TREVI Finanziaria Industriale S.p.A.

ANNUAL REPORT AND ACCOUNTS

As at December 31, 2000

Trevi - Finanziaria Industriale S.p.A.
Headquarters Cesena (FC)
Via Larga 201
Share Capital: Lit. 32.000.000.000 fully paid up
Chamber of Commerce of Forlì - Cesena N. 201.271
Entered into Register of Companies of Forlì - Cesena N. 11.251
Fiscal and VAT Code 01547370401
Web Site: www.trevifin.com

BOARD OF DIRECTORS

Chairman
Cav. del Lavoro Davide Trevisani

Managing Directors
Gianluigi Trevisani
Cesare Trevisani

Board Members
Stefano Trevisani
Mario Amoroso
Moscato Guglielmo Antonio Claudio
Conte Teodorani Fabbri Pio
Pinza Roberto

BOARD OF STATUTORY AUDITORS

Statutory Auditors
Adolfo Leonardi (Chairman)
Giacinto Alessandri
Giancarlo Poletti

Alternate Statutory Auditors
Marco Alessandri
Giancarlo Daltri

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers S.p.A.

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KEY INFORMATION

Financial informations – Stand alone accounts

(millions of Lire)

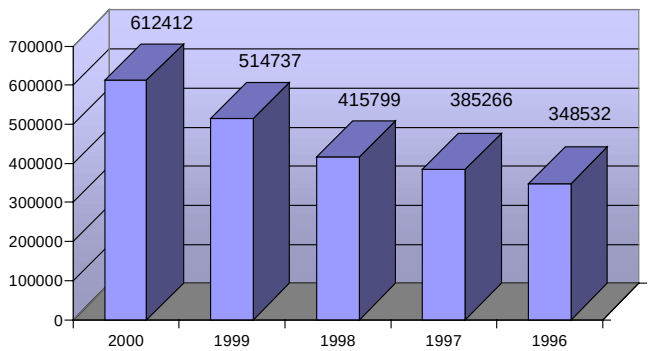
	2000	1999	1998	1997	1996
Value of production	3,668	1,693	1,749	1,415	788
Net income	2,292	3,811	342	60	27
Stockholder's equity	143,932	143,498	27,804	27,462	28,166

Financial informations – Consolidated accounts

(millions of Lire)

	2000	1999	1998	1997	1996
Value of production	612,412	514,737	415,799	385,266	348,532
Operating result	19,104	30,826	27,862	18,299	16,185
Group net income	4,312	13,844	7,782	6,423	3,012
Group interest in Stockholder's equity	202,278	194,331	59,770	55,792	52,140
Net financial position	(94,667)	(50,470)	(117,376)	(126,606)	(96,215)
Number of employees	2,408	2,434	2,174	2,235	1,971
Backlog	475,540	393,789	399,100		

R.O.I.	6,27%	12,10%	14,91%
R.O.E.	2,13%	7,12%	13,02%
R.O.C.E.	3,45%	6,65%	8,20%
R.O.S.	3,36%	6,19%	7,23%



Value of production

CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended December 31, 2000

Kidney Island Project (Nigeria)
Kidney Island Project (Nigeria)

Profertil Mega – Bahia Blanca (Argentina)
Fertilizer Plants - Bahia Blanca (Argentina)

Stockholders,

We would like to submit to your attention the Consolidated Financial Statements of Trevi - Finanziaria Industriale S.p.A. and its subsidiaries (Trevi Group) as of December 31, 2000.

The Consolidated Financial Statements highlight a Production Value of Lire 612 billion and an Operating Result before taxes of Lire 10,494 million, which, net of them, drops to Lire 4,312 million belonging to the Group, after having performed amortizations and depreciations for Lire 29,005 million.

Main economic and financial data

Description	12.31.00	12.31.99	Changes
Production Value	612,412	514,737	97,675
Production Costs	593,308	483,911	109,397
Difference between the value and costs of production	19,104	30,826	(11,722)
E.B.I.T.D.A	48,110	55,778	(7,668)
Other incomes and expenses and write-downs	(8,609)	(6,959)	(1,650)
Income taxes for the year	6,457	10,929	(4,472)
Minority interests' share of net income	(274)	(906)	632
Group's net income	4,312	13,844	(9,532)
Group's net worth	202,278	194,331	7,947
Minority interests' share of capital and reserves	7,807	10,024	(2,217)
Reserve for risks and charges	17,594	14,861	2,733
Net financial position	(94,667)	(50,470)	(44,197)
Tangible and intangible fixed assets, net of the relevant amortizations	222,458	197,451	25,007

The Group's Companies showed a considerable increase in revenues, in line with the budget; the total value of production, which exceeded Lire 612 billion, marks the historical peak in the expansion of the Trevi Group's activities; the increase of about 19% with respect to the equivalent figure in the '99 financial statements is to be added to an increase of 24% achieved in the previous fiscal year, which is remarkably above the average of 15% achieved in the previous five years.

The net income of the Group undergoes a decrease from Lire 13,844 to 4,312 million. This shows the discontinuity characterising the profitability trend of the various companies and areas where we operate, due to fortuitous and unrepeatable occurrences. Especially the introduction into new markets - even only at a regional level, within the same countries - or new product lines caused a high volume of start-up expenses or productive inefficiencies:

- In the United States of America, Trevi Division has started up subsidiaries in the regions of the Mid Atlantic, South and West Coast, some of which are already destined to become, in the future, autonomous companies; the Soilmec Division has effectively started the production in its factory in Houston. The start-up costs and the running losses we had to bear have been reckoned into the profit and loss account;
- The Piacenza factory registered productive inefficiencies due to the concentration of a high volume of orders for drilling rigs during the second semester of the fiscal year. The production recovery will take place by means of a more rational planning of the high flow of orders that is still continuing in this first semester.
- In Italy the very much hoped-for market recovery did not take place, and because of this, many human resources and important materials remained unproductive;
- In Turkey the earthquake and the following financial crisis have depressed the economic activity;
- In Nigeria the performance of many works was shifted to the year 2001.

The above topics are explained in a more detailed way in the following pages. It can be easily understood that many of these phenomena – whose income for the fiscal year under consideration appears to be reduced with respect to the one of the previous year – are fundamental activities in order to guarantee, in the future, the expansion of the profitability.

The tax bite in Italy was limited since the Italian companies have generally benefited from the promotion laws grouped under the name of “Visco”, DIT and “Law 146”.

The gross operating profit is of about Lire 48,110 million compared to Lire 55,778 million of the previous accounting period.

As for the operative aspects, it is to be pointed out that the foreign markets, once again, are those which mainly offer the most interesting outlet for the companies of the Group, also thanks to the favourable currency dynamics that took place in the year 2000: the average trend of the US Dollar (the currency mostly used to express the sales of the Group’s companies) was of Lire 2,102 per one Dollar, with an increase of 15,7% compared to the average change per one Dollar that, during the previous accounting period, was of Lire 1,817 .

The internationalisation of the Group (as can be seen on the tables concerning the proceeds per each geographic area and per productive sector in the Supplementary Note) is highlighted by the following data: the incidence of the Italian area on the total of the profits from sales and services executed by the Group

decreases from 21% to 17%, that of the American area is maintained steady at about 42%; the incidence of the proceeds obtained in the Middle East increased from 8,2% to 14,9%; and, although at slow pace, the presence in Europe (except for Italy) and Far East is growing; the proceeds attained in Africa are halved.
As at 12.31.2000 the Group relied on a works' portfolio of Lire 476 billion, 73% of which was to be executed during this financial year.

