease of €10.4 million is primarily to a reduction in working capital in Q2 2017 compared to Q1 2017, versus an increase of working capital for the same period of last year. Moreover is due to a lower amount of income tax paid and lower utilization of funds.

Net cash flow used in investing activities

Three month ended June 30, 2017 and 2016

Our investing activities used net cash of €1.4 million in the three month ended June 30, 2017, compared to net cash used of €1.5 million in the second quarter of 2016. The cash used in the second quarter of 2017, substantially in line with the previous year, is primarily due to investments in tangible assets for €1.4 million and intangible assets for €0.4 million.

Net cash flow from financing activities

Three month ended June 30, 2017 and 2016

Our financing activities generated net cash of €7.8 million in the three month ended June 30, 2017, compared to €8.9 million produced in the comparable period in 2016. The €1.1 million decrease is primarily originated by a lower recourse of short terms bank debts for €6.9 million partially compensated by higher long term borrowing, subscribed by Officine Maccaferri S.p.A., for an amount of €3.7 million and higher indebtedness to other financial institutions for an amount of €1.9 million mainly due to higher use of with recourse factoring facilities.

Net financial Indebtedness

The following table presents a reconciliation of our net financial indebtedness to line items of our balance sheet as of June 30, 2017 and December 31, 2016:

Net Financial Indebtness

(Euro/000)	June 30, 2017	December 31, 2016
Non-current portion of banks loans and other financial liabilities	(9,786)	(8,155)
Non-current bonds	(190,000)	(190,000)
Current portion of banks loans and other financial liabilities	(55,658)	(23,394)
Gross Financial Indebtness	**(255,444)**	**(221,549)**
Other current financial assets (1)	32,000	29,000
Cash and cash equivalents	37,878	46,619
Net Financial Indebtness	**(185,566)**	**(145,930)**

(1) Refers entirely to receivables due to the Issuer from SECI by OM.

"Net financial indebtedness" is calculated as the sum of current and non-current bank loans and other financial liabilities and non-current bonds, less other current financial assets and cash and cash equivalents. Net financial indebtedness is not a measure of financial liquidity under Italian GAAP, IFRS or any other generally accepted accounting principles and should not be considered as an alternative to any other measures of performance derived in accordance with Italian GAAP.

Over the periods presented, we increased our Gross Financial Indebtness mainly due the increase in the current portion of bank loans and other financial liabilities, is primarily due to the seasonal factors affecting our business, primarily the tendency for projects utilizing our products to be suspended during the winter months at the beginning of the year. As a result, we rely on short-term debt to a greater extent at the beginning of the year, but this debt is reduced during the course of the autumn and winter as our cash generation increases.

Net working capital

Our working capital and trade working capital levels vary as a result of several factors, including the impact of raw material prices and selling prices, the improvement in efficiency of production of process, the variability of working capital related to production stoppages and maintenance works, changes in payment terms in the case of key suppliers, foreign exchange rates, our decisions to hold inventories, the operating level of our business and cyclicality of the industries that we supply.

Historically, we have financed our working capital requirements out of available cash balances, cash earnings and active working capital management. Our operating cash flows, together with the cash reserves and the Ifitalia Factoring Facility, will be more than sufficient to fund our working capital requirements, anticipated capital expenditures and debt service requirements as they become due, although we cannot assure you that this will be the case.

The following table summarizes our net working capital as of June 30, 2017 and December 31, 2016.

Working capital

(Euro/000)	June 30, 2017	December 31, 2016
Inventories	95,385	85,238
Trade receivables	122,753	109,654
Advances from customers	(4,292)	(3,134)
Trade payables	(87,131)	(71,507)
Other element of net working capital	(15,367)	(36,664)
Net working capital	**111,348**	**83,587**

The table below provides the breakdown of the other elements of working capital as of June 30, 2017 and December 31, 2016

Other elements of net working capital		
(Euro/000)	**June 30, 2017**	**December 31, 2016**
Current Tax Receivables	13,796	15,112
Other current non-financial assets	23,949	16,434
Current tax payables	(5,222)	(6,405)
Other current non-financial liabilities	(40,982)	(54,787)
Provisions for risks and charges	(6,908)	(7,018)
Other elements of net working capital	**(15,367)**	**(36,664)**

