

Cembre SpA

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

Report on the Quarter ended March 31, 2002

Consolidated Income Statement

(in euro)	1st Quarter 2002	1st Quarter 2001	2001
A) Revenues			
1) Sales	14,138,051	13,810,989	56,002,417
2) Change in work in progress, semi-finished and finished goods inventories	230,144	655,923	1,997,639
4) Increase in assets due to internal construction	268,335	151,995	643,015
5) Other revenues:			
a) sundry	26,575	8,131	73,335
b) contributions received	0	46,025	78,606
Total operating value	14,663,105	14,673,063	58,795,012
B) Operating costs			
6) Raw materials	(5,211,902)	(5,279,148)	(20,677,607)
7) Services	(2,335,144)	(2,320,220)	(9,410,606)
8) Leases and rentals	(227,148)	(155,746)	(701,920)
9) Personnel			
a) Wages and salaries	(3,426,690)	(3,026,184)	(13,010,888)
b) Social security	(919,935)	(833,255)	(3,482,506)
c) Employee termination indemnities	(206,571)	(163,592)	(670,662)
d) Retirement benefits	(2,741)	(499)	(9,338)
e) Other costs	(20,087)	(23,181)	(81,886)
Total personnel costs	(4,576,024)	(4,046,711)	(17,255,280)
10) Depreciation and write-downs			
a) Amortization of intangible assets	(65,812)	(140,999)	(552,972)
b) Amortization of tangible assets	(837,803)	(860,843)	(3,525,005)
d) Write-down in the value of current assets	(24,714)	(22,625)	(118,499)
Total depreciation and write-downs	(938,738)	(1,024,467)	(4,196,476)
11) Change in raw material inventories	431,286	491,614	653,334
12) Accruals to risk provisions	(1,550)	(1,538)	(6,963)
14) Other operating costs	(48,616)	(47,817)	(268,027)
Total operating costs	(12,907,836)	(12,384,033)	(51,863,545)
Operating income (A-B)	1,755,269	2,289,030	6,931,467

C) Financial income and expense

16) Other financial income:			
d) other income	30,345	79,739	180,637
17) Interest and other financial charges	(95,898)	(125,539)	(459,519)
Total	(65,553)	(45,800)	(278,882)

D) Adjustments to the value of financial assets

18) Revaluations			
b) long-term financial assets	2,274	2,268	6,512
c) marketable securities	83,592	0	0
19) Write-downs			
c) marketable securities	0	0	(12,647)
Total adjustments to the value of financial assets	85,866	2,268	(6,135)

E) Extraordinary items

20) Income	16,395	12,597	88,533
21) Losses	(27,188)	(42,620)	(169,369)
Total extraordinary items	(10,793)	(30,023)	(80,836)

Profit before taxes (A-B+C+D+E)	1,764,789	2,215,475	6,565,614
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Consolidated Net Financial Position (in euro)	March 31, 2002	March 31, 2001	December 31, 2001
Long-term financial receivables	(4,775,140)	(3,605,332)	(4,819,514)
Net medium- and long-term debt	(4,775,140)	(3,605,332)	(4,819,514)
Cash	3,958,321	2,755,460	4,846,675
Short-term bank debt	(2,917,042)	(3,464,078)	(3,871,246)
Short-term financial debt	(42,552)	(44,012)	(45,278)
Marketable securities	650,292	579,348	566,700
Cash and equivalents	1,649,019	(173,282)	1,496,851
Net financial position	(3,126,121)	(3,778,614)	(3,322,663)

Brescia, May 13, 2002

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

CARLO ROSANI

Cembre SpA

Head Office: Via Serenissima 9, Brescia, Italy

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

Registration no.: CF 00541390175 (Brescia Commercial Register)

Notes to the accounts for the 1st Quarter of 2002

Accounting principles, form and content of the financial statements, estimated data

Principles of consolidation and valuation criteria adopted in the present Report for the 1st 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 December 31, 2001, and those of the following companies

at the same date	Share owned by the Group at March 31, 2002	Share owned by the Group at March 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. **(USA)	100%	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.

No change in the consolidation area occurred in the 1st Quarter of 2002 over the same period in the previous year or over December 31, 2001. Oelma Srl, a wholly-owned subsidiary since 1999, was merged into Cembre Spa effective January 1, 2002. The merger had no significant effect, while financial continuity of data contained in the Financial Statements 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. Bonuses to be paid to employees in July and 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 318 in the 1st Quarter of 2002, up from 298 (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 starting from June 2002.

Short-term financial payables do not include 2001 dividends payable to shareholders, amounting to euro 1,675,700, as resolved by the Shareholders' Meeting held at the present date.

Sales by geographical area

(euro)	March 31, 2002	March 31, 2001
Italy	6,812,395	7,253,944
Rest of Europe	6,076,175	5,887,848
Rest of the World	1,249,481	669,197
Total	<u>14,138,051</u>	13,810,989

Management expectations of operations in 2002

For the rest of 2002, management expects sales to grow over 2001 and profit levels to remain good.