Research and development
In 2000 the work on the development of new technologies continued. This is one of the main Trevi Group's strengths as a world leader in the sector of foundation and consolidation works, and in the underground engineering sector in general. As mentioned in the Supplementary Note, research and development expenses in 2000 amounted to about Lire 7,5 billion, all written off to the consolidated statement of income. The following are the most important research activities:

- Once having completed the testing of the Turbojet technique in Italy, the technology was perfected and optimised in the sites abroad. Further various tools have been developed for the treatment of different types of soil, while the whole range of special equipment that can be employed for this technique was determined. This technique allows to mechanically blend the soils in situ with high-pressure cementation, in order to transform soft soils into a solid mass capable of bearing the foundation loads.
- Design of a new range of cranes. The range foresees hydraulic cranes with a pull capacity from 25 to 120 tons, in order to satisfy all possible requests from the sites. Cranes will be studied to be also used in the pile version.
- Design of the rig R930/65 with a Torque Multiplier system that allows to lay a large diameter steel lining at a remarkable depth. Said system can be used to execute large diameter piles in difficult soils such as those in Hong Kong and Taiwan, where the many projects that will be tendered could be accomplished with these rigs.
- In view of the possible use of the Pretunnel technique for the execution of a tunnel lining in Italy, the application of a 40 cm thick cutting module was studied, also adopting an electric control unit in order to reduce the environmental impact when working inside tunnels.
- Trevipark, the underground car park, keep on exciting a remarkable interest both in Italy and all over the world, with possibilities of future development in almost all most

technologically advanced Countries, from the United States to Singapore, from Denmark to Sweden and Czech Republic. Unfortunately, we must state that said interest, which gave rise to a remarkable activity of commercial relationships, resulted in a volume of executions that was far below what expected. The difficulties linked to its execution generally arise from the slowness characterising the procurement of the needed permits from the Public Authorities in order to work in the centres of the main cities. Said difficulties also affect the execution of car parks of traditional type. The construction works of four Trevipark in Cesena, Rome and Turin were completed. In February 2000, the construction works for a new Trevipark in Padua begun.

- The activity in the Trevipark field also extended to the management of the traditional car parks. The management software, which was developed during more than four years of parking administration in Cesena, proved to be ideal in order to automatically administrate all types of car parks, both traditional with entry ramps and on the surface with video-surveillance operating 24 hours a day. The Trevipark system will reduce the operating costs and will increase the services provided and the safety conditions offered to the users. The system can be viewed in Internet at "Parkingonline.net". Two “partnership” agreements have been signed with Telecom Italia S.p.A. and with Ski Data S.p.A. for the supply of managerial services to third parties, making use of our software and organization.
- New equipment BH6 ACTIVE, which allows to continuously and automatically control the verticality during the drilling of diaphragm walls in the underground.
- Study of CM-700 and CM-1200 destined to increase the potentialities, in terms of diameter and depth, of the execution technique for bored piles without soil removal and bentonite mud.
- Study of the Trencher technique for the execution of draining diaphragm walls to be used for the stabilisation of sliding down slopes and also study of the same technique for the execution of waterproof walls for consolidation works.
- Completion of the design and testing of the under-excavation technique for the static recovery of the Pisa Tower.
- During the year, a further level of automation of the system for the deep drilling of water and oil wells of the HH range has been accomplished. Said equipment can be provided with an hydraulic device performing the rod coupling and decoupling, as well as the manoeuvring and stocking of the same. The further technological improvement achieved allows - by

means of an automatic manipulator controlled by a computer, wholly designed and programmed at the Piacenza factory – to automatically carry out all loading and unloading manoeuvres related to the rods and drilling casings according to an obliged sequence, so that the operators can avoid to perform dangerous operations. Besides monitoring the safety side, this automation level also allows a considerable time saving, since it is possible to carry out the handling of the drilling rods very quickly, an operation that is usually very difficult since each rod is about 10 meters long, with a weight of nearly 300 kg; it is remarkable if we consider that the staff responsible for these operations must always pay extreme attention when working, with consequent very long execution times.

- High-pressure pumps. During the year the design and development activity of a new range of low/high pressure pumps with average speed (150 strokes/min.) was completed, including various models to be used under the most different conditions of utilization, thanks to an installed power variable from 350 to 1600 HP, with the possibility of having various motorization types, both diesel and electric. These pumps are characterised by an extreme versatility of use and can be used both for mud and cement and, as with all Soilmec production, they are designed and produced with the aim of respecting and, in some cases also to overcome, the parameters imposed by the EC mark; therefore it has been supplied with special sound-proof and accident-prevention systems.

Investments

In 2000 we continued our policy of investments, with the aim of increasing our production capacity and technologically update our systems and machines. Gross investments in property, plant and equipment during the year 2000 amounted to Lire 61,300 million (Lire 61,613 million in the prior year). The decrease of the historical cost of the fixed assets due to disposals for the renew of plants and equipment amounted to Lire 21,190 million. Amortizations amounted to Lire 23,197 million. The residual accounting value at the end of the fiscal year amounted to Lire 206,891 million. The financing of said investments mainly took place through financial leasing operations.

NET CONSOLIDATED FINANCIAL POSITION		(in millions of Lire)
	12.31. 2000	**12.31. 1999**
Short term debts with banks	(61,257)	(49,333)
Short term debts with other financiers	(22,572)	(18,699)
Short term cash	78,685	89,057
Short term Total	(5,144)	21,025
Medium and long term debts with banks	(52,277)	(35,856)
Medium and long term debts with other financiers	(37,246)	(35,639)
Medium and long term Total	(89,523)	(71,495)
Net financial position	**(94,667)**	**(50,470)**

The debt's growth is mainly due to the increase of the Net Current Assets, besides to the financing for the procurement of new assets. While the net debt for the short term is moderate, the long-term net debt of the Group amounts to about Lire 90 billion.

Economic and financial trend of Trevi Finanziaria Industriale S.p.A.

The financial resources of Lire 107 billion cashed by the Holding of the Group (net of the commissions due to the members of the underwriting syndicate) thanks to its quotation on the Milan Stock Exchange, had been destined - since the previous fiscal year - to the financing of the controlled companies in order to strengthen - also by means of purchases – the two supplementary divisions carrying out the industrial activity of the Group:

- Trevi division, the company that offers services related to the execution of special foundations for major civil engineering works as well as services for the drilling of oil and gas wells;
- Soilmec division, the company that produces special rigs for foundation and drilling works.

Trevi Icos Corporation

In 2000 the turnover of Trevi Icos Corporation – USA exceeded the amount of US$ 66 million and will further expand during this financial year of at least 14%. Portions of the Company's proceeds come from the execution of foundations in lots pertaining to the design called "Central Artery Tunnel" in Boston city. The year 2000 also witnessed the expansion of the operations in Massachusetts and in other States of the Union, especially in New York, in Virginia, in Ohio and in Florida. Particularly, the effort to widen the activities of Trevi Icos in the

Mid Atlantic (especially in the city of New York) and in California caused remarkable start-up and management costs to be borne by the Corporation, so that the remarkable proceeds accumulated in the Northeast area have been seriously eroded by the negative management of the other areas. The Corporation achieved a gross operating margin of Lire 8,023 million and has a net, passive financial standing of Lire 7,626 million.

Trevi S.p.A.

The accounting period for the year 2000 ended with a total revenue of Lire 116,53 billions with a decrease of 15% compared to the previous year.

The turnover of the specific performances concerning our main activities amounts to Lire 102,493 million, of which Lire 67,431 million in Italy (equal to 65,8%) and Lire 35,062 million abroad (equal to 34,2%). The loss net of taxes, pertaining to the accounting period here examined, amounted to Lire 5,108 million, while in 1999 an operating income of Lire 3,540 million was achieved. The gross operating margin underwent a drop of 418 million compared to the previous accounting period, for a total amount of Lire 10,229 million. The decrease of the proceeds is partially due to the postponement of the start of several awarded works to the first semester of 2001. Moreover, this result is also affected by the negative data of some works carried out in Italy and in Germany, both directly or in Joint Venture with other Companies. Proceeds underwent a remarkable worsening, compared to the initial forecasts of purchase, also due to geological and environmental conditions that proved to be so objectively different from those suggested during the tendering phase.

Unfortunately, this arose impressive contractual claims towards the customers. Particularly, the volume of activity in Italy decreased by 18,5%, for the slackening market situation affecting our country, where the recovery of public tenders hasn't coincided yet with such a significant increase in the prices, as to induce our controlled company to venture a more aggressive commercial policy. The recovery of the activity within the frame of public activities in Italy, together with the good commercial position held by the company and the availability of advanced technologies, let us hope for a better year 2001 and following ones, with increased turnovers and, especially, with improved returns.

The activity abroad, controlled through direct sites and branches of Trevi S.p.A., decreased by Lire 6,707 million, equal to 16%. During the year 2000, the activity in Sweden, Ethiopia, Argentina and Algeria (where a local company was established, 100% controlled) carried on with good results. Moreover, the support

supplied by the foreign controlled companies in terms of proceeds due to services related to technical assistance was remarkable. Unfortunately, in the accounting year under examination, it is not possible to find the considerable dividends distributed in the previous accounting period.
The net, passive financial standing is of Lire 44,544 million.

