



COSTRUZIONI Elettromeccaniche BRESCIANE

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# INTERIM REPORT

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2015 FIRST 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)*

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## Summary

Corporate Boards and Independent Auditors .....	2
Group Structure .....	3
Management Report.....	4
Subsequent events.....	6
Outlook .....	6
Consolidated Financial Statements at March 31, 2015 .....	8
Consolidated Comprehensive Income Statement .....	8
Consolidated Statement of Financial Position - Assets.....	9
Consolidated Statement of Financial Position – Liabilities and Shareholders’ Equity..	10
Consolidated Statement of Cash Flows .....	11
Statement of Changes in the Consolidated Shareholders' Equity .....	12
Consolidated Income Statement .....	13
Notes to the accounts.....	14
Accounting principles, form and content of the Financial Statements, estimates.....	14
Conversion of financial statements of subsidiaries expressed in currencies other than the euro.....	15

## 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
Fabio Fada	Independent Director
Giancarlo Maccarini	Independent Director
Paolo Giuseppe La Pietra	Independent Director

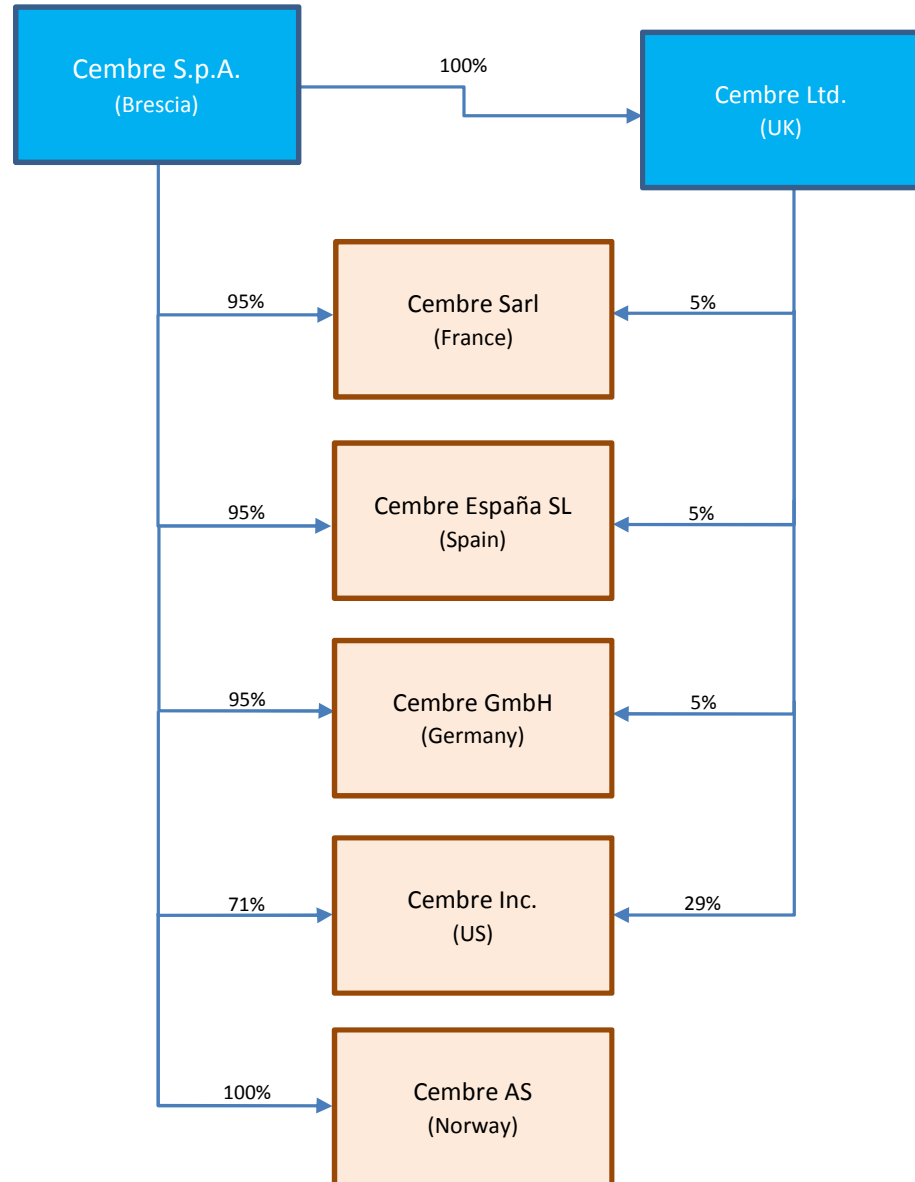
### Board of Statutory Auditors

Fabio Longhi	Chairman
Andrea Boreatti	Permanent Auditor
Rosanna Angela Pilenga	Permanent Auditor
Maria Grazia Lizzini	Substitute Auditor
Gabriele Baschetti	Substitute Auditor

### Independent Auditors

PricewaterhouseCoopers S.p.A.

