OFFICINE MACCAFERRI S.p.A.

Half-year report 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, 2016 and 2015 (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 over 71 companies and 33 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, 2016 and 2015

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 accordance with the Italian General Accounting Principles the income statement separates the recurring income and expenses from the non-recurring income and expenses;
- 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, 2016 and 2015.

	For the six month period ended June 30,			
(Euro/000)	**H1 2016**	**H1 2015**	**Amount**	**%**
Revenue from sales and services	199,632	229,508	(29,876)	(13.0%)
Other revenue	9,386	9,638	(253)	(2.6%)
Total revenue	**209,017**	**239,146**	**(30,129)**	**(12.6%)**
Costs of materials and consumables	(110,986)	(129,632)	18,646	(14.4%)
Costs of services and use of third party assets	(48,507)	(47,606)	(901)	1.9%
Costs of personnel	(37,619)	(39,161)	1,542	(3.9%)
Other operating costs	(823)	(632)	(191)	30.3%
Total Operating costs	**(197,935)**	**(217,031)**	**19,096**	**(8.8%)**
EBITDA	**11,082**	**22,116**	**(11,033)**	**(49.9%)**
Amortization, depreciation and write downs	(8,301)	(8,776)	475	(5.4%)
Accrual to provision for risks and charges	(318)	(217)	(101)	46.6%
Total Amortization, depreciation, write downs and provisions	**(8,618)**	**(8,993)**	**374**	**(4.2%)**
Operating income	**2,464**	**13,123**	**(10,659)**	**(81.2%)**
Financial income	1,728	1,875	(147)	(7.8%)
Financial expenses	(8,179)	(8,348)	169	(2.0%)
Gains/(losses) on exchange rate	(2,072)	1,118	(3,191)	(285.3%)
Net expenses and losses from financial activities	**(8,523)**	**(5,355)**	**(3,169)**	**59.2%**
Net non-recurring expenses and charges	(1,660)	(2,364)	704	(29.8%)
Profit/losses before taxes	**(7,719)**	**5,404**	**(13,124)**	**(242.8%)**
(Income taxes)/tax benefit	1,288	(1,202)	2,490	(207.2%)
Net Income / (Losses) for the period	**(6,431)**	**4,203**	**(10,633)**	**(253.0%)**
Attributable to non-controlling interests	(611)	(739)	128	(17.3%)
Attributable to equity holders of the parent	(7,042)	3,464	(10,506)	(303.3%)

	For the three month period from April to June			
(Euro/000)	**Q2 2016**	**Q2 2015**	**Amount**	**%**
Revenue from sales and services	109,084	127,559	(18,475)	(14.5%)
Other revenue	4,440	4,228	213	5.0%
Total revenue	**113,525**	**131,787**	**(18,263)**	**(13.9%)**
Costs of materials and consumables	(60,044)	(71,095)	11,051	(15.5%)
Costs of services and use of third party assets	(24,992)	(26,390)	1,398	(5.3%)
Costs of personnel	(19,435)	(19,802)	366	(1.8%)
Other operating costs	(501)	(405)	(95)	23.5%
Total Operating costs	**(104,972)**	**(117,692)**	**12,720**	**(10.8%)**
EBITDA	**8,552**	**14,095**	**(5,543)**	**(39.3%)**
Amortization, depreciation and write downs	(4,097)	(4,379)	283	(6.5%)
Accrual to provision for risks and charges	(222)	(132)	(90)	68.0%
Total Operating costs	**(4,318)**	**(4,511)**	**193**	**(4.3%)**
Operating income	**4,234**	**9,584**	**(5,350)**	**(55.8%)**
Financial income	962	930	32	3.5%
Financial expenses	(4,372)	(4,207)	(165)	3.9%
Gains/(losses) on exchange rate	(965)	(765)	(199)	26.0%
Net expenses and losses from financial activities	**(4,375)**	**(4,043)**	**(332)**	**8.2%**
Net non-recurring expenses and charges	(950)	(1,157)	208	(18.0%)
Profit/losses before taxes	**(1,090)**	**4,384**	**(5,474)**	**(124.9%)**
(Income taxes)/tax benefit	80	(1,192)	1,271	(106.7%)
Net Income / (Losses) for the period	**(1,010)**	**3,192**	**(4,203)**	**(131.7%)**
Attributable to non-controlling interests	(394)	(581)	187	(32.2%)
Attributable to equity holders of the parent	(1,404)	2,612	(4,016)	(153.8%)

The following table sets forth the interim unaudited condensed consolidated income statement of the Company for the six month period ended June 30, 2016 and 2015 and for the twelve month ended June 30, 2016.

