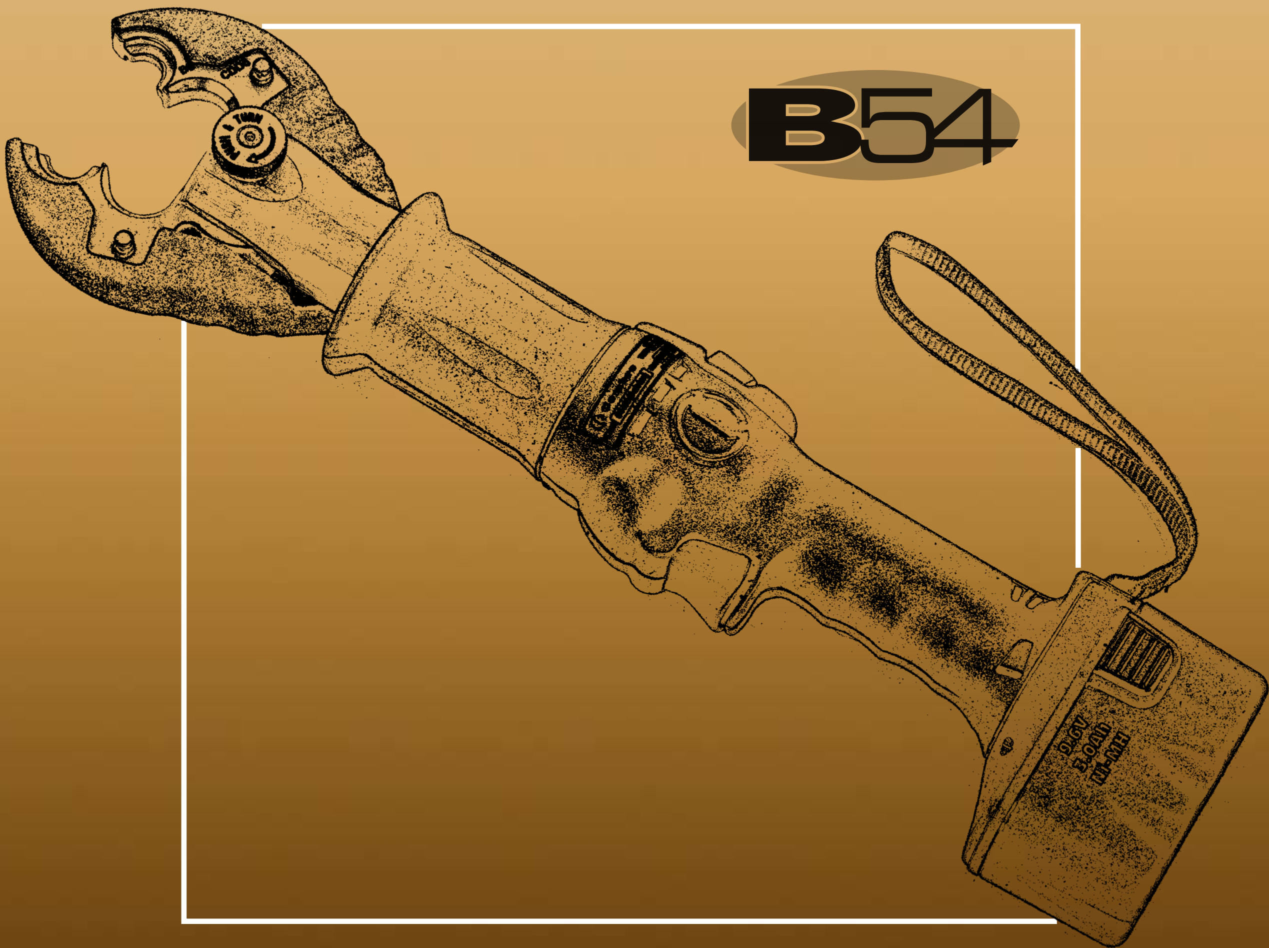
Cembre

COSTRUZIONI ELETTROMECCANICHE BRESCIANE



2008 half-yearly financial report

Cembre S.p.A.

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

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

The cover page shows our new rechargeable B54 crimping stick tool.

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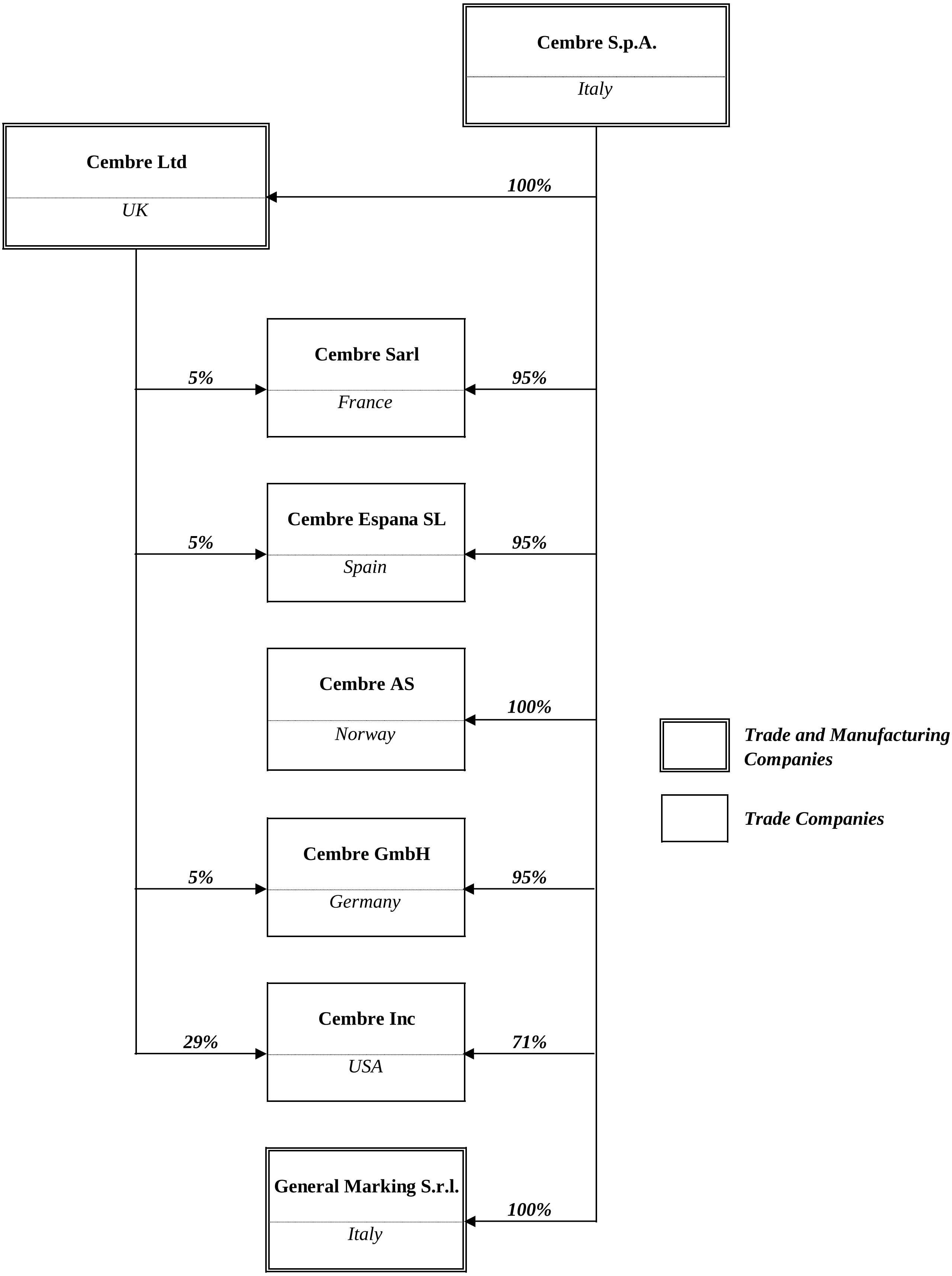
GROUP STRUCTURE



