



COSTRUZIONI ELETTROMECCANICHE BRESCIANE



REPORT and ACCOUNTS

2 0 0 2

Cembre S.p.A.

Head Office: Via Serenissima, 9, Brescia, Italy

Share Capital: EUR 8,840,000 (fully paid-up)

Registration no: CF 00541390175 (Commercial Register of Brescia)

This document contains translations of the official financial statements and managements reports prepared in the Italian language for the purpose of the Italian law.



INDEX

Group Structure	12
Company Boards	17
Cembre S.p.A. Management Report at 31 December 2002 <i>- Appendix</i>	19
Cembre S.p.A. Balance Sheet at December 31, 2002 <i>- Balance Sheet and Income Statement</i> <i>- Notes</i> <i>- Appendix</i> <i>- Auditors report</i>	31
Cembre Group Management Report at 31 December 2002 <i>- Appendix</i>	69
Consolidated Balance Sheet at 31 December 2002 <i>- Balance Sheet and Income Statement</i> <i>- Notes</i> <i>- Appendix</i> <i>- Auditors report</i>	77
Abstract of 12th May 2003 Shareholders General Meeting resolutions	100



C e m b r e



Cembre S.p.A.
Group headquarters located in Brescia, Italy

Cembre is today the leading Italian manufacturer* and one of the largest European manufacturers of electric compression connectors and related installation tools.

The company's extensive know-how in the field of electrical connectors, strong R&D activity and the continuous innovation in manufacturing technologies and product specifications, allow Cembre to respond quickly

to the needs of an increasingly demanding market offering high-quality products that are reliable, durable and safe.

The wide product range, the capillary and efficient domestic and international sales network and the strong focus on customer needs represent the strengths of the Cembre Group and ensure a strong competitive advantage in a continuously evolving world market.



* Source Cembre S.p.A.

Products

PRODUCT RANGE

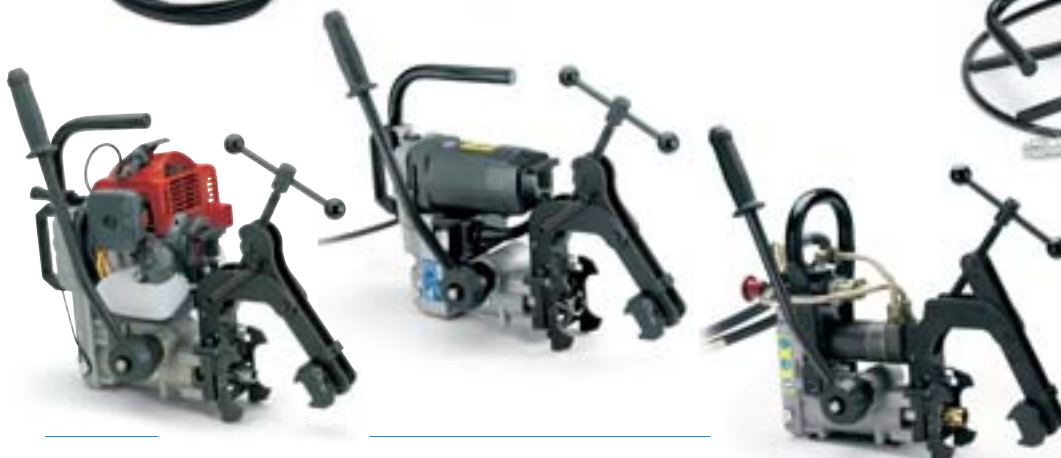
Cembre designs and manufactures a wide range of electrical connectors and tools for their installation.

Cembre, in particular, has adopted and developed a 'compression' connection system that enables it to exploit the hardening properties of selected metals (copper and aluminium), whereby these metals acquire greater strength and resistance when bent by force, thereby guaranteeing the achievement of better performances by these types of connectors than would have otherwise been obtained by more conventional welding and mechanical clamping (screws and bolts) connection methods.





Compression connectors are characterised by lower electrical resistance and by excellent quality electrical contact. Installation tools used for compressing the connectors and cutting the cables enable quick installation and the achievement of easy and safe optimal connections. The range of tools includes, according to the application, mechanical, pneumatic, hydraulic and electrical tools.



STRATEGIES

The Cembre Group is growing rapidly and investing strongly in the development of its product range and the consolidation of its sales and distribution network, seeking to increase its presence in the international markets.

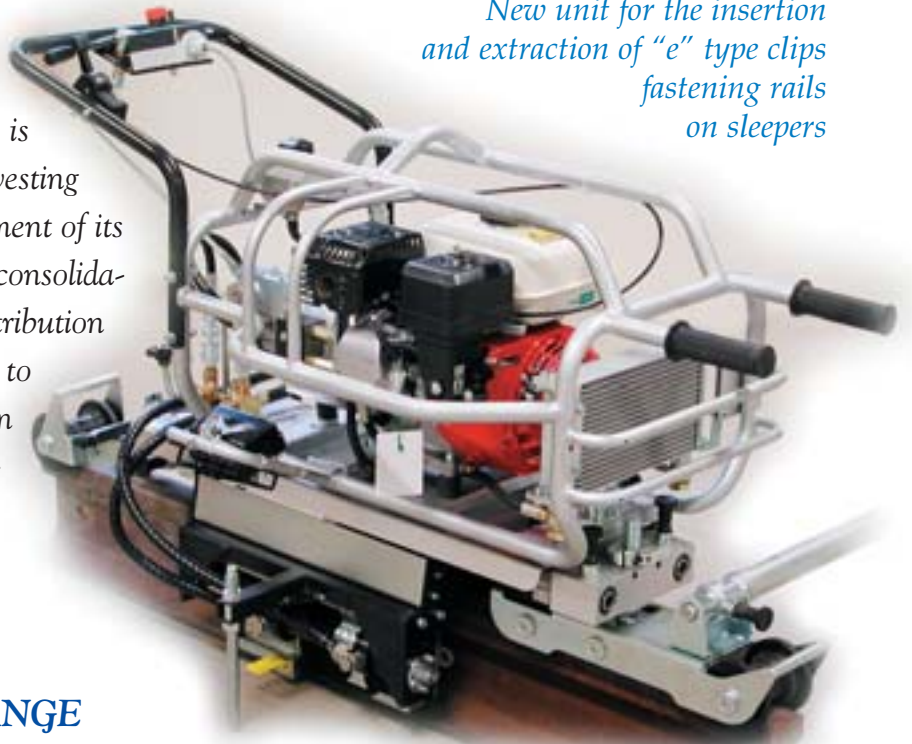
DEVELOPMENT OF THE PRODUCT RANGE

R&D activities focus primarily on the development of new products aimed at markets with the highest growth potential such as rail transport, civil and industrial equipment. Implementation of new European Union safety regulations require the adoption of modern connection systems as those manufactured by Cembre Group. Constant attention devoted to trends in demand and the monitoring of customer satisfaction allowed Cembre to develop solutions in line with an increasingly demanding market, stretching the use of own technologies to a growing number of applications.

Cembre Group's expansion of product offer was achieved by launching leading-edge technology products, including new battery powered hydraulic tools, a new range of professional mechanical tools, electrically insulated hydraulic tools, linked cable terminals insulated with halogen free material, drills for wooden rail-sleepers etc. Whole families of already existing products were moreover updated and improved to enhance user friendliness and qualitative and performance standards.

The wide knowledge of the sector and the strong presence

New unit for the insertion and extraction of "e" type clips fastening rails on sleepers



New hydraulic, battery operated pump

New range of hydraulic tools featuring extended head



on the territory allowed Cembre to identify and understand the needs of the different local markets, adapting products to the specific requirements in terms of quality imposed by safety regulations in the different countries in which it operates.

INTERNET SITE

The Internet site allows the company to interact with customers, providing a number of services such as technical assistance, promotions, the presentation of new products and the possibility to liaise with wholesalers operating in the territory.



Internet

INCREASE IN PRODUCTION CAPACITY

Cembre made significant investments in the optimization of its manufacturing activities and enlarging its production capacity at the Brescia, Birmingham and Bergamo facilities.

At Brescia, in 2002 Cembre optimized the production layout, constructing a new industrial building used as warehouse and packaging department.

The Company has its own tinplating department that allows to reduce production time and costs, ensuring tight quality control.

The strengthening of production capacity and efficiency involved also the Birmingham plant. A new building adjacent to the company's industrial complex and several pieces of equipment have been purchased with the view of setting-up a number of production lines for the manufacture of products aimed at specific markets. The investment is expected to speed-up the manufacturing process, providing high production volume, while ensuring the Group's traditional high quality standard.



Selection of our current hydraulic, battery operated tools

QUALITY

To ensure a high quality standard, since 1990 Cembre's Quality System has been certified by the Lloyd's Register Quality Assurance in accordance with the ISO 9002 standard.

Since 1992 the certification of the Quality System was extended also to the design process, in accordance with the ISO 9001 standard.

The activities of the Brescia head office, those of regional offices in Italy and of subsidiaries in the United Kingdom, France, Spain, Norway, Germany and the United States are currently managed according to a single Quality System. In 1998, this Quality System was successfully audited for

compliance with the ISO 9001 standard, following its 1994 successful audit for certification by the Lloyd's Register Certification regarding the design, manufacture and commercialisation of accessories for cables, electric connectors and related equipment, and for the repair, overhaul and related recalibration of equipment.

This ensures a high and uniform quality for the products and services supplied by Cembre to its customers.



Multi-site certificates have been issued relating to the activities of the Group's head office, its regional offices in Italy and its associated companies in the United Kingdom, France, Spain, Norway, Germany and the United States.



Manufacturing

MANUFACTURING

Cembre quickly developed after its creation in 1969, until it became the leading company in Italy specialising in the manufacture of electrical compression connectors and related installation tools, while gaining important market shares elsewhere in Europe, where it is now recognised as the leading crimping tools manufacturer.*



CNC Machine Department

Cembre Group's growth has traditionally been driven by its ability to continually anticipate the evolution of the electrical connectors market, enabling it to develop new products with the highest standards in quality, reliability and safety, as well as to improve the performance of existing products.



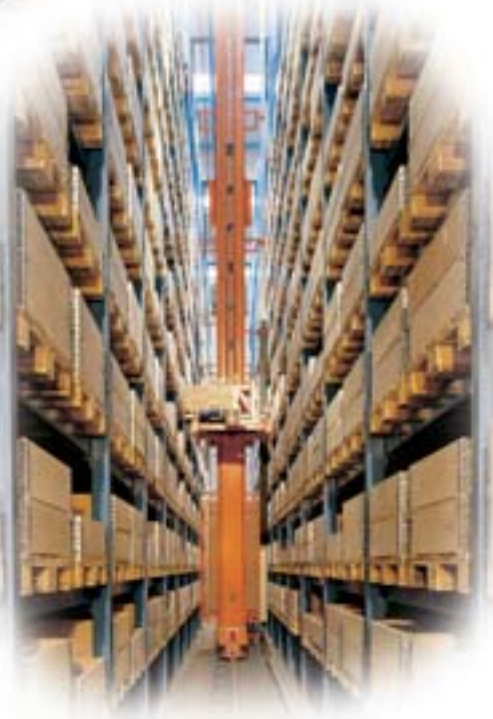
Press and high speed press machines department





View of insulated connectors and terminal blocks assembly department

View of the automated warehouse



Cembre is currently a group employing 453 persons, with a turnover in 2002 amounting to € 57 million.

The parent company, Cembre S.p.A., is based in Brescia where, on an area of approximately 47,000 square meters, are the Head Office, sales offices, technical offices, Research & Development, the automated warehouse, production facilities and test laboratories.

Tin plating department



** Source Cembre S.p.A.*

Group Structure

GROUP STRUCTURE

Cembre SpA
Brescia (Italy)

Cembre Ltd
Birmingham (UK)

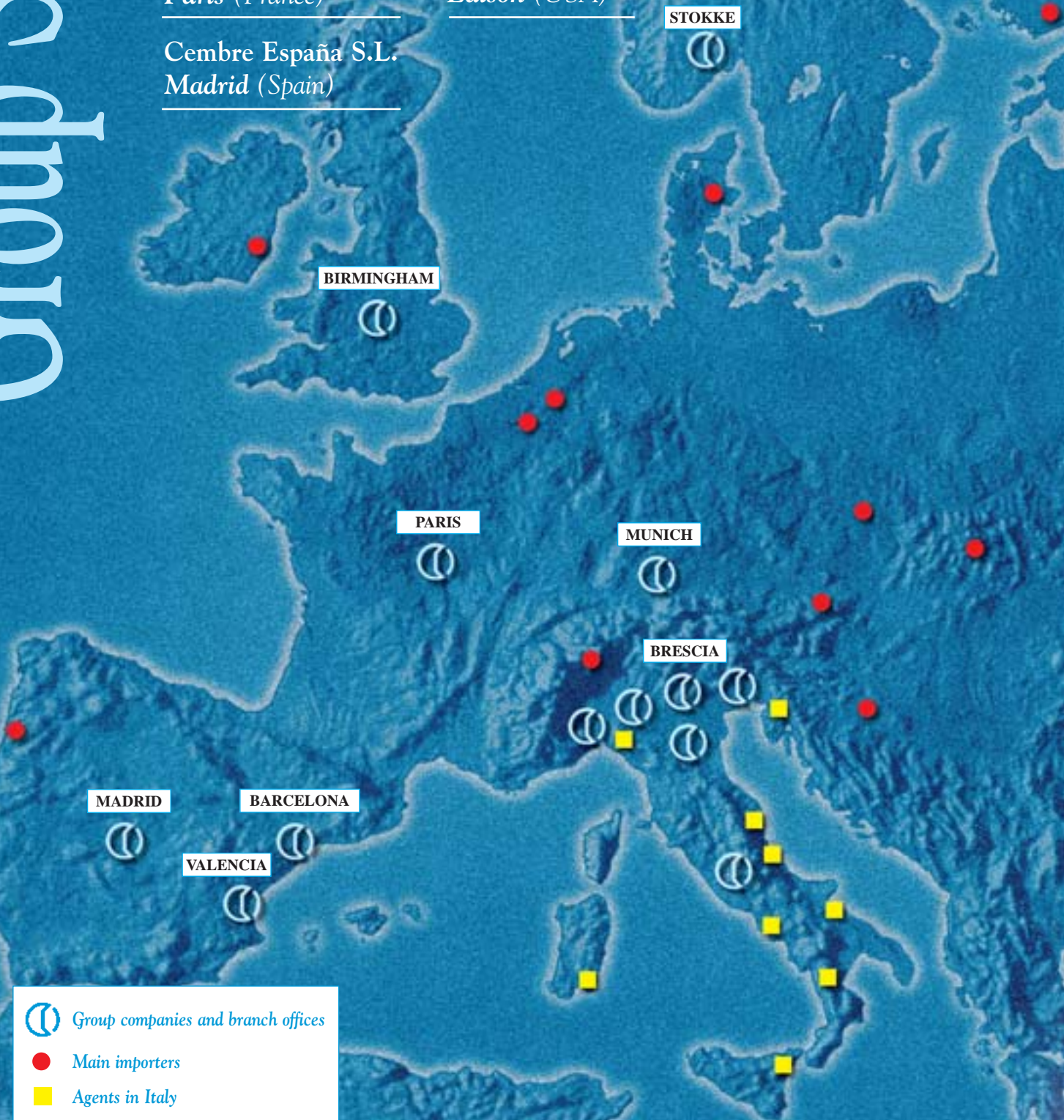
Cembre S.a.r.l.
Paris (France)

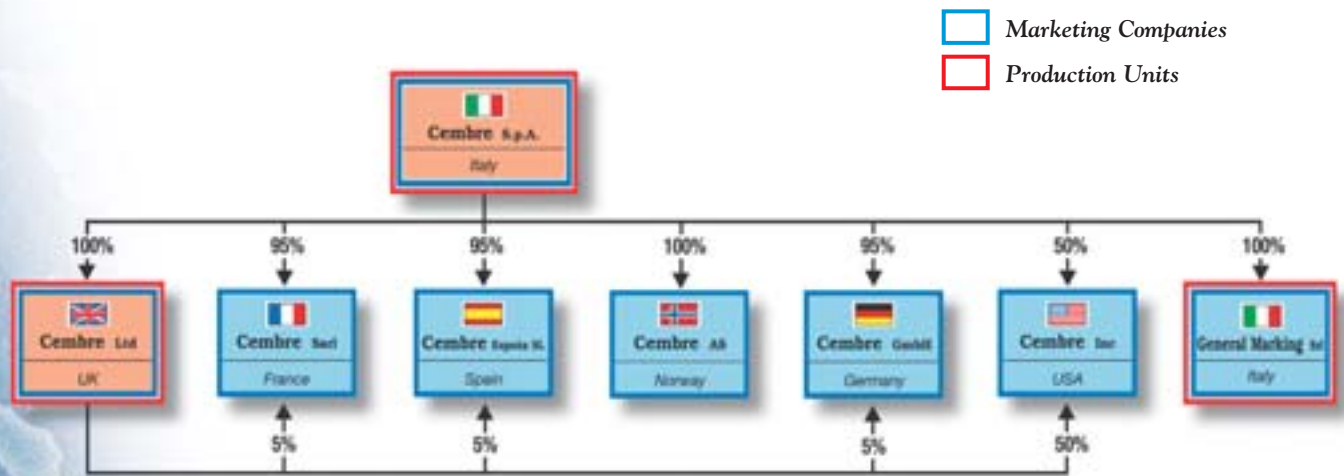
Cembre España S.L.
Madrid (Spain)

Cembre AS
Stokke (Norway)

Cembre GmbH
Munich (Germany)

Cembre Inc.
Edison (USA)





The Cembre Group consists of eight companies. The parent company is based in Brescia and is the largest manufacturer of the Group. Other manufacturing companies are the UK subsidiary, based in Birmingham, and Italian subsidiary General Marking, based in Brescia and with manufacturing facilities in Bergamo. The other five subsidiaries are all commercial companies and are based in Paris, Madrid, Stokke (Norway), Munich, and Edison (New Jersey, USA).

