Cembre

COSTRUZIONI ELETTROMECCANICHE BRESCIANE

2013 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 draft statutory annual financial statements and consolidated annual financial statements prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

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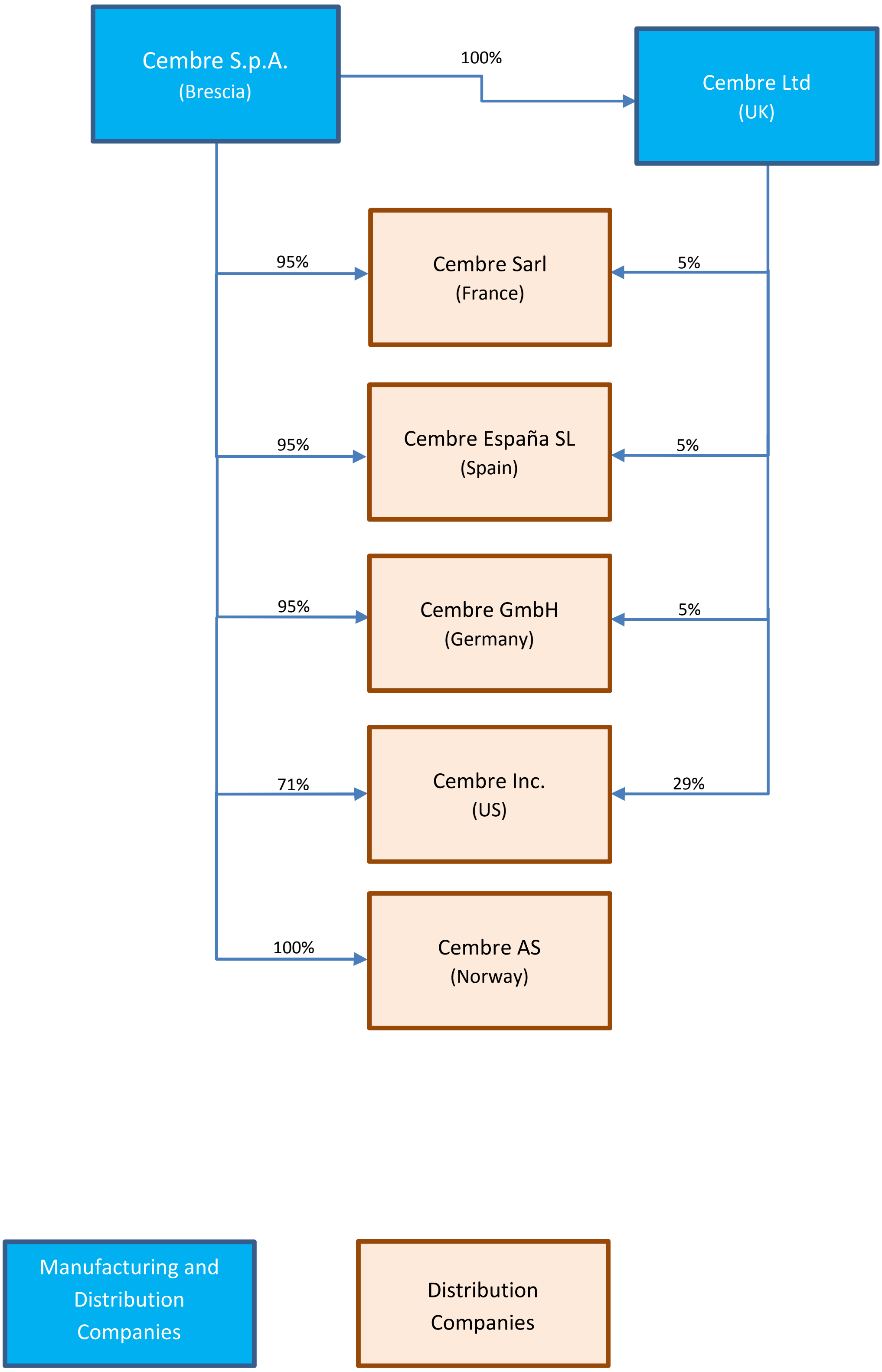
Group Structure



Report on Operations for the 1st Half of 2013

Operating Review

In the first six months of 2013 the economy continued to experience a strongly negative phase, with a decline in industrial production and a contraction in demand. This situation and the low consumer confidence had a negative effect on sales of the Cembre Group that contracted by 1.8% from €53.2 million in the first six months of 2012, to €52.3 million in the 1st Half of 2013. In the 2nd Quarter sales were in line with the 1st Half as a whole, with sales down 1.9% from €27.1 million in the 2nd Quarter of 2012, to €26.6 million in the corresponding period in 2013.

UK subsidiary Cembre Ltd. recorded a positive performance, with sales in pounds terms up 7.8% (up 4.3% in euro terms) on the 1st Half of 2012, while the US subsidiary reported a 21.3% increase in sales in dollar terms (up 19.8% in euro terms). All other subsidiaries saw instead a slight contraction in sales, with the positive note of Spain, where, after a long period of strong difficulties, sales posted a slight recovery.

The breakdown of consolidated sales by geographical area shows once again the difficulties experienced by the domestic market, with domestic sales declining by 7.9% to €19.3 million, and exports growing by 2.2% to €33 million. In the 1st Half of 2013, 37% of Group sales were represented by Italy (as compared with 39.4% in the 1st Half of 2012), 45.9% by the rest of Europe (44.8% in the 1st Half of 2012), and the remaining 17.1% by the rest of the World (15.8% in the 1st Half of 2012).

Sales by geographical area

(€'000)	1st Half 2013	1st Half 2012	Change	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Italy	19,309	20,968	-7.9%	24,819	19,121	15,074	21,522
Rest of Europe	23,995	23,841	0.6%	22,168	18,958	18,466	22,687
Rest of the World	8,955	8,412	6.5%	6,848	5,362	4,592	5,922
Total	**52,259**	**53,221**	**-1.8%**	**53,835**	**43,441**	**38,132**	**50,131**

Revenues by Group company (net of intragroup sales)

(€'000)	**1st Half 2013**	**1st Half 2012**	**Change**	**1st Half 2011**	**1st Half 2010**	**1st Half 2009**	**1st Half 2008**
Cembre S.p.A.	26,607	28,308	-6.0%	31,873	24,496	20,064	26,946
Cembre Ltd. (UK)	9,541	9,086	5.0%	6,759	5,500	5,933	6,849
Cembre S.a.r.l. (F)	4,037	4,081	-1.1%	3,846	3,157	3,197	3,420
Cembre España S.L. (E)	3,167	3,093	2.4%	3,929	4,333	3,790	6,698
Cembre GmbH (D)	3,535	4,018	-12.0%	3,896	2,981	2,366	2,637
Cembre AS (NOR)	412	528	-22.0%	424	469	321	431
Cembre Inc. (USA)	4,960	4,107	20.8%	3,108	2,505	2,461	3,150
Total	**52,259**	**53,221**	**-1.8%**	**53,835**	**43,441**	**38,132**	**50,131**

In the 1st Half of 2013, Group companies reported the following results, before the consolidation:

