



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

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# QUARTERLY REPORT

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2011 THIRD QUARTER

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# Cembre S.p.A.

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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 quarterly 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)*

## Cembre S.p.A.

Registered Office: Via Serenissima 9, Brescia, Italy  
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 Registration no: FC 00541390175 (Commercial Register of Brescia)

### Consolidated Financial Statements for the 3<sup>rd</sup> Quarter of 2011

#### Consolidated Income Statement

<i>(euro '000)</i>	Nine Months 2011	Nine Months 2010	Full Year 2010	3 <sup>rd</sup> Quarter 2011	3 <sup>rd</sup> Quarter 2010
Revenues from sales and services provided	77.650	67.468	93.934	23.815	24.027
Other revenues	310	263	404	67	89
<b>TOTAL REVENUES</b>	<b>77.960</b>	<b>67.731</b>	<b>94.338</b>	<b>23.882</b>	<b>24.116</b>
Cost of goods and merchandise	(35.736)	(24.946)	(35.667)	(9.504)	(8.252)
Change in inventories	7.231	161	738	949	(762)
Cost of services received	(10.203)	(8.653)	(11.630)	(3.294)	(2.749)
Lease and rental costs	(989)	(877)	(1.184)	(357)	(291)
Personnel costs	(21.593)	(18.729)	(26.145)	(6.697)	(5.928)
Other operating costs	(535)	(516)	(704)	(159)	(170)
Increase in assets due to internal construction	418	425	592	133	71
Write-down of receivables	(96)	(82)	(160)	(26)	(23)
Accruals to provisions for risks and charges	(31)	(6)	(8)	(2)	(2)
<b>GROSS OPERATING PROFIT</b>	<b>16.426</b>	<b>14.508</b>	<b>20.170</b>	<b>4.925</b>	<b>6.010</b>
Property, plant and equipment depreciation	(1.950)	(1.903)	(2.556)	(684)	(653)
Intangible asset amortization	(198)	(164)	(235)	(71)	(55)
<b>OPERATING PROFIT</b>	<b>14.278</b>	<b>12.441</b>	<b>17.379</b>	<b>4.170</b>	<b>5.302</b>
Financial income	103	32	61	25	19
Financial expenses	(28)	(59)	(68)	(9)	13
Foreign exchange gains (losses)	47	4	64	134	(196)
<b>PROFIT BEFORE TAXES</b>	<b>14.400</b>	<b>12.418</b>	<b>17.436</b>	<b>4.320</b>	<b>5.138</b>

#### Consolidated Net Financial Position at September 30, 2011

<i>(euro '000)</i>	Sept. 30, 2011	Jun. 30, 2011	Dec. 31, 2010
Cash and cash equivalents	14.141	11.795	14.697
Non-current financial liabilities	-	-	(4)
Current financial liabilities	(1.357)	(2.210)	(1.024)
<b>CONSOLIDATED NET FINANCIAL POSITION</b>	<b>12.784</b>	<b>9.585</b>	<b>13.669</b>

# **Cembre S.p.A.**

Head Office: Via Serenissima 9, Brescia, Italy

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Registration no. 00541390175 (Brescia Commercial Register)

## **Notes to the Consolidated Accounts at September 30, 2011**

### **Accounting principles, form and content of the Financial Statements, estimates**

Principles of consolidation and valuation criteria adopted in the present Consolidated Report at September 30, 2011 are consistent with international accounting principles (IAS/IFRS).

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre SpA (parent company) at September 30, 2011, and those of the following companies at the same date:

	Share held by the Group at September 30, 2011	Share held by the Group at September 30, 2010
1. Cembre Ltd (UK)	100%	100%
2. Cembre Sarl *(France)	100%	100%
3. Cembre España SL *(Spain)	100%	100%
4. Cembre AS (Norway)	100%	100%
5. Cembre GmbH *(Germany)	100%	100%
6. Cembre Inc. **(USA)	100%	100%
7. General Marking Srl	100%	100%

\* 5% share held through Cembre Ltd.

\*\* 29% share held through Cembre Ltd.

