CUMBERLAND TECHNOLOGIES INC
Form 10-Q
November 14, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[Mark One]

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2003.
or

[] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________ to _________.

Commission File No. 0-19727

CUMBERLAND TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Florida	59-3094503
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
4311 West Waters Avenue, Suite 501 Tampa, Florida	33614
(Address of principal executive office)	(Zip code)

(813) 885-2112
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and formal fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as determined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [x]

Applicable Only to Corporate Issuers

The number of shares of the Registrant's common stock, $.001 par value, outstanding as of September 30, 2003 was 5,597,244 shares.

CUMBERLAND TECHNOLOGIES, INC.
FORM 10-Q
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION FORM 10-Q
PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2003 (unaudited)	December 31, 2002
Investments:		
Debt securities available-for-sale at fair value	$ 5,242,096	$ 7,758,657
Debt securities held-to-maturity at amortized cost (fair value, September 30, 2003 - $100,000 and December 31, 2002 - $367,681), respectively	100,000	359,898
Mortgage loans on real estate, at unpaid principal	676,322	716,413
Short-term investments	433,993	433,993
Total investments	6,452,411	9,268,961
Cash and cash equivalents	189,700	593,259
Accrued investment income	87,642	123,894
Reinsurance recoverable	13,310,057	12,089,177
Accounts receivable:		
Nonaffiliate less allowance for doubtful accounts of $77,122 and $116,323 at September 30, 2003 and December 31, 2002, respectively	1,498,775	2,518,187
Income tax recoverable	98,981	1,073,686
Deferred income tax asset	410,800	401,738
Deferred policy acquisition costs	1,613,609	1,665,694
Intangibles, net	223,126	288,473
Goodwill	152,780	152,780
Other investment	700,124	700,124
Other assets	185,990	302,515
	$24,923,995	$29,178,488

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2003	December 31, 2002
	(unaudited)	
Policy liabilities and accruals:		
Loss and loss adjustment expense reserves	$ 6,615,059	$ 8,895,470
Derivative instruments	4,130,558	4,346,285
Unearned premiums	4,312,521	4,587,175
Ceded reinsurance payable	--	26,883
Drafts outstanding	575,282	--
Accounts payable and other liabilities	1,981,676	3,775,924
Long-term debt:		
Nonaffiliate	401,417	455,417
Affiliate	604,055	604,055
Total liabilities	18,620,568	22,691,209
Stockholders' equity:		
Common stock, $.001 par value; 10,000,000 shares authorized; 5,915,356 shares issued	5,916	5,916
Capital in excess of par value	7,270,316	7,270,316
Accumulated other comprehensive income	171,303	210,574
Accumulated deficit	(880,389)	(735,808)
Less treasury stock, at cost, 318,112 shares .	(263,719)	(263,719)
Total stockholders' equity	6,303,427	6,487,279
Total liabilities and stockholders' equity	$ 24,923,995	$29,178,488

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Nine Months Ended September 30, 2003	2002
Revenue:		
Direct premiums earned........................	$ 7,610,770	$ 10,734,758
Reinsurance premiums earned....................	436,904	2,828,414
Less reinsurance ceded........................	(1,963,616)	(2,458,760)
Net premium income............................	6,084,058	11,104,412
Net investment income.........................	209,039	373,411
Net realized investment gains	70,835	14,851
Other income..................................	1,535,702	1,611,878
Total revenue.................................	7,899,634	13,104,552
Benefits and Expenses:		
Losses and loss adjustment expenses...........	1,774,383	6,253,934
Derivative expense............................	428,218	2,505,923
Amortization of deferred policy acquisition costs....................................	1,781,801	3,294,236
Operating expenses............................	4,109,396	4,781,024
Interest expense..............................	24,917	27,369
Total expenses................................	8,118,715	16,862,486
Loss before income tax benefit................	(219,081)	(3,757,934)
Income tax benefit............................	(74,500)	(1,179,304)
Net loss......................................	$ (144,581)	$ (2,578,630)
Weighted average shares outstanding - basic....	5,597,244	5,597,244
Net loss per share - basic....................	$ (0.03)	$ (0.46)