	Sales					
(€'000)	**1st Half 2013**	**1st Half 2012**	**1st Half 2011**	**1st Half 2010**	**1st Half 2009**	**1st Half 2008**
Cembre S.p.A.	39,071	41,385	43,034	33,823	28,713	39,994
Cembre Ltd. (UK)	10,394	9,970	7,842	6,197	6,485	7,448
Cembre S.a.r.l. (F)	4,080	4,089	3,856	3,161	3,207	3,431
Cembre España S.L. (E)	3,167	3,455	3,930	4,334	3,790	6,698
Cembre GmbH (D)	3,666	4,029	3,909	2,997	2,499	2,641
Cembre AS (NOR)	412	528	430	469	321	432
Cembre Inc. (USA)	4,976	4,155	3,109	2,517	2,417	3,154

	Net Profit					
(€'000)	**1st Half 2013**	**1st Half 2012**	**1st Half 2011**	**1st Half 2010**	**1st Half 2009**	**1st Half 2008**
Cembre S.p.A.	4,305	5,636	6,152	4,835	2,181	5,263
Cembre Ltd. (UK)	1,139	1,123	635	393	595	500
Cembre S.a.r.l. (F)	166	100	165	74	213	199
Cembre España S.L. (E)	69	(276)	(31)	197	153	524
Cembre GmbH (D)	98	278	304	156	84	150
Cembre AS (NOR)	11	57	37	110	56	94
Cembre Inc. (USA)	480	210	131	46	77	285

Sales and net profit of the parent company for the 1st Half of 2012, 2011, 2010, 2009 and 2008 were restated to include sales made outside the Group by subsidiary General Marking, merged with the parent company effective January 1, 2013.

For a more direct evaluation of the effect of foreign exchange translation, we include below sales figures of companies operating outside the euro area in the respective currency.

	Currency	Sales					
(€'000)		1st Half 2013	1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Cembre Ltd. (UK)	Gbp	8,843	8,200	6,808	5,392	5,797	5,773
Cembre AS (NOR)	Nok	3,097	3,996	3,363	3,751	2,859	3,431
Cembre Inc. (USA)	Us$	6,536	5,387	4,363	3,339	3,221	4,826

	Currency	Net Profit					
(€'000)		1st Half 2013	1st Half 2012	1st Half 2011	1st Half 2010	1st Half 2009	1st Half 2008
Cembre Ltd. (UK)	Gbp	969	923	552	342	531	387
Cembre AS (NOR)	Nok	86	428	293	882	502	746
Cembre Inc. (USA)	Us$	630	272	183	61	103	436

To provide a better understanding of the Company's financial performance for the 1st Half of 2013, a Reclassified Consolidated Income Statement for the 1st Half of 2013 and 2012 that shows percentage changes is enclosed as Attachment 1.

Consolidated gross operating profit for the 1st Half of 2013 amounted to €10,103 thousand, representing a 19.3% margin on sales, down 1.9% on the corresponding period in 2012 when it amounted to €10,295 thousand, representing a 19.3% margin on sales.

Consolidated operating profit for the period amounted to €7,952 thousand, representing a 15.2% margin on sales, down 6.5% on €8,509 thousand in the 1st Half of 2012, when it represented a 16% margin on sales.

Consolidated profit before taxes amounted to €7,811 thousand, representing a 14.9% margin on sales, down 9% on €8,580 thousand in the 1st Half of 2012, when it represented a 16.1% margin on sales.

The net financial deficit for the 1st Half of 2013 was equal to €35 thousand, while in the period foreign exchange losses amounted to €106 thousand.

Net profit for the first six months of 2013 amounted to €5,190 thousand, representing a 9.9% margin on sales, down 8.8% on €5,690 thousand in the 1st Half of 2012, when it represented a 10.7% margin on sales.

The consolidated net financial position at June 30, 2013 amounted to a deficit of €3.8 million, down on December 31, 2012, when it amounted to a surplus of €0.6 million. The financial position was affected by capital expenditure made in the period, amounting to €3.9 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, 2013 and the consolidated accounts at the same date:

(€'000)	**Shareholders' Equity**	**Net Profit**
Parent company's financial statements	**87,135**	**4,305**
Book value of consolidated companies	19,527	1,948
Elimination of intra-group profits included in the value of inventories (*)	(2,557)	573
Currency translation differences from elimination of intragroup payables and receivables	(19)	(4)
German subsidiary product warranty provision reversal (*)	22	2
Netting of intragroup dividends	(12)	(1,650)
Reversal of accruals made under French law	16	16
Netting of intragroup gains	(3)	-
Consolidated Financial Statements	**104,109**	**5,190**

(*) Net of the related tax effect.

Capital expenditure

Capital expenditure, gross of amortization, depreciation and disposals made in the 1st Half of 2013 amounted to €3.9 million and consisted mainly in the acquisition of plant and equipment.

Main risks and uncertainties

<u>Risks connected to the economic situation</u>

The economic and financial situation of the Group is 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.

Though the weak economy of the euro zone shows signs of improvement, forecasts for the current year still point to a general decline in economic activities. This negative trend is not expected to be offset by growth in other macro areas as uncertainties regarding monetary policies and the slower growth of Asian economies have kept world trade at modest levels.

The decline in gross domestic product in Italy seems to be losing pace and a stabilization is expected in the second half of the year. Credit remains however tight with a reduction in loans, particularly to households and small and medium size businesses, which makes a recovery in the short run less likely.

The situation should show a marked improvement in 2014 thanks to an acceleration of foreign trade, the loosening of credit policies and the expected payment of the Public Administration’s trade payables.

The wide margin of uncertainty on which estimates of future performance are based make it very difficult to make reliable predictions on the performance of the markets and of demand. The Cembre Group, thanks to its strong financial position and good competitive hedge is confident about the future and feels it is in a position to take advantage of opportunities that may arise and to react to possible changes in the economic scenario that may develop in the next months.

<u>Risks connected with the market</u>

The Group protects its market position by pursuing ongoing innovation, the widening of the product range, the launch of 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.

<u>Credit risk</u>

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 review of customers has become more careful, with an ongoing monitoring of overdues and immediate contact with problem 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 the cash flow generated by operations should decline drastically.

Interest rate risk

In view of the short maturities of loans taken against the strong capital investment in the period and the low volatility of interest rates, the Group is not subject to a level of financial risk that may significantly affect its financial position.

Currency risk

Despite its 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 basically 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

Possible 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 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. The model was illustrated to employees through specific training sessions. The Company constantly integrates and upgrades the model.

Further information on main risks and uncertainties is contained 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.

Research & Development

Cembre's investment in Research & Development resulted in the 1st Half of 2013 in costs amounting respectively to €203 thousand for research, and €109 thousand for development. Research costs were expensed in the year, while development costs were capitalized among intangibles.

Below we include a brief description of products under study. Information provided is purposely generic and incomplete as these products are still treated as industrial secrets.

Cable terminals

A total of 18 new connectors, designed to meet specific requirements of customers, were developed along with tools for their manufacturing.