Direct presence in important Western European countries allows the Group to effectively reach individual markets, establishing close contact with its customers and ensuring timely and qualified technical and sales assistance.

Cembre operates in Italy through a capillary distribution network, with offices and own warehouses in Milan, Turin, Padua, Bologna and Rome. Other regions in Italy are served by agents trained to provide both technical and commercial assistance and by warehouses providing fast deliveries.

The sales network assists customers in the choice of the product and the maintenance of tools, optimizing efficiency and speed of delivery. It also informs management of market trends, national standards and competitors.



Cembre Group is present in the USA market through Cembre Inc. located in Edison (New Jersey).



Cembre Ltd Birmingham



Cembre Ltd is Cembre Group's second largest manufacturing operation. Since its establishment in 1986, it has enjoyed constant growth and presently benefits from a good positioning in the market.

Cembre Ltd is located in a manufacturing centre on the north-eastern outskirts of Birmingham, England's second largest city, in the heart of the Midlands region, recognised for its high concentration of manufacturing industries, particularly in the areas of steel and motor vehicles. It therefore provides Cembre with an excellent source of highly trained labour skilled in the advanced mechanical technologies fundamental to Cembre's manufacturing needs. Its operations cover an area of 8,000 m², of which 5,100 m² are occupied by manufacturing facilities and office buildings.

Cembre Ltd is primarily focused on serving the specific needs of the United Kingdom market. In addition, its flexibility enables it to support other Group operations.



*Productions
Departments*



*Test
Laboratory*

Oelma Srl was acquired by Cembre in February 1999 and subsequently merged into the parent company from January 1, 2002.

Oelma's product line consists of over 1,500 articles for industrial and civil applications.



Oelma line



Maxiblock and brass cable glands

Brass terminal block and cable clamps



General Marking



GENERAL MARKING

Group Company  Cembre

“Industrial Marking Systems”

General Marking was recently incorporated and is a wholly-owned subsidiary of Cembre SpA. The company is active in the sector of industrial marking, manufacturing cable marking equipment and products for the marking of cables and electrical components.

The company has its registered office in Brescia, has operating facilities in Calcinate (Bergamo) and a catalogue of over 12,000 articles.



Pc-driven thermal transfer marker printing system



Pc-driven ink plotter marker printing system



RING cablesys

Manual cable marking systems



SIGN stick-onsys

Warning and safety signs





Appendix C – Cembre SpA Management Report

Company Boards

Board of Directors

<i>Chairman and Chief Executive Officer</i>	Carlo Rosani
<i>Vice-Chairman and Managing Director</i>	Anna Maria Onofri
<i>Managing Director</i>	Aldo Copetta
<i>Director and Italy Division General Manager</i>	Giovanni De Vecchi
<i>Director (and foreign subsidiaries' Managing Director)</i>	Aldo Bottini Bongrani
<i>Director</i>	Mario Comana
<i>Director</i>	Paolo Lechi di Bagnolo
<i>Director</i>	Sara Rosani
<i>Director</i>	Giovanni Rosani

Secretary of the Board

Giorgio Rota

Board of Statutory Auditors

<i>Chairman</i>	Guido Astori
<i>Statutory Auditor</i>	Leone Scutti
<i>Statutory Auditor</i>	Augusto Rezzola
<i>Alternate Auditor</i>	Maria Grazia Lizzini
<i>Alternate Auditor</i>	Giorgio Astori

The above list reflects the situation at March 24, 2003.

The Board of Directors and the Board of Auditors term expires with the approval of the 2002 Financial Statements.

The Chairman of the Board of Directors and CEO, Mr. Carlo Rosani, acts as the Company's legal representative pursuant Article 18 of the Statute, and has been conferred all executive management powers that may be conferred by the Board of Directors.

In the event of absence or inability of the Chairman to exercise his duties, Vice-Chairman of the Board of Directors Ms. Anna Maria Onofri is appointed with all delegable executive management powers, with the exception of resolving professional appointments.

Mr. Aldo Copetta is appointed to represent the Company in all matters relating to labour unions, employees, State authorities and in any litigation.

As Italy Division General Manager, Mr. Giovanni De Vecchi has been conferred by the Board of Directors ample contractual and legal representation powers.

Cembre S.p.A. - Brescia
Management Report at 31 December 2002



Cembre SpA Management Report for the financial year ended December 31, 2002

To our Shareholders:

we submit to Your attention the Financial Statements for the year ended December 31, 2002, in which Cembre SpA reported net profits of € 2,692,631. In the present Report we summarise the most significant events and transactions that occurred in 2002 and describe our Company's expectations for the year 2003.

In 2002, the Italian and European markets registered a period of stagnation, with the only exception of the Spanish market, helped by strong investments in infrastructure. Sales by geographical area are shown in the table below:

(€ '000)	2002	2001
Italy	27,371	28,095
Rest of Europe	14,581	14,500
Rest of the World	3,648	3,730
Total	45,600	46,325

Sales for 2001 include those reported by Oelma Srl (merged into the Parent Company effective January 1, 2002), net of revenues between the two companies. Sales revenues declined from € 46,325 thousand in 2001 to € 45,600 thousand in 2002 due mainly to a 1.6% contraction in sales on the Italian market. Sales in other European countries and in the rest of the world were in line with 2001. The largest distribution channel is that of electrical supplies wholesalers, accounting both in Italy and abroad to about 60% of overall sales.

Gross operating profit (EBITDA) amounts to € 8,820 thousand, representing a 19.3% margin on sales, down 4.3% on the previous year when it amounted to € 9,212 thousand, representing a 20.8% margin on sales. The reduction is due to the higher weight of personnel costs, growing from 27.4% to 28% of sales. Personnel increased by 14 on the previous year, growing from 308 in 2001 (including Oelma's personnel), to 322 in 2002. Accruals to risk provisions also generated a negative impact, growing from € 7 thousand to € 142 thousand.

Operating profit (EBIT) decreased from € 6,711 thousand, equal to 15.1% of sales, to € 6,318 thousand, 13.9% of sales.

Net financial expense amounted to euro 334 thousand, as compared with € 231 thousand in 2001, representing about 0.7% of sales, up slightly from the previous year.

Profit before taxes for 2002 is equal to € 4,356 thousand, down 11.1% on that reported for 2001, equal to € 4,899 thousand.

Net profit declined by 6.8% from € 2,889 thousand to € 2,693 thousand, representing a 5.9% margin on sales. The cash flow, represented by the sum of net profit, depreciation and amortization, de-



clined by 9% from € 6,767 thousand in 2001 to € 6,156 thousand in 2002.

To provide a better understanding of the Company's financial performance for 2002, a Reclassified Income Statement at December 31, 2002 and a Statement of Cash Flows for 2002 are enclosed respectively as Attachments A and B.

Sources of funds, equal to € 9,576 thousand, consist primarily of funds generated internally, amounting to € 6,809 thousands, in addition to € 2,000 relating to a new loan. Uses of funds amount to € 12,069 thousand and relate to capital expenditure amounting to € 6,654, and € 1,676 thousand distributed as dividends.

Net financial position

(€)	2002	2001
Long-term financial debt	(3,291,000)	(4,591,437)
Total long-term financial debt	(3,291,000)	(4,591,437)
Cash and short-term financial receivables	1,645,196	3,282,609
Short-term bank debt	(5,843,793)	(1,644,301)
Marketable securities	465,296	566,700
Total short-term debt	(3,733,301)	2,205,008
Net financial position	(7,024,301)	(2,386,429)

The increase in debt on the previous year is due to high capital expenditure in the year, increasing from € 2.2 million in 2001 to € 6.7 million in 2002.

Revenues by subsidiary

	Currency	Sales		Net profit (loss)	
		2002	2001	2002	2001
Cembre Ltd. (GB)	€	8,012,686	7,955,448	479,418	502,869
Cembre S.a.r.l. (F)	€	4,048,131	4,085,261	110,733	176,782
Cembre España S.L.	€	4,724,430	3,829,897	223,441	163,632
Cembre AS (NOR)	€	553,711	379,179	99,080	(12,592)
Cembre GmbH (D)	€	3,678,065	4,208,600	70,443	106,662
Cembre Inc (Usa)	€	2,406,721	1,708,217	(100,564)	(230,565)
General Marking srl (Ita)	€	423,698		(234,577)	



For a more direct evaluation of the effect of foreign exchange translation, we include below sales data of companies operating outside the euro area in the respective currency.

	Currency	Sales		Net profit (loss)	
		2002	2001	2002	2001
Cembre Ltd. (GB)	£	5,041,170	4,947,286	301,473	312,721
Cembre AS (NOR)	NKR	4,157,612	3,051,802	743,952	(101,344)
Cembre Inc (Usa)	US\$	2,275,733	1,529,930	(95,091)	(206,501)

Sales of the German subsidiary were negatively affected by the downturn in Germany, while profits of the French subsidiary suffered from the stagnation of the French market.

The US subsidiary, in its fourth year of operation, registered an increase in sales, reducing losses from the previous year.

Italian subsidiary General Marking, incorporated in July 2002, closed its first year reporting a loss. An improvement is however expected in the future years. Key financial data from subsidiaries' last Balance Sheet and Income Statement are attached to the Notes to the Financial Statements, in accordance with Article 2429 of the Italian Civil Code.

Capital expenditure

Capital expenditure made in 2002, gross of depreciation and disposals, amounted to about € 6.7 million, increasing strongly on 2001, when it amounted to about € 2.2 million. Capital expenditure on industrial buildings amounted to € 2.6 million and included the acquisition of an industrial building in Calcinate (Bergamo) for € 1.5 million, and the construction of a new industrial building at the Brescia main complex to be used as packing department and warehouse, for a cost of € 770 thousand. Work on an addition to the manufacturing department warehouse, involving an investment of € 144 thousand, started in the year.

Capital expenditure on plant and equipment, amounting to about € 2.6 million, includes a digital control center (€ 676 thousand), a lathe (€ 156 thousand), and a crank press (€ 98 thousand).

On July 26, 2002, Subsidiary General Marking acquired from company Sibocar Srl its cable marking equipment and cable and electrical equipment marking division for about € 2.8 million.

Research, Development and Technological Innovation

In 2002 research and development activities focused in the field of cable terminals, pole terminal blocks, railroad equipment, cable glands, and hydraulic tools. R&D costs were not capitalized. Research activities and projects carried out in the year consist in the expansion of the Company's



product range through the introduction of innovative products not offered on the market, the improvement of technologies and efficiency of manufacturing processes and the strengthening of the Company's presence on foreign markets.

Activities focused on the continuation and completion of projects started in the previous year, and the launch of a new project for the development of innovative products in line with new market trends, in addition to the development of innovative processes.

Research and development costs for the year included € 777,448 of personnel costs, € 3,784 relating to instruments and equipment, and € 28,705 of costs relating to technical advice and the acquisition of know-how.

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

Cable terminals

Work focused on the study and development of a new range of colour cable terminals for the US market, an advanced digitally-controlled automatic cutting machine for copper tube straight lengths, the study of the innovative process for the production of aluminium cable glands, and the study and design of a new process for the manufacturing of insulating pvc sleeves.

Pole Terminal Blocks

In the pole terminal block field, research continued on four new models of power distribution terminals, for which dies were designed and manufactured.

Railroad Equipment R&D Projects

A number of projects in this field were launched or developed further. Main projects relate to: a rail maintenance machine, including foreign market versions; tools and connectors for the maintenance of catenary (wires) supplying power to locomotives through pantographs; a hydraulic drill for rails; a battery-run rail drill; an electric drill support and positioning accessory for drilling wooden railroad ties; a rail fastening systems handling machine and two railroad traffic control devices.

Cable glands R&D Projects

Development of broad gauge metric cable glands and the study and design of the related dies continued. In addition, the development of brass cable glands through the study of the production process, design and manufacturing of dies for multiple hole gaskets made progress, together with the development of spiral head cable glands, for which dies were designed.

Hydraulic Tools R&D Projects

The project for the development of a new universal tool for the compression of connectors con-



tinued with the development of a new battery-run version. The following projects were undertaken in 2002:

- study a new tool with a special elongated head for compressing connectors, with the development of a head, hydraulic and battery-operated version, also the electrically insulated version;
- development of a hydraulic head for the drilling of metallic cable trunking piercing;
- a portable battery-run hydraulic pump, including the normal, insulated and high-pressure version.

Related parties

Transactions concluded between Cembre SpA and its subsidiaries in 2002 are summarized in the table below:

(€)	Receivables	Payables	Revenues	Expenses
Cembre Ltd.	988,065	1,730	3,790,427	215,667
Cembre S.a.r.l.	1,137,810	4,167	1,681.362	30,454
Cembre España S.L.	2,551,793	0	2,551,793	1,047
Cembre AS	59,831	0	222,699	10,639
Cembre GmbH	721,700	8,768	2,293,002	64,993
Cembre Inc	1,196,590	118	932,781	45,307
General Marking srl	27,030	82,548	22,525	194,675
TOTAL	6,682,819	97,331	11,494,589	562,782

A loan extended by Cembre SpA to subsidiary Cembre AS was repaid in full in March 2002.

In accordance with CONSOB guidelines, we confirm that the above data concerning payables and receivables, revenues and expenses generated by transactions between the Parent Company and its subsidiaries, arose in the normal course of business of the Group.

Among assets 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 owned by company Tha Immobiliare SpA, with registered office in Bergamo, controlled by some members of the Rosani family, with the exception of Carlo Rosani. Yearly lease payments amount to € 311 thousand for the building adjacent to the Company's head office, € 56 thousand for the Sesto S. Giovanni (Milan) office, € 46 thousand for the Selvazzano (Padua) office, and € 40 thousand for the Bologna office. Rental fees for 2002 are



in line with market terms and conditions. It is in the Company's interest to benefit from the continuity of office space with minimal risks of lease termination.

In 2002 Aldo Copetta, the Company's Managing Director, received € 4,000 in payment for services rendered regarding personnel safety, health and hygiene, labour agreements and general personnel issues, thanks to his wide experience gained in the Company's affairs.

Own shares

At December 31, 2002, Cembre SpA held 243,000 of its own shares recorded at cost, amounting to € 465,296, written down by € 241,960 to reflect their current market value. Cembre SpA own shares have a total par value of € 126,360, representing 1.43% of its share capital. No shares were acquired or disposed of in the year. At December 31, 2002, Cembre SpA had not acquired, disposed of, or owned directly or indirectly through subsidiary companies, trust companies or intermediaries, shares or holdings in companies having a controlling share in the Company.

Subsequent events

No event having significant effects on Cembre's assets or financial performance occurred after the closing of the financial year.

Outlook

In 2003, the company expects a growth in activity, both in the domestic market and foreign markets. Profit levels are expected to remain good.