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30, 2003	2002
Revenue:		
Direct premiums earned	$ 2,490,831	$ 3,723,222
Reinsurance premiums earned	25,560	959,831
Less reinsurance ceded	(609,448)	(583,365)
Net premium income	1,906,943	4,099,688
Net investment income	53,504	126,927
Net realized investment gains	29,576	27,708
Other income	453,796	540,419
Total revenue	2,443,819	4,794,742
Benefits and Expenses:		
Losses and loss adjustment expenses	316,989	2,284,615
Derivative expense	(6,054)	1,464,451
Amortization of deferred policy acquisition costs	771,679	978,582
Operating expenses	1,369,746	1,455,660
Interest expense	7,928	8,306
Total expenses	2,460,288	6,191,614
Loss before income tax benefit	(16,469)	(1,396,872)
Income tax expense (benefit)	1,682	(297,307)
Net loss	$ (18,151)	$(1,099,565)
Weighted average shares outstanding - basic	5,597,244	5,597,244
Net loss per share - basic	$ 0.00	$ (0.20)

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 (UNAUDITED) AND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Common Shares		Capital in Excess of Par Value	Other Comprehensive Income	Ret Ear (Accu Def
	Stock	Amount			
Balance at January 1, 2002	5,915,356	$ 5,916	$ 7,270,316	$ 70,729	$ 8
Net unrealized appreciation of available-for-sale securities, net of income tax				139,845	
Net loss					(1,56
Comprehensive loss					
Balance at December 31, 2002	5,915,356	5,916	7,270,316	210,574	(73
Net unrealized depreciation of available-for-sale securities, net of income tax.................				(39,271)	
Net loss					(14
Comprehensive loss					
Balance at September 30,2003 5,915,356......	$ 5,915,356	5,916	$ 7,270,316	$ 171,303	$ (88

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2003	2002
Operating activities:		
Net loss	$ (144,581)	$(2,578,630)
Adjustments to reconcile net loss to cash used in operating activities:		
Accretion of investment discounts and premiums	17,729	23,414

Policy acquisition costs amortized	1,781,801	3,294,236
Policy acquisition costs deferred	(1,729,716)	(3,355,732)
Amortization	65,347	89,476
Net realized (gain) loss on disposal of investments	(70,835)	(14,851)
(Increase) decrease in:		
Accrued investment income	36,252	21,266
Reinsurance recoverable	(1,220,880)	(1,936,921)
Accounts receivable	1,019,412	2,144,592
Income tax recoverable	974,705	(1,056,625)
Deferred income tax asset	14,631	(271,623)
Other assets	116,525	16,864
(Decrease) increase in:		
Policy liabilities and accruals	(2,555,065)	(443,475)
Derivative liability	(215,727)	2,350,409
Ceded reinsurance payable	(26,883)	(933,414)
Accounts payable and other liabilities	(1,794,248)	1,468,770
Drafts outstanding	575,282	--
Income tax payable	--	(113,284)
Net cash used in operating activities	(3,156,251)	(1,295,528)
Investing activities:		
Securities available-for-sale:		
Purchases - fixed maturities	(1,324,158)	(3,172,826)
Proceeds from fixed maturities	3,830,759	3,840,296
Securities held-to-maturity:		
Proceeds from sales - debt securities	260,000	--
Proceeds (purchases) of mortgage loans	40,091	(35,339)
Net cash provided by investing activities	2,806,692	632,131
Financing activities:		
Payments on long-term debt	(54,000)	(176,606)
Net change in advances to affiliates	--	(29,650)
Net cash used in financing activities	(54,000)	(206,256)
Decrease in cash and cash equivalents	(403,559)	(869,653)
Cash and cash equivalents, beginning of period	593,259	2,654,131
Cash and cash equivalents, end of period	$ 189,700	$1,784,478
Supplemental cash flows disclosure:		
Cash paid for interest	$ --	$ 2,451
Cash paid for income taxes	$ --	$ 214,300

See notes to condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

1. Ownership and Organization

Cumberland Technologies, Inc. ("CTI" or "the Company") f/k/a Cumberland Holdings, Inc., a Florida corporation, was formed on November 18, 1991, to be a Holding company and a wholly-owned subsidiary of Kimmins Corp. ("KC"). Effective October 1, 1992, KC contributed all of the outstanding common stock of two of its other wholly-owned subsidiaries, Cumberland Casualty & Surety Company ("CCS") and Surety Specialists, Inc. ("SSI") to CTI. KC then distributed to its stockholders CTI's common stock on the basis of one share of common stock of CTI for each five shares of KC common stock and Class B common stock owned (the "Distribution".) Effective January 30, 1997, Cumberland Holdings, Inc. changed its name to Cumberland Technologies, Inc. CTI conducts its business through five wholly-owned subsidiaries. CCS, a Florida corporation formed in May 1988, provides underwriting for specialty surety and performance and payment bonds for contractors. The surety services provided include direct surety and to a lesser extent, assumed reinsurance. SSI, a Florida corporation formed in August 1988, is a general lines agency which operates as an independent agent. Surety Group ("SG"), a Georgia corporation, and Associates Acquisition Corp. d/b/a Surety Associates ("SA"), a South Carolina corporation, purchased in February and July 1995, respectively, are general lines agencies which operate as independent agencies. Qualex Consulting Group, Inc. ("Qualex"), a Florida corporation formed in November 1994, provides claim and contracting consulting services.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of CTI and its wholly-owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for any future quarters or the year ending December 31, 2003. For further information, refer to consolidated financial statements and notes thereto for the year ended December 31, 2002, included in the Company's Form 10-K as filed with the United States Securities and Exchange Commission on May 5, 2003.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