Railroad equipment

The development of portable tools and accessories for drilling, cutting and fastening rails to sleepers continued.

The study of a new drill for sleepers with new operating features required by the market was started.

Tools

New blades for the shearing of steel cables to be used with our B54 battery operated torch tool were developed. Demand for these blades originated from the US market.

A new 18V B54 battery operated torch tool version for the US market came into production. This version is specifically designed to use Lithium Ion batteries of a particular brand which is widely used in the US market.

We also started producing a new pre-series of a family of battery run tools for the compression and shearing of cables having innovating characteristics which have given rise to the deposit of a specific patent.

Cable marking

A total of 24 new flat labels for the marking of cable terminals, cables and electric boxes were introduced.

Related parties

Transactions concluded between the parent company and its subsidiaries in the 1st Half of 2013 were exclusively of a commercial nature and are summarized in the table below:

(€)	Receivables	Payables	Revenues	Purchases
Cembre Ltd.	2,018,764	11,971	4,523,095	72,144
Cembre S.a.r.l.	362,451	40,466	1,992,245	40,466
Cembre España S.L.	265,890	-	1,525,810	385
Cembre AS	20,719	-	251,406	-
Cembre Inc.	2,105,308	3,457	2,471,554	12,234
Cembre GmbH	513,637	6,186	1,928,394	130,383
TOTAL	**5,286,769**	**62,080**	**12,692,504**	**255,612**

Cembre S.p.A. currently leases property from Tha Immobiliare S.p.A., with registered office in Brescia, owned by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, Directors of Cembre S.p.A. Cumulative rent for these contracts for the 1st Half of 2013 amounts to €286 thousand.

Cembre S.p.A. also 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. Rent for the buildings the 1st Half of 2013 amounted to €48 thousand. Cembre S.p.A. leased the industrial buildings to obtain additional space adjacent to its main industrial complex in order to reorganize and enhance its production departments.

Invoices issued in the year relating to the above contracts were all paid in full.

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. Rent for the 1st Half of 2013 amounts to £21 thousand. Such amount is in line with market conditions.

Further detail of these transactions is provided in the notes.

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 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.

Relationships with parent company Lysne S.p.A. are limited to the normal exercise of shareholders' rights on the part of the parent.

Companies incorporated under the laws of States that are not part of the European Union

Cembre S.p.A. controls two companies incorporated under the laws of States that are not part of the European Union. These are:

- Cembre Inc., incorporated in the US, and

- Cembre AS, incorporated in Norway.

The company deems the administrative, accounting and reporting systems currently in use to be adequate in supplying regularly its management and the company's independent auditors with the operating and financial information necessary for the preparation of the consolidated financial statements.

The accounts prepared by said foreign subsidiaries and used in the preparation of the consolidated financial statements, are audited and made available to the public, as provided by current regulations.

Cembre S.p.A. is active in ensuring an adequate flow of information from said subsidiaries to its independent auditors and believes the current communication process in place with the independent auditors to be effective.

Cembre S.p.A. already possesses the by-laws, the composition and of powers of company boards and its individual members, and directives ensuring the timely transmission of any information regarding the update of such information have been issued.

Own shares and shares of parent companies

In the 1st Half of 2013, 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* Consolidated Finance Act), we refer to the Report on

Corporate Governance which, in addition to providing a general description of corporate governance, 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 web site (www.cembre.it).

Subsequent events

No event having significant effects on Cembre's financial or operating performance occurred after June 30, 2013.

Outlook

Making a reliable forecasts of economic activity for 2013 is at the present time extremely difficult and even national and international institutions in their publications underline the strong uncertainty that characterizes all economic indicators.

In the second half of the year the Group expects domestic sales to decline slightly and a slight growth in exports. Cembre therefore expects to close 2013 achieving a small increase in turnover and a consolidated profit.

Attachments

The present Report includes the following attachments:

Attachment 1 Reclassified Consolidated Income Statement at June 30, 2013

Attachment 2 Company Boards

Brescia, August 29, 2013

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

Giovanni Rosani

Attachment 1 - Report on Operations for the 1st Half of 2013

Comparative Consolidated Income Statement

	1st Half 2013	% of sales	1st Half 2012	% of sales	Change
(€ '000)					
Revenues from sales and services provided	52.259	100,0%	53.221	100,0%	-1,8%
Other revenues	399		346		15,3%
TOTAL REVENUES	**52.658**		**53.567**		-1,7%
Cost of goods and merchandise	(19.894)	-38,1%	(19.349)	-36,4%	2,8%
Change in inventories	1.287	2,5%	122	0,2%	954,9%
Cost of services received	(7.025)	-13,4%	(7.384)	-13,9%	-4,9%
Lease and rental costs	(661)	-1,3%	(687)	-1,3%	-3,8%
Personnel costs	(15.938)	-30,5%	(15.746)	-29,6%	1,2%
Other operating costs	(476)	-0,9%	(452)	-0,8%	5,3%
Increase in assets due to internal construction	299	0,6%	317	0,6%	-5,7%
Write-down of receivables	(143)	-0,3%	(89)	-0,2%	60,7%
Accruals to provisions for risks and charges	(4)	0,0%	(4)	0,0%	0,0%
GROSS OPERATING PROFIT	**10.103**	19,3%	**10.295**	19,3%	-1,9%
Property, plant and equipment depreciation	(1.991)	-3,8%	(1.610)	-3,0%	23,7%
Intangible asset amortization	(160)	-0,3%	(176)	-0,3%	-9,1%
OPERATING PROFIT	**7.952**	15,2%	**8.509**	16,0%	-6,5%
Financial income	7	0,0%	20	0,0%	-65,0%
Financial expenses	(42)	-0,1%	(71)	-0,1%	-40,8%
Foreign exchange gains (losses)	(106)	-0,2%	122	0,2%	-186,9%
PROFIT BEFORE TAXES	**7.811**	14,9%	**8.580**	16,1%	-9,0%
Income taxes	(2.621)	-5,0%	(2.890)	-5,4%	-9,3%
NET PROFIT	**5.190**	9,9%	**5.690**	10,7%	-8,8%

Attachment 2 – Report on the 1st Half of 2013

CORPORATE BOARDS

Board of Directors

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

Secretary

Giorgio Rota

Board of Statutory Auditors

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

Independent Auditors

PricewaterhouseCoopers S.p.A.

The above list is updated at August 29, 2013.

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 holds by statute (article 18) powers of legal representation of the Company. The Board of Directors conferred to the Chairman and Managing Director Giovanni Rosani all the ordinary management powers not specifically reserved to it by law, including 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.