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Report on Operations
for the 1st Half of 2008

The Cembre Group closed the 1st Half of 2008 reporting a 2.2% increase in revenues from the sale of goods and services, up from €49.1 million in the 1st Half of 2007, to €50.1 million in the first six months of 2008.

In the 1st Half of 2008, domestic sales amounted to €21.5 million, up 5.1%, while sales outside Italy amounted to €28.6 million, unchanged from the same period in the previous year. A total of 42.9% of Group sales were represented by Italy (as compared with 41.7% in the 1st Half of 2007), 45.3% by the rest of Europe (46.8% in the 1st Half of 2007), and the remaining 11.8% by the rest of the World (11.5% in the 1st Half of 2007).

Sales by geographical area

(€'000)	1st Half 2008	1st Half 2007
Italy	21,522	20,476
Rest of Europe	22,687	22,981
Rest of the World	5,922	5,614
Total	50,131	49,071

Revenues by Group company (net of intragroup sales):

(€'000)	1st Half 2008	1st Half 2007
Parent company	26,636	27,073
Cembre Ltd. (UK)	6,849	6,481
Cembre S.a.r.l. (France)	3,420	3,214
Cembre España S.L. (Spain)	6,698	6,417
Cembre GmbH (Germany)	2,637	2,447

Cembre AS (Norway)	431	397
Cembre Inc. (USA)	3,150	2,789
General Marking Srl (Italy)	310	253
Total	50,131	49,071

Figures for General Marking reported in the table above include only sales to third parties managed directly by the subsidiary. Part of General Marking's sales to other Group companies that distribute products in their respective markets are not attributed to General Marking in the table above. Such sales grew by 38.2% from €975 thousand in the 1st Half of 2007, to €1,347 thousand in the same period in 2008.

In the first six months of 2008, Group companies reported the following results, before consolidation:

(€'000)	Revenues 1st Half 2008	Revenues 1st Half 2007	Net profit 1st Half 2008	Net profit 1st Half 2007
Cembre S.p.A.	39,761	38,888	4,964	5,457
Cembre Ltd. (UK)	7,448	7,153	500	486
Cembre S.a.r.l. (F)	3,431	3,242	199	301
Cembre España S.L.	6,698	6,418	524	732
Cembre GmbH (D)	2,641	2,488	150	126
Cembre AS (Nor)	432	397	94	108
Cembre Inc (Usa)	3,154	2,793	285	305
General Marking S.r.l.	1,656	1,228	299	560

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

	Currency	Revenues 1st Half 2008	Revenues 1st Half 2007	Net profit 1st Half 2008	Net profit 1st Half 2007
Cembre Ltd. (UK)	£	5,773	4,826	387	328
Cembre AS (Norway)	Nok	3,431	3,229	746	882
Cembre Inc. (USA)	US$	4,826	3,712	436	406

Despite the difficult market situation, all Group companies reported a growth in sales. The decline in the net profit of the parent company is due to the increase in the price of raw materials and the growth in personnel costs, in addition to changes in the amortization schedule of assets. Following a review carried out in the 1st Quarter of 2008, the depreciation schedules of property, plant and equipment were in fact adjusted to bring them into line with their newly determined useful life, resulting in a €250 thousand reduction in the amortization expense for the 1st Half of 2008 with respect to the amortization schedule previously used. The upward revision of the useful life of property, plant and equipment resulted in a reduction of the hourly cost of machinery and equipment used in the determination of the value of semi-finished and finished goods inventories. Had the same depreciation schedule applied in 2007 been applied to determine the value of inventories at March 31, 2008, these would have been higher by about €734 thousand. As it would be excessively onerous repeat the same simulation for the 2nd Quarter of 2008, due in part to the change in the information system done in may, it is not available a figure for June 30, 2008.

In the 1st Half of 2007, moreover, in compliance with new regulations on employee termination indemnities, the value of indemnities accrued up to December 31, 2006 was restated with the help of an independent actuary. Such restatement resulted – as provided in paragraph 111 of IAS 19 – in the recording in the income statement for the 1st Half of 2007 of a €1,026 thousand non-recurrent gain under the caption “Non-recurrent personnel costs”, and the parallel recording of €339 thousand in deferred tax liabilities.

To provide a better description of the company's operating performance for the 1st Half of 2008, a reclassified Consolidated Income Statement for the first six months of 2008 that includes comparative figures and percentage differences for same period in the previous year, is enclosed as Attachment 1. The comparison is however affected by the mentioned non-recurrent factors that produced an increase in profits for the 1st Half 2007 and a correspondent decline in the same for the 1st Half of 2008.

Gross operating profit for the first six months of 2008 was equal to €10,649 thousand, representing a 21.2% margin on sales, down 17.6% on €12,922 thousand reported in the first six months of 2007 (26.3% of sales).

Operating profit for the period amounted to €9,101 thousand, representing an 18.2% margin on sales, down 19.8% on €11,345 thousand in the 1st Half of 2007, when it represented a 23.1% margin on sales.

Consolidated profit before taxes amounted to €8,795 thousand, representing a 17.5% margin on sales, down 22% from €11,271 thousand in the 1st Half of 2007, when it represented a 23% margin on sales.

The net financial expense amounts to €119 thousand and consists mainly of interest accrued on loans extended to the Group in the first six months of the year and interest accrued on current accounts. Foreign-exchange differences were also negative, due in particular to the US dollar and the British pound, resulting in a loss of €187 thousand.

The net financial position declined from an indebtedness of €1.7 million at December 31, 2007, to an indebtedness of €5.1 million at June 30, 2008, after the payment at the end of May 2007 of €4.4 million in dividends, the payment in June of €2.1 million in taxes, in addition to €2.4 million of capital expenditure for the period. At June 30, 2007, the net financial position amounted to an indebtedness of €3 million.