Investments

The Company accounts for marketable securities in accordance with Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Debt securities that the Company has both the positive intent and ability to hold to maturity are classified as "held-to-maturity" securities and are reported at amortized cost. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts from the date of purchase to maturity. Such amortization and accretion, which is calculated under the interest method, is included in investment income.

Marketable equity securities and debt securities not classified as "held-to-maturity" or "trading" are classified as "available-for-sale." Available-for-sale securities are reported at estimated fair value, with the unrealized gains and losses, net of any related income taxes, reported as a separate component of equity and of other comprehensive income (loss). Realized gains and losses and declines in value judged to be other-than-temporary are included in income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities are included in investment income.

Short-term investments primarily include certificates of deposit having maturities of more than nine months when purchased. These investments are reported at cost, which approximates fair value.

Investments in which the Company has a 20% - 50% ownership interest are accounted for using the equity method.

Cash Equivalents

The Company considers all highly liquid investments having a maturity of twelve months or less when purchased to be cash equivalents.

Deferred Policy Acquisition Costs

To the extent recoverable from future policy revenues, the costs of acquiring new surety business, principally commissions, are deferred and amortized in a manner which charges each year's operations in direct proportion to the premium revenue recognized.

Intangibles

Intangible assets are stated at cost and principally represent purchased customer accounts and the excess of costs over the fair value of identifiable net assets acquired ("Goodwill").

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

Intangibles (continued)

Purchased customer accounts, noncompete agreements, and purchased contract agreements are being amortized on a straight-line basis over the related estimated lives and contract periods, which range from 3 to 15 years. Purchased customer accounts are records and files obtained from acquired businesses that contain information on insurance policies and the related insured parties that is essential to policy renewals.

In accordance with SFAS 142, "Goodwill and Other Intangible Assets", the Company discontinued the amortization of goodwill effective January 1, 2002. At September 30, 2003 and December 31, 2002, goodwill, net of accumulated amortization, was $152,780.

In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which became effective for the Company as of January 1, 2002, the Company periodically reviews the carrying value of long-lived assets to determine if impairment has occurred. Impairment losses, if any, are recorded in the period identified. Significant judgment is required to determine whether or not impairment has occurred. The determination is made by evaluating expected future undiscounted cash flows or the anticipated recoverability of costs incurred and, if necessary, determining the amount of the loss, if any, by evaluating the fair value of the assets.

Loss and Loss Adjustment Expenses

The liability for loss and loss adjustment expenses including incurred but not reported losses is based on the estimated ultimate cost of settling the claim using traditional paid and incurred loss development methods. These estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liabilities for loss and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations. A liability for all costs expected to be incurred in connection with the settlement of unpaid loss and loss adjustment expenses is accrued when the related liability for unpaid losses is accrued. Loss adjustment expenses include costs associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. Loss adjustment expenses also include other costs that cannot be associated with specific claims but are related to losses paid or in the process of settlement, such as internal costs of the claims function.

The Company does not discount its reserves for losses and loss adjustment expenses. The Company writes primarily surety contracts which are of short duration.

The Company does not consider investment income in determining if a premium deficiency relating to short duration contracts exists.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

Derivative Instruments

The Company adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001. The Company identified one product that meets the definition of a derivative instrument as defined in SFAS No. 133. The policy is issued to registered investment advisors ("Advisors"), and insures losses suffered by the Advisors as a result of market declines on covered investment principal, provided that the Advisors have followed the investment guidelines required by the policy. The identified derivative was formerly accounted for as an insurance contract within the policy liabilities for loss and loss adjustment expenses account in the consolidated balance sheet for periods prior to January 1, 2001 and on January 1, 2001 there was no cumulative effect of change in accounting principal due to the fact that the policy liability recorded for this policy at December 31, 2000 approximated the fair value of the derivative instrument at January 1, 2001. The fair value of the derivative instrument at September 30, 2003 and December 31, 2002 is $4,130,558 and $4,346,285, respectively. At September 30, 2003 and December 31, 2002 the fair value of the derivative instrument was determined by using a financial model that incorporates market data and other assumptions. Due to the volatility in the marketplace, the Company suspended marketing of this product effective September 2001. The Company is not involved in any hedging activities.

