

Cembre SpA

Registered Office: Via Serenissima 9, Brescia, Italy

Share Capital: Euro 8.840.000 (fully paid-up)

Registration no: FC 00541390175 (Commercial Register of Brescia)

Report on the Quarter ended September 30, 2002

Consolidated Income Statement

<i>(in euros)</i>	first nine months 2002	first nine months 2001	2001	Third Quarter 2002	Third Quarter 2001
A) Revenues					
1) Sales	42.098.220	41.993.469	56.002.417	13.106.494	13.452.741
2) Change in work in progress, semi-finished and finished goods inventories	648.514	1.948.549	1.997.639	64.313	496.290
4) Increase in assets due to internal construction	626.663	535.880	643.015	136.232	231.413
5) Other revenues:					
a) sundry	36.827	36.286	73.335	10.117	20.152
b) contributions received	0	46.025	78.606	0	0
Total operating value	43.410.224	44.560.209	58.795.012	13.317.156	14.200.596
B) Operating Costs					
6) Raw materials	(14.812.684)	(15.745.800)	(20.677.607)	(4.312.529)	(4.772.875)
7) Services	(7.100.691)	(6.973.587)	(9.410.606)	(2.379.296)	(2.142.326)
8) Leases and rentals	(691.663)	(470.396)	(701.920)	(234.715)	(156.114)
9) Personnel					
a) Wages and salaries	(10.249.247)	(9.429.702)	(13.010.888)	(3.185.800)	(3.085.543)
b) Social security	(2.737.167)	(2.638.259)	(3.482.506)	(894.371)	(889.845)
c) Employee termination indemnities	(541.879)	(483.594)	(670.662)	(178.140)	(151.686)
d) Retirement benefits	(8.579)	(2.444)	(9.338)	(2.884)	(1.121)
e) Other costs	(87.763)	(69.507)	(81.886)	(33.629)	(21.093)
Total personnel costs	(13.624.635)	(12.623.506)	(17.255.280)	(4.294.824)	(4.149.288)
10) Depreciation and write-downs					
a) Amortization of intangible assets	(285.747)	(412.489)	(552.972)	(117.072)	(128.133)
b) Amortization of tangible assets	(2.537.692)	(2.645.963)	(3.525.005)	(838.198)	(885.569)
d) Write-down in the value of current assets	(77.846)	(93.671)	(118.499)	(28.131)	(39.625)
Total depreciation and write downs	(2.901.285)	(3.152.123)	(4.196.476)	(983.401)	(1.053.327)
11) Change in raw material inventories	548.136	827.804	653.334	(360.491)	(172.664)
12) Accruals to risk provisions	(8.447)	(5.277)	(6.963)	(1.328)	(1.700)
14) Other operating costs	(166.376)	(155.745)	(268.027)	(56.518)	(55.186)
Total Operating Costs	(38.757.645)	(38.298.630)	(51.863.545)	(12.623.102)	(12.503.480)
Operating income (A-B)	4.652.579	6.261.579	6.931.467	694.054	1.697.116

	first nine months 2002	first nine months 2001	2001	Third Quarter 2002	Third Quarter 2001
C) Finance Income and expenses					
16) Other financial income:					
d) other income	65.138	178.024	180.637	13.489	14.169
17) Interest and other financial charges	(428.720)	(441.844)	(459.519)	(62.178)	(215.460)
Total	(363.582)	(263.820)	(278.882)	(48.689)	(201.291)
D) Adjustments to the value of financial assets					
18) Revaluations					
b) long-term financial assets	4.693	5.148	6.512	1.096	834
c) marketable securities (excluding subsidiaries)	0	0	0	(38.248)	0
19) Write-downs					
c) marketable securities (excluding subsidiaries)	(27.994)	0	(12.647)	(27.994)	0
Total adjustments to the value of financial assets:	(23.301)	5.148	(6.135)	(65.146)	834
E) Extraordinary items					
20) Income	44.263	99.364	88.533	12.993	53.445
21) Losses	(373.248)	(155.450)	(169.369)	(222.801)	(76.657)
Total extraordinary items	(328.985)	(56.086)	(80.836)	(209.808)	(23.212)
Profit before taxes (A-B+C+D+E)	3.936.711	5.946.821	6.565.614	370.411	1.473.447

Consolidated net financial position <i>(in euros)</i>	Sept. 30, 2.002	June 30, 2.002	Dec. 31, 2.001
Non-current borrowings	(2.603.032)	(2.588.001)	(4.819.514)
Subtotal - non-current net financial liabilities	(2.603.032)	(2.588.001)	(4.819.514)
Cash and marketable securities	3.041.249	2.413.121	4.846.675
Current bank borrowings	(9.446.764)	(5.878.878)	(3.871.246)
Other current borrowings	(29.209)	(38.835)	(45.278)
Other available financial assets	538.707	604.948	566.700
Subtotal - current net financial liabilities	(5.896.017)	(2.899.644)	1.496.851
Group net financial liabilities	(8.499.049)	(5.487.645)	(3.322.663)