Secondary offices

The Company has no secondary office.

Proposal for the Allocation of the Company's Net Profit for the 2002 financial year

In order to complete the Company's planned investments and benefit from self-financed growth, it is advisable that at least a portion of net profit generated be retained. In seeking the approval for our actions by submitting to you the present Financial Statements and Management Report, we also invite you to approve our proposed allocation of net profit for 2002, amounting to € 2,692,631.14 (rounded off to 2,692,631) as follows:

- € 134,632, or 5% of net profit, to the legal reserve;
- € 0.08 to be distributed to each of the Company's 16,757,000 shares, whose holders are entitled



to dividends with full tax credits pursuant Article 2357 of the Italian Civil Code, for a total of € 1,340,560, payable from June 5, 2003, and a coupon date of June 2, 2003;
- the remainder, amounting to € 1,217,439.14, to the extraordinary reserve.

Attachments

This Management Report includes four Attachments:

Attachment A: Reclassified Income Statement of Cembre SpA for the year ended December 31, 2002;

Attachment B: Statement of Cash Flows of Cembre SpA for the year ended December 31, 2002;

Attachment C: Company Boards;

Attachment D: Company shares held by Board Members.

Brescia, Italy March 24, 2003

CHAIRMAN OF THE BOARD OF DIRECTORS

CARLO ROSANI



ATTACHMENT A - MANAGEMENT REPORT - CEMBRE SPA FINANCIAL STATEMENTS
RECLASSIFIED INCOME STATEMENT AT DECEMBER 31, 2002

(in euro)	Dec. 31, 2002	%	Dec. 31, 2001	%
Sales	45,600,252	100	44,366,355	100
Other revenues and gains	39,711		105,280	
TOTAL REVENUES	45,639,963		44,471,635	
Change in work in progress, semi-finished and finished goods inventories	928,459	2,04	1,173,855	2,65
Increase in assets due to internal construction	871,871	1,91	643,015	1,45
TOTAL OPERATING VALUE	47,440,293	104,04	46,288,505	104,33
Materials and services used	(25,485,344)	(55,89)	(24,650,658)	(55,56)
Other operating costs	(121,946)	(0,27)	(180,285)	(0,41)
VALUE ADDED	21,833,003	47,88	21,457,562	48,36
Personnel costs	(12,775,515)	(28,02)	(12,150,904)	(27,39)
Accruals to provision for doubtful accounts	(95,129)	(0,21)	(87,112)	(0,20)
Accruals to risk provisions	(142,086)	(0,31)	(6,963)	(0,02)
GROSS OPERATING MARGIN (EBITDA)	8,820,273	19,34	9,212,583	20,76
Intangible asset amortization	(325,420)	(0,71)	(314,942)	(0,71)
Tangible asset depreciation	(2,176,758)	(4,77)	(2,186,818)	(4,93)
OPERATING PROFIT (EBIT)	6,318,095	13,86	6,710,823	15,13
Financial income (expense)	(334,259)	(0,73)	(231,121)	(0,52)
PROFIT BEFORE EXTRAORDINARY ITEMS	5,983,836	13,12	6,479,702	14,60
Extraordinary items and adjustments to the value of financial assets	(666,250)	(1,46)	(205,481)	(0,46)
Accelerated depreciation	(961,633)	(2,11)	(1,375,524)	(3,10)
PROFIT BEFORE TAXES	4,355,953	9,55	4,898,697	11,04
Income taxes	(1,663,322)	(3,65)	(2,009,257)	(4,53)
NET PROFIT	2,692,631	5,90	2,889,440	6,51
CASH FLOW (net profit plus depreciation and amortization)	6,156,442	13,50	6,766,724	15,25



ATTACHMENT B - CEMBRE SPA FINANCIAL STATEMENTS - MANAGEMENT REPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2002

(in euro)

SOURCES OF FUNDS:	Dec. 31, 2002	Dec. 31, 2001
Net profit	2,692,631	2,889,440
Adjustments for items not having an impact on cash flow:		
Depreciation expense	3,463,811	3,877,284
Employee termination indemnities	652,901	634,366
Cash flow generated by operating activities	6,809,343	7,401,090
Net book value of assets sold	633,641	202,470
New loans	2,000,000	2,500,000
Decline in long-term receivables	44,473	146,515
TOTAL SOURCES OF FUNDS	9,487,457	10,250,075
USES OF FUNDS:		
Increase in intangible assets	1,285,305	42,960
Acquisition of tangible assets	6,654,340	2,207,926
Increase in investments	(1,962,522)	673
Change in provisions for risks and charges	(392,412)	(2,278)
Transfer of current portion of long-term debt	3,300,437	955,374
Payment of employee termination indemnities	342,797	129,010
Dividends paid	1,675,700	1,471,226
TOTAL USES OF FUNDS	10,903,645	4,804,891
Changes not affecting cash flows:		
Net contribution of merger with Oelma	1,076,829	
INCREASE (DECREASE) IN WORKING CAPITAL	(2,493,017)	5,445,184
CHANGES IN WORKING CAPITAL		
Current assets:		
Cash and banks	(1,514,527)	1,998,537
Short-term financial assets	(101,404)	(12,647)
Trade receivables	1,573,602	2,291,591
Other receivables	196,537	(155,987)
Inventories	2,031,245	1,543,309
Accrued income and prepaid expenses	(6,518)	(12,600)
	2,178,935	5,652,203
Current liabilities:		
Bank overdrafts	4,199,492	(380,902)
Trade payables	877,738	142,672
Taxes and Social security payables	(251,492)	224,689
Other payables	(137,838)	227,343
Accrued expenses and deferred income	(15,948)	(6,783)
	4,671,952	207,019
CHANGES IN WORKING CAPITAL	(2,493,017)	5,445,184



ATTACHMENT D - CEMBRE SPA MANAGEMENT REPORT
COMPANY SHARES HELD BY BOARD MEMBERS

	COMPANY	SHARES HELD AT DEC. 31, 2001	SHARES PURCHASED	SHARES SOLD	SHARES HELD AT DEC. 31, 2002	OWNERSHIP RIGHTS	OWNERSHIP METHOD
Carlo Rosani	Cembre SpA	10,051,000	60,000	(20,296)	10,090,704	full	directly and indirectly (1)
Anna Maria Onofri	Cembre SpA	900,000			900,000	full	directly
Aldo Copetta	Cembre SpA	5,000			5,000	full	directly and indirectly (2)
Giovanni De Vecchi	Cembre SpA	425,000		(24,339)	400,661	full	directly
Aldo Bottini Bongrani	Cembre SpA	370,000			370,000	full	directly
Mario Comana	Cembre SpA	5,000			5,000	full	directly
Sara Rosani	Cembre SpA	560,000			560,000	full	directly
Giovanni Rosani	Cembre SpA	540,000			540,000	full	directly

Statutory Auditors and Directors not listed above did not hold Cembre SpA shares at December 31, 2001 and did not acquire Cembre SpA shares in 2002.

(1) 9,050,704 shares are held through Lysne SpA, controlled by Carlo Rosani to whom changes in the year reported above relate; this figure excludes the 243,000 own shares held by Cembre SpA, controlled by Carlo Rosani through Lysne SpA.

(2) 2,000 shares are held by his spouse.

Cembre S.p.A. - Brescia
Balance Sheet at December 31, 2002



Financial Statements at December 31, 2002 Cembre S.p.A. - Brescia

Balance Sheet - Assets (in euro)	Dec. 31, 2002	Dec. 31, 2001
A) Capital not paid-in	-	-
B) Fixed assets		
<i>I - Intangible assets</i>		
3) Industrial patents and intellectual property rights	81,219	86,843
5) Goodwill	142,976	-
7) Other	829,756	-
Total	1,053,951	86,843
<i>II - Tangible assets</i>		
1) Land and buildings	7,633,392	4,267,514
2) Plant and machinery	4,014,336	3,282,001
3) Equipment	563,771	479,395
4) Other assets	716,596	541,208
5) Work in progress and advances	315,164	632,678
Total	13,243,259	9,202,796
<i>III - Financial assets</i>		
1) Investments in:		
a) subsidiaries	5,743,079	7,705,615
d) other companies	5,224	5,210
2) Receivables		
a) from subsidiaries		
- short-term	-	122,887
d) from others		
- long-term	177,528	217,869
Total	5,925,831	8,051,581
Total fixed assets	20,223,041	17,341,220



C) Current assets		
<i>I - Inventories</i>		
1) Raw materials	4,327,641	4,221,638
2) Work in progress and semi-finished goods	4,571,804	4,153,583
4) Finished goods	7,025,753	5,518,732
Total	15,925,198	13,893,953
<i>II - Receivables</i>		
1) Trade	12,019,976	10,843,800
2) From subsidiaries	6,682,819	6,285,393
5) From others		
- short-term	610,047	290,622
- long-term	3,482	7,614
Total	613,529	298,236
Total receivables	19,316,324	17,427,429
<i>III - Marketable securities</i>		
5) Own shares (par value € 126,360)	465,296	566,700
<i>IV - Cash and cash equivalents</i>		
1) Bank deposits	1,625,412	3,149,099
3) Cash	19,783	10,623
Total cash and cash equivalents	1,645,195	3,159,722
Total current assets	37,352,013	35,047,804
D) Accrued income and prepaid expenses		
	24,232	30,750
Total assets	57,599,286	52,419,774



Liabilities and Shareholders' Equity	Dec. 31, 2002	Dec. 31, 2001
A) Shareholders' Equity		
I - Share capital	8,840,000	8,840,000
II - Paid-in capital in excess of par value	12,244,869	12,244,869
III - Revaluation reserve	585,159	585,159
IV - Legal reserve	1,109,396	964,924
V - Reserve for own shares	465,296	566,700
VI - Statutory reserves	-	-
VII - Other reserves		
Provisions for suspended tax reserves	68,412	68,412
Extraordinary reserve	8,596,299	7,425,627
VIII - Retained earnings	-	-
IX - Net profit	2,692,631	2,889,440
Total Shareholders' Equity	34,602,062	33,585,131
B) Provision for risks and charges		
3) Other	440,824	48,412
Total provisions for risks and charges	440,824	48,412
C) Employee termination indemnities		
	3,420,698	3,022,044
D) Payables		
3) Bank loans		
- short-term	5,843,793	1,644,301
- long-term	3,291,000	4,591,437
Total bank loans	9,134,793	6,235,738
5) Advances	115,930	18,205
6) Trade payables	7,305,800	6,579,509
8) Payables to subsidiaries	97,331	43,609
11) Taxes payable	568,722	698,491
12) Social security payables	642,029	763,752
13) Other payables	1,247,959	1,385,797
Total payables	19,112,564	15,725,101
E) Accrued expenses and deferred income		
	23,138	39,086
Total liabilities and Shareholders' Equity	57,599,286	52,419,774
Commitments		
2) Guarantees given		
of which in favor of subsidiaries	-	350,000
3) Guarantees received	236,746	237,062



Income Statement (in euro)	31.12.2002	31.12.2001
A) Revenues		
1) Sales	45,600,252	44,366,355
2) Change in work in progress, semi-finished and finished goods inventories	928,459	1,173,855
4) Increase in assets due to internal construction	871,871	643,015
5) Other revenues:		
a) sundry	39,711	26,674
b) contributions received	-	78,606
Total operating value	47,440,293	46,288,505
B) Operating costs		
6) Raw materials	(17,750,207)	(18,080,416)
7) Services	(7,177,254)	(6,518,959)
8) Leases and rentals	(663,153)	(420,736)
9) Personnel		
a) Wages and salaries	(9,187,004)	(8,733,644)
b) Social security	(2,843,228)	(2,736,629)
c) Employee severance indemnities	(702,459)	(645,793)
d) Retirement benefits	(5,309)	(3,688)
e) Other costs	(37,515)	(31,150)
Total personnel costs	(12,775,515)	(12,150,904)
10) Depreciation and write-downs		
a) Amortization of intangible assets	(325,420)	(314,942)
b) Amortization of tangible assets	(3,138,391)	(3,562,342)
d) Write-down in the value of current assets	(95,129)	(87,112)
Total depreciation and write-downs	(3,558,940)	(3,964,396)
11) Change in raw material inventories	105,270	369,453
12) Accruals to risk provisions	(142,086)	(6,963)
14) Other operating costs	(121,946)	(180,285)
Total operating costs	(42,083,831)	(40,953,206)
Operating profit (A-B)	5,356,462	5,335,299



C) Financial income and expense		
16) Other financial income:		
a) on receivables from subsidiaries recorded under long-term financial assets	1,277	8,245
d) other income	26,020	30,154
17) Interest and other financial charges	(361,556)	(269,520)
Total	(334,259)	(231,121)
D) Adjustments to the value of financial assets		
18) Revaluations		
b) of long-term financial assets	5,611	6,488
c) of marketable securities	-	-
19) Write-downs		
a) Investments in subsidiaries	(99,000)	
c) marketable securities	(101,404)	(12,648)
Total adjustments to the value of financial assets	(194,793)	(6,160)
E) Extraordinary items		
20) Gains	28,847	22,788
21) Losses	(500,304)	(222,109)
Total extraordinary items	(471,457)	(199,321)
Profit before taxes (A-B+C+D+E)	4,355,953	4,898,697
22) Income taxes		
a) current	(1,776,998)	(2,030,045)
b) deferred	113,676	20,787
Total income taxes	(1,663,322)	(2,009,257)
23) Net profit	2,692,631	2,889,440

Brescia, March 24, 2003

The Chairman of the Board
of parent company Cembre S.p.A.
CARLO ROSANI



Notes to the Financial Statements of Cembre SpA at December 31, 2002

Foreword

To our Shareholders:

before commenting upon individual Balance Sheet and Income Statement items for the year ended December 31, 2002, pursuant to Article 2427 of the Italian Civil Code, we illustrate the accounting policies and methods used in the preparation of the Financial Statements.

Valuation principles and methods

The financial statements of Cembre SpA are consistent with provisions contained in Articles 2423 and following of the Italian Civil Code. The following criteria were applied in their preparation:

- items are valued according to prudent criteria and on the basis of an ongoing concern;
- revenues and expenses are recorded on the accrual method;
- risks and losses are charged to the year also when their existence becomes known after the closing date of the financial statements;
- revenues and gains are recorded only when realized at the closing date of the financial statements, in accordance with prudent principles;
- no exceptional case requiring recourse to exemptions contained in Article 2423 paragraph 4 and Article 2423 paragraph 2 of the Italian Civil Code occurred;
- no item of the Balance Sheet or Income Statement was reclassified;
- no asset or liability item appears more than once in the Balance Sheet;
- amounts recorded in the financial statements are consistent with those reported for the previous year. Where necessary for comparative purposes, amounts contained in the previous year's financial statements were reclassified. Where significant, changes resulting from the merger of Oelma in Cembre SpA effective January 1, 2002 are reported and commented upon.

Valuation criteria and methods used are in accordance with those set in Article 2426 of the Italian Civil Code, and consistent with those adopted in the previous financial year.

Valuation criteria adopted in the preparation of the financial statements are described in the section that follows.

Intangible assets

Intangible assets are recorded at cost, net of amortization calculated on a straight line basis over their expected useful economic life.

Tangible assets

Tangible assets are recorded at their acquisition or production cost which includes all related costs directly attributable to the assets, all revaluations pursuant to Laws no. 576 of December 2, 1975 and no. 72 of March 19, 1983, and all other revaluations pursuant to Law no. 413 of December 30, 1991, applied pursuant to applicable regulations, up to their related fair market values.



Tangible assets are depreciated on straight line basis over the expected useful life of the assets, taking into account their residual values.

The net book value of tangible assets is reported net of accelerated depreciation recorded in the current and previous years exclusively to take advantage of benefits provided for by Article 67 of Presidential Decree no. 917/86.

Information regarding the value of accelerated depreciation, as well as the related tax benefit accruing to the Company, is reported in the note to the Income Statement concerning property, plant and equipment depreciation.

Assets having an acquisition cost not exceeding 516,46 were expensed in full in the year.

Ordinary maintenance costs are charged to the Income Statement for the year in which they were incurred. Extraordinary maintenance expenses are attributed to the asset to which they relate and are depreciated over their residual useful life.

Investments

Investments in subsidiaries are recorded at the acquisition or underwriting cost, adjusted where necessary for ongoing losses in value.