The increase of working capital from €83.6 million to €111.3 million as of June, 2017 is primarily due followings: (i) the increase of €10.2 million in inventory due to the seasonality of our business (ii) the increase of €7.5 million in other current non-financial assets mainly due to the increase of other credits for with recourse factoring and the increase of other credits due to the advance to supplier made by Maccaferri India on construction projects (iii) the decrease of €13.8 million in the other current non-financial liabilities mainly due to less use of reverse factoring

Capital Expenditures

The following table summarizes our net capital expenditures for the six month period ended June 30, 2017 and December 31, 2016:

Net capital expenditures		
(Euro/000)	**June 30, 2017**	**June 30, 2016**
Investment in property, plant, equipment and intang. assets	2,983	2,378
Disposal and dismission of property, plant, equipment and intang. assets	(489)	(447)
Net capital expenditures	**2,494**	**1,931**

(Euro/000)	**Lands and buildings**	**Plant and machinery**	**Indutrial and commercial equipment**	**Other fixed assets**	**Fixed assets in progress and advances**	**Total property, plant and equipment**
Historical costs	82,924	113,011	7,497	13,757	2,950	220,139
Cumulated amortization	(17,927)	(64,360)	(4,608)	(10,196)	-	(97,092)
Carrying amount as of December, 2016	**64,996**	**48,652**	**2,890**	**3,561**	**2,950**	**123,048**
Increase for acquisition and internal constructions	33	448	199	186	1,380	2,246
Decrease due to sale	(159)	(123)	-	(21)	(31)	(333)
Reclassification and other movements	60	631	439	(28)	(1,127)	(25)
Current period depreciation and write-down	(1,191)	(3,283)	(247)	(652)	-	(5,373)
Exchange rate differences	(2,053)	(2,222)	(69)	(87)	(54)	(4,484)
Total current period variation	**(3,308)**	**(4,548)**	**322**	**(601)**	**168**	**(7,968)**
Historical costs	79,992	105,193	8,226	13,057	3,118	209,586
Cumulated amortization	(18,304)	(61,090)	(5,015)	(10,098)	-	(94,507)
Carrying amount as of June, 2017	**61,688.0**	**44,103**	**3,211**	**2,959**	**3,118**	**115,080**

(Euro/000)	Set up and expansion costs	Development costs	Industrial patent rights and rights to use intellectual properties	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible assets under development and downpayments	Other	Total intangible assets
Historical costs	866	2,309	736	13,107	30,335	1,904	8,817	58,074
Cumulated amortization	(829)	(2,114)	(408)	(9,986)	(10,878)	-	(4,026)	(28,240)
Carrying amount as of December, 2016	**37**	**196**	**328**	**3,121**	**19,457**	**1,904**	**4,791**	**29,834**
Increase for acquisition and internal constructions	196	-	-	269	-	162	126	753
Decrease due to sale	-	-	-	(86)	-	(70)	-	(156)
Reclassification and other movements	-	-	-	267	-	(257)	(2)	8
Current period amortization	(32)	(69)	(63)	(623)	(966)	-	(555)	(2,308)
Exchange rate differences	-	(3)	(14)	(62)	7	(14)	(35)	(120)
Total current year variation	**164**	**(72)**	**(77)**	**(233)**	**(959)**	**(180)**	**(466)**	**(1,822)**
Historical costs	868	2,304	710	13,304	30,335	1,724	8,143	57,388
Cumulated amortization	(666)	(2,181)	(459)	(10,416)	(11,837)	-	(3,817)	(29,376)
Carrying amount as of June, 2017	**202**	**123**	**251**	**2,888**	**18,498**	**1,724**	**4,326**	**28,012**

For the six month period ended June 30, 2016 and 2017, the total net capital expenditures increased from €1.9 million to €2.5 million, respectively.
The investment in tangible assets are mainly attributable to: (i) Plant and machinery for €1.1 million, in particular for investment made by Bianchini Ingeniero S.A. for €0.3 million, Officine Maccaferri Italia S.r.l for €0.3 million, Maccaferri Innovation Centre for €0.3 million, (ii) Fixed asset in progress for €0,3 million in particular to production machineries purchased by Officine Maccaferri S.p.A. to be resold to other companies of the Group after proper refurbishment, (iii) Industrial and commercial equipment for €0,6 mainly due to investment made by Maccaferri Manifattura Italia S.r.l. for €0.2 million.

