

NEXTROM INTERIM REPORT

JANUARY - JUNE 2001

INTERIM REPORT 2001

General

The first 6 months of 2001 have seen Nextrom returning to profit, thanks mainly to the good performance of its business segment Fiber Optics, but also due to positive Operating results for the to be discontinued operations Metallic & Pipe and Film.

The order intake for the first half year amounted to CHF 253 million, which represents an increase of 22% compared to CHF 208 million during the same period in 2000. This increase is mainly the result of a continuous strong demand for Nextrom's Fiber manufacturing solutions. Nextrom's order intake in this business segment reached CHF 165 million during the first six months of 2001, 77% more than during the same period last year. This high order intake is partially due to the recent high investment activity in the Fiber Optics customer industry in Asia, compensating for a temporary slow down in the Americas. The cumulative order intake for the first six months in Nextrom's other business segments amounted to CHF 88 million (first six months 2000: CHF 115 million). Total Backlog at end of June 2001 amounted to CHF 282 million, of which CHF 207 million relate to the business segment Fiber Optics.

Gross sales for the first 6 months amounted to CHF 234 million, 40% higher than during the same period of 2000. Again, the business segment Fiber Optics has been the main driver behind this increase, with gross sales reaching CHF 128 million (first six months 2000: CHF 71 million). The sales also increased slightly in the business segments Metallic Cable & Pipe and Film and decreased slightly in the business segment Rotating & Twinning compared to the first half year 2000.

The operating profit of CHF 20.2 million compares to a loss of CHF 3.0 million for the same period in 2000. It has been strongly impacted by the high level of sales in the business segment Fiber Optics as well as by a general improvement in profitability thanks to improved project cost control. The business segment Fiber Optics contributed alone CHF 21.2 million to the operating profit which is already more than the CHF 15.2 million profit contribution for the full year 2000.

The first 6 months of 2001 resulted in a net profit of CHF 11.4 million compared to net losses of CHF 11.9 million and CHF 13.4 million for the same periods 2000 respectively 1999.

Thanks to CHF 28 million of cash generated from operations, the net debt of Nextrom has further decreased from CHF 80 million at the end of December 2000 to CHF 59 million. The good cash flow as well as the positive result improved Nextrom's gearing and equity ratios.

Outlook for whole year 2001

Management expects the sales volume and profitability of the business segment Fiber Optics during the second half of 2001 to be at a similar level to that of the first half. Due to the recent low order intake, the business segment Film is not expected to reach a break even operating result during the next 6 months. Also, some additional restructuring charges will be incurred in the business segment Rotating & Twinning in the second half of 2001. Overall, excluding the potential impacts of divestments, management estimates Nextrom to be clearly profitable for the second half of 2001.

Consolidated Interim Financial Information

Summarised consolidated profit and loss accounts for the periods

		Jan – Jun 01	Jan - Dec 00	Jan - Jun 00
		MCHF	MCHF	MCHF
Gross sales	(Note 2)	234.3	359.4	167.7
Gross profit		48.6	51.9	24.5
Operating profit / (loss)	(Notes 3, 4)	20.2	(26.0)	(3.0)
Profit / (loss) before tax		18.6	(36.1)	(8.4)
Net profit / (loss)		11.4	(42.1)	(11.9)

Summarised consolidated balance sheets for the periods ending

	Jun 01	Dec 00	Jun 00
Assets	MCHF	MCHF	MCHF
Cash and short term deposits	43.2	28.3	30.9
Other current assets	206.2	190.2	201.6
Long term assets	81.1	86.3	133.6
Total assets	330.5	304.8	366.1

Liabilities and shareholders' equity

Current finance liabilities	11.6	14.0	22.8
Other current liabilities	173.3	155.6	139.8
Long term debt	44.6	48.6	84.6
Other long term liabilities	4.5	2.7	4.4
Subordinated loan	46.0	46.0	46.0
Shareholders' equity	50.5	37.9	68.5
Total liabilities and shareholders' equity	330.5	304.8	366.1

Summarised consolidated cash flow for the periods

	Jan – Jun 01	Jan - Dec 00
	MCHF	MCHF
Cash flow from operating activities		
Profit / (Loss) before tax	18.6	(36.1)
Adjustments for:		
Depreciation, amortisation and impairment	4.7	41.5
Gain on disposal of fixed assets	-	(9.1)
Financial income and expenses	1.2	9.1
Operating profit before working capital changes	24.5	5.4
Decrease / (increase) in current operating assets	(13.0)	15.9
(Decrease) / increase in current operating liabilities	16.3	28.0
Cash generated from operations	27.8	49.3
Income tax paid	(6.2)	(6.8)
Net cash from operating activities	21.6	42.5

Notes to the consolidated financial information

1. Accounting policies

The consolidated profit and loss accounts and balance sheets have been prepared applying consistently the accounting policies detailed in the 2000 consolidated financial statements. International Accounting Standard Committee pronouncements that become effective for annual financial statements commencing 1 January 2001 have been implemented.

2. Gross sales by Business Segments

	Jan – Jun 01	Jan - Dec 00	Jan - Jun 00
	MCHF	MCHF	MCHF
Fiber Optics	127.5	140.2	71.1
Metallic & Pipe	76.9	137.1	61.7
Rotating & Twinning	19.2	47.8	23.9
Film	14.9	38.3	13.3
Other	5.9	8.4	1.8
Elimination of internal sales	(10.1)	(12.3)	(4.1)
Total gross sales	234.3	359.5	167.7

3. Segment Operating Result

	Jan – Jun 01 MCHF	Jan – Dec 00 MCHF
Fiber Optics	21.2	15.2
Metallic & Pipe	5.5	3.1
Rotating & Twinning	(0.9)	(19.4)
Film	0.2	(1.8)
Other	(2.5)	(1.8)
Unallocated Holding costs	(2.0)	(3.4)
Operating result before exceptional items	21.5	(8.1)
Exceptional items	(1.3)	(17.9)
Operating result	20.2	(26.0)

4. Post balance sheet event

As a result of Nextrom's strategy to concentrate on its Fiber Optics activities only, Nextrom has on August 29, 2001 entered into a binding agreement to sell its Metallic & Pipe activities. Management estimates this divestment will result in a loss of between CHF 6 million to 10 million, a charge that will be taken in the second half year 2001 when the binding agreement was signed.