Consolidated financial statements have been prepared in accordance with Legislative Decree no. 127, April 9, 1991.

Inventories

Inventories are valued at the lower of acquisition or production cost and their expected realisable market value. Raw materials, semi-finished and finished goods inventories are valued using the LIFO method. Work in progress inventories are valued at their processing cost, inclusive of raw materials, labour, direct and indirect manufacturing costs, taking into account stages of completion.

Receivables and Payables

Receivables are recorded at their expected realizable value, taking into account the solvency of debtors, the credit term, litigation in process and guarantees received.

The expected realisable value is represented by the difference between the face value of receivables and the amount accrued to the provision for doubtful accounts, deducted from the amount of trade receivables whenever appropriate. Payables are recorded at their face value, representative of liabilities accrued. Tax liabilities are based on realistic estimates reflecting the tax expense for the year, adjusted for pre-paid and withholding taxes paid. Tax credits are recorded only where there exists reasonable certainty that sufficient taxable income will be generated in future years to cover future tax deductions.

Payables and receivables denominated in currencies other than euro are recorded at the exchange rate applicable at the time of the transaction. Exchange rate gains and losses are credited or debited to the Income Statement on the day of payment or collection. At the end of the year, receivables and payables originally expressed in currencies other than the euro are translated at the exchange rate applicable at such time. Relevant negative differences arising from such translation are recorded in the Provision for translation differences under liabilities. Significant differences arising from the application of the above mentioned method over the historical exchange rate method, requiring the recording of differences resulting from the application of year-end exchange rates directly as a debit or credit to the liability to which they relate, are commented in the note to the respective item.

***Marketable securities***

Marketable securities are recorded at the lower of cost, represented by the weighted average acquisition cost, and market value. Write-downs are reversed whenever the impairment in value ceases to exist.

Provisions for risks and charges

Provisions for risks and charges are accrued against known or probable liabilities whose amount and timing could not be determined at the date of their recording. Deferred taxes payable, recorded in the related provision, represent taxes payable in future years generated by timing differences.

Provision for employee termination indemnities

The provision for employee termination indemnities reflects the amount owed by the Company at the end of the year to its employees upon termination of their employment, in accordance with labour agreements and laws applicable in Italy. The amount accrued in the year reflects liabilities accrued at year-end.

Accrued income and prepaid expenses, accrued expenses and deferred income

These are determined according to the accrual method.

Income taxes

They include taxes payable for the year, net of prepaid and withholding taxes. The tax expense for the year is determined according to applicable tax rates and expected taxable income, keeping into account tax facilitations provided by current regulations.

Revenues and expenses

Revenues for the sale of products are recognized at the time title is transferred, normally identifiable with the delivery or shipping of the goods. Financial revenues are recognized on the accrual method. Revenues and expenses are recorded in application of prudent criteria using the accrual method, net of returns, discounts, allowances and bonuses.

Commitments

These represent guarantees given to and received from others and commitments made. Guarantees are recorded at face value.



Assets

B) NON-CURRENT ASSETS

I - Intangible assets

Balance at Dec. 31, 2002	€	1,053,951
Balance at Dec. 31, 2001	€	86,843
Change	€	967,108

	Book value at Dec. 31, 2001	Increases	Merger of Oelma	Amortization 2002	Book value at Dec. 31, 2002
Industrial patents and intellectual property rights	86,843	94,197	7,223	(107,044)	81,219
Goodwill		285,953		(142,977)	142,976
Other		905,155		(75,399)	829,756
	86,843	1,285,305	7,223	(325,420)	1,053,951

The book value at the beginning of the year is made up as follows:

	Gross book value	Accumulated amortisation	Net book value
Industrial patents and intellectual property rights	189,582	(102,739)	86,843
	189,582	(102,739)	86,843

Industrial patents and intellectual property rights are made up exclusively of software open-ended licenses.

Goodwill arises from the merger of Oelma into Cembre from January 1, 2002. The amount recorded is net of the goodwill relating to the building transferred, as described in the note on Tangible assets. Other assets are represented by capitalized costs incurred in work relating to a leased industrial building adjacent to the Brescia main complex to adapt it to the specific production needs of the Company.

Intangible assets are amortised systematically. Software licenses are amortized over 3 years while leasehold improvements are expensed over 12 years, corresponding to the duration of the lease contract. The residual share in the goodwill relating to Oelma is amortised over two years due to the fact that at the time of the acquisition of the company, in 1999, the consolidation difference arising in the consolidated financial statements was originally amortized over a period of five years.

*II - Tangible assets*

Balance at Dec. 31, 2002	€	13,243,259
Balance at Dec. 31, 2001	€	9,202,796
Change	€	4,040,463

1) Land and buildings

Gross book value	6,381,547
Revaluation	935,661
less: accumulated depreciation	(3,049,694)
Balance at Dec. 31, 2001	4,267,514
Merger difference arising from merger of Oelma	916,951
Increase in fixed assets due to merger of Oelma	75,876
Accumulated depreciation relating to Oelma	(13,102)
Increases	2,629,409
Depreciation expense	(243,256)
Balance at Dec. 31, 2002	7,633,392

As a result of the merger of Oelma into Cembre SpA, the building located in San Giuliano Milanese was recorded in the balance sheet of the parent company at € 993 thousand, inclusive of the € 917 thousand revaluation resulting from the allocation of part of the merger difference to the value of the building.

An industrial building located in Calcinante (Bergamo) was acquired for € 1,520 thousand, while a new industrial building to be used as packaging department and warehouse was built in the Brescia main complex for a total expense of € 770 thousand. Work on the addition to the manufacturing department in Brescia started. Construction involved an investment of € 144 thousand for 2002, and is continuing into 2003.

2) Plant and machinery

Gross book value	19,438,483
Revaluation	136,037
Accumulated depreciation	(16,292,519)
Balance at Dec. 31, 2001	3,282,001
Increase in fixed assets due to merger of Oelma	168,331
Accumulated depreciation relating to Oelma	(155,978)
Increases	2,552,446
Decreases	(121,597)
Use of provisions	120,635
Depreciation expense	(1,831,502)
Balance at Dec. 31, 2002	4,014,336



Main investments include a digital control centre (€ 676 thousand), a lathe (€ 156 thousand), and a crank press (€ 98 thousand), in addition to electrical, fire safety and heating systems for the new industrial building located in Brescia to be used as packaging department and warehouse, representing a total investment of € 293 thousand, a three-phase lift truck worth € 95 thousand and two forklifts amounting to € 53 thousand. The increase in equipment due to internal construction amounts to € 419 thousand. Decreases consist of disposals and equipment taken out of service in the year.

3) *Equipment*

Gross book value	2,730,454
Accumulated depreciation	(2,251,059)
Balance at Dec. 31, 2001	479,395
Increase in fixed assets due to merger of Oelma	779,929
Accumulated depreciation relating to Oelma	(651,492)
Increases	542,294
Decreases	(586,355)
Balance at Dec. 31, 2002	563,771

Investments in equipment relate almost exclusively to the manufacture and purchase of dies, of which € 334 thousand were manufactured in-house.

4) *Other assets*

Gross book value	2,895,390
Revaluation	7,996
Accumulated depreciation	(2,362,178)
Balance at Dec. 31, 2001	541,208
Increase in fixed assets due to merger of Oelma	162,716
Accumulated depreciation relating to Oelma	(125,077)
Increases	615,027
Decreases	(164,908)
Use of provisions	164,908
Depreciation expense	(477,278)
Balance at Dec. 31, 2002	716,596

The increase in other assets is due prevalently to the acquisition of hardware and accessories amounting to € 165 thousand, motor vehicles amounting to € 226 thousand and warehouse furniture amounting to € 136 thousand.



5) Work in progress and advances

Balance at Dec. 31, 2001	632,678
Increases	315,164
Decreases	(632,678)
Balance at Dec. 31, 2002	315,164

Increases in work in progress and advances are due mainly to advances paid to suppliers of plant and equipment, amounting to € 137 thousand and to the in-house construction of assets, equal to € 178 thousand. The table enclosed in the present Notes shows changes in property, plant and equipment for the year.

Revaluation of property, plant and equipment carried out in the year

Pursuant to Article 10, Law no. 72/1983, revaluations of property, plant and equipment recorded in the financial statements at December 31, 2002 are listed in the table that follows.

	<i>Law 576/75</i>	<i>Law 72/83</i>	<i>Law 413/91</i>	<i>Total</i>
Land and buildings		248,220	687,441	935,661
Plant and machinery	2,386	130,342		132,728
Other assets	312	7,664		7,976
	2,698	386,226	687,441	1,076,365

III - Investments

Balance at Dec. 31, 2002	€	5,925,831
Balance at Dec. 31, 2001	€	8,051,581
Change	€	(2,125,750)



1) Investments in:

a) subsidiaries

<i>Subsidiary</i>	<i>Dec. 31, 2001</i>	<i>Change</i>	<i>Write-downs</i>	<i>Dec. 31, 2002</i>
Cembre Ltd	2,681,918			2,681,918
Cembre Sarl	1,048,197			1,048,197
Cembre España SL	858,104			858,104
Cembre AS	293,070			293,070
Cembre GmbH	481,508			481,508
Cembre Inc.	380,282			380,282
Oelma srl	1,962,536	(1,962,536)		
General Marking		99,000	(99,000)	
Total	7,705,615	(1,863,536)	(99,000)	5,743,079

Oelma Srl was merged into Cembre SpA effective January 1, 2002. Subsidiary General Marking Srl was incorporated in July 2002. The company has its registered office in Brescia and a capital stock equal to € 99 thousand. The investment was subsequently written down in full as a result of the loss reported in its first year of operation, while a provision of € 135,577 was accrued against the loss reported by the subsidiary. Such loss was subsequently covered through the payment of € 234,577 in February 2003.

The table that follows shows information on subsidiaries, all held directly by the parent company. Amounts are expressed in euro:

<i>Name and head office</i>	<i>Capital stock</i>	<i>Shareholders' Equity</i>	<i>Net profit (loss)</i>	<i>% held</i>
Cembre Ltd (Sutton Coldfield - Birmingham)	1,844,735	5,087,676	479,418	100
Cembre Sarl (Morangis - Paris)	1,071,000	1,890,297	110,733	95(a)
Cembre España SL (Coslada - Madrid)	900,000	1,258,125	223,441	95(a)
Cembre AS (Stokke - Norway)	329,870	171,821	99,080	100
Cembre GmbH (Munich - Germany)	512,000	962,714	70,443	95(a)
Cembre Inc. (Edison - New Jersey-Usa)	800,992	201,849	(100,564)	50(b)
General Marking (Brescia - Italy)	99,000	(135,577)	(234,577)	100

(a) the remaining 5% is held through Cembre Ltd

(b) the remaining 50% is held through Cembre Ltd



Financial data relating to the capital stock, shareholders' equity and net profit for the year are those contained in the financial statements for 2002 approved by the respective boards of subsidiaries. The translation of capital stocks expressed in currencies different from the euro was carried out at the exchange rate in force on the last day of the year, while net profits were translated at the average exchange rate for the year.

The book value of investments in Cembre AS and Cembre Inc., the latter of which became operational in March 1999, recorded in the financial statements of the Group parent company, is significantly higher than the share in the shareholders' equity held. Such difference is justified by expected profits, already achieved in 2002 in the case of the Norwegian subsidiary.

b) other companies

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Inn.tec. srl	5,165	5,165
Conai	59	45
Total	5,224	5,210

The above represent non-controlling shares in Consorzio Nazionale Imballaggi (National Packaging Consortium) and Inn.tec Srl, a technology innovation consortium, with registered head offices at the Brescia Province main office.

2) Receivables

a) from subsidiaries

Receivables from subsidiaries, already present at December 31, 2001, amount to € 122,887 and relate to a loan extended to Cembre AS, repaid in full prior to expiration in March 2002.

d) from others

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Deposits	11,804	9,873
Prepaid taxes on employee termination indemnities	165,724	207,996
Total	177,528	217,869

Prepaid tax receivables on employee termination indemnities (Article 2, Law no. 140/97) include prior years' revaluations.



C) CURRENT ASSETS

I - Inventories

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>	<i>Change</i>
Raw materials	4,327,641	4,221,638	106,003
Work in progress and semi-finished goods	4,571,804	4,153,583	418,221
Finished goods	7,025,753	5,518,732	1,507,021
Total	15,925,198	13,893,953	2,031,245

Valuation criteria are unchanged from the previous year and are described in the first part of the present Notes. The provision for slow moving inventory amounts to € 154,937. The provision is recorded directly as a reduction in the value of finished products to bring them into line with their expected realisable value. The value of inventories calculated with the method applied is approximately € 355 thousand less than the value of inventories calculated at current costs.

The change in inventories is partly due to the merger of Oelma, whose inventories at December 31, 2001 amounted to € 998 thousand, of which € 802 thousand relating to finished products.

II - Receivables

Balance at Dec. 31, 2002	€	19,316,324
Balance at Dec. 31, 2001	€	17,427,429
Change	€	1,888,895

1) Trade receivables

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Gross book value	12,343,006	11,137,025
Provision for doubtful accounts	(323,030)	(293,225)
Trade receivables, net	12,019,976	10,843,800

Trade receivables relating to Oelma amounted at December 31, 2001 to € 866,737. Value adjustments due to doubtful accounts resulted in the following changes in the provision for doubtful accounts:

<i>Provision for doubtful accounts</i>	<i>Dec. 31, 2002</i>
Balance at Dec. 31, 2001	293,225
Provision relating to Oelma's receivables	4,355
Uses of the provision	(69,679)
Accruals made in 2002	95,129
Balance at Dec. 31, 2002	323,030



2) Receivables from subsidiaries

Amounts receivable from subsidiaries relate to commercial transactions, as shown below:

<i>Subsidiary</i>	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Cembre Ltd	988,065	987,768
Cembre Sarl	1,137,810	982,459
Cembre España SL	2,551,793	2,046,603
Cembre AS	59,831	109,355
Cembre GmbH	721,700	1,103,506
Cembre Inc.	1,196,590	1,055,702
General Marking	27,030	0
Total	6,682,819	6,285,393

The increase in receivables of Cembre España SL is due to stronger activity of the company.

5) Other receivables

Current receivables

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
VAT receivables	301,854	126,458
Current tax receivables	63,057	0
Prepaid taxes	179,930	62,362
Other	65,206	101,802
Total	610,047	290,622

Prepaid tax receivables are recorded against the provision for inventory depletion described above, the provision for the loss reported by subsidiary General Marking, recorded under provisions for risks and charges, the provision for the write-down in the value of the investment in General Marking and the non-deductible portion of the amortization of Oelma's goodwill. Current tax receivables relate to excess corporate income taxes paid over the amount due for the year.

Non-current receivables amount to € 3,482, with no receivables due beyond five years.

III – Marketable securities

Balance at Dec. 31, 2002	€	465,296
Balance at Dec. 31, 2001	€	566,700
Change	€	(101,404)



At the end of 2002, the Company held 243,000 own shares, the same number as at December 31, 2001. The value of such shares was written-down by € 101,404 to bring their acquisition price in line with average listed prices recorded in December. At March 24, 2003, the number of shares held was unchanged.

IV - Cash and cash equivalents

Balance at Dec. 31, 2002	€	1,645,195
Balance at Dec. 31, 2001	€	3,159,722
<hr/>		
Change	€	(1,514,527)

The balance represents cash and cash equivalents at year-end.

D) ACCRUED INCOME AND PREPAID EXPENSES

Balance at Dec. 31, 2002	€	24,232
Balance at Dec. 31, 2001	€	30,750
<hr/>		
Change	€	(6,518)

Accrued income and prepaid expenses include income and charges that are either deferred or prepaid with respect to the year in which they accrue. They are made up as follows:

	Dec. 31, 2002	Dec. 31, 2001
Contributions accrued	1,772	5,316
Prepaid maintenance fees	6,087	18,781
Sundry accrued income and prepaid expenses	16,373	6,653
<hr/>		
Total	24,232	30,750

Contributions accrued represent the share payable by the Contributions Fund (Law no. 295, May 28, 1973) on financing extended by Istituto Mobiliare Italiano.
All prepaid expenses and accrued income are current.



