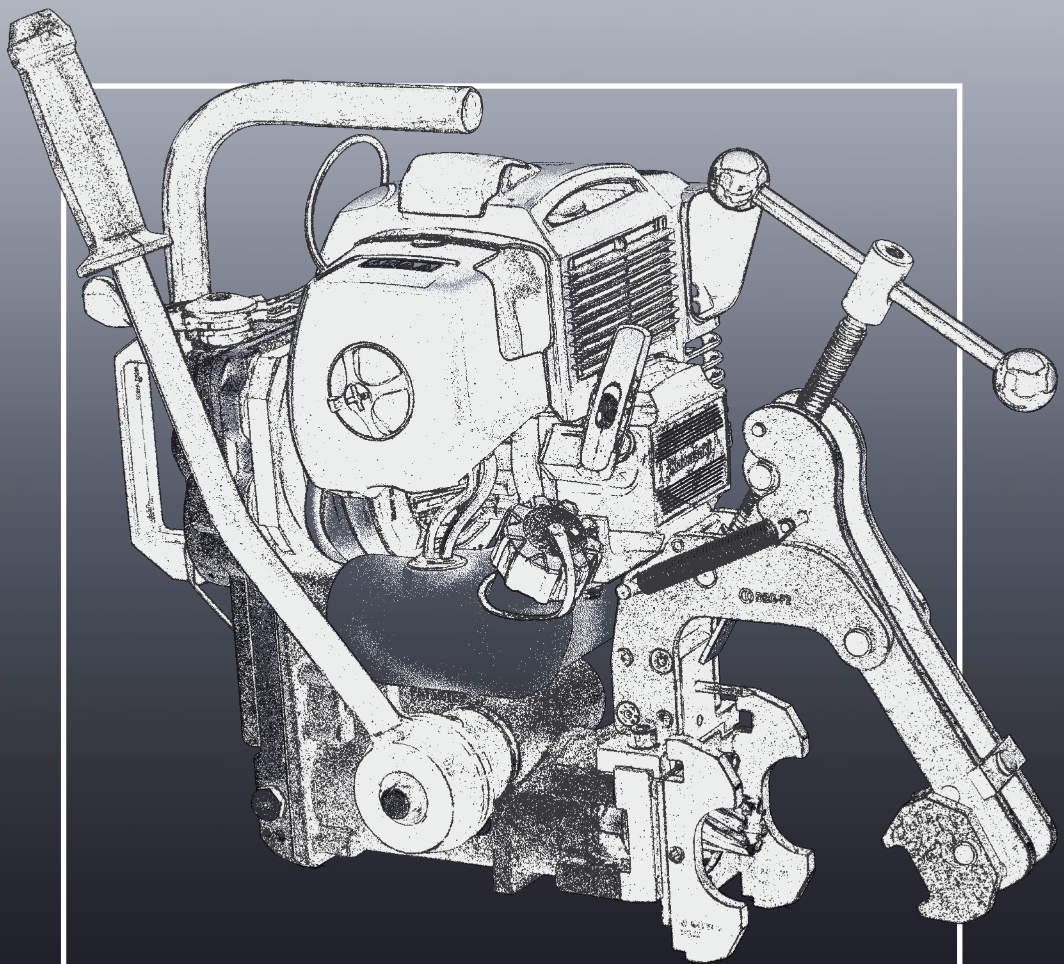
Cembre

COSTRUZIONI ELETTROMECCANICHE BRESCIANE



2012 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 LD-1P-ECO rail drilling machine with low emission engine

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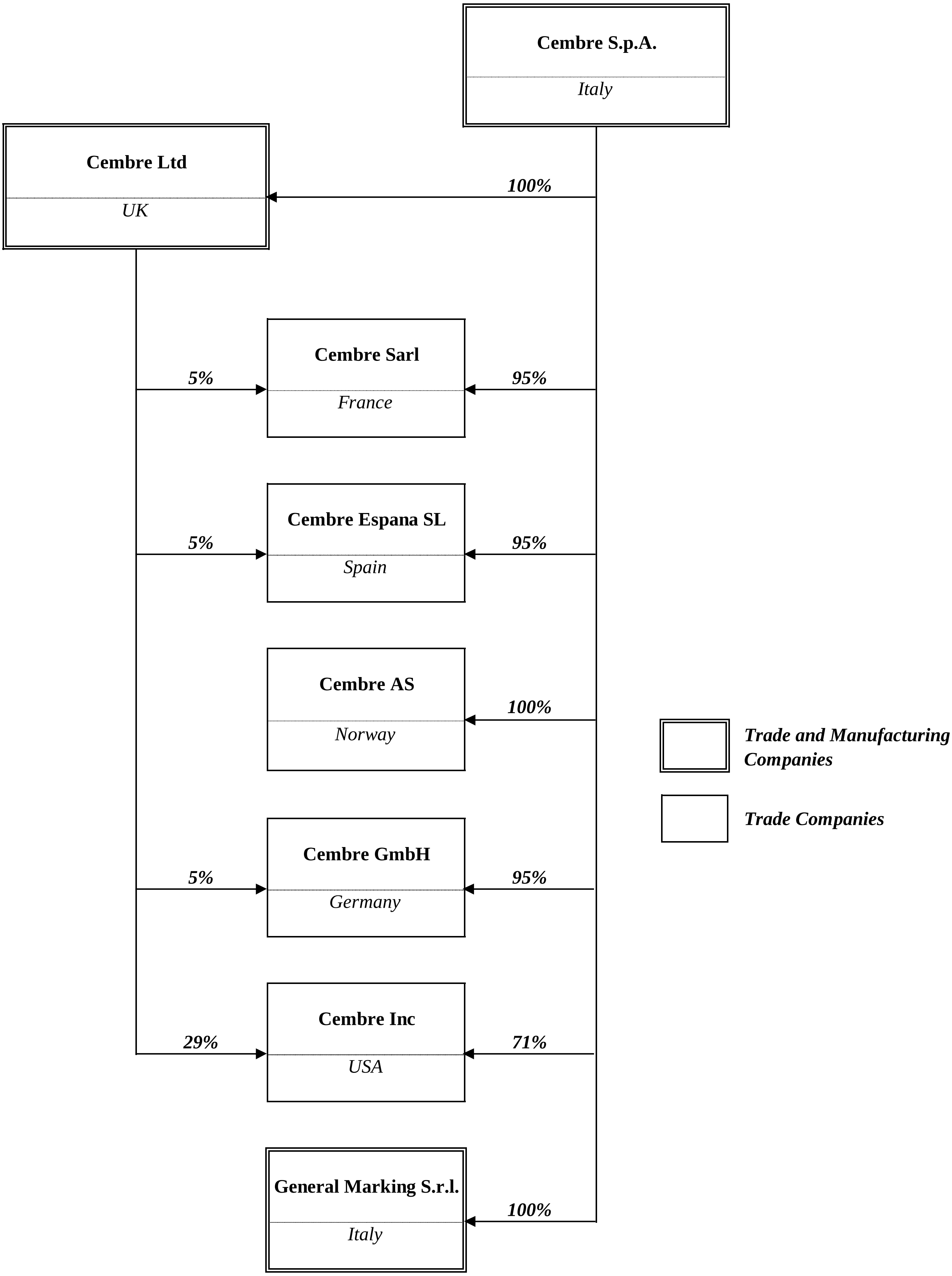
Cembre Group

