



COSTRUZIONI Elettromeccaniche BRESCIANE

QUARTERLY REPORT

2008 FIRST 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 on the First Quarter 2007

Consolidated Financial Statements

Consolidated Income Statement

(€'000)	1 st Quarter 2008	1 st Quarter 2007	Full Year 2007
Revenues from sales and services provided	25.609	24.022	93.417
Other revenues	107	90	821
TOTAL REVENUES	25.716	24.112	94.238
Cost of goods and merchandise	(8.996)	(10.749)	(39.955)
Cost of services received	(3.521)	(3.646)	(13.645)
Lease and rental costs	(248)	(266)	(1.084)
Personnel costs	(6.617)	(6.140)	(24.975)
Personnel costs from non recurring operations	-	-	1.026
Other operating costs	(162)	(108)	(471)
Change in inventories	(805)	2.376	6.176
Increase in assets due to internal construction	184	148	555
Write-down of receivables	(60)	(32)	(145)
Accruals to provisions for risks and charges	(3)	(3)	(10)
GROSS OPERATING PROFIT	5.488	5.692	21.710
Property, plant and equipment depreciation	(662)	(737)	(3.113)
Intangible asset amortization	(41)	(20)	(177)
OPERATING PROFIT	4.785	4.935	18.420
Financial income (expense)	(65)	(19)	(101)
Foreign exchange gains (losses)	(313)	(46)	(201)
PROFIT BEFORE TAXES	4.407	4.870	18.118

Consolidated Net Financial Position at March 31, 2007

(€'000)	March 31, 2008	March 31, 2007	Dec. 31, 2007
Cash and cash equivalents	5.836	4.560	4.549
Non-current financial liabilities	(73)	(57)	(86)
Current financial liabilities	(6.046)	(3.163)	(6.183)
CONSOLIDATED NET FINANCIAL POSITION	(283)	1.340	(1.720)

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Notes to the Consolidated Accounts for the 1st Quarter of 2008

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 March 31, 2008, and those of the following companies at the same date:

	Share owned by the Group at March 31, 2008	Share owned by the Group at March 31, 2007
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%
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* 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 March 31, 2007 and December 31, 2007.

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.

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

Notes to the accounts

With regard to the operating performance, analyzed in detail in the Management Report, we note that in the 1st Quarter of 2008 turnover grew by 6.6% while personnel costs increased by 7.8%. As a result of a survey carried out on the usage of plant and equipment, Cembre decided to revise the amortization period of the same to bring it into line with the expected useful life of the assets. The adjustment resulted in a €112 thousand reduction in the

amortization expense for the quarter as compared with the amortization expense resulting from the application of depreciation schedules used in 2007. The longer useful life of plant and equipment resulting from the revision of estimates, generated a reduction in the hourly cost of the same used in the valuation of finished and semi-finished goods inventories and in the consequent reduction in the value of inventories of €734 thousand with respect to that assessed using former parameters. Profit margins were consequently negatively affected by the revision of amortization schedules.

The consolidated net financial position of the Group improved from an indebtedness of €1.7 million at December 31, 2007, to an indebtedness of €0.3 million at March 31, 2008. Capital expenditure in the 1st Quarter of 2008 amounted to €1.2 million, as compared with €1 million in the same period in 2007. Short-term financial debt does not include dividends payable to shareholders on May 22, 2008, amounting to €4,420,000, as resolved by the Shareholders' Meeting on April 29, 2008.

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 holydays and in December for the Christmas season.

Brescia, May 15, 2008

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

CARLO ROSANI

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy - Share Capital: Euro 8,840,000 (fully paid-up)

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Management Report on the 1st Quarter of 2008

In the 1st Quarter of 2008 revenues grew by 6.6% to €25,609 thousand, up from €24,022 thousand in the 1st Quarter of 2007. US subsidiary Cembre Inc. reported a strong increase in sales, up 36.4% on the 1st Quarter of 2007.

Revenues by geographical area

(€'000)	1 st Quarter 2008	1 st Quarter 2007
Italy	10,759	10,401
Rest of Europe	11,573	10,780
Rest of the World	3,277	2,841
Total	25,609	24,022

In the 1st Quarter of 2008, 42% of sales were represented by Italy (as compared with 43.3% in the 1st Quarter of 2007), 45.2% by the rest of Europe (44.9% in the 1st Quarter of 2007) and 12.8% by the rest of the world (11.8% in the 1st Quarter of 2007). In the 1st Quarter of 2008 domestic sales grew by 3.4%, while exports increased by 9%, on the same period in 2007.

