



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

INTERIM REPORT

2014 FIRST QUARTER

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 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)

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Corporate Boards and Independent Auditors

Board of Directors

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

Board of Statutory Auditors

Fabio Longhi	Chairman
Guido Astori	Permanent Auditor
Andrea Boreatti	Permanent Auditor
Maria Grazia Lizzini	Substitute Auditor
Gabriele Baschetti	Substitute Auditor

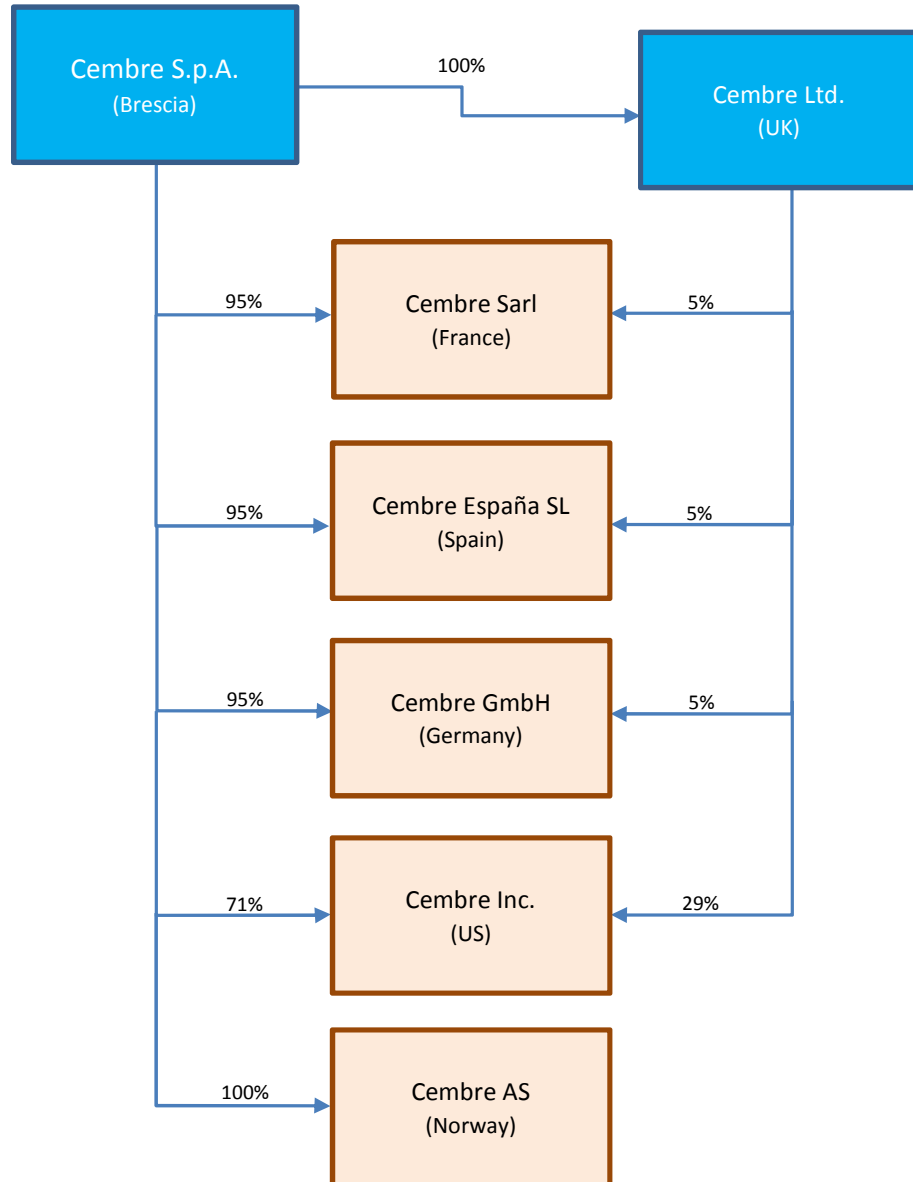
Secretary of the Board of Directors

Giorgio Rota

Independent Auditors

PricewaterhouseCoopers S.p.A.

