



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

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# QUARTERLY REPORT

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2010 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)*

## 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 1<sup>st</sup> Quarter 2010

#### Consolidated Income Statement

| <i>(euro '000)</i>                              | <b>First Quarter<br/>2010</b> | <b>First Quarter<br/>2009</b> | <b>Full Year<br/>2009</b> |
|---|-------------------------------|-------------------------------|---------------------------|
| Revenues from sales and services provided       | 20.213                        | 18.239                        | 75.984                    |
| Other revenues                                  | 86                            | 68                            | 553                       |
| <b>TOTAL REVENUES</b>                           | <b>20.299</b>                 | <b>18.307</b>                 | <b>76.537</b>             |
| Cost of goods and merchandise                   | (8.035)                       | (6.227)                       | (23.912)                  |
| Change in inventories                           | 913                           | (217)                         | (3.972)                   |
| Cost of services received                       | (2.906)                       | (2.899)                       | (10.532)                  |
| Lease and rental costs                          | (280)                         | (302)                         | (1.090)                   |
| Personnel costs                                 | (6.291)                       | (6.246)                       | (23.550)                  |
| Other operating costs                           | (166)                         | (89)                          | (544)                     |
| Increase in assets due to internal construction | 123                           | 182                           | 689                       |
| Write-down of receivables                       | (23)                          | (33)                          | (207)                     |
| Accruals to provisions for risks and charges    | (2)                           | (2)                           | (7)                       |
| <b>GROSS OPERATING PROFIT</b>                   | <b>3.632</b>                  | <b>2.474</b>                  | <b>13.412</b>             |
| Property, plant and equipment depreciation      | (613)                         | (686)                         | (2.577)                   |
| Intangible asset amortization                   | (54)                          | (53)                          | (254)                     |
| <b>OPERATING PROFIT</b>                         | <b>2.965</b>                  | <b>1.735</b>                  | <b>10.581</b>             |
| Financial income                                | 5                             | 13                            | 32                        |
| Financial expenses                              | (14)                          | (30)                          | (70)                      |
| Foreign exchange gains (losses)                 | 64                            | 68                            | 37                        |
| <b>PROFIT BEFORE TAXES</b>                      | <b>3.020</b>                  | <b>1.786</b>                  | <b>10.580</b>             |

#### Consolidated Net Financial Position at March 31, 2010

| <i>(euro '000)</i>                         | <b>March 31, 2010</b> | <b>March 31, 2009</b> | <b>Dec. 31, 2009</b> |
|--|-----------------------|-----------------------|----------------------|
| Cash and cash equivalents                  | 10.775                | 5.429                 | 8.901                |
| Non-current financial liabilities          | (16)                  | (50)                  | (26)                 |
| Current financial liabilities              | (3.807)               | (3.085)               | (3.601)              |
| <b>CONSOLIDATED NET FINANCIAL POSITION</b> | <b>6.952</b>          | <b>2.294</b>          | <b>5.274</b>         |

# Cembre S.p.A.

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## Notes to the Consolidated Financial Statements for the 1<sup>st</sup> Quarter of 2010

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

Principles of consolidation and valuation criteria adopted are consistent with international accounting principles (IAS/IFRS). The present Quarterly Report was prepared in accordance with Regulations for the implementation of Legislative Decree no. 58 dated February 24, 1998 concerning rules for listed companies, adopted by Consob.

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre S.p.A. (parent company) at March 31, 2010, and those of the following companies at the same date:

|                              | Share owned by the Group<br>at March 31, 2010 | Share owned by the Group<br>at March 31, 2009 |
|------------------------------|---|---|
| 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 March 31, 2009 and December 31, 2009.

In the 1<sup>st</sup> Quarter of 2010, as a result of the €2.5 million investment made in 2009 to acquire an industrial building that will host the activities of Spanish subsidiary Cembre España SL, it was decided to increase the capital of the latter by €1,000,200. The capital increase was underwritten by the parent company and UK subsidiary Cembre Ltd. in line with the respective shares held in Cembre España SL.

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.

#### **Notes to the accounts**

With regard to the operating performance, analyzed in detail in the Management Report, we note that in the 1<sup>st</sup> Quarter of 2010 turnover grew by 10.8%. Costs for the purchase of goods and materials increased by 29%, while costs for services received and personnel costs were in line with the corresponding period in 2009.