The investments in intangible assets are attributable for € 0.2 million to the capitalization of set up and expansion cost of Maccaferri Manifattura Italia S.r.l, sustained for the purchase of the spin off of the production business unit from Officine Maccaferri S.p.A, and for the remaining amount primarily to the capitalization of rights for the use of software and related implementation costs mainly for SAP and the CRM project.

Commitment, guaranties and potencial liabilities not resulting from the balance sheet

The following table summarizes our off balance sheet arrangements as of and June 30, 2017 and December 31, 2016:

Commitment, guaranties and potencial liabilities not resulting from the balance sheet

Euro/000	June 30, 2017	December 31, 2016
Guarantees and performance bonds issued for the benefit of third parties (1)	13,359	13,693
Commitments for currency forward contracts (4)	6,358	3,946
Total commitment, guaranties and potencial liabilities not resulting from the balance sheet	**22,659**	**17,640**

(1) Guarantees and performance bonds given primarily to clients as a guarantee of supply and guarantees in support of subsidiaries of the Issuer.

(2) Refers to Senior Notes held by a third party.

(3) Refers to security deposits and guarantees provided to subsidiaries in connection with property rental agreements in certain jurisdictions.

(4) This item refers to the notional value of the Group's obligations under derivative contracts entered into to hedge currency exchange rate risk on commercial receivables and payables, and financial receivables and payables.

Subsequent events

There have been no significant subsequent events after June 30, 2017.

Quantitative and qualitative disclosure of market risk

Upon completion of the Transactions, we are principally exposed to market risk from changes in foreign currency exchange rates, credit risk and, to a lesser extent, liquidity risk and changes in the prices of raw materials. We monitor and manage those risks as an integral part of our overall risk management which recognizes the unpredictability of financial markets and seeks to reduce their potentially adverse effects on our results.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various Group entities. The Group is exposed to currency risk, particularly in relation to fluctuations of Brazilian Reals, Indian rupees, Pounds Sterling and U.S. dollars.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency. If that is the case, such differences are hedged through forward purchase and sales contracts. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro or the different subsidiaries' functional currencies. However, such hedging activities have not been and may not be in the future always be sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument will be unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments. The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. The Group accrues an allowance for doubtful accounts equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics. Many of the Group's trade receivables are due from leading operators in our various markets and/or from longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the financial statements. There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk relates to the Group's ability to meet its obligations arising from financial liabilities. The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiration dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions. The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the Group has always met its obligations on time.

Raw material price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly steel wire, steel wire rod, ingots for zinc coating, aluminum, polymeric compounds, yarns and monofilaments and plastic. We typically manage to pass increases in raw materials prices through to our customers; however, volatility in the prices of our core raw materials could ultimately affect our operating income and results of operations, Raw material shortages or significant increases in the price of raw materials could increase our costs and may reduce our operating income if we are not able to pass through all of the increases to our customers.

Critical accounting Estimates and judgement

Our significant accounting policies, which we have applied consistently, are fully described in our annual consolidated financial statements.
We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require subjective judgments by management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Estimates are based on past experience and other factors considered reasonable in the circumstances. Actual amounts could differ from these estimates, based on different assumptions or different operating conditions.

CONSOLIDATED BALANCE SHEET	***June 30, 2017***	***December 31, 2016***
(Euro/000)		
ASSETS		
A) Subscribed capital, unpaid:		
B) Fixed assets:		
I – Intangible assets:		
1) set up and expansion costs	202	37
2) development costs	123	196
3) industrial patent rights and rights to use intellectual properties	251	328
4) concessions, licences, trademarks and similar rights	2,888	3,121
5) Goodwill	18,498	19,457
6) Intangible assets under development and downpayments	1,724	1,904
7) other	4,326	4,791
Total intangible assets	**28,012**	**29,834**
II – Property, plant and equipment:		
1) land and buildings	61,688	64,996
2) plant and machinery	44,103	48,652
3) industrial and commercial equipment	3,211	2,890
4) other fixed assets	2,959	3,561
5) fixed assets in progress and advances	3,118	2,950
Total property, plant and equipment	**115,080**	**123,048**
III – Financial assets:		
1) investments in:		
a) subsidiaries	264	182
b) associated companies	105	110
d bis) other companies	141	149
Total investments	511	441
2) Long-term receivables:		
a) subsidiaries;	48	50
d bis) due from others	-	-
- within 12 months	1,772	-
- beyond 12 months	2,380	3,865
Total due from others	**4,152**	**3,865**
Total Long-term receivables	**4,200**	**3,915**
Total financial assets	**4,711**	**4,357**
Total fixed assets	**147,802**	**157,238**
C) Current Assets:		
I - Inventories:		
1) raw materials, secondary materials, and consumables	33,230	30,949
2) semi-finished goods	5,065	4,853
4) finished products and goods	55,466	48,491
5) Advances paid to supplier	1,625	945
Total inventories	**95,385**	**85,238**