Group Structure



Manufacturing and
Distribution
Companies

Distribution
Companies

Management Report

After the good performance reported in the 2nd Half of 2013, in the first months of 2014 Cembre consolidated the positive trend registering a strong growth. Despite Italian market uncertainty still remain, Group's consolidated turnover grew both in domestic market and abroad. This result allowed the Group to close the 1st Quarter of 2014 recording a 7.2% increase in turnover on the corresponding period in 2013, with consolidated sales growing from €25,672 thousand in the 1st Quarter of 2013, to €27,529 thousand in the 1st Quarter of 2014. The UK and US subsidiaries recorded a particularly strong performance, with sales in their home currencies growing respectively by 15.5% and 11.4%.

Revenues by Group company (net of intragroup sales):

(euro '000)	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Parent	13,543	13,014	13,624	15,762	11,381	9,727	13,622
Cembre Ltd. (UK)	5,770	4,850	4,592	3,588	2,654	2,425	3,399
Cembre S.a.r.l. (France)	2,098	2,070	2,203	1,934	1,514	1,696	1,669
Cembre España S.L. (Spain)	1,845	1,586	1,527	1,932	2,097	1,860	3,622
Cembre GmbH (Germany)	1,737	1,685	1,813	1,769	1,220	1,199	1,358
Cembre AS (Norway)	190	199	204	159	131	144	160
Cembre Inc. (US)	2,346	2,268	2,166	1,656	1,216	1,188	1,779
Total	27,529	25,672	26,129	26,800	20,213	18,239	25,609

Sales made by the parent company in the 1st Quarters of 2008-2012 were restated to include sales made outside the Group by subsidiary General Marking, merged with the parent company effective January 1, 2013.

Revenues by geographical area

(euro '000)	1 st Quarter 2014	1 st Quarter 2013	1 st Quarter 2012	1 st Quarter 2011	1 st Quarter 2010	1 st Quarter 2009	1 st Quarter 2008
Italy	10,324	9,538	10,058	12,302	8,594	7,206	10,759
Rest of Europe	13,319	12,211	11,702	11,071	8,671	8,929	11,573
Rest of the World	3,886	3,923	4,369	3,427	2,948	2,104	3,277
Total	27,529	25,672	26,129	26,800	20,213	18,239	25,609

In the 1st Quarter of 2014, 37.5% of Group sales were represented by Italy (as compared with 37.2% in the 1st Quarter of 2013), 48.4% by the rest of Europe (47.6% in the 1st Quarter of 2013), and the remaining 14.1% by the rest of the World (15.2% in the 1st Quarter of 2013). In the 1st Quarter of 2014, domestic sales grew by 8.2% and exports were up 6.6% on the corresponding period in 2013, with sales in Europe (excluding Italy) growing by 9.1% and sales in the rest of the world declining by 0.9%.

Group Results for the 1st Quarter of 2014

(euro '000)	1 st Quarter 2014	%	1 st Quarter 2013	%	Change	2013 full year	%
Sales revenues	27,529	100	25,672	100	7.2%	104,547	100
Gross operating profit	5,787	21	4,913	19.1	17.8%	20,407	19.5
Operating profit	4,628	16.8	3,886	15.1	19.1%	15,838	15.1
Pre-tax profit	4,653	16.9	3,846	15	21%	15,585	14.9
Net profit	2,730	9.9	2,255	8.8	21.1%	10,503	10.0

Consolidated gross operating profit grew by 17.8% from €4,913 thousand in the 1st Quarter of 2013 (representing a 19.1% margin on sales), to €5,787 thousand (a 21% margin on sales) in the 1st Quarter of 2014. Personnel costs as a percentage of sales declined over the corresponding period in 2013 while the number of employees

increased slightly from 616 in the 1st Quarter of 2013 to 619 in the 1st Quarter of 2014.

Cost of goods sold and the cost of services received as a percentage of sales were in line with the 1st Quarter of 2013.