## Group Structure



Manufacturing and  
Distribution  
Companies

Distribution  
Companies

## Management Report

In the first months of 2015 Cembre Group recorded positive results, with consolidated sales growing both domestically and abroad despite a slight contraction in European sales outside Italy as a result of the reduction in turnover of the German and UK subsidiaries.

The Group closed the 1<sup>st</sup> Quarter of 2015 reporting an increase in turnover on the corresponding period in 2014 of 12.2%, with consolidated sales up from €27,529 thousand in the 1<sup>st</sup> Quarter of 2014, to €30,897 thousand in the 1<sup>st</sup> Quarter of 2015. The strong increase in sales of the parent company – up 14.7% – was in fact accompanied by the good performance of the Spanish subsidiary that reported a 16.7% increase in turnover.

### Revenues by Group company (net of intragroup sales):

<i>(euro '000)</i>	1 <sup>st</sup> Quarter 2015	1 <sup>st</sup> Quarter 2014	Change	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2012	1 <sup>st</sup> Quarter 2011	1 <sup>st</sup> Quarter 2010	1 <sup>st</sup> Quarter 2009	1 <sup>st</sup> Quarter 2008
<b>Cembre S.p.A. (Italy)</b>	16,483	13,543	21.7%	13,014	13,624	15,762	11,381	9,727	13,622
<b>Cembre Ltd. (UK)</b>	5,460	5,770	-5.4%	4,850	4,592	3,588	2,654	2,425	3,399
<b>Cembre S.a.r.l. (France)</b>	2,156	2,098	2.8%	2,070	2,203	1,934	1,514	1,696	1,669
<b>Cembre España S.L. (Spain)</b>	2,149	1,845	16.5%	1,586	1,527	1,932	2,097	1,860	3,622
<b>Cembre GmbH (Germany)</b>	1,646	1,737	-5.2%	1,685	1,813	1,769	1,220	1,199	1,358
<b>Cembre AS (Norway)</b>	282	190	48.4%	199	204	159	131	144	160
<b>Cembre Inc. (US)</b>	2,721	2,346	16.0%	2,268	2,166	1,656	1,216	1,188	1,779
<b>Total</b>	<b>30,897</b>	<b>27,529</b>	<b>12.2%</b>	<b>25,672</b>	<b>26,129</b>	<b>26,800</b>	<b>20,213</b>	<b>18,239</b>	<b>25,609</b>

In the 1<sup>st</sup> Quarter of 2015, 38.7% of Group sales were represented by Italy (as compared with 37.5% in the 1<sup>st</sup> Quarter of 2014), up 15.9%, 42.6% by the rest of Europe (48.4% in the 1<sup>st</sup> Quarter of 2014), where they declined by 1.1%, and the remaining 18.7% by the rest of the World (14.1% in the 1<sup>st</sup> Quarter of 2014), where they were 48.3% higher than in the corresponding period in 2014.

**Revenues by geographical area**

(euro '000)	1 <sup>st</sup> Quarter 2015	1 <sup>st</sup> Quarter 2014	Change	1 <sup>st</sup> Quarter 2013	1 <sup>st</sup> Quarter 2012	1 <sup>st</sup> Quarter 2011	1 <sup>st</sup> Quarter 2010	1 <sup>st</sup> Quarter 2009	1 <sup>st</sup> Quarter 2008
<b>Italy</b>	11,967	10,324	15.9%	9,538	10,058	12,302	8,594	7,206	10,759
<b>Rest of Europe</b>	13,165	13,319	-1.1%	12,211	11,702	11,071	8,671	8,929	11,573
<b>Rest of the World</b>	5,765	3,886	48.3%	3,923	4,369	3,427	2,948	2,104	3,277
<b>Total</b>	<b>30,897</b>	<b>27,529</b>	<b>12.2%</b>	<b>25,672</b>	<b>26,129</b>	<b>26,800</b>	<b>20,213</b>	<b>18,239</b>	<b>25,609</b>