Liabilities and Shareholders' Equity

A) SHAREHOLDERS' EQUITY

Balance at Dec. 31, 2002	€	34,602,062
Balance at Dec. 31, 2001	€	33,585,131
Change	€	1,016,931

The share capital of the company amounts to € 8,840,000 and is made up of 17 million ordinary shares of par value € 0.52 each, fully underwritten and paid-up. Following the € 101,404 write-down in the value of own shares held, the part of the provision for own shares that came available, was transferred to the extraordinary reserve.

A Statement of Changes in the Shareholders' Equity is enclosed below as Attachment 2 and constitutes an integral part of the present Notes. Changes in all Shareholders' Equity items are detailed. Other reserves are made up by suspended-tax reserves amounting to € 68,412.

Pursuant to Legislative Decree no. 467, December 18, 1997, below is a breakdown of suspended-tax reserves:

<i>Reserve A (€ '000)</i>	<i>Opening balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Closing balance</i>
Opening balance	7,756			7,756
9/16 exemption 1/10 for 1997-2007		102		102
Dividends distributed in 2002 at a 56.25% tax rate			(943)	(943)
Taxes paid		985		985
Total	7,756	1,087	(943)	7,900

<i>Reserve B (€ '000)</i>	<i>Opening balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Closing balance</i>
Opening balance	3,066			3,066
Expected income taxes at reduced rate (Dual Income Tax)				
Total	3,066			3,066



B) PROVISIONS FOR RISKS AND CHARGES

Balance at Dec. 31, 2002	€	440,824
Balance at Dec. 31, 2001	€	48,412
Change	€	392,412

Changes in the year are shown in the table that follows:

	<i>Dec. 31, 2001</i>	<i>Increases</i>	<i>Decreases</i>	<i>Dec. 31, 2002</i>
Customer indemnities	48,412	6,128	(16,980)	37,560
Foreign exchange		67,687		67,687
Labour litigation		200,000		200,000
Loss reported by General Marking		135,577		135,577
Total	48,412	409,392	(16,980)	440,824

The provision for customer indemnities was made pursuant to the applicable national agent agreement. The provision for litigation regarding labour issues was accrued to cover charges that may arise on a different retroactive classification of risk contested by INAIL (Social Security Agency), against whose requests Cembre filed a grounded and substantiated appeal. The provision for the loss reported by General Marking corresponds to the portion of the loss in excess of the capital stock and was used up in full in February 2003, as described in the note on investments.

C) EMPLOYEE TERMINATION INDEMNITIES

Changes in the year are shown below.

(€)	
Balance at December 31, 2001	3,022,044
Provision relating to Oelma at December 31, 2001	88,550
Amounts accrued in the year	652,901
Advances paid	(255,946)
Termination indemnities and Social Security contributions paid	(86,851)
Balance at December 31, 2002	3,420,698

Indemnities accrued in the year and paid to employees terminating their employment with the company was equal to € 11,335. The amount is not included in the accrual for the year. The provision covers in full all amounts accrued by employees at the closing date of the financial statements, net of advances paid.

**D) PAYABLES**

Balance at Dec. 31, 2002	€	19,112,564
Balance at Dec. 31, 2001	€	15,725,101
<hr/>		
Change	€	3,387,463

Payables are recorded at face value. Their breakdown by expiration date is reported in the table below.

	<i>Less than 1 year</i>	<i>Over 1 year</i>	<i>Over 5 years</i>	<i>Total</i>
Bank loans	5,843,793	3,291,000		9,134,793
Advances	115,930			115,930
Trade payables	7,305,800			7,305,800
Payables to subsidiaries	97,331			97,331
Tax payables	568,722			568,722
Social Security payables	642,029			642,029
Other payables	1,247,959			1,247,959
	15,821,564	3,291,000		19,112,564

3) Bank loans

Balance at Dec. 31, 2002	€	9,134,793
Balance at Dec. 31, 2001	€	6,235,738
<hr/>		
Change	€	2,899,055

Bank loans include principal amounts, interest accrued and related charges. The item is made up as follows:



	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Overdrafts and short-term loans	2,543,356	688,927
Short-term portion of long-term debt	3,300,437	955,374
Long-term debt	3,291,000	4,591,437
Total	9,134,793	6,235,738

A € 2 million 18-month loan was extended to the Company in December 2002. The loan bears a fixed 3.47 interest rate and is repayable in full at expiration.

The last instalment of the Istituto Mobiliare Italiano S.p.A. (IMI) loan was repaid in January 2003. It is guaranteed by a first mortgage of € 2,892 thousand on one of the Brescia head office buildings, and has a residual balance at December 31, 2002 of € 155 thousand.

6) Trade payables

Balance at Dec. 31, 2002	€	7,305,800
Balance at Dec. 31, 2001	€	6,579,509
Change	€	726,291

Trade payables are stated net of trade discounts. Cash discounts are recognised only at the time of payment. The book value of such payments is adjusted for returns or discounts (invoicing adjustments), in line with the amount agreed upon with the supplier.

8) Payables to subsidiaries

Balance at Dec. 31, 2002	€	97,331
Balance at Dec. 31, 2001	€	43,609
Change	€	53,722

Trade payables to subsidiaries are shown below:

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Cembre Ltd	1,730	13,320
General Marking	82,548	0
Cembre A.S.	0	114
Cembre GMBH	8,768	1,266
Cembre España SL	0	141
Cembre Sarl	4,167	28,768
Cembre Inc.	118	0
Total	97,331	43,609

**11) Tax payables**

Balance at Dec. 31, 2002	€	568,722
Balance at Dec. 31, 2001	€	698,491
<hr/>		
Change	€	(129,769)

The item includes local income taxes (IRAP) and taxes withheld on employee remuneration.

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Taxes withheld on employee remuneration	518,075	588,017
Current taxes payable	50,647	110,474
<hr/>		
Total	568,722	698,491

Advances paid in 2002 on corporate income taxes (IRPEG) were in excess of taxes payable for the year. The difference was recorded among other receivables.

12) Social Security payables

Balance at Dec. 31, 2002	€	642,029
Balance at Dec. 31, 2001	€	763,752
<hr/>		
Change	€	(121,723)

The balance represents amounts payable to Social Security institutions relating to employees and agents.

13) Other payables

Balance at Dec. 31, 2002	€	1,247,959
Balance at Dec. 31, 2001	€	1,385,797
<hr/>		
Change	€	(137,838)

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Payable to employees	495,178	566,558
Customer premiums payable	584,685	642,937
Agent fees payable	136,566	138,602
Insurance payables	21,204	27,930
Statutory Auditors' compensation payable	10,326	9,770
<hr/>		
Total	1,247,959	1,385,797



E) ACCRUED EXPENSES AND DEFERRED INCOME

Balance at Dec. 31, 2002	€	23,138
Balance at Dec. 31, 2001	€	39,086
<hr/>		
Change	€	(15,948)

These represent expenses accrued and deferred revenues recorded on the accrual method. All items are short-term.

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Interest accrued on loans	23,138	29,174
Deferred income	0	9,912
<hr/>		
Total	23,138	39,086

Commitments

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>	<i>Change</i>
Guarantees given	37,423	404,640	(367,217)
• of which in favour of subsidiaries	0	350,000	(350,000)
Guarantees received	236,746	237,062	(316)

Income Statement

Before commenting items in the Income Statement, we draw your attention on the analysis of costs and revenues contained in the Management Report pursuant to article 2428, first comma, of the Italian Civil Code.

The current analysis focuses on significant changes in Income Statement items from the previous year, and is supplemented by more detailed analysis included in the notes to the Balance Sheet. The merger of Oelma, effective January 1, 2002 did not result in significant changes. Relevant information is reported in the Notes.



A) REVENUES

1) Sales

Balance at Dec. 31, 2002	€	45,600.252
Balance at Dec. 31, 2001	€	46,325,044
Change	€	(724,792)

Revenues for 2001 include also those of Oelma, net of revenues generated between it and the parent company.

<i>Sales by geographical area</i> (€ '000)	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i> Cembre Spa	<i>Dec. 31, 2001</i> Cembre Spa + Oelma
Italy	27,371	26,250	28,095
Rest of Europe	14,581	14,478	14,500
Rest of World	3,648	3,638	3,730
Total	45,600	44,366	46,325

Changes are due to factors described in the Management Report.

5) Other revenues

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>	<i>Change</i>
Capital gains on disposal of assets	22,701	10,038	12,663
Other	17,010	16,636	374
Total	39,711	26,674	13,037

B) OPERATING COSTS

6) Raw materials

Balance at Dec. 31, 2002	€	17,750,207
Balance at Dec. 31, 2001	€	18,080,416
Change	€	(330,209)



	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Raw materials and goods	15,046,300	15,596,093
Consumables	2,667,610	2,390,422
Transport costs and customs duties	36,297	93,901
Total	17,750,207	18,080,416

7) Services

Balance at Dec. 31, 2002	€	7,177,254
Balance at Dec. 31, 2001	€	6,518,959
Change	€	658,295

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Subcontracted work	2,008,127	1,915,279
Transport	828,741	710,054
Maintenance and repairs	1,024,252	823,664
Electricity, heating, water	598,453	547,013
Consulting services	628,195	584,975
Directors' compensation	461,239	437,060
Auditors' compensation	48,493	51,278
Commissions	243,075	219,376
Postage and telephone	158,535	141,221
Fuel	106,267	100,833
Travel and transfers	223,442	180,082
Insurance	152,233	126,865
Canteen	187,042	192,415
Bank expenses	77,400	73,109
Personnel training	27,211	29,728
Advertising and trade fairs	34,665	67,011
Security and cleaning	247,790	213,392
Other	122,094	105,604
Total	7,177,254	6,518,959

8) Leases and rentals

Balance at Dec. 31, 2002	€	663,153
Balance at Dec. 31, 2001	€	420,736
Change	€	242,417

Lease and rental costs relate primarily to the lease of buildings owned by third parties and related par-



ties, as described in the Management Report, and by vehicle leasing costs. Rental costs increased from € 255 thousand in 2001, to € 499 thousand in 2002. The increase is due to an industrial building adjacent to the Brescia complex leased at the end of 2001, totalling about 5,960 square meters on three floors.

9) Personnel costs

Balance at Dec. 31, 2002	€	12,775,515
Balance at Dec. 31, 2001	€	12,150,904
<hr/>		
Change	€	624,611

The item includes personnel costs, including paid leave and accruals made pursuant to the Law and collective labour contracts in force. Employee termination indemnities include the accrual at December 31, 2002 and amounts paid to personnel terminating their employment with the company in the year.

Personnel costs incurred by Oelma in 2001 amounted to € 333,939, not included in the amount shown above.

<i>Average number of employees by category</i>	2002	2001	2001 Cembre + Oelma
Management	7	7	7
Administrative and commercial staff	140	124	131
Warehouse workers	175	165	170
Total	322	296	308

10) Depreciation and accruals

b) Tangible asset depreciation

Depreciation rates are unchanged from the previous year, and are as follows:

Category	Depreciation rate
Buildings and light construction	3% - 10%
Plant and machinery	10% - 15.5%
Equipment	25%
Other assets	12% - 25%

Ordinary depreciation for 2002 amounted to € 2,177 thousand while accelerated depreciation was



equal to € 962 thousand. Had amortisation been calculated on the expected residual useful life of the assets, tangible assets would have been higher by € 4,990 thousand, and shareholders' equity by € 3,081 thousand, net of the related tax expense. Net profit benefited from € 857 thousand of accelerated depreciation charges accrued in previous years. Net profit, gross of accelerated depreciation, would therefore have been higher by € 105 thousand (€ 121 thousand net of the tax expense for the year).

12) *Accrual to provisions for risks and charges*

An accrual of € 135,577 was made against the loss reported by newly incorporated subsidiary General Marking in 2002, as described in the note to Provisions for risks and charges. The accrual to the provision for customer indemnities, equal to € 6,509 thousand, was made in view of charges relating to the possible termination of agent contracts.

14) *Other operating costs*

Balance at Dec. 31, 2002	€	121,946
Balance at Dec. 31, 2001	€	180,285
Change	€	(58,339)

Other operating costs

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Donations	53,193	85,215
Taxes	59,820	86,742
Other	8,933	8,328
Total	121,946	180,285

C) FINANCIAL INCOME (EXPENSE)

16) *Other financial income*

Balance at Dec. 31, 2002	€	27,297
Balance at Dec. 31, 2001	€	38,399
Change	€	(11,102)



Other financial income

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Interest on bank deposits	12,912	13,116
Foreign exchange gains	7,718	15,207
Other	5,390	1,831
Total	26,020	30,154

17) Interest and other financial expense

Balance at Dec. 31, 2002	€	361,556
Balance at Dec. 31, 2001	€	269,520
Change	€	92,036

The item is made up as follows:

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Bank interest charges	179,539	91,455
Interest on loans	100,692	153,564
Provision for exchange rate fluctuations	67,687	0
Foreign exchange losses	13,638	24,501
Total	361,556	269,520

D) WRITE-DOWNS

The € 99,000 write-down in the value of investments relates to the write-off in the value of the investment in newly incorporated subsidiary General Marking due to the loss reported in its first year of operation.

The € 101,404 write-down of marketable securities relates to own shares held and was carried out to bring their value into line with current market value.

E) EXTRAORDINARY ITEMS

Balance at Dec. 31, 2002	€	(471,457)
Balance at Dec. 31, 2001	€	(199,321)
Change	€	(272,136)



The item is made up as follows:

	<i>Dec. 31, 2002</i>	<i>Dec. 31, 2001</i>
Extraordinary gains	28,847	22,788
Extraordinary losses	(113,162)	(18,887)
Returns of goods sold in past years	(187,142)	(203,222)
Accrual against labour litigation	(200,000)	
Total	(471,457)	(199,321)

Extraordinary losses include € 40 thousand of taxes relating to the previous year, recorded following a one percent reduction in the ordinary coefficient used to calculate Dual Income Tax facilitations, subsequent to the approval of the 2001 financial statements. They include also € 24 thousand of agent fees relating to the previous year.

Returns of merchandise sold in previous years represent goods returned following agreements with customers.

The accrual made against labour litigation is commented upon in the note relating to the Provision for risks and charges.

22) *Income taxes*

Balance at Dec. 31, 2002	€	(1,663,322)
Balance at Dec. 31, 2001	€	(2,009,257)
Change	€	345,935

The accrual to the tax provision is made in accordance with expected taxable income, taking into account adjustments made to income reported in the statutory accounts. Income taxes for the year include € 113,676 of prepaid taxes, calculated on the write-down of the investment in subsidiary General Marking, against the accrual of € 135,577 to the provision for the loss reported by the same and the non-deductible portion of the amortization of Oelma's goodwill.

Pursuant to paragraph 14 of Article 2427 of the Italian Civil Code, we assert that no value adjustments made for tax purposes were carried out other than those previously discussed relating to tangible asset depreciation.

Please refer to the Management Report for information relating to events subsequent to the closing date of the financial statements and transactions with related parties.

Compensation of Directors and emoluments paid to the Board of Statutory Auditors are reported under item B7 "Costs for services" of the Income Statement. Pursuant to disclosure requirements set by Consob, implementing Legislative Decree no. 58 of 2001, we also include in Attachment 4 the breakdown of compensation paid to Directors and Auditors of the company.



The present Notes include the following attachments:

- no. 1 Changes in tangible assets
- no. 2 Changes in the shareholders' equity
- no. 3 Summary financial information relating to subsidiaries, pursuant to Article 2429 of the Italian Civil Code
- no. 4 Directors and Auditors' compensation

The present financial statements, that include a Balance Sheet, Income Statement and explanatory Notes, truly and fairly represent the Company's assets, liabilities and financial position, in addition to its operating performance for the 2002 financial year, and correspond to its accounting records.

Supplementary information required by Consob

Pursuant to a CONSOB requirement, the Company's (Cembre S.p.A) shareholdings over 10% held in limited liability publicly traded companies and unlisted joint-stock companies at December 31, 2002, are shown in the table below. The Company holds full title to the investments listed below.

Company	Head office	Capital stock	% held				% of voting rights
			directly	indirectly	through	total	
Cembre Ltd	Sutton Coldfield (Birmingham - UK)	Gbp 1,200,000	100%			100%	100%
Cembre Sarl	Morangis (Paris - Francia)	Euro 1,071,000	95%	5%	Cembre Ltd	100%	100%
Cembre España SL	Coslada (Madrid-Spain)	Euro 900,000	95%	5%	Cembre Ltd	100%	100%
Cembre AS	Stokke (Norway)	Nok 2,400,000	100%			100%	100%
Cembre GmbH	Munich (Germany)	Euro 512,000	95%	5%	Cembre Ltd	100%	100%
Cembre Inc.	Edison (New Jersey - USA)	Us \$ 840,000	50%	50%	Cembre Ltd	100%	100%
General Marking	Brescia (Italy)		100%			100%	100%

Oelma Srl, a wholly-owned subsidiary since 1999, was merged into Cembre SpA, effective January 1, 2002.