Condensed Consolidated Financial Statements at June 30, 2013

Consolidated Statement of Financial Position

ASSETS	Notes	June 30, 2013		Dec. 31, 2012	
(euro '000)			of which: related parties		of which: related parties
NON-CURRENT ASSETS					
Property, plant and equipment	1	60.580		59.157	
Intangible assets	2	1.009		942	
Financial assets available for sale		5		5	
Other non-current assets		13		13	
Deferred tax assets	9	1.655		1.890	
TOTAL NON-CURRENT ASSETS		**63.262**		**62.007**	
CURRENT ASSETS					
Inventories	3	37.871		36.815	
Trade receivables	4	26.172		25.098	
Tax receivables		1.067		1.512	
Other receivables	5	2.910		2.447	
Cash and cash equivalents		5.911		4.839	
TOTAL CURRENT ASSETS		**73.931**		**70.711**	
NON-CURRENT ASSETS AVAILABLE FOR SALE		**-**		**-**	
TOTAL ASSETS		**137.193**		**132.718**	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2013		Dec. 31, 2012* Restated	
(euro '000)			of which: related parties		of which: related parties
SHAREHOLDERS' EQUITY					
Capital stock	6	8.840		8.840	
Reserves	6	90.079		81.709	
Net profit	6	5.190		11.507	
TOTAL SHAREHOLDERS' EQUITY		**104.109**		**102.056**	
NON-CURRENT LIABILITIES					
Non-current financial liabilities		-		-	
Employee Severance Indemnity and other personnel benefits	8	2.408	150	2.431	145
Provisions for risks and charges		75		81	
Deferred tax liabilities	9	2.530		2.698	
TOTAL NON-CURRENT LIABILITIES		**5.013**		**5.210**	
CURRENT LIABILITIES					
Current financial liabilities	7	9.683		4.219	
Trade payables	10	10.917		14.864	
Tax payables		819		422	
Other payables	11	6.652		5.947	
TOTAL CURRENT LIABILITIES		**28.071**		**25.452**	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		**-**		**-**	
TOTAL LIABILITIES		**33.084**		**30.662**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**137.193**		**132.718**	

*Some of the amounts do not correspond to those previously published in the Financial Statements at December 31, 2012 due to the restatement of some items in line with the criteria described in the notes.

Condensed Consolidated Financial Statements at June 30, 2013

Statement of Consolidated Comprehensive Income

	Notes	1st Half 2013		1st Half 2012	
(euro '000)			*of which: related parties*		*of which: related parties*
Revenues from sales and services provided	**12**	52.259		53.221	
Other revenues	**13**	399		346	
TOTAL REVENUES		**52.658**		**53.567**	
Cost of goods and merchandise		(19.894)		(19.349)	
Change in inventories		1.287		122	
Cost of services received	**14**	(7.025)	(290)	(7.384)	(370)
Lease and rental costs		(661)	(359)	(687)	(329)
Personnel costs	**15**	(15.938)	(118)	(15.746)	(114)
Other operating costs	**16**	(476)		(452)	
Increase in assets due to internal construction		299		317	
Write-down of receivables		(143)		(89)	
Accruals to provisions for risks and charges		(4)		(4)	
GROSS OPERATING PROFIT		**10.103**		**10.295**	
Property, plant and equipment depreciation	**1**	(1.991)		(1.610)	
Intangible asset amortization	**2**	(160)		(176)	
OPERATING PROFIT		**7.952**		**8.509**	
Financial income	**17**	7		20	
Financial expenses	**17**	(42)		(71)	
Foreign exchange gains (losses)		(106)		122	
PROFIT BEFORE TAXES		**7.811**		**8.580**	
Income taxes	**18**	(2.621)		(2.890)	
NET PROFIT FROM ORDINARY ACTIVITIES		**5.190**		**5.690**	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		**5.190**		**5.690**	
Items that may be reclassified in the future to profit and loss					
Conversion differences recorded under equity	**19**	(417)		381	
COMPREHENSIVE INCOME		**4.773**		**6.071**	

BASIC AND DILUTED EARNINGS PER SHARE	**20**	**0,31**		**0,33**	

Condensed Consolidated Financial Statements at June 30, 2013

Consolidated Statement of Cash Flows

	1st Half 2013	2012 Restated*
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**4.839**	**8.986**
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	5.190	11.507
Depreciation, amortization and write-downs	2.151	3.630
(Gains)/Losses on disposal of assets	1	200
Net change in Employee Termination Indemnity	(23)	(178)
Net change in provisions for risks and charges	(6)	(1)
Operating profit (loss) before changes in working capital	**7.313**	**15.158**
(Increase) Decrease in trade receivables	(1.074)	(647)
(Increase) Decrease in inventories	(1.056)	207
(Increase) Decrease in other receivables and deferred tax assets	217	(2.671)
Increase (Decrease) in trade payables	(2.306)	(171)
Increase (Decrease) in other payables, deferred tax liabilities and tax payables	934	(378)
Change in working capital	**(3.285)**	**(3.660)**
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**4.028**	**11.498**
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(228)	(597)
- tangible	(3.656)	(12.591)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	20	71
Increase (Decrease) in trade payables for assets	(1.641)	2.637
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(5.505)**	**(10.480)**
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	-	9
Increase (Decrease) in bank loans and borrowings	5.464	(2.441)
Increase (Decrease) in other loans and borrowings	-	(4)
Increase (Decrease) in derivative instruments	-	(47)
Dividends distributed	(2.720)	(2.720)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	**2.744**	**(5.203)**
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	**1.267**	**(4.185)**
F) Foreign exchange differences	(195)	6
G) Discounting of Employee Termination Indemnity	-	32
H) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G)	**5.911**	**4.839**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**5.911**	**4.839**
Current financial liabilities	(9.683)	(4.219)
NET CONSOLIDATED FINANCIAL POSITION	**(3.772)**	**620**

INTEREST EXPENSE FOR THE PERIOD	**(38)**	**(93)**

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	15	12
Banks	5.896	4.827
	5.911	**4.839**

*Some of the amounts do not correspond to those previously published in the Financial Statements at December 31, 2012 due to the restatement of some items in line with the criteria described in the notes.

Condensed Consolidated Financial Statements at June 30, 2013

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2012*	Allocation of previous year net profit (1)	Other changes	Comprehensive income of the year	Balance at June 30, 2013
Capital stock	**8.840**				**8.840**
Share premium reserve	**12.245**				**12.245**
Legal reserve	**1.768**				**1.768**
Suspended-tax reserves	**68**				**68**
Consolidation reserve	**19.595**	(1.762)		(16)	**17.817**
Conversion differences	**(1.323)**			(401)	**(1.724)**
Extraordinary reserve	**45.463**	6.152			**51.615**
Urealized gains reserve	**3.715**				**3.715**
Reserve for discounting of Employee Termination Indemnity	**178**				**178**
Merger surplus reserve	**-**	4.397			**4.397**
Retained earnings	**-**				**-**
Net profit	**11.507**	(11.507)		5.190	**5.190**
Total Shareholders' Equity	**102.056**	(2.720)	-	4.773	**104.109**

(€ '000)	Balance at December 31, 2011*	Allocation of previous year net profit (1)	Other changes	Comprehensive income of the year	Balance at June 30, 2012
Capital stock	**8.840**				**8.840**
Share premium reserve	**12.245**				**12.245**
Legal reserve	**1.768**				**1.768**
Suspended-tax reserves	**68**				**68**
Consolidation reserve	**17.347**	2.200		(2)	**19.545**
Conversion differences	**(1.381)**			383	**(998)**
Extraordinary reserve	**39.130**	6.333			**45.463**
Urealized gains reserve	**3.715**				**3.715**
Reserve for discounting of Employee Termination Indemnity	**144**				**144**
Retained earnings	**-**				**-**
Net profit	**11.253**	(11.253)		5.690	**5.690**
Total Shareholders' Equity	**93.129**	(2.720)	-	6.071	**96.480**

*Some of the amounts do not correspond to those previously published in the Financial Statements at December 31, 2012 due to the restatement of some items in line with the criteria described in the notes.

