



COSTRUZIONI Elettromeccaniche BRESCIANE

QUARTERLY REPORT

2007 THIRD QUARTER

Cembre S.p.A.

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

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

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Report on the 3rd Quarter of 2007

Consolidated Financial Statements

Consolidated Income Statement

(€'000)	First nine months 2007	First nine months 2006	Full Year 2006	3 rd Quarter 2007	3 rd Quarter 2006
Revenues from sales and services provided	70,489	61,593	83,870	21,418	19,798
Other revenues	280	298	345	114	61
TOTAL REVENUES	70,769	61,891	84,215	21,532	19,859
Cost of goods and merchandise	(30,885)	(25,615)	(35,818)	(9,603)	(8,290)
Cost of services received	(10,186)	(8,855)	(12,191)	(3,107)	(2,899)
Lease and rental costs	(810)	(777)	(1,047)	(271)	(259)
Personnel costs	(18,273)	(16,836)	(22,498)	(5,889)	(5,526)
Personnel cost from non recurring operations	1,026	-	-	-	-
Other operating costs	(319)	(320)	(404)	(99)	(122)
Change in inventories	5,573	4,187	6,399	1,609	1,114
Increase in assets due to internal construction	305	399	607	16	168
Write-down of receivables	(107)	(87)	(124)	(22)	(29)
Accruals to provisions for risks and charges	(7)	(6)	(8)	(2)	2
GROSS OPERATING PROFIT	17,086	13,981	19,131	4,164	4,018
Tangible asset depreciation	(2,298)	(2,264)	(3,092)	(803)	(765)
Intangible asset amortization	(126)	(71)	(98)	(44)	(31)
OPERATING PROFIT	14,662	11,646	15,941	3,317	3,222
Financial income (expense)	(69)	(8)	(6)	(42)	1
Foreign exchange gains (losses)	(142)	(56)	(74)	(95)	10
PROFIT BEFORE TAXES	14,451	11,582	15,861	3,180	3,233

Consolidated Net Financial Position at September 30, 2007

(€'000)	Sept. 30, 2007	June 30, 2007	Dec. 31, 2006
Cash and cash equivalents	5,222	3,846	3,964
Non-current financial liabilities	(83)	(83)	(71)
Current financial liabilities	(5,077)	(6,790)	(2,822)
NET FINANCIAL POSITION	62	(3,027)	1,071

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Notes to the consolidated accounts for the 3rd Quarter of 2007

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

Principles of consolidation and valuation criteria adopted in the present Consolidated Report for the 3rd Quarter of 2007 are consistent with international accounting principles (IAS/IFRS). The present Consolidated 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 September 30, 2007, and those of the following companies at the same date:

	Share held by the Group at September 30, 2007	Share held by the Group at September 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 IFRS 1, in the financial statements, costs were classified by nature. The scope of the consolidation is unchanged from September 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 income components relating to the period based on the accrual method.

Year-end bonuses recognized to customers were estimated based on sales and their expected performance.

Notes to the accounts

The increase in turnover resulted in higher costs for raw materials and merchandise, enhanced by the general increase in raw material prices. The cost of services, subcontracted manufacturing work, maintenance and advisory costs, was similarly affected.

The net financial position declined from €1.1 million at December 31, 2006 to €0.1 million at the end of September 2007, affected by the payment at the end

of May 2007 of €3.7 million in dividends for the 2006 financial year, the increase in net current assets due primarily to the growth of inventories in the first six months of 2007 from €26 million to €31 million, the payment in June of €3 million in taxes by the parent company, in addition to €3.3 million of capital expenditure for the period.

Sales by geographical area

Sales by geographical area were commented in the Management Report, to which we refer.

Outlook

In 2007, turnover is expected to grow over the previous year, while profit levels are expected to remain good.

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

Brescia, November 14, 2007

THE BOARD OF DIRECTORS OF CEMBRE SPA
GROUP PARENT COMPANY
THE MANAGING DIRECTOR
GIOVANNI ROSANI

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

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Management Report

on the consolidated accounts for the 3rd Quarter of 2007

In the 3rd Quarter of 2007, revenues amounted to €21,418 thousand, up 8.2% on €19,798 in the 3rd Quarter of 2006. Sales for the first nine months of 2007 grew by 14.4% on the same period in 2006, from €61,593 thousand to €70,489. The increase in sales is due to the good market conditions and to the ongoing development of new products that has allowed to widen the range of products offered.