Brescia, March 24, 2003

THE CHAIRMAN OF THE BOARD OF DIRECTORS
CARLO ROSANI



ATTACHMENT NO.1 NOTES TO THE FINANCIAL STATEMENTS OF CEMBRE SPA AT DECEMBER 31, 2002
CHANGES IN TANGIBLE ASSETS (in euro)

	GROSS BOOK VALUE				DEPRECIATION				NET BOOK VALUE	
	Balance at Dec. 31, 2001	Increases (2)	Decreases and write-downs	Balance at Dec. 31, 2002	Accumulated depreciation at Dec. 31, 2001	Depreciation expense	Uses of provision for accumulated depreciation	Accumulated depreciation at Dec. 31, 2002	Net book value at Dec. 31, 2002	Net book value at Dec. 31, 2001
Land and buildings	7,393,084	3,546,360		10,939,444	3,062,795	243,257		3,306,052	7,633,392	4,330,289
Plant and machinery	19,742,851	2,552,446	(121,597)	22,173,700	16,448,497	1,831,502	(120,635)	18,159,364	4,014,336	3,294,354
Equipment	3,510,382	542,294	(3,100)	4,049,576	2,902,551	586,354	(3,100)	3,485,805	563,771	607,831
Other assets	3,066,102	615,027	(164,908)	3,516,221	2,487,255	477,278	(164,908)	2,799,625	716,596	578,847
	33,712,419	7,256,127	(289,605)	40,678,941	24,901,098	3,138,391	(288,643)	27,750,846	12,928,095	8,811,321
Work in progress and advances (1)	632,678	315,164	(632,678)	315,164					315,164	632,678
TOTAL	34,345,097	7,571,291	(922,283)	40,994,105	24,901,098	3,138,391	(288,643)	27,750,846	13,243,259	9,443,999

Amounts at December 31, 2001 include data relating to Oelma Srl, merged into Cembre SpA effective January 1, 2002.

(1) Decreases and write-downs relating to work in progress and advances include transfers made.

(2) The increase in land and buildings includes 916,950,89 relating to the revaluation of the building located in San Giuliano Milanese due to the allocation of consolidation differences on the merger of Oelma srl into Cembre Spa.

ATTACHMENT NO. 2 NOTES TO THE FINANCIAL STATEMENTS OF CEMBRE SPA AT DECEMBER 31, 2002
STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2002

(in euro)	Share capital	Share premium	Restatement reserve	Legal reserve	Reserve for own shares	Extraordinary reserve	Suspended tax reserves	Net profit	Total Shareholders' equity
Balance at December 31, 2001	8,840,000	12,244,869	585,159	964,924	566,700	7,425,627	68,412	2,889,440	33,585,131
Transfer due to write-down of own shares					(101,404)	101,404			
Allocation of 2001 net profit ⁽¹⁾				144,472		1,069,268		(2,889,440)	(1,675,700)
Net profit								2,692,631	2,692,631
Balance at December 31, 2002	8,840,000	12,244,869	585,159	1,109,396	465,296	8,596,299	68,412	2,692,631	34,602,062

(1) With reference to the allocation of 2001 net profit, item Total Shareholders' Equity includes dividends approved by resolution at the Shareholders' Meeting held on May 13, 2002.



**ATTACHMENT NO. 3 NOTES TO THE FINANCIAL STATEMENTS OF CEMBRE SPA
AT DECEMBER 31, 2002**

**SUMMARY FINANCIAL INFORMATION OF CONSOLIDATED SUBSIDIARIES
PURSUANT TO ART. 2429 OF THE ITALIAN CIVIL CODE**

(in euro)	Fixed assets	Current assets accruals and prepayments	Total assets	Shareholders' equity	Total payables, provisions, accruals and deferrals	Total liabilities
Cembre Ltd	3,469,161	3,988,604	7,457,765	5,087,676	2,370,089	7,457,765
Cembre Sarl	614,700	2,615,412	3,230,113	1,890,297	1,339,816	3,230,113
Cembre España SL	977,299	3,713,403	4,690,702	1,258,125	3,432,577	4,690,702
Cembre AS	2,266	395,198	397,463	171,821	225,642	397,463
Cembre GmbH	87,979	1,938,546	2,026,525	962,714	1,063,811	2,026,525
Cembre Inc	102,128	1,869,207	1,971,335	201,849	1,769,486	1,971,335
General Marking srl	2,511,799	1,242,732	3,754,530	-135,577	3,890,107	3,754,530

	Revenues	Operating costs	Financial income (expense)	Extraordinary items	Income taxes	Net profit (loss)
Cembre Ltd	8,366,124	(7,699,407)	(6,501)	13,245	(194,043)	479,418
Cembre Sarl	4,052,413	(3,858,108)	(10,966)	(2,824)	(69,782)	110,733
Cembre España SL	4,724,430	(4,402,658)	(26)	4,063	(102,368)	223,441
Cembre AS	553,711	(470,320)	15,688	0	0	99,080
Cembre GmbH	3,685,093	(3,573,827)	6,166	0	(46,989)	70,443
Cembre Inc	2,406,721	(2,454,495)	(43,149)	(9,641)	0	(100,564)
General Marking srl	813,178	(991,055)	(52,839)	0	(3,861)	(234,577)

Figures relate to the financial statements of subsidiaries at December 31, 2002.

The translation of amounts expressed in currencies other than the euro was carried out as described in the Notes to the Consolidated Financial Statements at December 31, 2002.

Brescia, March 24, 2003

THE CHAIRMAN OF THE BOARD
CARLO ROSANI

ATTACHMENT NO. 4 TO THE FINANCIAL STATEMENTS OF CEMBRE SPA
DIRECTORS AND STATUTORY AUDITORS' COMPENSATION

	POSITION			COMPENSATION in euro (1)			
	Position	Term (1)	Emoluments for position	Non-monetary benefits (5)	Bonuses and other incentives	Other compensation	
CARLO ROSANI	Chairman & Chief Executive Officer	2000-2002	155,867				
ANNA MARIA ONOFRI	Vice Chairman & Managing Director	2000-2002	78,243				
ALDO COPETTA	Managing Director	2000-2002	62,904			4,000 (2)	
GIOVANNI DE VECCHI	Director	2000-2002	19,522	4,519		111,002 (3)	
ALDO BOTTINI BONGRANI	Director	2000-2002	19,522	3,162	1,678	106,448 (4)	
MARIO COMANA	Director	2001-2002	53,627				
PAOLO LECHI	Director	2001-2002	19,522				
SARA ROSANI	Director	2000-2002	19,522	2,879		32,187 (4)	
GIOVANNI ROSANI	Director	2000-2002	19,522	2,104		26,074 (4)	
GUIDO ASTORI	Chairman of the Board of Statutory Auditors	2000-2002	21,204				
AUGUSTO REZZOLA	Statutory Auditor	2000-2002	13,645				
LEONE SCUTTI	Statutory Auditor	2000-2002	13,645				

(1) The expiration of the term coincides with the approval of the 2002 Financial Statements for both Board of Directors and Board of Statutory Auditors.

(2) Compensation for services. See Relationships with related parties in the Management report.

(3) Gross retribution for employment amounts to € 104,752; emoluments for positions held in subsidiaries amount to € 6,250.

(4) Gross retribution for employment.

(5) Made up by fringe benefits represented by the use of a company car and insurance coverage.



■ Reconta Ernst & Young S.p.A.
Corso Magenta, 29
25121 Brescia

■ Tel. (+39) 030 2896111
Fax (+39) 030 2954337
WWW.EY.COM

AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders
of Cembre S.p.A.

1. We have audited the financial statements of Cembre S.p.A. as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Cembre S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency¹). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 26, 2002.

3. In our opinion, the financial statements of Cembre S.p.A. comply with the Italian¹ regulations governing financial statements; accordingly, they clearly present and give a true and fair view of the financial position of Cembre S.p.A. as of December 31, 2002, and the results of its operations for the year then ended.

¹ **Words added in translation from original Italian text**

■ Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via C.D. Romagnoli, 18/A
Capitale Sociale € 1.111.000.000, i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.L.A.A. di Roma
Codice Iscritto e numero di iscrizione 004340035634
P.I. 00891231013
Vecchio numero R.L. 6697/89 - numero R.L.A. 250903



RECONTA ERNST & YOUNG

4. As in prior years, the Company booked accelerated depreciation expenses in addition to those based on useful lives of the fixed assets; the effects on the financial statements of the accelerated depreciation expenses are illustrated in the Notes to the financial statements.
5. The Company, together with the financial statements, has prepared the consolidated financial statements as requested by the law. The consolidated financial statements, also audited by us, has enclosed our audit report dated March 26, 2003.

Brescia March 26, 2003

RECONTA ERNST & YOUNG S.P.A.
Signed by: Stefano Colpani, partner

*Cembre Group Management Report
at 31 December 2002*



Cembre Group Management Report for the financial year ended December 31, 2002

In 2002, the Italian and European markets registered a period of stagnation, with the only exception of the Spanish market, helped by strong public investments in infrastructure.

Revenues increased from € 56,002 thousand in 2001, to € 56,946 thousand in the current year, up 1.7%.

Revenues by Group company

(€ '000)	31.12.2002	31.12.2001
Parent company Cembre S.p.a.	34,106	34,630
Cembre Ltd. (UK)	7,373	7,245
Cembre S.a.r.l. (France)	4,006	4,033
Cembre España S.L.	4,723	3,829
Cembre GmbH (Germany)	3,611	4,181
Cembre AS (Norway)	543	379
Cembre Inc (USA)	2,361	1,705
General Marking srl (Italy)	223	0
Total	56,946	56,002

Sales by geographical area

	31.12.2002	31.12.2001
Italy	27,518	28,095
Rest of Europe	24,246	23,629
Rest of the World	5,182	4,278
Total	56,946	56,002

A total of 48.3% of Group sales in 2002 were represented by Italy (as compared with 50.2% in 2001), 42.6% by the rest of Europe (42.2% in 2001), and the remaining 9.1% by the rest of the World (7.6% in 2001). Sales in Italy declined by 2%, while sales for the rest of Europe registered a 2.6% decline. The increase in sales outside Europe is partly due to the growth in sales registered by the US subsidiary, in its fourth year of operation. Sales of the parent company, the German and French subsidiaries were negatively affected by the downturn in the respective markets, while the Spanish subsidiary benefited from strong public sector investment in infrastructure. Newly incorporated subsidiary General Marking began operating in the field of industrial marking, acquiring a cable and electrical component marking business unit for € 2.8 million.

Gross operating profit declined from € 11,009 thousand in 2001, to € 10,252 thousand in 2002, representing an 18% margin on sales. The reduction is due to higher personnel costs resulting from an increase in the number of employees. Operating profit amounts to € 6,271 thousand, representing



an 11% margin on sales, as compared with € 6,931 thousand in 2001.

The 2002 financial year closes with a consolidated net profit of 3,213 thousand, equal to 5.6% of sales, as compared with € 3,806 thousand in 2001, 6.8% of sales. The cash flow, represented by the sum of net profit, depreciation and amortization, declined from € 7,884 thousand in 2001 to € 7,195 thousand in 2002, corresponding to 12.6% of sales. To provide a better understanding of the Company's financial performance for 2002, a Reclassified Consolidated Income Statement at December 31, 2002 is enclosed as Attachment A.

Net financial position

(€ '000)	31.12.2002	31.12.2001
Long-term financial debt	(3,978)	(4,820)
Total long-term financial debt	(3,978)	(4,820)
Cash and short-term financial receivables	3,327	4,846
Short-term bank debt	(9,564)	(3,871)
Short-term financial debt	(47)	(45)
Marketable securities	465	567
Total short-term debt	(5,819)	1,497
Net financial position	(9,797)	(3,323)

The increase in debt on the previous year is due to high capital expenditure, increasing from € 2.2 million in 2001 to € 6.7 million in 2002, and to the acquisition of the business unit operating in the industrial marking segment made by General Marking for about € 2.8 million.

Capital expenditure

The largest capital expenditure was carried out by parent company Cembre SpA and amounts to € 6.7 million consisting primarily of industrial buildings (€ 3.5 million) and plant and equipment (€ 2.6 million). They are described in the Management Report contained in the financial statements of parent company Cembre SpA, to which we refer.

Research and Development

Thanks to its greater experience and numerous technicians, Cembre SpA carries out most of the Group's research and development activities, described in the Parent Company management report. Nevertheless, other Group companies participate actively in product development and research.



Related Parties

For details regarding transactions with related parties, please refer to the Parent Company management report.

Own shares

At December 31, 2002, Cembre SpA held 243,000 of its own shares recorded at cost, amounting to € 566,700, written down by € 140,556 to reflect their current market value. Cembre SpA own shares have a total par value of € 126,360, representing 1.43% of its share capital. No shares were acquired or disposed of in the year. At December 31, 2002, Cembre SpA had not acquired, disposed of, or owned directly or indirectly through subsidiary companies, trust companies or intermediaries, shares or holdings in companies having a controlling share in the company.

Subsequent Events

No event having significant effects on the Group's assets or financial performance occurred after the closing of the financial year.

Outlook

In 2003, the company expects to expand its activity both in Italy and abroad, while profit levels are expected to remain in line with the previous year.

ATTACHMENTS

The present document includes two attachments:

Attachment A: Reclassified Consolidated Income Statement at December 31, 2002;

Attachment B: Consolidated Statement of Cash Flows for the year ended December 31, 2002.

Brescia, Italy March 24, 2003

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



ATTACHMENT A - MANAGEMENT REPORT
CEMBRE GROUP CONSOLIDATED FINANCIAL STATEMENTS
RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2002

(in euro)	31.12.2002	%	31.12.2001	%
Sales	56,945,939	100	56,002,417	100
Other revenues and gains	49,559		151,941	
TOTAL REVENUES	56,995,498		56,154,358	
Change in work in progress, semi-finished and finished	1,566,451	2,75	1,997,639	3,57
Increase in assets due to internal construction	871,870	1,53	643,015	1,15
TOTAL OPERATING VALUE	59,433,819	104,37	58,795,012	104,99
Materials and services used	(30,800,794)	(54,09)	(30,136,799)	(53,81)
Other operating costs	(194,633)	(0,34)	(268,027)	(0,48)
VALUE ADDED	28,438,392	49,94	28,390,186	50,69
Personnel costs	(18,034,460)	(31,67)	(17,255,280)	(30,81)
Accruals to provision for doubtful accounts	(107,053)	(0,19)	(118,499)	(0,21)
Accruals to risk provision	(44,416)		(6,963)	
GROSS OPERATING MARGIN (EBITDA)	10,252,463	18,00	11,009,444	19,66
Intangible asset amortization	(427,898)	(0,75)	(552,972)	(0,99)
Tangible asset depreciation	(3,553,728)	(6,24)	(3,525,005)	(6,29)
OPERATING PROFIT (EBIT)	6,270,837	11,01	6,931,467	12,38
Financial income (expense)	(615,832)	(1,08)	(278,882)	(0,50)
PROFIT BEFORE EXTRAORDINARY ITEMS	5,655,005	9,93	6,652,585	11,88
Extraordinary items and adjustments to the value of financial assets	(450,692)	(0,79)	(86,971)	(0,16)
PROFIT BEFORE TAXES	5,204,313	9,14	6,565,614	11,72
Income taxes	(1,990,813)	(3,50)	(2,759,633)	(4,93)
NET PROFIT	3,213,500	5,64	3,805,981	6,80
CASH FLOW (net income plus depreciation and amortization)	7,195,126	12,64	7,883,958	14,08



**ATTACHMENT B - CEMBRE GROUP CONSOLIDATED FINANCIAL STATEMENTS
MANAGEMENT REPORT**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2002

(€ '000)