Trevi Foundations Nigeria Ltd

The performance of Trevi Foundations Nigeria Ltd ended at 12.31.00 with gross proceeds equal to the countervalue of about Lire 22 billion. The profitability has remained at the levels of the previous accounting periods; the gross operating margin amounted to Lire 2,722 million. The return of the political power into the hands of a civil government did not help the development of the country. Fortunately, the fiscal year 2001 started with a higher productive pace thanks to the effective start of projects that had been previously postponed.

Trevi Construction Hong Kong

Among the companies having registered office in the Far East, and now controlled by the sector subholding company Trevi Contractors B.V., the company Trevi Construction Co. Ltd - Hong Kong stands out. In the year 2000, Trevi Construction Co. Ltd has achieved total proceeds for the countervalue of Lire 23 billion, part of which obtained from activities of technical assistance supplied in Nigeria. The gross operating margin is of Lire 2,412 million. It has accomplished four main projects in Hong Kong: the first, awarded to us by a French company, consists in the execution of foundations for the Hang Hau underground station; then, there is the project DB320 for the Kowloon-Canton Railway Corporation; the third project, the so-called “Main drainage channels for Fanling” consists in a fence of piles for 5 bridges; the fourth foresees the execution of 92 piles and started last August, and at the end of the fiscal period it was completed for about 40%. As at 31 December 2000, the net, passive financial standing amounted to Lire 958 million.

Pilotes Trevi S.A.

In Argentina, the company Pilotes Trevi S.A. in Buenos Aires has attained proceeds for Lire 33,5 billion both directly and through Joint Ventures with other local companies; the gross operating margin amounted to Lire 245 million. By carefully strengthening its managerial policies, our Argentine company succeeded in becoming fully capable of managing projects characterised by different complexity and scope, always maintaining in all attended projects the high quality level that has always characterised its performances. Among the main projects carried out, those concerning the execution of the foundations for the bridge between the cities of Rosario and Victoria on the Paranà

river stand out as well as the consolidation works for the foundations of the buildings in the area of the old harbour of the capital.

Trevi Foundations Philippines Inc.

Trevi Foundations Philippines Inc. in Manila, which started its activity in 1997, attained in the year 2000 proceeds for about Lire 11 billion, doubling their volume compared to the previous financial year, with a gross operating margin of Lire 3,347 million.

Swissboring Overseas Piling Corporation Ltd

This company has been purchased on the 4th August 1999 from Eng. G. Rodio & C. S.p.A.. This Swiss company, called "Swissboring Overseas Piling Corporation Ltd" has registered office in Zurich and branches in the United Arab Emirates, Oman and Qatar and has been included with its whole financial year into the consolidated statement for the first time. It has attained proceeds for Lire 28 billion with a good profitability, characterised by a gross operating margin of Lire 3,221 million. From the beginning of the fiscal year, a controlled company started to operate in the Sultanate of Oman.

Trevi Insaat ve Muhendislik A.S.

Our company in Turkey badly suffered because of the terrible earthquake that devastated wide areas of the country. The economic activity finds it hard to recover in our sector. Recently the country has repeatedly undergone severe financial crisis that have caused a devaluation of the Turkish Lira of more than 35%. The Board of Directors of this company has recently decided to reduce to the minimum the activity, putting its human resources and materials at the disposal of Swissboring, with the aim of widening the activity in the other countries of the Middle East. Total proceeds amounted to only Lire 3,349 million, with a gross, negative operating margin of Lire 238 million and a net, active financial standing of Lire 45 million.

Petreven C.A. and Consortium SAITRE

The oil well drilling activity in the year 2000 was characterised by the use, in August, of a new rig with reduced dimensions: the G-102. It joins the first system G-200, also produced by Soilmec SpA., which was already used during the previous accounting year. Total proceeds reckoned for the financial period came close to Lire 20 billions. Venezuela, a country characterised by high development possibilities in the field of oil and gas research - considering the short-term future - will allow us to introduce a third plant HH300 in the last three months of the year 2001. The company is now engaged in a drilling campaign for Pérez Companc S.A. that will continue for the whole 2001 and, recently, it has been also extended to the whole years 2002 and 2003,

while, for the third equipment, five years of activity have been already contracted.
The Consortium with SAIPEM S.p.A. makes use of one rig only, the G125, fully operating during 2000 and with operating profits. The activity resumed at full pace in January 2000 following to the awarding from Agip S.p.A. of a work destined to be carried out for the whole current fiscal year and, probably, also for the following one. Total revenues increased to Lire 12 billion from the 7 billion of the previous period.

Soilmec Division

The performance of this Division for the year 2000 ended with proceeds from sales and services amounting to Lire 208,940 million and with a gross operating margin of Lire 16,530 million; the net, consolidated profit for distribution amounted to about Lire 200 million. The net, passive financial standing is of Lire 38,204 million.
The strong growth of the Soilmec division in terms of volume (+30,7% compared to the previous year) is mainly due to the upsurge of the drilling sector's turnover that moved from Lire 12,3 billion in 1998 to 22,7 billion in 1999 (+84,6%) and to 58 billion in 2000 (+ 156%). Said growth is the result of the investments made in terms of human resources and plant and machineries of the last years, at the Piacenza factory, with the aim of increasing its production capacity, and therefore it represents the main feature of the whole activity carried out by the division during this year, especially starting from the month of July. However, also the good result obtained in the foundation field should be pointed out, with a consolidated turnover that increased by 12%, reaching Lire 153,7 billion.
On the face of what above stated, the fiscal year 2000 is a turning point in the history of the Soilmec Division that is consolidating its presence on the "drilling " market (well drilling rigs) which, for its dimensions and perspectives, sets itself as a good opportunity for a further future growth, while the "core business" (foundation rigs) is probably approaching its full development. In this market share, Soilmec has achieved a leading role at worldwide level since many years, while in the field of well drilling equipment the strategic position is mainly that of a niche, both in terms of products and in geographic ones. Within the market, Soilmec is trying to exploit the most productive flexibility that has always characterised its activity and also tries to steadily increase its market share without substantially interfering with the position of major competitors that are surely more structured than itself. Following to the above mentioned dynamics, and on the basis of the orders' portfolio and negotiations in progress, today we can foresee that - as for the

2001 fiscal period - there will be an incidence of the turnover referable to the “drilling” field of more than 45% of the total of the Soilmec division.
Despite the promising sales’ volumes, we cannot avoid to highlight how these volumes did not produce an equivalent result in terms of profitability.
As a matter of fact, the net, consolidated profit to be distributed can be deemed to be an unsuitable reward if related to the profits amounting to more than Lire 200 billion attained during the year 2000, and the explanation is given by reading the following:

- The concentration of the productive activity related to the drilling portion during the second semester of the year 2000 caused some inefficiencies that negatively affected the profitability;
- Negative economic results of the controlled companies Soilmec Branham Inc. - U.S.A. (-2,5 billions of Lire) and Lianyungang Soilmec Machinery Co. Ltd – China (-0,63 billions of Lire); the last company is being liquidated. The first of said companies overcame the start-up phase and is now fully operating, although with a limited portfolio. The productive execution of the orders from clients related to drilling rigs is actually focused on the Italian factory of Piacenza.

From the point of view of the geographic distribution of the profits, there has been a given re-distribution of the weight of the various macro-areas into which the market of reference of the Soilmec Division is divided. Although the economic and financial crisis in various areas of the Asian continent and Middle East is continuing, the most significant increases in the sales were assessed just in this region due to the awarding of significant contracts for the supply of well rigs in the Middle East and to the recovery of the Chinese market (where Soilmec S.p.A. has sold its rigs for more than 11 billions of Lire); but also thanks to the best performances ever performed by the controlled companies of the area (especially Soilmec Japan Co. Ltd and Soilmec Far East Pte Ltd). The profits gained by the Soilmec Division in the Far East increased by 88%, while the improvement of the Middle East is almost double (+ 162%) since, thanks to the sales of equipment related to the “drilling” field in Iraq within the U.N. programme “Oil for food”, it managed to exceed 53 billions of turnover and becomes the second market after Europe where, also taking Italy into account, it has been possible to achieve a total turnover of nearly 83 billions of Lire (equal to 39% of the total). As a matter of fact, Europe has become Soilmec’s main outlet market (Italy +26,6%, rest of Europe +22,2% compared to 1999) both thanks to the excellent performances carried out in

countries such as Spain, Portugal and United Kingdom - where the controlled company Soilmec Ltd has attained excellent outcomes in terms of volumes and profitability - and to the start of its introduction into the markets of the East and Baltic areas.
We would also like to point out the steady growth trend characterising the North-American market that also this year hit the mark of a 6% increase, reaching a sales' amount of Lire 34,6 billion, holding, once again, a strategic area thanks to the turnover volume and quality customers. Together with the above reassuring results, we have also to note a significant sales' drop in South America and especially in Africa (-85,5%), where we passed from Lire 16,4 billion of sales in 1999 to Lire 2,3 billion in 2000, mainly because of the financial difficulties borne by Egypt during this year.