Revenues by geographical area

(€'000)	First nine months 2007	First nine months 2006	3 rd Qtr. 2007	3 rd Qtr. 2006
Italy	29,438	27,330	8,962	8,925
Rest of Europe	33,080	28,479	10,099	9,234
Rest of the World	7,971	5,784	2,357	1,639
Total	70,489	61,593	21,418	19,798

In the first nine months of 2007, 41.8% of Group sales were represented by Italy (as compared with 44.4% in the first nine months of 2006), 46.9% by the rest of Europe (46.2% in the first nine months of 2006), and the remaining 11.3% by the rest of the World (9.4% in the first nine months of 2006). In the first nine months of the year, domestic sales grew by 7.7%, while exports increased by 19.8%, while in the 3rd Quarter of 2007 exports increased by

14.6% on the same period in 2006, and domestic sales remained stable, up 0.4%.

Net revenues by Group company

(€'000)	First nine months 2007	First nine months 2006
Parent company	38,775	33,915
Cembre Ltd. (UK)	9,441	9,585
Cembre S.a.r.l. (France)	4,594	3,956
Cembre España S.L. (Spain)	8,999	7,545
Cembre GmbH (Germany)	3,608	3,317
Cembre AS (Norway)	553	416
Cembre Inc. (USA)	4,130	2,760
General Marking Srl (Italy)	389	279
Total	<u>70,489</u>	<u>61,593</u>

Sales of subsidiary General Marking reported in the table above include only sales to third parties managed directly by the same. In the table above, sales made by General Marking to other Group companies for resale are not attributed to General Marking. In the first nine months of 2007, these sales grew by 26.5% to €1,389 thousand, up from €1,098 thousand in the first nine months of 2006.

To provide a better understanding of the Group's financial performance for the first nine months and the 3rd Quarter of 2007, a Reclassified Consolidated Income Statement is enclosed as Attachment A.

Gross operating profit for the first nine months of 2007 amounts to €17,086 thousand, corresponding to a 24.2% margin on sales, up 22.2% on €13,981 thousand reported in the first nine months of 2006 (22.7% of sales). Gross operating profit for the 3rd Quarter of 2007 amounts to €4,164 thousand,

corresponding to a 19.4% margin on sales, up 3.6% on €4,018 thousand reported in the 3rd Quarter of 2006 (20.3% of sales). In the 3rd Quarter of 2007, gross operating profit was negatively affected by the growth as a percentage of sales of raw material costs due in particular to the increase in copper prices and the lower growth of sales with respect to the first six months of the year.

Consolidated operating profit for the first nine months of 2007 amounted to €14,662 thousand, corresponding to a 20.8% margin on sales, up 25.9% on €11,646 thousand in the first nine months of 2006 (18.9% of sales). Consolidated operating profit improved also in the quarter from €3,222 thousand (16.3% of sales) in the 3rd Quarter of 2006, to €3,317 thousand (15.5% of sales) in the 3rd Quarter of 2007.

Consolidated profit before taxes for the first nine months of 2007 amounts to €14,451 million (a 20.5% margin on sales), up 24.8% on €11,582 thousand in the first nine months of 2006 (an 18.8% margin on sales). Consolidated profit before taxes for the 3rd Quarter of 2007 amounted to €3,180 thousand, representing a 14.8% margin on sales, down 1.6% on €3,233 million in the 3^d Quarter of 2006, when it represented a 16.3% margin on sales. Consolidated net profit was negatively affected, in addition to the mentioned increase in raw material costs due to higher copper prices, by the interest expense on short-term loans extended to the parent company and the unfavorable foreign-exchange performance.

Consolidated results for the first nine months of 2007 were affected to a relevant degree by a non recurrent operation generated by new norms regulating employee termination indemnities that came into effect January 1,

2007. The restatement using different actuarial assumptions of termination indemnities accrued at December 31, 2006 resulted in a €1.026 thousand reduction in the value of the same (gross of the related tax effect, equal to €339 thousand).

As required under paragraph 111 of IAS 19, such reduction was recorded in full in the income statement for the 1st Half of 2007. Figures for the first nine months of 2007 and the related changes on the same period in the previous year, net of the effect of the mentioned event, are shown in the table that follows.

