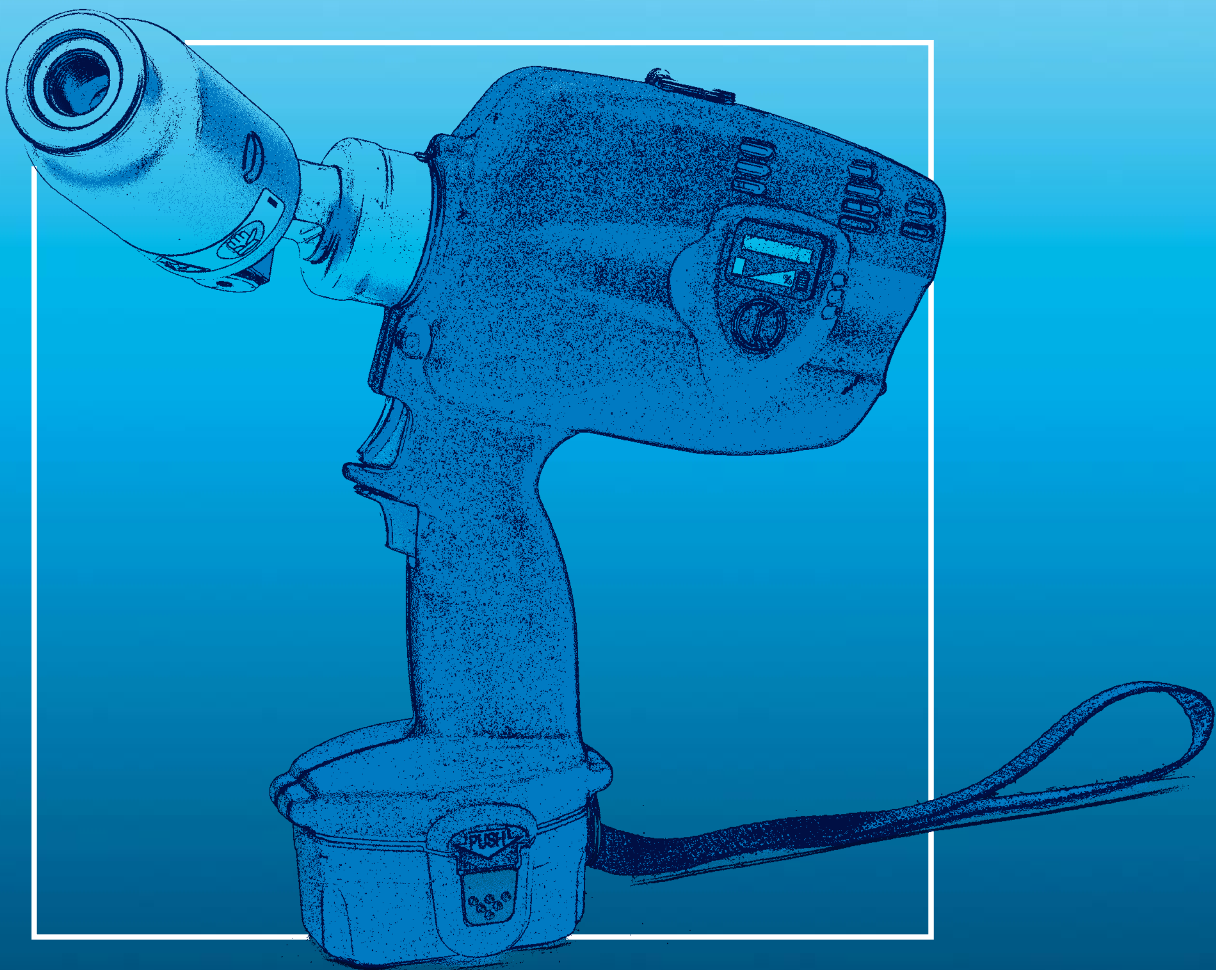
Cembre

COSTRUZIONI ELETTROMECCANICHE BRESCIANE



2011 half-yearly financial report

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 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)

The cover page shows our new 14.4 V cordless hydraulic puller-type hole punching tool B-FL75

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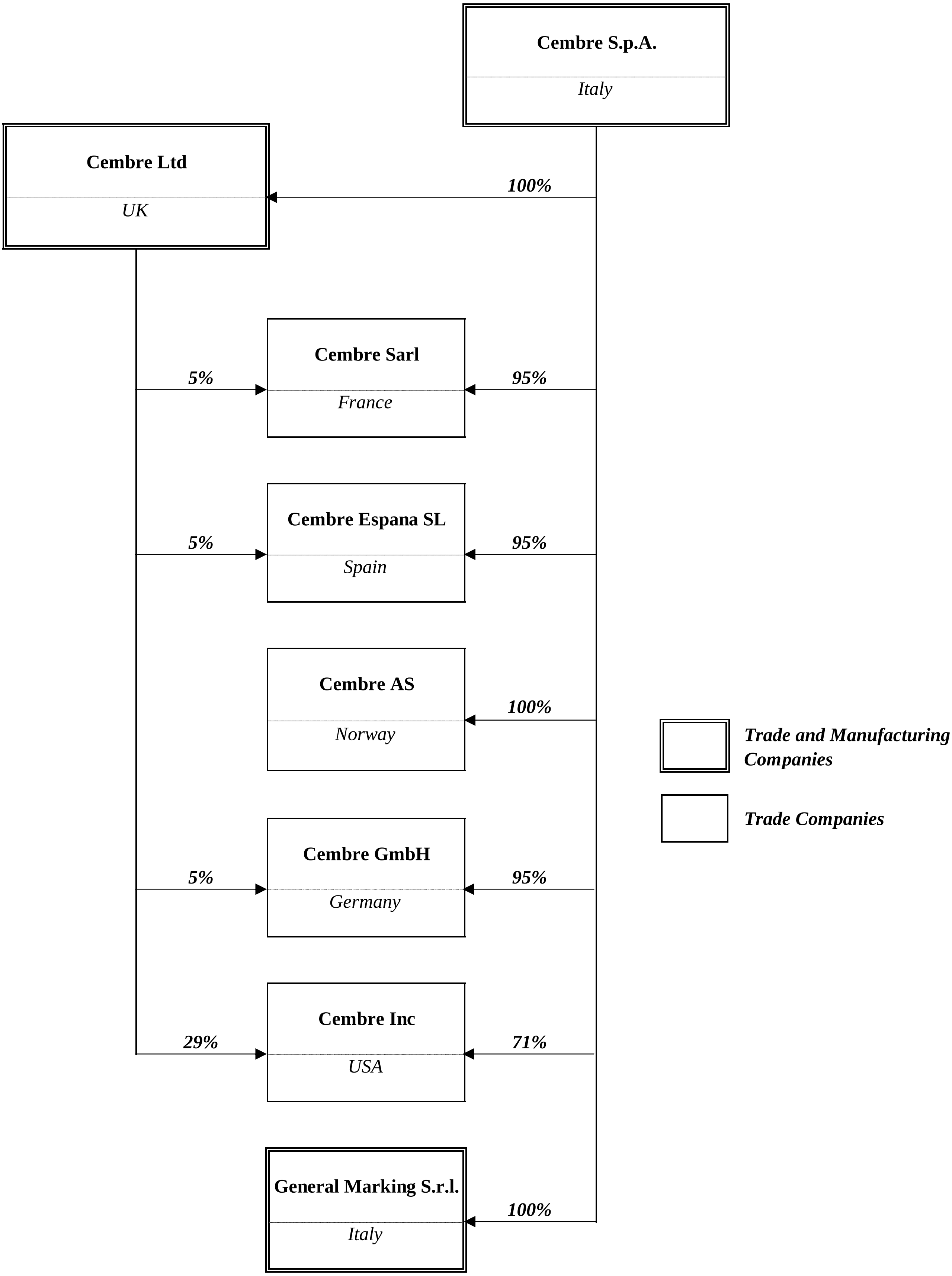
Cembre Group

GROUP STRUCTURE



Report on Operations
for the 1st Half of 2011

In the 1st Half of 2011 the Cembre Group reported a positive performance, with sales reaching €53.8 million, up 23.9% on €43.4 million in the 1st Half of 2010. Though not achieving growth rates recorded in the 1st Quarter – affected by the favourable comparison with the slow recovery registered in the corresponding period in 2010 – growth for the 2nd Quarter was strong, with sales reaching €27 million, up 16.4% from €23.2 million in the 2nd Quarter of 2010.