Net profit for the first six months of 2008 amounted to €6,263 thousand, representing a 12.5% margin on sales, down 14.4% from €7,330 thousand in the 1st Half of 2007, when it represented a 14.9% margin on sales.

Definition of alternative performance indicators

In compliance with CONSOB Communication no. DEM/6064293 dated July 28, 2006, 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 achieved before amortization, financial flows and taxes.

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

Net Financial Position: it 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, 2008 and the consolidated accounts at the same date:

(€'000)	**Shareholders' Equity**	**Net profit**
Parent company's statutory accounts	**57,364**	**4,964**
German subsidiary product warranty provision reversal (*)	17	-
Reversal of write-down in the value of the investment in General Marking Srl	432	-
Release of General Marking S.r.l. losses reserve	58	-
Book value of consolidated companies	12,712	2,050
Elimination of unrealized intra-group profits included in the value of inventories (*)	(2,699)	(122)
Currency translation differences on elimination of intra-group payables and receivables	(15)	(12)
Elimination of dividends	-	(617)
Consolidated Financial Statements	**67,869**	**6,263**

(*) Net of the related tax effect

The Group's activity is not subject to cyclical or seasonal factors.

Capital expenditure

In the first six months of 2008, capital expenditure for, gross of amortization, depreciation and disposals, amounted to €2.4 million, of which €1.1 million relating to plant and machinery, €0.4 million for in-house construction of equipment and dies, and €0.4 million for software.

The increase is due to the Group's intention to improve its production process in line with new technologies, widening the product range to fulfil market needs.

Research & Development

In the first six months of 2008 Research and Development activities focused in the field of cable terminals, railroad equipment, cable glands, hydraulic tools and cable marking, in which innovations were made.

Research costs were not capitalized, while, in compliance with IAS 38, development costs were instead capitalized.

Results of research activities and projects launched or underway in the first six months of the year consisted in:

- the widening of the product range, with the introduction of new products previously not available on the market;
- the improvement of technologies and of the efficiency of the production process;
- the enhancement of the company’s presence in foreign markets.

Activity focused on:

- the continuation and completion of projects started in the previous year;
- the launch of new projects for the development of innovative products in line with new market trends;
- the development of innovative processes.

In the first six months of 2008, research costs included €227 thousand of personnel costs, expensed in the income statement. Development costs for the first six months of the year included €22 thousand of personnel costs, capitalized among intangible assets.

A description of Research and Development activities by sector is included in the section that follows.

Research projects in the field of cable terminals

Work continued on the study and development of new cable terminals and joints, in addition to the development and optimization of cable terminals from pipe.

Railroad Equipment Research projects

A number of projects in the field were launched or developed further. These included an electrically powered version of a wooden sleepers maintenance tool, a range of products for the mechanical and electrical connection to rail tracks, a control station for rail track maintenance and a head for vices unlocking.

Research projects in the field of cable glands

A study for the review and update of the gas threading cable glands line was undertaken.

Hydraulic Tools research projects

The following studies were undertaken in the first six months of 2008:

- new battery-operated tools for the compression of connectors that may be used for different types of dies specific for the US market;
- a cable cutting head for the battery-operated tool specific for the US market;
- a push-button panel for pumps;
- a universal pressure measuring gauge;
- a new “C sized” head;
- a new small-size battery-operated hydraulic tool;
- a small-size battery-operated hydraulic tool with a 3.5 ton head;
- a small-size battery-operated hydraulic tool with a 5 ton head.

Cable marking research projects

The development of the following products continued:

- a system for the labelling of pole terminal blocks consisting of labels and related supports;
- a new series of flat labels;
- a new plotter for labels.

Related parties

Detailed information regarding transactions with related parties is provided in the notes to the accounts.

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 nonexhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

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

Own shares and shares of parent companies

In the first six months of 2008, the 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

For a description of the Company's corporate governance please refer to the Report on Governance Structure 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 for consultation in the Investor Relations section of the Group's Internet site (www.cembre.it).

Risk management and financial instruments

For information on risk management and financial instruments we refer to the related section in the notes.

Handling of personal information

As provided in the Code with regard to the handling of private information, Cembre S.p.A. (responsible for the handling of personal information) drafted a Privacy Plan through its Director for the Handling of Private Information.

Said document describes minimum security standards adopted by the Company to minimize the risk of destruction or loss, including accidental, of personal information, of unauthorized access or unwarranted treatment of the same or uses not consistent with the reason for the collection of personal data.

Subsequent events

No event having significant effects on Cembre's financial or operating performance occurred after June 30, 2008.

Outlook

In the second half of 2008, the company expects to expand its turnover, while profit levels are expected to remain in line with the previous year.

Attachments

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

Brescia, August 28, 2008

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

CARLO ROSANI

Cembre S.p.A.

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

Attachment 1 to the Report on Operations for the 1st Half of 2008

Consolidated Income Statement

(€ '000)	**1st Half 2008**	**%**	**1st Half 2007**	**%**	**change**
Revenues from sales and services provided	50.131	100	49.071	100	2,2%
Other revenues	171		166		
TOTAL REVENUES	**50.302**		**49.237**		
Cost of goods and marchandise	(18.899)	(37,7)	(21.282)	(43,4)	-11,2%
Cost of services received	(6.870)	(13,7)	(7.079)	(14,4)	-3,0%
Lease and rental costs	(517)	(1,0)	(539)	(1,1)	-4,1%
Personnel costs	(13.337)	(26,6)	(12.384)	(25,2)	7,7%
Non recurring operations	-	0,0	1.026	2,1	
Other operating costs	(306)	(0,6)	(220)	(0,4)	39,1%
Change in inventories	71	0,1	3.964	8,1	-98,2%
Increase in assets due to internal construction	314	0,6	289	0,6	8,7%
Write-down of current assets	(104)	(0,2)	(85)	(0,2)	22,4%
Accruals to provisions for risks and charges	(5)	(0,0)	(5)	(0,0)	
GROSS OPERATING PROFIT	**10.649**	**21,2**	**12.922**	**26,3**	-17,6%
Tangible assets depreciation	(1.358)	(2,7)	(1.495)	(3,0)	-9,2%
Intangible assets amortization	(190)	(0,4)	(82)	(0,2)	131,7%
OPERATING PROFIT	**9.101**	**18,2**	**11.345**	**23,1**	-19,8%
Financial income (expense)	(119)	(0,2)	(27)	(0,1)	
Foreign exchange gains (losses)	(187)	(0,4)	(47)	(0,1)	297,9%
PROFIT BEFORE TAXES	**8.795**	**17,5**	**11.271**	**23,0**	-22,0%
Income taxes	(2.532)	(5,1)	(3.602)	(7,3)	-29,7%
Deferred taxes from non recurring operations	-	0,0	(339)	(0,7)	
NET PROFIT FROM ORDINARY ACTIVITIES	**6.263**	**12,5**	**7.330**	**14,9**	-14,6%
NET PROFIT FROM ASSETS HELD FOR DISPOSAL	**-**		**(11)**	**(0,0)**	
NET PROFIT	**6.263**	**12,5**	**7.319**	**14,9**	-14,4%