II – Receivables:		
1) trade receivables		
- within 12 months	120,077	107,544
- beyond 12 months	-	-
Total trade receivables;	**120,077**	**107,544**
2) receivables from subsidiaries		
- within 12 months	987	823
- beyond 12 months	-	-
Total receivables from subsidiaries;	**987**	**823**
4) receivables from parent		
- within 12 months	37,888	35,250
- beyond 12 months	-	-
Total receivables from parent;	**37,888**	**35,250**
5) receivables company subject to the control of the parent company		
- within 12 months	290	347
- beyond 12 months	-	-
Total receivables company subject to the control of the parent company	**290**	**347**
5-bis) receivables from tax authorities		
- within 12 months	9,307	9,802
- beyond 12 months	-	-
Total receivables from tax authorities;	**9,307**	**9,802**
5 ter) deferred tax assets	25,376	21,781
5 quater) receivables from other parties	-	-
- within 12 months	18,913	11,875
- beyond 12 months		
Total receivables from other parties	**18,913**	**11,875**
Total receivables	**212,838**	**187,422**
III – Financial assets not constituting fixed assets:		
5) active financial instruments - derivates	64	12
6) other securities;	-	-
Total financial assets non constituting fixed assets	**64**	**12**
IV – Cash and cash equivalent:		
1) bank and postal deposits	37,626	46,467
2) cheques	52	17
3) cash on hand	200	135
Total cash and cash equivalent	**37,878**	**46,619**
Total current assets	**346,165**	**319,291**
D) accrued income and prepaid expenses:		
- accrued income	3,897	3,376
- prepaid expenses	1,075	1,171
Total accrued income and prepaid expenses	**4,972**	**4,547**
TOTAL ASSETS	**498,939**	**481,076**

LIABILITIES		
A) Shareholders' equity:		
I – share capital	33,400	33,400
II - Share premium reserve	-	-
III – revaluation reserve	10,641	10,641
IV – Legal reserve	3,104	3,104
V - statutory reserve	-	-
VI - other reserves	11,256	23,849
VII - Reserves for hedging of expected cash flows	(15)	(22)
VIII - Profits (losses) carried forward	2,594	-
IX – net income for the year	(5,984)	47
Total shareholders' equity of the Group	**54,995**	**71,019**
Equity attributable to non-controlling interests	35,859	37,286
Total shareholders' equity	**90,855**	**108,305**
B) Provisions for risks and charges:		
1) pension and similar provisions	2,954	3,003
2) Provision for tax litigation and for deferred tax liabilities	7,241	7,308
3) Fund Financial Instruments Derivatives	107	118
4) Other provisions	3,506	3,497
Total provisions for risks and charges	**13,808**	**13,926**
C) employees termination indemnity	1,205	1,463
D) payables		
1) bond issued		
- beyond 12 months	190,000	190,000
Total bond issued;	**190,000**	**190,000**
4) bank loan and overdraft		
- within 12 months	49,358	19,400
- beyond 12 months	8,835	6,716
Total bank loan and overdraft	**58,193**	**26,116**
5) loans from other lenders		
- within 12 months	6,300	3,994
- beyond 12 months	951	1,439
Total loans from other lenders	**7,251**	**5,433**
6) advances from customer	4,292	3,134
7) trade payables		
- within 12 months	86,268	70,109
- beyond 12 months	-	-
Total trade payables;	**86,268**	**70,109**
11) payables due to parent		
- within 12 months	863	1,012
- beyond 12 months	-	-
Total payables due to parent;	**863**	**1,012**
11 bis) payables due to company subject of the control of the parent company		
- within 12 months	-	387
- beyond 12 months	-	-
Total payables due to company subject of the control of the parent company	**-**	**387**
12) tax payables		
- within 12 months	5,222	6,405
- beyond 12 months	-	-
Total tax payables	**5,222**	**6,405**
13) social security payables		
- within 12 months	1,040	1,291
- beyond 12 months	-	-
Total social security payables	**1,040**	**1,291**
14) other payables		
- within 12 months	32,793	46,555
- beyond 12 months	228	250
Total other payables	**33,021**	**46,805**
Total payables	**386,151**	**350,693**
E) accrued expenses and deferred income:		
- accrued expenses	6,227	6,116
- deferred income	694	573
Total accrued expenses and deferred income	**6,920**	**6,689**
TOTAL SHAREOLDERS' EQUITY AND LIABILITIES	**498,939**	**481,076**