Foreign subsidiaries also had a strong performance with sales of the French, German and US subsidiaries growing over 20% on the first six months of 2010. Subsidiaries Cembre AS and Cembre España registered instead a reduction in sales which, in the case of the first, was moderate and due to the economic situation, while in the case of the Spanish subsidiary was caused by the strong difficulties experienced by the Spanish economy.

The Group registered a growth in sales in all geographical areas. Domestic sales amounted to €24.8 million, up 29.8% on the 1st Half of 2010, while exports amounted to €29 million, up 19.3% on the corresponding period in 2010. A total of 46.1% of Group sales were represented by Italy (as compared with 44% in the 1st Half of 2010), 41.2% by the rest of Europe (43.6% in the 1st Half of 2010), and the remaining 12.7% by the rest of the World (12.4% in the 1st Half of 2010).

Sales by geographical area

(€'000)	1st Half 2011	1st Half 2010	1st Half 2009
Italy	24,819	19,121	15,074
Rest of Europe	22,168	18,958	18,466
Rest of the World	6,848	5,362	4,592
Total	53,835	43,441	38,132

Revenues by Group company (net of intragroup sales):

(€'000)	1st Half 2011	1st Half 2010	1st Half 2009
Parent company	31,677	24,332	19,905
Cembre Ltd. (UK)	6,759	5,500	5,933
Cembre S.a.r.l. (France)	3,846	3,157	3,197
Cembre España S.L. (Spain)	3,929	4,333	3,790
Cembre GmbH (Germany)	3,896	2,981	2,461
Cembre AS (Norway)	424	469	321
Cembre Inc. (USA)	3,108	2,505	2,366
General Marking Srl (Italy)	196	164	159
Total	53,835	43,441	38,132

Figures for General Marking reported in the table above include only sales to third parties managed directly by the subsidiary. Part of General Marking's sales to other Group companies that distribute products in their respective markets are not attributed to General Marking in the table above. Such sales grew by 50.1% from €1,282 thousand in the 1st Half of 2010, to €1,935 thousand in the corresponding period in 2011.

In the first six months of 2011, Group companies reported the following results, before consolidation:

(€'000)	Revenues 1st Half 2011	Revenues 1st Half 2010	Revenues 1st Half 2009	Net profit 1st Half 2011	Net profit 1st Half 2010	Net profit 1st Half 2009
Cembre S.p.A.	42,902	33,713	28,609	5,531	4,529	2,027
Cembre Ltd. (UK)	7,842	6,197	6,485	635	393	595
Cembre S.a.r.l. (F)	3,856	3,161	3,207	165	74	213
Cembre España S.L.	3,930	4,334	3,790	(31)	197	153
Cembre GmbH (D)	3,909	2,997	2,499	304	156	84
Cembre AS (Nor)	430	469	321	37	110	56
Cembre Inc. (US)	3,109	2,517	2,417	131	46	77
General Marking S.r.l.	2,131	1,446	1,144	622	306	154

To allow an evaluation of the impact of foreign exchange translations, we include below sales figures of companies operating outside the euro area, in the respective currency.

	Curr.	Revenues 1st Half 2011	Revenues 1st Half 2010	Revenues 1st Half 2009	Net profit 1st Half 2011	Net profit 1st Half 2010	Net profit 1st Half 2009
Cembre Ltd. (UK)	£	6,808	5,392	5,797	552	342	531
Cembre AS (Nor)	Nok	3,363	3,751	2,859	293	882	502
Cembre Inc. (USA)	US$	4,363	3,339	3,221	183	61	103

To provide a better understanding of the Company's financial performance for the 1st Half of 2011, a Reclassified Consolidated Income Statement showing changes from the 1st Half of 2010 is enclosed as Attachment 1.

Consolidated gross operating profit for the 1st Half of 2011 amounted to €11,501 thousand, representing a 21.4% margin on sales, up 35.3% on the corresponding period in 2010 when it amounted to €8,498 thousand, representing a 19.6% margin on sales.

Consolidated operating profit for the period amounted to €10,108 thousand, representing an 18.8% margin on sales, up 41.6% on €7,139 thousand in the 1st Half of 2010, when it represented a 16.4% margin on sales.

Consolidated profit before taxes amounted to €10,080 thousand, representing an 18.7% margin on sales, up 38.5% on €7,280 thousand in the 1st Half of 2010, when it represented a 16.8% margin on sales.

The net financial surplus for the 1st Half of 2011 amounts to €59 thousand, while in the period the euro strengthened against the major currencies in which some of the Group's sales are denominated, generating a foreign exchange loss of €87 thousand.

Net profit for the first six months of 2011 amounted to €6,578 thousand, representing a 12.2% margin on sales, up 39.7% on €4,709 thousand in the 1st Half of 2010, when it represented a 10.8% margin on sales.

The consolidated net financial position at June 30, 2011 amounted to a surplus of €9.6 million, down on December 31, 2010, when it amounted to a surplus of €13.7 million. The net financial position was affected by capital expenditure made in the period, amounting to €3 million, in addition to the payment of €4 million in dividends by the parent company.

Definition of alternative performance indicators

In compliance with Consob Communication DEM/6064293 dated July 28, 2007, below we define alternative performance indicators used in the present document to illustrate the financial and operating performance of the Group.

Gross operating profit (EBITDA): defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit before depreciation, amortization and write-downs, financial flows and taxes.

Operating profit (EBIT): defined as the difference between Gross operating profit and the value of depreciation, amortization and write-downs. It represents the profit achieved before financial flows and taxes.

Net financial position: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Shareholders' Equity

Consolidation adjustments determined the following differences between the Financial Statements of the parent company at June 30, 2011 and the consolidated accounts at the same date:

	Shareholders' Equity	Net profit
Parent company's statutory accounts	**71,297**	**5,531**
Book value of consolidated companies	18,617	1,863
Elimination of intra-group profits included in the value of inventories (*)	(2,565)	89
Currency translation differences on elimination of intra-group transactions	2	15
German subsidiary product warranty provision reversal (*)	23	-
Intercompany reconciliation	1	(1)
Dividends	(29)	(919)
Consolidated Financial Statements	**87,346**	**6,578**

(*) Net of the related tax effect

Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1st Half of 2011, amounted to €3 million and consisted mainly in the acquisition of plant and equipment.

Research & Development

In the 1st Half of 2011, research costs included €219 thousand of personnel costs, expensed in the income statement.

Development costs for the 1st Half of 2011 included €20 thousand of personnel costs, capitalized among intangible assets.

The protection of intellectual property of the Group imposes limits to the disclosure of research and development projects underway. A brief summary of Research and Development activities by sector is therefore provided in the section that follows.

Cable terminals

The strong market demand led the Company to introduce new connectors with the resulting development of the necessary manufacturing equipment.

Railroad Equipment

A number of projects launched in 2010 involving rail and feedline maintenance equipment continued.

Accessories for the CS-SD trolley (that may be used with the NR-11P e NR-13E wrenches and drills SD-9P and SD-10E) were developed for the US market.

The insertion and extraction clamps of pandrol machine PCM-2P type, suitable for removal and insertion of the fastening clips, have been specifically developed for the Australian market.

Cable glands

The study of a new family of technopolymer cable glands for particular technical applications requested by installation personnel in Italy and Germany began.

Hydraulic Tools

New Lithium-ion batteries were introduced in the 14.4V battery-operated family of utensils. These batteries were developed in close cooperation with the manufacturer.

The development of a family of mechanical pliers range for our tube crimping lugs started.

Studies for new hydraulic conductor compression and shearing utensils and tools for the installation of our electric connectors to rails continued.

Cable marking research projects

Three new labels for the identification of cable terminals were introduced.

A new industrial label printer prototype used for labelling of all consumables already developed for our thermal printer is under construction.

