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## Press release

### Board approves the 2005 Consolidated Financial Statements

## **Cembre (a Star listed company): dividend grows by 50% thanks to the strong increase in profits**

- The Board proposes a dividend of **€0.15** per share, while net profits grow by **72.5%** on the previous year.
- Consolidated sales grew by **€70 million**, up **7.4%**.
- The net financial position is equal to positive **€2.8 million**, improving from a net indebtedness of **€2.1 million** at the end of 2004.

(€'000)	2005	Margin on sales	2004	Margin on sales	% change
<b>Consolidated sales</b>	69,997	100	65,149	100	7.4%
<b>Consolidated gross operating profit</b>	14,718	21.0	12,187	18.7	20.8%
<b>Consolidated operating profit</b>	11,023	15.8	7,656	11.8	44.0%
<b>Consolidated profit before taxes</b>	11,192	16.0	7,263	11.2	54.1%
<b>Consolidated net profit</b>	6,605	9.4	3,830	5.9	72.5%
<b>Consolidated net financial position</b>	2,777		(2,125)		

*Brescia, March 27, 2006* - The Board of Directors of Cembre Spa – a company listed in the *STAR* segment in the Milan Stock Exchange and one of the largest European producers of electrical connectors and tools for their installation – chaired by Carlo Rosani, approved at today's meeting the Consolidated Financial Statements at December 31, 2005, reporting a marked improvement in results on the previous year.

The Board of Directors of Cembre Spa resolved also to propose to the Shareholders' Meeting to be held on April 28, 2006 on first call and on May 15, 2006 on second call, the distribution to Shareholders of a **€0.15 dividend** for each of the shares in circulation, with a payment date of May 26, 2005 and an ex-dividend date, against the clipping of coupon no. 9, of May 22.

The proposed dividend represents a 50% increase on the dividend distributed in the previous year (€0.10 per share).

**Consolidated revenues** grew by 7.4%, up from €65.1 million in 2004, to €70 million in 2005.

Domestic sales amounted to €31.2 million, up 0.2% on the previous year, while exports grew by 14.1% to €8.8 million. A total of 44.6% of sales were represented by Italy (47.9% in 2004), 46.4% by the rest of Europe (43.6% in 2004), and 9% by the rest of the world (8.5% in 2004).

**Gross operating profit (EBITDA) for 2005** amounted to €14,718 thousand, representing a 21% margin on sales, up 20.8% on 2004 (when it amounted to €12,187 thousand, representing an 18.7% margin on sales). The improvement can be attributed to efforts devoted to improving operating efficiency and cost reductions achieved.

**Consolidated operating profit (EBIT)** for the year amounts to €1,023 thousand, corresponding to a 15.8% margin on sales, up 44% million on €7,656 thousand in 2004, when it represented an 11.8% margin on sales, due partly to the lower weight of depreciation and amortization.

**Consolidated pre-tax profit** for the year amounted to €1,192 thousand, representing a 16% margin on sales, up on €7,263 thousand in 2004, when it represented a 11.2% margin on sales. The increase is due, in addition to a good general performance, to the lower interest expense resulting from the improvement in the **consolidated net financial position**, improving from an indebtedness of €2.1 million at December 31, 2004, to positive €2.8 million at December 31, 2005, in addition to favorable foreign-exchange differences.

**Consolidated net profit** for the year amounted to €6,605 thousand, representing a 9.4% margin on sales, up 72.5% on €3,830 thousand in 2004, when it represented a 5.9% margin on sales.

Parent company **Cembre S.p.A.** closed the 2005 financial year reporting **sales** of €33.7 million, up 5% on €31.1 million in 2004.

**Gross operating margin of the parent company** grew by 9.7% from €10.6 million in 2004, to €11.7 million in the current year.

**Operating margin of the parent company** grew by 21.6% to €9 million, while **net profit** amounted to €4.9 million, strongly affected by an extraordinary gain of €2.9 million resulting from the elimination on tax-related entries. Net of such extraordinary component, net profit for 2004 amounts to €3 million, as compared with €4.9 million in 2005, registering a 59.6% growth on comparable terms.