(Euro/000)	H1 2016	% of Total Revenue	H1 2015	% of Total Revenue	LTM 2016	% of Total Revenue	YE 2015	% of Total Revenue
Revenue from sales and services	199,632	95.5%	229,508	96.0%	463,960	98.1%	493,837	98.2%
Other revenue	9,386	4.5%	9,638	4.0%	8,935	1.9%	9,188	1.8%
Total revenue	**209,017**	**100.0%**	**239,146**	**100.0%**	**472,895**	**100.0%**	**503,024**	**100.0%**
Costs of materials and consumables	(110,986)	(53.1%)	(129,632)	(54.2%)	(254,188)	(53.8%)	(272,834)	(54.2%)
Costs of services and use of third party assets	(48,507)	(23.2%)	(47,606)	(19.9%)	(102,809)	(21.7%)	(101,907)	(20.3%)
Costs of personnel	(37,619)	(18.0%)	(39,161)	(16.4%)	(74,881)	(15.8%)	(76,423)	(15.2%)
Other operating costs	(823)	(0.4%)	(632)	(0.3%)	(1,574)	(0.3%)	(1,382)	(0.3%)
Total Operating costs	**(197,935)**	**(94.7%)**	**(217,031)**	**(90.8%)**	**(433,451)**	**(91.7%)**	**(452,546)**	**(90.0%)**
EBITDA	**11,082**	**5.3%**	**22,116**	**9.2%**	**39,444**	**8.3%**	**50,478**	**10.0%**
Amortization, depreciation and write downs	(8,301)	(4.0%)	(8,776)	(3.7%)	(19,674)	(4.2%)	(20,149)	(4.0%)
Accrual to provision for risks and charges	(318)	(0.2%)	(217)	(0.1%)	(606)	(0.1%)	(505)	(0.1%)
Total Amortiz., deprec., write downs and prov.	**(8,618)**	**(4.1%)**	**(8,993)**	**(3.8%)**	**(20,279)**	**(4.3%)**	**(20,654)**	**(4.1%)**
Operating income	**2,464**	**1.2%**	**13,123**	**5.5%**	**19,165**	**4.1%**	**29,824**	**5.9%**
Financial income	1,728	0.8%	1,875	0.8%	3,501	0.7%	3,649	0.7%
Financial expenses	(8,179)	(3.9%)	(8,348)	(3.5%)	(18,431)	(3.9%)	(18,600)	(3.7%)
Gains/(losses) on exchange rate	(2,072)	(1.0%)	1,118	0.5%	(3,023)	(0.6%)	168	0.0%
Net expenses and losses from financial activitie	**(8,523)**	**(4.1%)**	**(5,355)**	**(2.2%)**	**(17,952)**	**(3.8%)**	**(14,784)**	**(2.9%)**
Net non-recurring expenses and charges	(1,660)	(0.8%)	(2,364)	(1.0%)	(3,070)	(0.6%)	(3,774)	(0.8%)
Income before taxes	**(7,719)**	**(3.7%)**	**5,404**	**2.3%**	**(1,857)**	**(0.4%)**	**11,266**	**2.2%**
(Income taxes)/tax benefit	1,288	0.6%	(1,202)	(0.5%)	(2,353)	(0.5%)	(4,843)	(1.0%)
Net Income / (Losses) for the period	**(6,431)**	**(3.1%)**	**4,203**	**1.8%**	**(4,210)**	**(0.9%)**	**6,424**	**1.3%**
Attributable to non-controlling interests	(611)	(0.3%)	(739)	(0.3%)	(2,170)	(0.5%)	(2,298)	(0.5%)
Attributable to equity holders of the parent	(7,042)	(3.4%)	3,464	1.4%	(6,380)	(1.3%)	4,126	0.8%

Revenue from sales and services

Revenue from sale of goods and services for the three month period ended June 30, 2016, decreased 14.6% to €109.1 million from €127.6 million for the comparable period of 2015.

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, 2016 and 2015.

	For the six month period ended June 30,	
(Euro/000)	**H1 2016**	**H1 2015**
Revenues from sales of goods	186,145	214,503
Revenues from services	13,487	15,005
Total revenues from sales and services	**199,632**	**229,508**

			For the six month period ended June 30,	
(Euro/000)	**H1 2016**	**H1 2015**	**Amount**	**%**
EMEA (Ex Italy)	70,515	79,332	(8,817)	(11.1%)
Latin America	51,190	65,704	(14,514)	(22.1%)
Asia Pacific	37,264	38,318	(1,054)	(2.8%)
Italy	23,023	24,465	(1,442)	(5.9%)
NAFTA	17,640	21,689	(4,049)	(18.7%)
Total	**199,632**	**229,508**	**(29,876)**	**(13.0%)**

For the three month period from April to June		
(Euro/000)	**Q2 2016**	**Q2 2015**
Revenues from sales of goods	101,113	117,276
Revenues from services	7,972	10,284
Total revenues from sales and services	**109,084**	**127,559**

For the three month period from April to June				
(Euro/000)	**Q2 2016**	**Q2 2015**	**Amount**	**%**
EMEA (Ex Italy)	40,821	46,547	(5,726)	(12.3%)
Latin America	27,027	33,659	(6,632)	(19.7%)
Asia Pacific	19,283	20,095	(812)	(4.0%)
Italy	12,564	14,131	(1,566)	(11.1%)
NAFTA	9,389	13,127	(3,738)	(28.5%)
Total	**109,084**	**127,559**	**(18,474)**	**(14.6%)**

The decrease of €18.6 million in revenue from sale of goods and services was primarily attributable to a combination of the following:

- in Latin America revenues are below previous year mainly due to currencies devaluation. The Decrease of €6.6 million includes a negative impact due to BRL devaluation of about €2.5 million on a quarterly base, that becomes €4 million if we consider all the Latin American currencies. The remaining difference is due to the completion of the Panama Canal project that positively affected the first half of 2015. Policy instability and government transitions in key countries (Brazil, Peru, Argentina, Venezuela) and the drop in the value of oil exports and raw materials affecting local economies are worsening the competition level and forcing price and margins erosion. Brazil showed a good performance in terms of sales volumes and overall profitability.

- in EMEA performance is affected by political instability, contraction in public investments (Spain, Greece, and Africa), as well as continuing oil and commodity markets uncertainty (Middle East, Russia).

- revenues in Nafta are below previous year mainly due to the sluggish performance of USA and Canada, with operational and organizational turnaround taking place. Enduring good performance of Mexico, notwithstanding the local currency devaluation.

- Italy performs below previous year because the adoption of the new decree about public tenders in April squeezed Q2 Italy sales, causing a delay in projects start.