GROUP STRUCTURE



Report on Operations
for the 1st Half of 2012

Despite the strongly negative market situation, in the 1st Half of 2012 the Cembre Group managed to contain the decline in sales thanks to the good performance of exports, maintaining turnover stable over the first six months of 2011. Consolidated sales declined in fact by 1.1%, from €53.8 million in the 1st Half of 2011, to €53.2 million in the corresponding period in 2012. Turnover for the 2nd Quarter of 2012 was in line with the corresponding period in 2011, with sales up slightly from €27 million in the 1st Half of 2011 to €27.1 million in the corresponding period in 2012, representing a 0.2% increase.

Foreign subsidiaries Cembre Ltd (GB) and Cembre Inc. (US) reported average sales increases of 20%, while subsidiaries Cembre Sarl (F) and Cembre GmbH (D) registered smaller increases of respectively 6% and 3%. Only Spanish subsidiary Cembre España SL registered a decline in sales due to the negative economic situation in Spain, with the resulting layoff of 7 employees and concentration of activities in the Torrejón (Madrid) complex.

In the 1st Half of 2012, the distribution of consolidated sales by geographical area followed the trends described, with domestic sales declining by 15.5% to €21 million, and exports growing by 11.2% to €32.2 million. A total of 39.4% of Group sales were represented by Italy (as compared with 46.1% in the 1st Half of 2011), 44.8% by the rest of Europe (41.2% in the 1st Half of 2011), and the remaining 15.8% by the rest of the World (12.7% in the 1st Half of 2011).

Sales by geographical area

(€'000)	1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Italy	20,968	24,819	19,121	15,074	21,522
Rest of Europe	23,841	22,168	18,958	18,466	22,687
Rest of the World	8,412	6,848	5,362	4,592	5.922
Total	53,221	53,835	43,441	38,132	50,131

Revenues by Group company (net of intragroup sales):

(€'000)	1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Parent company	28,249	31,677	24,332	19,905	26,636
Cembre Ltd. (UK)	9,086	6,759	5,500	5,933	6,849
Cembre S.a.r.l. (France)	4,081	3,846	3,157	3,197	3,420
Cembre España S.L. (Spain)	3,093	3,929	4,333	3,790	6,698
Cembre GmbH (Germany)	4,018	3,896	2,981	2,366	2,637
Cembre AS (Norway)	528	424	469	321	431
Cembre Inc. (USA)	4,107	3,108	2,505	2,461	3,150
General Marking Srl (Italy)	59	196	164	159	310
Total	53,221	53,835	43,441	38,132	50,131

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 declined by 7.2% from €1,935 thousand in the 1st Half of 2011, to €1,795 thousand in the corresponding period in 2012.

In the first six months of 2012, Group companies reported the following results, before consolidation:

			Revenues		
(€'000)	1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Cembre S.p.A.	41,345	42,902	33,713	28,609	39,761
Cembre Ltd. (UK)	9,970	7,842	6,197	6,485	7,448
Cembre S.a.r.l. (F)	4,089	3,856	3,161	3,207	3,431
Cembre España S.L.	3,455	3,930	4,334	3,790	6,698
Cembre GmbH (D)	4,029	3,909	2,997	2,499	2,641
Cembre AS (Nor)	528	430	469	321	432
Cembre Inc. (US)	4,155	3,109	2,517	2,417	3,154
General Marking S.r.l.	1,854	2,131	1,446	1,144	1,656

(€'000)	Net result 1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Cembre S.p.A.	5,138	5,531	4,529	2,027	4,964
Cembre Ltd. (UK)	1,123	635	393	595	500
Cembre S.a.r.l. (F)	100	165	74	213	199
Cembre España S.L.	(276)	(31)	197	153	524
Cembre GmbH (D)	278	304	156	84	150
Cembre AS (Nor)	57	37	110	56	94
Cembre Inc. (US)	210	131	46	77	285
General Marking S.r.l.	497	622	306	154	299

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.

	Currency	Revenues 1st Half 2012	1st Half 2012	1st Half 2011	1st Half 2009	1st Half 2008
Cembre Ltd. (UK)	£	8,200	8,200	6,808	5,797	5,773
Cembre AS (Norway)	Nok	3,996	3,996	3,363	2,859	3,431
Cembre Inc. (USA)	US$	5,387	5,387	4,363	3,221	4,826

	Currency	Net result 1st Half 2012	1st Half 2012	1st Half 2011	1st Half 2009	1st Half 2008
Cembre Ltd. (UK)	£	923	552	342	531	387
Cembre AS (Norway)	Nok	428	293	882	502	746
Cembre Inc. (USA)	US$	272	183	61	103	436

To provide a better understanding of the Company's financial performance for the 1st Half of 2012, a Reclassified Consolidated Income Statement showing changes from the 1st Half of 2011 is enclosed as Attachment 1.