Notes to the Interim Consolidated Financial Statements at June 30, 2013

I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9. The company is listed in the Italian Market of Shares (MTA) managed by Borsa Italiana S.p.A.

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.

The publication of the Interim Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2013 was authorized by a resolution of the Board of Directors dated August 29, 2013.

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.

II. Form and content of the consolidated financial statements

Form and content

The present Consolidated Interim Report at June 30, 2013 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, 2012. 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 present Consolidated Interim Report are those formally approved by the European Union in force at June 30, 2013 and are consistent with those adopted in the preparation of the Consolidated Financial Statements at December 31, 2012.

The present Consolidated Interim Report is consistent with amendments to IAS 1 Revised and IAS 19 approved in June 2011 by the IASB that became effective for accounting periods subsequent to January 1, 2013. To provide a meaningful comparison with figures for the 1st Half of 2013, the Financial Statements at December 31, 2012 were restated to reflect the introduction of these amendments to said accounting principles.

Amendments to IAS 1 Revised

Amendments to IAS 1 introduced, among other things, changes in the presentation of other components of comprehensive income, and specifically to items that are recorded directly under Shareholders' Equity. The new formulation of the principle groups in fact these components under two categories:

- elements that may be reclassified in the income statement in subsequent years;
- elements that will not be reclassified in the income statement in subsequent years.

The adoption of these amended principles did not imply material changes in the accounts for the 1st Half of 2013 or of prior accounting periods reported for comparative purposes.

Amendments to IAS 19

Amendments to IAS 19 abolished the option of recording in the income statement positive and negative differences deriving from the discounting of employee termination indemnities. The principle also established that changes in the year must be divided under three different components recorded in three separate ways:

- cost of service (annual accrual), recorded under *Personnel costs*;

- interest cost – the net effect of yearly discounting – recorded under *Interest charges*
- change in liabilities, recorded under *Other comprehensive income components.*

The adoption of these amended principles in the present Report on the 1st Half of 2013 required the restatement for consistency purposes of accounts for previous accounting periods provided for comparative purposes alongside with figures for the current one.

With reference to the Shareholders' Equity at December 31, 2012, amendments to IAS 19 resulted in a €32 thousand reduction in Net Profit for the year and an equivalent increase in *Other reserves*. No effect was recorded on the Consolidated Comprehensive Income Statement for the 1st Half of 2012.

With reference to the Shareholders' Equity at December 31, 2011, amendments to IAS 19 resulted in a €147 thousand reduction in Net Profit for the year and an equivalent increase in *Other reserves* of which €144 thousand relating to the Reserve for the discounting of Employee Termination Indemnities and €3 thousand to the Consolidation Reserve. As a result, Shareholders' Equity at June 30, 2012 was modified through a reclassification of €144 thousand from the Extraordinary Reserve to the Reserve for the discounting of Employee Termination Indemnities.

Future changes in accounting principles

The following updates of IFRS (already approved by the IASB), interpretations and amendments are in the process of being incorporated into European Union regulations:

IFRS 10 "Consolidated Financial Statements" – published by the IASB on May 12, 2011 and effective from January 1, 2014, defines a new concept of control applicable to all entities.

IFRS 11 "Joint Arrangements" – published by the IASB on May 12, 2011 and effective from January 1, 2014, it incorporates the definition of control introduced by the amendment to IFRS 10, adapting in light of the same the concept of joint-venture.

IFRS 12 "Disclosure of Interests in Other Entities" – issued by the IASB on May 12, 2011 and effective from January 1, 2014, it groups and defines disclosures relating to subsidiaries, joint arrangements, related companies and entities not included in the consolidation.

IAS 27 Revised "Separate Financial Statements" – issued by the IASB on May 12, 2011 and effective from January 1, 2014, it sets rules for the recognition of dividends in particular situations.

IAS 28 Revised "Investments in Associates and Joint Ventures" – issued by the IASB on May 12, 2011 and effective from January 1, 2014, it introduces the equity method valuation for the valuing of joint ventures and of related companies, supplying guidelines for the application of the same.

A comprehensive revision of financial principles relating to financial instruments is currently underway and has as its primary objective transparency supplied to readers of financial statements. The following principles were the object of several amendments:

IFRS 9, through which classification criteria, valuation and elimination of financial assets were revised (application suspended);

IAS 32, revised in the part relating to the offsetting between assets and liabilities (revision applicable from January 1, 2014).

The Cembre Group will evaluate in the next months the possible effects of the adoption of the new principles.

Translation of financial statements expressed in currencies other than the euro

The functional and reporting currency of the Group is the euro.

Financial statements denominated in functional currencies other than the euro are translated according to the following criteria:

- assets and liabilities are translated at the exchange rate applicable at the date of the financial statements;

- income statement items are translated at the average exchange rate for the period;
- foreign-exchange translation differences are recorded in a specific Shareholders' Equity reserve.

At the time at which a foreign subsidiary is disposed of, accumulated foreign-exchange differences recorded under Shareholders' Equity relating to the same are taken to the Income Statement.

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

Currency	Exchange rate at June 30, 2013	Average exchange rate for the 1st Half of 2013
British pound (€/£)	0,8572	0,8508
US dollar (€/$)	1,3080	1,3134
Norwegian kroner (€/NOK)	7,8845	7,5209

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 based on 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", items based on this element are not usually utilized for the purposes of internal reporting.

1st Half of 2013	Italy	Rest of Europe	Rest of World	Elimination of intragroup	TOTAL
Revenues					
Sales to customers	26,608	20,691	4,960		52,259
Sales to other Group companies	12,463	1,028	16	(13,507)	-
Revenues by sector	39,071	21,719	4,976	(13,507)	52,259
Operating profit by sector	5,176	2,006	770		7,952
Overhead costs not assigned					-
Operating profit					7,952
Financial income (expense)					(141)
Income taxes					(2,621)
Net profit					5,190

1st Half of 2012	Italy	Rest of Europe	Rest of World	Elimination of intragroup	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 not assigned					-
Operating profit					8,509
Financial income (expense)					71
Income taxes					(2,890)
Net profit					5,690

As the breakdown of sales by geographical area is different from that of the related Group activities, a breakdown of sales by geographical area of customers is shown below.