**Group Results for the 1<sup>st</sup> Quarter of 2015**

(euro '000)	1 <sup>st</sup> Quarter 2015	%	1 <sup>st</sup> Quarter 2014	%	Change	2014 full year	%
<b>Sales revenues</b>	30,897	100	27,529	100	12.2%	112,905	100
<b>Gross operating profit</b>	6,767	21.9	5,787	21.0	16.9%	24,352	21.6
<b>Operating profit</b>	5,408	17.5	4,628	16.8	16.9%	19,433	17.2
<b>Pre-tax profit</b>	5,876	19.0	4,653	16.9	26.3%	19,702	17.5
<b>Net profit</b>	3,867	12.5	2,730	9.9	41.6%	13,542	12.0

Consolidated gross operating profit grew by 16.9% from €5,787 thousand in the 1<sup>st</sup> Quarter of 2014 (representing a 21% margin on sales), to €6,767 thousand (a 21.9% margin on sales) in the 1<sup>st</sup> Quarter of 2015. Personnel costs as a percentage of sales declined over the corresponding period in 2014 while the number of employees increased slightly from 619 in the 1<sup>st</sup> Quarter of 2014 to 621 in the 1<sup>st</sup> Quarter of 2015. The cost of goods sold as a percentage of sales grew slightly while the cost of services received as a percentage of sales declined on the 1<sup>st</sup> Quarter of 2014.

Consolidated operating profit for the 1<sup>st</sup> Quarter of 2015 amounted to €5,408 thousand, representing a 17.5% margin on sales, up 16.9% on €4,628 thousand in the 1<sup>st</sup> Quarter of 2014 when it represented a 16.8% margin on sales.

Consolidated profit before taxes for the 1<sup>st</sup> Quarter of 2015 was equal to €5,876 thousand, representing a 19.0% margin on sales, up 26.3% on €4,653 thousand in the 1<sup>st</sup> Quarter of 2014, when it represented 16.9% of sales.

Consolidated net profit for the 1<sup>st</sup> Quarter of 2015 was equal to €3,867 thousand, representing a 12.5% margin on sales, up 41.6% on €2,730 thousand in the 1<sup>st</sup> Quarter of 2014, when it represented 9.9% of sales.

The consolidated net financial position of the Group improved from a surplus of €11.7 million at December 31, 2014, to a surplus of €13.8 million at March 31, 2015. At March 31, 2014, the net financial position amounted to a surplus of €4.4 million.

	(euro '000)	March 31, 2015	December 31, 2014	March 31, 2014
A	Cash	17	13	48
B	Bank deposits	13,750	11,646	5,185
<b>C</b>	<b>Cash and cash equivalents (A+B)</b>	<b>13,767</b>	<b>11,659</b>	<b>5,233</b>
D	Current bank debt	-	-	(848)
<b>E</b>	<b>Current financial debt (D)</b>	<b>-</b>	<b>-</b>	<b>(848)</b>
<b>F</b>	<b>Net current financial position (C+E)</b>	<b>13,767</b>	<b>11,659</b>	<b>4,385</b>
<b>G</b>	<b>Non-current financial debt</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>H</b>	<b>Net financial position (F+G)</b>	<b>13,767</b>	<b>11,659</b>	<b>4,385</b>

Capital expenditure made in the 1<sup>st</sup> Quarter of 2015 by the Group amounted to €1.3 million and included €0.5 million of new plant and equipment, 0.1 million spent on buildings, and €0.3 million of advances paid. In the 1<sup>st</sup> Quarter of 2014 capital expenditure amounted to €1.6 million.

### Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after March 31, 2015.

### Outlook

Cembre expects sales to grow both on the domestic market and abroad thus looking to close the 2015 financial year reporting an increase in turnover over 2014 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, 2015

### Consolidated Comprehensive Income Statement

	1 <sup>st</sup> Quarter 2015	1 <sup>st</sup> Quarter 2014
	<i>(euro '000)</i>	
Revenues from sales and services provided	30,897	27,529
Other revenues	251	158
<b>Total Revenues</b>	<b>31,148</b>	<b>27,687</b>
Cost of goods and merchandise	(11,172)	(11,498)
Change in inventories	(138)	2,027
Cost of services received	(3,718)	(3,653)
Lease and rental costs	(338)	(344)
Personnel costs	(8,819)	(8,176)
Other operating costs	(311)	(297)
Increase in assets due to internal construction	212	139
Write-down of receivables	(94)	(96)
Accruals to provisions for risks and charges	(3)	(2)
<b>Gross Operating Profit</b>	<b>6,767</b>	<b>5,787</b>
Property, plant and equipment depreciation	(1,246)	(1,061)
Intangible asset amortization	(113)	(98)
<b>Operating Profit</b>	<b>5,408</b>	<b>4,628</b>
Financial income	10	3
Financial expenses	-	(3)
Foreign exchange gains (losses)	458	25
<b>Profit Before Taxes</b>	<b>5,876</b>	<b>4,653</b>
Income taxes	(2,009)	(1,923)
<b>Net Profit</b>	<b>3,867</b>	<b>2,730</b>
<b>Elements that can be reclassified into profit or loss</b>		
Conversion difference reserves	1,572	59
<b>Comprehensive Income</b>	<b>5,439</b>	<b>2,789</b>

