



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

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# QUARTERLY REPORT

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2012 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 2012

#### Consolidated Income Statement

<i>(euro '000)</i>	<b>1<sup>st</sup> Qtr. 2012</b>	<b>1<sup>st</sup> Qtr. 2011</b>	<b>2011</b>
Revenues from sales and services provided	26.129	26.800	103.028
Other revenues	165	109	518
<b>TOTAL REVENUES</b>	<b>26.294</b>	<b>26.909</b>	<b>103.546</b>
Cost of goods and merchandise	(9.309)	(13.226)	(45.725)
Change in inventories	520	3.897	7.153
Cost of services received	(3.766)	(3.445)	(13.881)
Lease and rental costs	(347)	(320)	(1.300)
Personnel costs	(7.940)	(7.412)	(29.104)
Other operating costs	(185)	(188)	(785)
Increase in assets due to internal construction	118	63	535
Write-down of receivables	(46)	(35)	(194)
Accruals to provisions for risks and charges	(2)	(3)	(17)
<b>GROSS OPERATING PROFIT</b>	<b>5.337</b>	<b>6.240</b>	<b>20.228</b>
Property, plant and equipment depreciation	(797)	(616)	(2.663)
Intangible asset amortization	(82)	(61)	(274)
<b>OPERATING PROFIT</b>	<b>4.458</b>	<b>5.563</b>	<b>17.291</b>
Financial income	10	38	131
Financial expenses	(46)	(7)	(101)
Foreign exchange gains (losses)	(83)	(136)	68
<b>PROFIT BEFORE TAXES</b>	<b>4.339</b>	<b>5.458</b>	<b>17.389</b>

#### Consolidated Net Financial Position at March 31, 2012

<i>(euro '000)</i>	<b>Mar. 31, 2012</b>	<b>Mar. 31, 2011</b>	<b>Dec. 31, 2011</b>
Cash and cash equivalents	8.203	11.700	8.986
Financial assets	-	4.000	-
Non-current financial liabilities	-	(1)	-
Current financial liabilities	(6.995)	(935)	(6.664)
Financial liabilities on derivative instruments	(37)	-	(47)
<b>CONSOLIDATED NET FINANCIAL POSITION</b>	<b>1.171</b>	<b>14.764</b>	<b>2.275</b>

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## Notes to the Consolidated Financial Statements for the 1<sup>st</sup> Quarter of 2012

### 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 Consolidated Financial Statements are based on the Statutory Accounts of Cembre S.p.A. (parent company) at March 31, 2012, and those of the following companies at the same date:

	Share owned by the Group at March 31, 2012	Share owned by the Group at March 31, 2011
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, 2011 and December 31, 2011. 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 2012 turnover declined by 2.5%. The cost of goods sold as a percentage of total sales was in line with the corresponding period in 2011.

The consolidated net financial position of the Group declined from a surplus of €2.3 million at December 31, 2011, to a surplus of €1.2 million at March 31, 2012. Short-term financial debt does not include €2.7 million of dividends for the 2011 financial year payable to shareholders on May 17, 2012, as resolved by the Shareholders’ Meeting on April 27, 2012. At March 31, 2011, the net financial position amounted to a surplus of €14.8 million and did not include dividends resolved amounting to €4.4 million.

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

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

## **Outlook**

In 2012 the Group expects to achieve a slight increase in sales and profits, confident that the domestic market could show an improvement in the second half of the year.

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 holydays and in December for the Christmas season.

Brescia, May 15, 2012

**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 2012

In the 1<sup>st</sup> Quarter of 2012 revenues declined on the corresponding period in 2011 due primarily to the stagnation of the Italian market which, despite the strong international vocation of the Group, remains Cembre's main market. Sales declined by 2.5% to €26,129 thousand, down from €26,800 thousand in the 1<sup>st</sup> Quarter of 2011.

In the quarter, domestic sales declined by 18.2% while exports increased by 10.9% on the 1<sup>st</sup> Quarter of 2012.

### Revenues by geographical area

(€'000)	<u>1<sup>st</sup> Quarter 2012</u>	<u>1<sup>st</sup> Quarter 2011</u>	<u>1<sup>st</sup> Quarter 2010</u>
Italy	10,058	12,302	8,594
Rest of Europe	11,702	11,071	8,671
Rest of the World	4,369	3,427	2,948
Total	<u>26,129</u>	<u>26,800</u>	<u>20,213</u>

In the 1<sup>st</sup> Quarter of 2012, 38.5% of sales were represented by Italy (as compared with 45.9% in the 1<sup>st</sup> Quarter of 2011), 44.8% by the rest of Europe (41.3% in the 1<sup>st</sup> Quarter of 2011) and 16.7% by the rest of the world (12.8% in the 1<sup>st</sup> Quarter of 2011).

