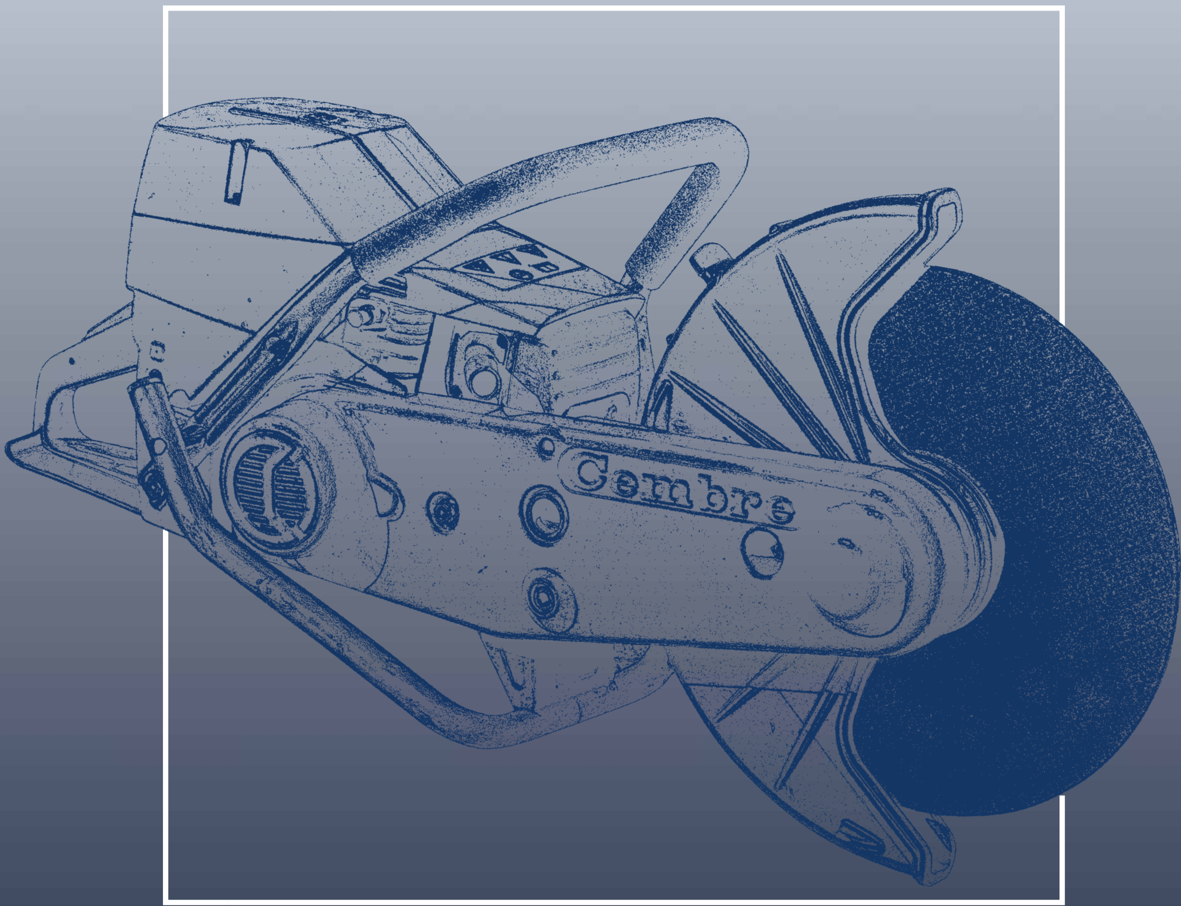
Cembre

COSTRUZIONI ELETTROMECCANICHE BRESCIANE



2010 half-yearly financial report

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the report prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

The cover page shows our new automatic rail disc saw

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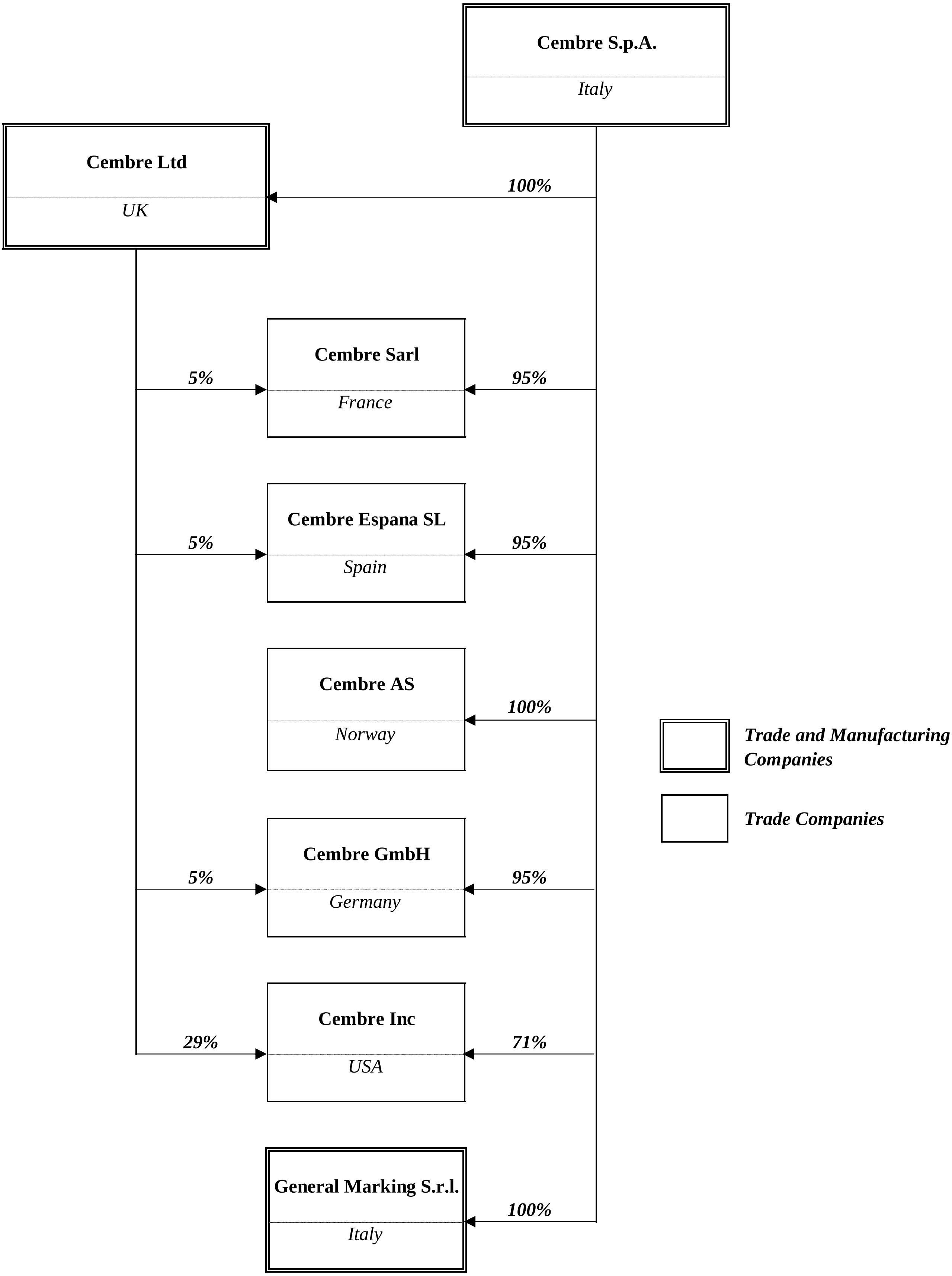
Cembre Group

GROUP STRUCTURE



Cembre S.p.A.
Registered Office: Via Serenissima 9, Brescia, Italy
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Report on Operations for the 1st Half of 2010

In the 1st Half of 2010 Group sales recovered to €43.4 million, up 13.9% on €38.1 million in the 1st Half of 2009. The growth in sales was stronger in the 2nd Quarter, with sales reaching €23.2 million, up 16.8% on €19.9 million in the 2nd Quarter of 2009.