Consolidated gross operating profit for the 1st Half of 2012 amounted to €10,295 thousand, representing a 19.3% margin on sales, down 10.5% on the corresponding period in 2011 when it amounted to €11,501 thousand, representing a 21.4% margin on sales.

Consolidated operating profit for the period amounted to €8,509 thousand, representing a 16% margin on sales, down 15.8% on €10,108 thousand in the 1st Half of 2011, when it represented an 18.8% margin on sales.

Consolidated profit before taxes amounted to €8,580 thousand, representing a 16.1% margin on sales, down 14.9% on €10,080 thousand in the 1st Half of 2011, when it represented an 18.7% margin on sales.

The net financial deficit for the 1st Half of 2012 was equal to €51 thousand, while in the period foreign exchange gains amounted to €122 thousand.

Net profit for the first six months of 2012 amounted to €5,690 thousand, representing a 10.7% margin on sales, down 13.5% on €6,578 thousand in the 1st Half of 2011, when it represented a 12.2% margin on sales.

The consolidated net financial position at June 30, 2012 amounted to a deficit of €1.6 million, down on December 31, 2011, when it amounted to a surplus of €2.3 million. The net financial position was affected by capital expenditure made in the period, amounting to €6.6 million, and the payment of €2.7 million in dividends.

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, 2012 and the consolidated accounts at the same date:

RECONCILIATION BETWEEN THE STATUTORY ACCOUNTS OF THE PARENT COMPANY AND THE CONSOLIDATED ACCOUNTS *(€'000)*	Shareholders' Equity	Net profit
Parent company's statutory accounts	**77,382**	**5,138**
Book value of consolidated companies	22,261	2,072
Elimination of intra-group profits included in the value of inventories (*)	(3,229)	(244)
Currency translation differences on elimination of intra-group payables and receivables	53	8
German subsidiary product warranty provision reversal (*)	19	-
Intercompany reconciliation	(6)	(4)
Dividends	-	(1,280)
Consolidated Financial Statements	**96,480**	**5,690**

(*) Net of the related tax effect

Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1st Half of 2012 amounted to €6.6 million and consisted mainly in the construction of buildings and the acquisition of plant and equipment.

Research & Development

Research and Development activities are fundamental in the development of innovative products with a high technological content.

In the 1st Half of 2012, research costs included €233 thousand of personnel costs, expensed in the income statement.

Development costs for the 1st Half of 2012 included €50 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 Company introduced new connectors to meet market demand.

The design of the connectors included also the development of the equipment necessary for their manufacture.

Railroad Equipment

Development concentrated on tools for cutting, drilling and fastening rails to sleepers.

A prototype of a hydraulic tool used for a new application inherent to the rail electrical contact was designed and built. The utensil has been patented.

Cable glands

The study of a cable gland with an interlocking graft rather than threaded, allowing a faster assembly in the electric box was concluded.

Tools

A prototype for a new battery-operated tool for the shearing of cables up to a diameter of 65 millimeters, improving the shearing strength by 40% over the previous model, was developed.

A study for a new head for the compression of large section cables was started.

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

Cable marking

New flat labels for the marking of cable terminals, cables and electric boxes were introduced.

Two new transparent holders for rigid labels (PM-01) and for flat labels (PMF-01) were introduced. These feature a new design of the area that hosts the cable, developed to obtain a strong hold on both 0.5 and 2.5 square millimeter cables.

A new machine for the manufacturing of flat label reels for Rolly roll printers that allows for high precision printing was completed and put into production.

Related parties

Commercial transactions concluded between the parent company and its subsidiaries in the 1st Half of 2012 are summarized in the table below:

(€'000)	**Receivables**	**Payables**	**Revenues**	**Purchases**
Cembre Ltd.	3,564	60	4,414	135
Cembre S.a.r.l.	582	51	2,024	53
Cembre España S.L.	865	85	1,152	361
Cembre AS	82	-	259	-
Cembre GmbH	951	5	2,076	9
Cembre Inc.	1,979	-	3,207	44
General Marking S.r.l.	1	2,605	19	1,795
Total	**8,024**	**2,806**	**13,151**	**2,397**

Cembre S.p.A. leased an industrial building to subsidiary General Marking S.r.l. In the 1st Half of 2012, rent for said building amounted to €51 thousand.

Cembre S.p.A. 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 S.p.A., 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 2012 amount to €256 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.

Cembre S.p.A. leases from Montifer S.r.l. a portion of an industrial building adjacent to the Company's main industrial complex and measuring 2,970 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 €47 thousand. Cembre S.p.A. leased said industrial space adjacent to its main industrial complex to be able to reorganize some production departments.

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 £38 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.

Absence of control and coordination

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 SpA. 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 2012, 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 management 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

Loans contracted in the past months to finance strong capital investment are primarily short-term and due to the current low volatility of interest rates do not generate consistent risks that may influence significantly the Group's performance or its financial position.

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 behavior 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 behavioral 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.

Worker safety management

In 2012 Cembre S.p.A. obtained the certification of its worker health and safety management system according to the OHSAS 18001: 2007 standard.

Subsequent events

No event having significant effects on Cembre’s financial or operating performance occurred after June 30, 2012.

The Board of Directors of Cembre S.p.A. resolved on the present date, prior to the approval of the present Half-yearly Report, the merger of subsidiary General Marking S.r.l. with the parent company, effective January 1, 2013.

General Marking S.r.l. is a wholly-owned subsidiary and the merger does not therefore generate changes in the consolidation area. The merger is aimed at streamlining the production, organizational and distribution processes in Italy, as all activities of the merged subsidiary will be transferred to Cembre's main industrial complex, a transfer made possible by the acquisition in November 2011 of industrial space adjacent to the Brescia main complex.