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

Criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data was adjusted and reclassified. In compliance with IAS 1, in the financial statements, costs were classified by nature. The scope of the consolidation is unchanged from September 30, 2010 and December 31, 2010.

The present Quarterly Report was prepared in accordance with the “period separation criteria”, based on which the period considered is treated as an independent financial period. The income statement for the quarter thus reflects income components relating to the period based on the accrual method.

Year-end bonuses recognized to customers were estimated based on sales and their expected performance.

### **Notes to the accounts**

Among changes in main items, described more in detail in the Management Report, we highlight that in the first nine months of 2011 sales grew by 15.1%, while in the 3<sup>rd</sup> Quarter of the year they declined by 0.9%. The margin on sales for the first nine months of 2011 was stable while the decline in the Ebitda margin registered in the 3<sup>rd</sup> Quarter is due mainly to the increase in the percentage weight of personnel costs on sales due to the increase in the average number of employees from 537 in the first nine months of 2010 to 584 in the corresponding period in 2011. In the same period, the cost of services grew due mainly to the higher recourse to outsourced work (+€661 thousand), higher maintenance costs (+€242 thousand), and to the increase in transport costs (+€229 thousand).

The consolidated net financial position of the Group improved from a surplus of €9.6 million at June 30, 2011, to a surplus of €2.8 million at September 30, 2011. The net financial position at September 30, 2010 was equal to a surplus of €9.1 million.

In the first nine months of 2011 capital expenditure amounted to €4.8 million, and included an expenditure of €2 million on plant and equipment, of €0.7 million on land and buildings, and an expenditure of €0.9 million on assets under construction. In the first nine months of 2010, capital expenditure had amounted to €2.8 million.

#### **Sales by geographical area**

Sales by geographical area were commented in the Management Report, to which we refer.

#### **Outlook**

Cembre expects to close the 2011 financial year reporting a growth in sales over 2010, with stable profit margins.

The Company's activity is not characterized by cyclical or seasonal factors, with the exception of the slowdown registered in August due to the closing of production facilities for the summer holidays and in December for the Christmas season.

Brescia, November 11, 2011

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE SPA**

GIOVANNI ROSANI

# Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

Share Capital: Euro 8,840,000 (fully paid-up)

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## Management Report

### on the consolidated accounts for the 3<sup>rd</sup> Quarter of 2011

Sales for the first nine months of 2011 grew by 15.1% on the corresponding period in 2010, increasing from €67,468 thousand to €77,650 thousand. In the 3<sup>rd</sup> Quarter of 2011 revenues amounted to €23,815 thousand, declining slightly (-0.9%) on €24,027 thousand in the 3<sup>rd</sup> Quarter of 2010. In the first nine months of 2011, sales of most Group companies registered a positive performance, with increases of over 20% for Germany, United States, the United Kingdom and France. Sales of the Spanish subsidiary continue to be negatively affected by the recession in the Iberian market.

#### Revenues by geographical area

(€'000)	First nine months 2011	First nine months 2010	3 <sup>rd</sup> Qtr. 2011	3 <sup>rd</sup> Qtr. 2010
Italy	34,951	29,252	9,772	10,131
Rest of Europe	33,094	29,578	10,926	10,620
Rest of the World	9,965	8,638	3,117	3,276
Total	77,650	67,468	23,815	24,027

In the first nine months of 2011, 44.6% of Group sales were represented by Italy (as compared with 43.4% in the first nine months of 2010), 42.6% by the rest of Europe (43.8% in the first nine months of 2010), and the remaining 12.8% by the rest of the World (12.8% in the first nine months of 2010). In the first nine months of 2011, domestic sales grew by 18.3% and exports were up

12.7% on the corresponding period in 2010, while in the 3<sup>rd</sup> Quarter of the year, exports grew by 1.1% and domestic sales declined by 3.5% on the same period in 2010.

