



## Press release

The Board approves 2006 Half Year Report, stating the positive trend of the Group

### **CEMBRE (Star): Half year result up 43%**

- *Confirmed the positive trend of sales, either on Italian market, or on foreign markets*
- *Net financial position of the Group remained positive*

#### **Consolidated data**

| (€ '000)                      | 1st Half<br>2006 | margin<br>% | 1st Half<br>2005 | margin<br>% | change | Full year<br>2005 | margin<br>% |
|-------------------------------|------------------|-------------|------------------|-------------|--------|-------------------|-------------|
| <b>Sales</b>                  | 41,925           | 100         | 34,982           | 100         | 19.8%  | 69,997            | 100         |
| <b>Gross operating profit</b> | 9,963            | 23.8        | 7,637            | 21.8        | 30.5%  | 14,718            | 21          |
| <b>Operating profit</b>       | 8,424            | 20.1        | 5,701            | 16.3        | 47.8%  | 11,023            | 15.7        |
| <b>Profit before taxes</b>    | 8,349            | 19.9        | 5,926            | 16.9        | 40.9%  | 11,192            | 16          |
| <b>Net profit</b>             | 5,002            | 11.9        | 3,496            | 10          | 43.1%  | 6,605             | 9.4         |

*Brescia, September 27, 2006* – The Board of Directors of Cembre S.p.A., a STAR listed company, and one of the largest European manufacturers of electrical connectors and tools for their installation, chaired by Carlo Rosani, approved at today's meeting the Report on the 1<sup>st</sup> Half of 2006.

At June 30, 2006, the Group **consolidated sales** amounted to €41.92 million, up 19.8% on the €34.98 million of the first half of 2005.

In the first six months of 2006, domestic sales amounted to €18.4 million, up 20.3%, while foreign sales amounted to €23.5 million up 19.4%. In the same period, 43.9% of Group sales were represented by Italy (as compared with 43.8% in the first half of 2005), 46.1% by the rest of Europe (47.4% in the first half of 2005) 10% by the rest of the World (8.8% in the first half of 2005).

**Consolidated gross operating profit** for the first six months of 2006, was equal to €10 million, representing 23.8% margin on sales, posting a 30.5% increase on the first half of 2005, when it amounted to €7.6 million, corresponding to a 21.8% margin on sales.

**Consolidated operating profit** for the first six months of 2006, amounted to €8.4 million, corresponding to a 20.1% margin on sales, up 47.8%, on the €5.7 million of the first six months of 2005 (corresponding to a 16.3% margin on sales).

**Consolidated profit before taxes**, amounted to €3.3 million, corresponding to a 19.9% margin on sales, up 40.9% on the amount of the same period of 2005. Last year in fact it amounted to €2.9 million, corresponding to a 16.9% margin on sales.

**Net profit** was equal to €1 million, up 43.1%, on €2.5 million of the same period of 2005. The margin on sales amounted to 11.9% increased from the margin of 2005, amounting to 10% of sales.

**Consolidated net financial position** at the end of June 2006 was positive and amounted to €2.1 million.

The parent company Cembre S.p.A. **sales** of the first six months of 2006 amounted to €2.7 million, up 22.9% on the same period of 2005. **Operating profit** increased 45%, from €4.5 million of the first six months of 2005, to €6.5 million of the first six months of 2006. Parent company **net profit** was equal to €3.7 million, as compared with €2.4 million of the same period of 2005, corresponding to an increase of 54.8%.

*“The positive trend of sales and performance indicators confirmed our growth and development targets, and improved the market appeal of our shares. I expect also positive results in the second half of the year, also according to the positive financial position of the Group”,* declared the Chairman, 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 the development of 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 471 as of June 2006. 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 September 24, 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 Relations section at [www.cembre.com](http://www.cembre.com)