- In Asia Pacific, revenues are below previous year. Asia's construction sector growing at 4.4% in 2016, representing a decline from the five-year historical average of 5.4%. South East Asia sales are affected by a slowdown of Malaysia compared to previous years, with some projects held off, while other main markets (Indonesia, Thailand, Philippines, Myanmar) are well sustained by public investments. Steady growth of China and India, supported by infrastructure investments, but competition remains fierce.

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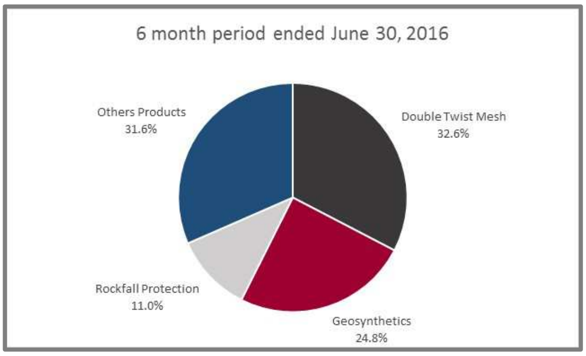
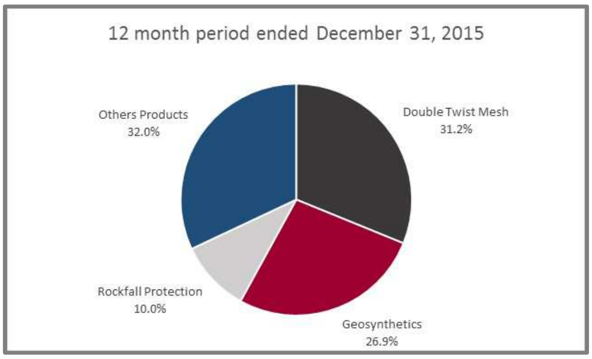
The chart below shows our total revenue by product category for the six month period ended June 30, 2016 compared to the twelve month period ended December 31, 2015:





The difference in the product mix, compared to previous year, is mainly due to the decrease in Geosynthetics sales (because of Panama and Bolivia projects in 2015) and the growth of Rockfall sector.

Other revenues

Other revenues for the three month period ended June 30, 2016, increased to €4.4 million from € 4.2 million for the comparable period of 2015. The increase of €0.2 million was primarily due to higher release of allowance for doubtful account receivables for €0.2 and higher revenues from shipping costs recharged to customers for €0.2 million partially offset by a lower increase of stock for semi-finished and finished products for €0.1 million as well as lower revenues for services rendered € 0.1 million.

Cost of materials and consumables

Cost of materials and consumables for the three month period ended June 30, 2016, decreased 15.5% to €60 million from €71.1 million for the comparable period of 2015. The decrease of €11.1 million was primarily due to the decreased activities of the Group as showed by the 14.5% decrease in revenues from sales and services together with a different mix of products. The incidence of costs of materials on total revenues decreased from 53.9% of the same period of the previous year to 52.9%.

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, 2016 and 2015.

	For the six month period ended June 30,			
(Euro/000)	**H1 2016**	**H1 2015**	**Amount**	**%**
Transport expenses	7,010	7,930	(920)	(11.6%)
Technical, legal, fiscal and consulting expenses	4,853	4,361	493	11.3%
Remuneration of directors, Board of auditors	443	554	(111)	(20.1%)
Advertising expenses	1,299	1,506	(207)	(13.7%)
Commissions	3,370	3,553	(183)	(5.2%)
Utilities expenses	3,526	3,577	(51)	(1.4%)
Travel expenses	3,562	3,482	80	2.3%
Banking service expenses	308	351	(43)	(12.2%)
Insurance expenses	656	587	70	11.9%
External manufacturing	1,514	2,558	(1,043)	(40.8%)
External maintenance	735	611	124	20.3%
IT consulting	1,078	900	179	19.9%
Information on client and debt collection	771	702	69	9.8%
Telephone and other communication expenses	695	777	(82)	(10.5%)
Audit Costs	402	402	1	0.2%
Other services	15,498	12,795	2,703	21.1%
Total cost of services	**45,723**	**44,645**	**1,077**	**2.4%**
Plant and equipment rents	898	1,300	(402)	(31.0%)
Selling and marketing rents	1,066	1,038	29	2.8%
Technical rents	232	141	91	64.8%
General and administrative rents	589	482	107	22.2%
Total cost for use of third parties assets	**2,785**	**2,960**	**(176)**	**(5.9%)**
Costs of services and use of third party assets	**48,507**	**47,606**	**901**	**1.9%**

	For the three month period from April to June			
(Euro/000)	**Q2 2016**	**Q2 2015**	**Amount**	**%**
Transport expenses	3,773	4,048	(275)	(6.8%)
Technical, legal, fiscal and consulting expenses	2,382	2,367	15	0.6%
Remuneration of directors, Board of auditors	192	197	(5)	(2.4%)
Advertising expenses	581	848	(267)	(31.5%)
Commissions	1,777	1,992	(215)	(10.8%)
Utilities expenses	1,865	1,904	(40)	(2.1%)
Travel expenses	1,991	1,897	94	5.0%
Banking service expenses	180	213	(33)	(15.4%)
Insurance expenses	294	290	4	1.5%
External manufacturing	560	1,893	(1,333)	(70.4%)
External maintenance	440	403	37	9.2%
IT consulting	583	488	95	19.5%
Information on client and debt collection	446	395	50	12.7%
Telephone and other communication expenses	342	411	(69)	(16.9%)
Audit Costs	214	313	(99)	(31.6%)
Other services	7,881	7,248	633	8.7%
Total cost of services	**23,503**	**24,910**	**(1,407)**	**(5.6%)**
Plant and equipment rents	477	634	(156)	(24.7%)
Selling and marketing rents	602	537	64	12.0%
Technical rents	126	78	48	61.9%
General and administrative rents	284	231	53	23.0%
Total cost for use of third parties assets	**1,490**	**1,480**	**9**	**0.6%**
Costs of services and use of third party assets	**24,992**	**26,390**	**(1,398)**	**(5.3%)**