*“Strong results achieved in 2005 are due primarily to the widening of the product range, with the development of new ones, in addition to efforts to improve operating efficiency and the resulting benefits in terms of costs. Such results allow us to remunerate better our shareholders that thus will receive a €0.15 dividend per share, 50% higher than in 2004. We are also pleased with the good sales performance in the first weeks of 2006 that confirms the positive trend registered in the last quarter of 2005”* commented the Chairman and Managing Director, Carlo Rosani.

\* \* \* \*

*Cembre designs, manufactures and distributes electrical connectors and cable accessories. It enjoys a leadership position in Italy and significant market shares in the rest of Europe. It is also the world's largest producer of connector installation tools (mechanical, pneumatic and hydraulic) and tools for cable shearing. The products it has developed for connection to the rail and for other railway applications are used by the main companies in this sector round the world. Cembre owes its success to an insistence on innovative, high-quality products, a broad and thorough collection, and an extensive distribution network both in Italy and abroad.*

*Founded in Brescia in 1969, the Cembre Group is now a full-fledged international force. Along with the parent company in Brescia it has seven subsidiaries: five trading companies (in Germany,*

*France, Spain, the United States and Norway) and two manufacturing and trading subsidiaries (Cembre Ltd. in Birmingham, U.K. and General Marking S.r.l. in Bergamo), for a total workforce of 463 as of December 31, 2005. Since 1992 its products have been certified by Lloyd's Register Quality Assurance for the design and production of accessories for cables, electrical connectors and their installation tools.*

*Cembre has been listed on the Italian Stock Exchange since December 15, 1997, and on the STAR section since 24 September 2001.*

*The financial statements and accounts of all companies of the Cembre Group are audited by independent auditors Ernst & Young.*

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For further information please visit the Investor Relation section in the [www.cembre.com](http://www.cembre.com) site.

**Attachments: Consolidated Financial Statements and statutory accounts of parent company Cembre SpA at December 31, 2005.**

## Cembre SpA

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

### Consolidated Balance Sheet at December 31, 2005

<i>(euro '000)</i>	<b>12/31/2005</b>	<b>12/31/2004</b>
<b>ASSETS</b>		
<b>A) NON-CURRENT ASSETS</b>		
Tangible assets	28.204	29.636
Intangible assets	154	344
Financial assets available for sale	5	5
Other non-current assets	100	145
Deferred tax assets	1.633	1.520
<b>TOTAL NON-CURRENT ASSETS</b>	<b>30.096</b>	<b>31.650</b>
<b>B) CURRENT ASSETS</b>		
Inventories	19.746	20.103
Trade receivables	21.676	19.474
Tax receivables	0	47
Other receivables	166	311
Cash and cash equivalents	6.026	6.507
<b>TOTAL CURRENT ASSETS</b>	<b>47.614</b>	<b>46.442</b>
<b>C) NON-CURRENT ASSETS AVAILABLE FOR SALE</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS(A+B+C)</b>	<b>77.710</b>	<b>78.092</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>A) SHAREHOLDERS' EQUITY</b>		
Capital stock	8.840	8.840
Reserves	37.237	34.460
Net profit	6.605	3.830
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>52.682</b>	<b>47.130</b>
<b>B) NON-CURRENT LIABILITIES</b>		
Non-current financial liabilities	89	282
Employee Severance Indemnity and other personnel benefits	4.478	4.253
Provisions for risks and charges	295	281
Deferred tax liabilities	4.054	4.205
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>8.916</b>	<b>9.021</b>
<b>C) CURRENT LIABILITIES</b>		
Current financial liabilities	3.139	8.320
Liabilities on derivative instruments	21	30
Trade payables	7.017	7.424
Tax payables	1.851	2.121
Other payables	4.084	4.046
<b>TOTAL CURRENT LIABILITIES</b>	<b>16.112</b>	<b>21.941</b>
<b>D) LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES (B+C+D)</b>	<b>25.028</b>	<b>30.962</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)</b>	<b>77.710</b>	<b>78.092</b>

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### Comparative Consolidated Income Statement