Outlook

Cembre expects to close the 2012 financial year reporting an increase in turnover over 2011, 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, 2012

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 2012

Consolidated Income Statement

(€ '000)	**1st Half 2012**	**% of sales**	**1st Half 2011**	**% of sales**	**change**
Revenues from sales and services provided	53.221	100	53.835	100	-1,1%
Other revenues	346		243		42,4%
TOTAL REVENUES	**53.567**		**54.078**		-0,9%
Cost of goods and marchandise	(19.349)	(36,4)	(26.232)	(48,7)	-26,2%
Change in inventories	122	0,2	6.282	11,7	-98,1%
Cost of services received	(7.384)	(13,9)	(6.909)	(12,8)	6,9%
Lease and rental costs	(687)	(1,3)	(632)	(1,2)	8,7%
Personnel costs	(15.746)	(29,6)	(14.896)	(27,7)	5,7%
Other operating costs	(452)	(0,8)	(376)	(0,7)	20,2%
Increase in assets due to internal construction	317	0,6	285	0,5	11,2%
Write-down of current assets	(89)	(0,2)	(70)	(0,1)	27,1%
Accruals to provisions for risks and charges	(4)	(0,0)	(29)	(0,1)	-86,2%
GROSS OPERATING PROFIT	**10.295**	**19,3**	**11.501**	**21,4**	-10,5%
Tangible assets depreciation	(1.610)	(3,0)	(1.266)	(2,4)	27,2%
Intangible assets amortization	(176)	(0,3)	(127)	(0,2)	38,6%
OPERATING PROFIT	**8.509**	**16,0**	**10.108**	**18,8**	-15,8%
Financial income	20	0,0	78	0,1	-74,4%
Financial expenses	(71)	(0,1)	(19)	(0,0)	273,7%
Foreign exchange gains (losses)	122	0,2	(87)	(0,2)	-240,2%
PROFIT BEFORE TAXES	**8.580**	**16,1**	**10.080**	**18,7**	-14,9%
Income taxes	(2.890)	(5,4)	(3.502)	(6,5)	-17,5%
NET PROFIT FROM ORDINARY ACTIVITIES	**5.690**	**10,7**	**6.578**	**12,2**	-13,5%
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	**-**		**-**		
NET PROFIT	**5.690**	**10,7**	**6.578**	**12,2**	-13,5%

CORPORATE BOARDS

Attachment 2 – Report on the 1st Half of 2012

Board of Directors

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

Secretary

Giorgio Rota

Board of Statutory Auditors

Chairman	Fabio Longhi
Permanent Auditor	Guido Astori
Permanent Auditor	Andrea Boreatti
Substitute Auditor	Maria Grazia Lizzini
Substitute Auditor	Gabriele Baschetti

Independent Auditors

PricewaterhouseCoopers S.p.A.

The above list is updated at August 29, 2012.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2014.

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 Anna Maria Onofri holds all ordinary management powers not reserved to the Board by law, with the exception of the appointment of professionals.

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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Share Capital: Euro 8,840,000 (fully paid-up)
Registration no: FC 00541390175 (Commercial Register of Brescia)

Condensed Consolidated Financial Statements at June 30, 2012

Consolidated Statement of Financial Position

	Notes	June 30, 2012		Dec. 31, 2011	
(euro '000)					
ASSETS			***of which: related parties***		***of which: related parties***
A) NON-CURRENT ASSETS					
Tangible assets	*1*	54.683		50.012	
Intangible assets	*2*	970		698	
Financial assets available for sale		5		5	
Other non-current assets		21		22	
Deferred tax assets	*9*	2.068		1.872	
TOTAL NON-CURRENT ASSETS		**57.747**		**52.609**	
B) CURRENT ASSETS					
Inventories	*3*	37.426		37.022	
Trade receivables	*4*	27.979		24.451	
Tax receivables		117		494	
Other receivables	*5*	1.796		812	
Cash and cash equivalents		6.684		8.986	
TOTAL CURRENT ASSETS		**74.002**		**71.765**	
C) NON-CURRENT ASSETS AVAILABLE FOR SALE		**-**		**-**	
TOTAL ASSETS(A+B+C)		**131.749**		**124.374**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
A) SHAREHOLDERS' EQUITY					
Capital stock	*6*	8.840		8.840	
Reserves	*6*	81.950		72.889	
Net profit	*6*	5.690		11.400	
TOTAL SHAREHOLDERS' EQUITY		**96.480**		**93.129**	
B) NON-CURRENT LIABILITIES					
Non-current financial liabilities		-		-	
Employee Severance Indemnity and other personnel benefits	*8*	2.508	141	2.609	136
Provisions for risks and charges		86		82	
Deferred tax liabilities	*9*	2.694		2.672	
TOTAL NON-CURRENT LIABILITIES		**5.288**		**5.363**	
C) CURRENT LIABILITIES					
Current financial liabilities	*7*	8.233		6.664	
Liabilities on derivative instruments	*21*	28		47	
Trade payables	*10*	13.347		12.398	
Tax payables		1.395		720	
Other payables	*11*	6.978		6.053	
TOTAL CURRENT LIABILITIES		**29.981**		**25.882**	
D) LIABILITIES ON ASSETS HELD FOR DISPOSAL		**-**		**-**	
TOTAL LIABILITIES (B+C+D)		**35.269**		**31.245**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		**131.749**		**124.374**	

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Condensed Consolidated Financial Statements at June 30, 2012

Statement of Consolidated Comprehensive Income

	Notes	1st Half 2012		1st Half 2011	
(euro '000)			*of which: related parties*		*of which: related parties*
Revenues from sales and services provided	*12*	53.221		53.835	
Other revenues	*13*	346		243	
TOTAL REVENUES		**53.567**		**54.078**	
Cost of goods and merchandise		(19.349)		(26.232)	
Change in inventories		122		6.282	
Cost of services received	*14*	(7.384)	(370)	(6.909)	(302)
Lease and rental costs		(687)	(329)	(632)	(292)
Personnel costs	*15*	(15.746)	(114)	(14.896)	(69)
Other operating costs	*16*	(452)		(376)	
Increase in assets due to internal construction		317		285	
Write-down of receivables		(89)		(70)	
Accruals to provisions for risks and charges		(4)		(29)	
GROSS OPERATING PROFIT		**10.295**		**11.501**	
Property, plant and equipment depreciation	*1*	(1.610)		(1.266)	
Intangible asset amortization	*2*	(176)		(127)	
OPERATING PROFIT		**8.509**		**10.108**	
Financial income		20		78	
Financial expenses		(71)		(19)	
Foreign exchange gains (losses)	*21*	122		(87)	
PROFIT BEFORE TAXES		**8.580**		**10.080**	
Income taxes	*16*	(2.890)		(3.502)	
NET PROFIT FROM ORDINARY ACTIVITIES		**5.690**		**6.578**	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		**-**		**-**	
NET PROFIT		**5.690**		**6.578**	
Conversion differences included in equity		381		(558)	
COMPREHENSIVE INCOME	*17*	**6.071**		**6.020**	
BASIC EARNINGS PER SHARE	*18*	**0,33**		**0,39**	