The consolidated net financial position of the Group improved from a surplus of €5.3 million at December 31, 2009, to a surplus of €7 million at March 31, 2010. Short-term

financial debt does not include €2 million of dividends payable to shareholders on May 20, 2010, as resolved by the Shareholders' Meeting on April 27, 2010. At March 31, 2009, the net financial position amounted to a surplus of €2.3 million and did not include dividends resolved amounting to €2.7 million.

### **Sales by geographical area**

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

### **Outlook**

Despite the fact that the sought recovery is not yet showing tangible signs, the Group expects its turnover and net profit to grow moderately in 2010. The difficult situation that continues to affect many sectors of the economy and individual companies makes it extremely difficult to formulate accurate and reliable estimates for the future.

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, May 13, 2010

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE S.P.A.**

GIOVANNI ROSANI

# Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

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## Report on Operations for the 1<sup>st</sup> Quarter of 2010

In the 1<sup>st</sup> Quarter of 2010 revenues grew by 10.8% to €20,213 thousand, up from €18,239 thousand in the 1<sup>st</sup> Quarter of 2009. Domestic sales grew by 19.3% in the quarter, while exports increased by 5.3% on the 1<sup>st</sup> Quarter of 2009.

### Revenues by geographical area

| €'000)            | <u>1<sup>st</sup> Quarter 2010</u> | <u>1<sup>st</sup> Quarter 2009</u> | <u>1<sup>st</sup> Quarter 2008</u> |
|-------------------|------------------------------------|------------------------------------|------------------------------------|
| Italy             | 8,594                              | 7,206                              | 10,759                             |
| Rest of Europe    | 8,671                              | 8,929                              | 11,573                             |
| Rest of the World | 2,948                              | 2,104                              | 3,277                              |
| Total             | <u>20,213</u>                      | <u>18,239</u>                      | <u>25,609</u>                      |

In the 1<sup>st</sup> Quarter of 2010, 42.5% of sales were represented by Italy (as compared with 39.5% in the 1<sup>st</sup> Quarter of 2009), 42.9% by the rest of Europe (49% in the 1<sup>st</sup> Quarter of 2009) and 14.6% by the rest of the world (11.5% in the 1<sup>st</sup> Quarter of 2009).

### Net revenues by Group company

| (€'000)                    | <u>1<sup>st</sup> Quarter 2010</u> | <u>1<sup>st</sup> Quarter 2009</u> | <u>1<sup>st</sup> Quarter 2008</u> |
|----------------------------|------------------------------------|------------------------------------|------------------------------------|
| Parent company             | 11,310                             | 9,643                              | 13,482                             |
| Cembre Ltd. (UK)           | 2,654                              | 2,425                              | 3,399                              |
| Cembre S.a.r.l. (France)   | 1,514                              | 1,696                              | 1,669                              |
| Cembre España S.L. (Spain) | 2,097                              | 1,860                              | 3,622                              |
| Cembre GmbH (Germany)      | 1,220                              | 1,199                              | 1,358                              |

|                             |               |               |               |
|-----------------------------|---------------|---------------|---------------|
| Cembre AS (Norway)          | 131           | 144           | 160           |
| Cembre Inc. (USA)           | 1,216         | 1,188         | 1,779         |
| General Marking Srl (Italy) | 71            | 84            | 140           |
| Total                       | <u>20,213</u> | <u>18,239</u> | <u>25,309</u> |

Sales of subsidiary General Marking reported in the table above include only sales outside the Group, while sales made by the subsidiary to other Group companies for subsequent resale are not attributed to General Marking. In the 1<sup>st</sup> Quarter of 2010, the latter grew by 23.8% to €651 thousand, down from €26 thousand in the 1<sup>st</sup> Quarter of 2009.

To provide a better understanding of the Group's financial performance, a Reclassified Consolidated Income Statement for the 1<sup>st</sup> Quarter of 2010 is enclosed as Attachment A. Consolidated gross operating profit grew by 46.8% from €2,474 thousand in the 1<sup>st</sup> Quarter of 2009 (representing a 13.6% margin on sales), to €3,632 thousand (an 18% margin on sales) in the 1<sup>st</sup> Quarter of 2009. In the 1<sup>st</sup> Quarter of 2010, sales grew, while the weight of personnel costs and of services received as a percentage of sales declined. The average number of employees declined from 543 in the 1<sup>st</sup> Quarter of 2009, to 530 in the corresponding period in 2010.