(€'000)	2005	%	2004	%	change
Revenues from sales and services provided	69.997	100	65.149	100	7,4%
Other revenues	105		208		
<b>TOTAL REVENUES</b>	<b>70.102</b>		<b>65.357</b>		
Cost of goods and merchandise	(22.599)	(32,3)	(21.102)	(32,4)	7,1%
Cost of services received	(10.395)	(14,9)	(10.414)	(16,0)	-0,2%
Lease and rental costs	(1.014)	(1,4)	(963)	(1,5)	5,3%
Personnel costs	(20.579)	(29,4)	(20.208)	(31,0)	1,8%
Other operating costs	(470)	(0,7)	(320)	(0,5)	46,9%
Change in inventories	(605)	(0,9)	(349)	(0,5)	
Increase in assets due to internal construction	508	0,7	345	0,5	47,2%
Write-down of current assets	(209)	(0,3)	(141)	(0,2)	48,2%
Accruals to provisions for risks and charges	(21)	0,0	(18)	0,0	16,7%
<b>GROSS OPERATING PROFIT</b>	<b>14.718</b>	<b>21,0</b>	<b>12.187</b>	<b>18,7</b>	<b>20,8%</b>
Tangible assets depreciation	(3.364)	(4,8)	(3.869)	(5,9)	-13,1%
Intangible assets amortization	(104)	(0,1)	(257)	(0,4)	-59,5%
Write-down of long-term assets	(227)	(0,3)	(405)	(0,6)	
<b>OPERATING PROFIT</b>	<b>11.023</b>	<b>15,8</b>	<b>7.656</b>	<b>11,8</b>	<b>44,0%</b>
Financial income (expense)	(142)	(0,2)	(297)	(0,5)	-52,2%
Foreign exchange gains (losses)	311	0,4	(96)	(0,1)	
<b>PROFIT BEFORE TAXES</b>	<b>11.192</b>	<b>16,0</b>	<b>7.263</b>	<b>11,2</b>	<b>54,1%</b>
Income taxes	(4.587)	(6,6)	(3.433)	(5,3)	33,6%
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>	<b>6.605</b>	<b>9,4</b>	<b>3.830</b>	<b>5,9</b>	<b>72,5%</b>
<b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b>	<b>0</b>	<b>0,0</b>	<b>0</b>	<b>0,0</b>	<b>0,0%</b>
<b>NET PROFIT</b>	<b>6.605</b>	<b>9,4</b>	<b>3.830</b>	<b>5,9</b>	<b>72,5%</b>

## Cembre SpA

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### Consolidated Statement of Cash Flows

(Euro '000)

	2005	2004
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	6.605	3.830
Depreciation, amortization and write-downs	3.697	4.531
(Gains)/Losses on disposal of assets	(32)	9
Net change in Employee Severance Indemnity	225	704
Net change in provisions for risks and charges	14	(105)
<b>Operating profit (loss) before change in working capital</b>	<b>10.509</b>	<b>8.969</b>
(Increase) Decrease in trade receivables	(2.202)	(1.275)
(Increase) Decrease in inventories	357	531
(Increase) Decrease in other receivables and deferred tax assets	79	(603)
Increase (Decrease) of trade payables	(407)	638
Increase (Decrease) of other payables and deferred tax liabilities	(383)	1.598
<b>Change in working capital</b>	<b>(2.556)</b>	<b>889</b>
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>7.953</b>	<b>9.858</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(142)	(112)
- tangible	(1.910)	(3.092)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets	9	333
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(2.043)</b>	<b>(2.871)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	45	60
Increase (Decrease) in bank loans and borrowings	(5.406)	(3.645)
Increase (Decrease) in other loans and borrowings	32	39
Increase (Decrease) in derivative instruments	(9)	30
Change in reserves	645	201
Dividends distributed	(1.698)	(1.223)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(6.391)</b>	<b>(4.538)</b>
<b>D) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(481)</b>	<b>2.449</b>
<b>E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6.507</b>	<b>4.058</b>
<b>F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (D+E)</b>	<b>6.026</b>	<b>6.507</b>

<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6.026</b>	<b>6.507</b>
Current financial liabilities	(3.139)	(8.320)
Non current financial liabilities	(89)	(282)
Liabilities on derivative instruments	(21)	(30)
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>2.777</b>	<b>(2.125)</b>
<b>INTEREST PAID IN THE PERIOD</b>	<b>(194)</b>	<b>(326)</b>

