



COSTRUZIONI ELETTROMECCANICHE BRESCIANE

QUARTERLY
REPORT

AS OF 30 SEPTEMBER 2001

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 quarterly report prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

Cembre SpA

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Quarterly Report as of 30 september 2001

Consolidated Income Statement

<i>(in euros)</i>	III trimestre	III trimestre	1/1 - 30/9	1/1 - 30/9
	1/7 - 30/9 2001	1/7 - 30/9 2000	2001	2000
A) Value of production				
1) Sales	13.452.741	11.364.710	41.993.469	36.610.704
2) Change in work in process, semi-finished and finished goods inventories	496.290	(57.977)	1.948.549	757.263
4) Non-current assets in progress	231.413	55.591	535.880	445.471
5) Other				
a) miscellaneous	20.152	2.005	36.286	32.686
b) subsidies and contributions	0	0	46.025	44.465
Total Value of production	14.200.596	11.364.329	44.560.209	37.890.589
B) Operating Costs				
6) Raw materials, consumables and goods	(4.772.875)	(4.175.689)	(15.745.800)	(12.914.831)
7) Services	(2.142.326)	(1.928.616)	(6.973.587)	(6.233.270)
8) Use of third party assets	(156.114)	(144.623)	(470.396)	(409.935)
9) Personnel costs				
a) Wages and salaries	(3.085.543)	(2.623.833)	(9.429.702)	(8.098.250)
b) Social charges	(889.845)	(834.310)	(2.638.259)	(2.402.244)
c) Employee termination benefits	(151.686)	(105.741)	(483.594)	(438.314)
d) Retirement and related benefits	(1.121)	(2.142)	(2.444)	(2.861)
e) Other	(21.093)	(20.823)	(69.507)	(73.084)
Total personnel costs	(4.149.288)	(3.586.849)	(12.623.506)	(11.014.753)
10) Depreciation/amortisation and write-downs				
a) Intangible non-current asset amortisation	(128.133)	(143.640)	(412.489)	(418.738)
b) Property, plant and equipment depreciation	(885.569)	(821.191)	(2.645.963)	(2.440.474)
d) Receivables write-downs	(39.625)	(17.427)	(93.671)	(60.342)
Total depreciation/amortisation and write-downs	(1.053.327)	(982.258)	(3.152.123)	(2.919.554)
11) Change in raw materials, consumables and merchandise inventories	(172.664)	518.315	827.804	600.579
12) Provision for liabilities	(1.700)	(1.984)	(5.277)	(5.069)
14) Miscellaneous management charges	(55.186)	(83.132)	(155.745)	(169.284)
Total Operating Costs	(12.503.480)	(10.384.836)	(38.298.630)	(33.066.117)
Operating Profit (A-B)	1.697.116	979.493	6.261.579	4.824.472

Consolidated net financial position	30.09.2001	30.06.2001	31.12.2000
<i>(in euros)</i>			
Non-current borrowings	(2.995.808)	(3.640.717)	(3.754.923)
Subtotal - non-current net financial liabilities	(2.995.808)	(3.640.717)	(3.754.923)
Cash and marketable securities	3.215.295	3.061.651	2.812.046
Current bank borrowings	(3.814.843)	(4.581.527)	(4.020.410)
Other current borrowings	(44.908)	(50.731)	(44.389)
Other available financial assets	579.348	579.348	579.348
Subtotal - current net financial liabilities	(65.108)	(991.259)	(673.405)
Group net financial liabilities	(3.060.916)	(4.631.976)	(4.428.328)

Brescia, 13 november 2001

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

CARLO ROSANI

Cembre S.p.A.

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Board of Director's Review of Group' 2001 Third Quarter Results and Prospects

(All values in euros unless otherwise indicated)

Consolidated financial statements form, content and accounting principles

The consolidation and valuation principles and methods adopted are consistent with those used in the preparation of the 31 December 2000 full year consolidated financial statements. Quarterly financial statements are prepared in accordance with CONSOB Regulation 11971 of 14 May 1999 and any succeeding modifications.

Consolidated financial statements at 30 September 2001 incorporate the Balance Sheets and Income Statements of Cembre S.p.A., the parent company, and its subsidiaries:

	Group % holding	
	<u>30 Sept. 2001</u>	<u>30 Sept. 2000</u>
1. Cembre Ltd. (United Kingdom)	100%	100%
2. Cembre S.a.r.l.* (France)	100%	100%
3. Cembre España S.L.* (Spain)	100%	100%
4. Cembre AS (Norway)	100%	100%
5. Cembre GmbH (Germany)*	100%	100%
6. Cembre Inc** (USA)	100%	100%
7. Oelma srl (Italy)	100%	100%

: * 5% of share capital owned through Cembre Ltd

** 50% of share capital owned through Cembre Ltd

These companies are controlled pursuant to Article 2359 of the Italian Civil Code.

There were no modifications to the consolidation scope during the first nine months of 2001 compared to the consolidation scope as at 31 December 2000. Uniform and consistently applied valuation methods were used throughout the consolidated accounts, with reclassifications and adjustments undertaken where necessary.

Quarterly financial statements are prepared in accordance with the principle of distinct periods, whereby each quarter is treated as a separate accounting period. Accordingly, the quarterly financial statements incorporate all of the economic results that occurred during this period of time.

The provision for doubtful accounts was revised based on the current situation and future prospects of the Group's trade receivables. Benefits earned by employees and contract labour, and which are payable in December, were also accrued based on prior period results and current trends.