#### **Net revenues by Group company**

(€'000)	First nine months 2011	First nine months 2010	First nine months 2009	First nine months 2008
<b>Parent company</b>	44,613	38,252	29,496	39,192
Cembre Ltd. (UK)	10,410	8,823	8,406	9,815
Cembre S.a.r.l. (France)	5,597	4,638	4,628	4,888
Cembre España S.L. (Spain)	5,442	6,101	5,504	9,326
Cembre GmbH (Germany)	5,903	4,738	3,837	3,975
Cembre AS (Norway)	624	806	501	607
Cembre Inc. (USA)	4,788	3,872	3,426	4,243
General Marking Srl (Italy)	273	238	248	432
<b>Total</b>	<b>73,650</b>	<b>67,467</b>	<b>56,046</b>	<b>72,478</b>

Sales of subsidiary General Marking reported in the table above include only sales to third parties managed directly by the same, while sales made by General Marking to other Group companies for resale are not attributed to General Marking in the table above. In the first nine months of 2011, these sales grew by 43.3% to €2,867 thousand, up from €2,001 thousand in the first nine months of 2010.

To provide a better understanding of the Group's operating performance for the first nine months and the 3<sup>rd</sup> Quarter of 2011, a Reclassified Consolidated Income Statement is enclosed as Attachment A.

Gross operating profit for the first nine months of 2011 amounted to €16,426 thousand, corresponding to a 21.2% margin on sales, up 13.2% on €14,508 thousand reported in the first nine months of 2010 (21.5% of sales). Gross



operating profit for the 3<sup>rd</sup> Quarter of 2011 amounted to €4,925 thousand, corresponding to a 20.7% margin on sales, down 18.1% on €6,010 thousand reported in the 3<sup>rd</sup> Quarter of 2010 (25% of sales). The margin on sales for the first nine months of 2011 was stable while the decline in the Ebitda margin registered in the 3<sup>rd</sup> Quarter is due mainly to the increase in the percentage weight of personnel costs on sales due to the increase in the average number of employees from 537 in the first nine months of 2010 to 584 in the corresponding period in 2011. In the same period, the cost of services grew due mainly to the higher recourse to outsourced work (+€661 thousand), higher maintenance costs (+€242 thousand), and to the increase in transport costs (+€229 thousand).

Consolidated operating profit for the first nine months of 2011 amounted to €14,278 thousand (an 18.4% margin on sales), up 148% on €12,441 thousand in the first nine months of 2010 (a 18.4% margin on sales). Consolidated operating profit for the 3<sup>rd</sup> Quarter of 2011 amounted to €4,170 thousand, representing a 17.5% margin on sales, down 21.4% on €5,302 thousand in the 3<sup>rd</sup> Quarter of 2010, when it represented a 22.1% margin on sales.

Profit before taxes for the first nine months of 2011 amounts to €14,400 thousand, representing an 18.5% margin on sales, up 16% on the profit before taxes reported in the first nine months of 2010, amounting to €12,418 thousand and corresponding to an 18.4% margin on sales. Profit before taxes for the 3<sup>rd</sup> Quarter of 2011 amounts to €4,320 thousand, corresponding to an 18.1% margin on sales, down 15.9% on €5,138 thousand in the 3<sup>rd</sup> Quarter of 2010, when it amounted to a 21.4% margin on sales.

In 3<sup>rd</sup> Quarter, net foreign exchange gains amounted to €134 thousand due to favorable exchange rate movements.

**Events subsequent to September 30, 2011**

On November 11, 2011, before the approval of the present Interim Report, the Board of Directors of Cembre resolved the acquisition of some industrial buildings adjacent to the main Brescia industrial complex to be used to expand and streamline production. The expected investment of €9.35 million will be financed using liquidity available at the parent company level and will thus not affect the company's financial position which will remain in balance after the purchase.

No other particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after September 30, 2011.