Among Group companies, we note the strong performance of the German subsidiary whose sales were up 19.9%, and that of Spanish subsidiary Cembre España that reported a 14.3% increase in sales, that had however declined strongly in 2009 due to the economic downturn.

Group sales grew in all geographical areas. Domestic sales amounted to €19.1 million, up 26.9% on the 1st Half of 2009, while exports amounted to €24.3 million, up 5.5% on the corresponding period in 2009. A total of 44% of Group sales were represented by Italy (as compared with 39.5% in the 1st Half of 2009), 43.6% by the rest of Europe (48.4% in the 1st Half of 2009), and the remaining 12.4% by the rest of the World (12.1% in the 1st Half of 2009).

Sales by geographical area

(€'000)	1st Half 2010	1st Half 2009	1st Half 2008
Italy	19,121	15,074	21,522
Rest of Europe	18,958	18,466	22,687
Rest of the World	5,362	4,592	5,922
Total	43,441	38,132	50,131

Revenues by Group company (net of intragroup sales):

(€'000)	1st Half 2010	1st Half 2009	1st Half 2008
Parent company	24,332	19,905	26,636
Cembre Ltd. (UK)	5,500	5,933	6,849
Cembre S.a.r.l. (France)	3,157	3,197	3,420
Cembre España S.L. (Spain)	4,333	3,790	6,698
Cembre GmbH (Germany)	2,981	2,461	2,637
Cembre AS (Norway)	469	321	431
Cembre Inc. (USA)	2,505	2,366	3,150
General Marking Srl (Italy)	164	159	310
Total	43,441	38,132	50,131

Figures for General Marking reported in the table above include only sales to third parties managed directly by the subsidiary. Part of General Marking's sales to other Group companies that distribute products in their respective markets are not attributed to General Marking in the table above. Such sales grew by 30.2% from €985 thousand in the 1st Half of 2009, to €1,282 thousand in the same period in 2010.

In the first six months of 2010, Group companies reported the following results, before consolidation:

	Revenues			Net profit		
(€'000)	1st Half 2010	1st Half 2009	1st Half 2008	1st Half 2010	1st Half 2009	1st Half 2008
Cembre S.p.A.	33,713	28,609	39,761	4,529	2,027	4,964
Cembre Ltd. (UK)	6,197	6,485	7,448	393	595	500
Cembre S.a.r.l. (F)	3,161	3,207	3,431	74	213	199
Cembre España S.L.	4,334	3,790	6,698	197	153	524
Cembre GmbH (D)	2,997	2,499	2,641	156	84	150
Cembre AS (Nor)	469	321	432	110	56	94
Cembre Inc. (US)	2,517	2,417	3,154	46	77	285
General Marking S.r.l.	1,446	1,144	1,656	306	154	299

To allow an evaluation of the impact of foreign exchange translations, we include below sales figures of companies operating outside the euro area, in the respective currency.

		Revenues			Net profit		
	Currency	1st Half 2010	1st Half 2009	1st Half 2008	1st Half 2010	1st Half 2009	1st Half 2008
Cembre Ltd. (UK)	£	5,392	5,797	5,773	342	531	387
Cembre AS (NO)	Nok	3,751	2,859	3,431	882	502	746
Cembre Inc. (USA)	US$	3,339	3,221	4,826	61	103	436

To provide a better understanding of the Company's financial performance for the 1st Half of 2010, a Reclassified Consolidated Income Statement showing changes from the 1st Half of 2009 is enclosed as Attachment 1.

Consolidated gross operating profit for the 1st Half of 2010 amounted to €8,498 thousand, representing a 19.6% margin on sales, up 46.2% on the corresponding period in 2009 when it amounted to €5,813 thousand, representing a 15.2% margin on sales.

Consolidated operating profit for the period amounted to €7,139 thousand, representing a 16.4% margin on sales, up 64.3% on €4,344 thousand in the 1st Half of 2009, when it represented an 11.4% margin on sales.

Consolidated profit before taxes amounted to €7,280 thousand, representing a 16.8% margin on sales, up 63.8% on €4,444 thousand in the 1st Half of 2009, when it represented an 11.7% margin on sales.

The net financial expense amounts to €59 thousand, while the foreign exchange performance was positive, particularly in the case of the pound and the dollar, generating a gain of €200 thousand.

Net profit for the first six months of 2010 amounted to €4,709 thousand, representing a 10.8% margin on sales, up 64% on €2,872 thousand in the 1st

Half of 2009, when it represented a 7.5% margin on sales.

The consolidated net financial position at June 30, 2010 amounted to a surplus of €4.7 million, down on December 31, 2009, when it amounted to a surplus of €5.3 million. The net financial position was affected by capital expenditure made in the period, amounting to €2 million, in addition to the payment of €2 million in dividends and of €1.1 million in taxes by the parent.

Definition of alternative performance indicators

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

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

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

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

Shareholders' Equity

Consolidation adjustments determined the following differences between the Financial Statements of the parent company at June 30, 2010 and the consolidated accounts at the same date:

RECONCILIATION BETWEEN THE STATUTORY ACCOUNTS OF THE PARENT COMPANY AND THE CONSOLIDATED ACCOUNTS *(€'000)*	Shareholders' Equity	Net profit
Parent company's statutory accounts	**65,558**	**4,529**
Book value of consolidated companies	17,373	1,283
Elimination of intra-group profits included in the value of inventories (*)	(3,291)	(491)
Dividends	-	(654)
Currency translation differences on elimination of intra-group payables and receivables	32	21
German subsidiary product warranty provision reversal (*)	19	-
Other	21	21
Consolidated Financial Statements	**79,712**	**4,709**

(*) Net of the related tax effect

Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1st Half of 2010, amounted to €2 million and consisted mainly in the acquisition of plant and equipment.

Research & Development

In the 1st Half of 2010 R&D activities resulted in innovations in the cable terminal, railroad equipment, cable glands, hydraulic tool and labeling sectors.

Costs incurred solely for research were not capitalized, while development costs were capitalized.

Results of research activities and projects launched or underway in the 1st Half of 2010 consisted in the widening of the product range available in the catalog and those made on specification for customers, in the improvement and technological update of products already offered, in the introduction of innovative products currently not available on the market, and in the strengthening of our presence in the domestic and international markets.

Activities focused on the continuation and completion of projects launched in the previous year and the launch of projects for the development of innovative products.

In the 1st Half of 2010, research costs included €281 thousand of personnel costs, expensed in the income statement.

Development costs for the 1st Half of 2010 included €11 thousand of personnel costs, capitalized among intangible assets.

A description of Research and Development activities by sector is provided in the section that follows.

Research projects in the field of cable terminals

The design of new cable terminals and joints continued.

The feasibility study for the development of a new range of connectors continued more in depth.

Railroad Equipment Research projects

A number of projects launched in 2009 continued. These included:

- an electric portable impact wrench suitable to screw and unscrew any threaded bolts or nuts, developing an high torque up to 2500 Nm, entered production in the 220V and 110V versions;
- a project for the development of a head for pantograph feed lines maintenance continued in cooperation with the Italian Railways;
- a project for a rail shearing machine using an abrasive disk, able to operate automatically without requiring the presence of the operator near the danger operation zone, continued. The study allowed the registering of two patents;
- a new family of feed lines maintenance tools entered the prototype phase;
- the development of new drilling masks and clampings used to operate our family of drills continued.

Research projects in the field of cable glands

The study of a new family of technopolymer and brass cable glands with enhanced safety, that may be utilized in environments in which the atmosphere is potentially explosive, continued.