Unearned Premiums

Unearned premiums are deferred and amortized on a pro-rata basis.

Reinsurance

The Company assumes and cedes reinsurance and participates in various pools. The accompanying consolidated financial statements reflect premiums, benefits and settlement expenses, and deferred policy acquisition costs, net of reinsurance ceded. Amounts recoverable from reinsurers for unpaid losses are estimated in a manner consistent with the claim liability associated with the reinsured policies.

Revenue Recognition

Premiums earned on direct insurance and assumed reinsurance are recognized on a pro-rata basis over the period of risk. Commission income, which is earned on ceded premiums and premiums written for other third party insurance carriers, is recognized at the effective date of the bonds issued. Other income, consisting primarily of consulting fees, is recognized when the negotiated services are provided.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

The Company has adopted only the pro forma disclosure provisions of Statement No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"). SFAS No. 123 encourages, but does not require companies to record at fair value compensation cost for stock-based employee compensation plans. The Company accounts for equity-based compensation arrangements in accordance with the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Intrinsic value is the amount by which the market price of the underlying stock exceeds the exercise price of the stock option or award on the measurement date, generally the date of grant.

Income Taxes

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company has recorded a deferred income tax asset of $410,800 and $401,738 at September 30, 2003 and December 31, 2002, respectively. Realization of the asset is dependent on generating sufficient taxable income in future years. Although realization is not assured, management believes it is more likely than not that all of the deferred income tax asset will be realized.

The Company files a consolidated tax return that includes all of its subsidiaries.

Earnings Per Share

The Company computes and discloses earnings (loss) per share in accordance with the provisions of Statement of Financial Accounting Standards No. 128, Earnings Per Share. The 39,500 and 54,700 outstanding stock options at September 30, 2003 and 2002, respectively, had an immaterial effect on the results of the calculations of earnings per share. The outstanding stock options were not included in the loss per share calculations, as the effect would be anti-dilutive to the Company's net loss for the nine-month periods ended September 30, 2003 and 2002.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

Business Concentration

The majority of the Company's business relates to surety bonds, which provide performance and payment bonds for individual and commercial contractors, and market performance products, which provide specific liability coverage for professional services rendered by registered investment advisors. Accordingly, the occurrence of adverse economic conditions could have a material adverse effect on the Company's business, although for surety bonds, no such conditions have been encountered in the Company's past experience. For surety bonding, the Company requires collateral from surety bond customers if the customer fails to meet between 80 percent to 99 percent of the Company's underwriting criteria. Customers that fail to meet at least 80 percent of the requirements are denied surety bonding.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known which would affect the amounts reported and disclosed herein.

New Accounting Standards

In August 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations". SFAS 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it occurred. The standard is effective for fiscal years beginning after September 15, 2002. The adoption of SFAS 143 did not have a significant impact on the Company's financial position or results of operations.

In September 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies EITF Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". SFAS No. 146 requires costs associated with exit or disposal activities to be recognized when the costs are incurred, rather than at a date of commitment to an exit or disposal. The adoption of SFAS 146 does not have a significant impact on the Company's financial position or results of operations.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

2. Summary of Significant Accounting Policies (continued)

New Accounting Standards (continued)

In April of 2003, the FASB issued SFAS No. 149 entitled "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"), SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133 entitled "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 did not have a significant impact on the Company's financial position or results of operations.

Reclassifications

Certain amounts in the 2002 condensed consolidated financial statements have been reclassified to conform to the 2003 condensed consolidated financial statement presentation.

3. Related Party Transactions

In 1988, CCS issued a surplus debenture to KC in exchange for $3,000,000 which bore interest at 10 percent per annum. Interest and principal payments were subject to approval by the Florida Department of Insurance. On April 1, 1997, CTI forgave $375,000 of its $3,000,000 surplus debenture due to CCS. As a result, CCS increased paid in capital by $375,000. On September 30, 1999, CTI forgave $576,266 of its $2,625,000 surplus debenture due from CCS. As a result, CCS increased paid-in capital to $1,000,000. At January 1, 2003, CTI forgave the $2,048,734 balance of the surplus note increasing CCS's paid in capital to $3,048,734.

On March 8, 2002, Cumberland purchased a residential mortgage from Francis M. Williams. Mr. Williams is Chairman of the Board of the Company. The principal balance on the loan was $36,906. Interest accrued through the date of acquisition was $129 at an annual interest rate of 7.5%. No prior liens exist related to taxes, assessments or other similar charges.