Related parties

Transactions concluded between the parent company and its subsidiaries in the 1st Half of 2011 were exclusively of a commercial nature. Balances at June 30, 2011 are summarized in the table below:

(€'000)	Receivables	Payables	Revenues	Purchases
Cembre Ltd.	2,027	73	3,224	203
Cembre S.a.r.l.	886	5	1,732	5
Cembre España S.L.	1,549	-	2,376	-
Cembre AS	13	5	183	5
Cembre GmbH	973	6	1,908	12
Cembre Inc.	740	-	1,738	-
General Marking S.r.l.	14	1,281	64	1,936
Total	**6,202**	**1,370**	**11,225**	**2,161**

Cembre SpA leased an industrial building to subsidiary General Marking S.r.l. In the 1st Half of 2011, rent for the building amounted to €51 thousand.

Cembre SpA also currently leases property among which an industrial building adjacent to the Company's main complex in Brescia, measuring a total of 5,960 square meters on three floors, in addition to commercial and office space in Milan, Padua and Bologna. These properties are owned by Tha Immobiliare

SpA, with registered office in Brescia, controlled by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, Directors of Cembre S.p.A. Cumulative lease payments for the 1st Half of 2011 amount to €258 thousand, in line with normal market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases.

In the 1st Half of 2011, Cembre S.p.A. leased from Montifer S.r.l. a portion of an industrial building adjacent to the Company's main industrial complex and measuring 1,640 square meters. The spouse of Mr. Fabio Fada, independent director of the parent company, is a non-executive director of Montifer S.r.l. The yearly rent for said property, in line with current market conditions, amounts to €61 thousand, while lease payments in the 1st Half of 2011 amounted to €10 thousand. Cembre S.p.A. leased the industrial space adjacent to its main industrial complex to be able to reorganize and enhance its shipping department. Invoices issued in the first six months of the year relating to the above contracts were all settled.

Subsidiary Cembre Ltd. also leased a commercial building from Borno Ltd., a UK Real Estate company controlled by Lysne S.p.A. (the parent of Cembre S.p.A.). Annual lease payments amount to £41 thousand, in line with current market conditions.

With reference to assets and liabilities relating to subsidiaries shown above, we confirm that transactions with the same and with related parties fall within the scope of normal operating activities.

<u>Absence of control and coordination</u>

Despite the fact that article 2497-*sexies* of the Italian Civil Code states that "it is presumed that, unless otherwise proved, the direction and coordination activities of companies is exercised by the company or entity that is required to consolidate the same in its accounts or that, in any case, controls the former company pursuant to article 2359 (of the Italian Civil Code)", Cembre S.p.A. believes to be operating in full autonomy from its parent Lysne S.p.A.. In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Cembre S.p.A.'s relationships with its parent company Lysne S.p.A. is limited to the normal exercise of shareholders' rights on the part of the parent.

Treasury shares and shares of parent companies

In the 1st Half of 2011, the Cembre Group did not acquire or sell any of its own shares, nor did it own, either directly or through any of its subsidiaries, trust companies or intermediaries, any of its own shares or any of its parent company's shares.

Ownership Structure and Corporate Governance

In compliance with norms contained in article 123-*bis* of Legislative Decree 58, dated February 24, 1998 (*Testo Unico* Finance Act), we refer to the Report on Corporate Governance which, in addition to providing a general description of corporate governance, of risk management and internal control procedures of the Company in relation to its financial reporting, contains information regarding the ownership structure of the Company, the adoption of the Code of Conduct and the observance of the resulting commitments.

Said Report is available in the Investor Relations section of the Group's institutional site (www.cembre.it).

Main risks and uncertainties

Risks connected to the economic situation

The economic and financial situation of the Group is clearly influenced by macroeconomic factors such as changes in the Gross Domestic Product, consumer and business confidence, changes in interest rates and the cost of raw materials.

Speculative attacks on the euro, the constant rise in oil prices and the uncertain political situation in Italy are some of the elements that have characterized the last months, making it extremely difficult to forecast future economic performances.

Though enjoying a strong financial position and a comfortable level of liquidity, the Group will continue to monitor carefully the sector in which it operates and its trading partners to ensure a quick response and a rapid reassessment of its strategies according to perceived needs.

Risks connected with the market

The Group protects its market position by fostering continuous innovation, widening of the product range, launching lower cost products and by introducing into production processes the most advanced methods and machinery, while implementing focused marketing policies with the help of its foreign subsidiaries.

Credit risk

Cembre and its subsidiaries have focused over time on a careful selection of their customers, managing prudently sales to customers that do not possess an adequate credit standing. The Group has accrued a provision for doubtful accounts and the management of litigation, while the monitoring of customers has become more careful, with an ongoing monitoring of overdues and immediate contact with morose customers.

Exposure to credit risk relates exclusively to trade receivables.

Liquidity risk

Thanks to its solid financial position, the Group is not currently subject to particular liquidity risk, even in case cash flow from operating activities should decline drastically.

Interest rate risk

The Group does not currently make systematic recourse to bank loans and is not therefore subject to consistent risks connected with fluctuations in interest rates.

Currency risk

Despite a strong international presence, the Group does not have a significant exposure to currency risk, as it operates almost entirely in the euro area, the currency in which its trade transactions are mainly denominated. Exposure to currency risk is limited to sales in US dollars and British pounds, but the size of these transactions is not significant in influencing the overall performance of the Group or its financial position.

Integrity and reputation risk

Illicit behaviour of employees, aimed at obtaining benefits for themselves and for the Group can imply the risk of a loss of reputation and of sanctions against the Group. To prevent the risk of these occurrences and in line with Legislative

Decree 231/2001, the parent company adopted an organizational, management and control model that identifies processes that are subject to risk and establishes the conduct that the various persons involved are to keep in carrying out their tasks. Employees were appropriately instructed through specific training sessions. The parent company constantly integrates and updates the model.

Further information and analysis of main risks and uncertainties in which the Group incurs is reported in the notes.

Environmental management

Cembre S.p.A. deemed it fundamental for its development to adopt an Environmental Management system that covers in an integrated manner every aspect of its activities. Thanks to the setting of behavioural guidelines and of rigorous procedures, the Company obtained an Environmental Certification under standard UNI EN ISO 14001:2004 that singles out companies that are more sensitive to environmental protection issues.

Subsequent events

No event having significant effects on Cembre’s financial or operating performance occurred after June 30, 2011.

Outlook

Cembre expects to close the 2011 financial year reporting an increase in turnover over 2010, maintaining positive profit margins.

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.

Attachments

- Attachment 1: Reclassified Consolidated Income Statement
- Attachment 2: Corporate Boards

Brescia, August 29, 2011

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

GIOVANNI ROSANI

Cembre S.p.A.

Registered Office: Via Serenissima 9, Brescia, Italy
Share Capital: Euro 8,840,000 (fully paid-up)
Registration no: FC 00541390175 (Commercial Register of Brescia)

Attachment 1 - Report on Operations for the 1st Half of 2010

Consolidated Income Statement

(€ '000)	**1st Half 2011**	**%**	**1st Half 2010**	**%**	**change**
Revenues from sales and services provided	53.835	100	43.441	100	23,9%
Other revenues	243		174		39,7%
TOTAL REVENUES	**54.078**		**43.615**		24,0%
Cost of goods and marchandise	(26.232)	(48,7)	(16.694)	(38,4)	57,1%
Change in inventories	6.282	11,7	923	2,1	580,6%
Cost of services received	(6.909)	(12,8)	(5.904)	(13,6)	17,0%
Lease and rental costs	(632)	(1,2)	(586)	(1,3)	7,8%
Personnel costs	(14.896)	(27,7)	(12.801)	(29,5)	16,4%
Other operating costs	(376)	(0,7)	(346)	(0,8)	8,7%
Increase in assets due to internal construction	285	0,5	354	0,8	-19,5%
Write-down of current assets	(70)	(0,1)	(59)	(0,1)	18,6%
Accruals to provisions for risks and charges	(29)	(0,1)	(4)	(0,0)	625,0%
GROSS OPERATING PROFIT	**11.501**	**21,4**	**8.498**	**19,6**	35,3%
Tangible assets depreciation	(1.266)	(2,4)	(1.250)	(2,9)	1,3%
Intangible assets amortization	(127)	(0,2)	(109)	(0,3)	16,5%
OPERATING PROFIT	**10.108**	**18,8**	**7.139**	**16,4**	41,6%
Financial income	78	0,1	13	0,0	500,0%
Financial expenses	(19)	(0,0)	(72)	(0,2)	-73,6%
Foreign exchange gains (losses)	(87)	(0,2)	200	0,5	-143,5%
PROFIT BEFORE TAXES	**10.080**	**18,7**	**7.280**	**16,8**	38,5%
Income taxes	(3.502)	(6,5)	(2.571)	(5,9)	36,2%
NET PROFIT FROM ORDINARY ACTIVITIES	**6.578**	**12,2**	**4.709**	**10,8**	39,7%
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	**-**		**-**		
NET PROFIT	**6.578**	**12,2**	**4.709**	**10,8**	39,7%