Group's transactions with non-consolidated, controlled subsidiaries, associated companies, controlling companies, companies controlled by the same parent companies and other related parties

Trevi - Finanziaria Industriale S.p.A. and the companies controlled by it have contractual transactions of commercial and financial nature with related parties. The very few transactions are kept with companies belonging to the holding Sofitre S.r.l., a company that is 100% owned by the Trevisani family.
Commercial transactions with companies of the Sofitre Group mainly refer to the sale of the automated car park, "Trevipark". The sale conditions applied to the related companies are the same that are normally applied on the market.
An outline of the main economic transactions with the related companies for the year 2000 is the following: (amounts in millions of Lire):

Profits from sales and services	1,496
Purchases of goods and services	25

The above profits refer for Lire 843 million to the invoicing of automated car park systems by Trevi S.p.A. to the related company Parcheggi S.p.A., and for Lire 458 million to the sale of services by Trevi Construction Co. Ltd. to the related company I.F.C. Ltd
A synthesis of the main capital transactions carried out with related companies, as at 31st December 2000, is the following:

Financial debts	0
Commercial debts	1,126
Commercial receivables	2,596

Moreover, there are also some sureties - which are progressively being reduced – issued by Trevi - Finanziaria Industriale SpA prior to the listing on the Stock Exchange in favour of some banks in the interest of Parcheggi S.p.A. and Roma Park S.r.l., companies now belonging to the Sofitre Group, for the execution of automated car parks.

Guarantees and sureties	10,601

Significant events occurred after the year-end

Besides the above mentioned additional contracts with Pérez Companc S.A. amounting to nearly US$ 64 million, the Trevi Group has been awarded with major works related to the execution of projects in Italy and abroad among which:

- A contract amounting to US$ 8 million signed with Modern Continental Corp. for the execution of the foundations of a bridge on the Fall River. Works will start in June and are expected to last about 12 months;
- A contract amounting to US$ 8,6 million signed with Grandi Lavori Fincosit USA for the execution of the foundations of the Cape Fear Bridge in the North Carolina. Works will start in June and are expected to last about 13 months;
- A contract amounting US$ 9,8 million directly obtained from the Harvard University for the execution of an underground car park and for the foundations of a housing development within the University ‘s enlargement project. Works will start in April and are expected to last about 8 months.

Further information

We should remind that during the 1999 fiscal year, Trevi S.p.A. purchased Trevi Finanziaria Industriale S.p.A. shares at the average price of 2,41 Euro per share and, at the end of the working period for the year 2000, it owned nr.140,000 shares (equal to 0,21% of the stock capital of the Holding, for a total burden value of Lire 681 million). The market value of said shares, reckoned on the basis of the average market price valid in the month of March 2001, is equal to Euro 2,084 per share. The Administrators deem the current evaluation not representative of the real value of the share; therefore no value adjustment has been performed.

In view of the Euro application, the Italian companies of the Trevi Group are now updating the accounting software, introducing a special programme for the management and general accounting. Starting from the fiscal year 2002, the statement of accounts of the Italian companies and the consolidated balance sheets of the Trevi Group will be exclusively expressed in Euro. The agenda of

the next Shareholders' Meeting of Trevi Finanziaria Industriale S.p.A. foresees the conversion of the stock capital into Euro.

Adoption of the Code of Practice by the listed companies

The company has adopted the general principles of the Code of Practice deeming them capable to improve its own rules of the "Corporate Governance" and its own internal organization, with the aim of directing the management towards the creation of value in favour of the shareholders, and therefore in order to positively affect the other stakeholders (clients, creditors, suppliers, employees, community and external environment in general).

During the meeting held on 8th November 1999, the Board of Directors approved the regulations of the company's bodies, highlighting the centrality of the Board of Directors as ruling body, specifying its relationships with the other bodies making up the company. This step represented a first adoption of the Code of Practice. The Shareholders' Meeting held on 7th May 2000, deliberated the enlargement of the number of the Directors from five to eight, appointing three "independent" Directors; the current make-up of the Board is of four Executive Directors and four independent Directors.

In order to favour a continuative dialogue with the greater part of the shareholders, and particularly with the institutional investors, the company appointed an Investor Relator and made available to the general public the company news in its Internet site www.trevifin.com, both in Italian and in English. The Agenda of the Board of Directors' Meeting of Trevi Finanziaria Industriale S.p.A. held on 31st March 2001 foresees the completion of the code of behaviour of the company's bodies and the approval of the Institution of the Committee for the Directors' remuneration and of the Committee for the internal control. Only with the full operation of these two Committees, the principles and the proposals of the Code of Practice could be defined as being totally applied.

Stockholders,

Despite the difficulties experienced by the economy of our country are still continuing, the procurement of orders is carrying on at full pace thanks to the expansion of the sales in the American continent and to the recovery of the European economic situation and, for some aspects, also of the Italian one; the amount of the orders' portfolio and the negotiations in progress with the clients, let us hope to be able to reach - by the year 2001- a volume of profits from sales and services, consolidated in its expansion, of more than Lire 650 billion, as well as a positive economic result on the up, preferably aligned

with those of the 1999 fiscal year. Particularly, the “drilling” sector is destined to gain a remarkable weight on the profits of the current fiscal year of about 22%, compared to 13,98% of the previous period, to 5,8% in 1999 and to 3,6% in 1998, hence decupling, in absolute values, the profits of the same sector considering a period of four fiscal years.

Cesena, March 31, 2001

For the Board of Directors

The Chairman

Davide Trevisani

CONSOLIDATED FINANCIAL
BALANCE

(millions of Lire)			*(in thousands of EURO)*
ASSETS	**12/31/2000**	**12/31/1999**	**12/31/2000**
A) Amounts due from stockholders			
1) called in portion	167	0	86
B) Fixed assets:			
I - Intangible fixed assets:			
1) start-up and expansion costs	8,058	10,364	4,162
2) research, development & advertising expenses	1,550	339	801
3) industrial patents and intellectual property rights	1,376	1,722	711
4) concessions, licenses, trademarks & similar rights	103	135	53
5) goodwill	622	891	321
6) deferred costs and payments on account	143	0	74
7) other intangible fixed assets	3,715	3,882	1,919
Total intangible fixed assets	**15,567**	**17,333**	**8,041**
II - Tangible fixed assets:			
1) land and buildings	36,094	28,925	18,641
2) plant and machinery	129,357	112,564	66,807
3) industrial and commercial equipment	18,046	16,049	9,320
4) other assets	23,093	19,563	11,927
5) assets under construction and advance payments	301	3,017	155
Total tangible fixed assets	**206,891**	**180,118**	**106,850**
III - Financial fixed assets:			
1) equity investments in:			
a) subsidiary companies			0
b) associated companies	625	9,704	323
d) other companies	721	792	372
Total	1,346	10,496	695
2) accounts receivable:			
b) associated companies:			
- due within 12 months			
- due beyond 12 months	12		6
Total	12	0	6
d) other companies:			
- due within 12 months			0
- due beyond 12 months	1,754	2,531	906
Total	1,754	2,531	906
Total accounts receivable	1,766	2,531	912
3) other securities	0	0	0
Total financial fixed assets	**3,112**	**13,027**	**1,607**
Total fixed assets (B)	**225,570**	**210,478**	**116,498**