4. Investments

The components of unrealized appreciation of investments recorded in stockholders' equity are as follows:

	September 30, 2003	December 31, 2002
Fixed maturities, net of income tax	$171,303	$ 210,574

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

5. Income Taxes

The Company has recorded a deferred income tax asset of $410,800 and $401,738 at September 30, 2003 and December 31, 2002, respectively.

The Company's provision for income taxes for the nine-month period ended September 30, 2003 and 2002 have been calculated using an effective rate of approximately 34% and 31%, respectively.

6. Debt

Affiliate

Effective November 10, 1998, CTI entered into a $1,000,000 convertible term note agreement with TransCor Waste Services, Inc., a subsidiary of KC. The note is due November 10, 2003 and bears interest equal to one half of one percent per annum in excess of the stated interest rate established by the Bank of America. On December 26, 2001, the Company made a principal note payment of $395,495 reducing the outstanding balance on the note to

$604,055. The lender may convert the principal amount of the note or a portion thereof into common stock at $3.00 per share subsequent to a nine-month anniversary and prior to the maturity date.

Nonaffiliate

In connection with the acquisition of certain agencies during 1995, the Company entered into two notes payable with the agencies' previous owners. One note was due March 1, 2002 bearing interest at 8% through February 28, 2001 and 10% thereafter. Principal payments of $125,000 are due annually beginning March 1, 2000. On March 1, 2002, a final payment of $125,000 was made on the note due March 1, 2002. The other note is due September 30, 2010 and bears interest at 9%. Principal payments of $40,000 were due annually for nine years beginning January 5, 1996. Payments of $11,104 including principal and interest were paid monthly from April 1, 1997 through June 30, 2001. On December 3, 2001, SA reached an agreement with the holder on this note payable, whereby the terms of the note were modified, such that the effective interest rate was 6%, and principal payments became payable at $6,000 per month.

7. Reinsurance

The Company's Consolidated Balance Sheet includes reinsurance recoverables of $13,310,057 at September 30, 2003. The Company assumes and cedes reinsurance and participates in various pools. The financial statements reflect premiums, benefits and settlement expenses and deferred policy acquisition costs, net of reinsurance ceded. Amounts recoverable from reinsurers for unpaid losses are presented as an asset in the accompanying condensed consolidated financial statements.

CUMBERLAND TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2003 (UNAUDITED)

7. Reinsurance (continued)

The components of the recoverables include amounts due on paid claims subject to reinsurance treaties and amounts recoverable on unpaid losses. Amounts recoverable from reinsurers on unpaid losses are estimated in a manner consistent with the future policy benefit and claim liability associated with the reinsured policies and are subject to inherent uncertainties. Due to the inherent uncertainties in the process of establishing these amounts, the actual ultimate amount could differ from the currently recorded amount.

Reinsurance contracts do not relieve the ceding company of its obligations to indemnify its own policyholders.

8. Statutory Accounting Practices

CCS is domiciled in Florida and prepares its statutory-basis financial statements in accordance with accounting practices prescribed or permitted by the Florida Insurance Department. "Prescribed" statutory accounting practices include state laws, regulations, and general administrative rules, as well as a variety of publications of the National Association of Insurance Commissioners ("NAIC"). "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state, may differ from company to company within a state, and may change in the future. In 1998, the NAIC adopted the Codification of Statutory Accounting Principles ("Codification") for insurance companies. Codification, which is intended to standardize regulatory accounting and reporting for the insurance industry, is effective January 1, 2001. The Company implemented codification at January 1, 2001. On a statutory accounting basis, CCS reported losses net of income taxes of ($294,298) for the nine months ended September 30, 2003. Statutory surplus (shareholders' equity) of these operations was $4,166,400 and $4,734,899 as of September 30, 2003 and December 31, 2002, respectively.

9. Comprehensive Loss

Comprehensive loss is defined as any change in equity from transactions and other events originating from nonowner sources. The Company's comprehensive loss is comprised of reported net loss and changes in the unrealized appreciation of available-for-sale securities. The following summarizes the components of comprehensive loss:

9. Comprehensive Loss (continued)

	Consolidated Statements of Comprehensive Loss	
	Nine Months Ended September 30,	
	2003	2002
Net loss	$ (144,581)	$(2,578,630)
Other comprehensive income:		
Unrealized appreciation of available-for-sale securities arising during period, net of income tax	16,792	176,324
Reclassification adjustment for (losses) gains included in net income, net of income tax	(56,063)	32,535
Comprehensive loss	$ (183,852)	$(2,369,771)

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CUMBERLAND TECHNOLOGIES, INC.