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

Consolidated Statement of Cash Flows

€ '000

	1st Half 2012	Full Year 2011	1st Half 2011
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8.986**	**14.697**	**14.697**
B) CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period	5.690	11.400	6.578
Depreciation, amortization and write-downs	1.785	2.937	1.393
(Gains)/Losses on disposal of assets	10	(43)	(20)
Net change in Employee Severance Indemnity	(101)	(166)	(61)
Net change in provisions for risks and charges	4	10	5
Operating profit (loss) before change in working capital	**7.388**	**14.138**	**7.895**
(Increase) Decrease in trade receivables	(3.528)	3.554	(1.047)
(Increase) Decrease in inventories	(404)	(7.390)	(5.925)
(Increase) Decrease in other receivables and deferred tax assets	(803)	(810)	120
Increase (Decrease) of trade payables	(1.508)	1.168	2.910
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.622	(1.218)	(322)
Change in working capital	**(4.621)**	**(4.696)**	**(4.264)**
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**2.767**	**9.442**	**3.631**
C) CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets:			
- intangible	(447)	(418)	(109)
- tangible	(6.182)	(16.183)	(2.889)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets			
- tangible	41	99	25
Increase (Decrease) of trade payables for assets	2.457	(205)	53
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(4.131)**	**(16.707)**	**(2.920)**
D) CASH FLOW FROM FINANCING ACTIVITIES			
(Increase) Decrease in other non current assets	1	(4)	(3)
Increase (Decrease) in bank loans and borrowings	1.573	5.658	1.197
Increase (Decrease) in other loans and borrowings	(4)	(22)	(15)
Increase (Decrease) in derivative instruments	(19)	47	0
Dividends distributed	(2.720)	(4.200)	(4.420)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	**(1.169)**	**1.479**	**(3.241)**
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	**(2.533)**	**(5.786)**	**(2.530)**
F) Foreign exchange differences	231	75	(372)
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD (A+E+F)	**6.684**	**8.986**	**11.795**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	**6.684**	**8.986**	**11.795**
Current financial liabilities	(8.233)	(6.664)	(2.210)
Liabilities on derivative instruments	(28)	(47)	0
NET CONSOLIDATED FINANCIAL POSITION	**(1.577)**	**2.275**	**9.585**
INTERESTS PAID IN THE PERIOD	**(65)**	**(44)**	**(19)**

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Cash	17	18	13
Banks	6.667	8.968	11.782
	6.684	**8.986**	**11.795**

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Condensed Consolidated Financial Statements at June 30, 2012

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 foreign exchange gains	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2011	**8.840**	**12.245**	**1.768**	**68**	**17.344**	**(1.381)**	**39.130**	**3.715**	**-**	**-**	**11.400**	**93.129**
Allocation of previous year's net profit (1)					2.203	0	6.477				(11.400)	(2.720)
Other changes												-
Comprehensive income at June 30, 2012					(2)	383					5.690	6.071
Balance at June 30, 2012	**8.840**	**12.245**	**1.768**	**68**	**19.545**	**(998)**	**45.607**	**3.715**	**-**	**-**	**5.690**	**96.480**

Statement of Changes in the Consolidated Shareholders' Equity at June 30, 2011

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Reserve for foreign 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's 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**

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

Notes to the Condensed Consolidated Financial Statements at June 30, 2012

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 Condensed Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2012 was authorized by a resolution of the Board of Directors dated August 29, 2012.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content

The present Condensed Consolidated Financial Statements at June 30, 2012 was prepared under IAS 34 on Interim Reports.

This condensed consolidated report does not include all additional information required for annual reports and must be read in conjunction with the Financial Statements at December 31, 2011. 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 Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of the Financial Statements at December 31, 2011. The adoption of mandatory amendments for accounting periods beginning on January 1, 2012 or later had no effect on the operating results or the financial position of the Group.

Principles adopted in the preparation of the present Condensed Consolidated Financial Statements are those formally approved by the European Union in force at June 30, 2012.

Below we report accounting principles applicable from January 1, 2012, whose introduction, however, did not have a material effect on the preparation of the present Condensed Consolidated Financial Statements at June 30, 2012.

- *amendment to IFRS 7 – Financial Instruments: Disclosures*
- *amendment to IAS 12 – Income Taxes*

The Group 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* – published by the IASB on May 12, 2011 and effective January 1, 2013.
- *IFRS 11 "Joint Arrangements"* – published by the IASB on May 12, 2011 and effective January 1, 2013;
- *IFRS 12 "Disclosure of Interests in Other Entities"* – published by the IASB on May 12, 2011 and effective January 1, 2013;

- *IFRS 13 "Fair Value Measurement"* – published by the IASB on May 12, 2011 and effective January 1, 2013.
- *IFRS 27 "Consolidated and Separate Financial Statements"* – published by the IASB on May 12, 2011 and effective January 1, 2013.
- *IFRS 28 "Investments in Associates and Joint Ventures"* – published by the IASB on May 12, 2011 and effective January 1, 2013.
- *IAS 1 "Presentation of Financial Statements"* – the amendment, effective January 1, 2013 (for financial periods from July 1, 2012), relates to the presentation of figures contained in the Comprehensive Income Statement.
- *IAS 19 "Employee Benefits"* - effective January 1, 2013.
- *IFRS 9 "Financial Instruments"* – effective January 1, 2015, represents the first part of a process in stages that aims at replacing entirely IAS 39 and introduces new criteria for the classification and valuation of financial assets and liabilities and the elimination (derecognition) from the balance sheet of financial assets.