STATEMENTS AS AT 31st DECEMBER 2000

SHEET

(millions of Lire)			*(in thousands of EURO)*
	12/31/2000	**12/31/1999**	**12/31/2000**
C) Current assets:			
I - Inventories:			
1) raw, ancillary and consumable materials	56,397	44,964	29,127
2) work in progress and semifinished products	15,475	5,116	7,992
3) contract work in progress	55,804	36,183	28,820
4) finished products and goods for resale	24,916	20,164	12,868
5) advances to suppliers	1,372	1,304	709
Total inventories	**153,964**	**107,731**	**79,516**
II - Accounts receivable :			
1) due from customers:			
- within 12 months	124,335	116,770	64,214
- beyond 12 months	14,682	18,181	7,583
Total	139,017	134,951	71,797
3) due from associated companies:			
- within 12 months	15,053	17,195	7,774
- beyond 12 months			
Total	15,053	17,195	7,774
5) due from third parties:			
- within 12 months	30,548	20,136	15,777
- beyond 12 months	641	985	331
Total	31,189	21,121	16,108
Total accounts receivable	**185,259**	**173,267**	**95,679**
III - Financial assets not held as fixed assets:			
5) own shares	681	681	352
Total Financial assets	**681**	**681**	**352**
IV - Liquid funds:			
1) bank and postal deposits	77,209	87,915	39,875
2) checks	114	29	59
3) cash and cash equivalents	1,362	1,113	703
Total liquid funds	**78,685**	**89,057**	**40,637**
Total current assets (C)	**418,589**	**370,736**	**216,184**
D) Accrued income and prepaid expenses			
1) accrued income	68	420	35
2) prepaid expenses:			
- due within 12 months	3,959	3,157	2,045
- due beyond 12 months	372	307	192
Total prepaid expenses	4,331	3,464	2,237
Total accrued income and prepaid expenses (D)	**4,399**	**3,884**	**2,272**
TOTAL ASSETS	**648,725**	**585,098**	**335,040**

CONSOLIDATED FINANCIAL
BALANCE

(millions of Lire)			*(in thousands of EURO)*
LIABILITIES AND STOCKHOLDERS' EQUITY	**12/31/2000**	**12/31/1999**	**12/31/2000**
A) Stockholders' equity			
I - Capital stock	**32,000**	**32,000**	**16,527**
II - Share premium reserve	**96,482**	**101,882**	**49,829**
IV - Legal reserve	**6,628**	**1,038**	**3,423**
V - Company own share reserve	**681**	**681**	**352**
VII - Other reserves:			
- extraordinary reserve	6,529	4,766	3,372
- cumulative translation adjustment	7,311	3,751	3,776
- consolidation reserve	48,335	36,369	24,963
Total other reserves	**62,175**	**44,886**	**32,111**
IX - Net income (loss) for the year	**4,312**	**13,844**	**2,225**
Group interest in stockholders' equity	**202,278**	**194,331**	**104,467**
Minority interests in capital and reserves	7,807	10,024	4,033
Total stockholders' equity	**210,085**	**204,355**	**108,500**
B) Reserves for risks and charges:			
1) pensions and similar commitments	4,255	3,860	2,198
2) taxation	9,051	6,966	4,674
3) other	4,288	4,035	2,215
Total reserves for risks and charges	**17,594**	**14,861**	**9,087**
C) Reserve for employee termination indemnities	**14,758**	**13,012**	**7,622**
D) Payables:			
3) due to banks:			
- within 12 months	61,257	49,333	31,637
- beyond 12 months	52,277	35,856	26,999
Total	113,534	85,189	58,636
4) due to other providers of finance:			
- within 12 months	22,572	18,699	11,657
- beyond 12 months	37,246	35,639	19,236
Total	59,818	54,338	30,893
5) advances from customers			
- due within 12 months	30,560	29,873	15,783
- due beyond 12 months			
Total	30,560	29,873	15,783
6) due to suppliers:			
- within 12 months	148,078	113,659	76,476
- beyond 12 months			0
Total	148,078	113,659	76,476
7) notes payable:			
- within 12 months		23	0
- beyond 12 months			0
Total	0	23	0

STATEMENTS AS AT 31st DECEMBER 2000

SHEET

(millions of Lire)			*(in thousands of EURO)*
	12/31/2000	**12/31/1999**	**12/31/2000**
8) due to non-consolidated subsidiary companies:			
- within 12 months	0	0	0
- beyond 12 months			
Total	0	0	0
9) due to associated companies:			
- within 12 months	22,178	26,653	11,454
- beyond 12 months			0
Total	22,178	26,653	11,454
11) due to tax authorities:			
- within 12 months	12,598	11,423	6,506
- beyond 12 months		388	0
Total	12,598	11,811	6,506
12) due to social security institutions:			
- within 12 months	3,885	2,988	2,006
- beyond 12 months			0
Total	3,885	2,988	2,006
13) other payables:			
- due within 12 months	10,502	23,297	5,424
- due beyond 12 months		393	0
Total	10,502	23,690	5,424
Total Payables	**401,153**	**348,224**	**207,179**
E) Accrued expenses and deferred income			
1) accrued expenses	2,331	2,099	1,204
2) deferred income			
- due within 12 months	2,119	1,738	1,094
- due beyond 12 months	685	809	354
Total deferred income	2,804	2,547	1,448
Total accrued expenses and deferred income	**5,135**	**4,646**	**2,652**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**648,725**	**585,098**	**335,040**
MEMORANDUM ACCOUNTS			
UNSECURED GUARANTEES GIVEN			
Sureties	146,878	142,362	75,856
TOTAL	146,878	142,362	75,856
TOTAL UNSECURED GUARANTEES GIVEN	**146,878**	**142,362**	**75,856**
COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS			
Recourse risks	29,461	17,492	15,215
Commitments towards third parties		4,826	0
End-of-lease purchase agreement	461	2,124	238
TOTAL	**29,922**	**24,442**	**15,453**
TOTAL MEMORANDUM ACCOUNTS	**176,800**	**166,804**	**91,309**

CONSOLIDATED FINANCIAL
INCOME

(millions of Lire)			*(in thousands of EURO))*
	2000	**1999**	**2000**
A) Value of production:			
1) revenues from sales and services	548,482	490,525	283,267
2) changes in inventories of work in progress and semifinished and finished products	15,055	(2,121)	7,775
3) changes in contract work in progress	19,656	5,056	10,151
4) additions to fixed assets by internal production	8,800	7,620	4,545
5) other income:			
- operating grants	663	729	342
- miscellaneous income	19,756	12,928	10,203
Total other income	20,419	13,657	10,545
Total value of production (A)	**612,412**	**514,737**	**316,283**
B) Production costs:			
6) raw, ancillary and consumable materials and goods for resale	212,151	175,457	109,567
7) services received	167,319	137,792	86,413
8) leases and rentals	30,076	18,199	15,533
9) personnel:			
a) wages and salaries	116,216	94,306	60,021
b) social security charges	31,214	25,466	16,121
c) employee termination indemnities	2,971	2,597	1,534
d) pensions and similar commitments	1,235	1,094	638
e) other	1,640	604	847
Total	153,276	124,067	79,161
10) amortization, depreciation and writedowns:			
a) amortization of intangible fixed assets	5,156	2,812	2,663
b) depreciation of tangible fixed assets	23,197	19,188	11,980
c) other writedowns of fixed assets	-	314	-
d) writedown of receivables included among current assets and of liquid funds	653	2,638	337
Total	29,006	24,952	14,980
11) changes in inventories of raw, ancillary and consumable materials	(5,149)	(2,184)	(2,659)
12) provisions for risks and charges		363	-
13) other provisions	751	601	388
14) other operating expenses	5,878	4,664	3,036
Total production costs (B)	**593,308**	**483,911**	**306,419**
Difference between value and cost of production	**19,104**	**30,826**	**9,864**
C) Financial Income and expense			
15) income from equity investments:			
c) dividends and other income from third parties	58	7	30
Total	58	7	30

STATEMENTS AS AT 31st DECEMBER 2000

STATEMENT

(millions of Lire)			*(in thousands of EURO*
	2000	**1999**	**2000**
16) other financial income:			
a) income from receivables held as fixed assets:			
2) Associated companies	18		9
4) third parties	415	76	214
Total	433	76	223
d) income other than the above:			
2) associated companies		214	
5) third parties	13,000	8,656	6,714
Total	13,000	8,870	6,714
Total income other than the above	13,433	8,946	6,937
17) interest and other financial charges:			
1) subsidiary companies			
2) associated companies			
4) third parties	24,095	15,022	12,444
Total	24,095	15,022	12,444
Total financial income and expense	**(10,604)**	**(6,069)**	**(5,477)**
D) Adjustments to financial assets:			
18) revaluations			
a) equity investments	220		114
Total	220	0	114
19) writedowns:			
a) equity investments	1,296	1,085	669
Total	1,296	1,085	669
Total adjustments to financial assets	**(1,076)**	**(1,085)**	**(555)**
E) Extraordinary income and expense			
20) income:			
a) gains on disposals	1,502	121	776
b) other income	2,806	1,000	1,449
Total	4,308	1,121	2,225
21) expense:			
a) losses on disposals	132	236	68
b) taxes relating to prior years	159		82
c) other expense	946	690	489
Total	1,237	926	639
Total extraordinary items	**3,071**	**195**	**1,586**
Results before taxation	**10,495**	**23,867**	**5,418**
22) income taxes for the year	6,457	10,929	3,335
Net income/(loss) for the year	**4,038**	**12,938**	**2,083**
Minority interests	(274)	(906)	(142)
Group net income for the year	**4,312**	**13,844**	**2,225**