Hydraulic Tools research projects

The following activities were undertaken in 2010:

- the study of a new family of battery-operated hydraulic tools continued;
- in-house tests and trials with customers for the development of an hydraulic head for the installation of our contacts also continued;
- a study for a new head for plate piercing operations, configured in the manual pump-operated version and battery version, continued;
- studies for new dies to widen the product range in response to ever growing market needs were carried out.

Cable marking research projects

Main activities consisted in:

- extension of the range of polycarbonate labels for thermal printing, with the introduction of a new family of labels for the identification of cables;
- a new flat label range;
- the study for the development of a new label printer continued;
- our thermal printer was updated.

Related parties

Transactions concluded between the parent company and its subsidiaries in the 1st Half of 2010 were exclusively of a commercial nature. Balances at June 30, 2010 are summarized in the table below:

(€'000)	**Receivables**	**Payables**	**Revenues**	**Purchases**
Cembre Ltd.	1,913	28	2,773	148
Cembre S.a.r.l.	672	3	1,422	3
Cembre España S.L.	1,411	-	1,933	-
Cembre AS	67	-	225	-
Cembre GmbH	986	25	1,633	29
Cembre Inc.	1,253	-	1,359	10
General Marking S.r.l.	46	517	54	1,282
Total	**6,348**	**573**	**9,399**	**1,472**

Cembre S.p.A. leased an industrial building to subsidiary General Marking S.r.l. In the 1st Half of 2010, rent for the building amounted to €50 thousand.

Cembre S.p.A. also currently leases property among which an industrial building adjacent to the Company's main complex in Brescia, measuring a total of 5,960 square meters on three floors, in addition to commercial and office space in Milan, Padua and Bologna. These properties are owned by Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, Directors of Cembre S.p.A.. Cumulative lease payments for the 1st Half of 2010 amount to €256 thousand, in line with normal market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases. At June 30, 2010, all amounts due to Tha Immobiliare had been settled.

Subsidiary Cembre Ltd. also leased a commercial building from Borno Ltd., a UK Real Estate company controlled by Lysne S.p.A. (the parent of Cembre S.p.A.). Annual lease payments amount to £38 thousand, in line with current market conditions.

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

Absence of control and coordination

Despite the fact that article 2497-*sexies* of the Italian Civil Code states that "it is presumed that, unless otherwise proved, the direction and coordination activities of companies is exercised by the company or entity that is required to consolidate the same in its accounts or that, in any case, controls the former company pursuant to article 2359 (of the Italian Civil Code)", Cembre S.p.A. believes to be operating in full autonomy from its parent Lysne S.p.A.. In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Cembre S.p.A.'s relationships with its parent company Lysne S.p.A. is limited to the normal exercise of shareholders' rights on the part of the parent.

Treasury shares and shares of parent companies

In the 1st Half of 2010, the Cembre Group did not acquire or sell any of its own shares, nor did it own, either directly or through any of its subsidiaries, trust companies or intermediaries, any of its own shares or any of its parent company's shares.

Ownership Structure and Corporate Governance

In compliance with norms contained in article 123-*bis* of Legislative Decree 58, dated February 24, 1998 (*Testo Unico* Finance Act), we refer to the Report on

Corporate Governance which, in addition to providing a general description of corporate governance, of risk management and internal control procedures of the Company in relation to its financial reporting, contains information regarding the ownership structure of the Company, the adoption of the Code of Conduct and the observance of the resulting commitments. Said Report is available in the Investor Relations section of the Group's institutional site (www.cembre.it).

Main risks and uncertainties

Risks connected to the economic situation

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

Despite evident signs of an incipient recovery, doubts remain with regard to the medium term implications on employment, making us very cautious in making predictions and drafting plans for the near future.

Though enjoying a strong financial position and a comfortable level of liquidity, the Group will continue to monitor carefully the sector in which it operates and its trading partners to ensure a quick response and a rapid reassessment of its strategies according to perceived needs.

Risks connected with the market

Cembre is countering competition from manufacturers that benefit from lower labor costs through strong automation of production processes.

The Group pursues innovation, the widening of the product range and the upgrade of its production processes, implementing focused marketing policies also with the help of its foreign subsidiaries.

Credit risk

Cembre and its subsidiaries have focused over time on a careful selection of their customers, managing prudently sales to customers that do not possess an adequate credit standing. The Group has accrued a provision for doubtful accounts and the management of litigation, while the monitoring of customers has become more careful, with an ongoing monitoring of overdues and immediate contact with morose customers.

Exposure to credit risk relates exclusively to trade receivables.

Liquidity risk

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

Interest rate risk

The Group does not currently make systematic recourse to bank loans and is not therefore subject to consistent risks connected with fluctuations in interest rates.

Currency risk

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

Integrity and reputation risk

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

Further information and analysis of main risks and uncertainties in which the Group incurs is reported in the notes.

Environmental management

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

Subsequent events

No event having significant effects on Cembre's financial or operating performance occurred after June 30, 2010.

Outlook

Cembre expects to close the 2010 financial year reporting an increase in turnover over 2009, maintaining positive profit margins.

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

Attachments

- Attachment 1: Reclassified Consolidated Income Statement
- Attachment 2: Corporate Boards

Brescia, August 26, 2010

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

GIOVANNI ROSANI

Cembre S.p.A.

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Attachment 1 - Report on Operations for the 1st Half of 2010

Consolidated Income Statement

(€ '000)	**1st Half 2010**	**%**	**1st Half 2009**	**%**	**change**
Revenues from sales and services provided	43.441	100	38.132	100	13,9%
Other revenues	174		312		
TOTAL REVENUES	**43.615**		**38.444**		
Cost of goods and marchandise	(16.694)	(38,4)	(12.002)	(31,5)	39,1%
Change in inventories	923	2,1	(2.174)	(5,7)	
Cost of services received	(5.904)	(13,6)	(5.510)	(14,4)	7,2%
Lease and rental costs	(586)	(1,3)	(545)	(1,4)	7,5%
Personnel costs	(12.801)	(29,5)	(12.399)	(32,5)	3,2%
Other operating costs	(346)	(0,8)	(266)	(0,7)	30,1%
Increase in assets due to internal construction	354	0,8	391	1,0	-9,5%
Write-down of current assets	(59)	(0,1)	(122)	(0,3)	-51,6%
Accruals to provisions for risks and charges	(4)	(0,0)	(4)	(0,0)	0,0%
GROSS OPERATING PROFIT	**8.498**	**19,6**	**5.813**	**15,2**	46,2%
Tangible assets depreciation	(1.250)	(2,9)	(1.359)	(3,6)	-8,0%
Intangible assets amortization	(109)	(0,3)	(110)	(0,3)	-0,9%
OPERATING PROFIT	**7.139**	**16,4**	**4.344**	**11,4**	64,3%
Financial income	13	0,0	23	0,1	-43,5%
Financial expenses	(72)	(0,2)	(50)	(0,1)	44,0%
Foreign exchange gains (losses)	200	0,5	127	0,3	57,5%
PROFIT BEFORE TAXES	**7.280**	**16,8**	**4.444**	**11,7**	63,8%
Income taxes	(2.571)	(5,9)	(1.572)	(4,1)	63,5%
NET PROFIT FROM ORDINARY ACTIVITIES	**4.709**	**10,8**	**2.872**	**7,5**	64,0%
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	**-**		**-**		
NET PROFIT	**4.709**	**10,8**	**2.872**	**7,5**	64,0%

CORPORATE BOARDS

(Attachment 2 – Report on the 1st Half of 2010)

Board of Directors

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

Secretary

	Giorgio Rota

Board of Statutory Auditors

Chairman	Guido Astori
Permanent Auditor	Leone Scutti
Permanent Auditor	Andrea Boreatti
Substitute Auditor	Maria Grazia Lizzini
Substitute Auditor	Giorgio Astori

Independent Auditors

	PricewaterhouseCoopers S.p.A.

The above list is updated at August 26, 2010.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2011.

