



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

QUARTERLY REPORT

2007 SECOND QUARTER

Cembre S.p.A.

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

This document contains translations of the quarterly report prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

Cembre SpA

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Report on the Operations of the Second Quarter 2007

Consolidated Financial Statements

Consolidated Income Statement

<i>(euro '000)</i>	First Half 2007	First Half 2006	Full Year 2006	II Quarter 2007	II Quarter 2006
Revenues from sales and services provided	49.071	41.795	83.870	25.049	21.926
Other revenues	166	237	345	76	130
TOTAL REVENUES	49.237	42.032	84.215	25.125	22.056
Cost of goods and merchandise	(21.282)	(17.325)	(35.818)	(10.533)	(9.474)
Cost of services received	(7.079)	(5.956)	(12.191)	(3.433)	(3.018)
Lease and rental costs	(539)	(518)	(1.047)	(273)	(261)
Personnel costs	(12.390)	(11.310)	(22.498)	(6.250)	(5.669)
Other operating costs	(220)	(198)	(404)	(112)	(99)
Change in inventories	3.964	3.073	6.399	1.588	1.993
Increase in assets due to internal construction	289	231	607	141	103
Write-down of receivables	(85)	(58)	(124)	(53)	18
Accruals to provisions for risks and charges	(5)	(8)	(8)	(2)	(4)
GROSS OPERATING PROFIT	11.890	9.963	19.131	6.198	5.645
Tangible asset depreciation	(1.506)	(1.499)	(3.092)	(769)	(767)
Intangible asset amortization	(82)	(40)	(98)	(62)	(24)
OPERATING PROFIT	10.302	8.424	15.941	5.367	4.854
Financial income (expense)	(27)	(9)	(6)	(8)	(14)
Foreign exchange gains (losses)	(47)	(66)	(74)	(1)	(22)
PROFIT BEFORE TAXES	10.228	8.349	15.861	5.358	4.818

Consolidated net financial position at June 30, 2007

<i>(euro '000)</i>	06/30/2007	03/31/2007	12/31/2006
Cash and cash equivalents	3.846	4.560	3.964
Non-current financial liabilities	(83)	(57)	(71)
Current financial liabilities	(6.790)	(3.163)	(2.822)
NET FINANCIAL POSITION	(3.027)	1.340	1.071

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Notes to the Consolidated Accounts for the 2nd Quarter of 2006

Accounting principles, form and content of the Financial Statements, estimates

Principles of consolidation and valuation criteria adopted are consistent with international accounting principles (IAS/IFRS). The present Quarterly Report was prepared in accordance with Regulations for the implementation of Legislative Decree no. 58 dated February 24, 1998 concerning rules for listed companies, adopted by Consob.

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre SpA (parent company) at June 30, 2007, and those of the following companies at the same date:

	Share owned by the Group at June 30, 2007	Share owned by the Group at June 30, 2006
1. Cembre Ltd (UK)	100%	100%
2. Cembre Sarl *(France)	100%	100%
3. Cembre España SL *(Spain)	100%	100%
4. Cembre AS (Norway)	100%	100%
5. Cembre GmbH *(Germany)	100%	100%
6. Cembre Inc. **(USA)	100%	100%
7. General Marking Srl	100%	100%

* 5% share held through Cembre Ltd

** 29% share held through Cembre Ltd

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

Criteria used in the preparation of the financial statements were applied consistently within the Group. Where necessary, financial data was adjusted and reclassified. In compliance with IAS 1, in the financial statements costs were classified by nature.

The scope of the consolidation is unchanged from June 30, 2006 and December 31, 2006.

The present Quarterly Report was prepared in accordance with the “period separation criteria”, based on which the period considered is treated as an independent financial period. The income statement for the quarter thus reflects the income components relating to the period based on the accrual method.

The share for the period of premiums awarded to customers at the end of the year was estimated on the basis of ongoing relationships with customers and their expected evolution.

Notes to the accounts

Turnover growth resulted in higher costs for the purchase of materials and goods, enhanced by the worldwide increase in the cost of raw materials. Higher turnover also affected the cost of services received and in particular that of sub-contracted work, maintenance and consulting services.

