



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

QUARTERLY REPORT

2010 THIRD 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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Consolidated Financial Statements for the 3rd Quarter 2010

Consolidated Income Statement

<i>(euro '000)</i>	Nine Months 2010	Nine Months 2009	Full Year 2009	3 rd Quarter 2010
Revenues from sales and services provided	67.468	56.046	75.984	24.027
Other revenues	263	431	553	89
TOTAL REVENUES	67.731	56.477	76.537	24.116
Cost of goods and merchandise	(24.946)	(17.256)	(23.912)	(8.252)
Change in inventories	161	(3.240)	(3.972)	(762)
Cost of services received	(8.653)	(7.912)	(10.532)	(2.749)
Lease and rental costs	(877)	(816)	(1.090)	(291)
Personnel costs	(18.729)	(17.920)	(23.550)	(5.928)
Other operating costs	(516)	(399)	(544)	(170)
Increase in assets due to internal construction	425	492	689	71
Write-down of receivables	(82)	(142)	(207)	(23)
Accruals to provisions for risks and charges	(6)	(6)	(7)	(2)
GROSS OPERATING PROFIT	14.508	9.278	13.412	6.010
Property, plant and equipment depreciation	(1.903)	(1.965)	(2.577)	(653)
Intangible asset amortization	(164)	(166)	(254)	(55)
OPERATING PROFIT	12.441	7.147	10.581	5.302
Financial income	32	27	32	19
Financial expenses	(59)	(62)	(70)	13
Foreign exchange gains (losses)	4	22	37	(196)
PROFIT BEFORE TAXES	12.418	7.134	10.580	5.138

Consolidated Net Financial Position at September 30, 2010

<i>(euro '000)</i>	Sept. 30, 2010	Jun. 30, 2010	Dec. 31, 2009
Cash and cash equivalents	8.380	7.752	8.901
Financial assets	2.008	-	-
Non-current financial liabilities	(7)	(11)	(26)
Current financial liabilities	(1.306)	(3.046)	(3.601)
Financial liabilities on derivative instruments	-	(42)	-
CONSOLIDATED NET FINANCIAL POSITION	9.075	4.653	5.274

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Notes to the Consolidated Accounts at September 31, 2010

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, 2010 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, 2010, and those of the following companies at the same date:

	Share held by the Group at September 30, 2010	Share held by the Group at September 30, 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 September 30, 2009 and December 31, 2009.

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 2010 sales grew by 20.4%, the cost of goods sold remained stable and the percentage weight of all other costs on total sales declined.

The consolidated net financial position of the Group improved from a surplus of €4.7 million at June 30, 2010, to a surplus of €0.1 million at September 30, 2010. The net financial position at September 30, 2009 was equal to a surplus of €5.7 million. Financial assets amounting to €2 million descend from repurchase agreements.

In the first nine months of 2010 capital expenditure amounted to €2.8 million, and included an expenditure of €1.2 million on plant and equipment, of €0.5 million in land and buildings, and an expenditure of €0.4 million on assets under construction. In the first nine months of 2009, capital expenditure amounted to €1.6 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 2010 financial year reporting a growth in sales over 2009, 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, 2010

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

GIOVANNI ROSANI

Cembre S.p.A.

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Management Report

on the consolidated accounts for the 3rd Quarter of 2010

In the 3rd Quarter of 2010, revenues amounted to €24,027 thousand, up 34.1% on €17,914 thousand in the 3^d Quarter of 2009. Sales for the first nine months of 2010 grew by 20.4% on the corresponding period in 2009, up from €56,046 thousand to €67,468 thousand. In the period, sales of all Group companies registered an increase, with the parent company reporting the strongest growth in sales (up 25%), alongside the German subsidiary that reported a 22.7% increase.

Revenues by geographical area

(€'000)	First nine months 2010	First nine months 2009	3 rd Qtr. 2010	3 rd Qtr. 2009
Italy	29,252	22,053	10,131	6,978
Rest of Europe	29,578	26,956	10,620	8,491
Rest of the World	8,638	7,037	3,276	2,445
Total	67,468	56,046	24,027	17,914

In the first nine months of 2010, 43.4% of Group sales were represented by Italy (as compared with 39.4% in the first nine months of 2009), 43.8% by the rest of Europe (48.1% in the first nine months of 2009), and the remaining 12.8% by the rest of the World (12.5% in the first nine months of 2009). In the first nine months of 2010, domestic sales grew by 32.7% and exports were up 12.4% on the corresponding period in 2009, while in the 3rd Quarter of the

year, exports grew by 27.1% and domestic sales increased by 45.2% on the same period in 2009.

Net revenues by Group company

(€'000)	First nine months 2010	First nine months 2009	First nine months 2008
Parent company	38,252	29,496	39,192
Cembre Ltd. (UK)	8,823	8,406	9,815
Cembre S.a.r.l. (France)	4,638	4,628	4,888
Cembre España S.L. (Spain)	6,101	5,504	9,326
Cembre GmbH (Germany)	4,738	3,837	3,975
Cembre AS (Norway)	806	501	607
Cembre Inc. (USA)	3,872	3,426	4,243
General Marking Srl (Italy)	238	248	432
Total	67,468	56,046	72,478

Sales of subsidiary General Marking reported in the table above include only sales to third parties managed directly by the same. In the table above, sales made by General Marking to other Group companies for resale are not attributed to General Marking. In the first nine months of 2010, these sales grew by 39.5% to €2,001 thousand, up from €1,434 thousand in the first nine months of 2009.