The Chairman and Managing Director Giovanni Rosani holds by statute (article 18) powers of legal representation of the Company and was conferred by the Board all the ordinary management powers not specifically reserved to it by law and exclusive powers over the organization, management and monitoring of the internal control system.

In case of absence or impediment of the Chairman and of Managing Director, Vice Chairman and Managing Director Anna Maria Onofri holds all ordinary management powers not reserved to the Board by law, with the exception of the appointment of professionals.

All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

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Condensed Consolidated Financial Statements at June 30, 2010

Consolidated Statement of Financial Position

	Notes	Jun. 30, 2010		Dec. 31, 2009	
(euro '000)					
ASSETS			*of which: related parties*		*of which: related parties*
A) NON-CURRENT ASSETS					
Tangible assets	*1*	36.173		35.071	
Intangible assets	*2*	532		620	
Financial assets available for sale		5		5	
Other non-current assets		22		21	
Deferred tax assets	*9-16*	1.976		1.757	
TOTAL NON-CURRENT ASSETS		**38.708**		**37.474**	
B) CURRENT ASSETS					
Inventories	*3*	30.255		28.587	
Trade receivables	*4*	26.699		21.364	
Tax receivables		198		1.092	
Other receivables		546		662	
Cash and cash equivalents		7.752		8.901	
TOTAL CURRENT ASSETS		**65.450**		**60.606**	
C) NON-CURRENT ASSETS AVAILABLE FOR SALE		**-**		**-**	
TOTAL ASSETS(A+B+C)		**104.158**		**98.080**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
A) SHAREHOLDERS' EQUITY					
Capital stock	*5*	8.840		8.840	
Reserves	*5*	66.163		60.270	
Net profit	*5*	4.709		6.887	
TOTAL SHAREHOLDERS' EQUITY		**79.712**		**75.997**	
B) NON-CURRENT LIABILITIES					
Non-current financial liabilities	*6-21*	11		26	
Non-current tax payables		-		-	
Employee Severance Indemnity and other personnel benefits	*7*	2.736	124	2.944	161
Provisions for risks and charges	*8*	68		68	
Deferred tax liabilities	*9-16*	2.724		2.452	
TOTAL NON-CURRENT LIABILITIES		**5.539**		**5.490**	
C) CURRENT LIABILITIES					
Current financial liabilities	*6-21*	3.046		3.601	
Liabilities on derivative instruments	*21*	42		-	
Trade payables	*10*	8.848		8.224	
Tax payables		1.385		539	
Other payables	*11*	5.586		4.229	
TOTAL CURRENT LIABILITIES		**18.907**		**16.593**	
D) LIABILITIES ON ASSETS HELD FOR DISPOSAL		**-**		**-**	
TOTAL LIABILITIES (B+C+D)		**24.446**		**22.083**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		**104.158**		**98.080**	

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Condensed Consolidated Financial Statements at June 30, 2010

Statement of Consolidated Comprehensive Income

(euro '000)	Notes	1st Half 2010	of which: related parties	1st Half 2009	of which: related parties
Revenues from sales and services provided	*12*	43.441		38.132	
Other revenues	*13*	174		312	
TOTAL REVENUES		**43.615**		**38.444**	
Cost of goods and merchandise		(16.694)		(12.002)	
Change in inventories		923		(2.174)	
Cost of services received	*14*	(5.904)	(316)	(5.510)	(369)
Lease and rental costs		(586)	(256)	(545)	(256)
Personnel costs	*15*	(12.801)	(56)	(12.399)	(54)
Other operating costs		(346)		(266)	
Increase in assets due to internal construction		354		391	
Write-down of receivables		(59)		(122)	
Accruals to provisions for risks and charges		(4)		(4)	
GROSS OPERATING PROFIT		**8.498**		**5.813**	
Property, plant and equipment depreciation		(1.250)		(1.359)	
Intangible asset amortization		(109)		(110)	
OPERATING PROFIT		**7.139**		**4.344**	
Financial income		13		23	
Financial expenses		(72)		(50)	
Foreign exchange gains (losses)		200		127	
PROFIT BEFORE TAXES		**7.280**		**4.444**	
Income taxes	*16*	(2.571)		(1.572)	
NET PROFIT FROM ORDINARY ACTIVITIES		**4.709**		**2.872**	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		**-**		**-**	
NET PROFIT		**4.709**		**2.872**	
Conversion differences included in equity		1.046		648	
COMPREHENSIVE INCOME	*17*	**5.755**		**3.520**	
BASIC EARNINGS PER SHARE	*18*	**0,28**		**0,17**	

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Condensed Consolidated Financial Statements at June 30, 2010

Consolidated Statement of Cash Flows

€ '000

	1st Half 2010	Full Year 2009
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8.901**	**4.545**
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	4.709	6.887
Depreciation, amortization and write-downs	1.359	2.831
(Gains)/Losses on disposal of assets	(8)	(9)
Net change in Employee Severance Indemnity	(208)	(250)
Net change in provisions for risks and charges	-	(224)
Operating profit (loss) before change in working capital	**5.852**	**9.235**
(Increase) Decrease in trade receivables	(5.335)	3.286
(Increase) Decrease in inventories	(1.668)	3.791
(Increase) Decrease in other receivables and deferred tax assets	791	(756)
Increase (Decrease) of trade payables	597	(2.596)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	2.475	(1.328)
Change in working capital	**(3.140)**	**2.397**
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**2.712**	**11.632**
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(21)	(182)
- tangible	(2.017)	(4.815)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	29	27
Increase (Decrease) of trade payables for assets	27	1
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(1.982)**	**(4.969)**
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(1)	55
Increase (Decrease) in bank loans and borrowings	(553)	310
Increase (Decrease) in other loans and borrowings	(17)	(58)
Increase (Decrease) in derivative instruments	42	-
Dividends distributed	(2.040)	(2.720)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	**(2.569)**	**(2.413)**
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	**(1.839)**	**4.250**
F) Foreign exchange differences	690	106
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F)	**7.752**	**8.901**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7.752**	**8.901**
Current financial liabilities	(3.046)	(3.601)
Non current financial liabilities	(11)	(26)
Liabilities on derivative instruments	(42)	-
NET CONSOLIDATED FINANCIAL POSITION	**4.653**	**5.274**
INTERESTS PAID IN THE PERIOD	**(30)**	**(50)**

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	12	13
Banks	7.740	8.888
	7.752	**8.901**

Cembre S.p.A.

Registered Office: Via Serenissima 9, Brescia, Italy
Share Capital: Euro 8,840,000 (fully paid-up)
Registration no: FC 00541390175 (Commercial Register of Brescia)

Condensed Consolidated Financial Statements at June 30, 2010

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Reserve for exchange gains	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2009	**8.840**	**12.245**	**1.768**	**68**	**12.919**	**(2.278)**	**31.779**	**3.715**	**-**	**54**	**6.887**	**75.997**
Allocation of previous year net profit (1)					2.288		2.559				(6.887)	(2.040)
Other changes							54			(54)		-
Comprehensive income at June 30, 2010					8	1.038					4.709	5.755
Balance at June 30, 2010	**8.840**	**12.245**	**1.768**	**68**	**15.215**	**(1.240)**	**34.392**	**3.715**	**-**	**-**	**4.709**	**79.712**

Statement of Changes in the Consolidated Shareholders' Equity at June 30, 2009

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Reserve for exchange gains	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2008	**8.840**	**12.245**	**1.768**	**68**	**11.006**	**(2.800)**	**25.680**	**3.715**	**-**	**84**	**10.857**	**71.463**
Allocation of previous year net profit (1)					2.068		6.015		54		(10.857)	(2.720)
Other changes							84			(84)		-
Comprehensive income at June 30, 2009					(185)	833					2.872	3.520
Balance at June 30, 2009	**8.840**	**12.245**	**1.768**	**68**	**12.889**	**(1.967)**	**31.779**	**3.715**	**54**	**-**	**2.872**	**72.263**

(1) Dividends resolved by the Shareholders' Meeting are included in the Total Shareholders' Equity column under Allocation of previous year net profit.