MTRC –Metro Hong Kong Contratto 601 (Hong Kong)
MTRC –Metro Hong Kong Contract 601 (Hong Kong)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000

(in millions of Lire)

Group profile and activities

TREVI-Finanziaria Industriale S.p.A and its subsidiaries (hereafter called the "Trevi Group" or the "Group") carry out their activities in two principal sectors: supply contracts and design and engineering services for civil and infra-structural foundation works, the construction of plant and equipment for special foundation works, tunnel boring and well-drilling for oil and water exploration These two business sectors are coordinated by the Group's two major companies, Trevi S.p.A., which heads the division involved in construction at depth ("Trevi division"), and Soilmec S.p.A. which oversees the division responsible for manufacturing and marketing plant and equipment for construction at depth and well drilling for oil and water exploration («Soilmec Division»).
The Group is controlled by TREVI-Finanziaria Industriale S.p.A.
The Group's various areas of activity, its relationship with related parties and subsequent events after the end of the year are discussed in the report on operations.
The consolidated financial statements have been prepared in accordance with section III (arts 24 to 43) of Decree 127/91, as supplemented and interpreted with reference to the accounting principles established by the Italian Accounting Profession and, where applicable, to International Accounting Standards (I.A.S.).

Financial statements

The notes to the financial statements describe, analyze and supplement the information reported in the consolidated balance sheet and statement of income and contain the information required by article 38 of Decree 127/91. Additional information is provided in order to present a true and fair view of the state of the Group, even where not required by specific legislation
In particular:

a) the consolidated financial statements were prepared utilizing the draft financial statements as of December 31, 2000 of TREVI-Finanziaria Industriale S.p.A. and of all the subsidiaries included within the scope of consolidation, as approved by their respective Boards of Directors.
b) the financial statements utilized for consolidation purposes were appropriately reclassified to present them according to the format required by the Italian Civil Code, as introduced by Decree 127/91, and adjusted in conformity with the accounting policies applied by the Parent Company.

Consolidation principles

<u>Method of consolidation</u>
Consolidation is carried out on a line-by-line basis and also under the proportional method (as explained below). The accounting policies adopted for the preparation of the consolidated financial statements are as follows:

1) the assets and liabilities of subsidiary companies are consolidated line-by-line and the carrying value of consolidated investments is eliminated against the Group's share of stockholders' equity as of December 31, 2000;
2) the differences between purchase, formation or spin-off cost and the Group's share of stockholders' equity at the time subsidiaries were first consolidated are recorded as follows:
   - any negative differences are allocated to the "Consolidation reserve";
   - any positive differences, not allocated to the assets and liabilities of consolidated companies, or to goodwill, are deducted from the "Consolidation reserve"; Any higher value paid over and above the stockholders' equity of the investment at the time of the acquisition has been booked to «Consolidation difference». This difference is amortized over 5 years.
3) significant transactions between consolidated companies are eliminated, as are intercompany receivables and payables, costs and revenues, and any unrealized gains deriving from transactions between Group companies, net of the tax effect, where applicable. As permitted under the reference accounting policies, an exception to the elimination of intraGroup gains and losses concerns sales of machinery and equipment manufactured by the Soilmec division and transferred to the Trevi division in the normal course of the latter's activities. Such transfers, which take place as part of the normal business activities of the respective divisions, are effected on an arm's-length basis and determination of the related effects would entail disproportionate costs. A preliminary estimate effected by Management for 2000 in any case confirmed that the financial effects would have been insignificant;
4) dividends received from companies consolidated line-by-line are eliminated;
5) the minority stockholders' interest in equity is reported in a specific consolidated balance sheet caption, while the minority interest in net income is disclosed separately in the consolidated statement of income;
6) adjustments and provisions reported solely for tax purposes in the financial statements of consolidated companies are eliminated in order to present a true and fair view of the Group's financial position and results of operations.

<u>Translation of financial statements of foreign subsidiaries into Italian Lire</u>

The financial statements of foreign consolidated subsidiaries are

translated into Italian Lire using the current-rate method. This involves using year-end exchange rates to translate balance sheet items and average exchange rates for the year to translate statement of income items. Differences arising from the translation of opening stockholders' equity using closing rates and those arising from the translation of statement of income items using average rates for the year are reflected in the cumulative translation adjustment, classified within stockholders' equity.

The exchange rates utilized for 200 ar the following:

Currency	Average exchange rate for the year	Current exchange rate at year-end
Pound sterling	3,178.6	3,090.1
Japanese Yen	19.5	18.0
U.S. dollar	2,101.6	2,068.0
Turkish lira	0.003	0.003
Portuguese escudo	9.7	9.7
Netherlands guilder	878.6	878.6
Argentine peso	2,101.6	2,080.9
Venezuelan bolivar	3.0	2.9
Nigerian naira	20.6	18.9
Singapore dollar	1,218.6	1,200.7
Philippine peso	47.6	41.7
Chinese renmimbi	253.9	251.4
Malaysian ringgit	553.2	547.7
Dirham U.A.E	572.2	566.5
Algerian dinar	29.1	29.3
Hong Kong $	269.7	266.8

Scope of consolidation

The consolidated financial statements as of December 31, 2000 comprise the financial statements of all the companies directly or indirectly controlled by TREVI-Finanziaria Industriale S.p.A., the Parent Company.
A list of investments in subsidiary companies included within the scope of consolidation is reported in the attachment 1.

Changes in the scope of consolidation with respect to 1999 are the following:

- inclusion of International Drilling Tecnologies S.A. (I.D.T), with headquarters in San Marino, formed in the first half of 2000, 100% owned by Soilmec International B.V.;
- Another two companies were set up during the first half of 2000: Trevi Algerie S.A.R.L. , 100% owned by Trevi S.p.A., and Soilmec H.K. Ltd with headquarters in Hong Kong, wholly held by Soilmec Far East Pte Ltd of Singapore. Both these companies became operative during the second half of 2000 and have therefore been fully consolidated;
- Trevi Cimentaciones C.A. (Venezuela). In the first semester,Trevi Contractors B.V. acquired an additional 35% interest in the capital of the Venezuelan company. Thanks to this acquisition, the Group now controls 100% of Trevi Cimentaciones C.A.;
- Petreven C.A. (Venezuela). As a result of this operation, the Group now controls 100% of Petreven C.A.;
- Cifuven C.A. (Venezuela). During the first six months of the year Trevi Construction Co. Ltd of Hong Kong acquired an additional 35% interest in the capital of the Venezuelan company. Trevi S.p.A. now controls, directly and indirectly, 100% of Cifuven C.A..
- Lyanyungang Soilmec Machinery Co.Ltd. (China). This company, in liquidation since November 30, 2000, has been consolidated using the equity method, and no longer line-by-line;
- During the second half of the year the subsidiary Pilotes Trevi Sacims created 3 joint ventures in Argentina (Cimarg-Pilotes Trevi Ute, CCM-Pilotes Trevi Ute and Ecas–Pilotes Trevi Ute). These joint ventures, which are controlled 50%, have been consolidated on a proportional basis. It is felt that this leads to better disclosure of the Group's economic and financial position.

The operating companies and joint ventures where the Group exercises joint control have been consolidated on a proportional basis. Attachment 1b provides details of such investments.

The associated companies in which the Group does not hold a controlling interest, and non-operative joint ventures, i.e. which have finished or are finishing the job for which they were created, are carried at equity. Investments carried at equity are indicated in attachment 1a.

Minority interests and investments in minor or dormant consortiums are carried at cost, adjusted for permanent losses. In particular, also carried at cost are limited liability consortiums and consortiums set up as operating agencies for specific

ventures or contracts acquired in temporary association with other companies, and which present financial statements with no economic results, since they serve to offset directly-incurred costs by debiting them to participating companies. Attachment 1c details such investments.
The companies Profuro International Lda, Trevi Park Plc and Hercules Trevi Foundation A.B., respectively 47.5%, 26.5% and 49.5% owned by the Group, are carried at cost as they are immaterial.
Further details are provided in the Group's organization chart (attachment 2).