Consolidated operating profit for the 1<sup>st</sup> Quarter of 2010 amounted to €2,965 thousand, representing a 14.7% margin on sales, up 70.9% on €1,735 thousand in the 1<sup>st</sup> Quarter of 2009 (when it represented a 9.5% margin on sales).

Capital expenditure made by the Group in the quarter amounted to €0.9 million, as compared with €0.5 million in the 1<sup>st</sup> Quarter of 2009.

Profit before taxes for the 1<sup>st</sup> Quarter of 2010 was equal to €3,020 thousand, representing a 14.9% margin on sales, up 69.1% on €1,786 thousand in the 1<sup>st</sup> Quarter of 2009, when it represented 9.8% of sales.



**Events subsequent to March 31, 2010**

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after March 31, 2010.

Brescia, May 13, 2010

**THE CHAIRMAN AND MANAGING DIRECTOR  
OF CEMBRE S.P.A.**

GIOVANNI ROSANI

# Cembre S.p.A.

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## Attachment A to the Report on Operations for the 1<sup>st</sup> Quarter of 2010

### Consolidated Income Statement

| (€ '000)  | 1 <sup>st</sup> Quarter<br>2010 | %      | 1 <sup>st</sup> Quarter<br>2009 | %      | change  |
|---|---------------------------------|--------|---------------------------------|--------|---------|
| Revenues from sales and services provided       | 20.213                          | 100,0% | 18.239                          | 100,0% | 10,8%   |
| Other revenues                                  | 86                              |        | 68                              |        | 26,5%   |
| <b>TOTAL REVENUES</b>                           | <b>20.299</b>                   |        | <b>18.307</b>                   |        |         |
| Cost of goods and merchandise                   | (8.035)                         | -39,8% | (6.227)                         | -34,1% | 29,0%   |
| Change in inventories                           | 913                             | 4,5%   | (217)                           | -1,2%  | -520,7% |
| Cost of services received                       | (2.906)                         | -14,4% | (2.899)                         | -15,9% | 0,2%    |
| Lease and rental costs                          | (280)                           | -1,4%  | (302)                           | -1,7%  | -7,3%   |
| Personnel costs                                 | (6.291)                         | -31,1% | (6.246)                         | -34,2% | 0,7%    |
| Other operating costs                           | (166)                           | -0,8%  | (89)                            | -0,5%  | 86,5%   |
| Increase in assets due to internal construction | 123                             | 0,6%   | 182                             | 1,0%   | -32,4%  |
| Write-down of current assets                    | (23)                            | -0,1%  | (33)                            | -0,2%  | -30,3%  |
| Accruals to provisions for risks and charges    | (2)                             | 0,0%   | (2)                             | 0,0%   | 0,0%    |
| <b>GROSS OPERATING PROFIT</b>                   | <b>3.632</b>                    | 18,0%  | <b>2.474</b>                    | 13,6%  | 46,8%   |
| Property, plant and equipment depreciation      | (613)                           | -3,0%  | (686)                           | -3,8%  | -10,6%  |
| Intangible assets amortization                  | (54)                            | -0,3%  | (53)                            | -0,3%  | 1,9%    |
| <b>OPERATING PROFIT</b>                         | <b>2.965</b>                    | 14,7%  | <b>1.735</b>                    | 9,5%   | 70,9%   |
| Financial income                                | 5                               | 0,0%   | 13                              | 0,1%   | -61,5%  |
| Financial expenses                              | (14)                            | -0,1%  | (30)                            | -0,2%  | -53,3%  |
| Foreign exchange gains (losses)                 | 64                              | 0,3%   | 68                              | 0,4%   | -5,9%   |
| <b>PROFIT BEFORE TAXES</b>                      | <b>3.020</b>                    | 14,9%  | <b>1.786</b>                    | 9,8%   | 69,1%   |

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**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 first Quarter of 2010

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 Quarterly Report for the first Quarter of 2010 corresponds to the document results, books and accounting records.

Brescia, may 13, 2010

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