CORPORATE BOARDS
(Attachment 2 to the Report on Operations for the 1st Half of 2008)

Board of Directors

Chairman and Managing Director	Carlo Rosani
Vice Chairman and Managing Director	Anna Maria Onofri
Managing Director	Giovanni Rosani
Director	Giovanni De Vecchi
Director	Aldo Bottini Bongrani
Independent Director	Mario Comana
Independent Director	Paolo Lechi di Bagnolo
Director	Sara Rosani
Secretary	
	Giorgio Rota

Board of Statutory Auditors

Chairman	Guido Astori
Permanent Auditor	Leone Scutti
Permanent Auditor	Andrea Boreatti
Substitute Auditor	Maria Grazia Lizzini
Substitute Auditor	Giorgio Astori

Independent Auditors

	Reconta Ernst & Young

The above list is updated at August 28, 2008.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2008.
The Chairman and Managing Director Carlo Rosani holds by statute (article 19) powers of legal representation of the Company. The Board of Directors conferred to the Chairman all the ordinary management powers not specifically reserved to it by law. The Board of Directors conferred to Managing Director Giovanni Rosani all the ordinary management powers not specifically reserved to it by law and exclusive powers over the organization, management and monitoring of the internal control system.
In case of absence or impediment of the Chairman and Managing Director Carlo Rosani, Vice Chairman and Managing Director Anna Maria Onofri holds all ordinary management powers not reserved to the Board by law, with the exception of the appointment of professionals. All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

Cembre S.p.A.

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Condensed Consolidated Financial Statements at June 30, 2008

Consolidated Balance Sheet

	Notes	June 30, 2008		Dec. 31, 2007	
(€'000)					
ASSETS			***of which: related parties***		***of which: related parties***
A) NON-CURRENT ASSETS					
Property, plant and equipment	*1*	32.606		32.349	
Intangible assets	*2*	720		466	
Financial assets available for sale		5		5	
Other non-current assets		77		77	
Deferred tax assets	*8*	1.788		1.886	
TOTAL NON-CURRENT ASSETS		**35.196**		**34.783**	
B) CURRENT ASSETS					
Inventories	*3*	31.387		31.725	
Trade receivables	*4*	29.482		26.355	
Tax receivables		112		1	
Other receivables		166		317	
Cash and cash equivalents		5.047		4.549	
TOTAL CURRENT ASSETS		**66.194**		**62.947**	
C) NON-CURRENT ASSETS AVAILABLE FOR SALE		**-**		**-**	
TOTAL ASSETS(A+B+C)		**101.390**		**97.730**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
A) SHAREHOLDERS' EQUITY					
Capital stock	*5*	8.840		8.840	
Reserves	*5*	52.766		45.976	
Net profit	*5*	6.263		11.896	
TOTAL SHAREHOLDERS' EQUITY		**67.869**		**66.712**	
B) NON-CURRENT LIABILITIES					
Non-current financial liabilities	*6*	85		86	
Non-current tax payables		93		-	
Employee Termination Indemnity and other personnel benefits	*7*	3.079	148	3.352	143
Provisions for risks and charges		287		295	
Deferred tax liabilities	*8*	2.767		3.653	
TOTAL NON-CURRENT LIABILITIES		**6.311**		**7.386**	
C) CURRENT LIABILITIES					
Current financial liabilities	*6*	10.072		6.183	
Trade payables	*9*	10.183		11.013	
Tax payables		899		1.033	
Other payables	*10*	6.056		5.403	
TOTAL CURRENT LIABILITIES		**27.210**		**23.632**	
D) LIABILITIES ON ASSETS HELD FOR DISPOSAL		**-**		**-**	
TOTAL LIABILITIES (B+C+D)		**33.521**		**31.018**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		**101.390**		**97.730**	

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Condensed Consolidated Financial Statements at June 30, 2008

Consolidated Income Statement

	Notes	1st Half 2008		1st Half 2007	
(€'000)			*of which: related parties*		*of which: related parties*
Revenues from sales and services provided	*11*	50.131		49.071	
Other revenues	*12*	171		166	
TOTAL REVENUES		**50.302**		**49.237**	
Cost of goods and merchandise		(18.899)		(21.282)	
Cost of services received	*13*	(6.870)	(368)	(7.079)	(358)
Lease and rental costs		(517)	(248)	(539)	(244)
Personnel costs	*14*	(13.337)	(86)	(12.384)	(86)
Non recurring operations		0		1.026	
Other operating costs		(306)		(220)	
Change in inventories		71		3.964	
Increase in assets due to internal construction		314		289	
Write-down of receivables		(104)		(85)	
Accruals to provisions for risks and charges		(5)		(5)	
GROSS OPERATING PROFIT		**10.649**		**12.922**	
Property, plant and equipment depreciation		(1.358)		(1.495)	
Intangible asset amortization		(190)		(82)	
OPERATING PROFIT		**9.101**		**11.345**	
Financial income (expense)		(119)		(27)	
Foreign exchange gains (losses)		(187)		(47)	
PROFIT BEFORE TAXES		**8.795**		**11.271**	
Income taxes	*15*	(2.532)		(3.602)	
Deferred taxes from non recurring operations		-		(339)	
NET PROFIT FROM ORDINARY ACTIVITIES		**6.263**		**7.330**	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		**-**		**(11)**	
NET PROFIT		**6.263**		**7.319**	
BASIC EARNINGS PER SHARE	*16*	**0,37**		**0,43**	

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Consolidated Financial Statements at June 30, 2008

Consolidated Statement of Cash Flows

(€'000)

	1st Half 2008	1st Half 2007
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	6.263	11.896
Depreciation, amortization and write-downs	1.548	3.290
(Gains)/Losses on disposal of assets	24	(399)
Net change in Employee Termination Indemnity	(273)	(1.306)
Net change in provisions for risks and charges	(8)	7
Operating profit (loss) before change in working capital	**7.554**	**13.488**
(Increase) Decrease in trade receivables	(3.127)	149
(Increase) Decrease in inventories	338	(5.678)
(Increase) Decrease in other receivables and deferred tax assets	138	69
Increase (Decrease) in trade payables	(988)	(579)
Increase (Decrease) in other payables, deferred tax liabilities and tax payables	(274)	(729)
Change in working capital	**(3.913)**	**(6.768)**
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	**3.641**	**6.720**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(444)	(500)
- property, plant and equipment	(2.082)	(6.404)
Proceeds from disposal of tangible, intangible and available-for-sale financial assets		
- tangible	443	1.869
Increase (Decrease) in trade payables for assets	158	128
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	**(1.925)**	**(4.907)**
C) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non-current assets	-	15
Increase (Decrease) in bank loans and borrowings	3.888	3.356
Increase (Decrease) in other loans and borrowings	-	20
Change in reserves	(686)	(879)
Dividends distributed	(4.420)	(3.740)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	**(1.218)**	**(1.228)**
D) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**498**	**585**
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4.549**	**3.964**
F) CASH AND CASH EQUIVALENTS AT END OF PERIOD (D+E)	**5.047**	**4.549**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5.047**	**4.549**
Current financial liabilities	(10.072)	(6.183)
Non current financial liabilities	(85)	(86)
NET CONSOLIDATED FINANCIAL POSITION	**(5.110)**	**(1.720)**
INTERESTS EXPENSE FOR THE PERIOD	**(172)**	**(209)**

BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash	11	19
Banks	5.036	4.530
	5.047	**4.549**

Cembre SpA

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

Condensed Consolidated Financial Statements at June 30, 2008

Statement of Changes in the Consolidated Shareholders' Equity at June 30, 2008

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2007	**8.840**	**12.245**	**1.768**	**68**	**10.530**	**(978)**	**21.113**	**3.715**	**84**	**9.327**	**66.712**
Conversion differences					17	(703)					(686)
Allocation of previous year net profit (1)					2.909		4.567			(11.896)	(4.420)
First Half 2008 Net profit										6.263	6.263
Balance at June 30, 2008	**8.840**	**12.245**	**1.768**	**68**	**13.456**	**(1.681)**	**25.680**	**3.715**	**84**	**3.694**	**67.869**

Statement of Changes in the Consolidated Shareholders' Equity at June 30, 2007

(€ '000)	Capital stock	Share premium reserve	Legal reserve	Suspended-tax reserves	Consolidation reserve	Conversion differences	Extraordinary reserve	Urealized gains reserve	Retained earnings	Net profit	Total Shareholders' Equity
Balance at December 31, 2006	**8.840**	**12.245**	**1.768**	**68**	**5.213**	**(12)**	**18.187**	**3.799**	**-**	**9.327**	**59.435**
Conversion differences					27	(81)					(54)
Allocation of previous year net profit (1)					2.662		2.925			(9.327)	(3.740)
First Half 2007 Net profit										7.319	7.319
Balance at June 30, 2007	**8.840**	**12.245**	**1.768**	**68**	**7.902**	**(93)**	**21.112**	**3.799**	**-**	**7.319**	**62.960**

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

Notes to the Interim Consolidated Financial Statements at June 30, 2008

I. CORPORATE INFORMATION

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

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

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

The publication of the Consolidated Financial Statements of Cembre S.p.A. for the half-year ended June 30, 2008 was authorized by a resolution of the Board of Directors dated August 28, 2008.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES

Form and content

The present consolidated Interim Report at June 30, 2008 was prepared under IAS 34 on Interim Reports.

The 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, 2007.

Accounting principles

Principles adopted in the preparation of the consolidated interim report are consistent with those adopted in the preparation of the Financial Statements at December 31, 2007. The adoption of mandatory amendments for accounting periods beginning on January 1, 2008 or later had no effect on the operating results or the financial position of the Group.

Principles adopted in the preparation of the present consolidated interim report are those formally approved by the European Union, in force at June 30, 2008.

Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

Translation of financial statements expressed in currencies other than the euro

The functional reporting currency of the Group is the euro.

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

	Exchange rate at June 30, 2008	Average exchange rate for the 1st Half of 2008
British pound (€/£)	0.7923	0.7752
US dollar (€/$)	1.5764	1.5304
Norway kroner (€/NOK)	8.009	7.9491

Review of useful life of assets

Following a review carried out in the 1st Quarter of 2008, the depreciation schedules of property, plant and equipment were adjusted to bring them into line with the reviewed useful lives of the same, resulting in a €250 thousand reduction in the amortization expense for the 1st Half of 2008 with respect to the amortization schedule previously used. The upward revision of the useful life of property, plant and equipment resulted in a reduction of the hourly cost of machinery and equipment used in the determination of the value of semi-finished and finished goods inventories. Had the same depreciation schedule applied in 2007 been applied to determine the value of inventories at March 30, 2008, these would have been higher by about €734 thousand. As it would be excessively onerous repeat the same simulation for the 2nd Quarter of 2008, due in part to the change in the information system done in may, it is not available a figure for June 30, 2008.

III. SEASONAL FACTORS

The Group's activity is not subject to cyclical or seasonal factors.

IV. SEGMENT INFORMATION

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.

Information by segment of activity is not provided as the Cembre Group operates in a single segment denominated "Electric connectors and related tools".

As required under IAS 14, segment information by geographical area, based on the location in which the operations of the company are based or the production process takes place is provided below.

1st Half 2008	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	26,946	20,035	3,150		50,131
Sales to other Group companies	14,471	615	3	(15,089)	-
Revenues by sector	41,417	20,650	3,153	(15,089)	50,131
Operating profit by sector	6,428	2,209	464		9,101
Overhead costs/profits not assigned					-
Operating profit					9,101
Financial income (expense)					(306)
Income taxes					(2,532)
Gain (loss) from discontinued operations					-
Net profit					6,263

1st Half 2007	Italy	Rest of Europe	Rest of World	Elimination of intragroup transactions	TOTAL
Revenues					
Sales to customers	27,326	18,956	2,789		49,071
Sales to other Group companies	12,796	742	4	(13,542)	-
Revenues by sector	40,122	19,698	2,793	(13,542)	49,071
Operating profit by sector	8,292	2,546	507		11,345
Overhead costs/profits not assigned					-
Operating profit					11,345
Financial income (expense)					(74)
Income taxes					(3,941)
Gain (loss) from discontinued operations					(11)
Net profit					7,319

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 20078	1st Half 2007	Change
Italy	21,522	20,476	1,046
Europe	22,687	22,981	(294)
Rest of World	5,922	5,614	308
	50,131	**49,071**	**1,060**

The breakdown of assets and liabilities is shown below:

June 30, 2008	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	68,481	32,110	3,498	104,089
Unassigned assets				(2,699)
Total assets				101,390
Liabilities of the sector	28,204	5,240	94	33,538
Unassigned liabilities				(17)
Total liabilities				33,521
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	1,557	437	89	2,083
- Intangible assets	445	-	-	445
				2,528
Depreciation and amortization:				
- Property, plant and equipment	(1,050)	(284)	(24)	(1,358)
- Intangible assets	(189)	(1)	-	(190)
Accruals and provisions for employee benefits	370	4	-	374
Average no. of employees	393	137	16	546

June 30, 2007	Italy	Rest of Europe	Rest of World	TOTAL
Assets and Liabilities				
Assets of the sector	67,505	29,469	3,564	100,538
Unassigned assets				(2,351)
Total assets				98,187
Liabilities of the sector	30,394	5,155	168	35,717
Unassigned liabilities				(490)
Total liabilities				35,227
Other information by sector				
Capital expenditure:				
- Property, plant and equipment	1,438	248	77	1,763
- Intangible assets	302	1	-	303
				2,066
Depreciation and amortization:				
- Property, plant and equipment	(1,165)	(308)	(22)	(1,495)
- Intangible assets	(80)	(2)	-	(82)
Accruals and provisions for employee benefits	390	4	-	394
Average no. of employees	375	126	11	512