<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
Cash	9	18
Banks	6.017	6.489
	<b>6.026</b>	<b>6.507</b>

**Cembre S.p.A.**

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**Financial Statements at December 31, 2005****Balance Sheet***(in euro)*

<b>Assets</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
<b>A) Capital not paid-in</b>	-	-
<b>B) Fixed assets</b>		
I - Intangible assets		
2) Research and development costs and advertising expenses	106.165	43.341
3) Industrial patents and intellectual property rights	38.447	50.650
5) Goodwill	-	-
7) Other	608.758	684.807
Total	<u>753.370</u>	<u>778.798</u>
II - Tangible assets		
1) Land and buildings	7.774.664	7.949.591
2) Plant and machinery	4.281.029	5.177.733
3) Equipment	423.450	641.366
4) Other assets	732.802	853.970
5) Work in progress and advances	253.399	92.286
Total	<u>13.465.344</u>	<u>14.714.946</u>
III - Financial assets		
1) Investments in:		
a) subsidiaries	8.115.406	7.006.983
d) other companies	5.224	5.224
2) Receivables		
a) from subsidiaries		
- short-term	-	-
d) from others		
- long-term	10.106	54.890
Total	<u>8.130.736</u>	<u>7.067.097</u>
<b>Total fixed assets</b>	<b><u>22.349.450</u></b>	<b><u>22.560.841</u></b>

<b>C) Current assets</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
I - Inventories		
1) Raw materials	3.645.231	3.459.940
2) Work in progress and semi-finished goods	4.758.886	4.626.887
4) Finished goods	5.177.038	6.337.929
Total	13.581.155	14.424.757
II - Receivables		
1) Trade	14.310.271	12.948.869
2) From subsidiaries	5.153.679	5.082.815
4-bis) Taxes receivables	16.346	16.257
4-ter) Deferred tax assets		
- short-term	414.727	356.069
- long-term	69.273	76.979
Total	484.000	433.048
5) From others		
- short-term	57.132	58.076
- long-term	-	-
Total	57.132	58.076
Total receivables	20.021.428	18.539.065
III - Marketable securities		
5) Own shares (par value € 52,000)	-	291.052
IV - Cash and cash equivalents		
1) Bank deposits	3.108.799	4.727.449
3) Cash	1.016	10.372
Total cash and cash equivalents	3.109.815	4.737.822
<b>Total current assets</b>	<b>36.712.398</b>	<b>37.992.695</b>
<b>D) Accrued income and prepaid expenses</b>	<b>31.429</b>	<b>39.842</b>
<b>Total assets</b>	<b>59.093.277</b>	<b>60.593.379</b>

## Liabilities and Shareholders' Equity

<b>A) Shareholders' Equity</b>		
I - Share capital	8.840.000	8.840.000
II - Paid-in capital in excess of par value	12.244.869	12.244.869
III - Revaluation reserve	585.159	585.159
IV - Legal reserve	1.663.013	1.366.445
V - Reserve for own shares	-	291.052
VI - Statutory reserves	-	-
VII - Other reserves		
Provisions for suspended tax reserves	68.412	68.412
Extraordinary reserve	15.318.482	11.090.640
VIII - Retained earnings	-	-
IX - Net profit	4.867.280	5.931.357
<b>Total Shareholders' Equity</b>	<b>43.587.215</b>	<b>40.417.935</b>

	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2004</b>
<b>B) Provision for risks and charges</b>		
2) Deferred Income taxes	1.352.264	1.566.074
3) Other	301.626	639.112
<b>Total provisions for risks and charges</b>	<b>1.653.890</b>	<b>2.205.186</b>
<b>C) Employee termination indemnities</b>	<b>3.855.800</b>	<b>3.805.556</b>
<b>D) Payables</b>		
4) Bank loans		
- short-term	291.753	3.040.942
- long-term	-	-
<b>Total bank loans</b>	<b>291.753</b>	<b>3.040.942</b>
6) Advances	1.907	20.373
7) Trade payables	5.889.641	6.598.245
9) Payables to subsidiaries	195.770	424.270
12) Taxes payable	1.024.349	1.575.388
13) Social security payables	932.406	895.596
14) Other payables	1.660.546	1.586.850
<b>Total payables</b>	<b>9.996.372</b>	<b>14.141.664</b>
<b>E) Accrued expenses and deferred income</b>	<b>-</b>	<b>23.037</b>
<b>Total liabilities and Shareholders' Equity</b>	<b>59.093.277</b>	<b>60.593.379</b>