CORPORATE BOARDS

(Attachment 2 – Report on the 1st Half of 2011)

Board of Directors	
Chairman and Managing Director	Giovanni Rosani
Vice Chairman and Managing Director	Anna Maria Onofri
Director	Sara Rosani
Director	Giovanni De Vecchi
Director	Aldo Bottini Bongrani
Independent Director	Giancarlo Maccarini
Independent Director	Fabio Fada

Secretary	
	Giorgio Rota

Board of Statutory Auditors	
Chairman	Guido Astori
Permanent Auditor	Leone Scutti
Permanent Auditor	Andrea Boreatti
Substitute Auditor	Maria Grazia Lizzini
Substitute Auditor	Giorgio Astori

Independent Auditors	
	PricewaterhouseCoopers S.p.A.

The above list is updated at August 29, 2011.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2011.

The Chairman and Managing Director Giovanni Rosani holds by statute (article 18) powers of legal representation of the Company and was conferred by the Board all the ordinary management powers not specifically reserved to it by law and exclusive powers over the organization, management and monitoring of the internal control system.

In case of absence or impediment of the Chairman and Managing Director Giovanni Rosani, Vice Chairman and Managing Director Anna Maria Onofri holds all ordinary management powers not reserved to the Board by law, with the exception of the appointment of professionals.

All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

Cembre S.p.A.

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Condensed consolidated financial statements at June 30, 2011

Consolidated Statement of Financial Position

	Notes	Jun. 30, 2011		Dec. 31, 2010	
(euro '000)					
ASSETS			***of which: related parties***		***of which: related parties***
A) NON-CURRENT ASSETS					
Tangible assets	*1*	37.872		36.440	
Intangible assets	*2*	536		554	
Financial assets available for sale		5		5	
Other non-current assets		21		18	
Deferred tax assets	*11-16*	1.692		1.754	
TOTAL NON-CURRENT ASSETS		**40.126**		**38.771**	
B) CURRENT ASSETS					
Inventories	*3*	35.557		29.632	
Trade receivables	*4*	29.052		28.005	
Tax receivables		84		218	
Other receivables		472		396	
Cash and cash equivalents		11.795		14.697	
TOTAL CURRENT ASSETS		**76.960**		**72.948**	
C) NON-CURRENT ASSETS AVAILABLE FOR SALE		**-**		**-**	
TOTAL ASSETS(A+B+C)		**117.086**		**111.719**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
A) SHAREHOLDERS' EQUITY					
Capital stock	*5*	8.840		8.840	
Reserves	*5*	71.928		65.566	
Net profit	*5*	6.578		11.340	
TOTAL SHAREHOLDERS' EQUITY		**87.346**		**85.746**	
B) NON-CURRENT LIABILITIES					
Non-current financial liabilities	*6*	-		4	
Employee Severance Indemnity and other personnel benefits	*7*	2.714	133	2.775	128
Provisions for risks and charges	*8*	77		72	
Deferred tax liabilities	*9*	2.568		2.471	
TOTAL NON-CURRENT LIABILITIES		**5.359**		**5.322**	
C) CURRENT LIABILITIES					
Current financial liabilities	*6*	2.210		1.024	
Trade payables	*10*	14.398		11.435	
Tax payables		1.678		2.522	
Other payables	*11-16*	6.095		5.670	
TOTAL CURRENT LIABILITIES		**24.381**		**20.651**	
D) LIABILITIES ON ASSETS HELD FOR DISPOSAL		**-**		**-**	
TOTAL LIABILITIES (B+C+D)		**29.740**		**25.973**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		**117.086**		**111.719**	

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Condensed consolidated financial statements at June 30, 2011

Statement of Consolidated Comprehensive Income

(euro '000)	**Notes**	**1st Half 2011**	*of which: related parties*	**1st Half 2010**	*of which: related parties*
Revenues from sales and services provided	*12*	53.835		43.441	
Other revenues	*13*	243		174	
TOTAL REVENUES		**54.078**		**43.615**	
Cost of goods and merchandise		(26.232)		(16.694)	
Change in inventories		6.282		923	
Cost of services received	*14*	(6.909)	(302)	(5.904)	(316)
Lease and rental costs		(632)	(292)	(586)	(256)
Personnel costs	*15*	(14.896)	(69)	(12.801)	(56)
Other operating costs		(376)		(346)	
Increase in assets due to internal construction		285		354	
Write-down of receivables		(70)		(59)	
Accruals to provisions for risks and charges		(29)		(4)	
GROSS OPERATING PROFIT		**11.501**		**8.498**	
Property, plant and equipment depreciation	*1*	(1.266)		(1.250)	
Intangible asset amortization	*2*	(127)		(109)	
OPERATING PROFIT		**10.108**		**7.139**	
Financial income		78		13	
Financial expenses		(19)		(72)	
Foreign exchange gains (losses)		(87)		200	
PROFIT BEFORE TAXES		**10.080**		**7.280**	
Income taxes	*16*	(3.502)		(2.571)	
NET PROFIT FROM ORDINARY ACTIVITIES		**6.578**		**4.709**	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		**-**		**-**	
NET PROFIT		**6.578**		**4.709**	
Conversion differences included in equity		(558)		1.046	
COMPREHENSIVE INCOME	*17*	**6.020**		**5.755**	
BASIC EARNINGS PER SHARE	*18*	**0,39**		**0,28**	

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Condensed consolidated financial statements at June 30, 2011

Consolidated Statement of Cash Flows

€ '000

	1st Half 2011	Full Year 2010
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**14.697**	**8.901**
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	6.578	11.340
Depreciation, amortization and write-downs	1.393	2.791
(Gains)/Losses on disposal of assets	(20)	7
Net change in Employee Severance Indemnity	(61)	(169)
Net change in provisions for risks and charges	5	4
Operating profit (loss) before change in working capital	**7.895**	**13.973**
(Increase) Decrease in trade receivables	(1.047)	(6.641)
(Increase) Decrease in inventories	(5.925)	(1.045)
(Increase) Decrease in other receivables and deferred tax assets	120	1.143
Increase (Decrease) of trade payables	2.910	3.198
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	(322)	3.443
Change in working capital	**(4.264)**	**98**
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**3.631**	**14.071**
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(109)	(169)
- tangible	(2.889)	(3.863)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	25	72
Increase (Decrease) of trade payables for assets	53	13
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(2.920)**	**(3.947)**
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(3)	3
Increase (Decrease) in bank loans and borrowings	1.197	(2.566)
Increase (Decrease) in other loans and borrowings	(15)	(33)
Dividends distributed	(4.420)	(2.040)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	**(3.241)**	**(4.636)**
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	**(2.530)**	**5.488**
F) Foreign exchange differences	(372)	308
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F)	**11.795**	**14.697**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11.795**	**14.697**
Current financial liabilities	(2.210)	(1.024)
Non current financial liabilities	-	(4)
NET CONSOLIDATED FINANCIAL POSITION	**9.585**	**13.669**
INTERESTS PAID IN THE PERIOD	**(19)**	**(56)**

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	13	14
Banks	11.782	14.683
	11.795	**14.697**

Cembre S.p.A.