Brescia, November 13, 2002

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

CARLO ROSANI

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

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

Registration no. 00541390175 (Brescia Commercial Register)

Notes to the accounts for the 3rd Quarter of 2002

Accounting principles, form and content of the financial statements, estimates

Principles of consolidation and valuation criteria adopted in the present Report for the 3rd Quarter of 2002 are in line with those adopted for the Consolidated Financial Statements at December 31, 2001 to which we refer. The present Quarterly Report was prepared in accordance with Consob Regulation no. 11791 dated May 14, 1999 and subsequent amendments.

The Consolidated Financial Statements are based on the Statutory Accounts of Cembre SpA (parent company) at September 30, 2002, and those of the following companies at the same date:

	Share owned by the Group at June 30, 2002	Share owned by the Group at June 30, 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. **(USA)	100%	100%

7. General Marking Srl 100% -

* 5% share held through Cembre Ltd

** 50% share held through Cembre Ltd

The parent company has control of the above companies pursuant to Article 2359 of the Italian Civil Code.

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

In the 3rd Quarter of 2002, the consolidation area underwent changes due to the incorporation in July 2002 of company General Marking Srl, a wholly-owned subsidiary of Cembre S.p.A..

In addition, we remind that Oelma Srl, a wholly-owned subsidiary since 1999, was merged into Cembre SpA effective January 1, 2002. The merger had no significant effect on the accounting records and continuity with the amounts reported at December 31, 2001 was maintained.

The present Quarterly Report was prepared in accordance with the “period separation criteria”, based on which the period considered is treated as an independent financial period, in application of the accrual method.

Year-end bonuses recognized to customers were estimated based on sales and their expected performance. Personal bonuses to be paid to employees in December, in addition to gifts in kind offered to employees and third parties were also estimated based on previous years and sales trends.

Notes to the accounts

Personnel costs increase due to the higher number of parent company employees, amounting to 321 in the first nine months of 2002, up from 306 (including Oelma's personnel) in the same period in 2001, and to higher retributions. The increase in retributions follows the development of the organizational structure and the restructuring of production activities enabling the Company to face the expected recovery in demand in the last quarter of 2002. The increase in financial debt over June 30, 2002, is due mainly to the acquisition made on July 26, 2002 by subsidiary General Marking from company Sibocar Srl of its cable marking equipment and cable and electrical equipment marking division, for a total of euro 2.8 million.

Sales by geographical area

(thousands of euro)	first nine months 2002	first nine months 2001
Italy	19,916	21,037
Rest of Europe	18,124	17,685
Rest of the World	4,058	3,271
Total	<u>42,098</u>	<u>41,993</u>

Management expectations of operations in 2002

For the remaining part of 2002, management expects sales to register an increase over the same period in 2001 and profit levels to remain good. In the 3rd Quarter of 2001 sales registered a strong performance, while in the 4th Quarter of the year the market experienced a sharp downturn. In 2002, the 4th

Quarter should instead benefit from a recovery of the market, whose negative performance affected sales for the 3rd Quarter of the year.

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

Brescia, November 13, 2002

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

CARLO ROSANI

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy

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Cembre Group Management Report on the 3rd Quarter of 2002

(Amounts are expressed in euro unless otherwise indicated)

Revenues for the 3rd Quarter of 2002 amounted to euro 13,106,494, in line with the 3rd Quarter of 2001 in which they amounted to euro 13,452,741. Revenues for the first nine months of the year amounted to euro 42,098,220, in line with the same period in the previous year.

A total of 47.3% of Group sales were represented by Italy (as compared with 50.1% in the first nine months of 2001), 43.1% by the rest of Europe (42.1% in the first nine months of 2001), and the remaining 9.6% by the rest of the World (7.8% in the first nine months of 2001).

Revenues by Group company

	first nine months 2002	first nine months 2001
Parent company	24,891,231	25,850,996
Cembre Ltd. (UK)	5,523,240	5,609,480
Cembre S.a.r.l. (France)	3,038,014	3,028,927
Cembre España S.L. (Spain)	3,521,105	2,854,324
Cembre GmbH (Germany)	2,775,056	3,114,089
Cembre AS (Norway)	433,179	240,102
Cembre Inc (USA)	1,831,057	1,295,551
General Marking Srl (Italy)	85,337	—
Total	42,098,230	41,993,469

To allow a comparison of data for the two periods, Parent Company sales for the first nine months of 2001 include also sales reported by Oelma Srl (amounting to euro 1,821,834), merged into the former effective January 1, 2002. The decline in sales registered by the Parent Company is due to a weak domestic market, expected to recover in the last quarter of 2002.