The Group reserves to evaluate in the near future the effect of the adoption of the new accounting principles.

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, 2012	Average exchange rate for the 1st Half of 2012
British pound (€/£)	0.8068	0.8225
US dollar (€/$)	1.2590	1.2965
Norway kroner (€/NOK)	7.5330	7.5729

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 2012	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	28,308	20,806	4,107		53,221
Sales to other Group companies	14,891	1,264	48	(16,203)	-
Revenues by sector	43,199	22,070	4,155	(16,203)	53,221
Operating profit by sector	6,461	1,763	285		8,509
Overhead costs/profits not assigned					-
Operating profit					8,509
Financial income (expense)					71
Income taxes					(2,890)
Gain (loss) from discontinued operations					-
Net profit					5,690

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

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 2012	1st Half 2011	Change
Italy	20,968	24,819	(3,851)
Europe	23,841	22,168	1,673
Rest of World	8,412	6,848	1,564
	53,221	**53,835**	**(614)**

The breakdown of assets and liabilities, according to the location in which the operations of the company are based or the production process takes place, is shown below:

June 30, 2012	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	93,301	36,123	5,561	134,985
Unassigned assets				(3,236)
Total assets				131,749
Liabilities of the sector	30,327	5,300	142	35,769
Unassigned liabilities				(500)
Total liabilities				35,269

June 30, 2011	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	88,279	34,532	4,550	127,361
Unassigned assets				(2,987)
Total assets				124,374
Liabilities of the sector	26,487	4,629	149	31,265
Unassigned liabilities				(20)
Total liabilities				31,245

1st Half 2012	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	5,841	287	54	6,182
- Intangible assets	411	14	-	425
				6,607
Depreciation and amortization:				
- Property, plant and equipment	(1,257)	(312)	(41)	(1,610)
- Intangible assets	(169)	(7)	-	(176)
Accruals and provisions for employee benefits	441	-	-	441
Average no. of employees	412	168	18	598

1st Half 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

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	36,355	36,229	8,738	7,223	159	1,990	90,694
Revaluation on first-time application of IAS	5,921	-	-	-	-	-	5,921
Revaluation for tax purposes	936	85	-	7	-	-	1,028
Accumulated depreciation	(7,369)	(27,645)	(7,005)	(5,521)	(91)	-	(47,631)
Bal. at Dec. 31, 2011	**35,843**	**8,669**	**1,733**	**1,709**	**68**	**1,990**	**50,012**
Increases	2,315	2,104	97	173	-	1,493	6,182
Currency translation differences	102	36	-	13	-	-	151
Depreciation	(455)	(714)	(152)	(280)	(9)	-	(1,610)
Net divestments	-	-	(30)	-	-	-	(30)
Reclassifications	1,186	310	43	(3)	(19)	(1,539)	(22)
Bal. at June 30, 2012	**38,991**	**10,405**	**1,691**	**1,612**	**40**	**1,944**	**54,683**

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	24,294	33,531	8,111	6,282	123	2,111	74,452
Revaluation on first-time application of IAS	5,921	-	-	-	-	-	5,921
Revaluation for tax purposes	936	91	-	8	-	-	1,035
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 June 30, 2011	**25,476**	**8,088**	**1,712**	**1,291**	**30**	**1,275**	**37,872**

Capital expenditure in the 1st Half of 2012 consisted primarily of purchases made by the parent company in the context of real estate development operations carried out from the second Half of 2011. A large part of these was represented by the construction of an industrial building that will host the new automated warehouse, for which the parent company invested in the 1st Half of 2012 a total of €3 million, a portion of which was recorded under work in progress. The parent company also invested consistent resources in the acquisition of new machinery, which included the purchase of a new work station for €1.4 million. The UK subsidiary also purchased machinery worth €0.3 million.

Item revaluation upon the first-time adoption of IAS includes the revaluation of land carried out on such occasion.

2. INTANGIBLE ASSETS

	Development costs	Patents	Software	Work in progress	Total
Historical cost	371	85	3,454	180	4,090
Accumulated amortization	(310)	(41)	(3,041)	-	(3,392)
Balance at Dec. 31, 2011	**61**	**44**	**413**	**180**	**698**
Increases	50	44	313	18	425
Amortization	(18)	(24)	(133)	-	(175)
Reclassifications	-	-	202	(180)	22
Balance at June 30, 2012	**93**	**64**	**795**	**18**	**970**

Increases in development costs relate to the cost of personnel employed in development in the 1st Half of 2012.

3. INVENTORIES

	June 30, 2012	Dec. 31, 2011	Change
Raw materials	8,802	8,034	768
Work in progress and semi-finished goods	9,802	9,385	417
Finished goods	18,822	19,603	(781)
Total	**37,426**	**37,022**	**404**

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €1,838 thousand. Changes in the provision in the 1st Half of 2012 are shown in the table that follows:

	June 30, 2012	Dec. 31, 2011
Balance at beginning of period	**1,770**	**1,816**
Accruals	78	100
Uses	(26)	(159)
Currency translation differences	16	13
Balance at end of period	**1,838**	**1,770**

4. TRADE RECEIVABLES

	June 30, 2012	Dec. 31, 2011	Change
Gross trade receivables	28,667	25,129	3,538
Provision for doubtful accounts	(688)	(678)	(10)
Total	**27,979**	**24,451**	**3,528**

Trade receivables by geographical area

	June 30, 2012	Dec. 31, 2011	Change
Italy	16,233	14,449	1,784
Europe	10,862	9,004	1,858
North America	1,118	1,125	(7)
Oceania	125	264	(139)
Middle East	34	32	2
Far East	150	120	30
Africa	145	135	10
Total	**28,667**	**25,129**	**3,538**

Average collection time increased from 80 days in the 2nd Half of 2011 to 88 days in the 1st Half of 2012.