Consolidated operating profit for the 1st Quarter of 2014 amounted to €4,628 thousand, representing a 16.8% margin on sales, up 19.1% on €3,886 thousand in the 1st Quarter of 2013 when it represented a 15.1% margin on sales.

Consolidated profit before taxes for the 1st Quarter of 2014 was equal to €4,653 thousand, representing a 16.9% margin on sales, up 21% on €3,846 thousand in the 1st Quarter of 2013, when it represented 15% of sales.

Consolidated net profit for the 1st Quarter of 2014 was equal to €2,730 thousand, representing a 9.9% margin on sales, up 21.1% on €2,255 thousand in the 1st Quarter of 2013, when it represented 8.8% of sales.

The consolidated net financial position of the Group declined from a surplus of €5.9 million at December 31, 2013, to a surplus of €4.4 million at March 31, 2014. At March 31, 2013, the net financial position amounted to a deficit of €2.2 million.

	(euro '000)	March 31, 2014	December 31, 2013	March 31, 2013
A	Cash	48	17	12
B	Bank deposits	5,185	7,522	5,871
C	Cash and cash equivalents (A+B)	5,233	7,539	5,883
D	Current bank debt	(848)	(1,647)	(8,100)
E	Current financial debt (D)	(848)	(1,647)	(8,100)
F	Net current financial position (C+E)	4,385	5,892	(2,217)
G	Non-current financial debt	-	-	-
H	Net financial position (F+G)	4,385	5,892	(2,217)

Capital expenditure made in the 1st Quarter of 2014 by the Group amounted to €1.6 million and included €0.6 million of new plant and equipment, €0.2 million spent on

buildings, and €0.4 million of advances paid primarily on the completion of renovation work began in previous years. In the 1st Quarter of 2013 capital expenditure amounted to €2.3 million.

Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after March 31, 2014.

Outlook

Cembre expects sales to grow both on the domestic market and abroad thus looking to close the 2014 financial year reporting an increase in turnover over 2013 and a positive consolidated profit.

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.

Consolidated Financial Statements at March 31, 2014

Consolidated Comprehensive Income Statement

	1 st Quarter 2014	1 st Quarter 2013
<i>(euro '000)</i>		
Revenues from sales and services provided	27,529	25,672
Other revenues	158	143
Total Revenues	27,687	25,815
Cost of goods and merchandise	(11,498)	(9,806)
Change in inventories	2,027	1,052
Cost of services received	(3,653)	(3,501)
Lease and rental costs	(344)	(331)
Personnel costs	(8,176)	(8,124)
Other operating costs	(297)	(232)
Increase in assets due to internal construction	139	90
Write-down of receivables	(96)	(48)
Accruals to provisions for risks and charges	(2)	(2)
Cost of goods and merchandise	5,787	4,913
Property, plant and equipment depreciation	(1,061)	(953)
Intangible asset amortization	(98)	(74)
Operating Profit	4,628	3,886
Financial income	3	4
Financial expenses	(3)	(17)
Foreign exchange gains (losses)	25	(27)
Profit Before Taxes	4,653	3,846
Income taxes	(1,923)	(1,591)
Net Profit	2,730	2,255
Elements that can be reclassified into profit or loss		
Conversion difference reserves	59	(180)
Comprehensive Income	2,789	2,075

Consolidated Statement of Financial Position - Assets

ASSETS	March 31, 2014	December 31, 2013
<i>(euro '000)</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	61,952	61,602
Intangible assets	1,156	1,153
Investments in other companies	10	5
Other non-current assets	10	10
Deferred tax assets	1,998	1,937
TOTAL NON-CURRENT ASSETS	65,126	64,707
CURRENT ASSETS		
Inventories	38,826	36,758
Trade receivables	26,659	24,854
Tax receivables	805	807
Other receivables	905	1,378
Cash and cash equivalents	5,233	7,539
TOTAL CURRENT ASSETS	72,428	71,336
NON-CURRENT ASSETS HELD FOR DISPOSAL	-	-
TOTAL ASSETS	137,554	136,043