Net revenues by Group company

(€'000)	1 st Quarter 2008	1 st Quarter 2007
Parent company	13,482	13,362
Cembre Ltd. (UK)	3,399	3,193
Cembre S.a.r.l. (France)	1,669	1,435
Cembre España S.L. (Spain)	3,622	3,262

Cembre GmbH (Germany)	1,358	1,224
Cembre AS (Norway)	160	124
Cembre Inc. (USA)	1,779	1,301
General Marking Srl (Italy)	140	121
Total	25,609	24,022

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 1st Quarter of 2008, these sales grew by 24.9% to €655 thousand, up from €524 thousand in the 1st Quarter of 2007.

To provide a better understanding of the Group's financial performance, a Reclassified Consolidated Income Statement for the 1st Quarter of 2008 is enclosed as Attachment A.

As a result of a survey carried out on the usage of plant and equipment, Cembre decided to revise the amortization period of the same to bring it into line with the expected useful life of the assets. The adjustment resulted in a €112 thousand reduction in the amortization expense for the quarter as compared with the amortization expense resulting from the application of depreciation schedules formerly in use. The longer useful life of plant and equipment resulting from the revision of estimates, generated a reduction in the hourly cost of the same used in the valuation of finished and semi-finished goods inventories and in the consequent reduction in the value of inventories of €734 thousand with respect to that assessed using former parameters. Profit margins were consequently negatively affected by the revision of amortization schedules.

Consolidated gross operating profit declined by 3.6% from €5,692 thousand in the 1st Quarter of 2007 (representing a 23.7% margin on sales), to €5,488 thousand (a 21.4% margin on sales) in the 1st Quarter of 2008.

The increase in personnel costs was due to the increase in the number of employees from 525 to 539 and the renewal of the labor contract for the metal and mechanical sector that granted a number of wage increases.

Consolidated operating profit for the 1st Quarter of 2008 amounted to €4,785 thousand, representing an 18.7% margin on sales, down 3% on €4,935 thousand in the 1st Quarter of 2007 (when it represented a 20.5% margin on sales).

Consolidated pre-tax profit for the first three months of 2008 amounted to €4,407 thousand, representing a 17.2% margin on sales, down 9.5% on €4,870 thousand in the 1st Quarter of 2007 (a 20.3% margin on sales). The decline is partly due to the negative foreign-exchange performance.

Events subsequent to March 31, 2008

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after March 31, 2008.

Brescia, May 15, 2008

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

CARLO ROSANI

Cembre SpA

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Attachment A to the Report on Operations for the 1st Quarter of 2008

Consolidated Income Statement

(€ '000)	1 st Quarter 2008	%	1 st Quarter 2007	%	change
Revenues from sales and services provided	25.609	100,0%	24.022	100,0%	6,6%
Other revenues	107		90		18,9%
TOTAL REVENUES	25.716		24.112		
Cost of goods and merchandise	(8.996)	-35,1%	(10.749)	-44,7%	-16,3%
Cost of services received	(3.521)	-13,7%	(3.646)	-15,2%	-3,4%
Lease and rental costs	(248)	-1,0%	(266)	-1,1%	-6,8%
Personnel costs	(6.617)	-29,8%	(6.140)	-25,6%	24,5%
Other operating costs	(162)	-0,6%	(108)	-0,4%	50,0%
Change in inventories	(805)	-3,1%	2.376	9,9%	-133,9%
Increase in assets due to internal construction	184	0,7%	148	0,6%	24,3%
Write-down of current assets	(60)	-0,2%	(32)	-0,1%	87,5%
Accruals to provisions for risks and charges	(3)	0,0%	(3)	0,0%	0,0%
GROSS OPERATING PROFIT	5.488	21,4%	5.692	23,7%	-3,6%
Property, plant and equipment depreciation	(662)	-2,6%	(737)	-3,1%	-10,2%
Intangible assets amortization	(41)	-0,2%	(20)	-0,1%	105,0%
OPERATING PROFIT	4.785	18,7%	4.935	20,5%	-3,0%
Financial income (expense)	(65)	-0,3%	(19)	-0,1%	
Foreign exchange gains (losses)	(313)	-1,2%	(46)	-0,2%	580,4%
PROFIT BEFORE TAXES	4.407	17,2%	4.870	20,3%	-9,5%

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C e m b r e

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 first Quarter of 2008

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 first Quarter of 2008 corresponds to the document results, books and accounting records.

Brescia, may 15, 2008

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