Cembre S.p.A.
Registered Office: Via Serenissima 9, Brescia, Italy
Share Capital: Euro 8.840.000 (fully paid-up)
Registration no: FC 00541390175 (Commercial Register of Brescia)

Notes to the Interim Consolidated Financial Statements at June 30, 2010

I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9.

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

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

The publication of the Interim Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2010 was authorized by a resolution of the Board of Directors dated August 26, 2010.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content

The present Consolidated Interim Report at June 30, 2010 was prepared under IAS 34 on Interim Reports.

This consolidated interim report does not include all additional information required for annual reports and must be read in conjunction with the Financial

Statements at December 31, 2009. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

Accounting principles

Principles adopted in the preparation of the Consolidated Interim Report are consistent with those adopted in the preparation of the Financial Statements at December 31, 2009. The adoption of mandatory amendments for accounting periods beginning on January 1, 2010 or later had no effect on the operating results or the financial position of the Group.

Principles adopted in the preparation of the present Consolidated Interim Report are those formally approved by the European Union, in force at June 30, 2010.

Below we report accounting principles applicable from January 1, 2010 and whose introduction did not have a material effect on the preparation of the present Consolidated Interim Report at June 30, 2010.

- IFRS 3 (Revised) *Business Combinations*. Main changes relate to:
  - (i) the elimination of the requirement to value individual assets and liabilities of subsidiaries at fair value in case of the acquisition of subsidiaries achieved in stages. In such cases goodwill will be measured as the difference between the value of the investment immediately before its acquisition, the price paid for the acquisition and the value of net assets acquired;
  - (ii) when the Company does not acquire 100% of the investment, the share in the equity acquired may be valued at fair value or using the method previously adopted under IFRS 3;

(iii) the charging to the income statement of all costs relating to the business combination achieved and the recording at the acquisition date of liabilities arising from contingent considerations.

- IAS 27 (Revised) *Consolidated and Separate Financial Statements*, according to which changes in the share held in a subsidiary that do not constitute a loss in control must be treated as an equity transaction and must therefore be offset in the Shareholders' Equity. It is also established that when control of a subsidiary is lost, but the company retains an equity investment in the same, such investment must be valued at fair value, recognizing a gain or a loss on the loss of control in the income statement.
- IFRS 1 *First-time adoption of IFRS*. Main amendments relate to the exemption of the application of the full cost method for oil and gas assets. The principle contains also exemptions applicable to leasing contracts.
- IFRIC 12 *Service Concession Arrangement*. The interpretation provides accounting guidelines for contracts concerning the provision of services.
- IFRIC 15 *Agreements for the Construction of Real Estate*. The interpretation sets the conditions for the recognition of revenues under IAS 11 *Construction Contracts* vs. IAS 18 *Revenue*.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*. With reference to net hedges in a foreign operation, the interpretation clarifies that i) the currency exposure that is the object of the hedge must relate to relationships between a parent company and its subsidiaries, and ii) the hedge instrument may be held by any Group company.
- IFRIC 17 (issued November 27, 2008) *Distributions of Non-cash Assets*, applicable from January 1, 2010, aims at unifying the accounting treatment

of distributions of non-cash assets to shareholders. The interpretation clarifies that a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity, and that such liability should be measured at the fair value of the net assets to be distributed. Finally, the company should recognize the difference between the dividend paid and the carrying amount of the net assets distributed as profit or loss.

- IFRIC 18 (Issued January 29, 2009) *Transfers of Assets from Customers*, applicable from January 1, 2010, clarifies the accounting treatment to be adopted in case an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment used in the execution of the supply contract.
- Amendment to IFRS 2 (issued in June 2009) *Share-based Payment: accounting for group cash-settled share-based payment*, applicable from January 1, 2010. The amendment clarifies the scope of application of IFRS 2 and relationships between this and other accounting principles. In particular, the amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. It also establishes that the term *Group* has the same meaning as in

IAS 27 *Consolidated and Separate Financial Statements*, that is, it includes only a parent and its subsidiaries. The amendment acknowledges further that the company should measure the payment of goods and services settled in cash or in shares from its own point of view, and that this may differ from the point of view of the Group and the related amount recognized in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2–Group and Treasury Share Transactions*. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11.

- Amendment to IFRS 5 *Non-current Assets Held For Sale And Discontinued Operations*. The amendment makes reference to disclosure requirements in case of non-current assets held for disposal and of discontinued operations.

Translation of financial statements expressed in currencies other than the euro

The functional reporting currency of the Group is the euro.

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

	Exchange rate at June 30, 2010	Average exchange rate for the 1st Half of 2010
British pound (€/£)	0.8175	0.8700
US dollar (€/$)	1.2271	1.3268
Norway kroner (€/NOK)	7.9725	8.0056

III. SEASONAL FACTORS

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

IV. SEGMENT INFORMATION

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

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

Segment information by geographical area, according to the location in which the operations of the company are based or the production process takes place, is provided below.

1st Half of 2010	**Italy**	**Rest of Europe**	**Rest of World**	**Elimination of intragroup transactions**	**TOTAL**
Revenues					
Sales to customers	24,496	16,440	2,505		43,441
Sales to other Group companies	10,662	718	12	(11,392)	-
Revenues by sector	35,158	17,158	2,517	(11,392)	43,441
Operating profit by sector	5,744	1,321	74		7,139
Overhead costs/profits not assigned					-
Operating profit					7,139
Financial income (expense)					141
Income taxes					(2,571)
Gain (loss) from discontinued operations					-
Net profit					4,709

1st Half of 2009	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	20,064	15,702	2,366		38,132
Sales to other Group companies	9,689	600	51	(10,340)	-
Revenues by sector	29,753	16,302	2,417	(10,340)	38,132
Operating profit by sector	2,720	1,508	116		4,344
Overhead costs/profits not assigned					-
Operating profit					4,344
Financial income (expense)					100
Income taxes					(1,572)
Gain (loss) from discontinued operations					-
Net profit					2,872

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

	1st Half 2010	1st Half 2009	Change
Italy	19,121	15,074	4,047
Europe	18,958	18,466	492
Rest of World	5,362	4,592	770
	43,441	**38,132**	**5,309**

The breakdown of assets and liabilities is shown below:

June 30, 2010	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	69,562	33,666	4,212	107,440
Unassigned assets				(3,282)
Total assets				104,158
Liabilities of the sector	18,654	5,806	25	24,485
Unassigned liabilities				(39)
Total liabilities				24,446

June 30, 2009	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	66,535	30,740	3,605	100,880
Unassigned assets				(2,800)
Total assets				98,080
Liabilities of the sector	16,036	6,004	62	22,102
Unassigned liabilities				(19)
Total liabilities				22,083

June 30, 2010	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	1,603	411	3	2,017
- Intangible assets	17	4	-	21
				2,038
Depreciation and amortization:				
- Property, plant and equipment	(951)	(259)	(40)	(1,250)
- Intangible assets	(108)	(1)	-	(109)
Accruals and provisions for employee benefits	435	-	-	435
Average no. of employees	375	145	16	536

June 30, 2009	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	909	92	3	1,004
- Intangible assets	32	-	-	32
				1,036
Depreciation and amortization:				
- Property, plant and equipment	(1,062)	(253)	(44)	(1,359)
- Intangible assets	(109)	(1)	-	(110)
Accruals and provisions for employee benefits	450	-	-	450
Average no. of employees	396	137	13	546

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	27,897	31,863	7,872	6,023	163	4,267	78,085
Accrued depreciation	(6,198)	(25,418)	(6,408)	(4,904)	(86)	0	(43,014)
Bal. at Dec. 31, 2009	**21,699**	**6,445**	**1,464**	**1,119**	**77**	**4,267**	**35,071**
Increases	10	858	114	264	-	771	2,017
Currency translation differences	242	79	4	32	-	-	357
Depreciation	(259)	(568)	(170)	(245)	(8)	-	(1,250)
Net divestments	-	(7)	-	(2)	-	(13)	(22)
Reclassifications	2,747	246	10	9	(9)	(3,003)	-
Bal. at June 30, 2010	**24,439**	**7,053**	**1,422**	**1,177**	**60**	**2,022**	**36,173**