Registered Office: Via Serenissima 9, Brescia, Italy
Share Capital: Euro 8,840,000 (fully paid-up)
Registration no: FC 00541390175 (Commercial Register of Brescia)

Condensed consolidated financial statements at June 30, 2011

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Reserve for exchange gains	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2010	**8.840**	**12.245**	**1.768**	**68**	**15.212**	**(1.834)**	**34.392**	**3.715**	**-**	**-**	**11.340**	**85.746**
Allocation of previous year net profit (1)					2.182		4.738				(11.340)	(4.420)
Other changes												-
Comprehensive income at June 30, 2011					(2)	(556)					6.578	6.020
Balance at June 30, 2011	**8.840**	**12.245**	**1.768**	**68**	**17.392**	**(2.390)**	**39.130**	**3.715**	**-**	**-**	**6.578**	**87.346**

Statement of Changes in the Consolidated Shareholders' Equity at June 30, 2010

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Reserve for exchange gains	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2009	**8.840**	**12.245**	**1.768**	**68**	**12.919**	**(2.278)**	**31.779**	**3.715**	**-**	**54**	**6.887**	**75.997**
Allocation of previous year net profit (1)					2.288		2.559				(6.887)	(2.040)
Other changes							54			(54)		-
Comprehensive income at June 30, 2010					8	1.038					4.709	5.755
Balance at June 30, 2010	**8.840**	**12.245**	**1.768**	**68**	**15.215**	**(1.240)**	**34.392**	**3.715**	**-**	**-**	**4.709**	**79.712**

(1) Dividends resolved by the Shareholders' Meeting are included in the Total Shareholders' Equity column under Allocation of previous year net profit.

Notes to the Condensed Consolidated Financial Statements at June 30, 2011

I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9.

Cembre S.p.A. and its subsidiaries (hereinafter referred to jointly as "the Cembre Group" or "the Group") are active primarily in the manufacturing and sale of electrical connectors and related tools.

Cembre S.p.A. is controlled by Lysne S.p.A., a holding company based in Brescia, that does not direct or coordinate its subsidiary.

The publication of the Interim Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2011 was authorized by a resolution of the Board of Directors dated August 29, 2011.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content

The present Consolidated Interim Report at June 30, 2011 was prepared under IAS 34 on Interim Reports.

This consolidated interim report does not include all additional information required for annual reports and must be read in conjunction with the Financial Statements at December 31, 2010. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

Accounting principles

Principles adopted in the preparation of the Consolidated Interim Report are consistent with those adopted in the preparation of the Financial Statements at December 31, 2010. The adoption of mandatory amendments for accounting periods beginning on January 1, 2011 or later had no effect on the operating results or the financial position of the Group.

Principles adopted in the preparation of the present Consolidated Interim Report are those formally approved by the European Union, in force at June 30, 2011.

Below we report accounting principles applicable from January 1, 2011, whose introduction, however, did not have a material effect on the preparation of the present Consolidated Interim Report at June 30, 2011.

- *IFRS 7 revised - Financial Instruments* – requires enhanced disclosure requirements on transfer of financial assets where there exists a continuing involvement of the transferring entity;
- *IAS 32 - Classification of Rights Issues* – specifies the accounting of rights issues when these are denominated in a currency other than the functional currency of the issuer;
- *IAS 24 revised - Related Party Disclosure* – simplifies disclosure on related parties in case of involvement of public entities and provides a new definition of Related Party;
- *IFRS 1 amendments* - provides simplifications to new users and guidance to first-time adopters of IFRS;

– *IAS 1 - Presentation of Financial Statements* – provides the basis of presentation for the Statement of Changes in the Shareholders' Equity;
– *Amendments to IAS 34* – underlines the need to disclose significant events and operations in interim reports also through the update of information published in the most recent annual report.

The Group has decided not to opt for the early application of the following accounting principles issued by the IASB that will become effective in the next months:

- *IFRS 10 - Consolidated Financial Statements* - replacing *IAS 27* and *Sic 12* – introduces specific conditions to verify the existence of control of an entity. The principle will be applicable for the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed;
- *IFRS 11 - Joint arrangements* - replacing *IAS 11* and *Sic 13* – introduces the definition of Joint Arrangements, distinguishing them from Joint Ventures. The principle will be applicable for the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed;
- *IFRS 12* - "*Disclosure of Interests in Other Entities*" – must be applied when an entity holds an investment in one of the following: subsidiaries, joint arrangements (joint management or joint ventures), affiliated companies, unconsolidated companies. It also establishes specific definitions and related disclosures to be provided in the financial statements. The principle will be applicable for the financial statements of

financial years beginning January 1, 2013 or after. Early application is allowed;

- *IFRS 13 - "Fair value measurement"* – defines *fair value*, sets out a framework for measuring fair value and introduces a common set of disclosures for all items valued at fair value. The publication of IFRS 13 responds to the need of unifying under a single international accounting principle rules on fair value valuation and related disclosures. The principle will be applicable for the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed;
- *IAS 27 - "Separate Financial Statements"* – following the issue of IFRS 10, the scope for the application of IAS 27 was restricted to the sole separate financial statements, regulating specifically the accounting for investments in subsidiaries, joint ventures and associates in separate financial statements. The principle will be applicable for the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed;
- *IAS 28 - "Investments in Associates and Joint Ventures"* – prescribes the accounting for investments in associates and joint ventures, setting out the requirements for the application of the equity method, modified following the issue of IFRS 10 and 11. The principle will be applicable for the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed;
- *IAS 19 - "Employee Benefits"* – modifies the accounting for *defined benefit plans* and *termination benefits*. The principle will be applicable for

the financial statements of financial years beginning January 1, 2013 or after. Early application is allowed.

Translation of financial statements expressed in currencies other than the euro

The functional reporting currency of the Group is the euro.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below.

	Exchange rate at June 30, 2011	Average exchange rate for the 1st Half of 2011
British pound (€/£)	0.9026	0.8682
US dollar ($/€)	1.4453	1.4032
Norway kroner (NOK/€)	7.7875	7.8247

III. SEASONAL FACTORS

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.

IV. SEGMENT INFORMATION

IFRS 8 requires segment information to be supplied using the same elements on which management bases internal reporting.

Cembre adopted as its primary reporting focus information by geographical area according to the location in which the operations of the company are based or the production process takes place. As the Cembre Group operates in a single segment denominated "Electric connectors and related tools", information based on this element is not usually utilized for the purposes of internal reporting.

Segment information by geographical area, according to the location in which the operations of the company are based or the production process takes place, is provided below.

1st Half of 2011	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	31,873	18,854	3,108		53,835
Sales to other Group companies	13,160	1,111	1	(14,272)	-
Revenues by sector	45,033	19,965	3,109	(14,272)	53,835
Operating profit by sector	8,308	1,556	244		10,108
Overhead costs/profits not assigned					-
Operating profit					10,108
Financial income (expense)					(28)
Income taxes					(3,502)
Gain (loss) from discontinued operations					-
Net profit					6,578

1st Half of 2010	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	24,496	16,440	2,505		43,441
Sales to other Group companies	10,662	718	12	(11,392)	-
Revenues by sector	35,158	17,158	2,517	(11,392)	43,441
Operating profit by sector	5,744	1,321	74		7,139
Overhead costs/profits not assigned					-
Operating profit					7,139
Financial income (expense)					141
Income taxes					(2,571)
Gain (loss) from discontinued operations					-
Net profit					4,709

As the breakdown of sales by geographical area is different from that of the related Group activities, one is provided in the table below.