Forward-looking Statement Disclosure

All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments which the Company expects or anticipates will or may occur in the future, including statements regarding the Company's competitive position, changes in business strategy or plans, the availability and price of reinsurance, the Company's ability to pass on price increases, plans to install the Bond-Pro(R) program in independent insurance agencies, the impact of insurance laws and regulation, the availability of financing, reliance on-key management personnel, ability to manage growth, the Company's expectations regarding the adequacy of current financing arrangements, product demand and market growth, and other statements regarding future plans and strategies, anticipated events or trends similar expressions concerning matters that are not historical facts are forward-looking statements. These statements are based on certain assumptions and analysis made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the Company's expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ significantly and materially from past results and from the Company's expectations. These risks and uncertainties include, but are not limited to, changes in the market value of the Company's investments, increases in the Company's liability under derivative securities, losses on claims in excess of the Company's liability for loss and loss adjustment expenses, competition in the insurance industry, inability to recover from reinsurers for unpaid losses, unanticipated losses from litigation, the effects of new or existing government regulations, and the impact of new accounting pronouncements. All of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or development anticipated by the Company will be realized or, even if substantially realized that they will have the expected consequences to or effects on the Company or its business or operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The capacity of a surety company to underwrite insurance and reinsurance is based on maintaining liquidity and capital resources sufficient to pay claims and expenses as they become due. Based on standards established by the National Association of Insurance Commissioners ("NAIC") and promulgated by the Florida Department of Financial Services, the Company is permitted to write net premiums up to an amount equal to three times its statutory surplus, or approximately $14,200,000 at December 31, 2003. Statutory guidelines impose an additional limitation on increasing net written premiums to no more than 33% of prior year's net written premiums. Under these guidelines, the Company could increase net written premiums by approximately $4,100,000 in the year 2003 subject to risk-based capital limitations.

At September 30, 2003, $24,923,995 of the Company's total assets calculated based on accounting principles generally accepted in the United States of America were comprised as follows: 27 percent in cash and investments (including accrued investment income), 59 percent in receivables and reinsurance recoverables, 2 percent in income tax recoverable and deferred income tax asset, 8 percent in intangibles and deferred policy acquisition costs and 4 percent in other assets.

The Company follows investment guidelines that are intended to provide an acceptable return on investment while maintaining sufficient liquidity to meet its obligations.

Net cash used in operating activities was $3,156,251 and $1,295,528 for the nine months ended September 30, 2003 and 2002, respectively. Cash used in operating activities is the result of a decrease in policy liabilities and accounts payable and is offset by income tax recovered.

Net cash provided by investing activities was $2,806,692 and $632,131 for the nine months ended September 30, 2003 and 2002, respectively. Investing activities consist of purchases, sales, and maturities of investments.

Net cash used in financing activities was $54,000 and $206,256 for the nine months ended September 30, 2003 and 2002, respectively. Financing activities consist primarily of payments on long-term debt.

It is anticipated that the liquidity requirements of the Company will be met primarily by funds generated from operations. The principal sources of operating cash flows are premiums, investment income, collection of reinsurance recoverable and sales and maturities of investments. The Company believes that total invested assets, including cash and short-term investments, are sufficient in the aggregate and have suitably scheduled maturities to satisfy all policy claims and other operating liabilities or liabilities under the derivative instrument. However, if policy claims are significantly higher than expected, the Company may require additional capital.

As of September 30, 2003, the Company believes that it has sufficient capital resources to fund its present capital requirements.

Management of the Company is considering a possible "going private" transaction, which might involve a reverse stock split or a stock repurchase program. Any such transaction would be reviewed and approved by the Board of Directors of the Company prior to completion, and may require shareholder approval. The actual amount of funds needed to implement a transaction is not known, but management believes that it would not have a material impact on the financial condition of the Company. However, any such transaction may have the effect of enabling the Company to terminate the registration of its common stock, and its reporting obligations, under the Securities Exchange Act of 1934.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

The Company believes the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of the Company's financial condition and operating results:

Asset Impairment

The Company reviews long-lived assets, including certain identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Upon determination that the carrying value of the asset is impaired, the Company would record an impairment charge or loss. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment that may not be reflected therein; and therefore, might require the Company to record an impairment charge in the future.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies (continued)

Derivatives

Statement of Financial Accounting Standard No. 133, Accounting for

Derivative Instruments and Hedging Activities ("SFAS No.133") is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS No. 133 effective January 1, 2001. The Company identified one product that meets the definition of a derivative instrument as defined in SFAS No. 133. The identified derivative was formerly accounted for as an insurance contract within the policy liabilities for loss and loss adjustment expenses account in the consolidated balance sheet. At September 30, 2003 and December 31, 2002 the fair value of the derivative instrument has been determined by using a financial model that incorporates market data and other assumptions. Due to the volatility in the marketplace, the Company has suspended marketing of this product effective September 2001.