Costs of services and use of third party assets for the three month period ended June 30, 2016, decreased of €1.4 million if compared with the same period of 2015. The decrease was primarily due to: (i) the decrease of €0.3 million of transport costs, as a consequence of the decrease in the revenues for sales of goods, (ii) the decrease of €0.3 million of advertising expenses (iii) the decrease of €0.2 million of commission expenses as a consequence of the reduction in revenues for sales of goods subject to sales commission occurred mainly for Officine Maccaferri S.r.l, and Maccaferri Southern Africa Pty Ltd, (iv) decrease of external manufacturing partially offset by an increase of other services, because of reclassification of construction costs in the latter item; the net decrease of €0.7 million is due to reduction in construction turnover in India and France.

Cost of personnel

Cost of personnel for the three month period ended June 30, 2016, decreased 1.8% to €19.4 million from €19.8 million for the comparable period of 2015. The decrease of €0.4 million is due to the positive effect coming from the devaluation of the Brazilian Real and Mexican Pesos, the reorganization of the production facilities (in Emea and in Nafta), partially offset by the variation of the consolidation area. The incidence of the costs of personnel on total revenues has increased from 15% of same period of the previous year to the actual 17.1%.

Other operating costs

Other operating costs for the three month period ended June 30, 2016, increased of 23.5% to €0.5 million from €0.4 million of the comparable period of 2015. Its incidence on total revenues remained substantially stable.

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, 2016 and 2015.

	For the six month period ended June 30,			
(Euro/000)	**H1 2016**	**H1 2015**	**Amount**	**%**
Amortization of intangible assets	2,152	2,181	(29)	(1.3%)
Depreciation of property, plant and equipment	5,227	5,621	(394)	(7.0%)
Accrual to allowance for doubtful accounts	921	974	(53)	(5.4%)
Total Amortization, depreciation and write downs	**8,301**	**8,776**	**(475)**	**(5.4%)**

	For the three month period from April to June			
(Euro/000)	**Q2 2016**	**Q2 2015**	**Amount**	**%**
Amortization of intangible assets	1,073	1,120	(47)	(4.2%)
Depreciation of property, plant and equipment	2,563	2,704	(141)	(5.2%)
Accrual to allowance for doubtful accounts	461	555	(94)	(17.0%)
Total Amortization, depreciation and write downs	**4,097**	**4,379**	**(283)**	**(6.5%)**

Amortization, depreciation and accrual to allowances for bad debt provision for the three month period ended June 30, 2016, decreased 6.5% to €4.1 million from €4.4 million for the comparable period of 2015. The decrease of €0.3 million was primarily attributable to lower depreciation of tangible assets in particular plant and machinery, as a result of the capex reduction plan and lower accrual to bad debt provision.

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, 2016 and 2015.

	For the six month period ended June 30,			
(Euro/000)	**H1 2016**	**H1 2015**	**Amount**	**%**
Financial income	1,728	1,875	(147)	(7.8%)
Financial expenses	(8,179)	(8,348)	169	(2.0%)
Gain/(losses) on exchange rates	(2,072)	1,118	(3,191)	(285.3%)
Net income/(losses) from financial activities	**(8,523)**	**(5,355)**	**(3,169)**	**59.2%**

	For the three month period from April to June			
(Euro/000)	**Q2 2016**	**Q2 2015**	**Amount**	**%**
Total financial income	962	930	32	3.5%
Total financial expenses	(4,372)	(4,207)	(165)	3.9%
Gain/(losses) on exchange rates	(965)	(765)	(199)	26.0%
Net income/(losses) from financial activities	**(4,375)**	**(4,043)**	**(332)**	**8.2%**

Net expenses and losses from financial activities for the three month period ended June 30, 2016 increased 8.2% from €4 million to €4.4 million primarily due to (i) higher financial expenses for €0.2 million due to the fact that the saving coming from the repurchase and cancellation of €10 million of Senior Notes undertaken in the last quarter of 2015 has been more than offset by the usage of working capital facilities (ii) higher losses on exchange rate mainly of UK and Nigeria subsidiaries, caused by the devaluation of their currencies against the Euro.

Net non-recurring expenses and charges

Net non-recurring expenses and charges for the three month period ended June 30, 2016, decreased 18% to €1 million from €1.2 million for the comparable period of 2015. The amount of the current year is primarily attributable to costs incurred for the reorganization of Officine Maccaferri S.r.l., for a settlement on previous year tax of Maccaferri Indonesia P.T. and for indemnities due on internal restructuring of Maccaferri do Brazil Ltda.

Income taxes

Income taxes for the three month period ended June 30, 2016 decreased to an income of €0.08 million from a charge of €1.2 million for the comparable period of 2015 because of lower income before tax and to the increase in deferred tax asset booked for fiscal losses on current year.

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, 2016 and December 31, 2015.

