

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)

Report on the Operations on the 4th Quarter 2007

Consolidated Financial Statements

Consolidated Income Statement

<i>(euro '000)</i>	Full Year 2007	Full Year 2006	4 th Quarter 2007	4 th Quarter 2006
Revenues from sales and services provided	93.412	83.870	22.923	22.277
Other revenues	821	345	541	47
TOTAL REVENUES	94.233	84.215	23.464	22.324
Cost of goods and merchandise	(39.953)	(35.818)	(9.068)	(10.203)
Cost of services received	(13.645)	(12.177)	(3.459)	(3.322)
Lease and rental costs	(1.084)	(1.047)	(274)	(270)
Personnel costs	(24.975)	(22.512)	(6.702)	(5.676)
Personnel costs from non recurring operations	1.026	-	-	-
Other operating costs	(471)	(404)	(152)	(84)
Change in inventories	6.176	6.399	603	2.212
Increase in assets due to internal construction	555	607	250	208
Write-down of receivables	(146)	(124)	(39)	(37)
Accruals to provisions for risks and charges	(10)	(8)	(3)	(2)
GROSS OPERATING PROFIT	21.706	19.131	4.620	5.150
Property, plant and equipment depreciation	(3.113)	(3.092)	(815)	(828)
Intangible asset amortization	(177)	(98)	(51)	(27)
OPERATING PROFIT	18.416	15.941	3.754	4.295
Financial income (expense)	(101)	(6)	(32)	2
Foreign exchange gains (losses)	(201)	(74)	(59)	(18)
PROFIT BEFORE TAXES	18.114	15.861	3.663	4.279

Consolidated Net Financial Position at December 31, 2007

<i>(euro '000)</i>	Dec. 31, 2007	Sept. 30, 2007	Dec. 31, 2006
Cash and cash equivalents	4.549	5.222	3.964
Non-current financial liabilities	(86)	(83)	(71)
Current financial liabilities	(6.183)	(5.077)	(2.822)
CONSOLIDATED NET FINANCIAL POSITION	(1.720)	62	1.071

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Notes to the Consolidated Accounts for the 4th Quarter of 2007

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 December 31, 2007, and those of the following companies at the same date:

	Share owned by the Group at December 31, 2007	Share owned by the Group at December 31, 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 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.

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 an indebtedness of €1.7 million at the end of December 2007, affected by the increase in net current assets due primarily to the growth of inventories in 2007 from €26 million to €31.7 million, and the payment of €3.7 million in dividends as compared with €2.5 million in 2006. Capital expenditure for the year made by the parent company amounted to €6.9 million, up from €5.4 million made in 2006.

Sales by geographical area

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

Outlook

In 2008, turnover is expected to increase 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, February 14, 2008

THE CHAIRMAN OF THE BOARD OF DIRECTORS
CEMBRE SPA – PARENT COMPANY
GIOVANNI ROSANI

Cembre S.p.A.

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Management Report on the 4th Quarter of 2007

In the 4th Quarter of 2007 revenues grew by 2.9% to €22,923 thousand, up from €22,277 thousand in the 4th Quarter of 2006. In 2007, revenues grew by 11.4% to €93,412 thousand, up from €83,870 thousand in the previous year.

Revenues by geographical area

(€'000)	2007	2006	4 th Qtr. 2007	4 th Qtr. 2006
Italy	39,281	37,098	9,843	9,768
Rest of Europe	43,316	38,365	10,236	9,887
Rest of the World	10,815	8,407	2,844	2,622
Total	93,412	83,870	22,923	22,277

In 2007, 42% of sales were represented by Italy (as compared with 44.2% in 2006), 46.4% by the rest of Europe (45.7% in 2006) and 11.6% by the rest of the world (10.1% in 2006). Domestic sales grew in 2007 by 5.9%, while exports increased by 15.7%. In the 4th Quarter of 2007 exports grew by 4.6%, while domestic sales were stable, up 0.8%, on the same period in 2006.

Net revenues by Group company

(€'000)	2007	2006
Parent company	51,812	46,661
Cembre Ltd. (UK)	12,317	12,609
Cembre S.a.r.l. (France)	6,303	5,325
Cembre España S.L. (Spain)	11,499	9,926

Cembre GmbH (Germany)	4,839	4,503
Cembre AS (Norway)	775	528
Cembre Inc. (USA)	5,336	3,931
General Marking Srl (Italy)	531	387
Total	<u>93,412</u>	<u>83,870</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 2007, these sales grew by 18.6% to €1,838 thousand, up from €1,554 thousand in 2006.

To provide a better understanding of the Group's financial performance, a Reclassified Consolidated Income Statement for the 2007 financial year and the 4th Quarter of 2007 is enclosed as Attachment A.