Reserves for Unpaid Losses and Adjustment Expenses

The liability for loss and loss adjustment expenses including incurred but not reported losses is based on the estimated ultimate cost of settling the claim using traditional paid and incurred loss development methods. These estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liabilities for loss and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in current operations. A liability for all costs expected to be incurred in connection with the settlement of unpaid loss and loss adjustment expenses is accrued. Loss adjustment expenses include costs associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. Loss adjustment expenses also include other costs that cannot be associated with specific claims but are related to losses paid or in the process of settlement, such as internal costs of the claims function. The Company does not discount its liability for losses and loss adjustment expenses. The Company writes primarily surety contracts which are of short duration. The Company does not consider investment income in determining if a premium deficiency relating to short duration contracts exists.

Reinsurance

The Company assumes and cedes insurance with other insurers and reinsurers to limit maximum loss, provide greater diversification of risk and minimize exposure on larger risks. Premiums and loss and loss adjustment expenses that are ceded under reinsurance arrangements reduce the respective revenues and expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy and are reported as reinsurance recoverable.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies (continued)

Income Taxes

The Company accounts for income taxes under the liability method. Under the liability method, deferred income taxes are established for the future tax effects of temporary differences between the tax and financial reporting bases of assets and liabilities using currently enacted tax rates. Such temporary differences primarily relate to certain insurance liabilities, deferred policy acquisition costs and intangible assets. The effect on deferred income taxes of a change in tax rates is recognized in income in the period of enactment. A valuation allowance to reduce deferred income tax assets is established when deemed appropriate.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

COMPARISON OF NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

Direct, assumed and ceded premiums for the nine months ended September 30, 2003 decreased $5,020,354 or 45% when compared to the same period in 2002. The decrease is attributed to the Company's marketing decision to write small to medium size bonds and the discontinuance of assuming premiums under a former reinsurance program. Net premium income for the period ended September 30, 2003 and 2002, was $6,084,058 and $11,104,412, respectively.

Net investment income for the nine months ended September 30, 2003 decreased by $164,372 or 44% when compared to the same period in 2002. The decrease is attributed to a decrease in bond holdings and an overall decrease in interest rates earned on the bond and money market portfolio. Bond holdings were liquidated in the previous twelve months to meet the demand of claim payments.

During the nine months ended September 30, 2003, loss and loss adjustment expenses decreased by $4,479,551 or 72% when compared to the same period in 2002. The decrease is attributed to a decline in incurred losses and loss adjustment expenses on direct and assumed business. Consequently, reserves were utilized in reducing incurred expenses while cash was utilized in meeting claim payments.

During the nine months ended September 30, 2003, derivative expense decreased $2,077.705 or 83% when compared to the same period in 2002. The fluctuation of market values, cancellations and maturities resulted in a reduction of the valuation and expense.

During the nine months ended September 30, 2003, amortization of deferred policy acquisition costs was $1,781,801 as compared to $3,294,236 for the same period in 2002. The decrease is primarily attributed to the decrease in premiums written and earned. The amortization of deferred policy acquisition costs is 25% and 29% of written premiums representing commissions paid on direct, assumed and ceded premiums for the nine months ended September 30, 2003 and 2002, respectively.

Operating expenses for the nine months ended September 30, 2003 when compared to the same period in 2002 decreased by $671,628 or 14%. The decrease is attributed to downsizing operations.

The decrease in interest expense for the nine months ended September 30, 2003 is due to a decrease in the interest rate on the long-term debt.

Income taxes in the nine months ended September 30, 2003 and 2002 were calculated using an effective rate of 34% and 31.4%, respectively.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

COMPARISON OF THREE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

Direct, assumed and ceded premiums for the third quarter of 2003 decreased $2,192,745 or 53% when compared to the same period in 2002. The decrease is attributed to the Company's decision to write small to medium size bonds and the discontinuance of assuming premiums under a former reinsurance program. Net premium income for the period ended September 30, 2003 and 2002, was $1,906,943 and $4,099,688, respectively.

Net investment income for the three months ended September 30, 2003 decreased by $73,423 when compared to the same period in 2002. The decrease is attributed to a decrease in bond holdings and an overall decrease in interest rates earned on the bond and money market portfolio and liquidation of bond and cash holdings to meet the demand of claim payments.

During the three months ended September 30, 2003, loss and loss adjustment expenses decreased by $1,967,626 or 86% when compared to the same period in 2002. The decrease is attributed to a decline in incurred losses and loss adjustment expenses on direct and assumed business.