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2014	December 31, 2013
<i>(euro '000)</i>		
SHAREHOLDERS' EQUITY		
Capital stock	8,840	8,840
Reserves	100,711	90,149
Net profit	2,730	10,503
TOTAL SHAREHOLDERS' EQUITY	112,281	109,492
NON-CURRENT LIABILITIES		
Employee Severance Indemnity and other personnel benefits	2,430	2,438
Provisions for risks and charges	81	79
Deferred tax liabilities	2,318	2,426
TOTAL NON-CURRENT LIABILITIES	4,829	4,943
CURRENT LIABILITIES		
Current financial liabilities	848	1,647
Trade payables	12,126	12,779
Tax payables	2,263	720
Other payables	5,207	6,462
TOTAL CURRENT LIABILITIES	20,444	21,608
LIABILITIES ON ASSETS HELD FOR DISPOSAL	-	-
TOTAL LIABILITIES	25,273	26,551
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	137,554	136,043

Consolidated Statement of Cash Flows

	1 st Qtr. 2014	2013
<i>(euro '000)</i>		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,539	4,839
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	2,730	10,503
Depreciation, amortization and write-downs	1,159	4,569
(Gains)/Losses on disposal of assets	59	(31)
Net change in Employee Termination Indemnity	(8)	7
Net change in provisions for risks and charges	2	(2)
Operating profit (loss) before change in working capital	3,942	15,046
(Increase) Decrease in trade receivables	(1,805)	244
(Increase) Decrease in inventories	(2,068)	57
(Increase) Decrease in other receivables and deferred tax assets	414	1,727
Increase (Decrease) of trade payables	(499)	(508)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	180	541
Change in working capital	(3,778)	2,061
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	164	17,107
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(101)	(573)
- tangible	(1,465)	(6,802)
- financial	(5)	-
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	26	66
Increase (Decrease) of trade payables for assets	(154)	(1,577)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(1,699)	(8,886)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in non current assets	-	3
Increase (Decrease) in bank loans and borrowings	(799)	(2,572)
Dividends distributed	-	(2,720)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(799)	(5,289)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(2,334)	2,932
F) Foreign exchange conversion differences	28	(256)
G) Discounting of Employee Termination Indemnity	-	24
H) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F+G)	5,233	7,539
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,233	7,539
Current financial liabilities	(848)	(1,647)
NET CONSOLIDATED FINANCIAL POSITION	4,835	5,892
INTEREST PAID	(2)	(54)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	48	17
Current account deposits	5,185	7,522
	5,233	7,539

Statement of Changes in the Consolidated Shareholders' Equity

<i>(euro '000)</i>	Balance at Dec. 31, 2013	Effect of merger	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2014
Capital stock	8,840					8,840
Share premium reserve	12,245					12,245
Legal Reserve	1,768					1,768
Suspended-tax reserves	68					68
Consolidation reserve	17,758		1,827		191	19,776
Conversion differences	(1,619)				(132)	(1,751)
Extraordinary reserve	51,615					51,615
Unrealized gains reserve	3,715					3,715
Reserve for discounting of Employee Termination Indemnity	202					202
Merger difference	4,397					4,397
Retained earnings	-		8,676			8,676
Net profit	10,503		(10,503)		2,730	2,730
Total Shareholders' Equity	109,492	-	-	-	2,789	112,281

<i>(euro '000)</i>	Balance at Dec. 31, 2012 Restated	Effect of merger	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2013
Capital stock	8,840					8,840
Share premium reserve	12,245					12,245
Legal Reserve	1,768					1,768
Suspended-tax reserves	68					68
Consolidation reserve	19,595	(4,397)	2,635		(75)	17,758
Conversion differences	(1,323)				(296)	(1,619)
Extraordinary reserve	45,463		6,152			51,615
Unrealized gains reserve	3,715					3,715
Reserve for discounting of Employee Termination Indemnity	178				24	202
Merger difference	-	4,397				4,397
Retained earnings	-					-
Net profit	11,507		(11,507)		10,503	10,503
Total Shareholders' Equity	102,056	-	(2,720)	-	10,156	109,492