<i>(€'000)</i>	First nine months 2007 Restated	% of sales Restated	First nine months 2006	% of sales	Change
Sales	70,489	100.0	61,593	100.0	14.4%
Gross operating profit (Ebitda)	16,060	22.8	13,981	22.7	14.9%
Operating profit (Ebit)	13,636	19.3	11,646	18.9	17.1%
Pre-tax profit	13,425	19.0	11,582	18.8	15.9%

Figures for the 3rd Quarter of 2007 are not influenced by the mentioned non recurrent component, accounted for in the Interim Report at June 30, 2007.

Events subsequent to September 30, 2007

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

Brescia, November 14, 2007

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 THE MANAGING DIRECTOR
 GIOVANNI ROSANI

Cembre SpA

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Attachment A to the Report on Operations on the 3rd Quarter of 2007

Reclassified Consolidated Income Statement

(€ '000)	First nine months 2007	%	First nine months 2006	%	change	3 rd Qtr. 2007	%	3 rd Qtr. 2006	%	change
Revenues from sales and services provided	70,489	100.0%	61,593	100	14.4%	21,418	100.0%	19,798	100.0%	8.2%
Other revenues	280		298		-6.0%	114		61		86.9%
TOTAL REVENUES	70,769		61,891			21,532		19,859		8.4%
Cost of goods and merchandise	(30,885)	-43.8%	(25,615)	-41.6%	20.6%	(9,603)	-44.8%	(8,290)	-41.9%	15.8%
Cost of services received	(10,186)	-14.5%	(8,855)	-14.4%	15.0%	(3,107)	-14.5%	(2,899)	-14.6%	7.2%
Lease and rental costs	(810)	-1.1%	(777)	-1.3%	4.2%	(271)	-1.3%	(259)	-1.3%	4.6%
Personnel costs	(18,273)	-25.9%	(16,836)	-27.3%	8.5%	(5,889)	-27.5%	(5,526)	-27.9%	6.6%
Personnel costs from non recurring operations	1,026	1.5%	0	0.0%		0	0.0%	0	0.0%	
Other operating costs	(319)	-0.5%	(320)	-0.5%	-0.3%	(99)	-0.5%	(122)	-0.6%	-18.9%
Change in inventories	5,573	7.9%	4,187	6.8%	33.1%	1,609	7.5%	1,114	5.6%	44.4%
Increase in assets due to internal construction	305	0.4%	399	0.6%	-23.6%	16	0.1%	168	0.8%	-90.5%
Write-down of current assets	(107)	-0.2%	(87)	-0.1%	23.0%	(22)	-0.1%	(29)	-0.1%	-24.1%
Accruals to provisions for risks and charges	(7)	0.0%	(6)	0.0%	16.7%	(2)	0.0%	2	0.0%	-200.0%
GROSS OPERATING PROFIT	17,086	24.2%	13,981	22.7%	22.2%	4,164	19.4%	4,018	20.3%	3.6%
Tangible assets depreciation	(2,298)	-3.3%	(2,264)	-3.7%	1.5%	(803)	-3.7%	(765)	-3.9%	5.0%
Intangible assets amortization	(126)	-0.2%	(71)	-0.1%	77.5%	(44)	-0.2%	(31)	-0.2%	41.9%
Write-down of long-term assets	0	0.0%	0	0.0%		0	0.0%	0	0.0%	
OPERATING PROFIT	14,662	20.8%	11,646	18.9%	25.9%	3,317	15.5%	3,222	16.3%	2.9%
Financial income (expense)	(69)	-0.1%	(8)	0.0%		(42)	-0.2%	1	0.0%	
Foreign exchange gains (losses)	(142)	-0.2%	(56)	-0.1%	153.6%	(95)	-0.4%	10	0.1%	
PROFIT BEFORE TAXES	14,451	20.5%	11,582	18.8%	24.8%	3,180	14.8%	3,233	16.3%	-1.6%

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 "Consolidated Law on financial intermediation regulations"

Re: Quarterly Report for the 3rd Quarter of 2007

The undersigned,

Claudio Bornati, Manager responsible for preparing the Cembre S.p.A. financial reports

DECLARES

pursuant to Paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the Quarterly Report for the 3rd Quarter of 2007 corresponds to the document results, books and accounting records.

Brescia, November 14, 2007

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