CONSOLIDATED BALANCE SHEET

	June 30, 2016	**December 31, 2015**
(Euro/000)		
Intangible assets	29,607	31,338
of which goodwill	*20,122*	*21,089*
Property, plant and equipment	121,794	121,855
Investment in subsidiaries, associates, joint ventures and other companies	382	317
Other non-current assets	26,863	23,743
of which deferred tax assets	*23,547*	*20,590*
Total non-current assets	**178,645**	**177,253**
Cash and cash equivalents	28,806	49,198
Other current financial assets	32,000	30,000
Trade receivables	108,152	106,733
Inventories	92,337	76,975
Current tax receivables	10,809	9,213
Other current non-financial assets	20,802	18,608
Total current assets	**292,906**	**290,726**
Total assets	**471,552**	**467,979**
Shareholders' equity and liabilities		
Share capital	33,400	33,400
Reserves	32,825	21,678
Profit / (Loss) for the Year Group	(7,042)	4,126
Equity attributable to equity holders of the parent	**59,183**	**59,204**
Equity attributable to non-controlling interests	39,508	38,019
Total shareholders' equity	**98,691**	**97,223**
Non-current portion of banks loans and other financial liabilities	9,335	11,099
Non-current bonds	190,000	190,000
Employees' termination indemnity	1,476	1,624
Provisions for risks and charges	8,313	9,350
Deferred tax liabilities	6,992	6,848
Total non-current liabilities	**216,116**	**218,922**
Current portion of banks loans and other financial liabilities	45,346	19,100
Advance from customers	3,733	3,772
Trade payables	72,269	71,409
Current tax payables	5,472	8,384
Other current non-financial liabilities	29,925	49,170
Total current liabilities	**156,744**	**151,834**
Total liabilities	**372,861**	**370,756**
Total shareholders' equity and liabilities	**471,552**	**467,979**

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, 2016 and 2015.

	For the six month period ended June 30,		For the three month period from April to June	
(Euro/000)	***H1 2016***	***H1 2015 (1)***	***Q2 2016***	***Q2 2015 (1)***
Net cash flow from operating activities	(41,206)	(27,318)	(10,550)	1,534
Net cash flow used in investing activities	(4,384)	(5,971)	(1,534)	(8,021)
Net cash flow from/(used in) financing activities	23,448	27,839	8,933	10,761
Net effect of foreign currencies exchange rate variation and of movement in Equity attributable to non-controlling interests	1,750	(1,232)	1,394	(241)
Cash and cash equivalent at the beginning of the period	**49,198**	**43,135**	**30,563**	**32,421**
Changes in cash and cash equivalent	(20,392)	(6,681)	(1,757)	4,034
Cash and cash equivalent at the end of the period	**28,806**	**36,454**	**28,806**	**36,454**

(1) The flows at 30th June 2015 are restated in order to be compliant to the new scheme requested by Italian GAAP (OIC 10) and are stated net of exchange rates effect.

Net cash flow from operating activities

Three month ended June 30, 2016 and 2015

Our operating activities used net cash of €10.5 million in the three month ended June 30, 2016, compared to net cash generated of €1.5 million in the three month ended June 30, 2015. The €12.1 million decrease in net cash from operating activities was primarily due to the decrease in operating income adjusted for non-cash items for an amount of €6.3 million due to the negative performance of the period and an increase in working capital and other changes for €5.8 million. The increase in working capital is primarily due to a lower use of reverse factoring.

Net cash flow used in investing activities

Three month ended June 30, 2016 and 2015

Our investing activities used net cash of €1.5 million in the three month ended June 30, 2016, compared to net cash used of €8.0 million in the second quarter of 2015. The cash used in the second quarter of 2016 is primarily due to investments in tangible assets for €1.3 million and intangible assets for €0.2 million. The cash used in the second quarter of 2015 was primarily due to the acquisition for €3 million of machinery for the production of wire related to the incorporation of the new Joint Venture at 70% between Maccaferri Honk Kong and Hangzhou ChunagYu Technical Service Co and € 1.2 million for the construction of the new plant in Slovakia.

Net cash flow from financing activities

Three month ended June 30, 2016 and 2015

Our financing activities generated net cash of €8.9 million in the three month ended June 30, 2016, compared to €10.8 million produced in the comparable period in 2015. This €1.8 million decrease is primarily originated by a major recourse of short terms bank debts for €18.8 million compensated by an higher interest-bearing loan from S.E.C.I. S.p.A. for €20.0 million, due to a partial refund occurred in the second quarter 2015.

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, 2016 and December 31, 2015:

(Euro/000)	**June 30, 2016**	**December 31, 2015**
Non-current portion of banks loans and other financial liabilities	(9,335)	(11,099)
Non-current bonds	(190,000)	(190,000)
Current portion of banks loans and other financial liabilities	(45,346)	(19,100)
Gross Financial Indebtness	**(244,681)**	**(220,199)**
Other current financial assets (1)	32,000	30,000
Cash and cash equivalents	28,806	49,198
Net Financial Indebtness	**(183,874)**	**(141,001)**

(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, 2016 and December 31, 2015.

Working capital

(Euro/000)	**June 30, 2016**	**December 31, 2015**
Inventories	92,337	76,975
Trade receivables	108,152	106,733
Advances from customers	(3,733)	(3,772)
Trade payables	(72,269)	(71,409)
Other element of net working capital	(12,099)	(39,083)
Net working capital	**112,388**	**69,443**

The table below provides the breakdown of the other elements of working capital as of June 30, 2016 and December 31, 2015

Other elements of net working capital		
(Euro/000)	**June 30, 2016**	**December 31, 2015**
Current Tax Receivables	10,809	9,213
Other current non-financial assets	20,802	18,608
Current tax payables	(5,472)	(8,384)
Other current non-financial liabilities	(29,925)	(49,170)
Provisions for risks and charges	(8,313)	(9,350)
Other elements of net working capital	**(12,099)**	**(39,083)**

The increase of working capital from €69.4 million to €112.4 million as of June, 2016 was primarily due to the increase in stock due to seasonality of our business for €15.4 million, the decrease in other current non-financial liabilities due to a lower use of reverse factoring of €12.8 million, to payments of debts for investments in fixed assets for €2.4 million and a decrease in current tax payables for €2.9 million.