	1st Half of 2013	1st Half of 2012
Italy	19,309	20,968
Europe	23,995	23,841
Rest of World	8,955	8,412
	52,259	**53,221**

The breakdown of assets and liabilities is shown below:

June 30, 2013	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	99,195	34,124	6,510	139,829
Unassigned assets				(2,636)
Total assets				**137,193**
Liabilities of the sector	28,382	5,588	288	34,258
Unassigned liabilities				(1,174)
Total liabilities				**33,084**

December 31, 2012	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	95,803	33,889	6,159	135,851
Unassigned assets				(3,133)
Total assets				**132,718**
Liabilities of the sector	26,411	4,162	107	30,680
Unassigned liabilities				(18)
Total liabilities				**30,662**

1st Half of 2013	Italy	Rest of Europe	Rest of World	TOTAL
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	3,431	129	96	3,656
- Intangible assets	210	18	-	228
Total investments				**3,884**
Depreciation and amortization:				
- Property, plant and equipment	(1,636)	(322)	(33)	(1,991)
- Intangible assets	(152)	(8)	-	(160)
Accruals to provision for employee benefits	392	-	-	**392**
Average no. of employees	421	170	19	**610**

1st Half of 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
Total investments				**6,607**
Depreciation and amortization:				
- Property, plant and equipment	(1,257)	(312)	(41)	(1,610)
- Intangible assets	(169)	(7)	-	(176)
Accruals to provision for employee benefits	441	-	-	**441**
Average no. of employees	412	168	18	**598**

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	40,895	40,276	9,121	6,873	48	4,203	101,416
Revaluation FTA of IFRS	5,921	-	-	-	-	-	5,921
Revaluations for tax purposes	936	85	-	7	-	-	1,028
Accumulated depreciation	(8,309)	(28,338)	(7,259)	(5,297)	(5)	-	(49,208)
Bal. at Dec. 31, 2012	**39,443**	**12,023**	**1,862**	**1,583**	**43**	**4,203**	**59,157**
Increases	449	1,649	122	337	-	1,099	3,656
Currency transl. differences	(139)	(71)	-	(13)	-	-	(223)
Depreciation	(526)	(1,011)	(171)	(279)	(4)	-	(1,991)
Net divestments	(10)	-	-	(3)	(6)	-	(19)
Reclassifications	10	2,357	99	-	-	(2,466)	-
Bal. at June 30, 2013	**39,227**	**14,947**	**1,912**	**1,625**	**33**	**2,836**	**60,580**

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost	36,363	35,934	8,729	6,767	122	1,990	89,905
Revaluation FTA of IFRS	5,921	-	-	-	-	-	5,921
Revaluations for tax purposes	936	85	-	7	-	-	1,028
Accumulated depreciation	(7,377)	(27,350)	(6,996)	(5,065)	(54)	-	(46,842)
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 transl. 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**

Capital expenditure in the 1st Half of 2013 amounted to €3,656 thousand and consisted primarily of investments made by the parent company.

Among these, work for the completion of the new and innovative automated warehouse continued, involving in the period an expense of €0.4 million in buildings and of €1.6 million in plant and equipment. Advances paid on work underway for the completion of the warehouse amounted to €0.6 million, while advances on plant and equipment amounted to €0.3 million. Other investments included the acquisition of three automobiles for €0.1 million, and the purchase of scaffolding for €50 thousand.

Item Land and buildings includes the €5,921 thousand revaluation made upon the first-time application of international accounting principles (IAS).

2. INTANGIBLE ASSETS

	Development costs	Patents	Software	Work in progress	Total
Historical cost	473	160	3,854	73	4,560
Accumulated amortization	(357)	(96)	(3,165)	-	(3,618)
Balance at Dec. 31, 2012	**116**	**64**	**689**	**73**	**942**
Increases	109	44	41	33	227
Foreign exchange differences	-	-	(1)	-	(1)
Amortization	(30)	(33)	(96)	-	(159)
Reclassifications	-	-	52	(52)	-
Balance at June 30, 2013	**195**	**75**	**685**	**54**	**1,009**

3. INVENTORIES

	June 30, 2013	Dec. 31, 2012	Change
Raw materials	8,176	8,166	10
Work in progress and semi-finished goods	9,435	9,604	(169)
Finished goods	20,260	19,045	1,215
Total	**37,871**	**36,815**	**1,056**

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €1,515 thousand. Changes in the provision in the 1st Half of 2013 are shown in the table that follows:

	June 30, 2013	Dec. 31, 2012
Balance at beginning of the period	**1,486**	**1,770**
Accruals	43	409
Uses	-	(696)
Currency translation differences	(14)	3
Balance at end of the period	**1,515**	**1,486**

4. TRADE RECEIVABLES

	June 30, 2013	Dec. 31, 2012	Change
Gross trade receivables	27,130	25,982	1,148
Provision for doubtful accounts	(958)	(884)	(74)
Total	**26,172**	**25,098**	**1,074**

Trade receivables by geographical area

	June 30, 2013	Dec. 31, 2012	Change
Italy	14,886	14,319	567
Europe	10,171	9,430	741
America	1,530	1,384	146
Oceania	244	496	(252)
Middle East	61	58	3
Far East	117	196	(79)
Africa	121	99	22
Total	**27,130**	**25,982**	**1,148**

Average collection time increased from 83 days in 2012 to 85 days in the 1st Half of 2013.

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

	June 30, 2013	Dec. 31, 2012
Balance at beginning of the period	**884**	**678**
Accruals	148	437
Uses	(72)	(232)
Currency translation differences	(2)	1
Balance at end of the period	**958**	**884**

Breakdown of receivables by maturity at June 30, 2013

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
June 30, 2013	22,620	3,137	356	362	512	143	**27,130**
Dec. 31, 2012	21,216	3,493	371	323	436	143	**25,982**

5. OTHER ASSETS

	June 30, 2013	Dec. 31, 2012	Change
Receivables from employees	78	76	2
VAT and other indirect taxes receivable	2,256	2,013	243
Advances to suppliers	243	207	36
Other	333	151	182
Total	**2,910**	**2,447**	**463**

Item *Other* includes prevalently receivables of the parent company relating to social security.

6. SHAREHOLDERS' EQUITY

The capital stock of the parent company amounts to €8,840 thousand, and is made up of 17 million ordinary shares of par value €0.52 each, fully underwritten and paid-up.

At June 30, 2013 the Company did not hold treasury shares.

A reconciliation between the Shareholders' Equity and net profit of the parent company and the Consolidated Shareholders' Equity and net profit is provided in the Report on Operations.

Changes in individual components of the Consolidated Shareholders' Equity are shown in the Statement of Changes in the Consolidated Shareholders' Equity included in the Consolidated Financial Statements.

The consolidation reserve is made up as follows:

	June 30, 2013	Dec. 31, 2012
Elimination of investments in subsidiaries	19,420	21,189
Elimination of unrealized intra-group profit in stock	(3,130)	(2,984)
German subsidiary product warranty provision reversal	20	19
Dividends from subsidiaries	1,522	1,331
Currency transl. differences on intra-group payables and receivables	(13)	45
Intra Group reconciliation	(2)	(3)
Total	**17,817**	**19,597**

7. FINANCIAL LIABILITIES

	Effective interest rate	Maturity	June 30, 2013	Dec. 31, 2012
Bank overdrafts				
(bill discount)				
Cembre S.p.A.	1.1	On demand		
Credito Bergamasco			1,077	886
UBI Banca			529	796
Intesa San Paolo			298	-
Unicredt			1,027	29
Banca Passadore			177	-
Popolare di Sondrio			1,250	508
Deutsche Bank			274	-
BNL			1,040	-
Total			**5,672**	**2.219**
Loans				
Cembre S.p.A.				
Unicredt	Euribor +0.75%	monthly	3,000	2.000
Intesa San Paolo	Euribor +0.75%	monthly	1,000	-
Total			**4,000**	**2.000**
Bank fees			11	-
NON-CURRENT FINANCIAL LIABILITIES			**9,683**	**4,219**

8. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Severance 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, 2013, in view of the lack of changes in the discounting parameters, the Group decided to maintain unchanged the discounting effect at December 31, 2012.