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

	June 30, 2012	Dec. 31, 2011
Balance at beginning of period	**686**	**634**
Accruals	118	181
Uses	(52)	(130)
Currency translation differences	(1)	1
Balance at end of period	**751**	**686**

The breakdown of receivables by maturity at June 30, 2012

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
2012	24,170	3,275	444	227	408	143	**28,667**
2011	20,989	2,940	415	201	451	133	**25,129**

5. OTHER ASSETS

	June 30, 2012	Dec. 31, 2011	Change
Advances to employee receivable	96	92	4
Indirect tax credits	1,208	406	802
Advances to suppliers	226	180	46
Other	266	134	132
Total	**1,796**	**812**	**984**

Item Other above includes prevalently Social Security receivables and receivables from INAIL (national work related accidents fund) of the parent company.

6. SHAREHOLDERS' EQUITY

At June 30, 2012, 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.

7. FINANCIAL LIABILITIES

	Effective interest rate (%)	Maturity	June 30, 2012	Dec. 31, 2011
Bank overdrafts				
Parent company	1.3-1.4	on demand		
Credito Bergamasco			714	766
UBI Banca			296	80
Intesa San Paolo			381	60
Unicredt			980	19
Monte dei Paschi di Siena			174	14
Popolare di Sondrio			968	10
BNL			717	9
Passadore			3	-
Totale bank overdrafts			**4,233**	**958**

Loans				
Cembre S.p.A.				
UBI Banca	Euribor +1.7	April 2013	2,000	5,000
Unicredit	1.15	July 2012	2,000	-
Cembre España SL				
UBI Banca International	2.443	Jan. 2012	-	702
Total loans			**4,000**	**5,702**
Leasing (short-term portion)				
Cembre España SL	5,22-8,34	2009-2012	-	4
Total leasing (short-term portion)			**-**	**4**
CURRENT FINANCIAL LIABILITIES			**8,233**	**6,664**

8. 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, 2012, 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, 2011.

	June 30, 2012	Dec. 31, 2011
Beginning balance	**2,609**	**2,775**
Accruals	441	827
Uses	(213)	(345)
INPS treasury account	(329)	(567)
Discounting effect	-	(81)
Ending balance	**2,508**	**2,609**

9. DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax Assets and Liabilities	June 30, 2012	Dec. 31, 2011
Deferred tax liabilities		
Average cost valuation of inventories by the parent	(466)	(436)
Accelerated depreciation	(202)	(209)
Elimination of Cembre GmbH product warranty provision	(12)	(12)
Reversal of land depreciation	(27)	(27)
Revaluation of land	(1,859)	(1,859)
Discounting of employee termination indemnity	(115)	(115)
Foreign exchange translation differences	(13)	(14)
Gross deferred tax liabilities	**(2,694)**	**(2,672)**
Deferred tax assets		
Elimination of unrealized intra-group profits included in the value of inventories	1,478	1,366
Write-down of inventories	267	267
Goodwill amortization	25	28
Depreciation and write-down of inventories of General Marking	80	83
Losses of Spanish subsidiary	83	-
Provision for personnel of French subsidiary	39	39
Other	96	89
Gross deferred tax assets	**2,068**	**1,872**
Net deferred tax liabilities	**(626)**	**(800)**

10. TRADE PAYABLES

	June 30, 2012	Dec. 31, 2011	Change
Payable to suppliers	13,172	12,335	837
Advances	175	63	112
Total	**13,347**	**12,398**	**949**

Trade payables by geographical area

	June 30, 2012	Dec. 31, 2011	Change
Italy	10,393	9,395	998
Europe	2,639	2,775	(136)
America	30	33	(3)
Oceania	106	103	3
Other	4	29	(25)
Total	**13,172**	**12,335**	**837**

11. OTHER PAYABLES

	June 30, 2012	Dec. 31, 2011	Change
Payables to employees	3,371	1,448	1,923
Employee withholding taxes payable	318	837	(519)
Bonuses owed to customers	378	553	(175)
VAT and similar foreign taxes payable	1,039	725	314
Commissions payable	170	200	(30)
Payable to Statutory Auditors and similar foreign boards	125	94	31
Payable to Directors	23	11	12
Social security payables	1,535	2,122	(587)
Payable on sundry taxes	56	51	5
Other	(37)	12	(49)
Total	**6,978**	**6,053**	**925**

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 2012, revenues declined by 1.1% on the corresponding period in the previous year. Domestic sales represented 39.4% of total sales and declined by 15.5% on the 1st Half of 2011, while sales in the rest of Europe represented 44.8% of the total, up 7.6% on the corresponding period in the previous year. Sales in the rest of the world grew by 22.8% and represented 15.8% of total sales.

13. OTHER REVENUES

	1st Half 2012	1st Half 2011	Change
Rent	113	-	113
Capital gains	-	43	(43)
Uses of provisions	-	43	(43)
Insurance damages	7	7	-
Reimbursements	203	146	57
Other	23	4	19
Total	**346**	**243**	**103**

14. COST OF SERVICES RECEIVED

	1st Half 2012	1st Half 2011	Change
Subcontracted work	1,523	1,629	(106)
Electricity, heating and water	734	614	120
Transport of goods sold	1,007	996	11
Fuel	259	185	74
Travelling expenses	476	393	83
Maintenance and repair	768	676	92
Consulting	658	553	105
Advertising and promotion	292	174	118
Insurance	278	256	22
Boards' compensation	451	397	54
Postage and telephone	183	195	(12)
Commissions	141	222	(81)
Security and cleaning	240	218	22
Bank fees	60	52	8
Other	314	349	(35)
Total	**7,384**	**6,909**	**475**

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 2012	1st Half 2011	Change
Wages and salaries	11,785	11,166	619
Social security contributions	3,110	2,931	179
Employee termination indemnity	526	535	(9)
Retirement benefits	59	53	6
Other costs	266	211	55
Total	**15,746**	**14,896**	**850**

Wages and salaries include €436 thousand relating to outsourced personnel, borne by the parent company.