Sales by geographical area

	1st Half 2011	1st Half 2010	Change
Italy	24,819	19,121	5,698
Europe	22,168	18,958	3210
Rest of World	6,848	5,362	1486
	53,835	**43,441**	**10,394**

The breakdown of assets and liabilities is shown below:

June 30, 2011	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	81,305	34,865	3,642	119,812
Unassigned assets				(2,726)
Total assets				117,086
Liabilities of the sector	24,197	6,348	118	30,663
Unassigned liabilities				(923)
Total liabilities				29,740

June 30, 2010	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	76,721	33,383	4,266	114,370
Unassigned assets				(2,651)
Total assets				111,719
Liabilities of the sector	21,086	4,802	108	25,996
Unassigned liabilities				(23)
Total liabilities				25,973

June 30, 2011	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	2,438	431	21	2,890
- Intangible assets	107	2	-	109
				2,999
Depreciation and amortization:				
- Property, plant and equipment	(952)	(276)	(38)	(1,266)
- Intangible assets	(125)	(2)	-	(127)
Accruals and provisions for employee benefits	524	-	-	524
Average no. of employees	414	151	16	581

June 30, 2010	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	1,603	411	3	2,017
- Intangible assets	17	4	-	21
				2,038
Depreciation and amortization:				
- Property, plant and equipment	(951)	(259)	(40)	(1,250)
- Intangible assets	(108)	(1)	-	(109)
Accruals and provisions for employee benefits	435	-	-	435
Average no. of employees	375	145	16	536

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	31,151	33,622	8,111	6,290	123	2,111	81,408
Accumulated depreciation	(6,756)	(26,375)	(6,727)	(5,038)	(72)	-	(44,968)
Bal. at Dec. 31, 2010	**24,395**	**7,247**	**1,384**	**1,252**	**51**	**2,111**	**36,440**
Increases	190	1,374	254	277	-	795	2,890
Currency translation differences	(130)	(43)	(2)	(11)	-	-	(186)
Depreciation	(300)	(597)	(126)	(234)	(8)	-	(1,265)
Net divestments	-	(1)	-	(6)	-	-	(7)
Reclassifications	1,321	108	202	13	(13)	(1,631)	-
Bal. at Dec. 31, 2011	**25,476**	**8,088**	**1,712**	**1,291**	**30**	**1,275**	**37,872**

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	27,897	31,863	7,872	6,023	163	4,267	78,085
Accumulated depreciation	(6,198)	(25,418)	(6,408)	(4,904)	(86)	0	(43,014)
Bal. at Dec. 31, 2009	**21,699**	**6,445**	**1,464**	**1,119**	**77**	**4,267**	**35,071**
Increases	10	858	114	264	-	771	2,017
Currency translation differences	242	79	4	32	-	-	357
Depreciation	(259)	(568)	(170)	(245)	(8)	-	(1,250)
Net divestments	-	(7)	-	(2)	-	(13)	(22)
Reclassifications	2,747	246	10	9	(9)	(3,003)	-
Bal. at June 30, 2010	**24,439**	**7,053**	**1,422**	**1,177**	**60**	**2,022**	**36,173**

Capital expenditure in the 1st Half of 2011 consists primarily of purchases made by the parent company and General Marking Srl. Expenditure of the parent includes the purchase of dies for €218 thousand and a grinding machine for €176 thousand. Cembre S.p.A. invested also €626 thousand in work in progress (of which €194 thousand for in-house construction and €432 thousand of advances paid). General Marking Srl invested €513 thousand in new plant, among which is the acquisition of an extrusion line and an extruding machine for €313 thousand, and a digital printer for labels worth €101 thousand. The French subsidiary is also carrying out renovation work on its offices for which €168 thousand were spent in the period.

Item Land and buildings includes the €5,921 thousand revaluation of land carried out upon the first-time application of IAS.

2. INTANGIBLE ASSETS

	Development costs	Software	Total
Historical cost	333	36	3,303
Accumulated amortization	(272)	(9)	(2,837)
Balance at Dec. 31, 2010	**61**	**27**	**466**
Increases	20	33	56
Amortization	(17)	(13)	(97)
Bal. at June 30, 2011	**64**	**47**	**425**

Increases in development costs relate to the cost of personnel employed in development in the 1st Half of 2011.

3. INVENTORIES

	June 30, 2011	Dec. 31, 2010	Change
Raw materials	8,230	6,911	1,319
Work in progress and semi-finished goods	9,140	8,090	1,050
Finished goods	18,187	14,631	3,556
Total	**35,557**	**29,632**	**5,925**

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €1,804 thousand.

Changes in the provision in the 1st Half of 2011 are shown in the table that follows:

	June 30, 2011	Dec. 31, 2010
Balance at January 1	**1,816**	**1,527**
Accruals	17	318
Uses	(4)	(50)
Currency translation differences	(25)	21
Balance at December 31	**1,804**	**1,816**

4. TRADE RECEIVABLES

	June 30, 2011	Dec. 31, 2010	Change
Gross trade receivables	29,803	28,691	1,112
Provision for doubtful accounts	(751)	(686)	(65)
Total	**29,052**	**28,005**	**1,047**

Trade receivables by geographical area

	June 30, 2011	Dec. 31, 2010	Change
Italy	18,310	17,355	955
Europe	9,852	9,375	477
North America	855	1,177	(322)
Oceania	359	151	208
Middle East	35	495	(460)
Far East	252	78	174
Africa	140	60	80
Total	**29,803**	**28,691**	**1,112**

Average collection time declined from 100 days in 2010 to 90 days in the 1st Half of 2011.

Changes in the provision for doubtful accounts is shown in the table that follows:

	June 30, 2011	Dec. 31, 2010
Balance at January 1	**686**	**634**
Accruals	118	181
Uses	(52)	(130)
Currency translation differences	(1)	1
Balance at December 31	**751**	**686**

The breakdown of receivables by maturity at June 30, 2011

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
2011	26,059	2,533	378	363	334	136	**29,803**
2010	23,853	3,395	520	234	377	312	**28,691**

5. SHAREHOLDERS' EQUITY

At June 30, 2011, the capital stock of the parent company amounted to €8,840 thousand, and was made up of 17 million ordinary shares of par value €0.52 each, fully underwritten and paid-up. At the same date the Company did not hold treasury shares.

The Statement of Changes in the Consolidated Shareholders' Equity included in the Consolidated Financial Statements shows changes in individual components of the Consolidated Shareholders' Equity.

6. FINANCIAL LIABILITIES

	Effective interest rate (%)	Maturity	June 30, 2011	Dec. 31, 2010
Bank overdrafts				
Parent company	1.0	on demand		
Credito Bergamasco			7	-
Banca Nazionale del Lavoro			20	-
Monte dei Paschi di Siena			112	-
Popolare di Verona			515	-
Popolare di Sondrio			745	-
			1,399	-
Total bank overdrafts			**1,399**	**-**
Loans				
Cembre España SL				
UBI Banca International	Euribor+0.80	June 2011	800	1.002
Total loans			**800**	**1.002**
Leasing (short-term portion)				
Cembre Espana SL	5,22-8,34	2009-2012	11	22
Total leasing (short-term portion)			**11**	**22**
CURRENT FINANCIAL LIABILITIES			**2.210**	**1.024**
Leasing (long-term portion)				
Cembre España SL	5,22-8,34	2009-2012	-	4
Total leasing (long-term portion)			**-**	**4**
NON-CURRENT FINANCIAL LIABILITIES			**-**	**4**

The present value of minimum future lease payments, discounted at the average rate paid on current lease contracts, is shown in the table that follows:

Year	Cash flow	No. of days	Current value
2011	7	184	7
2012	4	549	3
Total	**11**		**10**
		Difference	**1**
		Avg. discounting rate	**4.50%**

The parent company issued a guarantee against a loan extended to subsidiary Cembre España SL.

7. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Termination Indemnity accrued for employees of Italian companies. Special retirement benefits, due in accordance with French regulations to persons employed in France at the time of retirement, are also included in the provision.

At June 30, 2011, the Group, after verifying the immateriality of the operation, decided not to discount back employee termination indemnities accrued, maintaining the discounting effect at December 31, 2010.