Capital Expenditures

The following table summarizes our net capital expenditures for the six month period ended June 30, 2016 and December 31, 2015:

Net capital expenditures		
(Euro/000)	**June 30, 2016**	**June 30, 2015**
Investment in property, plant, equipment and intang. assets	2,378	9,720
Disposal and dismission of property, plant, equipment and intang. assets	(447)	(2,679)
Net capital expenditures	**1,931**	**7,041**

(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	78,753	103,582	7,844	14,134	2,869	207,182
Cumulated amortization	(14,798)	(56,577)	(4,033)	(9,920)	-	(85,327)
Carrying amount as of December, 2015	**63,956**	**47,005**	**3,811**	**4,214**	**2,869**	**121,855**
Increase for acquisition and internal constructions	129	599	69	247	844	1,889
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	-	-	-	2	-	2
Decrease due to sale	(220)	342	(48)	(67)	(405)	(397)
Reclassification and other movements	(199)	1,015	(108)	(76)	(630)	2
Current period depreciation and write-down	(1,205)	(3,122)	(284)	(616)	-	(5,227)
Exchange rate differences	2,136	1,502	(24)	25	31	3,671
Total current period variation	**642**	**337**	**(395)**	**(486)**	**(159)**	**(61)**
Historical costs	81,162	108,147	8,148	13,534	2,710	213,701
Cumulated amortization	(16,564)	(60,805)	(4,732)	(9,806)	0	(91,907)
Carrying amount as of June, 2016	**64,598**	**47,342**	**3,416**	**3,728**	**2,710**	**121,794**

(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	926	2,357	759	9,255	30,032	873	7,930	52,131
Cumulated amortization	(850)	(1,951)	(305)	(6,372)	(8,943)	-	(2,371)	(20,793)
Carrying amount as of December, 2015	**76**	**405**	**454**	**2,883**	**21,089**	**873**	**5,559**	**31,338**
Net Variation of the consolidation Area and acquisition of additional share in controlled entities	-	-	-	-	-	-	10	10
Increase for acquisition and internal constructions	-	-	-	163	-	291	35	489
Decrease due to sale	-	(1)	-	-	-	(48)	-	(49)
Reclassification and other movements	(10)	(12)	8	130	-	(133)	15	(2)
Current period amortization	(19)	(88)	(58)	(469)	(967)	-	(551)	(2,152)
Exchange rate differences	(1)	(1)	(17)	(1)	-	(7)	-	(27)
Total current year variation	**(29)**	**(102)**	**(67)**	**(177)**	**(967)**	**102**	**(492)**	**(1,731)**
Historical costs	666	2,354	736	10,167	29,907	975	7,892	52,697
Cumulated amortization	(620)	(2,050)	(349)	(7,462)	(9,785)	-	(2,825)	(23,091)
Carrying amount as of June, 2016	**47**	**303**	**387**	**2,706**	**20,122**	**975**	**5,067**	**29,607**

For the six month period ended June 30, 2015 and 2016, the total net capital expenditures decreased from €7.0 million to €1.9 million, respectively. The decrease in net capital expenditures in 2016 was due primarily to the completion of expansion investment program in the past years.

The investment in tangible assets of €1.9 million are mainly attributable to plant and equipment for €0.6 million (in particular for investment made by Maccaferri Environmental Solution PVT Ltd – India, Maccaferri de Perù, Maccaferri Changsha and Maccaferri Industria e Comercio de Artefatos Plasticos Ltda), to fixed assets in progress for €0.8 million (in particular for investment made by Officine Maccaferri S.p.A. and Bianchini Ingeniero S.A.) to other fixed assets for €0.25 million and to land and building for €0.13 million.

The investments in intangible assets of €0.5 million are primarily attributable to implementation of CRM project made by Officine Maccaferri S.p.A. and Maccaferri do Brasil (€0.28 million) and SAP project made by Maccaferri Environmental Solutions PVT Ltd (€0.14 million).

Off-Balance Sheet Arrangements

The following table summarizes our off balance sheet arrangements as of and June 30, 2016 and December 31, 2015:

Euro/000	June 30, 2016	December 31, 2015
Guarantees and performance bonds issued for the benefit of third parties (1)	11,198	13,661
Pledged securities (2)	-	-
Guarantees issued to third parties as deposits (3)	-	-
Commitments for currency forward contracts (4)	5,872	7,030
Total Memorandum accounts	**17,069**	**20,691**

(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, 2016.

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.

INTERIM CONSOLIDATED FINANCIAL STATEMENT	*June 30, 2016*	*December 31, 2015*
(Euro/000)		
ASSETS		
A) Subscribed capital, unpaid:		
B) Fixed assets:		
I – Intangible assets:		
1) set up and expansion costs	47	76
2) development costs	303	405
3) industrial patent rights and rights to use intellectual properties	387	454
4) concessions, licences, trademarks and similar rights	2,706	2,883
5) Goodwill	20,122	21,089
6) Intangible assets under development and downpayments	975	873
7) other	5,067	5,559
Total intangible assets	**29,607**	**31,338**
II – Property, plant and equipment:		
1) land and buildings	64,598	63,956
2) plant and machinery	47,342	47,005
3) industrial and commercial equipment	3,416	3,811
4) other fixed assets	3,728	4,214
5) fixed assets in progress and advances	2,710	2,869
Total property, plant and equipment	**121,794**	**121,855**
III – Financial assets:		
1) investments in:		
a) subsidiaries	119	92
b) associated companies	100	101
d) other companies	163	124
Total investments	**382**	**317**
2) Long-term receivables:		
a) subsidiaries;	91	81
d) due from others		
- within 12 months	1,026	747
- beyond 12 months	2,199	2,325
Total due from others	**3,225**	**3,073**
Total Long-term receivables	**3,316**	**3,154**
Total financial assets	**3,698**	**3,471**
Total fixed assets	**155,099**	**156,664**
C) Current Assets:		
I - Inventories:		
1) raw materials, secondary materials, and consumables	35,030	26,255
2) semi-finished goods	4,275	2,898
4) finished products and goods	51,595	46,334
5) Advances paid to supplier	1,436	1,487
Total inventories	**92,337**	**76,975**
II – Receivables:		
1) trade receivables		
- within 12 months	104,487	103,671
- beyond 12 months	2,903	2,038
Total trade receivables;	**107,389**	**105,709**
2) receivables from subsidiaries		
- within 12 months	101	447
Total receivables from subsidiaries;	**101**	**447**
4) receivables from parent		
- within 12 months	34,968	32,214
Total receivables from parent;	**34,968**	**32,214**
4 bis) receivables from tax authorities		
- within 12 months	8,192	7,347
- beyond 12 months	311	228
Total receivables from tax authorities;	**8,503**	**7,575**
4 ter) deferred tax assets	23,547	20,590
5) receivables from other parties		
- within 12 months	15,256	14,029
- beyond 12 months	313	265
Total receivables from other parties	**15,569**	**14,293**
Total receivables	**190,076**	**180,828**