Average number of employees by category

	1st Half 2012	1st Half 2011	Change
Managers	15	14	1
Administrative and commercial staff	274	255	19
Workers	283	265	18
Outsourced personnel	26	47	(21)
Total	**598**	**581**	**17**

Average number of employees by Group company

	Managers	Administrative and commercial staff	Workers	Outsourced personnel	Total	Total 1st Half 2011	Change
Cembre S.p.A.	6	167	201	23	397	399	(2)
General Marking S.r.l.	-	6	9	-	15	15	-
Cembre Ltd	3	32	50	1	86	70	16
Cembre Sarl	1	18	6	-	25	23	2
Cembre España SL	1	24	9	1	35	39	(4)
Cembre AS	-	2	-	-	2	2	-
Cembre Inc.	3	12	3	-	18	16	2
Cembre GmbH	1	13	5	1	20	17	3
Total	**15**	**274**	**283**	**26**	**598**	**581**	**17**

Total number of Group's employees increased from 581 to 598 units, in particular Cembre Ltd personnel raised of 16 units, from 70 to 86, in order to introduce a second workshift and satisfy the growth of English market.

16. INCOME TAXES

	1st Half 2011	1st Half 2010	Change
Current taxes	(3,069)	(3,344)	275
Deferred (prepaid) taxes	179	(158)	337
	(2,890)	**(3,502)**	**612**

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 2012 and the 1st Half of 2011, postponing a reconciliation to the financial statements at December 31, 2012.

	1st Half 2012	1st Half 2011
Profit before taxes	8,580	10,080
Income taxes	(2,890)	(3,502)
Effective tax rate	**33.69%**	**34.75%**
Theoretical tax rate (*)	31.40%	31.40%

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

At June 30, 2012 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 2012	1st Half 2011
Deferred tax liabilities		
Average cost valuation of inventories	(30)	(118)
Accelerated depreciation	7	18
Capital gain on sale of building	-	12
Dividends not cashed in	-	(10)
Unrealized foreign exchange differences	1	1
	(22)	**(97)**
Deferred tax assets		
Elimination of unrealized intra-group gains included in the value of inventories	112	(41)
Amortization of goodwill	(3)	(3)
Depreciation expense and write-downs of General Marking inventories	(3)	(22)
Losses of Spanish subsidiary	83	-
Other	7	4
	196	**(62)**
Foreign exchange differences	5	1
Deferred taxes for the period	**179**	**(158)**

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, 2012, 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 2012	1st Half 2011
Net income attributable to Shareholders	5,690	6,578
Average number of ordinary shares	17,000	17,000
Earnings per share	**0.33**	**0.39**

19. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2012.

	Receivables	Payables	Revenues	Expenses
Cembre Ltd.	3,564	60	4,414	135
Cembre S.a.r.l.	582	51	2,024	53
Cembre España S.L.	865	85	1,152	361
Cembre AS	82	-	259	-
Cembre GmbH	951	5	2,076	9
Cembre Inc.	1,979	-	3,207	44
General Marking S.r.l.	1	2,605	19	1,795
Total	**8,024**	**2,806**	**13,151**	**2,397**

Cembre S.p.A. leases an industrial building to subsidiary General Marking. Rent for the building for the 1st Half of 2012 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 2012 amount to €256 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 2012, 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 2,970 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 €47 thousand. Cembre S.p.A. leased the industrial space adjacent to its main premises to be able to reorganize production departments.

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 £38 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 2012, 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	95	239
Emoluments as directors of subsidiaries	-	37
Retribution as employees	-	114
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, 2012	Dec. 31, 2011
A	Cash	17	18
B	Bank deposits	6,667	8,968
C	**Cash and cash equivalents (A+B)**	**6,684**	**8,986**
D	**Financial receivables**	**-**	**-**
E	Current bank debt	(8,233)	(6,660)
F	Financial payables on derivatives	(28)	(47)
G	Other current financial debt	-	(4)
H	**Current financial debt (E+F+G)**	**(8,261)**	**(6,711)**
I	**Net current financial position (C+D+H)**	**(1,577)**	**2,275**
J	**Non-current financial debt**	**-**	**-**
K	**Net financial position (I+J)**	**(1,577)**	**2,275**

The decline in the net financial position on December 31, 2011 is due primarily to the strong capital expenditure, amounting to €6.6 million, made in the period.

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. At June 30, 2012 the Company was a counterpart in a currency option forward contract detailed in the paragraph on currency risks.

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, 2012, the parent company had two outstanding loans of €2 million each, the first of which expiring in April 2013, bearing a floating interest equal to the 3-month Euribor rate plus a spread of 1.7%, and the second, expiring July 2012, bearing a fixed interest of 1.15%. These loans were taken out to finance the strong capital investments made by the Company in the last 12 months.

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, British pounds and Norwegian Kroner. The size of these transactions is not significant in influencing the overall performance of the Group.

In consideration of the weakness of the euro caused by tensions in international financial markets, the parent company entered in 2011 into a currency hedging contract expiring on September 26, 2012 for a notional amount of US$500 thousand and a forward exchange rate of 1.355 €/$. An estimate provided upon request by a financial institution on the effect of the two contracts at June 30, 2012 shows an unrealized loss of €28 thousand.

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 for the acquisition of euros whose terms are summarized in the table below:

Date of contract	Amount in euro	Forward exchange rate	Amount in £	Expiration
October 5, 2012	300,000	1.2403	241,876.97	July 6, 2012
May 31, 2012	200,000	1.2457	160,552.30	July 6, 2012
May 31, 2012	300,000	1.2447	241,021.93	Aug. 3, 2012

At the exchange rate at June 30, 2012 the effect of the hedge contracts listed above was equal to an unrealized gain of £2 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%	(494) / 494	(498) / 498	(75) / 75
Cembre AS	NOK	+5% / -5%	(39) / 39	(26) / 26	(4) / 4
Cembre Inc.	US$	+5% / -5%	(172) / 172	(207) / 207	(14) / 14

At June 30, 2012, the effect of foreign-exchange transactions was positive by €122 thousand.

<u>Liquidity risk</u>

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

<u>Credit risk</u>

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 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, 2012.

23. CONSOLIDATED COMPANIES

The consolidation area is unchanged from December 31, 2011. Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2012	Share held at Dec. 31, 2011
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, 2012

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

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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 2012.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2012:

• 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, 2012

the Chairman and Managing Director	the Manager responsible for preparing the financial reports
signed by Giovanni Rosani	signed by Claudio Bornati