	June 30, 2013	Dec. 31, 2012
Beginning balance	**2,431**	**2,609**
Accruals	392	828
Uses	(117)	(429)
Social security (INPS) treasury account	(298)	(641)
Discounting effect	-	64
Closing balance	**2,408**	**2,431**

Total amounts accrued with the INPS (Social Security) treasury amounted at June 30, 2013 to €3,616 thousand.

9. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2013	Dec. 31, 2012
Deferred tax liabilities		
Average cost valuation of inventories by the parent	(360)	(516)
Accelerated depreciation	(171)	(186)
Elimination of Cembre GmbH product warranty provision	(10)	(13)
Reversal of land depreciation	(27)	(27)
Revaluation of land	(1,859)	(1,859)
Discounting of employee termination indemnity	(97)	(97)
Foreign exchange translation differences	(6)	-
Gross deferred tax liabilities	**(2,530)**	**(2,698)**
Deferred tax assets		
Elimination of unrealized intra-group profits in stock	1,171	1,433
Write-down of inventories	186	190
Goodwill amortization	20	23
Depreciation and write-down of inventories of General Marking	26	29
Provision for French personnel costs	49	49
Provision for doubtful accounts of parent company	96	83
Other	107	83
Gross deferred tax assets	**1,655**	**1,890**
Net deferred tax liabilities	**(875)**	**(808)**

10. TRADE PAYABLES

	June 30, 2013	Dec. 31, 2012	Change
Payable to suppliers	10,901	14,812	(3.911)
Advances	16	52	(36)
Total	**10,917**	**14,864**	**(3.947)**

Trade payables by geographical area

	June 30, 2013	Dec. 31, 2012	Change
Italy	8,135	11,789	(3,654)
Rest of Europe	2,623	2,904	(281)
America	16	23	(7)
Oceania	121	87	34
Other	6	9	(3)
Total	**10,901**	**14,812**	**(3,911)**

11. OTHER PAYABLES

	June 30, 2013	Dec. 31, 2012	Change
Payables to employees	3,165	1,382	1,783
Employee withholding taxes payable	336	903	(567)
Bonuses owed to customers	356	498	(142)
VAT and similar foreign taxes payable	1,018	883	135
Commissions payable	145	150	(5)
Payable to Statutory Auditors and similar foreign boards	79	91	(12)
Payable to Directors	6	6	-
Social security payables	1,527	2,169	(642)
Payable on sundry taxes	69	127	(58)
Other	10	29	(19)
Accrued liabilities	(59)	(291)	232
Total	**6,652**	**5,947**	**705**

12. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1st Half of 2013, revenues declined by 1.8% on the corresponding period in the previous year. Domestic sales represented 37% of total sales and declined by 7.9% on the 1st Half of 2012, while sales in the rest of Europe represented 45.9% of the total, up 0.7% on the 1st Half of 2012. Sales in the rest of the world grew by 6.5% and represented 17.1% of total sales. In compliance with accounting principles, revenues are recorded net of discounts and bonuses to customers, in addition to adjustments to estimates of prior year's sales.

13. OTHER REVENUES

	1st Half 2013	1st Half 2012	Change
Rent	58	113	(55)
Capital gains	7	-	7
Uses of provisions	28	7	21
Insurance damages	177	203	(26)
Reimbursements	108	-	108
Other	21	23	(2)
Total	**399**	**346**	**53**

Reimbursements relate primarily to transport costs charged to customers.

14. COST OF SERVICES

	1st Half 2013	1st Half 2012	Change
Subcontracted work	1,226	1,523	(297)
Electricity, heating and water	818	734	84
Transport of goods sold	1,023	1,007	16
Fuel	254	259	(5)
Travelling expenses	448	476	(28)
Maintenance and repair	804	768	36
Consulting	629	658	(29)
Advertising and promotion	261	292	(31)
Insurance	287	278	9
Boards’ compensation	362	451	(89)
Postage and telephone	180	183	(3)
Commissions	131	141	(10)
Security and cleaning	317	240	77
Bank charges	72	60	12
Other	213	314	(101)
Total	**7,025**	**7,384**	**(359)**

15. PERSONNEL COSTS

	1st Half 2013	1st Half 2012	Change
Wages and salaries	12,058	11,785	273
Social security contributions	3,097	3,110	(13)
Employee termination indemnity	501	526	(25)
Retirement benefits	69	59	10
Other costs	213	266	(53)
Total	**15,938**	**15,746**	**192**

Wages and salaries include €673 thousand relating to outsourced personnel, mainly of the parent company.

Average number of employees by category

	1st Half 2013	1st Half 2012	Change
Managers	15	15	-
Administrative and commercial staff	275	274	1
Workers	283	283	-
Outsourced personnel	37	26	11
Total	**610**	**598**	**12**

Average number of employees by Group company

	Managers	White collars	Blue collars	Outsourced personnel	Total 1st Half 2013	Total 1st Half 2012	Change
Cembre S.p.A.	6	176	205	34	421	412	9
Cembre Ltd	3	33	57	-	93	86	7
Cembre Sarl	1	17	6	-	24	25	(1)
Cembre España SL	1	21	7	2	31	35	(4)
Cembre AS	-	2	-	-	2	2	-
Cembre Inc.	3	12	4	-	19	18	1
Cembre GmbH	1	14	4	1	20	20	-
Total	**15**	**275**	**283**	**37**	**610**	**598**	**12**

Total for the 1st Half of 2012 of the parent company includes personnel of subsidiary General Marking srl.

16. OTHER OPERATING COSTS

	1st Half 2013	1st Half 2012	Change
Sundry taxes	316	284	32
Losses on receivables	5	14	(9)
Capital losses	9	13	(4)
Donations	13	15	(2)
Other	133	126	7
Total	**476**	**452**	**24**

Item *Other* includes prevalently sundry costs incurred by the parent company.

17. FINANCIAL INCOME (EXPENSE)

	1st Half 2013	1st Half 2012	Change
Loans and bank overdrafts	(37)	(65)	28
Other financial charges	(5)	(6)	1
	(42)	(71)	29
Financial gains on derivative instruments	-	4	(4)
Interest earned on bank account balances	7	15	(8)
Other financial income	-	1	(1)
	7	20	(13)
Financial income (expense)	**(35)**	**(51)**	**16**

18. INCOME TAXES

Income taxes are made up as follows:

	1st Half 2013	1st Half 2012	Change
Current taxes	(2,547)	(3,069)	522
Deferred taxes	(74)	179	(253)
Total	**(2,621)**	**(2,890)**	**269**

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 2013 and the 1st Half of 2012, postponing a reconciliation to the financial statements at December 31, 2013.