The net financial position declined from positive €1.1 million at December 31, 2006, to a net indebtedness of €3 million at June 30, 2007. The decline is due primarily to the payment at the end of May of €3.7million in dividends and the increase in net current assets caused primarily by the growth in inventories in the first six months of the year from €26 million to €30 million, in addition to

the payment in June of about €3 million in taxes by the parent company and capital expenditure amounting to €2 million.

Sales by geographical area

The breakdown of sales by geographical area is reported in the Management Report.

Outlook

The turnover for the 2007 financial year is expected to be higher than in 2006, while profit margins are expected to remain stable.

The Company's activity is not characterized by cyclical or seasonal factors, with the exception of the slowdown registered in August, due to the closing of production facilities for the summer holidays, and in December for the Christmas season.

Brescia, August 3, 2007

**THE CHAIRMAN OF THE BOARD OF DIRECTORS
CEMBRE SPA – GROUP PARENT COMPANY**

CARLO ROSANI

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

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Cembre Group Management Report on the 2nd Quarter of 2007

In the 2nd Quarter of 2007 revenues grew by 14.2% to €25,049 thousand, up from €21,926 thousand in the 2nd Quarter of 2006. In the first six months of 2007, revenues grew by 17.4% to €49,071 thousand, up from €41,795 thousand in the first half of the previous year. The growth in sales is due to the good demand, in addition to the continuous development of new products, allowing to widen the product range.

Sales by geographical area

(€'000)

	1 st Half 2007	1 st Half 2006
Italy	20,476	18,405
Rest of Europe	22,981	19,245
Rest of the World	5,614	4,145
Total	49,071	41,795

In the 1st Half of 2007, 41.7% of sales were represented by Italy (as compared with 44% in the 1st Half of 2006), 46.8% by the rest of Europe (46.1% in the 1st Half of 2006) and 11.5% by the rest of the world (9.9% in the 1st Half of 2006).

In the first six months of the year, domestic sales grew by 11.3% while exports increased by 22.3%. In the 2nd Quarter, domestic sales and exports grew respectively by 5.9% and 20.7% on the same quarter in the previous year.

Revenues by Group company

<i>(€ '000)</i>	1st Half 2007	1st Half 2006
Parent company	27,074	23,135
Cembre Ltd. (UK)	6,481	6,432
Cembre S.a.r.l. (France)	3,214	2,686
Cembre España S.L. (Spain)	6,417	5,258
Cembre GmbH (Germany)	2,447	1,916
Cembre AS (Norway)	397	275
Cembre Inc. (USA)	2,789	1,923
General Marking Srl (Italy)	252	170
Total	49,071	41,795

Sales of subsidiary General Marking reported in the table above include only sales to third parties managed directly by the same. Sales made by General Marking to other Group companies for resale, not included in the table above, grew by 30% from €753 thousand in the 1st Half of 2006, to €971 thousand in the same period in 2007.

To provide a better understanding of the Group's operating performance, a Reclassified Consolidated Income Statement respectively for the 1st Half and for the 2nd Quarter of 2007 are enclosed as Attachment A.

Gross operating profit for the 1st Half of 2007 amounted to €11,890 thousand, corresponding to a 24.2% margin on sales, up 19.3% on €9,963 thousand reported in the 1st Half of 2006 (23.8% of sales). In the 2nd Quarter of 2007, gross operating profit grew to €6,198 thousand, corresponding to a 24.7% margin on sales, up 9.8% on €5,645 thousand reported in the 2nd Quarter of 2006 (25.7% of sales).

Operating profit for the 1st Half of 2007 amounted to €10,302 thousand, representing a 21% margin on sales, up 22.3% on €8,424 thousand in the 1st

Half of 2006 (a 20.2% margin on sales). Operating profit for the 2nd Quarter of 2007 grew to €5,367 thousand, representing a 21.4% margin on sales, up from €4,854 thousand (a 22.1% margin on sales) in the 2nd Quarter of 2006. In the first six months of the year, the increase in the weight of raw materials was offset by a lower weight of personnel costs. The latter in fact, grew at a rate lower than the increase in sales, up from €11.3 million in the first six months of 2006, to €12.4 million in the same period in 2007.

Pre-tax profit for the 1st Half of 2007 amounted to €10,228 thousand, representing a 20.8% margin on sales, up 22.5% on €8,349 thousand in the 1st Half of 2006 (a 20% margin on sales). Pre-tax profit for the 2nd Quarter of 2007 amounted to €5,358 thousand, representing a 21.4% margin on sales, up 11.2% on €4,818 thousand in the 2nd Quarter of 2006, representing a 22% margin on sales.