During the three months ended September 30, 2003, derivative expense decreased by $1,470,505 when compared to the same period in 2002. The change is attributed to changes in the market values, maturities and cancellations.

During the three months ended September 30, 2003, amortization of deferred policy acquisition costs was $771,679 as compared to $978,582 for the same period in 2002. The decrease is directly related to the decrease in written and earned premiums.

Operating expenses for the three months ended September 30, 2003 when compared to the same period in 2002 decreased by $85,914 or 6%. The decrease is attributed to downsizing operations.

Income taxes in the three months ended September 30, 2003 and 2002 have an effective rate of 10.2% and 21.3%, respectively. Annual income tax expense was calculated utilizing an effective rate of 34% and 31.4% for the nine months ended September 30, 2003. For the six month period ended June 30, 2003, the tax benefit was calculated using an effective rate of 37.6%. The change to an effective rate of 34% for the nine month period ended September 30, 2003 has resulted in the recognition of an income tax expense of $1,682 for the three month period ended September 30, 2003.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company had approximately $6.5 million of investments as of September 30, 2003. These investments largely consist of government obligations and have either variable rates of interest or stated interest rates ranging from 3.5% to 8.5%. The Company's investments are exposed to certain market risks inherent with such assets. The risk of defaults is mitigated by the Company's policy of investing in securities with high credit ratings and investing through major financial institutions with high credit ratings. The Company has notes payable of approximately $1 million at an average interest rate of 8.6%.

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS No. 133 effective January 1, 2001. The Company identified one product that meets the definition of a derivative instrument as defined in SFAS No. 133. The policy is issued to registered investment advisors ("Advisors"), and insures losses suffered by the Advisors as a result of market declines on covered investment principal, provided that the Advisors have followed the investment guidelines required by the policy. The identified derivative was formerly accounted for as an insurance contract within the policy liabilities for loss and loss adjustment expenses account in the consolidated balance sheet prior to January 1, 2001. There was no cumulative effect of change in accounting principal due to the fact that the policy liability recorded for this policy at December 31, 2000 approximated the fair value of the derivative instrument at January 1, 2001. The fair value of the derivative instrument at September 30, 2003 and December 31, 2002 is $4,130,558 and $4,346,285, respectively. The Company is not involved in any hedging activities. At September 30, 2003 and December 31, 2002 the fair value of the derivative instrument has been determined by using a financial model that incorporates market data and other assumptions. Due to the volatility in the marketplace, the Company suspended marketing of this product effective September 2001. The value of the derivative liability increases in proportion to the volatility in the marketplace.

Item 4. CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), does not expect that its disclosure controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Item 4. CONTROLS AND PROCEDURES (CONTINUED)

Based upon the Company's disclosure controls evaluation, the CEO and CFO have concluded that, subject to the limitations noted above, the Company's disclosure controls as of September 30, 2003 are effective to give reasonable assurance that the information required to be disclosed by the Company in its periodic reports is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding disclosure and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There were no significant changes in the Company's internal controls or, to the knowledge of the management of the Company, in other factors that could significantly affect these controls subsequent to the evaluation date.

PART II - OTHER INFORMATION

Item 1. Legal proceedings

None

Item 2. Changes in securities

None

Item 3. Defaults upon senior securities

None

Item 4. Submission of matters to a vote of security holders

None

Item 5. Other Information

None

Item 6. Exhibits and reports on Form 8-K

(a) The following documents are filed as exhibits to this Quarterly Report on Form 10-Q:

3(a) Articles of Incorporation*

3(b) Bylaws*

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

(b) No reports on Form 8-K were filed during the quarter for which this report is filed.

* Incorporated by referenced to the same exhibit number filed with the Registrant's Registration Statement on Form 10 (File No. 0-19727).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CUMBERLAND TECHNOLOGIES, INC.

Date: November 14, 2003

By: /s/ Joseph M. Williams

Joseph M. Williams
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2003

By: /s/ Carol S. Black

Carol S. Black
Secretary and Chief Financial Officer
(Principal Accounting and Financial Officer)

CUMBERLAND TECHNOLOGIES, INC.

CERTIFICATION FOR QUARTERLY REPORT ON FORM 10-Q

I Joseph M. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cumberland Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosures controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

By: /s/ Joseph M. Williams

Joseph M. Williams
President and Treasurer

CUMBERLAND TECHNOLOGIES, INC.

CERTIFICATION FOR QUARTERLY REPORT ON FORM 10-Q

I Carol S. Black, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cumberland Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosures controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

By: /s/ Carol S. Black

Carol S. Black
Secretary and Chief Financial Officer