Sources of funds	31.12.2002	31.12.2001
Net profit	3,214	3,806
Adjustments for items not having an impact on cash flow:		
Tangible asset depreciation and write-downs	3,554	3,525
Intangible asset amortization and write-downs	428	553
Accruals to provisions for risks and charges	44	7
Employee termination indemnities	717	675
Cash flow generated by operating activities	7,957	8,566
Increase in long-term bank debt	2,000	2,500
Increase in other long-term debt	2	1
Net book value of assets sold	660	190
Change in provisions for risks and charges	9	295
Decline in long-term receivables	0	27
Other changes in assets	(279)	162
TOTAL SOURCES OF FUNDS	10,349	11,741
Uses of funds		
Increase in intangible assets	1,812	28
Acquisition of tangible assets	8,858	3,121
Increase in long-term receivables	50	0
Decrease in long-term bank debt	2,536	506
Transfer to current portion of long-term debt	308	955
Payment of employee termination indemnities	343	146
Dividends paid	1,676	1,471
TOTAL USES OF FUNDS	15,583	6,227
INCREASE (DECREASE) IN WORKING CAPITAL	(5,234)	5,514



Changes in net current assets:		
Current assets		
Cash and banks	(1,520)	2,034
Marketable securities	(101)	(12)
Short-term financial assets	(1)	1
Trade receivables	781	766
Other receivables	351	(252)
Inventories	1,329	2,771
Accrued income and prepaid expenses	412	(19)
	1,251	5,289
Current liabilities		
Bank overdrafts	5,692	(149)
Short-term bonds	2	0
Trade payables	1,027	(191)
Taxes payable	(238)	(39)
Other payables	(111)	142
Accrued expenses and deferred income	113	12
	6,485	(225)
INCREASE (DECREASE) IN NET CURRENT ASSETS	(5,234)	5,514

*Consolidated Balance Sheet
at 31 December 2002*



Consolidated Financial Statements at December 31, 2002

Balance Sheet (in euro) - Assets	31.12.2002	31.12.2001
A) Capital not paid-in		
B) Fixed assets		
<i>I - Intangible assets</i>		
1) Incorporation costs	87,846	11,176
3) Industrial patents and intellectual property rights	363,422	93,523
4) Concessions, licenses and trademarks	247,244	4,499
5) Goodwill	92,962	0
5)a Consolidation differences	142,977	270,446
7) Other assets	829,756	0
Total	1,764,207	379,644
<i>II - Tangible assets</i>		
1) Land and buildings	10,954,956	8,630,311
2) Plant and machinery	8,981,120	7,864,118
3) Equipment	2,390,903	1,228,574
4) Other assets	2,076,256	1,718,981
5) Work in progress and advances	315,409	632,678
Total	24,718,644	20,074,662
<i>III - Financial assets</i>		
1) Investments in:		
d) other companies	5,224	5,224
2) Receivables		
d) short-term receivables from others	1,034	1,550
d) long-term receivables from others	180,648	222,745
Total	186,906	229,519
Total assets	26,669,757	20,683,825
C) Current assets		
<i>I - Inventories</i>		
1) Raw materials	4,851,554	4,749,763
2) Work in progress and semi-finished goods	4,664,993	4,444,374
4) Finished goods	12,393,919	11,387,379
Total	21,910,466	20,581,516



<i>II - Receivables</i>		
1) Trade		
- short-term	17,652,516	16,871,756
5) Other		
- short-term	1,514,106	1,163,935
- long-term	100,338	7,614
Total other receivables	1,614,444	1,171,549
Total receivables	19,266,960	18,043,305
 <i>III - Marketable securities</i>		
5) Own shares (par value € 126,360)	465,296	566,700
 <i>IV - Cash and cash equivalents</i>		
1) Bank deposits	3,299,967	4,829,553
3) Cash	27,270	17,122
Total cash and cash equivalents	3,327,237	4,846,675
Total current assets	44,969,959	44,038,197
D) Accrued income and prepaid expenses	522,103	110,726
Total assets	72,161,819	64,832,748

Liabilities and Shareholders' Equity	31.12.2002	31.12.2001
A) Shareholders' Equity		
I - Share capital	8,840,000	8,840,000
II - Paid-in capital in excess of par value	12,244,869	12,244,869
III - Revaluation reserve	585,159	585,159
IV - Legal reserve	1,109,396	964,924
V - Reserve for own shares	465,296	566,700
VI - Statutory reserves	0	0
VII - Other reserves		
Provisions for suspended-tax reserves	68,412	68,412
Consolidation reserve	4,443,057	3,371,291
Currency translation difference reserve	189,753	625,208
Extraordinary reserve	8,596,299	7,425,627
VIII - Retained earnings	0	0
IX - Net profit	3,213,500	3,805,981
Consolidated Shareholders' Equity	39,755,741	38,498,171



B) Provision for risks and charges		
2) Income taxes	2,196,715	2,400,546
3) Other	305,247	48,412
Total provisions for risks and charges	2,501,962	2,448,958
C) Employee termination indemnities		
	3,501,976	3,128,020
D) Payables		
3) Bank loans		
- short-term	9,564,392	3,871,246
- long-term	3,912,019	4,755,776
Total bank loans	13,476,411	8,627,022
4) Other financial payables		
- short-term	47,070	45,278
- long-term	66,256	63,738
Total other financial payables	113,326	109,016
5) Advances	115,930	24,176
6) Trade payables	8,583,963	7,648,649
11) Taxes payable	1,447,828	1,557,109
12) Social security payables	774,048	903,285
13) Other payables	1,706,586	1,817,586
Total payables	26,218,092	20,686,843
E) Accrued expenses and deferred income		
	184,048	70,756
Total liabilities	72,161,819	64,832,748
Commitments		
2) Guarantees given	59,510	76,727
3) Guarantees received	236,746	237,062



Consolidated Income Statement (in euro)	31.12.2002	31.12.2001
A) Revenues		
1) Sales	56,945,939	56,002,417
2) Change in work in progress, semi-finished and finished goods inventories	1,566,451	1,997,639
4) Increase in assets due to internal construction	871,870	643,015
5) Other revenues:		
a) sundry	49,559	73,335
b) contributions received	0	78,606
Total operating value	59,433,819	58,795,012
B) Operating Costs		
6) Raw materials	(19,980,602)	(20,677,607)
7) Services	(10,016,860)	(9,410,606)
8) Leases and rentals	(935,136)	(701,920)
9) Personnel		
a) Wages and salaries	(13,545,771)	(13,010,888)
b) Social security	(3,638,452)	(3,482,506)
c) Employee termination indemnities	(712,522)	(670,662)
d) Retirement benefits	(12,134)	(9,338)
e) Other costs	(125,581)	(81,886)
Total personnel costs	(18,034,460)	(17,255,280)
10) Depreciation and write-downs		
a) Amortization of intangible assets	(427,898)	(552,972)
b) Amortization of tangible assets	(3,553,728)	(3,525,005)
d) Write-down in the value of current assets	(107,053)	(118,499)
Total depreciation and write downs	(4,088,679)	(4,196,476)
11) Change in raw material inventories	131,804	653,334
12) Accruals to risk provisions	(44,416)	(6,963)
14) Other operating costs	(194,633)	(268,027)
Total Operating Costs	(53,162,982)	(51,863,545)
Operating income (A-B)	6,270,837	6,931,467



C) Finance Income and expenses		
16) Other financial income:		
d) other income	73,906	180,637
17) Interest and other financial charges	(689,738)	(459,519)
Total	(615,832)	(278,882)
D) Adjustments to the value of financial assets		
18) Revaluations		
b) long-term financial assets	5,611	6,512
19) Write-downs		
c) marketable securities (excluding subsidiaries)	(101,404)	(12,647)
Total adjustments to the value of financial assets	(95,793)	(6,135)
E) Extraordinary items		
20) Income	49,178	88,533
21) Losses	(404,077)	(169,369)
Total extraordinary items	(354,899)	(80,836)
Profit before taxes (A-B+C+D+E)	5,204,313	6,565,614
22) Income taxes		
a) current	(2,194,040)	(2,563,671)
b) deferred	203,227	(195,962)
Total income taxes	(1,990,813)	(2,759,633)
23) Net profit	3,213,500	3,805,981

Brescia, March 24, 2003

THE CHAIRMAN OF THE BOARD OF DIRECTORS
CEMBRE S.P.A. – GROUP PARENT COMPANY
CARLO ROSANI



Notes to the Consolidated Financial Statements for the year ending December 31, 2002

The Consolidated Financial Statements for the year ended December 31, 2002 have been prepared in accordance with Legislative Decree no. 127, April 9, 1991.

The included notes contain the following information:

1. Content and form of the consolidated financial statements
2. Consolidation principles and valuation criteria
3. Significant information relating to Balance Sheet items
4. Sales revenues
5. Cost of services received
6. Personnel costs
7. Other financial income
8. Net financial charges
9. Adjustments to the value of financial assets
10. Extraordinary charges
11. Board compensation
12. List of consolidated companies

Valuation criteria used in the Consolidated Financial Statements are those adopted by the Parent Company. These have been consistently and uniformly applied with the exception, consistent with prior years, of Parent Company's raw material inventories, valued at the average cost instead of the LIFO method, to allow for consistency in valuation criteria applied throughout the Group.

We also bring to your attention that:

- no event requiring the application of exemptions provided for by Article 29, paragraphs 4 and 5 of the mentioned Legislative Decree occurred;
- amounts recorded in the Consolidated Financial Statements for the year ended December 31, 2002, are consistent with those reported for the previous year. Where necessary, items for the previous year have been reclassified. Changes in Balance Sheet and Income Statement items due to changes in the area of consolidation are explained and commented upon in the notes, where significant;
- valuation criteria applied are in compliance with current regulations;
- significant changes relating to Balance Sheet and Income Statement items are commented upon;
- risks and charges relating to the year whose existence became known after the closing date of the Financial Statements were taken into account.



1. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Group include the statutory accounts at December 31, 2002 of Cembre S.p.A., its parent company, and those of the following companies:

	Group share at December 31, 2002	Group share at December 31, 2001
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 **(US)	100%	100%
7. General Marking s.r.l. (Italy)	100%	

* 5% share held through Cembre Ltd.

** 50% share held through Cembre Ltd.

The Group has control of the above companies pursuant to Article 2359 of the Italian Civil Code. The consolidation area is unchanged from the previous year as the merger of Oelma, a wholly-owned subsidiary since 1999, into parent company Cembre SpA, effective January 1, 2002, did not result in any change in the same.

The Consolidated Financial Statements include the statutory accounts at December 31, 2002 approved by the boards of the respective subsidiaries and by the Board of Directors of parent company Cembre SpA.

Criteria used in the preparation of the above mentioned financial statements were applied consistently within the Group. Where necessary, financial data was adjusted and reclassified.

2. CONSOLIDATION PRINCIPLES AND VALUATION CRITERIA

2.1 Consolidation principles

Consolidation was carried out using the line-by-line method, in accordance with principles defined in articles 31, 32 and 33 of Legislative Decree no. 127, April 9, 1991.

Criteria adopted in applying this method were the following:

a) assets, liabilities, revenues, expenses, gains and losses of consolidated companies were included in full in the consolidated financial statements.

The following items were instead eliminated:

- 1) equity investments in consolidated companies and the corresponding share in the respective Shareholders' Equity;
- 2) receivables and payables between consolidated companies;
- 3) revenues and expenses arising from transactions between consolidated companies;
- 4) gains and losses arising from transactions concluded between consolidated companies, and the related assets, other than contract work in progress;

b) value adjustments and accruals made exclusively pursuant to tax regulations have been eliminated;

c) differences between the acquisition cost and the related book value of consolidated companies existing at the time of their first consolidation or at the date shares in consolidated companies were acquired, were recorded under Shareholders' Equity as "Consolidation reserve".

The 'Consolidation reserve' was reduced by positive differences arising from the first-time consolidation of subsidiaries Cembre España S.L. and Cembre A.S., amounting respectively to € 31,113 and € 172,480. The latter amount relates also to the acquisition made subsequent to the first consolidation. Positive differences arising from the acquisition of Cembre Ltd. shares in the first half of 1997 and Oelma Srl shares in the first half of 1999, considering their significance, were classified under assets as 'Consolidation differences'.

Income and losses recorded by subsidiaries following their first consolidation are added or subtracted from the Consolidation reserve.

2.2 Valuation criteria applied

Intangible assets

Intangible assets are recorded at cost, net of amortization calculated on a straight line basis over their expected useful economic life, as provided by the Italian Civil Code.

Goodwill and consolidation differences are amortized over 5 years.

Tangible assets

Tangible assets are recorded at the acquisition or production cost, inclusive of all costs directly attributable to the assets. They are adjusted to take into account revaluations made in accordance with the Law, and the recording, where appropriate, of the difference between the cost of the investment and the corresponding share in the Shareholders' Equity acquired. The book value of intangible assets is adjusted to take into account depreciation calculated on a straight-line basis over the expected residual useful life of the assets, reflecting their physical depletion, in accordance with the provisions of Article 2426 of the Italian Civil Code.

Fixed assets acquired through leasing transactions are recorded at cost under assets in the Balance Sheet, net of accumulated depreciation. The amount of the loan relating to the respective asset is recorded under liabilities as payable to other financing entities, in accordance with international accounting principles.

Depreciation rates applied, unchanged from the previous year, are:

Buildings and light installations	2% – 10%
Plant and machinery	5% – 25%
Equipment	6% – 25%
Other assets (Office furniture and equipment, vehicles)	6% – 33%

Ordinary maintenance and repair costs are recorded in the income statement in the year in which they are incurred.

Inventories

Inventories are valued at the lower of acquisition or production cost and their expected realizable value. Raw materials, semi-finished and finished goods inventories are valued using the weighted-average purchase or production cost method.

Work in progress inventories are valued at their processing cost, inclusive of raw materials, labour, direct and indirect manufacturing costs, taking into account stages of completion.



Receivables and payables

Receivables are recorded at the expected realizable value, represented by the face value, adjusted, where necessary, for provisions for doubtful accounts. Payables are recorded at face value, representative of liabilities actually accrued.

Marketable securities

Marketable securities are recorded at the lower of cost, represented by the weighted average acquisition cost, and market value. Write-downs are reversed whenever the impairment in value ceases to exist.

Accrued income and prepaid expenses, accrued expenses and deferred income

These are recorded on the basis of the accrual method.

Provisions for risks and charges

Provisions for risks and charges are accrued against known or probable liabilities whose amount and timing could not be determined at the date of the financial statements.

Provision for employee termination indemnities

The provision for employee termination indemnities reflects the amount owed by the Group at the end of the year to its employees upon termination of their employment, in accordance with labour agreements and laws applicable in Italy. Extraordinary retirement benefits recognized pursuant to French regulations to persons employed in France, are also included in this provision.

Deferred tax provision and prepaid taxes

The provision includes deferred taxes resulting from differences between taxable and reported income, consisting mainly of accelerated depreciation and the difference between the valuation of the parent company's inventories at the average cost and the LIFO method.

Prepaid taxes, resulting from the netting of unrealized gains embodied in inventories of goods not sold to a third party at the end of the year, in addition to amounts recorded by Group companies as prepaid taxes relating to taxed accruals, are classified as 'receivable from third parties' under current asset in the Balance Sheet. Deferred tax assets are recorded only where there exists reasonable certainty of their retrieval through future profits.

Taxes payable

They include taxes payable for the year, net of prepaid and withholding taxes. The tax expense for the year is determined according to applicable tax rates and expected taxable income. Taxes payable include the amount payable by Group companies as taxes withheld from employee's salaries.

Commitments

These represent commitments and guarantees given and received from others, excluding those relating to receivables or payables recorded in the Balance Sheet, in accordance with accounting principles applied. Secured guarantees are recorded at face value.

Revenues and expenses

Revenues and expenses are recorded on the basis of the accrual method, net of returns, discounts, allowances and bonuses.



2.3 Translation of financial statements denominated in currencies other than the euro

Criteria adopted in the conversion of financial statements denominated in currencies other than the euro are as follows:

- assets and liabilities are translated at the exchange rate in force at the date of the financial statements, with the exception of Balance Sheet items, translated at the historical exchange rate;
- revenues and expenses are translated at the average exchange rate for the year.

Differences emerging from the translation of amounts denominated in currencies other than the euro are recorded in the Provision for currency translation adjustments under Shareholders' Equity.