Financial statements of companies operating in high-inflation countries

The financial statements of consolidated companies operating in high-inflation countries (Trevi Cimentaciones C.A. Venezuela, Cifuven C.A. Venezuela, Petreven C.A. Venezuela and Trevi Insaat Ve Muhendinslik A.S.Turkey) are restated in accordance with inflation accounting criteria. Monetary adjustments applied to fixed assets, inventories and stockholders' equity, generated a positive effect on the statement of income for the year amounting to Lire 543 million.

Accounting policies

The more significant accounting policies adopted for the preparation of the consolidated financial statements as of December 31, 2000, are as follows:

Intangible fixed assets — These are stated at purchase and/or construction cost and amortized systematically with reference to the period they are expected to benefit.
Start-up and expansion costs are capitalized and amortized over a period not exceeding five years. Expenses incurred for the listing of the Parent Company have been capitalized and amortized on a straight-line basis over five years from July 15, 1999, the date of listing on the Milan Stock Exchange.
Research, development and advertising costs, where capitalized, are amortized over a period not exceeding five years.
Industrial patents and intellectual property rights are amortized over the period they are expected to benefit, in any case not exceeding that fixed by law or by contract (three or five years).
Purchased goodwill is reflected among the balance sheet assets and amortized over five years.
The «Consolidation difference» that arose on first-time line-by-line consolidation represents the surplus that cannot be attributed to the subsidiaries' assets on elimination of their carrying value against the related stockholders' equity. It is amortized on a straight-line basis over five years,
Costs incurred for construction sites that have not yet started

production activities are included among «Other intangible fixed assets». Such costs are charged to construction sites on a stage-of-completion basis.

Tangible fixed assets — These are stated at purchase or construction cost, as adjusted by Italian companies in accordance with revaluation laws 576/75, 72/83 and 413/91. Cost includes related charges and a reasonable allocation of direct and indirect expenses.
Tangible fixed assets are depreciated each year on a straight-line basis using economic and technical rates determined with reference to their residual useful lives.
Tangible fixed assets also include assets held under finance lease contracts. The accounting treatment of such assets, which takes account of the financial and equity effects of such contracts, is in line with I.A.S. 17. This involves recording assets acquired under finance leases among tangible fixed assets with a matching balance recorded as a financial payable, proportionally reduced according to the repayment schedule of principal included in contractual installments. Such assets are systematically depreciated with reference to their economic and technical residual lives.
Ordinary maintenance costs are expensed as incurred. Improvement expenditure is capitalized together with the related assets.
The rates applied by the Group are as follows:

Industrial buildings	3%
Temporary buildings	10%
General equipment and accessories	5%
Drilling equipment	7.5%
Other equipment and small tools	20%
Vehicles	18.75%
Trucks	10%
Excavators and power loaders	10%
Limousines	25%
Office furniture and furnishings	12%
Electromechanical office machines	20%
Vessels	5%

Financial fixed assets — The year-end valuation of equity investments in subsidiary companies not consolidated line-by-line, and in associated and other companies is discussed above in the section "Scope of consolidation".
Treasury shares, represented by shares of TREVI-Finanziaria Industriale S.p.A. held by Trevi S.p.A., are carried at purchase cost. The consolidated equity captions include a reserve for these shares of the same amount.

Inventories — Inventories are stated at the lower of weighted average purchase or construction cost and their estimated realizable value, taking account of market trends. Cost includes related charges and a reasonable allocation of direct and indirect expenses. Concerning the metalworking sector, estimated realizable value is calculated taking into account any additional construction costs still to be incurred and direct selling costs.

Contract work in progress — Contract work in progress is valued on a stage-of-completion basis, applied according to units manufactured or according to size. The same treatment is applied to long-term contracts on a cost-incurred basis.

Receivables — These are stated at their estimated realizable value.
Receivables transferred with recourse have been removed from the balance sheet to be replaced by advances received, indicating in the memorandum accounts the extent of the recourse risk covered, as required by the accounting policies.

Accruals and deferrals — These are recorded to match costs and revenues in the accounting periods to which they relate.

Reserves for risks and charges — These cover known or likely losses, the timing and extent of which cannot be determined at year-end. Provisions reflect the best estimate of losses to be incurred based on the information available.

Reserve for employee termination indemnities — The reserve is provided by Italian companies to cover the liability to all employees for termination indemnities accrued in accordance with current legislation and in-house labor contracts. This liability is subject to annual revaluation using officially established indices.
Similar charges provided in foreign countries are recorded in the "Reserve for pensions and similar commitments".

Payables — These are stated at their nominal value.

Memorandum accounts — These indicate commitments and guarantees given, as well as assets received and deposited for various purposes. They are all stated at nominal value.

Costs and revenues — These are recorded in the financial statements according to the matching principle, the nature of the items and the prudence concept. Revenues from the sale of products are recognized at the moment ownership passes, which is generally on shipment.
Revenues from claims are recorded in the year in which the client settles the claim.

Income taxes for the year — These are provided on the basis of estimated taxable income determined in conformity with current fiscal regulations in the countries in which Group companies operate, taking account of any exemptions and tax credits available.
In addition, where applicable, deferred taxes are also provided in relation to consolidation adjustments and timing differences between taxable income and that used for consolidation purposes deriving from Group companies' financial statements. Deferred tax assets are calculated and accounted for under current assets only if there is a reasonable certainty of their recoverability.
Tax credits on dividends are deducted from income taxes for the year.

Translation of foreign currency balances — Foreign currency receivables and payables are translated to Lire using the historical rates applying at the transaction dates.
Exchange differences realized on the collection of receivables and the settlement of payables denominated in foreign currency are reflected in the statement of income.
Net losses emerging from the translation of current foreign currency receivables and payables and of repurchase agreements using year-end rates are recognized and reflected in the statement of income. Any net gains emerging from the translation are prudently not recognized. Foreign currency repurchase agreements are stipulated to hedge exchange risks.
The foreign currency accounting records of the subsidiary company, Trevi S.p.A.'s foreign branches are kept separately from those in Lire, which are based on a multi-currency system. At year-end, balances reflected in the accounting records kept in foreign currency are translated to Lire using the average

exchange rates for December published in the Italian Official Gazette, and any exchange differences emerging are reflected in the statement of income.

Amounts expressed in the functional currency
All amounts in the consolidated balance sheet and statement of income, in these explanatory notes and in the attachments are expressed in millions of Italian Lire. In addition, the Company provides a version of the financial statements expressed in Euro using the fixed exchange rate of Lire 1,936.27 = 1 Euro.

B.FIXED ASSETS

Commentary on ohe principal asset captions

Assets

Intangible fixed assets

Intangible fixed assets amount to Lire 15,567 million, a decrease of Lire 1,766 million compared to the prior year. Changes during the year are as follows:

	Balance as of 12/31/99	Increases	Decreases	Amortiza-tion	Exchange differences	Historical costas of 12/31/00	Accumu-lated Amortiza-tion as of 12/31/00	Balance as of 12/31/00
Start-up and expansion costs	10,364	14	-	(2,327)	7	11,629	(3,571)	8,058
Research, development and advertising costs	339	1,817	-	(609)	3	2,385	(835)	1,550
Industrial patents and intellectual property rights	1,722	631	(286)	(598)	(93)	3,887	(2,511)	1,376
Concessions, licences, trademarks and similar rights	135	-	-	(42)	10	203	(100)	103
Goodwill	90	-	-	(90)	-	451	(451)	-
Consolidation differences	801	-	-	(179)	-	889	(267)	622
Assets in progress and advances	-	143	-	-	-	143	-	143
Other intangible fixed assets	3,882	2,155	(1,022)	(1,311)	11	6,186	(2,471)	3,715
TOTAL	**17,333**	**4,760**	**(1,308)**	**(5,156)**	**(62)**	**25,773**	**(10,206)**	**15,567**

"Start-up and expansion costs" as of December 31, 2000 refer almost entirely to the capitalization of costs incurred by the Parent Company for its listing on the stock exchange.
«Research, development and advertising» costs amount to Lire 1,550 million with an increase of Lire 1,211 million. The increase of Lire 1,817 million is due to costs incurred for the creation of software for the web page «www.parkingonline.net», around Lire 374 million, and to the capitalization of costs incurred by the

Mechanical Engineering Division for the development of technology and equipment for the foundation and drilling sectors, Lire 1,176 million.
Costs for patents include licenses for three-dimensional technical drawing programs being used by companies in the Soilmec Division.
The «consolidation difference» refers entirely to the acquisition of Swissboring Overseas Piling Corporation Ltd in 1999.
Assets in progress and advances, amounting to Lire 143 million, refer to a portion of costs incurred to implement new software, including the licence costs, which will probably be completed and introduced during 2001.
"Other intangible fixed assets" refer to start-up costs for construction sites and expenses incurred for participation in bids for tenders.
The most significant balances include yard opening costs in suspense, mainly relating to the «Ponte Joao Landim» site in Guinea Bissau (Lire 1,419 million), still in suspense because of the civil war, and the costs incurred for the yard opening in Taiwan (Lire 541 million).
Research and development expenses incurred during 2000, Lire 7,460 million, are reflected in full in the statement of income.