	June 30, 2011	Dec. 31, 2010
Beginning balance	**2,775**	**2,944**
Accruals	524	719
Uses	(386)	(429)
INPS treasury account	(199)	(532)
Discounting effect	-	73
Ending balance	**2,714**	**2,775**

8. PROVISIONS FOR RISKS AND CHARGES

	Customer indemnities
At December 31, 2010	**72**
Accruals	5
Uses	-
At June 30, 2011	**77**

9. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2011	Dec. 31, 2010
Deferred tax liabilities		
Average cost valuation of inventories by the parent	(365)	(247)
Accelerated depreciation	(187)	(205)
Elimination of Cembre GmbH product warranty provision	(15)	(15)
Reversal of land depreciation	(27)	(27)
Revaluation of land	(1,859)	(1,859)
Discounting of employee termination indemnity	(93)	(93)
Capital gain on sale of industrial building	(12)	(24)
Dividends not collected	(10)	-
Foreign exchange translation differences	-	(1)
Gross deferred tax liabilities	**(2,568)**	**(2,471)**

Deferred tax assets		
Elimination of unrealized intra-group profits included in the value of inventories	1,174	1,215
Write-down of inventories	267	267
Goodwill amortization	30	33
Depreciation and write-down of inventories of General Marking	79	101
Provision for personnel of French subsidiary	50	50
Other	92	88
Gross deferred tax assets	**1,692**	**1,754**
Net deferred tax liabilities	**(876)**	**(717)**

10. TRADE PAYABLES

	June 30, 2011	Dec. 31, 2010	Change
Payable to suppliers	14,330	11,329	3,001
Advances	68	106	(38)
Total	**14,398**	**11,435**	**2,963**

Trade payables by geographical area

	June 30, 2011	Dec. 31, 2010	Change
Italy	9,771	8,739	1,032
Europe	4,447	2,461	1,986
America	24	7	17
Oceania	68	117	(49)
Other	20	5	15
Total	**14,330**	**11,329**	**3,001**

11. OTHER PAYABLES

	June 30, 2011	Dec. 31, 2010	Change
Payables to employees	2,973	1,347	1,626
Employee withholding taxes payable	314	703	(389)
Bonuses owed to customers	381	509	(128)
VAT and similar foreign taxes payable	754	715	39
Commissions payable	243	196	47
Payable to Statutory Auditors and similar foreign boards	93	75	18
Payable to Directors	12	11	1
Social security payables	1,370	1,995	(625)
Payable on sundry taxes	50	89	(39)
Other	(95)	30	(125)
Total	**6,095**	**5,670**	**425**

The increase in payables to employees is due to the accrual for thirteenth monthly salary payments, paid holidays and leaves, and year-end bonuses to be paid out in the year.

12. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1st Half of 2011, revenues grew by 23.9% on the corresponding period in the previous year. Domestic sales represented 46.1% of total sales and increased by 29.8% on the 1st Half of 2010, while sales in the rest of Europe represented 41.2% of the total, up 16.9% on the corresponding period in the previous year. Sales in the rest of the world grew by 27.7% and represented 12.7% of total sales.

13. OTHER REVENUES

	1st Half 2011	1st Half 2010	Change
Capital gains	43	7	36
Uses of provisions	43	15	28
Insurance damages	7	1	6
Reimbursements	146	143	3
Other	4	8	(4)
Total	**243**	**174**	**69**

14. COST OF SERVICES RECEIVED

	1st Half 2011	1st Half 2010	Change
Subcontracted work	1,629	1,195	434
Electricity, heating and water	614	521	93
Transport of goods sold	996	788	208
Fuel	185	165	20
Travelling expenses	393	386	7
Maintenance and repair	676	585	91
Consulting	553	504	49
Advertising and promotion	174	175	(1)
Insurance	256	245	11
Boards' compensation	397	405	(8)
Postage and telephone	195	173	22
Commissions	222	154	68
Security and cleaning	218	185	33
Bank fees	52	55	(3)
Other	349	368	(19)
Total	**6,909**	**5,904**	**1,005**

The cost of services received grew on the 1st Half of 2010. The cost of subcontracted work and transport in fact increased due to the higher production and turnover.

Item "Other" includes mainly expenses for the renewal of patents and software maintenance costs borne by the parent company, in addition to sundry services received by the UK subsidiary.

15. PERSONNEL COSTS

	1st Half 2011	1st Half 2010	Change
Wages and salaries	11,166	9,603	1,563
Social security contributions	2,931	2,499	432
Employee termination indemnity	535	432	103
Retirement benefits	53	52	1
Other costs	211	215	(4)
Total	**14,896**	**12,801**	**2,095**

Wages and salaries include €730 thousand relating to outsourced personnel, borne by the parent company.

Average number of employees by category

	1st Half 2011	1st Half 2010	Change
Managers	14	14	-
Administrative and commercial staff	255	252	3
Workers	265	256	9
Outsourced personnel	47	14	33
Total	**581**	**536**	**45**

Average number of employees by Group company

	Managers	Administrative and commercial staff	Workers	Outsourced personnel	Total
Cembre S.p.A.	6	157	195	41	399
General Marking S.r.l.	-	6	9	-	15
Cembre Ltd.	3	26	39	2	70
Cembre Sarl	1	18	4	-	23
Cembre España SL	1	24	11	3	39
Cembre AS	-	2	-	-	2
Cembre Inc.	2	11	3	-	16
Cembre GmbH	1	11	4	1	17
Total	**14**	**255**	**265**	**47**	**581**

16. INCOME TAXES

	1st Half 2011	1st Half 2010	Change
Current taxes	(3,344)	(2,529)	(815)
Deferred (prepaid) taxes	(158)	(42)	(116)
	(3,502)	**(2,571)**	**(931)**

In view of the complexity of the calculation and the immateriality of the difference between theoretical and actual tax expense recorded in the past, taxes for some foreign subsidiaries were calculated based on the theoretical tax rate. We therefore limit our analysis to the comparison between actual tax and theoretical tax expense for the 1st Half of 2011 and the 1st Half of 2010, postponing a reconciliation to the financial statements at December 31, 2011.

	1st Half 2011	1st Half 2010
Profit before taxes	7,280	4,444
Income taxes	(2,571)	(1,572)
Effective tax rate	**35.30%**	**35.37%**
Theoretical tax rate (*)	31.40%	31.40%

(*) Tax rate of the parent company (IRES + IRAP)

At June 30, 2011 there were no temporary differences and loss carry-forwards on which no deferred tax asset or liability had been recorded.

Deferred and prepaid taxes

	1st Half 2011	1st Half 2010
Deferred tax liabilities		
Average cost valuation of inventories	(118)	(261)
Accelerated depreciation	18	-
Capital gain on sale of building	12	12
Dividends not cashed in	(10)	-
Unrealized foreign exchange differences	1	(23)
	(97)	**(272)**
Deferred tax assets		
Elimination of unrealized intra-group gains included in the value of inventories	(41)	224
Amortization of goodwill	(3)	(3)

Depreciation expense and write-downs of General Marking inventories	(22)	(3)
Other	4	1
	(62)	**219**
Foreign exchange differences	1	11
Deferred taxes for the period	**(158)**	**(42)**

17. COMPREHENSIVE INCOME

The Cembre Group chose to adopt IAS 1 Revised and to report in a single statement its comprehensive income. The economic effect of transactions recorded under Shareholders' Equity are reported separately and are a component (positive or negative) of net income for the period. At June 30, 2011, the only change resulting from the adoption of IFRS 1 Revised relates to foreign exchange differences formed upon consolidation from the translation of the financial statements of foreign subsidiaries not operating in the euro area.

18. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period

	1st Half 2011	**1st Half 2010**
Net income attributable to Shareholders	6,578	4,710
Average number of ordinary shares (thousand)	17,000	17,000
Earnings per share	**0.39**	**0.28**

19. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2011.

	Receivables	**Payables**	**Revenues**	**Expenses**
Cembre Ltd.	2,027	73	3,224	203
Cembre S.a.r.l.	886	5	1,732	5
Cembre España S.L.	1,549	-	2,376	-
Cembre AS	13	5	183	5
Cembre GmbH	973	6	1,908	12
Cembre Inc.	740	-	1,738	-
General Marking S.r.l.	14	1,281	64	1,936
Total	**6,202**	**1,370**	**11,225**	**2,161**

Cembre S.p.A. leases an industrial building to subsidiary General Marking. Rent for the building for the 1st Half of 2011 amounts to €51 thousand.

Among property leased to Cembre by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Milan, Padua and Bologna sales offices, all of which are owned by company Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, directors of the parent company. Lease payments for the 1st Half of 2011 amount to €258 thousand. Rent is in line with market conditions. It is in the Company's interest to benefit from the continuity of office space reducing the risk of early termination of leases.