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 and revaluations	27,967	30,110	6,934	6,025	306	313	71,655
Accumulated depreciation	(5,251)	(23,607)	(5,768)	(4,521)	(159)	-	(39,306)
Balance at Dec. 31, 2007	**22,716**	**6,503**	**1,166**	**1,504**	**147**	**313**	**32,349**
Increases	171	1,132	88	236	37	419	2,083
Foreign-exchange differences	(257)	(64)	-	(34)	-	-	(355)
Depreciation	(248)	(654)	(156)	(267)	(34)	-	(1,359)
Net divestments	-	(29)	-	(21)	-	(62)	(112)
Reclassifications	-	161	-	15	-	(176)	-
Balance at June 30, 2008	**22,382**	**7,049**	**1,098**	**1,433**	**150**	**494**	**32,606**

	Land and buildings	Plant and machinery	Equipment	Other assets	Leased assets	Work in progress	Total
Historical cost and revaluations	26,227	28,682	6,741	5,754	241	295	67,940
Accumulated depreciation	(4,948)	(22,433)	(5,429)	(4,488)	(114)	-	(37,412)
Balance at Dec. 31, 2006	**21,279**	**6,249**	**1,312**	**1,266**	**127**	**295**	**30,528**
Increases	3,216	1,766	256	817	86	263	6,404
Foreign-exchange differences	(320)	(57)	(3)	(20)	-	-	(400)
Depreciation	(454)	(1,597)	(443)	(553)	(66)	-	(3,113)
Net divestments	(1,005)	(10)	-	(13)	-	(42)	(1,070)
Reclassifications	-	152	44	7	-	(203)	-
Balance at Dec. 31, 2007	**22,716**	**6,503**	**1,166**	**1,504**	**147**	**313**	**32,349**

Capital expenditure for the 1st Half of 2008 consists primarily of purchases made by the parent company. Among these is the acquisition for €678 thousand of two work stations to enhance production, the purchase of equipment worth €294 thousand and the installation of air conditioning equipment for €88 thousand. The French subsidiary is presently carrying out office renovation work that resulted in the capitalization of €209 thousand of improvements.

Leased assets consist exclusively of motor vehicles leased by the Spanish subsidiary.

In the first six months of 2008, depreciation rates of Plant and machinery and of equipment were revised. For a more detailed description please see the Revision of estimates paragraph in the notes.

2. INTANGIBLE ASSETS

	Development costs	Software	Work in progress	Total
Historical cost	238	2,307	250	2,795
Accumulated amortization	(124)	(2,205)	-	(2,329)
Balance at Dec. 31, 2007	**114**	**102**	**250**	**466**
Increases	22	422	-	444
Amortization	(26)	(164)	-	(190)
Reclassifications	-	250	(250)	-
Balance at June 30, 2008	**110**	**610**	**-**	**720**

Increases relates to costs incurred in the purchase and implementation of the SAP administrative software by the parent company.

3. INVENTORIES

	June 30, 2008	Dec. 31, 2007	Change
Raw materials	6,360	7,752	(1,392)
Work in progress and semi-finished goods	8,751	7,842	909
Finished goods	16,276	16,131	145
Total	**31,387**	**31,725**	**(338)**

The value of finished goods inventories is adjusted to its expected realizable value through a provision for slow-moving stock amounting approximately to €1,609 thousand. Changes in the provision in the first six months of 2008 are shown in the table that follows:

	June 30, 2008	Dec. 31, 2007
Balance at January 1	**1,543**	**1,648**
Accruals	93	81
Uses	-	(150)
Currency translation differences	(27)	(36)
Ending balance	**1,609**	**1,543**

In the first six months of the year, the method used in calculating the value of finished product inventories was changed. A description is provided in the Revision of estimates paragraph in the notes.

4. TRADE RECEIVABLES

	June 30, 2008	Dec. 31, 2007	Change
Gross trade receivables	30,211	27,003	3,208
Provision for doubtful accounts	(729)	(648)	(81)
Total	**29,482**	**26,355**	**3,127**

Trade receivables by geographical area

	June 30, 2008	Dec. 31, 2007	Change
Italy	16,188	14,509	1,679
Europe	12,375	10,821	1,554
North America	772	690	82
Oceania	229	381	(152)
Middle East	428	318	110
Other	219	284	(65)
Total	**30,211**	**27,003**	**3,208**

Average collection time grew to 110 days up from 103 days in the 2007. Changes in the provision for doubtful accounts, accrued in part for overall bad debt and in part for individual accounts, is shown in the table that follows:

	June 30, 2008	Dec. 31, 2007
Balance at January 1	**648**	**568**
Accruals	143	153
Uses	(61)	(72)
Foreign exchange differences	(1)	(1)
Ending balance	**729**	**648**

Breakdown of receivables by maturity at June 30, 2008

	Not matured	0-90 days	91-180 days	181-365 days	Over one year	Under litigation
2008	26,324	2,630	187	388	250	432
2007	21,329	4,492	358	191	224	409

5. SHAREHOLDERS' EQUITY

At June 30, 2008, the capital stock of the parent company amounted to €8,840 thousand, and was made up of 17 million ordinary shares of par value €0.52

each, fully underwritten and paid-up. At the same date the Company did not hold treasury shares.

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

6. FINANCIAL LIABILITIES

	Effective interest rate (%)	Maturity	June 30, 2008	Dec. 31, 2007
Loan extended to the parent	4.89	July 2008	2,000	-
Bank overdrafts of the parent	4.7-8.0	on demand	5,482	3,915
Bank overdrafts of Cembre Ltd.	6 (rate+1.5% spread)	on demand	24	22
Bank overdrafts of Cembre GmbH	8.5	Dec. 2007	-	35
Loan extended to General Marking S.r.l.	5.00	July 2008	1,600	-
Loan extended to Cembre GmbH	Euribor+0.375	Sept. 2008	900	2,150
			2,500	**2,150**
Leasing Cembre España S.L. (short-term portion)	4.05-6.45	2008-2012	62	61
Deferrals			4	-
CURRENT FINANCIAL LIABILITIES			**10,072**	**6,183**
Leasing Cembre España S.L. (long-term portion)	4.05-6.45	2009-2012	85	86
NON-CURRENT FINANCIAL LIABILITIES			**85**	**86**

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

Year	Cash flow	No. of days	Current value
2008	31	184	29
2009	57	549	51
2010	34	914	29
2011	22	1279	18
2012	4	1644	3
Total	**148**		**130**
		Difference	**18**
		Avg. discounting rate	**5.44%**

Long-term portion of leasing commitments by maturity

	2009	2010	2011	2012	Total
Minimum lease payments	25	34	22	4	85
Discounted amounts	22	29	18	3	72

The parent company granted guarantees against loans extended to subsidiary General Marking.

7. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

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

With the reform of employee termination indemnities, starting with January 1, 2007 Cembre S.p.A. will no longer be required to accrue retirement benefits in favour of its employees in a provision, but will pay out benefits accrued after such date to the INPS treasury account, unless such benefits have been destined to other pension funds by individual employees.

Employee termination indemnities accrued at June 30, 2008 were discounted on the basis of an evaluation made by an independent registered actuary, in application of new regulations.

	June 30, 2008	Dec. 31, 2007
Beginning balance	**3,352**	**4,658**
Accruals	374	689
Uses	(357)	(424)
Curtailment	-	(1,026)
INPS treasury account	(206)	(524)
Discounting effect	(84)	(21)
Ending balance	**3,079**	**3,352**

8. DEFERRED TAX ASSETS AND LIABILITIES

	June 30, 2008	Dec. 31, 2007
Deferred tax liabilities		
Average cost valuation of inventories	(387)	(462)
Accelerated depreciation	(228)	(1,048)
Elimination of Cembre GmbH product warranty provision	(12)	(12)
Reversal of land depreciation	(27)	(27)
Revaluation of land	(1,859)	(1,859)

Discounting back of employee termination indemnities	(170)	(149)
Capital gain on sale of building	(84)	(96)
Gross deferred tax liabilities	**(2,767)**	**(3,653)**
Deferred tax assets		
Elimination of unrealized intra-group profits included in the value of inventories	1,235	1,179
Write-down of inventories	236	236
Goodwill amortization	45	48
Accumulated losses of General Marking	173	299
Risk provision	5	5
Other	94	119
Gross deferred tax assets	**1,788**	**1,886**
Net deferred tax liabilities	**(979)**	**(1,767)**

9. TRADE PAYABLES

	June 30, 2008	Dec. 31, 2007	Change
Payable to suppliers	9,964	10,864	(900)
Advances	219	149	70
Total	**10,183**	**11,013**	**(830)**

Trade payables by geographical area

	June 30, 2008	Dec. 31, 2007	Change
Italy	7,576	8,145	(569)
Europe	2,370	2,659	(289)
North America	5	8	(3)
Oceania	13	40	(27)
Other	0	12	(12)
Total	**9,964**	**10,864**	**(900)**

10. OTHER PAYABLES

Other payables are made up as follows:

	June 30, 2008	Dec. 31, 2007	Change
Payables to employees	2,867	1,014	1,853
Employee withholding taxes payable	217	940	(723)
Bonuses owed to customers	820	962	(142)
VAT and similar foreign taxes payable	834	465	369
Commissions payable	194	232	(38)
Payable to Statutory Auditors and similar foreign boards	52	40	12
Payable to Directors	15	12	3
Social security payables	1,226	1,694	(468)
Payable on sundry taxes	68	29	39
Other	(237)	15	(252)
Total	**6,056**	**5,403**	**653**

11. REVENUES FROM SALES AND SERVICES PROVIDED

In the 1st Half of 2008, revenues grew by 2.2% on the same period in the previous year. Domestic sales represented 42.9% of total sales, up 5.1% on the 1st Half of 2007, while sales in the rest of Europe represented 45.3% of the total, down 1.3% on the same period in the previous year. Sales in the rest of the world grew by 5.5% and represented 11.8% of total sales.

12. OTHER REVENUES

The item is made up as follows:

	1st Half 2008	1st Half 2007	Change
Capital gains	10	15	(5)
Insurance damages	4	10	(6)
Reimbursements	145	120	25
Other	12	21	(9)
Total	**171**	**166**	**5**

13. COST OF SERVICES

The item is made up as follows:

	1st Half 2008	1st Half 2007	Change
Subcontracted work	1,571	1,979	(408)
Electricity, heating and water	623	593	30
Transport of goods sold	1,140	1,155	(15)
Fuel	168	121	47
Travelling expenses	404	350	54
Maintenance and repair	658	589	69
Consulting	553	505	48
Advertising and promotion	210	144	66
Insurance	246	223	23
Boards' compensation	447	485	(38)
Postage and telephone	159	176	(17)
Commissions	176	191	(15)
Security and cleaning	175	152	23
Other	340	416	(76)
Total	**6,870**	**7,079**	**(209)**

The cost of services received remained stable on the 1st Half of 2007, while the breakdown between individual items has changed. In particular, the decline in the cost of subcontracted work is due partly to the outsourcing abroad of some productive phases, and partly to a better classification of purchases resulting from the introduction of a new information system.

Item "Other" includes mainly expenses and banking charges borne by the parent company, in addition to sundry services received by UK subsidiary Cembre Ltd.

14. PERSONNEL COSTS

	1st Half 2008	1st Half 2007	Change
Wages and salaries	10,052	9,282	770
Social security contributions	2,644	2,460	184
Employee termination indemnity	401	418	(17)
Retirement benefits	54	48	6
Other costs	186	176	10
Total	**13,337**	**12,384**	**953**

Wages and salaries include €382 thousand relating to outsourced personnel, mainly of the parent company.

Average number of employees by category

	1st Half 2008	1st Half 2007	Change
Managers	14	14	-
Administrative and commercial staff	233	226	7
Workers	279	252	27
Outsourced personnel	20	20	-
Total	**546**	**512**	**34**

Average number of employees by Group company

	Managers	Administrative and commercial staff	Workers	Outsourced personnel	Total
Cembre S.p.A.	6	153	199	20	378
General Marking S.r.l.	-	6	9	-	15
Cembre Ltd.	3	24	35	-	62
Cembre Sarl	1	18	4	-	23
Cembre España SL	1	11	25	-	37
Cembre AS	-	2	-	-	2
Cembre Inc.	2	12	2	-	16
Cembre GmbH	1	7	5	-	13
Total	**14**	**233**	**279**	**20**	**546**

15. INCOME TAXES

	1st Half 2008	1st Half 2007	Change
Current taxes	3,196	4,449	(1,253)
Deferred (prepaid) taxes	(906)	(847)	(59)

Deferred (prepaid) taxes on non-recurring operations	-	339	(339)
Taxes on freeing up of reserves	310	-	310
Extraordinary tax items	(68)	-	(68)
	2,532	**3,941**	**(1,409)**

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 2008 and the 1st Half of 2007, postponing a reconciliation to the financial statements at December 31, 2008.

	1st Half 2008	**1st Half 2007**
Profit before taxes	8,795	11,271
Income taxes	(2,532)	(3,941)
Effective tax rate	**28.79%**	**34.97%**
Theoretical tax rate	31.40%	37.25%

The decline in the effective tax rate is due to the decline in theoretical tax rates introduced with the 2008 Budget Law.

Extraordinary tax gains relate to tax credits calculated on R&D personnel costs for 2007.