To provide a better understanding of the Group's operating performance for the first nine months and the 3rd Quarter of 2010, a Reclassified Consolidated Income Statement is enclosed as Attachment A.

Gross operating profit for the first nine months of 2010 amounted to €14,508 thousand, corresponding to a 21.5% margin on sales, up 56.4% on €9,278 thousand reported in the first nine months of 2009 (16.6% of sales). Gross operating profit for the 3rd Quarter of 2010 amounted to €6,010 thousand,

corresponding to a 25% margin on sales, up 73.4% on €3,465 thousand reported in the 3rd Quarter of 2009 (19.3% of sales). The margin on sales for the first nine months of 2010 was stable while the percentage weight of personnel costs declined despite the growth in the average number of employees from 531 in the first nine months of 2009 to 537 in the corresponding period in 2010.

Consolidated operating profit for the first nine months of 2010 amounted to €12,441 thousand (a 18.4% margin on sales), up 74.1% on €7,147 thousand in the first nine months of 2009 (a 12.8% margin on sales). Consolidated operating profit for the 3rd Quarter of 2010 amounted to €5,302 thousand, representing a 22.1% margin on sales, up 89.2% on €2,803 thousand in the 3rd Quarter of 2009, when it represented a 15.6% margin on sales.

Profit before taxes for the first nine months of 2010 amounts to €12,418 thousand, representing a 18.4% margin on sales, up 74.1% on the profit before taxes reported in the first nine months of 2009, amounting to €7,134 thousand and corresponding to a 12.7% margin on sales, thus growing back to the level recorded in the corresponding period in 2008. Profit before taxes for the 3rd Quarter of 2010 amounts to €5,138 thousand, corresponding to a 21.4% margin on sales, up 91% on €2,690 thousand in the 3rd Quarter of 2009, when it amounted to a 15% margin on sales.

In 3rd Quarter, net foreign exchange losses amounted to €196 thousand due to unfavorable exchange rate movements.

Events subsequent to September 30, 2010

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after September 30, 2010.

Brescia, November 11, 2010

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OF CEMBRE S.P.A.**

GIOVANNI ROSANI

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Attachment A to the Report on Operations at September 30, 2010

Consolidated Income Statement

(€ '000)	First Nine Months 2010	%	First Nine Months 2009	%	change	3 rd Quarter 2010	%	3 rd Quarter 2009	%	change
Revenues from sales and services provided	67.468	100,0%	56.046	100,0%	20,4%	24.027	100,0%	17.914	100,0%	34,1%
Other revenues	263		431		-39,0%	89		119		-25,2%
TOTAL REVENUES	67.731		56.477			24.116		18.033		
Cost of goods and merchandise	(24.946)	-37,0%	(17.256)	-30,8%	44,6%	(8.252)	-34,3%	(5.254)	-29,3%	57,1%
Change in inventories	161	0,2%	(3.240)	-5,8%	-105,0%	(762)	-3,2%	(1.066)	-6,0%	-28,5%
Cost of services received	(8.653)	-12,8%	(7.912)	-14,1%	9,4%	(2.749)	-11,4%	(2.402)	-13,4%	14,4%
Lease and rental costs	(877)	-1,3%	(816)	-1,5%	7,5%	(291)	-1,2%	(271)	-1,5%	7,4%
Personnel costs	(18.729)	-27,8%	(17.920)	-32,0%	4,5%	(5.928)	-24,7%	(5.521)	-30,8%	7,4%
Other operating costs	(516)	-0,8%	(399)	-0,7%	29,3%	(170)	-0,7%	(133)	-0,7%	27,8%
Increase in assets due to internal construction	425	0,6%	492	0,9%	-13,6%	71	0,3%	101	0,6%	-29,7%
Write-down of current assets	(82)	-0,1%	(142)	-0,3%	-42,3%	(23)	-0,1%	(20)	-0,1%	15,0%
Accruals to provisions for risks and charges	(6)	0,0%	(6)	0,0%	0,0%	(2)	0,0%	(2)	0,0%	0,0%
GROSS OPERATING PROFIT	14.508	21,5%	9.278	16,6%	56,4%	6.010	25,0%	3.465	19,3%	73,4%
Property, plant and equipment depreciation	(1.903)	-2,8%	(1.965)	-3,5%	-3,2%	(653)	-2,7%	(606)	-3,4%	7,8%
Intangible assets amortization	(164)	-0,2%	(166)	-0,3%	-1,2%	(55)	-0,2%	(56)	-0,3%	-1,8%
OPERATING PROFIT	12.441	18,4%	7.147	12,8%	74,1%	5.302	22,1%	2.803	15,6%	89,2%
Financial gains	32	0,0%	27	0,0%	18,5%	19	0,1%	4	0,0%	375,0%
Financial expenses	(59)	-0,1%	(62)	-0,1%	-4,8%	13	0,1%	(12)	-0,1%	-208,3%
Foreign exchange gains (losses)	4	0,0%	22	0,0%	-81,8%	(196)	-0,8%	(105)	-0,6%	86,7%
PROFIT BEFORE TAXES	12.418	18,4%	7.134	12,7%	74,1%	5.138	21,4%	2.690	15,0%	91,0%

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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 third 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 financial disclosure contained in the Quarterly Report for the third Quarter of 2010 corresponds to the document results, books and accounting records.

Brescia, November 11, 2010

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