CONSOLIDATED INCOME STATEMENT	June 30, 2017	June 30, 2016
(Euro/000)		
A) Value of production:		
1) revenues from sales and services	219,627	199,632
2) change in inventory of semi-finished and finished goods	5,715	4,728
4) Increase in fixed assets from in-house works	-	22
5) other revenues	5,465	4,681
Total value of production	**230,807**	**209,062**
B) Costs of production:		
6) Costs of raw materials, secondary materials and consumables	135,792	118,887
7) Costs for services	48,397	45,723
8) Costs for use of third parties assets	3,058	2,785
9) Costs of personnel:		
a) wages and salaries	31,464	28,577
b) social security contributions	5,479	5,688
c) employees' termination indmenity	347	255
d) pension and similar costs	518	504
e) other personnel costs	3,877	3,668
Total costs of personnel	**41,685**	**38,693**
10) amortization, depreciations and write-down:		
a) amortization of intangible assets	2,308	2,152
b) depreciation of property, plant and equipment	5,373	5,227
d) write-downs of receivables	697	921
Total amortization, depreciation and write-down	**8,378**	**8,301**
11) change in inventory of raw materials, secondary materials and consumables	(9,419)	(7,902)
12) Accrual of provision for risks and charges	303	318
14) other operating costs	1,286	1,276
Total costs of production	**229,480**	**208,080**
Difference between value of production and costs of production	**1,327**	**982**
C) Financial income and charges:		
16) other financial income:	-	-
a) from subsidiaries	12	15
b) from associated companies	-	-
c) from parent company	1,333	1,133
d) company subject to the control of the parent company	-	-
d bis) from other companies	303	554
Total other financial income	**1,648**	**1,702**
Total financial income	**1,648**	**1,728**

17) interest and other financial charges:		
d bis) other companies	8,046	8,179
Total interest and other financial charges	**8,046**	**8,179**
17 bis) gain/(losses) on exchange rate	(1,907)	(2,072)
Total financial income and charges	**(8,305)**	**(8,523)**
D) adjustments to financial assets		
18) Revaluation		
d) Revaluation of Revaluation of Hedging financial instruments	31	-
Total revaluation	31	-
19) write-down		
d) Devaluation of Hedging financial instruments	308	-
Total write-down	308	-
Total adjsutments to financial assets	**(277)**	**-**
Profit/(Losses) before tax	**(7,255)**	**(7,542)**
22) income and deferred taxes		
- current income taxes	2,525	1,678
- deferred tax liabilties	424	138
- deferred tax assets	(4,515)	(2,927)
Total income and deferred taxes	**(1,566)**	**(1,111)**
23) Net profit/(losses) for the year	**(5,689)**	**(6,431)**
Attributable to non-controlling interests	295	611
24) attributable to equity holders of the parent	(5,984)	(7,042)

Please note that the new accounting Directive 2013/347/EU was applied by the Group with effect starting from year end 2016. In order to ensure the full comparability with the past years, the income statement column June 2016 has been restated accordingly.