**Consolidated Financial Statements at June 30, 2006 are attached.**

# 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)

## Consolidated Financial Statements at June 30, 2006 Balance Sheet

|   | 06/30/2006    | 12/31/2005    | 06/30/2005    |
|---|---------------|---------------|---------------|
| <i>(euro '000)</i>  |               |               |               |
| <b>ASSETS</b>   |               |               |               |
| <b>A) NON-CURRENT ASSETS</b>                                |               |               |               |
| Tangible assets   | 28.016        | 28.204        | 28.935        |
| Intangible assets   | 152           | 154           | 136           |
| Financial assets available for sale                         | 5             | 5             | 5             |
| Other non-current assets                                    | 95            | 100           | 108           |
| Deferred tax assets   | 1.676         | 1.633         | 1.522         |
| <b>TOTAL NON-CURRENT ASSETS</b>                             | <b>29.944</b> | <b>30.096</b> | <b>30.706</b> |
| <b>B) CURRENT ASSETS</b>                                    |               |               |               |
| Inventories   | 22.696        | 19.746        | 20.753        |
| Trade receivables   | 26.082        | 21.676        | 22.564        |
| Tax receivables   | 0             | 0             | 65            |
| Other receivables   | 294           | 166           | 112           |
| Cash and cash equivalents                                   | 4.620         | 6.026         | 4.836         |
| <b>TOTAL CURRENT ASSETS</b>                                 | <b>53.692</b> | <b>47.614</b> | <b>48.330</b> |
| <b>C) NON-CURRENT ASSETS AVAILABLE FOR SALE</b>             | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>TOTAL ASSETS(A+B+C)</b>                                  | <b>83.636</b> | <b>77.710</b> | <b>79.036</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                 |               |               |               |
| <b>A) SHAREHOLDERS' EQUITY</b>                              |               |               |               |
| Capital stock   | 8.840         | 8.840         | 8.840         |
| Reserves  | 41.118        | 37.237        | 37.278        |
| Net profit  | 5.002         | 6.605         | 3.496         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                           | <b>54.960</b> | <b>52.682</b> | <b>49.614</b> |
| <b>B) NON-CURRENT LIABILITIES</b>                           |               |               |               |
| Non-current financial liabilities                           | 102           | 89            | 152           |
| Employee Severance Indemnity and other personnel benefits   | 4.567         | 4.478         | 4.328         |
| Provisions for risks and charges                            | 302           | 295           | 287           |
| Deferred tax liabilities                                    | 4.127         | 4.054         | 4.148         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                        | <b>9.098</b>  | <b>8.916</b>  | <b>8.915</b>  |
| <b>C) CURRENT LIABILITIES</b>                               |               |               |               |
| Current financial liabilities                               | 2.460         | 3.139         | 6.581         |
| Liabilities on derivative instruments                       | 7             | 21            | 37            |
| Trade payables  | 9.768         | 7.017         | 7.556         |
| Tax payables  | 1.986         | 1.851         | 1.454         |
| Other payables  | 5.357         | 4.084         | 4.879         |
| <b>TOTAL CURRENT LIABILITIES</b>                            | <b>19.578</b> | <b>16.112</b> | <b>20.507</b> |
| <b>D) LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>           | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>TOTAL LIABILITIES (B+C+D)</b>                            | <b>28.676</b> | <b>25.028</b> | <b>29.422</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)</b> | <b>83.636</b> | <b>77.710</b> | <b>79.036</b> |

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## Consolidated Financial Statements at June 30, 2006 Income Statement

|   | 01/01 - 06/30<br>2006 | 01/01 - 06/30<br>2005 | 01/01 - 12/31<br>2005 |
|---|-----------------------|-----------------------|-----------------------|
| <i>(euro '000)</i>                              |                       |                       |                       |
| Revenues from sales and services provided       | 41.925                | 34.982                | 69.997                |
| Other revenues                                  | 107                   | 12                    | 105                   |
| <b>TOTAL REVENUES</b>                           | <b>42.032</b>         | <b>34.994</b>         | <b>70.102</b>         |
| Cost of goods and merchandise                   | (17.325)              | (11.329)              | (22.599)              |
| Cost of services received                       | (6.088)               | (5.330)               | (10.395)              |
| Lease and rental costs                          | (518)                 | (567)                 | (1.014)               |
| Personnel costs                                 | (11.178)              | (10.598)              | (20.579)              |
| Other operating costs                           | (198)                 | (166)                 | (470)                 |
| Change in inventories                           | 3.073                 | 401                   | (605)                 |
| Increase in assets due to internal construction | 231                   | 294                   | 508                   |
| Write-down of receivables                       | (58)                  | (55)                  | (209)                 |
| Accruals to provisions for risks and charges    | (8)                   | (7)                   | (21)                  |
| <b>GROSS OPERATING PROFIT</b>                   | <b>9.963</b>          | <b>7.637</b>          | <b>14.718</b>         |
| Tangible asset depreciation                     | (1.499)               | (1.662)               | (3.364)               |
| Intangible asset amortization                   | (40)                  | (47)                  | (104)                 |
| Write-down of long-term assets                  | 0                     | (227)                 | (227)                 |
| <b>OPERATING PROFIT</b>                         | <b>8.424</b>          | <b>5.701</b>          | <b>11.023</b>         |
| Financial income (expense)                      | (9)                   | (93)                  | (142)                 |
| Foreign exchange gains (losses)                 | (66)                  | 318                   | 311                   |
| <b>PROFIT BEFORE TAXES</b>                      | <b>8.349</b>          | <b>5.926</b>          | <b>11.192</b>         |
| Income taxes                                    | (3.347)               | (2.430)               | (4.587)               |
| <b>NET PROFIT FROM ORDINARY ACTIVITIES</b>      | <b>5.002</b>          | <b>3.496</b>          | <b>6.605</b>          |
| <b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b> | <b>0</b>              | <b>0</b>              | <b>0</b>              |
| <b>NET PROFIT</b>                               | <b>5.002</b>          | <b>3.496</b>          | <b>6.605</b>          |
| <b>BASIC EARNINGS PER SHARE</b>                 | <b>0,29</b>           | <b>0,21</b>           | <b>0,39</b>           |