Gross operating profit for 2007 amounted to €21,706 thousand, corresponding to a 23.2% margin on sales, up 13.5% on €19,131 thousand reported in 2006 (22.8% of sales). In the 4th Quarter of 2007, gross operating profit declined to €4,620 thousand, corresponding to a 20.2% margin on sales, down 10.3% on €5,150 thousand reported in the 4th Quarter of 2006 (23.1% of sales). Gross operating profit for the 4th Quarter of 2007 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.

Operating profit for 2007 amounted to €18,416 thousand, representing a 19.7% margin on sales, up 15.5% on €15,941 thousand in 2006 (a 19% margin on sales). Operating profit for the 4th Quarter of 2007 declined to €3,754 thousand,

representing a 16.4% margin on sales, down from €4295 thousand (a 19.3% margin on sales) in the 4th Quarter of 2006.

Consolidated profit before taxes for 2007 amounted to €18,114 thousand, representing a 19.4% margin on sales, up 14.2% on €15,861 thousand in 2006, when it represented an 18.9% margin on sales. In the 4th Quarter of 2007, consolidated profit before taxes for amounted to €3663 thousand, representing a 16% margin on sales, down 14.4% on €4,279 thousand in the 4th Quarter of 2006, when it represented a 19.2% margin on sales. Consolidated profit before taxes 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 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 2007. Figures for 2007 and the related changes on the previous year, net of the effect of the mentioned event, are shown in the table below.

<i>(€'000)</i>	2007	% of sales	2006	% of sales	Change
	Restated	Restated			
Sales	93,412	100	83,870	100	11.4%
Gross operating profit	20,680	22.1	19,131	22.8	8.1%
Operating profit	17,390	18.6	15,941	19.0	9.1%
Pre-tax profit	17,088	18.3	15,861	18.9	7.7%

Figures for the 4th 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 December 31, 2007

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after December 31, 2007.

Brescia, February 14, 2008

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

GIOVANNI ROSANI

Cembre SpA

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Attachment A to the Report on Operations for the 4th Quarter of 2007

Consolidated Income Statement

(€ '000)	Full year 2007	%	Full year 2006	%	change	4 th Qtr. 2007	%	4 th Qtr. 2006	%	change
Revenues from sales and services provided	93.412	100,0%	83.870	100	11,4%	22.923	100,0%	22.277	100,0%	2,9%
Other revenues	821		345		138,0%	541		47		
TOTAL REVENUES	94.233		84.215			23.464		22.324		
Cost of goods and merchandise	(39.953)	-42,8%	(35.818)	-42,7%	11,5%	(9.068)	-39,6%	(10.203)	-45,8%	-11,1%
Cost of services received	(13.645)	-14,6%	(12.191)	-14,5%	11,9%	(3.459)	-15,1%	(3.336)	-15,0%	3,7%
Lease and rental costs	(1.084)	-1,2%	(1.047)	-1,2%	3,5%	(274)	-1,2%	(270)	-1,2%	1,5%
Personnel costs	(24.975)	-26,7%	(22.498)	-26,8%	11,0%	(6.702)	-29,2%	(5.662)	-25,4%	18,4%
Personnel costs from non recurring operations	1.026	1,1%	0	0,0%		0	0,0%	0	0,0%	
Other operating costs	(471)	-0,5%	(404)	-0,5%	16,6%	(152)	-0,7%	(84)	-0,4%	81,0%
Change in inventories	6.176	6,6%	6.399	7,6%	-3,5%	603	2,6%	2.212	9,9%	-72,7%
Increase in assets due to internal construction	555	0,6%	607	0,7%	-8,6%	250	1,1%	208	0,9%	20,2%
Write-down of current assets	(146)	-0,2%	(124)	-0,1%	17,7%	(39)	-0,2%	(37)	-0,2%	5,4%
Accruals to provisions for risks and charges	(10)	0,0%	(8)	0,0%	25,0%	(3)	0,0%	(2)	0,0%	50,0%
GROSS OPERATING PROFIT	21.706	23,2%	19.131	22,8%	13,5%	4.620	20,2%	5.150	23,1%	-10,3%
Property, plant and equipment depreciation	(3.113)	-3,3%	(3.092)	-3,7%	0,7%	(815)	-3,6%	(828)	-3,7%	-1,6%
Intangible assets amortization	(177)	-0,2%	(98)	-0,1%	80,6%	(51)	-0,2%	(27)	-0,1%	88,9%
OPERATING PROFIT	18.416	19,7%	15.941	19,0%	15,5%	3.754	16,4%	4.295	19,3%	-12,6%
Financial income (expense)	(101)	-0,1%	(6)	0,0%		(32)	-0,1%	2	0,0%	
Foreign exchange gains (losses)	(201)	-0,2%	(74)	-0,1%	171,6%	(59)	-0,3%	(18)	-0,1%	227,8%
PROFIT BEFORE TAXES	18.114	19,4%	15.861	18,9%	14,2%	3.663	16,0%	4.279	19,2%	-14,4%

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 4th 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 4th Quarter of 2007 corresponds to the document results, books and accounting records.

Brescia, February 14, 2008

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