The parent company benefited also from facilitations provided by article 1, paragraphs 33, 34, 48 and 51, of the 2008 Budget Law, relating to the elimination of the set deductions system and freeing-up of past deductions and of suspended-tax reserves.

The company chose to free-up differences arising on buildings and plant depreciation. This resulted in a €795 thousand reduction in the provision for deferred taxes and the recording of €310 thousand in substitute tax. The breakdown by maturity of the latter is as follows:

- €93 thousand paid on June 16, 2008;

- €124 thousand payable on June 16, 2009, recorded among current tax payables;
- €93 thousand payable on June 16, 2010, recorded among non-current tax payables.

At June 30, 2008 there were no temporary differences and loss carry-forwards on which no deferred tax asset or liability had been recorded.

Deferred and prepaid taxes are made up as follows:

	1st Half 2008	1st Half 2007
Deferred tax liabilities		
Average cost valuation of inventories	75	77
Accelerated depreciation	820	53
Discounting of employee termination indemnities	(21)	(175)
Capital gain on sale of building	12	-
	886	**(45)**
Deferred tax assets		
Elimination of unrealized intra-group gains included in the value of inventories	56	253
Amortization of goodwill	(3)	(3)
Write-down of investment	-	(4)
Discounting of employee termination indemnities	-	(166)
Loss carry-forwards of subsidiary General Marking	(126)	408
Other	(25)	8
	(98)	**496**
Use of prepaid tax assets	126	60
Foreign exchange differences	(8)	(3)
Deferred taxes for the period	**906**	**508**

16. EARNINGS PER SHARE

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

	1st Half 2008	1st Half 2007
Consolidated net profit *(€'000)*	6,263	7,330
No. of ordinary shares *('000)*	17,000	17,000
Earnings per share *(€)*	**0.37**	**0.43**

17. RELATED PARTIES

The table that follows shows transactions between the parent company and its subsidiaries at June 30, 2008.

	Receivables	Payables	Revenues	Expenses
Cembre Ltd.	2,773	68	3,968	100
Cembre S.a.r.l.	1,056	9	1,452	9
Cembre España S.L.	2,244	-	3,863	1
Cembre AS	150	6	205	-
Cembre GmbH	1,330	4	1,602	4
Cembre Inc.	1,363	-	1,979	-
General Marking S.r.l.	6	489	77	1,346
Total	**8,922**	**576**	**13,146**	**1,460**

Cembre S.p.A. leases an industrial building to subsidiary General Marking. Rent for the building for the 1st Half of 2008 amounts to €48 thousand.

Among property leased to Cembre by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Milan, Padua and Bologna sales offices, all of which are owned by company Tha Immobiliare S.p.A., with registered office in Brescia, controlled by Anna Maria Onofri, Giovanni Rosani and Sara Rosani, directors of Cembre S.p.A.. Lease payments for the 1st Half of 2008 amount to €248 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, 2008, all amounts due to Tha Immobiliare had been settled.

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

Cembre S.p.A. 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 2008, 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	30	322
Emoluments as directors of subsidiaries	-	17
Retribution as employees	-	86
Non-monetary benefits	-	9

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

18. NET FINANCIAL POSITION

		June 30, 2008	June 30, 2007
A	Cash	11	19
B	Bank deposits	5,036	4,530
C	**Cash and cash equivalents (A+B)**	**5,047**	**4,549**
D	**Financial receivables**	**-**	**-**
E	Current bank debt	(10,010)	(6,122)
F	Payables on derivatives	-	-
G	Other current financial payables	(62)	(61)
H	**Current financial debt (E+F+G)**	**(10,072)**	**(6,183)**
I	**Net current financial position (C+D+H)**	**(5,022)**	**(1,634)**
J	Non-current bank debt	-	-
K	Other non-current financial debt	(85)	(86)
L	**Non-current financial debt (J+K)**	**(85)**	**(86)**
M	**Net financial position (I+L)**	**(5,110)**	**(1,720)**

The increase in financial debt is due to the payment in May of €4.4 million in dividends and of €2.1 million of tax advances. Capital expenditure on tangible and intangible assets in the first six months of the year amounted to €2.4 million.

19. 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.

<u>Interest rate risk</u>

At June 30, 2008, the following short-term loans were extended to Group companies:

- a loan extended to subsidiary Cembre GmbH against the purchase of its new main office. Pursuant to the loan contract, the subsidiary is extended a further line of credit of €2.5 million, expiring on September 16, 2008, to be used for transactions of fixed amount at set rates. Interest payable is set at the time the line of credit is used, and is equal to the Euribor rate plus a spread of 0.375%. At June 30, 2008, uses of said credit line amounted to €0.9 million. Interest is payable at maturity.
- a €1.6 million loan extended to subsidiary General Marking at a fixed 5% rate, expiring in July.
- a €2 million loan extended to the parent company at a fixed rate of 4.89%, expired at the end of July and extended until the end of August.

<u>Currency risk</u>

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 Norway 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%	369 / (369)	372 / (372)	102 / (102)
Cembre AS	NOK	+5%/-5%	23 / (23)	22 / (22)	158 / (158)
Cembre Inc	USD	+5%/-5%	94 / (94)	7 / (7)	23 / (23)

In the 1st Half of 2008, the effect of foreign-exchange transactions was negative by €188 thousand, due almost exclusively to transactions carried out by the parent company and in particular trade transactions denominated in US dollars with the US subsidiary, and by the UK subsidiary for trade transactions with the parent company denominated in euro.

<u>Liquidity risk</u>

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

<u>Credit risk</u>

Exposure to credit risk relates exclusively to trade receivables.

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.

Other risks

Other than general risks typical of business enterprises, the Company is not exposed to particular risks not connected with raw material price fluctuations and the general economic outlook.

20. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after June 30, 2008.

21. CONSOLIDATED COMPANIES

The consolidation area underwent changes in the first six months of 2008 as the capital stock of German subsidiary Cembre GmbH was increased by €1,300 thousand. Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at June 30, 2008	Share held at Dec. 31, 2007
Cembre Ltd	Sutton Coldfield (Birmingham)	£ 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	Coslada (Spain)	€ 1,902,000	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 - Usa)	US $ 1,440,000	100%(**)	100%(**)
General Marking S.r.l.	Brescia (Italy)	€ 99,000	100%	100%

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

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

Brescia, August 28, 2008

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

CARLO ROSANI

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Attestation of the Condensed Interim 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 Condensed Interim Financial Statements for the 1st Half of 2008.

It is furthermore attested that the Condensed Interim Financial Statements for the 1st Half of 2008:

a) correspond to the document results, books and accounting records;

b) are prepared under the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board adopted by the European Union pursuant to the procedure set forth by EU Regulation 1606/2002 of the European Parliament and the European Commission dated July 19, 2002, and are deemed to provide a true and fair representation of the financial position, operating and financial performance of the Company and of the companies included in the consolidation.

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 28, 2008

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