In the 1st Half of 2011, Cembre S.p.A. leased from Montifer S.r.l. a portion of an industrial building adjacent to the Company's main industrial complex and measuring 1,640 square meters. The spouse of Mr. Fabio Fada, independent director of the parent company, is a non-executive director of Montifer S.r.l. The yearly rent for said property, in line with current market conditions, amounts to €61 thousand, while lease payments in the 1st Half of 2011 amounted to €10 thousand. Cembre S.p.A. leased the industrial space adjacent to its main premises to be able to reorganize and enhance its shipping department. Invoices issued in the first six months of the year relating to the above contracts were all settled.

Subsidiary Cembre Ltd. also leased a commercial building from Borno Ltd., a UK Real Estate company controlled by Lysne S.p.A. (the parent of Cembre S.p.A.). Annual lease payments amount to £41 thousand, in line with current market conditions.

With reference to assets and liabilities relating to subsidiaries shown above, we confirm that transactions with the same and with related parties fall within the scope of normal operating activities.

Cembre S.p.A.'s relationships with its parent company Lysne S.p.A. is limited to the normal exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not exercise direction or coordination activities.

Boards' compensation

In the 1st Half of 2011, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

(€'000)	*Statutory Auditors*	*Directors*
Emoluments as directors and auditors of the parent company	55	231
Emoluments as directors of subsidiaries	-	17
Retribution as employees	-	69
Non-monetary benefits	-	7

Non-monetary benefits relate to the use of a company car and insurance policies underwritten on their behalf.

20. NET FINANCIAL POSITION

Below we include the Net Financial Position of the Group:

		June 30, 2011	**Dec. 31, 2010**
A	Cash	13	14
B	Bank deposits	11,782	14,683
C	**Cash and cash equivalents (A+B)**	**11,795**	**14,697**
D	**Financial receivables**	**-**	**-**
E	Current bank debt	(2,199)	(1,002)
F	Other current financial debt	(11)	(22)
G	**Current financial debt (E+F)**	**(2,210)**	**(1,024)**
H	**Net current financial position (C+D+G)**	**9,585**	**13,673**
I	Non-current bank debt	-	-
J	Other non-current financial debt	-	(4)
K	**Non-current financial debt (J+K)**	**-**	**(4)**
L	**Net financial position (H+K)**	**9,585**	**13,669**

The decline in the net financial position on December 31, 2010 is due primarily to the payment of €4.4 million in dividends and to the €3 million capital expenditure made in the first six months of the year.

21. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group does not make significant use of derivative instruments to hedge against interest risk and currency exposure. The short term maturity of a large part of the financial instruments held is such that their carrying value is in line with their fair value of the same.

Risks connected with the market

The Group faces market risk by pursuing ongoing innovation, the widening of the product range, the launch of lower cost products and the upgrade of its production processes, while implementing focused marketing policies with the help of its foreign subsidiaries.

Interest rate risk

The Group generally stipulates short-term floating-rate loans. At June 30, 2011, guarantees provided by the parent company included a line of credit for a maximum of €2.5 million and expiring on June 30, 2011 opened in favour of the Spanish subsidiary. The floating interest rate is equal to the Euribor rate plus a spread of 0.8%. At June 30, 2011, €0.8 million had been drawn.

The Group also makes use of bank overdrafts to face ordinary liquidity needs.

Currency risk

Despite a strong international presence, the Group does not have a significant exposure to currency risk (on an operating or equity basis), as it operates mainly in the euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is determined mainly by sales in US dollars and British pounds. The size of these transactions is not significant in influencing the overall performance of the Group.

To hedge part of the currency risk deriving from supplies in euro from the parent company, UK subsidiary Cembre Ltd. entered into a forward contract whose terms are summarized in the table below:

Date of contract	Amount in euro	Forward exchange rate	Amount in £	Expiration
May 5, 2011	300,000	1.1490	261,097	July 6, 2011
May 23, 2011	300,000	1.1502	260,824	Aug. 5, 2011

At the exchange rate at June 30, 2011 the effect of the hedge contracts listed above was equal to an unrealized gain of £20 thousand, equivalent to about €22 thousand.

As described in the consolidation principles section, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the web site of the Ufficio Italiano Cambi. In the table that follows we report the economic effect of possible fluctuations in exchange rates for main financial figures of consolidated companies operating outside the euro area.

(€'000)	**Currency**	**Exchange rate fluctuation**	**Effect on Shareholders' Equity**	**Effect on sales**	**Effect on pre-tax profit**
Cembre Ltd.	£	+5% / -5%	390 / (390)	392 / (392)	43 / (43)
Cembre AS	NOK	+5% / -5%	36 / (36)	21 / (21)	3 / (3)
Cembre Inc.	US$	+5% / -5%	139 / (139)	155 / (155)	12 / (12)

At June 30, 2011, the effect of foreign-exchange transactions was negative by €87 thousand.

<u>Liquidity risk</u>

The exposure of the Group to liquidity risk is not material.

Credit risk

Exposure to credit risk of the Group relates exclusively to trade receivables.

As shown in note 4, none of the areas in which the Group operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide secured guarantees. Receivables expired by over 12 months and those under litigation are widely covered by the provision for bad debt accrued.

22. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2011.

23. CONSOLIDATED COMPANIES

The consolidation area is unchanged from December 31, 2010. Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2011	Share held at Dec. 31, 2010
Cembre Ltd.	Sutton Coldfield (Birmingham)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	Torrejon (Madrid)	€ 2,902,200	100% (*)	100% (*)
Cembre AS	Stokke (Norway)	NOK 2,400,000	100%	100%
Cembre GmbH	Munich (Germany)	€ 1,812,000	100% (*)	100% (*)
Cembre Inc.	Edison (New Jersey - USA)	US$ 1,440,000	100%(**)	100%(**)
General Marking S.r.l.	Brescia (Italy)	€ 99,000	100%	100%

(*) of which 5% held through Cembre Ltd.
(**) of which 29% held through Cembre Ltd.

Brescia, August 29, 2011

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

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Cembre

Attestation of the Half-year Condensed Financial Statements

pursuant to art.81-ter of Consob Regulation no.11971 dated May 14, 1999 and subsequent amendments and addendums

The undersigned Giovanni Rosani and Claudio Bornati in their capacity respectively of, Managing Director and Manager responsible for preparing the financial reports of Cembre S.p.A., attest, pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 dated February 24, 1998, as amended and integrated:

• the adequacy in relation to the characteristics of the company, and

• the application of

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1st Half of 2011.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2011:

• correspond to the document results, books and accounting records;

• have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated July 19, 2002;

• provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

It is furthermore attested that the Report on Operations contains a reliable analysis of information defined in paragraph 4 of article 154-ter of Legislative Decree no.58, dated February 24, 1998, as amended and integrated.

Brescia, August 29, 2011

the Chairman and
Managing Director

signed by
Giovanni Rosani

the Manager responsible for
preparing the financial reports

signed by
Claudio Bornati

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AUDITORS' REPORT ON THE REVIEW OF THE HALF-YEAR CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2011

To the Shareholders of
Cembre SpA

1 We have reviewed the half-year consolidated condensed financial statements, consisting of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flow, consolidated statement of changes in equity and related explanatory notes as of June 30, 2011 of Cembre SpA and its subsidiaries (the "Cembre Group"). These half-year condensed financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Cembre SpA's Directors. Our responsibility is to issue a report on these half-year financial statements based on our review.

2 We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") for the review of the half-year interim financial statements under Resolution no. 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year consolidated condensed financial statements, assessing whether accounting policies have been consistently applied and making inquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year consolidated condensed financial statements.

For the comparative figures related to the year ended December 31, 2010 and to the six-month period ended June 30, 2010, presented in the half-year consolidated condensed financial statements, reference should be made to our reports dated March 29, 2011 and August 27, 2010, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the half-year consolidated condensed financial statements of Cembre Group as of June 30, 2011 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Brescia, August 29, 2011

PricewaterhouseCoopers SpA

Signed by
Alessandro Mazzetti
(Partner)

This report has been translated into the English language solely for the convenience of international readers.

PricewaterhouseCoopers SpA

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