**Commitments**

2) Guarantees given	2.475.458	5.539.989
of which in favor of subsidiaries	2.369.535	5.478.132
3) Guarantees received	19.821	19.821

<b>Income Statement</b> (in euro)	<b>full year 2005</b>	<b>full year 2004</b>
<b>A) Revenues</b>		
1) Sales	53.660.849	51.114.666
2) Change in work in progress, semi-finished and finished goods inventories	(1.028.892)	231.997
4) Increase in assets due to internal construction	507.530	344.636
5) Other revenues:		
a) sundry	128.103	104.267
b) contributions received	0	12.515
<b>Total operating value</b>	<b>53.267.590</b>	<b>51.808.081</b>
<b>B) Operating costs</b>		
6) Raw materials	(19.504.095)	(18.502.227)
7) Services	(7.278.705)	(7.195.051)
8) Leases and rentals	(719.832)	(698.378)
9) Personnel		
a) Wages and salaries	(9.969.071)	(9.920.193)
b) Social security	(3.137.499)	(3.066.704)
c) Employee severance indemnities	(714.521)	(712.495)
d) Retirement benefits	(6.090)	(5.414)
e) Other costs	(45.227)	(43.599)
<b>Total personnel costs</b>	<b>(13.872.408)</b>	<b>(13.748.404)</b>
10) Depreciation and write-downs		
a) Amortization of intangible assets	(163.146)	(162.578)
b) Depreciation of tangible assets	(2.473.834)	(3.041.815)
d) Write-down in the value of current assets	(199.501)	(92.134)
<b>Total depreciation and write-downs</b>	<b>(2.836.481)</b>	<b>(3.296.527)</b>
11) Change in raw material inventories	185.291	(402.482)
12) Accruals to risk provisions	(14.915)	(355.424)
14) Other operating costs	(201.529)	(185.313)
<b>Total operating costs</b>	<b>(44.242.674)</b>	<b>(44.383.806)</b>
<b>Operating profit (A-B)</b>	<b>9.024.916</b>	<b>7.424.275</b>
<b>C) Financial income and expense</b>		
16) Other financial income:		
c) marketable securities (excluding subsidiaries)	68.152	83.974
d) other income	56.905	20.563
17) Interest and other financial charges	(57.219)	(191.873)
17-bis) Foreign exchange gains and losses	253.293	(173.437)
<b>Total</b>	<b>321.131</b>	<b>(260.774)</b>

<b>D) Adjustments to the value of financial assets</b>	<b>full year 2005</b>	<b>full year 2004</b>
18) Revaluations		
b) of long-term financial assets	-	1.147
c) of marketable securities	-	48.982
19) Write-downs		
a) Investments in subsidiaries	(431.648)	(692.637)
<b>Total adjustments to the value of financial assets</b>	<b>(431.648)</b>	<b>(642.507)</b>
<b>E) Extraordinary items</b>		
20) Gains (note 1)	119.280	4.705.228
21) Losses (note 2)	(265.682)	(2.023.250)
<b>Total extraordinary items</b>	<b>(146.402)</b>	<b>2.681.978</b>
<b>Profit before taxes (A-B+C+D+E)</b>	<b>8.767.997</b>	<b>9.202.973</b>
22) Income taxes		
a) current	(4.165.480)	(3.634.359)
b) deferred and prepaid	264.763	362.744
Total income taxes	(3.900.717)	(3.271.615)
<b>23) Net profit</b>	<b>4.867.280</b>	<b>5.931.357</b>

note 1: for year 2004 , gains arising from the elimination of the entries made only for tax purposes, amounts to € 4.673.933

note 2: for year 2004, losses arising from the elimination of the entries made only for tax purposes, amounts to € 1.741.040