Events subsequent to June 30, 2007

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after June 30, 2007.

Brescia, August 3, 2007

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CEMBRE SPA – GROUP PARENT COMPANY**

CARLO ROSANI

Cembre SpA

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Attachment A to the Report on Operations for the 2nd Quarter of 2007

Consolidated Income Statement

(€ '000)	First Half 2007	%	First Half 2006	%	change	2nd Qtr. 2007	%	2nd Qtr. 2006	%	change
Revenues from sales and services provided	49.071	100,0%	41.795	100	17,4%	25.049	100,0%	21.926	100,0%	14,2%
Other revenues	166		237		-30,0%	76		130		-41,5%
TOTAL REVENUES	49.237		42.032			25.125		22.056		13,9%
Cost of goods and merchandise	(21.282)	-43,4%	(17.325)	-41,5%	22,8%	(10.533)	-42,0%	(9.474)	-43,2%	11,2%
Cost of services received	(7.079)	-14,4%	(5.956)	-14,3%	18,9%	(3.433)	-13,7%	(3.018)	-13,8%	13,8%
Lease and rental costs	(539)	-1,1%	(518)	-1,2%	4,1%	(273)	-1,1%	(261)	-1,2%	4,6%
Personnel costs	(12.390)	-25,2%	(11.310)	-27,1%	9,5%	(6.250)	-25,0%	(5.669)	-25,9%	10,2%
Other operating costs	(220)	-0,4%	(198)	-0,5%	11,1%	(112)	-0,4%	(99)	-0,5%	13,1%
Change in inventories	3.964	8,1%	3.073	7,4%	29,0%	1.588	6,3%	1.993	9,1%	-20,3%
Increase in assets due to internal construction	289	0,6%	231	0,6%	25,1%	141	0,6%	103	0,5%	36,9%
Write-down of current assets	(85)	-0,2%	(58)	-0,1%	46,6%	(53)	-0,2%	18	0,1%	
Accruals to provisions for risks and charges	(5)	0,0%	(8)	0,0%	-37,5%	(2)	0,0%	(4)	0,0%	-50,0%
GROSS OPERATING PROFIT	11.890	24,2%	9.963	23,8%	19,3%	6.198	24,7%	5.645	25,7%	9,8%
Tangible assets depreciation	(1.506)	-3,1%	(1.499)	-3,6%	0,5%	(769)	-3,1%	(767)	-3,5%	0,3%
Intangible assets amortization	(82)	-0,2%	(40)	-0,1%	105,0%	(62)	-0,2%	(24)	-0,1%	158,3%
Write-down of long-term assets	0	0,0%	0	0,0%		0	0,0%	0	0,0%	
OPERATING PROFIT	10.302	21,0%	8.424	20,2%	22,3%	5.367	21,4%	4.854	22,1%	10,6%
Financial income (expense)	(27)	-0,1%	(9)	0,0%		(8)	0,0%	(14)	-0,1%	-42,9%
Foreign exchange gains (losses)	(47)	-0,1%	(66)	-0,2%	-28,8%	(1)	0,0%	(22)	-0,1%	-95,5%
PROFIT BEFORE TAXES	10.228	20,8%	8.349	20,0%	22,5%	5.358	21,4%	4.818	22,0%	11,2%

Sede:

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C e m b r e

C.P. 392 - 25100 Brescia (Italia)

DECLARATION

pursuant to art 154-bis Paragraph 2, Part IV, Title III, Heading II, Section V-bis, of Legislative Decree 58 dated Feb. 24, 1998 "Testo Unico on financial intermediation regulations"

Re: Quarterly Report for the 2nd Quarter of 2007

The undersigned,

Claudio Bornati, Manager in charge of drafting the accounts of Cembre S.p.A.

ATTESTS

in compliance and pursuant to art. 154-bis Paragraph 2, Part IV, Title III, Heading II, Section V-bis, of Legislative Decree 58 dated Feb. 24, 1998 that, to the best of his knowledge, financial information contained in the Quarterly Report for the 2nd Quarter of 2007 corresponds to those contained in the documents, accounting records and individual entries made in the same.

Brescia, August 3, 2007

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