## Consolidated Statement of Financial Position - Assets

ATTIVITÀ	March 31, 2015	December 31, 2014
<i>(euro '000)</i>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	66,093	65,846
Intangible assets	1,236	1,219
Other investments	10	10
Other non-current assets	54	9
Deferred tax assets	2,832	2,474
<b>TOTAL NON-CURRENT ASSETS</b>	<b>70,225</b>	<b>69,558</b>
<b>CURRENT ASSETS</b>		
Inventories	39,301	38,291
Trade receivables	27,884	25,625
Tax receivables	858	847
Other receivables	563	537
Cash and cash equivalents	13,767	11,659
<b>TOTAL CURRENT ASSETS</b>	<b>82,373</b>	<b>76,959</b>
<b>NON-CURRENT ASSETS HELD FOR DISPOSAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>152,598</b>	<b>146,517</b>

## Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
<i>(euro '000)</i>		
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	8,840	8,840
Reserves	112,627	97,513
Net profit	3,867	13,542
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>125,334</b>	<b>119,895</b>
<b>NON-CURRENT LIABILITIES</b>		
Employee Severance Indemnity and other personnel benefits	2,555	2,554
Provisions for risks and charges	285	269
Deferred tax liabilities	2,439	2,439
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,279</b>	<b>5,262</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	12,455	13,219
Tax payables	3,727	1,744
Other payables	5,803	6,397
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,985</b>	<b>21,360</b>
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>27,264</b>	<b>26,622</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>152,598</b>	<b>146,517</b>

## Consolidated Statement of Cash Flows

	1 <sup>st</sup> Qtr. 2015	2014
<i>(euro '000)</i>		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>11,659</b>	<b>7,539</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss) for the period	3,867	13,542
Depreciation, amortization and write-downs	1,359	4,919
(Gains)/Losses on disposal of assets	(46)	190
Net change in Employee Termination Indemnity	1	116
Net change in provisions for risks and charges	16	190
<b>Operating profit (loss) before change in working capital</b>	<b>5,197</b>	<b>18,957</b>
(Increase) Decrease in trade receivables	(2,259)	(771)
(Increase) Decrease in inventories	(1,010)	(1,533)
(Increase) Decrease in other receivables and deferred tax assets	(395)	264
Increase (Decrease) of trade payables	(298)	390
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1,389	972
<b>Change in working capital</b>	<b>(2,573)</b>	<b>(678)</b>
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>2,624</b>	<b>18,279</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(130)	(477)
- tangible	(1,174)	(8,759)
- financial	-	(5)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	4	-
- tangible	99	142
Increase (Decrease) of trade payables for assets	(466)	50
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(1,667)</b>	<b>(9,049)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in non current assets	(45)	1
Increase (Decrease) in bank loans and borrowings	-	(1,647)
Dividends distributed	-	(4,420)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(45)</b>	<b>(6,066)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>912</b>	<b>3,164</b>
F) Foreign exchange conversion differences	1,196	1,047
G) Discounting of Employee Termination Indemnity	-	(91)
<b>H) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F+G)</b>	<b>13,767</b>	<b>11,659</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>13,767</b>	<b>11,659</b>
Current financial liabilities	-	-
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>13,767</b>	<b>11,659</b>
<b>INTEREST PAID</b>	<b>-</b>	<b>(6)</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
Cash	17	13
Current account deposits	13,750	11,646
	<b>13,767</b>	<b>11,659</b>

## Statement of Changes in the Consolidated Shareholders' Equity

<i>(euro '000)</i>	Balance at Dec. 31, 2014	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at March 31, 2015
Capital stock	8,840				8,840
Share premium reserve	12,245				12,245
Legal Reserve	1,768				1,768
Suspended-tax reserves	585				585
Other suspended-tax reserves	68				68
Other reserves	19,586	1,339		(114)	20,811
Conversion differences	(248)			1,686	1,438
Extraordinary reserve	55,286				55,286
First-time adoption of IAS/IFRS	3,715				3,715
Reserve for discounting of Employee Termination Indemnity	111				111
Merger difference	4,397				4,397
Retained earnings	-	12,203			12,203
Net profit	13,542	(13,542)		3,867	3,867
<b>Total Shareholders' Equity</b>	<b>119,895</b>	<b>-</b>	<b>-</b>	<b>5,439</b>	<b>125,334</b>