	1st Half 2013	1st Half 2012
Profit before taxes	7,811	8,580
Income taxes	(2,621)	(2,890)
Effective tax rate	**33.56%**	**33.68%**
Theoretical tax rate (*)	31.40%	31.40%

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

At June 30, 2013 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 2013	1st Half 2012
Deferred tax liabilities		
Average cost valuation of inventories	156	(30)
Accelerated depreciation	15	7
Reversal of German subsidiary’s product warranty	3	-
Foreign exchange translation differences	-	1
	174	**(22)**
Deferred tax assets		
Elimination of unrealized intra-group profits in stock	(262)	112
Write-down of inventories	(4)	-
Amortization of goodwill	(3)	(3)
Loss carry-forwards of merged subsidiary General Marking	(3)	(3)
Provision for doubtful accounts of the parent company	13	-
Other	18	90
	(241)	**196**
Foreign exchange differences	(7)	5
Deferred taxes for the period	**(74)**	**179**

19. COMPREHENSIVE INCOME

The Cembre Group chose to adopt IAS 1 Revised providing for the use of a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders' Equity are reported separately and result as an increase or decrease of net profit for the period. At June 30, 2013, the only difference relates to foreign exchange translation differences arising upon consolidation on the translation into euro of the financial statements of companies whose functional currency is not the European currency.

20. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the year (the Group does not hold treasury shares).

	1st Half 2013	1st Half 2012
Consolidated net profit (€'000)	5,190	5,690
No. of ordinary shares ('000)	17,000	17,000
Basic and diluted earnings per share	**0.31**	**0.33**

21. NET FINANCIAL POSITION

The net financial position of the Group amounted at June 30, 2013 to a deficit of €3,744 thousand, declining on December 31, 2012 due to the strong capital expenditure made in the year and the payment of dividends for financial year 2012..

At June 30, 2013, the Group had no outstanding debt involving covenants or negative pledges. Below we include the Net Financial Position of the Group, as provided by Consob in Regulation DEM/6064313 dated July 28, 2006.

		June 30, 2013	Dec. 31, 2012
A	Cash	15	12
B	Bank deposits	5,896	4,827
C	**Cash and equivalents (A+B)**	**5,911**	**4,839**
D	**Financial receivables**	-	-
E	Current bank debt	(9,683)	(4,219)
F	**Current financial debt (E)**	**(9,683)**	**(4,219)**
I	**Net current financial position (C+D+F)**	**(3,772)**	**620**
J	**Non-current financial debt**	-	-
K	**Net financial position (I+J)**	**(3,772)**	**620**

22. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2013.

	Payables	Receivables	Revenues	Purchases
Cembre Ltd.	2,019	12	4,523	72
Cembre S.a.r.l.	362	40	1,992	41
Cembre España S.L.	266	-	1,526	-
Cembre AS	21	-	251	-
Cembre GmbH	514	6	1,928	130
Cembre Inc.	2,105	4	2,472	12
TOTAL	**5,287**	**62**	**12,692**	**255**

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.

Among assets 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 Cembre S.p.A. Lease payments for the 1st Half of 2013 amounted to €286 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. At June 30, 2013, all amounts due to Tha Immobiliare had been settled.

Cembre S.p.A. also 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. Rent for these properties in the 1st Half of 2013 amounted to €48 thousand. Cembre S.p.A. leased the industrial buildings to obtain additional space adjacent to its main industrial complex in order to reorganize and enhance its production departments. Invoices issued in the year for such contracts have been all regularly settled.

Cembre Ltd. leased an industrial building from Borno Ltd., a company controlled by Lysne S.p.A.. Rent for the 1st Half of 2013 amounted to £21 thousand, in line with market conditions.

	1st Half 2013	1st Half 2012	Change
Rent received from related parties	-	51	(51)
Rent paid to related parties	359	328	31

Cembre S.p.A. does not have direct relationships with its parent company Lysne S.p.A. of any other nature than that of the exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not carry out any management or coordination activity with respect to Cembre S.p.A.

Boards' compensation

In the 1st Half of 2013, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

	Statutory Auditors	Directors
Emoluments as directors and auditors of the parent company	44	247
Retribution as employees	-	118
Non-monetary benefits	-	8

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

23. 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 these risks with ongoing innovation, the widening of the product range, the upgrade of its production process, implementing focused marketing policies also with the help of its foreign subsidiaries.

Interest rate risk

At June 30, 2013, bank debt consisted of a revolving monthly credit line extended to the parent company by Unicredit for a total maximum amount of €3 million and a similar €1 million one-month revolving credit line extended by Intesa San Paolo, both bearing an interest rate equal to the 1-month Euribor plus a spread of 0.75%.

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 kroners. The size of these transactions is not significant in influencing the overall performance of the Group.

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 Internet 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.

	Currency	Exchange rate fluctuation	Effect on Shareholders' Equity	Effect on sales	Effect on pre-tax profit
Cembre Ltd.	GBP	+5% / -5%	511 / (511)	520 / (520)	74 / (74)
Cembre AS	NOK	+5% / -5%	27 / (27)	21 / (21)	1 / (1)
Cembre Inc.	USD	+5% / -5%	203 / (203)	249 / (249)	38 / (38)

At June 30, 2013, the effect of foreign-exchange transactions is negative by €106 thousand.

Liquidity risk

The exposure of the Group to liquidity risk is not material as its financial position is balanced. The collection and payment cycle is also in balance, as shown by the ratio of current assets to current liabilities which is considerably above 2.

Credit risk

Exposure to credit risk 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 matured over 12 months and those under litigation are widely covered by the provision for bad debt accrued.

24. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2013.

25. CONSOLIDATED COMPANIES

The consolidation area is unchanged from December 31, 2012.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2013	Share held at Dec. 31, 2012
Cembre Ltd.	Sutton Coldfield (Birmingham - UK)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	Torrejón de Ardoz (Madrid)	€ 2,902,000	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 , US)	US$ 1,440,000	100%(**)	100%(**)

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

Brescia, August 29, 2013

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

Giovanni Rosani

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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 2013.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2013:

• 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, 2013

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

AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

To the Shareholders of
CEMBRE SpA

1 We have reviewed the condensed consolidated interim financial statements of CEMBRE SpA and its subsidiaries ("CEMBRE Group") as of 30 June 2013, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement and the explanatory notes. The Directors of CEMBRE SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the Italian Commission for Listed Companies and the Stock Exchange (Consob) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the condensed consolidated interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the condensed consolidated interim financial statements.

For the opinion on the consolidated financial statements of the prior period and on the condensed consolidated interim financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 29 March 2013 and 29 August 2012 respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the CEMBRE Group as of 30 June 2013 have not been prepared, in all material respects, in accordance with the international accounting standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Brescia, 29 August 2013

PricewaterhouseCoopers SpA

Signed by

Alessandro Mazzetti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international reader