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	27,364	31,336	7,435	5,727	343	1,221	73,426
Accrued depreciation	(5,667)	(24,442)	(6,079)	(4,424)	(224)	-	(40,836)
Bal. at Dec. 31, 2008	**21,697**	**6,894**	**1,356**	**1,303**	**119**	**1,221**	**32,590**
Increases	318	628	363	284	-	3,222	4,815
Currency translation differences	188	66	(1)	7	-	-	260
Depreciation	(509)	(1,199)	(357)	(484)	(28)	-	(2,577)
Net divestments	-	-	-	(5)	-	(12)	(17)
Reclassifications	5	56	103	14	(14)	(164)	-
Bal. at Dec. 31, 2009	**21,699**	**6,445**	**1,464**	**1,119**	**77**	**4,267**	**35,071**

Capital expenditure in the 1st Half of 2010 consists primarily of purchases made by the parent company and include a transfer machine for €566 thousand and five other pieces of equipment for a total of €290 thousand. The tool department of the parent company is also currently constructing dies and equipment for a total investment of €250 thousand. The amount is recorded under work in progress, which also includes €250 thousand of advances. Increases in work in progress include €271 thousand invested by Spanish subsidiary Cembre España in the renovation of a commercial building purchased in 2009 to suit its operative needs.

2. INTANGIBLE ASSETS

	Development costs	Software	Total
Historical cost	323	3,199	3,522
Accumulated amortization	(235)	(2,667)	(2,902)
Balance at Dec. 31, 2009	**88**	**532**	**620**
Increases	11	10	21
Amortization	(19)	(90)	(109)
Bal. at June 30, 2010	**80**	**452**	**532**

Increases in development costs relate to the cost of personnel employed in development in the 1st Half of 2010.

3. INVENTORIES

	June 30, 2010	Dec. 31, 2009	Change
Raw materials	6,730	6,260	470
Work in progress and semi-finished goods	7,878	7,085	793
Finished goods	15,647	15,242	405
Total	**30,255**	**28,587**	**1,668**

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €1,592 thousand. Changes in the provision in the 1st Half of 2010 are shown in the table that follows:

	June 30, 2010	Dec. 31, 2009
Balance at January 1	**1,527**	**1,484**
Accruals	19	142
Uses	(2)	(109)
Currency translation differences	48	10
Balance at December 31	**1,592**	**1,527**

4. TRADE RECEIVABLES

	June 30, 2010	Dec. 31, 2009	Change
Gross trade receivables	27,358	21,998	5,360
Provision for doubtful accounts	(659)	(634)	(25)
Total	**26,699**	**21,364**	**5,335**

Trade receivables by geographical area

	June 30, 2010	Dec. 31, 2009	Change
Italy	15,270	12,304	2,966
Europe	10,677	8,166	2,511
North America	808	837	(29)
Oceania	199	280	(81)
Middle East	132	195	(63)
Far East	89	142	(53)
Africa	183	74	109
Total	**27,358**	**21,998**	**5,360**

Average collection time grew from 97 days in 2009 to 103 days in the 1st Half of 2010.

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

	June 30, 2010	Dec. 31, 2009
Balance at January 1	**634**	**510**
Accruals	74	225
Uses	(51)	(102)
Currency translation differences	2	1
Balance at December 31	**659**	**634**

The breakdown of receivables by maturity at June 30, 2010

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
2010	23,669	2,717	186	149	480	157	**27,358**
2009	18,458	1,971	633	426	456	54	**21,998**

5. SHAREHOLDERS’ EQUITY

At June 30, 2010, the capital stock of the parent company amounted to €8,840 thousand, and was made up of 17 million ordinary shares of par value €0.52 each, fully underwritten and paid-up. At the same date the Company did not hold treasury shares.

The Statement of Changes in the Consolidated Shareholders’ Equity included in the Consolidated Financial Statements shows changes in individual components of the Consolidated Shareholders’ Equity.

6. FINANCIAL LIABILITIES

	Effective interest rate (%)	Maturity	June 30, 2010	Dec. 31, 2009
Bank overdrafts				
Parent company	1.0	on demand		
Unicredt			216	-
Banco di Brescia			65	-
Credito Bergamasco			277	3
Monte dei Paschi di Siena			-	1
Popolare di Verona			160	11
Popolare di Bergamo			223	-
			941	15
Cembre Ltd				
Lloyds TSB	2	on demand	124	-
Total bank overdrafts			**1,065**	**15**
Loans				
General Marking				
Popolare di Sondrio	1.6	30 days	200	551
Cembre España SL				
UBI Banca International	1.2	June 2011	1,200	2.352
Cembre Gmbh				
Popolare di Bergamo	1.25	July 2010	550	650
Total loans			**1,950**	**3.553**
Leasing (short-term portion)				
Cembre España SL	3.55-4.375	2010-2012	31	33
Total leasing (short-term portion)			**31**	**33**
CURRENT FINANCIAL LIABILITIES			**3,046**	**3,601**
Leasing (long-term portion)				
Cembre España SL	3.55-4.375	2010-2012	11	26
Total leasing (long-term portion)			**11**	**26**
NON-CURRENT FINANCIAL LIABILITIES			**11**	**26**

The present value of minimum future lease payments, discounted at the average rate paid on current lease contracts, is shown in the table that follows:

Year	Cash flow	No. of days	Current value
2010	16	184	15
2011	22	549	20
2012	4	914	3
Total	**42**		**38**

Difference	**4**
Avg. discounting rate	**5.92%**

Long-term portion of leasing commitments by maturity

	2011	2012	Total
Minimum lease payments	7	4	11
Discounted amounts	6	3	9

The parent company granted guarantees against a loan extended to subsidiaries Cembre GmbH and Cembre España SL.

7. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

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

At June 30, 2010, the Group, after verifying the immateriality of the operation, decided not to discount back employee termination indemnities accrued, maintaining the discounting effect at December 31, 2009.

	June 30, 2010	Dec. 31, 2009
Beginning balance	**2,944**	**3,194**
Accruals	432	655
Uses	(430)	(362)
INPS treasury account	(210)	(529)
Discounting effect	-	(14)
Ending balance	**2,736**	**2,944**

8. PROVISIONS FOR RISKS AND CHARGES

	Customer indemnities	Total
At December 31, 2009	**68**	**68**
Accruals	4	4
Uses	(4)	(4)
Decreases	0	0
At June 30, 2010	**68**	**68**

9. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2010	Dec. 31, 2009
Deferred tax liabilities		
Average cost valuation of inventories by the parent	(427)	(166)
Accelerated depreciation	(223)	(223)
Elimination of Cembre GmbH product warranty provision	(13)	(13)
Reversal of land depreciation	(27)	(27)
Revaluation of land	(1,859)	(1,859)
Discounting of employee termination indemnity	(113)	(113)
Capital gain on sale of industrial building	(36)	(48)
Foreign exchange translation differences	(26)	(3)
Gross deferred tax liabilities	**(2,724)**	**(2,452)**
Deferred tax assets		
Elimination of unrealized intra-group profits included in the value of inventories	1,506	1,282
Write-down of inventories	192	192
Goodwill amortization	35	38
Depreciation and write-down of inventories of General Marking	108	111
Provision for personnel of French subsidiary	51	51
Other	84	83
Gross deferred tax assets	**1,976**	**1,757**
Net deferred tax liabilities	**(748)**	**(695)**

10. TRADE PAYABLES

	June 30, 2010	Dec. 31, 2009	Change
Payable to suppliers	8,785	8,161	624
Advances	63	63	-
Total	**8,848**	**8,224**	**624**

Trade payables by geographical area

	June 30, 2010	Dec. 31, 2009	Change
Italy	6,307	6,006	301
Europe	2,379	2,081	298
America	3	11	(8)
Oceania	74	44	30
Other	22	19	3
Total	**8,785**	**8,161**	**624**

11. OTHER PAYABLES

	June 30, 2010	Dec. 31, 2009	Change
Payables to employees	2,582	940	1,642
Employee withholding taxes payable	231	646	(415)
Bonuses owed to customers	415	192	223
VAT and similar foreign taxes payable	863	484	379
Commissions payable	160	162	(2)
Payable to Statutory Auditors and similar foreign boards	63	54	9
Payable to Directors	19	11	8
Social security payables	1,232	1,604	(372)
Payable on sundry taxes	120	101	19
Other	(99)	35	(134)
Total	**5,586**	**4,229**	**1,357**

The increase in payables to employees is due to the accrual for thirteenth salary payments, paid holidays and leaves, and year-end bonuses to be paid out in the year.

12. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1st Half of 2010, revenues grew by 13.9% on the corresponding period in the previous year. Domestic sales represented 44% of total sales and increased by 26.9% on the 1st Half of 2009, while sales in the rest of Europe represented 43.6% of the total, up 2.7% on the corresponding period in the previous year. Sales in the rest of the world grew by 16.8% and represented 12.4% of total sales.

13. OTHER REVENUES

	1st Half 2010	1st Half 2009	Change
Capital gains	7	6	1
Uses of provisions	15	183	(168)
Insurance damages	1	6	(5)
Reimbursements	143	100	43
Other	8	17	(9)
Total	**174**	**312**	**(138)**

In 2009, the provision included €180 thousand in non-recurrent gains resulting from the cancellation of the Provision for Social Security litigation (INAIL).

14. COST OF SERVICES RECEIVED

	1st Half 2010	1st Half 2009	Change
Subcontracted work	1,195	1,004	191
Electricity, heating and water	521	538	(17)
Transport of goods sold	788	703	85
Fuel	165	129	36
Travelling expenses	386	328	58
Maintenance and repair	585	573	12
Consulting	504	551	(47)
Advertising and promotion	175	163	12
Insurance	245	249	(4)
Boards' compensation	405	450	(45)
Postage and telephone	173	138	35
Commissions	154	148	6
Security and cleaning	185	198	(13)
Bank fees	55	56	(1)
Other	368	282	86
Total	**5,904**	**5,510**	**394**

The cost of services received grew on the 1st Half of 2009. The cost of subcontracted work and transport in fact increased due to the higher production and turnover.

Item "Other" includes mainly expenses and banking charges borne by the parent company, in addition to sundry services received by the UK subsidiary.

15. PERSONNEL COSTS

	1st Half 2010	1st Half 2009	Change
Wages and salaries	9,603	9,191	412
Social security contributions	2,499	2,517	(18)
Employee termination indemnity	432	450	(18)
Retirement benefits	52	49	3
Other costs	215	192	23
Total	**12,801**	**12,399**	**402**

Wages and salaries include €179 thousand relating to outsourced personnel, borne by the parent company.

Average number of employees by category

	1st Half 2010	1st Half 2009	Change
Managers	14	14	0
Administrative and commercial staff	252	254	(2)
Workers	256	264	(8)
Outsourced personnel	14	14	0
Total	**536**	**546**	**(10)**

Average number of employees by Group company

	Managers	Administrative and commercial staff	Workers	Outsourced personnel	Total
Cembre S.p.A.	6	155	190	10	361
General Marking S.r.l.	-	6	8	-	14
Cembre Ltd.	3	26	35	2	66
Cembre Sarl	1	17	4	-	22
Cembre España SL	1	24	11	1	37
Cembre AS	-	2	-	-	2
Cembre Inc.	2	11	3	-	16
Cembre GmbH	1	11	5	1	18
Total	**14**	**252**	**256**	**14**	**536**

16. INCOME TAXES

	1st Half 2010	1st Half 2009	Change
Current taxes	2,529	1,889	640
Deferred (prepaid) taxes	42	(317)	359
	2,571	**1,572**	**999**

In view of the complexity of the calculation and the immateriality of the difference between theoretical and actual tax expense recorded in the past, taxes for some foreign subsidiaries were calculated based on the theoretical tax rate. We therefore limit our analysis to the comparison between actual tax and theoretical tax expense for the 1st Half of 2010 and the 1st Half of 2009, postponing a reconciliation to the financial statements at December 31, 2010.

	1st Half 2010	1st Half 2009
Profit before taxes	7,280	4,444
Income taxes	(2,571)	(1,572)
Effective tax rate	**35.30%**	**35.37%**
Theoretical tax rate	31.40%	31.40%

At June 30, 2010 there were no temporary differences and loss carry-forwards on which no deferred tax asset or liability had been recorded.

Deferred and prepaid taxes

	1st Half 2010	1st Half 2009
Deferred tax liabilities		
Average cost valuation of inventories	(261)	153
Accelerated depreciation	-	5
Capital gain on sale of building	12	12
Unrealized foreign exchange differences	(23)	15
	(272)	**185**
Deferred tax assets		
Elimination of unrealized intra-group gains included in the value of inventories	224	92
Amortization of goodwill	(3)	(3)
Depreciation expense and write-downs of General Marking inventories	(3)	(3)
Other	1	32
	219	**118**
Foreign exchange differences	11	14
Deferred taxes for the period	**(42)**	**317**

17. COMPREHENSIVE INCOME

The Cembre Group chose to adopt IAS 1 Revised and to report in a single statement its comprehensive income. The economic effect of transactions recorded under Shareholders' Equity are reported separately and are a component (positive or negative) of net income for the period. At June 30, 2010, the only change resulting from the adoption of IFRS 1 Revised relates to foreign exchange differences formed upon consolidation from the translation of the financial statements of foreign subsidiaries not operating in the euro area.

18. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period

	1st Half 2010	1st Half 2009
Net income attributable to Shareholders	4,709	2,872
Average number of ordinary shares	17,000	17,000
Earnings per share	**0.28**	**0.17**

19. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2010.

	Receivables	Payables	Revenues	Expenses
Cembre Ltd.	1,913	28	2,773	148
Cembre S.a.r.l.	672	3	1,422	3
Cembre España S.L.	1,411	-	1,933	-
Cembre AS	67	-	225	-
Cembre GmbH	986	25	1,633	29
Cembre Inc.	1,253	-	1,359	10
General Marking S.r.l.	46	517	54	1,282
Total	**6,348**	**573**	**9,399**	**1,472**

Cembre S.p.A. leases an industrial building to subsidiary General Marking. Rent for the building for the 1st Half of 2010 amounts to €50 thousand.

Among property leased to Cembre by third parties are an industrial building adjacent to the Company’s registered office measuring a total of 5,960 square meters on three floors, in addition to the Milan, Padua and Bologna sales offices, all of which are owned by company Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, directors of the parent company. Lease payments for the 1st

Half of 2010 amount to €256 thousand. Rent is in line with market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases. At June 30, 2010, all amounts due to Tha Immobiliare had been settled.

Subsidiary Cembre Ltd. also leased a commercial building from Borno Ltd., a UK Real Estate company controlled by Lysne S.p.A. (the parent of Cembre S.p.A.). Annual lease payments amount to £38 thousand, in line with current market conditions.

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

Cembre S.p.A.'s relationships with its parent company Lysne S.p.A. is limited to the normal exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not exercise direction or coordination activities.

Boards' compensation

In the 1st Half of 2010, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

(€'000)	*Statutory Auditors*	*Directors*
Emoluments as directors and auditors of the parent company	33	266
Emoluments as directors of subsidiaries	-	17
Retribution as employees	-	56
Non-monetary benefits	-	7

Non-monetary benefits relate to the use of a company car and insurance policies underwritten on their behalf.