Significant variances compared with the previous financial period

The increase in personnel costs arises from a higher payroll, emanating from a larger workforce and increase in salaries.

Analysis of Group sales by geographic region

(€ 000's)	<u>30 Sept. 2001</u>	<u>30 Sept. 2000</u>
Italy	21,037	19,438
Rest of Europe	17,685	14,688
Rest of World	<u>3,271</u>	<u>2,483</u>
Total	<u>41,993</u>	<u>36,611</u>

2001 Fourth Quarter Prospects

2001 fourth quarter sales increases should be in line with those achieved during the first nine months of the year, and profitability margins should improve on those realised for the previous period.

The Company's business is not affected by cyclical or seasonal factors, other than a partial slowdown during the month of August for holidays and the month of December for Christmas holidays.

Brescia, Italy
13 November 2001

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Board of Director's Analysis of Group's 2001 Third Quarter Results

(All values in euros unless otherwise indicated)

Cembre Group enjoyed a positive third quarter, with Group sales for the nine-month period ending 30 September 2001 increasing by 14.7% to € 41,993,469 from € 36,610,704 for the same period last year.

50.1% of Group sales were realised in Italy, 42.1% in the Rest of Europe and the remaining 7.8% in the Rest of World, compared with 53%, 40% and 7% respectively for the same period last year. Italy and Rest of Europe enjoyed respective sales increases of 8.2% and 20.4%.

Group sales by company were as follows:

(€)	<u>30 Sept. 2001</u>	<u>30 Sept. 2000</u>
Cembre S.p.A. (Parent Company)	24,029,162	21,287,807
Cembre Ltd. (United Kingdom)	5,609,480	4,865,696
Cembre S.a.r.l. (France)	3,028,927	3,008,228
Cembre España S.L. (Spain)	2,854,324	2,171,689
Cembre GmbH (Germany)	3,114,089	2,195,896
Cembre AS (Norway)	240,102	293,932
Cembre Inc (USA)	1,295,551	737,113
Oelma srl (Italy)	<u>1,821,834</u>	<u>2,050,343</u>
Total	41,993,469	36,610,704

Oelma srl sales declined as a result of the transfer of some of its customers to Cembre S.p.A., prior to its merger with the latter on 1 January 2002. Cembre AS sales declined as a result of the discontinuation of its ordinary product line.

Gross operating profit for the nine month period improved by 21.3% to € 9,320,031, or 22.2% of sales, from € 7,683,684 or 21% of sales.

Operating profit for the nine month period improved by 29.8% to € 6,261,579, or 14.9% of sales, from € 4,824,472 or 13.2% of sales.

In order to provide a better understanding of the Group's results, the consolidated income statement for the nine month period ending 30 September 2001 has been restated in Appendix A of this report.

Group investments in property, plant and equipment during the first nine months of 2001 amounted to € 1,936,000, consisting of € 737,000 in new plant and machinery, € 563,000 in commercial and industrial equipment, and € 635,000 in other assets. Cembre S.p.A. was the most consistent investor, with € 560,000 invested in plant and machinery and € 417,000 invested in commercial and industrial equipment, including € 127,000 for an automatic belt for washing and sifting, € 124,000 for a cutter and € 61,000 for hydraulic shears.

Cembre Spa has signed a contract to lease an industrial facility near the Company's head office for a period of six years beginning 1 October 2001. The building covers an area of 5,960 m² over three floors, and its layout can accommodate any production use that may result from the achievement of full capacity from existing facilities.

In addition, construction work has begun on a new building near the Company's head office, which will be used as a storage facility. This building is expected to be complete by April 2002.

Post Balance Sheet Events

No events arose after the end of the third quarter that have a significant impact on the Group's profit or net assets.

Brescia, Italy
13 November 2001

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

APPENDIX A
Cembre Group's 2001 Third Quarter Results

Restated Consolidated Income Statement as of 30 september 2001

(in euros)	1/1 - 30/9 2001		1/1 - 30/9 2000		Incr. %
		%		%	
Sales	41.993.469	100,00	36.610.704	100,00	14,70%
Other operating revenues	82.311		77.151		6,69%
TOTAL OPERATING REVENUES	42.075.780		36.687.855		14,69%
Inventory movements	1.948.549	4,64	757.263	2,07	157,31%
Non-current assets internal construction	535.880	1,28	445.471	1,22	20,30%
TOTAL OPERATING VALUE	44.560.209	106,11	37.890.589	103,50	17,60%
Materials and services used	(22.361.979)	(53,25)	(18.957.457)	(51,78)	17,96%
Sundry management charges	(155.745)	(0,37)	(169.284)	(0,46)	-8,00%
ADDED VALUE	22.042.485	52,49	18.763.848	51,25	17,47%
Personnel costs	(12.623.506)	(30,06)	(11.014.753)	(30,09)	14,61%
Allowance for doubtful accounts	(93.671)	(0,22)	(60.342)	(0,16)	55,23%
Other provisions for liabilities and charges	(5.277)		(5.069)		4,10%
GROSS OPERATING PROFIT (EBITDA)	9.320.031	22,19	7.683.684	20,99	21,30%
Intangible assets amortisation	(412.489)	(0,98)	(418.738)	(1,14)	-1,49%
Property, plant and equipment depreciation	(2.645.963)	(6,30)	(2.440.474)	(6,67)	8,42%
OPERATING PROFIT (EBIT)	6.261.579	14,91	4.824.472	13,18	29,79%