Consolidated Income Statement

	1 st Quarter 2014	%	1 st Quarter 2013	%	Change
<i>(euro '000)</i>					
Revenues from sales and services provided	27,529	100.0%	25,672	100.0%	7.2%
Other revenues	158		143		10.5%
Total Revenues	27,687		25,815		7.3%
Cost of goods and merchandise	(11,498)	-41.8%	(9,806)	-38.2%	17.3%
Change in inventories	2,027	7.4%	1,052	4.1%	92.7%
Cost of services received	(3,653)	-13.3%	(3,501)	-13.6%	4.3%
Lease and rental costs	(344)	-1.2%	(331)	-1.3%	3.9%
Personnel costs	(8,176)	-29.7%	(8,124)	-31.6%	0.6%
Other operating costs	(297)	-1.1%	(232)	-0.9%	28.0%
Increase in assets due to internal construction	139	0.5%	90	0.4%	54.4%
Write-down of current assets	(96)	-0.3%	(48)	-0.2%	100.0%
Accruals to provisions for risks and charges	(2)	0.0%	(2)	0.0%	0.0%
Gross Operating Profit	5,787	21.0%	4,913	19.1%	17.8%
Property, plant and equipment depreciation	(1,061)	-3.9%	(953)	-3.7%	11.3%
Intangible assets amortization	(98)	-0.4%	(74)	-0.3%	32.4%
Operating Profit	4,628	16.8%	3,886	15.1%	19.1%
Financial income	3	0.0%	4	0.0%	-25.0%
Financial expenses	(3)	0.0%	(17)	-0.1%	-82.4%
Foreign exchange gains (losses)	25	0.1%	(27)	-0.1%	-192.6%
Profit before Taxes	4,653	16.9%	3,846	15.0%	21.0%
Income taxes	(1,923)	-7.0%	(1,591)	-6.2%	20.9%
Net profit	2,730	9.9%	2,255	8.8%	21.1%

Notes to the accounts

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

The present Interim Report at March 31, 2014 was prepared in accordance with Regulations for the implementation of Legislative Decree no. 58 dated February 24, 1998 of the Consolidated Law on Finance (*Testo Unico*), and with article 82 of the Listed Companies Code, adopted by Consob with Resolution no. 11971 and subsequent amendments. Disclosure required under IAS 34 is therefore not provided in the present document.

Principles of consolidation and valuation criteria adopted are consistent with international accounting principles (IAS/IFRS).

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre S.p.A. (parent company) at March 31, 2014, and those of the following companies at the same date:

	Share owned by the Group March 31, 2014	Share owned by the Group March 31, 2013
Cembre Ltd. (UK)	100%	100%
Cembre Sarl* (France)	100%	100%
Cembre España SL* (Spain)	100%	100%
Cembre AS (Norway)	100%	100%
Cembre GmbH* (Germany)	100%	100%
Cembre Inc.**(US)	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 March 31, 2013 and December 31, 2013. Amounts are expressed in thousands of euro.

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 the income components relating to the period based on the accrual method.

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

Conversion of financial statements of subsidiaries expressed in currencies other than the euro

The functional currency of the Group is the euro, in which its accounts are presented.

Exchange rates applied for the conversion of financial statements of subsidiaries expressed in currencies other than the euro are shown in the table below.

Currency	Exchange rate at March 31, 2014	Average exchange rate for 2014
British pound (£)	0.8282	0.8279
US dollar (US\$)	1.3788	1.3696
Norwegian kroner (NOK)	8.2550	8.3471

Brescia, May 14, 2014

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

Giovanni Rosani

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C e m b r e

DECLARATION

pursuant to art 154-bis, Paragraph 2 of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations" and subsequent integrations and updatings

Re: 2014 first Quarter Interim Report

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 2014 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, may 14, 2014

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