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## Consolidated Financial Statement as at June 30, 2006

### Statement of Cash Flows

|   | 06/30/2006     | 06/30/2005     | 12/31/2005     |
|---|----------------|----------------|----------------|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                                       |                |                |                |
| Net profit for the period   | 5.002          | 3.496          | 6.605          |
| Depreciation, amortization and write-downs  | 1.539          | 1.936          | 3.697          |
| (Gains)/Losses on disposal of assets  | (22)           | 1              | (32)           |
| Net change in Employee Severance Indemnity  | 89             | 75             | 225            |
| Net change in provisions for risks and charges                                      | 7              | 6              | 14             |
| <b>Operating profit (loss) before change in working capital</b>                     | <b>6.615</b>   | <b>5.514</b>   | <b>10.509</b>  |
| (Increase) Decrease in trade receivables  | (4.406)        | (3.090)        | (2.202)        |
| (Increase) Decrease in inventories  | (2.949)        | (650)          | 357            |
| (Increase) Decrease in other receivables and deferred tax assets                    | (172)          | 178            | 79             |
| Increase (Decrease) of trade payables   | 2.752          | 132            | (407)          |
| Increase (Decrease) of other payables and deferred tax liabilities                  | 1.480          | 109            | (383)          |
| <b>Change in working capital</b>  | <b>(3.295)</b> | <b>(3.321)</b> | <b>(2.556)</b> |
| <b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>                            | <b>3.320</b>   | <b>2.193</b>   | <b>7.953</b>   |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                                       |                |                |                |
| Capital expenditure on fixed assets:  |                |                |                |
| - intangible  | (38)           | (66)           | (142)          |
| - tangible  | (1.622)        | (906)          | (1.910)        |
| Proceeds from disposal of tangible, intangible, available-for-sale financial assets | 333            | (56)           | 9              |
| <b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>                            | <b>(1.327)</b> | <b>(1.028)</b> | <b>(2.043)</b> |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                                       |                |                |                |
| (Increase) Decrease in other non current assets                                     | 5              | 37             | 45             |
| Increase (Decrease) in bank loans and borrowings                                    | (687)          | (1.878)        | (5.406)        |
| Increase (Decrease) in other loans and borrowings                                   | 21             | 9              | 32             |
| Increase (Decrease) in derivative instruments                                       | (14)           | 7              | (9)            |
| Change in reserves  | (174)          | 686            | 645            |
| Dividends distributed   | (2.550)        | (1.698)        | (1.698)        |
| <b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>                            | <b>(3.399)</b> | <b>(2.837)</b> | <b>(6.391)</b> |
| <b>D) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                  | <b>(1.406)</b> | <b>(1.672)</b> | <b>(481)</b>   |
| <b>E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>                          | <b>6.026</b>   | <b>6.507</b>   | <b>6.507</b>   |
| <b>F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (D+E)</b>                          | <b>4.620</b>   | <b>4.835</b>   | <b>6.026</b>   |

|   |              |                |              |
|---|--------------|----------------|--------------|
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> | <b>4.620</b> | <b>4.835</b>   | <b>6.026</b> |
| Current financial liabilities                     | (2.460)      | (6.582)        | (3.139)      |
| Non current financial liabilities                 | (102)        | (152)          | (89)         |
| Liabilities on derivative instruments             | (7)          | (37)           | (21)         |
| <b>NET CONSOLIDATED FINANCIAL POSITION</b>        | <b>2.051</b> | <b>(1.936)</b> | <b>2.777</b> |
| <b>INTEREST PAID</b>                              | <b>(39)</b>  | <b>(136)</b>   | <b>(194)</b> |

|  |              |              |              |
|--|--------------|--------------|--------------|
| <b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b> |              |              |              |
| Cash   | 21           | 14           | 9            |
| Banks  | 4.599        | 4.822        | 6.017        |
|  | <b>4.620</b> | <b>4.836</b> | <b>6.026</b> |