Exchange rates applied were:

Currency	Year-end exchange rate	Average exchange rate for 2002
Pound Sterling	0,6505	0,6288
US Dollar	1,0487	0,9456
Norwegian Krone	7,2756	7,5086

3. BALANCE SHEET ITEMS

3.1 Intangible assets

3.1.1 Incorporation costs

The item includes € 87,818 representing incorporation costs incurred by subsidiary General Marking, and € 28 incurred by the Spanish subsidiary, both net of amortization.

3.1.2 Industrial patents and intellectual property rights

The item includes the value of the patent acquired by subsidiary General Marking in the context of the acquisition of a business unit operating in the cable marking segment, and open-ended software licenses.

3.1.3 Concessions, licenses and trademarks

The item consists primarily of patents acquired by subsidiary General Marking.

3.1.4 Goodwill

It represents goodwill recorded by subsidiary General Marking on the acquisition of a business unit operating in the cable marking segment.

3.1.5 Consolidation differences

Consolidation differences amount to € 285,953, net of amortization totalling € 142,976, and arise from the difference between the price paid and the book value of assets acquired with regards to a controlling share in Oelma, net of the amount allocated to the building owned by the company, as described in the Property, plant and equipment note below. The amount was classified as goodwill in the merger between Oelma and the parent company which took effect on January 1, 2002.

The difference between the price paid for Cembre Ltd and the share in the equity acquired, amounting to € 552,421 was amortised in full in the year. The amortisation expense amounted to € 37 thousand.



3.1.6 Other intangible assets

These consist of capitalized costs incurred in the adaptation of the industrial building adjacent to the Brescia main complex to the specific production needs of the Group.

3.2 Property, plant and equipment

(€ '000)	Gross book value	Accumulated depreciation	December 31, 2002	December 31, 2001
Land and buildings	14,235	3,280	10,955	8,630
Plant and machinery	24,204	15,223	8,981	7,864
Equipment	5,412	3,021	2,391	1,228
Other assets	5,390	3,421	1,969	1,623
Leased assets	171	64	107	96
Work in progress	315		315	633
Total	49,727	25,009	24,718	20,074

The largest investments were made by the parent company and consisted of industrial buildings, plant, machinery and industrial equipment, as described in the accounts of Cembre SpA.

Following the mentioned merger of Oelma, the building located in San Giuliano Milanese was recorded in the accounts of the parent company at € 993 thousand, gross of the € 917 revaluation resulting from the allocation of part of the consolidation difference on the merger. The allocation is in line with the practice adopted in the consolidated financial statements at December 31, 2001.

Assets leased relate exclusively to the Spanish subsidiary. Parent company's tangible assets were revalued by € 1,076 thousand pursuant to laws no. 576/75, 72/1983 and 413/1991.

3.3 Investments

3.3.1 Investments in other companies

These are made up by equity investments in Consorzio Nazionale Imballaggi and Inn.tec. Srl, a technology innovation consortium, both with registered office at the Brescia Province main office.

3.3.2 Long-term receivables

The item includes mainly security deposits and prepaid withholding tax receivables on employee termination indemnities of the Group parent company.



3.4 Inventories

(€ '000)	Dec. 31, 2002	Dec. 31, 2001	Change
Raw materials	4,851	4,750	101
Work in progress and semi-finished goods	4,665	4,444	221
Finished goods	12,394	11,388	1,006
Total	21,910	20,582	1,328

The value of finished goods inventories is adjusted through a provision for slow-moving stock amounting to approximately € 349 thousand, recorded in the financial statements of the Group parent company to bring the value of inventories in line with their expected realizable value.

The weighted-average cost valuation of inventories is in line with the market value at December 31, 2002.

3.5 Trade receivables

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Gross trade receivables	18,249	17,447
Provision for doubtful accounts	(596)	(575)
Net trade receivables	17,653	16,872

The increase over the previous year is due to higher sales.

3.6 Other receivables

At December 31, 2002, short-term receivables from other parties were made up as follows:

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Prepaid taxes	950	870
Tax advances	63	0
VAT and similar foreign taxes	396	156
Other	105	138
Total	1,514	1,164

Prepaid taxes consist of € 843 thousand relating to unrealized gains on inventories not resold to third parties and € 107 thousand recorded by the Group parent company as described in the related statutory accounts.

Receivables on tax advances are due to tax advances paid in excess of income taxes payable for the year.

3.7 Own shares

At December 31, 2002, the parent company held 243,000 own shares. At March 24, 2003, the number of own shares held had not changed.



3.8 Accrued income and prepaid expenses

The increase on the previous year is due to the recording of a prepaid expense amounting to € 392,350 against a non-competition agreement expiring in 2006 in the financial statements of subsidiary General Marking in the context of the acquisition of a business unit operating in the industrial marking segment. The agreement was stipulated with the former exclusive distributor of products manufactured by the business unit acquired.

The long-term portion of the prepaid expense amounts to € 309,750.

3.9 Shareholders' Equity

The capital stock of the Group parent company amounts to € 8,840,000 and is made up of 17 million ordinary shares of par value € 0.52 each, fully underwritten and paid-up.

Following the € 101,404 write-down in the value of own shares held, the part of the Provision for own shares that came available was transferred to the extraordinary reserve.

A Statement of Changes in the Shareholders' Equity is enclosed below and constitutes an integral part of the present Notes. Changes in all Shareholders' Equity items are detailed.

Consolidation adjustments resulted in the following differences between the statutory accounts of parent company Cembre SpA at December 31, 2002 and the Consolidated Financial Statements at the same date:

Reconciliation between the parent company's statutory accounts and the consolidated financial statements of the Group (€ '000)	<i>Shareholders' Equity</i>	<i>Net income</i>
Shareholders' Equity and net profit reported in the parent company's statutory accounts at December 31, 2002	34,602	2,693
<i>Elimination of entries made exclusively for tax purposes:</i>		
- accelerated depreciation – Italian companies tax effect	4,990 (1,909)	105 16
	3,081	121
- Cembre Gmbh provision for product warranty (net of tax effect)	11	(1)
- adjustment of parent company's inventories to Group's valuation method tax effect	400 (153)	(218) 96
	247	(122)
Elimination of write-down of investment in subsidiary General Marking and provision for the loss reported by the same in 2002 (net of the related tax effect)	162	162
<i>Elimination of book value of consolidated companies:</i>		
- difference between book value of the investment and shareholders' equity and net income acquired	3,029	648
- consolidation adjustments		(37)
<i>Elimination of inter-company transactions:</i>		
- unrealized intra-group gains included in the value of inventories (net of tax effect)	(1,262)	(86)
- conversion difference on elimination of intra-group payables and receivables	(114)	(164)
Consolidated Shareholders' Equity and net income at December 31, 2002	39,756	3,214



The consolidation reserve is made up as follows (€ '000):	Dec. 31, 2002	Dec. 31, 2001
Investment elimination reserve	2,228	1,446
Accelerated depreciation and German subsidiary product warranty provision reversal	2,973	2,558
Provision for inventory depletion	370	292
Elimination of intra-group income	(1,177)	(987)
Conversion difference on elimination of intra-group payables and receivables	49	62
Total	4,443	3,371

3.10 Provisions for risks and charges

Provision for deferred taxes is made up as follows (€ '000)	Dec. 31, 2002	Dec. 31, 2001
Consolidated companies' provisions	127	219
Deferred taxes on reversal of accelerated depreciation	1,909	1,925
Deferred taxes resulting from the use of weighted average vs. LIFO in valuing parent company's inventory	153	249
German subsidiary product warranty provision reversal	8	8
Total	2,197	2,401

Consolidated companies' reserves include accruals made for amortization charges of Cembre UK recorded solely for tax purposes amounting to € 127 thousand. The provision for product warranties accrued exclusively for tax purposes by the German subsidiary, was eliminated.

Other provisions for risks and charges are made up as follows: (€ '000)	Dec. 31, 2002	Dec. 31, 2001
Provision for Social Security litigation	200	
Provision for currency fluctuations	68	
Additional customer indemnities provision	37	48
Total	305	48



3.11 Provision for employee termination indemnities

(€ '000)	Dec. 31, 2001	Accruals	Uses	Dec. 31, 2002
	3,128	717	(343)	3,502

Extraordinary termination indemnities recognized pursuant to French law to French employees terminating their employment was classified under the provision.

3.12 Payables

3.12.1 Bank debt

(€ '000)	Dec. 31, 2002		Dec. 31, 2001	
	Current	Long-term	Current	Long-term
Short-term loans and bank overdrafts	9,256		2,916	
Medium- and long-term loans	308	3,912	955	4,756
Total	9,564	3,912	3,871	4,756

A 3,47% fixed rate € 2 million, 18-month loan repayable in full at expiration was extended in December 2002 by Istituto Mobiliare Italiano S.p.A. The last instalment of the loan was repaid in January 2003. It is guaranteed by a first mortgage of € 2,892 thousand on one of the Brescia head office buildings, and has a residual balance at December 31, 2002 of € 155 thousand.

3.12.2 Taxes payable

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Withholding taxes payable	726	663
Current taxes	265	283
VAT and similar foreign taxes	427	450
Other taxes	30	161
Total	1,448	1,557



3.12.3 Other payables

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Payable to employees	641	737
Bonuses owed to customers	805	811
Commissions payable	137	182
Board of Statutory Auditors and equivalent foreign board compensation	21	19
Other	103	69
Total	1,707	1,818

The increase in bonuses payable to customers is due to higher sales.

4. SALES REVENUES

Sales by geographical area

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Italy	27,518	28,095
Rest of Europe	24,246	23,629
Rest of the World	5,182	4,278
Total	56,946	56,002



5. COST OF SERVICES RECEIVED

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Subcontracted work	2,066	2,047
Electricity, heating and water	667	623
Transport of goods sold	1,333	1,210
Fuel	190	180
Travelling expenses	623	602
Maintenance and repair	1,165	975
Consulting	981	875
Advertising and promotion	326	291
Insurance	345	287
Board compensation	600	586
Postage and telephone	317	292
Commissions	259	296
Security and cleaning	274	250
Other	871	897
Total	10,017	9,411

6. PERSONNEL COSTS

The increase in the cost of personnel is due to the higher number of Group employees. The average number of employees by category is shown in the table below.

	2002	2001
Management	17	15
Administrative and commercial staff	224	204
Workers	212	198
Total	453	417



7. OTHER FINANCIAL INCOME

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Interest on bank accounts	33	48
Interest on trade receivables	6	2
Foreign exchange gains	31	127
Other	4	4
Total	74	181

8. INTEREST AND OTHER FINANCIAL EXPENSES

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Interest on bank loans	374	370
Bank and other charges	83	18
Foreign currency losses and accruals	43	36
Foreign currency translation difference	190	36
Total	690	460

Negative foreign currency translation differences are due to the elimination of transactions between Group companies denominated in currencies other than the euro.

9. ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS

The write-down of marketable securities relates to own shares held by the parent company.

10. EXTRAORDINARY CHARGES

(€ '000)	Dec. 31, 2002	Dec. 31, 2001
Extraordinary losses	129	27
Returns of goods sold in previous years	75	142
Social Security payable	200	
Total	404	169

Extraordinary losses include € 40 thousand of taxes relating to the previous year, recorded by the parent company following a one percent reduction in the rate at which Dual Income Tax facilitations are calculated, subsequent to the approval of the 2001 financial statements. The amount includes also € 24 thousand of fees pertaining to the previous year.



11. BOARD COMPENSATION

Compensation of the Board of Directors and Board of Statutory Auditors is indicated in the Notes to the statutory accounts of Cembre SpA. The only Director of the parent company who received compensation from other Group companies is Giovanni De Vecchi, Chairman of General Marking Srl, who received € 6,250 for this position.

12. LIST OF CONSOLIDATED COMPANIES

Investments in companies consolidated line-by-line, pursuant to Article 26 of Legislative Decree no. 127, April 9, 1991, are listed below:

Company	Registered office	Share capital	Share held at Dec. 31, 2002	Share held at Dec. 31, 2001
Cembre Ltd	<i>Sutton Coldfield</i> (Birmingham)	UK £ 1,200,000	100%	100%
Cembre Sarl	<i>Morangis</i> (Paris)	€ 1,071,000	100% (*)	100% (*)
Cembre España SL	<i>Coslada</i> (Madrid)	€ 900,000	100% (*)	100% (*)
Cembre AS	<i>Stokke</i> (Norway)	NOK 2,400,000	100%	100%
Cembre GmbH	<i>Munich</i> (Germany)	€ 512,000	100% (*)	100% (*)
Cembre Inc	<i>Edison</i> (New Jersey - Usa)	US \$ 840,000	100%**)	100%**)
General Marking srl	<i>Brescia</i> (Italy)	€ 99,000	100%	

(*) of which 5% held through Cembre Ltd

(**) of which 50% held through Cembre Ltd

To provide more complete information regarding the financial and economic situation of the Company, the Consolidated Financial Statements contain – in addition to the Balance Sheet, Income Statement and Notes – a Statement of Changes in the Consolidated Shareholders' Equity for the year ended December 31, 2002 (Attachment no. 1)

Brescia, March 24, 2003

CHAIRMAN OF THE BOARD OF
PARENT COMPANY CEMBRE S.P.A.
CARLO ROSANI

**ATTACHMENT NO.1 TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CEMBRE GROUP
FOR THE YEAR ENDED DECEMBER 31, 2002
STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2002**

(in euro)	Share capital	Paid-in capital in excess of par value	Restatement reserve	Legal reserve	Reserve for own shares	Suspended tax reserves	Consolidation reserve	Translation differences	Extraordinary reserve	Net profit	Total shareholders' equity
Balance at December 31, 2001	8,840,000	12,244,869	585,159	964,924	566,700	68,412	3,371,291	625,208	7,425,627	3,805,981	38,498,171
Capital increase following conversion in euro											
Translation adjustments								(435,455)			(435,455)
Transfer due to write-down of own shares					(101,404)				101,404		
Transfer of net profit				144,472			916,541		1,069,268	(3,805,981)	(1,675,700)
Other changes							155,225				155,225
2002 net profit										3,213,500	3,213,500
Balance at December 31, 2002	8,840,000	12,244,869	585,159	1,109,396	465,296	68,412	4,443,057	189,753	8,596,299	3,213,500	39,755,741



■ Reconta Ernst & Young S.p.A.
Corso Magenta, 29
25121 Brescia

■ Tel. (+39) 030 2896111
Fax (+39) 030 295437
www.ey.com

AUDITORS' REPORT
pursuant to article 156 of Legislative Decree of February 24, 1998, n. 58
(Translation from the original Italian text)

To the Shareholders
of Cembre S.p.A.

1. We have audited the consolidated financial statements of Cembre S.p.A. as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Cembre S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) (1). In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated March 26, 2002.

3. In our opinion, the consolidated financial statements of Cembre S.p.A. comply with the Italian (1) regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Cembre S.p.A. as of December 31, 2002, and the consolidated results of its operations for the year then ended.

Brescia March 26, 2003

RECONTA ERNST & YOUNG S.P.A.
signed by: Stefano Colpani, partner

(1) Words added in translation from original Italian text

■ Reconta Ernst & Young S.p.A.
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 1/B/A
Capitale Sociale € 1.111.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231004
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

*Abstract of 12 May 2003 Shareholders
General Meeting resolutions regarding
the Financial Statement for the year
ending 31 December 2002*



Abstract of 12 May 2003 Shareholders General Meeting resolutions regarding the Financial Statement for the year ending 31 December 2002

- Shareholders General Meeting approved the parent company Financial Statement for the financial year ending 31 December 2002 and the documents annexed. Shareholders General meeting approved the allocation of the Company's 2002 financial year net profit of € 2,692,631.14 (rounded of to € 2,692,631 in Financial Statement) as follows:

- 5% of Net Profit to the legal reserve	€	134,632
---	---	---------

- dividend payments to shareholders, in the amount of € 0.08 for each of the Company's 16,757,000 outstanding shares, whose holders are entitled to dividends pursuant to Article 2357 of the Italian Civil Code	€	1,340,560
--	---	-----------

- to the extraordinary reserve	€	1,217,439.14
--------------------------------	---	--------------

The dividend, with full tax credits, is payable from 5 June 2003 with a date of record of 2 June 2003.

The consolidated financial statement and the documents annexed have been presented to Shareholders General meeting



Via Serenissima, 9 - 25135 Brescia (Italy)

Phone: 030 3692.1

Telefax: 030 3365766

P.O. Box 392 - 25100 Brescia (Italy)

www.cembre.com

E-mail: info@cembre.com