IV – Cash and cash equivalent:		
1) bank and postal deposits	27,764	48,827
2) cheques	909	57
3) cash on hand	133	315
Total cash and cash equivalent	**28,806**	**49,198**
Total current assets	**311,220**	**307,001**
D) accrued income and prepaid expenses:		
- accrued income	3,553	3,439
- prepaid expenses	1,680	876
Total accrued income and prepaid expenses	**5,233**	**4,314**
TOTAL ASSETS	**471,552**	**467,979**
L I A B I L I T I E S		
A) Shareholders' equity:		
I – share capital	33,400	33,400
III – revaluation reserve	10,641	10,641
IV – Legal reserve	3,104	2,975
VII- other reserves	19,267	8,061
VIII - Profits (losses) carried forward	(187)	-
IX – net income for the year	(7,042)	4,126
Total shareholders' equity of the Group	**59,183**	**59,204**
equity attributable to non-controlling interests	39,508	38,019
Total shareholders' equity	**98,691**	**97,223**
B) Provisions for risks and charges:		
1) pension and similar provisions	3,216	3,238
2) Provision for tax litigation and for deferred tax liabilities	7,040	7,262
3) other provisions	5,050	5,699
Total provisions for risks and charges	**15,305**	**16,198**
C) employees termination indemnity	1,476	1,624
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	38,815	5,629
- beyond 12 months	8,370	9,998
Total bank loan and overdraft	**47,185**	**15,627**
5) loans from other lenders		
- within 12 months	6,531	13,471
- beyond 12 months	965	1,101
Total loans from other lenders	**7,496**	**14,572**
6) advances from customer	3,733	3,772
7) trade payables		
- within 12 months	71,437	70,636
Total trade payables;	**71,437**	**70,636**
11) payables due to parent		
- within 12 months	864	772
Total 11) payables due to parent ;	**864**	**772**
12) tax payables		
- within 12 months	5,440	8,384
Total tax payables	**5,440**	**8,384**
13) social security payables		
- within 12 months	1,119	1,261
Total social security payables	**1,119**	**1,261**
14) other payables		
- within 12 months	23,205	40,878
- beyond 12 months	253	528
Total other payables	**23,458**	**41,406**
Total payables	**350,732**	**346,431**
E) accrued expenses and deferred income:		
- accrued expenses	4,994	6,132
- deferred income	354	370
Total accrued expenses and deferred income	**5,347**	**6,502**
TOTAL SHAREOLDERS' EQUITY AND LIABILITIES	**471,552**	**467,979**

MEMORANDUM ACCOUNTS	June 30, 2016	December 31, 2015
(Euro/000)		
Guarantees and performance bonds issued for the benefit of third parties	11,198	13,661
Commitments for currency forward contracts	5,872	7,030
Total Memorandum accounts	**17,069**	**20,691**

INTERIM CONSOLIDATED INCOME STATEMENT	June 30, 2016	June 30, 2015
(Euro/000)		
A) Value of production:		
1) revenues from sales and services	199,632	229,508
2) change in inventory of semi-finished and finished goods	4,728	4,784
3) Change in work in progress on orders	-	-
4) Increase in fixed assets from in-house works	22	-
5) other revenues	4,636	4,854
Total value of production	**209,017**	**239,146**
B) Costs of production:		
6) Costs of raw materials, secondary materials and consumables	118,887	139,051
7) Costs for services	45,723	44,645
8) Costs for use of third parties assets	2,785	2,960
9) Costs of personnel:		
a) wages and salaries	28,577	29,319
b) social security contributions	5,688	6,156
c) employees' termination indmenity	255	204
d) pension and similar costs	504	448
e) other personnel costs	2,594	3,033
Total costs of personnel	**37,619**	**39,161**
10) amortization, depreciations and write-down:		
a) amortization of intangible assets	2,152	2,181
b) depreciation of property, plant and equipment	5,227	5,621
c) other write-down of intangible assets and property, plant and equipment	-	-
d) write-downs of receivables	921	974
Total amortization, depreciation and write-down	**8,301**	**8,776**
11) change in inventory of raw materials, secondary materials and consumables	(7,902)	(9,419)
12) Accrual of provision for risks and charges	318	132
13) other provisions	-	85
14) other operating costs	823	632
Total costs of production	**206,553**	**226,023**
Difference between value of production and costs of production	**2,464**	**13,123**
C) Financial income and charges:		
15) income from investments:		
c) other companies	26	-
16) other financial income:		
d) from other companies	1,702	1,875
Total other financial income	**1,702**	**1,875**
Total financial income	**1,728**	**1,875**
17) interest and other financial charges:		
d) from third parties	8,179	8,348
Total interest and other financial charges	**8,179**	**8,348**
17 bis) gain/(losses) on exchange rate	(2,072)	1,118
Total financial income and charges	**(8,523)**	**(5,355)**