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, May 13, 2002

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

CARLO ROSANI

Cembre SpA

Head Office: Via Serenissima 9, Brescia, Italy

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

Registration no.: CF 00541390175 (Brescia Commercial Register)

Cembre Group Management Report on the 1st Quarter of 2002

(Amounts are expressed in euro unless otherwise indicated)

In the 1st Quarter of 2002, revenues reached to euro 14,138,051, up from euro 13,810,989 in the same period in 2001, representing a 2.4% increase.

A total of 48.2% of Group sales were represented by Italy (as compared with 52.5% in the 1st Quarter of 2001), 43% by the rest of Europe (42.6% in the 1st Quarter of 2001), and the remaining 8.8% by the rest of the World (4.9% in the 1st Quarter of 2001).

Revenues by Group company

	1 st Quarter 2002	1 st Quarter 2001
Parent company	8,381,960	8,749,355
Cembre Ltd. (UK)	2,015,820	1,894,621
Cembre S.a.r.l. (France)	1,022,272	1,065,170
Cembre España S.L. (Spain)	1,088,016	931,773
Cembre GmbH (Germany)	878,302	955,874
Cembre AS (Norway)	79,484	70,833
Cembre Inc (USA)	672,197	143,363
Total	14,138,051	13,810,989

To allow a comparison of data for the two periods, Parent Company sales for the 1st Quarter of 2001 include also sales reported by Oelma Srl (amounting to euro 675,770), 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 by June 2002.

To provide a better understanding of the Group's financial performance for the 1st Quarter of 2002, a Reclassified Consolidated Income Statement is enclosed as Attachment A. The statement shows an improvement over 2001 both at the operating (EBIT) and pre-tax profit level, in terms of margin on sales. In comparing data with the 1st Quarter of 2001, it must be kept into account that the performance in this Quarter was good, registering profits above the average for the year.

The operating profit for the year amounted to euro 1,755,269, representing a 12.42% margin on sales for the Quarter, up from 12.38% for the whole of 2001.

Consolidated profit before taxes amounts to euro 1,764,789, representing a 12.48% margin on sales for the Quarter, up from 11.72% for 2001 as a whole.

Among capital expenditure for the 1st Quarter of 2002, major purchases were represented by a press machine (euro 97 thousand) and a lathe (euro 157 thousand), in addition to a vertical CNC (euro 81 thousand).

A new building to be used as a warehouse is currently under construction at the Cembre main office complex. The building is expected to be completed by June 2002.

Events subsequent to the closing date of the 1st Quarter of 2002

In addition to the distribution of dividends already described in the notes to the accounts for previous periods, no particular event that may significantly affect

the economic performance, asset structure or financial performance of the Group occurred.

The present document includes a Reclassified Consolidated Income Statement for the Quarter ended March 31, 2002 (Attachment A).

Brescia, May 13, 2002

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

CARLO ROSANI

Attachment A - Management Report - Cembre Group Consolidated Financial Statements
for the Quarter ended March 31, 2002

Reclassified Income Statement at March 31, 2002

(in euro)	1st Quarter 2002	%	1st Quarter 2001	%	2001	%
Sales	14.138.051	100,00	13.810.989	100,00	56.002.417	100,00
Other revenues and gains	26.575		54.156		151.941	
TOTAL REVENUES	14.164.626		13.865.145		56.154.358	
Change in work in progress, semi-finished and finished goods inventories	230.144	1,63	655.923	4,75	1.997.639	3,57
Increase in assets due to internal construction	268.335	1,90	151.995	1,10	643.015	1,15
TOTAL OPERATING VALUE	14.663.105	103,71	14.673.063	106,24	58.795.012	104,99
Materials and services used	(7.342.908)	(51,94)	(7.263.500)	(52,59)	(30.136.799)	(53,81)
Other operating costs	(48.616)	(0,34)	(47.817)	(0,35)	(268.027)	(0,48)
VALUE ADDED	7.271.581	51,43	7.361.746	53,30	28.390.186	50,69
Personnel costs	(4.576.024)	(32,37)	(4.046.711)	(29,30)	(17.255.280)	(30,81)
Accruals to provision for doubtful accounts	(24.714)	(0,17)	(22.625)	(0,16)	(118.499)	(0,21)
Accruals to risk provision	(1.550)		(1.538)		(6.963)	
GROSS OPERATING MARGIN (EBITDA)	2.669.293	18,88	3.290.872	23,83	11.009.444	19,66
Intangible asset amortization	(65.812)	(0,47)	(140.999)	(1,02)	(552.972)	(0,99)
Tangible asset depreciation	(848.212)	(6,00)	(860.843)	(6,23)	(3.525.005)	(6,29)
OPERATING PROFIT (EBIT)	1.755.269	12,42	2.289.030	16,57	6.931.467	12,38
Financial income (expense)	(65.553)	(0,46)	(45.800)	(0,33)	(278.882)	(0,50)
INCOME BEFORE EXTRAORDINARY ITEMS	1.689.716	11,95	2.243.230	16,24	6.652.585	11,88
Extraordinary items and adjustments to the value of financial assets	75.073	0,53	(27.755)	(0,20)	(86.971)	(0,16)
INCOME BEFORE TAXES	1.764.789	12,48	2.215.474	16,04	6.565.614	11,72