### Net revenues by Group company

(€'000)	<u>1<sup>st</sup> Quarter 2012</u>	<u>1<sup>st</sup> Quarter 2011</u>	<u>1<sup>st</sup> Quarter 2010</u>
Parent company	13,581	15,643	11,310
Cembre Ltd. (UK)	4,592	3,588	2,654
Cembre S.a.r.l. (France)	2,203	1,934	1,514
Cembre España S.L. (Spain)	1,527	1,932	2,097
Cembre GmbH (Germany)	1,813	1,769	1,220
Cembre AS (Norway)	204	159	131
Cembre Inc. (USA)	2,166	1,656	1,216
General Marking Srl (Italy)	43	119	71
Total	26,129	26,800	20,213

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 2012, these sales were stable, declining slightly from €933 thousand in the 1<sup>st</sup> Quarter of 2011 to €926 thousand.

To provide a better understanding of the Group's financial performance, a Reclassified Consolidated Income Statement for the 1<sup>st</sup> Quarter of 2012 is enclosed as Attachment A. Consolidated gross operating profit declined by 14.5% from €6,240 thousand in the 1<sup>st</sup> Quarter of 2011 (when it represented a 23.3% margin on sales), to €5,337 thousand (a 20.4% margin on sales) in the 1<sup>st</sup> Quarter of 2012. In addition to the mentioned decline in sales, operating profit was affected by the increase in personnel costs, as the average number of employees grew from 579 in the 1<sup>st</sup> Quarter of 2011 to 602 in the corresponding period in 2012. The cost of services received also grew, particularly those for electricity and gas, maintenance and repair and promotional costs for fairs.



Consolidated operating profit for the 1<sup>st</sup> Quarter of 2012 amounted to €4,458 thousand, representing a 17.1% margin on sales, down 19.9% from €5,563 thousand in the 1<sup>st</sup> Quarter of 2011 (when it represented a 20.8% margin on sales).

Capital expenditure made by the Group in the quarter amounted to €2.5 million, up from €1 million in the 1<sup>st</sup> Quarter of 2011.

Profit before taxes for the 1<sup>st</sup> Quarter of 2012 was equal to €4,339 thousand, representing a 16.6% margin on sales, down 20.4% on €3,020 thousand in the 1<sup>st</sup> Quarter of 2011, when it represented 20.4% of sales.

**Events subsequent to March 31, 2012**

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after March 31, 2012.

Brescia, May 15, 2012

**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

### Comparative Consolidated Income Statement

(€ '000)	1 <sup>st</sup> Qtr. 2012	%	1 <sup>st</sup> Qtr. 2011	%	change
Revenues from sales and services provided	26.129	100,0%	26.800	100,0%	-2,5%
Other revenues	165		109		51,4%
<b>TOTAL REVENUES</b>	<b>26.294</b>		<b>26.909</b>		
Cost of goods and merchandise	(9.309)	-35,6%	(13.226)	-49,4%	-29,6%
Change in inventories	520	2,0%	3.897	14,5%	-86,7%
Cost of services received	(3.766)	-14,4%	(3.445)	-12,9%	9,3%
Lease and rental costs	(347)	-1,3%	(320)	-1,2%	8,4%
Personnel costs	(7.940)	-30,4%	(7.412)	-27,7%	7,1%
Other operating costs	(185)	-0,7%	(188)	-0,7%	-1,6%
Increase in assets due to internal construction	118	0,5%	63	0,2%	87,3%
Write-down of current assets	(46)	-0,2%	(35)	-0,1%	31,4%
Accruals to provisions for risks and charges	(2)	0,0%	(3)	0,0%	-33,3%
<b>GROSS OPERATING PROFIT</b>	<b>5.337</b>	<b>20,4%</b>	<b>6.240</b>	<b>23,3%</b>	<b>-14,5%</b>
Property, plant and equipment depreciation	(797)	-3,1%	(616)	-2,3%	29,4%
Intangible assets amortization	(82)	-0,3%	(61)	-0,2%	34,4%
<b>OPERATING PROFIT</b>	<b>4.458</b>	<b>17,1%</b>	<b>5.563</b>	<b>20,8%</b>	<b>-19,9%</b>
Financial gains	10	0,0%	38	0,1%	-73,7%
Financial expenses	(46)	-0,2%	(7)	0,0%	557,1%
Foreign exchange gains (losses)	(83)	-0,3%	(136)	-0,5%	-39,0%
<b>PROFIT BEFORE TAXES</b>	<b>4.339</b>	<b>16,6%</b>	<b>5.458</b>	<b>20,4%</b>	<b>-20,5%</b>

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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 2012

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 first Quarter of 2012 corresponds to the document results, books and accounting records.

Brescia, may 15, 2012

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