20. NET FINANCIAL POSITION

Below we include the Net Financial Position of the Group:

		June 30, 2010	Dec. 31, 2009
A	Cash	12	13
B	Bank deposits	7,740	8,888
C	**Cash and cash equivalents (A+B)**	**7,752**	**8,901**
D	**Financial receivables**	**-**	**-**
E	Current bank debt	(3,015)	(3,568)
F	Payable on derivative instruments	(42)	-
G	Other current financial debt	(31)	(33)
H	**Current financial debt (E+F+G)**	**(3,088)**	**(3,601)**
I	**Net current financial position (C+D+H)**	**4,664**	**5,300**
J	Non-current bank debt	-	-
K	Other non-current financial debt	(11)	(26)
L	**Non-current financial debt (J+K)**	**(11)**	**(26)**
M	**Net financial position (I+L)**	**4,653**	**5,274**

The decline in the net financial position on December 31, 2009 is due primarily to the payment of €2 million in dividends and to the €2 million capital expenditure made in the 1st Half of 2010.

21. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group does not make significant use of derivative instruments to hedge against interest risk and currency exposure. The short term maturity of a large part of the financial instruments held is such that their carrying value is in line with their fair value of the same.

At June 30, 2010, the Group was a counterpart in two currency option contracts described in detail in the paragraph on Currency risks below.

Risks connected with the market

In view of the overall liquidity crisis, the Group could suffer from the competition of manufacturers that benefit from lower labor costs. The Group is countering these factors with ongoing innovation, the widening of the product range, the launch of lower cost product lines and the upgrade of its production processes, implementing focused marketing policies also with the help of its foreign subsidiaries.

Interest rate risk

The Group generally stipulates short-term floating-rate loans. At June 30, 2010, the following short-term loans were extended to Group companies:

- a loan extended to subsidiary Cembre GmbH. Pursuant to the loan contract, the subsidiary is extended a further line of credit of €550 thousand, expiring on July 30, 2010, to be used for transactions of fixed amount at set rates. Interest payable is set at the time the line of credit is used, and is equal to the Euribor rate plus a spread of 0.375%. Interest is payable at maturity. At June 30, 2010, the amount of the loan was fully drawn.
- a €200 thousand, 30-day floating-rate loan (expired on June 30 and renewed) extended to subsidiary General Marking. The average rate paid in the 1st Half of 2010 was 1.6%.
- an opening of credit for a maximum amount of €2.5 million extended to subsidiary Cembre España SL, expiring June 30, 2011. The floating interest rate is equal to the Euribor rate plus a spread of 0.8%. At June 30, 2010, €1.2 million had been drawn.

The Group also makes use of bank overdrafts to face ordinary liquidity needs.

Currency risk

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

Exposure to currency risk is determined mainly by sales in US dollars and British pounds. The size of these transactions is not significant in influencing the overall performance of the Group. Due to the strong decline of the euro vs. the dollar in the 2nd Quarter of 2010, the parent company has however decided to enter into two currency hedge contracts worth €500 thousand each, expiring respectively on April 30, 2011 with a forward exchange rate of 1.3378€/$, and on May 18, 2011, with a forward exchange rate of 1.2470€/$. According to an estimate requested to a bank, the combined effect of the two derivatives at June 30, 2010 corresponds to a loss of €42 thousand, recorded under financial charges.

To hedge part of the currency risk deriving from supplied in euro of the parent company, UK subsidiary Cembre Ltd. entered into a forward contract whose terms are summarized in the table below:

Date of contract	Amount in euro	Forward exchange rate	Amount in £	Expiration	Exchange rate at June 30	Amount in £ at June 30	Gain (loss)
May 12, 2010	250,000	1,1798	211,900	Jul. 5, 2010	1,2233	204,365	(7,535)
Aug. 6, 2010	250,000	1,2001	208,316	Aug. 16, 2010	1,2233	204,365	(3,951)
Aug. 6, 2010	250,000	1,2	208,333	Sept. 3, 2010	1,2233	204,365	(3,968)

As shown, at June 30, 2010 the effect of the hedge contract was equal to a loss of £15 thousand, equivalent to about €19 thousand.

As described in the consolidation principles section, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the Internet site of the Ufficio Italiano Cambi. In the table that follows we report the economic effect of possible fluctuations in exchange rates for main financial figures of consolidated companies operating outside the euro area.

(€'000)	Currency	Exchange rate fluctuation	Effect on Shareholders' Equity	Effect on sales	Effect on pre-tax profit
Cembre Ltd.	£	+5% / -5%	395 / (395)	275 / (275)	27 / (27)
Cembre AS	NOK	+5% / -5%	359 / (359	23 / (23)	8 / (8)
Cembre Inc.	US$	+5% / -5%	147 / (147)	125 / (125)	4 / (4)

At June 30, 2010, the effect of foreign-exchange transactions was positive by €200 thousand.

<u>Liquidity risk</u>

The exposure of the Group to liquidity risk is not material.

<u>Credit risk</u>

Exposure to credit risk of the Group relates exclusively to trade receivables.

As shown in note 4, none of the areas in which the Group operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide secured guarantees. Receivables matured over 12 months and those under litigation are widely covered by the provision for bad debt accrued.

22. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2010.

23. CONSOLIDATED COMPANIES

The consolidation area is unchanged from December 31, 2009, and the only change within the area consists in the capital increase carried out by the Spanish subsidiary. Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2010	Share held at Dec. 31, 2009
Cembre Ltd.	Sutton Coldfield (Birmingham)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	Coslada (Madrid)	€ 2,902,200	100% (*)	100% (*)
Cembre AS	Stokke (Norway)	NOK 2,400,000	100%	100%
Cembre GmbH	Munich (Germany)	€ 1,812,000	100% (*)	100% (*)
Cembre Inc.	Edison (New Jersey - USA)	US$ 1,440,000	100%(**)	100%(**)
General Marking S.r.l.	Brescia (Italy)	€ 99,000	100%	100%

(*) of which 5% held through Cembre Ltd.
(**) of which 29% held through Cembre Ltd.

Brescia, August 26, 2010

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

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Cembre

Attestation of the Half-year Condensed Financial Statements

pursuant to art.81-ter of Consob Regulation no.11971 dated May 14, 1999 and subsequent amendments and addendums

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

• the adequacy in relation to the characteristics of the company, and

• the application of

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1st Half of 2010.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2010:

• correspond to the document results, books and accounting records;

• have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated July 19, 2002;

• provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

It is furthermore attested that the Report on Operations contains a reliable analysis of information defined in paragraph 4 of article 154-ter of Legislative Decree no.58, dated February 24, 1998, as amended and integrated.

Brescia, August 26, 2010

the Chairman and
Managing Director

signed by
Giovanni Rosani

the Manager responsible for
preparing the financial reports

signed by
Claudio Bornati

AUDITORS' REPORT ON THE REVIEW OF THE HALF-YEAR CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010

To the Shareholders of
Cembre SpA

1 We have reviewed the half-year consolidated condensed financial statements, consisting of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flow, consolidated statement of changes in equity and related explanatory notes as of June 30, 2010 of Cembre SpA and its subsidiaries (the "Cembre Group"). These half-year condensed financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Cembre SpA's Directors. Our responsibility is to issue a report on these half-year financial statements based on our review.

2 We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution no. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year consolidated condensed financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year consolidated condensed financial statements.

For the comparative figures related to the year ended December 31, 2009 and to the six-month period ended June 30, 2009, presented in the half-year consolidated condensed financial statements, reference should be made to our reports dated March 18, 2010 and August 28, 2009, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the half-year consolidated condensed financial statements of Cembre Group as of June 30, 2010 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Brescia, August 27, 2010

PricewaterhouseCoopers SpA

Signed by
Alessandro Mazzetti
(Partner)

This report has been translated into the English language solely for the convenience of international readers.