<i>(euro '000)</i>	Balance at Dec. 31, 2013	Allocation of previous year's net profit	Other changes	Comprehensive Income for the period	Balance at Dec. 31, 2014
Capital stock	8,840				8,840
Share premium reserve	12,245				12,245
Legal Reserve	1,768				1,768
Suspended-tax reserves	585				585
Other suspended-tax reserves	68				68
Other reserves	17,758	1,827		1	19,586
Conversion differences	(1,619)			1,371	(248)
Extraordinary reserve	51,030	4,256			55,286
First-time adoption of IAS/IFRS	3,715				3,715
Reserve for discounting of Employee Termination Indemnity	202			(91)	111
Merger difference	4,397				4,397
Retained earnings	-				-
Net profit	10,503	(10,503)		13,542	13,542
<b>Total Shareholders' Equity</b>	<b>109,492</b>	<b>(4,420)</b>	<b>-</b>	<b>14,823</b>	<b>119,895</b>

## Consolidated Income Statement

	1 <sup>st</sup> Quarter 2015	%	1 <sup>st</sup> Quarter 2014	%	Change
<i>(euro '000)</i>					
Revenues from sales and services provided	30,897	100.0%	27,529	100.0%	12.2%
Other revenues	251		158		58.9%
<b>Total Revenues</b>	<b>31,148</b>		<b>27,687</b>		<b>12.5%</b>
Cost of goods and merchandise	(11,172)	-36.2%	(11,498)	-41.8%	-2.8%
Change in inventories	(138)	-0.4%	2,027	7.4%	-106.8%
Cost of services received	(3,718)	-12.0%	(3,653)	-13.3%	1.8%
Lease and rental costs	(338)	-1.1%	(344)	-1.2%	-1.7%
Personnel costs	(8,819)	-28.5%	(8,176)	-29.7%	7.9%
Other operating costs	(311)	-1.0%	(297)	-1.1%	4.7%
Increase in assets due to internal construction	212	0.7%	139	0.5%	52.5%
Write-down of current assets	(94)	-0.3%	(96)	-0.3%	-2.1%
Accruals to provisions for risks and charges	(3)	0.0%	(2)	0.0%	50.0%
<b>Gross Operating Profit</b>	<b>6,767</b>	<b>21.9%</b>	<b>5,787</b>	<b>21.0%</b>	<b>16.9%</b>
Property, plant and equipment depreciation	(1,246)	-4.0%	(1,061)	-3.9%	17.4%
Intangible assets amortization	(113)	-0.4%	(98)	-0.4%	15.3%
<b>Operating Profit</b>	<b>5,408</b>	<b>17.5%</b>	<b>4,628</b>	<b>16.8%</b>	<b>16.9%</b>
Financial income	10	0.0%	3	0.0%	233.3%
Financial expenses	-	0.0%	(3)	0.0%	-100.0%
Foreign exchange gains (losses)	458	1.5%	25	0.1%	1732.0%
<b>Profit before Taxes</b>	<b>5,876</b>	<b>19.0%</b>	<b>4,653</b>	<b>16.9%</b>	<b>26.3%</b>
Income taxes	(2,009)	-6.5%	(1,923)	-7.0%	4.5%
<b>Net profit</b>	<b>3,867</b>	<b>12.5%</b>	<b>2,730</b>	<b>9.9%</b>	<b>41.6%</b>

## Notes to the accounts

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

The present Interim Report at March 31, 2015 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, 2015, and those of the following companies at the same date:

	Share owned by the Group March 31, 2015	Share owned by the Group March 31, 2014
<b>Cembre Ltd. (UK)</b>	100%	100%
<b>Cembre Sarl* (France)</b>	100%	100%
<b>Cembre España SL* (Spain)</b>	100%	100%
<b>Cembre AS (Norway)</b>	100%	100%
<b>Cembre GmbH* (Germany)</b>	100%	100%
<b>Cembre Inc.**(US)</b>	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, 2014 and December 31, 2014. 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, 2015	Average exchange rate for 2015
British pound (£)	0.7273	0.7434
US dollar (US\$)	1.0759	1.1261
Norwegian kroner (NOK)	8.7035	8.7318

Brescia, May 14, 2015

**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 updates

Re: 2015 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 2015 first Quarter Interim Report corresponds to the document results, books and accounting records.

Brescia, may 14, 2015

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