E) extraordinary income, expenses and charges:		
20) extraordinary income		
a) gains from sales	-	490
c) others	45	112
Total extraordinary income	**45**	**601**
21) extraordinary expenses and charges		
a) losses from sales	53	(31)
b) tax related to previous year	177	-
c) others	1,474	2,997
Total extraordinary expenses and charges	**1,704**	**2,965**
Total extraordinary income, expenses and charges	**(1,660)**	**(2,364)**
Profit before tax	**(7,719)**	**5,404**
22) income and deferred taxes		
- current income taxes	1,501	3,087
- deferred tax liabilties	138	(215)
- deferred tax assets	(2,927)	(1,670)
Total income and deferred taxes	**(1,288)**	**1,202**
23) Net profit for the year	**(6,431)**	**4,203**
Attributable to non-controlling interests	(611)	(739)
26) attributable to equity holders of the parent	(7,042)	3,464

INTERIM CONSOLIDATED CASH FLOW	For the six month period ended June 30, H1 2016	H1 2015 (1)	For the three month period ended March 31, Q2 2016	Q2 2015 (1)
(Euro/000)				
A. Financial flows deriving from operating activities				
Net Income / (Loss) for the period	**(6,431)**	**4,203**	**(1,011)**	**3,193**
Income tax for the year	(1,288)	1,202	(79)	1,192
Financial expenses / (financial income)	6,477	6,473	3,436	3,277
Losses / (gains) on exchange rate	2,072	(1,118)	964	766
(Gains) / Losses due to assets disposal	4	(990)	83	11
1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal	**834**	**9,770**	**3,393**	**8,440**
Adjustments for non-cash items that had no counterpart in net working capital				
Accrual to provision for risk and charges	1,661	1,785	853	1,002
Depreciation and Amortization	7,379	7,802	3,635	3,824
Other accrual for non-cash items	(1,130)	321	(773)	121
Total adjustment for non-cash items	**7,910**	**9,908**	**3,715**	**4,947**
2. Financial flows beforee changes in Net Working Capital	**8,744**	**19,678**	**7,108**	**13,386**
Changes in Net Working Capital				
Decrease / (increase) of inventories	(12,792)	(16,324)	(4,985)	(731)
Decrease / (increase) of trade receivables	(2,418)	(23,499)	(2,897)	(10,304)
Increase / (decrease) of trade payables	797	10,364	9,329	4,979
Decrease / (increase) of other credits	(2,134)	5,716	(2,072)	(2)
Increase / (decrease) of other debts	(15,448)	(11,035)	(6,051)	3,342
Decrease / (increase) of Prepayments and accrued income	(1,128)	(380)	(192)	570
Increase / (decrease) of Prepaid income	(1,330)	231	(359)	371
Other Changes in Net Working Capital	(464)	(1,134)	(366)	(667)
Total changes in Net Working Capital	**(34,917)**	**(36,061)**	**(7,593)**	**(2,442)**
3. Financial flows after changes in Net Working Capital	**(26,173)**	**(16,383)**	**(485)**	**10,945**
Other Changes				
Interests paid	(6,949)	(6,173)	(6,853)	(6,032)
(Losses) / gains on exchange rate	(2,072)	1,118	(964)	(766)
Income taxes paid	(4,519)	(3,699)	(1,228)	(1,803)
Utilization of funds	(1,493)	(2,180)	(1,020)	(810)
4. Total other changes	**(15,033)**	**(10,934)**	**(10,065)**	**(9,411)**
Net cash flow from operating activities (A)	**(41,206)**	**(27,318)**	**(10,550)**	**1,534**
B. Financial flows deriving from investment activities				
Tangible assets				
(Investments)	(4,160)	(7,616)	(1,276)	(6,727)
Sales price of disposal of assets	359	2,246	106	(438)
Intangible assets				
(Investments)	(497)	(1,290)	(225)	(901)
Sales price of disposal of assets	49	79	43	(16)
Invesments				
(Investments)	(296)	(156)	(186)	50
Sales price of disposal of assets	0	766	0	15
Current financial activities				
(Investments)	0	0	0	0
Sales price of disposal of assets	161	0	4	(4)
Net cash flow used in investing activities (B)	**(4,384)**	**(5,971)**	**(1,534)**	**(8,021)**
C. Financial flows deriving from financing activities				
Third parties				
Increase /(decrease) short terms debts vs banks	33,961	12,756	12,698	(6,136)
Reimbursement of borrowing	(1,594)	(1,243)	(1,178)	(932)
(Increase) / Decrease short terms credits vs shareholders for financing	(2,000)	20,000	0	20,000
Increase / (Decrease) debts vs other financial instituition	(7,030)	(2,890)	(1,838)	(1,248)
Equity				
Subscription of equity upon payment / (Equity reimbursement)	1,083	2,325	6	2,187
Dividends paid	(972)	(3,109)	(755)	(3,109)
Total Financial flows deriving from financing activities (C)	**23,448**	**27,839**	**8,933**	**10,761**
Net effect of foreign currencies exchange rate and other variations	1,750	(1,233)	1,393	(242)
Change in cash and cash equivalent (A ± B ± C)	**(20,392)**	**(6,682)**	**(1,758)**	**4,033**
Cash and cash equivalent at the beginning of the period	**49,198**	**43,135**	**30,563**	**32,421**
Cash and cash equivalent at the end of the period	**28,806**	**36,454**	**28,806**	**36,454**

(1) The flows at 30th June 2015 and 31th march 2015 are restated in order to be compliant to the new scheme requested by Italian GAAP (OIC 10) and are stated net of exchange rates effect.