Brescia, November 11, 2011

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE SPA**

**GIOVANNI ROSANI**

## Cembre S.p.A.

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### Attachment A to the Report on Operations for the 3<sup>rd</sup> Quarter of 2011

#### Consolidated Income Statement

(€ '000)	Nine Months 2011	%	Nine Months 2010	%	change	3 <sup>rd</sup> Qtr. 2011	%	3 <sup>rd</sup> Qtr. 2010	%	change
Revenues from sales and services provided	77.650	100,0%	67.468	100,0%	15,1%	23.815	100,0%	24.027	100,0%	-0,9%
Other revenues	310		263		17,9%	67		89		-24,7%
<b>TOTAL REVENUES</b>	<b>77.960</b>		<b>67.731</b>		<b>15,1%</b>	<b>23.882</b>		<b>24.116</b>		
Cost of goods and merchandise	(35.736)	-46,0%	(24.946)	-37,0%	43,3%	(9.504)	-39,9%	(8.252)	-34,3%	15,2%
Change in inventories	7.231	9,3%	161	0,2%	4391,3%	949	4,0%	(762)	-3,2%	-224,5%
Cost of services received	(10.203)	-13,1%	(8.653)	-12,8%	17,9%	(3.294)	-13,8%	(2.749)	-11,4%	19,8%
Lease and rental costs	(989)	-1,3%	(877)	-1,3%	12,8%	(357)	-1,5%	(291)	-1,2%	22,7%
Personnel costs	(21.593)	-27,8%	(18.729)	-27,8%	15,3%	(6.697)	-28,1%	(5.928)	-24,7%	13,0%
Other operating costs	(535)	-0,7%	(516)	-0,8%	3,7%	(159)	-0,7%	(170)	-0,7%	-6,5%
Increase in assets due to internal construction	418	0,5%	425	0,6%	-1,6%	133	0,6%	71	0,3%	87,3%
Write-down of current assets	(96)	-0,1%	(82)	-0,1%	17,1%	(26)	-0,1%	(23)	-0,1%	13,0%
Accruals to provisions for risks and charges	(31)	0,0%	(6)	0,0%	416,7%	(2)	0,0%	(2)	0,0%	0,0%
<b>GROSS OPERATING PROFIT</b>	<b>16.426</b>	<b>21,2%</b>	<b>14.508</b>	<b>21,5%</b>	<b>13,2%</b>	<b>4.925</b>	<b>20,7%</b>	<b>6.010</b>	<b>25,0%</b>	<b>-18,1%</b>
Property, plant and equipment depreciation	(1.950)	-2,5%	(1.903)	-2,8%	2,5%	(684)	-2,9%	(653)	-2,7%	4,7%
Intangible assets amortization	(198)	-0,3%	(164)	-0,2%	20,7%	(71)	-0,3%	(55)	-0,2%	29,1%
<b>OPERATING PROFIT</b>	<b>14.278</b>	<b>18,4%</b>	<b>12.441</b>	<b>18,4%</b>	<b>14,8%</b>	<b>4.170</b>	<b>17,5%</b>	<b>5.302</b>	<b>22,1%</b>	<b>-21,4%</b>
Financial gains	103	0,1%	32	0,0%	221,9%	25	0,1%	19	0,1%	31,6%
Financial expenses	(28)	0,0%	(59)	-0,1%	-52,5%	(9)	0,0%	13	0,1%	-169,2%
Foreign exchange gains (losses)	47	0,1%	4	0,0%	1075,0%	134	0,6%	(196)	-0,8%	-168,4%
<b>PROFIT BEFORE TAXES</b>	<b>14.400</b>	<b>18,5%</b>	<b>12.418</b>	<b>18,4%</b>	<b>16,0%</b>	<b>4.320</b>	<b>18,1%</b>	<b>5.138</b>	<b>21,4%</b>	<b>-15,9%</b>

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E-mail: Info@cembre.com



**C e m b r e**

## **DECLARATION**

pursuant to art 154-bis Paragraph 2, Part IV, Title III, Heading II, Section V-bis, of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations"

Re: Quarterly Report for the third Quarter of 2011

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

## **DECLARES**

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the financial disclosure contained in the Quarterly Report for the third Quarter of 2011 corresponds to the document results, books and accounting records.

Brescia, November 11, 2011

Signed by: Claudio Bornati  
Manager in charge of drafting  
the accounts of Cembre S.p.A.