			For the three month period ended June 30,	
INTERIM CONSOLIDATED CASH FLOW	**H1 2017**	**H1 2016**	**Q2 2017**	**Q2 2016**
(Euro/000)				
A. Financial flows deriving from operating activities				
Net Income / (Loss) for the period	**(5,984)**	**(6,431)**	**(406)**	**(1,011)**
Income tax for the year	(1,566)	(1,288)	(565)	(79)
Financial expenses / (financial income)	6,398	6,477	2,949	3,436
Losses / (gains) on exchange rate	1,907	2,072	1,722	964
(Gains) / Losses due to assets disposal	50	4	86	83
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal	**805**	**834**	**3,786**	**3,393**
Adjustments for non-cash items that had no counterpart in net working capital	*0*	*0*		
Accrual to provision for risk and charges	1,662	1,661	1,237	853
Depreciation and Amortization	7,680	7,379	3,855	3,635
Other accrual for non-cash items	(1,033)	(1,130)	(906)	(773)
Total adjustment for non-cash items	**8,309**	**7,910**	**4,186**	**3,715**
2. Financial flows beforee changes in Net Working Capital	**9,114**	**8,744**	**7,972**	**7,108**
Changes in Net Working Capital	0	0		
Decrease / (increase) of inventories	(14,947)	(12,792)	(1,219)	(4,985)
Decrease / (increase) of trade receivables	(17,216)	(2,418)	(12,331)	(2,897)
Increase / (decrease) of trade payables	19,061	797	12,281	9,329
Decrease / (increase) of other credits	(8,862)	(2,134)	2,496	(2,072)
Increase / (decrease) of other debts	(12,324)	(15,448)	(392)	(6,051)
Decrease / (increase) of Prepayments and accrued income	(748)	(1,128)	(1,290)	(192)
Increase / (decrease) of Prepaid income	787	(1,330)	494	(359)
Other Changes in Net Working Capital	(331)	(464)	(1,163)	(366)
Total changes in Net Working Capital	**(34,580)**	**(34,917)**	**(1,124)**	**(7,593)**
3. Financial flows after changes in Net Working Capital	**(25,466)**	**(26,173)**	**6,848**	**(485)**
Other Changes	0	0		
Interests paid	(6,682)	(6,949)	(5,944)	(6,853)
(Losses) / gains on exchange rate	(1,907)	(2,072)	(1,722)	(964)
Income taxes paid	(2,810)	(4,519)	377	(1,228)
Utilization of funds	(215)	(1,493)	260	(1,020)
4. Total other changes	**(11,614)**	**(15,033)**	**(7,029)**	**(10,065)**
Net cash flow from operating activities (A)	**(37,080)**	**(41,206)**	**(181)**	**(10,550)**
B. Financial flows deriving from investment activities	0	0		
Tangible assets	0	0		
(Investments)	(2,257)	(4,160)	(1,433)	(1,276)
Sales price of disposal of assets	283	359	145	106
Intangible assets	0	0		
(Investments)	(762)	(497)	(429)	(225)
Sales price of disposal of assets	156	49	(56)	43
Invesments	0	0		
(Investments)	(506)	(296)	(127)	(186)
Sales price of disposal of assets	0	0	0	0
Current financial activities	0	0		
(Investments)	500	0	497	0
Sales price of disposal of assets	0	161	0	4
Net cash flow used in investing activities (B)	**(2,586)**	**(4,384)**	**(1,403)**	**(1,534)**
C. Financial flows deriving from financing activities	0	0		
Third parties	0	0		
Increase /(decrease) short terms debts vs banks	30,385	33,961	5,883	12,698
Reimbursement of borrowing	(1,587)	(1,594)	(1,098)	(1,178)
(Increase) / Decrease short terms credits vs shareholders for financing	(3,000)	(2,000)	0	0
Increase / (Decrease) debts vs other financial instituition	1,760	(7,030)	79	(1,838)
Equity	0	0		
Subscription of equity upon payment / (Equity reimbursement)	0	1,083	0	6
Dividends paid	(1,534)	(972)	(824)	(755)
Total Financial flows deriving from financing activities (C)	**29,737**	**23,448**	**7,753**	**8,933**
Net effect of foreign currencies exchange rate and other variations	1,188	1,750	826	1,393
Change in cash and cash equivalent (A ± B ± C)	**(8,741)**	**(20,392)**	**6,995**	**(1,758)**
Cash and cash equivalent at the beginning of the period	**46,619**	**49,198**	**30,883**	**30,563**
Cash and cash equivalent at the end of the period	**37,878**	**28,806**	**37,878**	**28,806**