To provide a better understanding of the Group's financial performance for the first nine months of 2002, a Reclassified Consolidated Income Statement is enclosed as Attachment A. In comparing data with the first nine months of 2001, it must be kept into account that the performance in the first nine months of 2001 was very good, registering profits above the average for the year, whereas the last quarter of 2002 is expected to report a stronger performance than in last quarter of 2001, affected by a sharp downturn.

The operating profit for the first nine months of 2002 amounted to euro 4,652,759, representing a 11.05% margin on sales for the period, declining on the first nine months of 2001 in which it amounted to euro 6,261,579.

Consolidated profit before taxes for the first nine months of 2002 amounts to euro 3,963,711, representing a 9.35% margin on sales for the same period, down on the first nine months of 2001 in which it amounted to euro 5,946,821.

Consolidated profit was affected by the recording of extraordinary costs amounting to euro 200,000, recorded on a prudent basis against possible liabilities arising from disagreements with INAIL (workers' insurance) on the alleged different classification of risks in the past, against which claim Cembre filed a grounded appeal.

Capital expenditure for the 3rd Quarter of 2002 amounted, net of depreciation and disposals, to euro 6,633 thousand. Such investments consist primarily of

buildings at the Cembre head office complex, to be used as a warehouse and for the packaging department, amounting to euro 770 thousand, by plant and machinery amounting to euro 2,113 thousand, and by machinery amounting to euro 306 thousand, among which a digital control center (euro 676 thousand), a lathe (euro 156 thousand), a vertical warehouse (euro 103 thousand), a press machine (euro 97 thousand), a vertical CNC work station (euro 81 thousand) and a shearing machine (euro 76 thousand).

Events subsequent to the closing date of the 3rd Quarter of 2002

No particular event that may significantly affect the economic performance, asset structure or financial performance of the Group occurred after September 30, 2002.

The present document includes a Reclassified Consolidated Income Statement for the Quarter ended September 30, 2002 (Attachment A).

Brescia, November 13, 2002

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

CARLO ROSANI

Attachment A - Management Report - Cembre Group's 2002 Third Quarter Results

Reclassified Consolidated Income Statement at September 30, 2002

(in euros)	first nine months 2002		first nine months 2001		2001	
		%		%		%
Sales	42.098.220	100,00	41.993.469	100,00	56.002.417	100,00
Other revenues and gains	36.827		82.311		151.941	
TOTAL REVENUES	42.135.047		42.075.780		56.154.358	
Change in work in progress, semi-finished and finished goods inventories	648.514	1,54	1.948.549	4,64	1.997.639	3,57
Increase in assets due to internal construction	626.663	1,49	535.880	1,28	643.015	1,15
TOTAL OPERATING VALUE	43.410.224	103,12	44.560.209	106,11	58.795.012	104,99
Materials and services used	(22.056.902)	(52,39)	(22.361.979)	(53,25)	(30.136.799)	(53,81)
Other operating costs	(166.376)	(0,40)	(155.745)	(0,37)	(268.027)	(0,48)
VALUE ADDED	21.186.946	50,33	22.042.485	52,49	28.390.186	50,69
Personnel costs	(13.624.635)	(32,36)	(12.623.506)	(30,06)	(17.255.280)	(30,81)
Accruals to provision for doubtful accounts	(77.846)	(0,18)	(93.671)	(0,22)	(118.499)	(0,21)
Accruals to risk provision	(8.447)		(5.277)		(6.963)	
GROSS OPERATING MARGIN (EBITDA)	7.476.018	17,76	9.320.031	22,19	11.009.444	19,66
Intangible asset amortization	(285.747)	(0,68)	(412.489)	(0,98)	(552.972)	(0,99)
Tangible asset depreciation	(2.537.692)	(6,03)	(2.645.963)	(6,30)	(3.525.005)	(6,29)
OPERATING PROFIT (EBIT)	4.652.579	11,05	6.261.579	14,91	6.931.467	12,38
Financial income (expense)	(363.582)	(0,86)	(263.820)	(0,63)	(278.882)	(0,50)
PROFIT BEFORE EXTRAORDINARY ITEMS	4.288.997	10,19	5.997.759	14,28	6.652.585	11,88
Extraordinary items and adjustments to the value of financial assets	(352.286)	(0,84)	(50.938)	(0,12)	(86.971)	(0,16)
PROFIT BEFORE TAXES	3.936.711	9,35	5.946.821	14,16	6.565.614	11,72