Tangible fixed assets
Tangible fixed assets amount to Lire 206,891 million, an increase of Lire 26,773 million compared to the prior year.
Changes during the year are as follows:

	Balance as of 12/31/99	Increa-ses	Decre-ases	Depre-ciation	Decreas e in the reserve	Exchange differenc es	Other changes	Balance as of 12/31/00	Accumu-lated depre-cia-tion as of 12/31/00
Land and buildings	28,925	5,626	(927)	(1,412)	288	598	2,996	36,094	9,375
Plant and machinery	112,564	34,555	(9,965)	(12,255)	1,556	1,273	1,630	129,357	61,675
Industrial and commercial equipment	16,049	5,808	(1,656)	(3,331)	572	(966)	1,570	18,046	22,284
Other assets	19,563	14,150	(8,642)	(6,199)	3,652	173	395	23,093	20,554
Assets under construction and advances	3,017	1,161	-	-	-	(39)	(3,838)	301	-
TOTAL	**180,118**	**61,300**	**(21,190)**	**(23,197)**	**6,068**	**1,039**	**2,753**	**206,891**	**113,888**

These tangible fixed assets include revaluations carried out solely on the basis of Italian laws, which net of depreciation accumulated in previous years amount to Lire 2,765 million.
Revaluations of assets still held by the Group is described in attachment 3.

Gross increases for the year, totaling Lire 61,300 million, mainly refer to the purchase of machinery and equipment relating to jobs started during 2000, including new sites in Austria, Germany, Thailand and the Middle East and to improvements to buildings (around Lire 2,300 million) at the factory in Gariga di Podenzano (Piacenza) owned by the Soilmec Division, as well as to the purchase of land and a building to be used for the new offices of the Soilmec Division in Great Britain.
Drilling equipment manufactured and subsequently rented by the Mechanical Engineering Division has also been capitalized for an amount of Lire 11,432 million; in any case, this equipment is subject to frequent purchases and sales and during 2000 disposals amounted to Lire 10,078 million.
As of December 31, 2000, the balance of the caption land and buildings includes about Lire 2,800 million for buildings under paid concession for 40 years, from Lagos State of the Nigerian Republic and used by the subsidiary Trevi Foundation Nigeria.
The caption «other changes» mainly include revaluations for the year of tangible fixed assets belonging to companies operating in high-inflation countries.
Certain fixed assets are encumbered by a mortgage against loans received, as described in Payables (D).
Translation differences derive from the difference between historical exchange rates and those ruling as of December 31, 2000 used for the translation into Italian lire of tangible fixed assets.

Financial fixed assets
These amount to Lire 1,346 million, a decrease of Lire 9,150 million over the prior year.
The following is a summary of changes in equity investments in 2000:

	Balance as of 12/31/99	Increases	Decreases	Revalua-tions	Writed-owns	Other Move-ments	Balance as of 12/31/00
Non-consolidated subsidiary companies	-			-	(633)	633	-
Associated companies	9,704	46	-	220	(663)	(8,683)	625
Other companies	792		(102)	-	-	31	721
TOTAL	**10,496**	**46**	**(102)**	**220**	**(1,296)**	**(8,019)**	**1,346**

Writedowns of Lire 1,296 million principally refer to the writedown of the carrying value of Trevi Contractors Singapore, Lire 490 million, Trevi Park Plc, Lire 58 million and Lianyungang Soilmec Machinery Co. Ltd, Lire 633 million; the latter was previously

consolidated line-by-line, while from this year it is carried at equity as it is now in liquidation.
Decreases comprise the disposal of a minority interest in COMEX S.p.A. by the Parent Company to third parties. This operation generated a gain of Lire 48 million.

Other movements in associated companies, totaling Lire 8,683 million, refer to the distribution of the accumulated earnings of certain Argentinian joint ventures, which in 2000 completed the jobs for which they had been set up. These amounts have therefore been used to offset part of the accounts payable owing to them.

Due from third parties
These include the following:

Description	12/31/00	12/31/99	changes
Tax authorities for advances on termination indemnities	1,244	1,356	(112)
Guarantee deposits	440	430	10
Other	70	745	(675)
TOTAL	**1,754**	**2,531**	**(777)**

C. CURRENT ASSETS

Inventories
As of December 31, 2000, these amounted to Lire 153,964 million and are analyzed below:

Description	12/31/00	12/31/99	changes
Raw, ancillary and consumable materials	56,397	44,964	11,433
Work in process and semi-finished products	15,475	5,116	10,359
Contract work in progress	55,804	36,183	19,621
Finished products and goods for resale	24,916	20,164	4,752
Advances	1,372	1,304	68
TOTAL	**153,964**	**107,731**	**46,233**

The considerable increase in raw materials and work in progress is mainly due to the Soilmec Division following the upswing in production outstanding contracts.
The change in the balance of contract work in progress is largely due to orders managed by Trevi S.p.A. in Venezuela (Ferrocar Caracas project) and in Italy.

We would like to point out that the amount of contract work in progress includes additional fees of Lire 3,929 million which relates to the renegotiation of prices for an outstanding contract and Lire 1,871 million for a contract finished in previous years, for which the amount due was set by an expert appointed by the Court. These fees have only been considered additional income to the extent that they could realistically be quantified.
Contract work in progress also comprises Lire 3,706 million relating to contracts for the construction of drilling plants manufactured by the Mechanical Engineering Division.

Accounts receivable
As of December 31, 2000, accounts receivable amount to Lire 185,259 million. The caption comprises the following:

Description	12/31/00	12/31/99	changes
Due from customers	139,017	134,951	4,066
Due from associated companies	15,053	17,195	(2,142)
Due from third parties	31,189	21,121	10,068
TOTAL	**185,259**	**173,267**	**11,992**

In December 2000, the Group transferred receivables of Lire 66,350 million without recourse and Lire 24,502 million with recourse to a factoring companies.

Amounts due from customers are net of the allowance for doubtful accounts, Lire 8,409 million. The movements during the year were as follows:

	Balance as of 01/01/00	Provisions	Utiliza-tions	Other Changes	Balance as of 12/31/00
Allowance for doubtful accounts – Due from customers	7,604	529	(659)	325	7,799
Allowance for interest on arrears	486	124			610
TOTAL	**8,090**	**653**	**(659)**	**325**	**8,409**

Amounts due from associated companies principally consist of amounts due to Trevi S.p.A. and Pilotes Trevi (a subsidiary) on business relationships with their own consortiums, which are regulated at arm's-length conditions. The most significant amounts as of December 31, 2000 refer to:

Description	12/31/00	12/31/99	changes
Porto di Messina scarl	1,077	-	1,077
Consorzio Nuovo Scalo	1,109	905	204
Consorzio Principe Amedeo	696	560	136
Consorzio Trevi Adanti	5,412	11,050	(5,638)
Consorzio Saitre	843	575	268
Hercules Trevi J.V.	1,020	-	1,020
Other	4,896	4,105	791
TOTAL	**15,053**	**17,195**	**(2,142)**

Details of "Accounts receivable - Other" are as follows:

Description	12/31/00	12/31/99	changes
Amounts due from the tax authorities	17,929	11,262	6,667
Receivables requested for reimbursement from the tax authorities	417	362	55
Due from employees	1,672	922	750
Advances to suppliers	4,947	745	4,202
Deferred tax assets	1,767	-	1,767
Other	4,457	7,830	(3,373)
TOTAL	**31,189**	**21,121**	**10,068**

Receivables in current assets are all due within 5 years.
Amounts due from the tax authorities are mainly represented by indirect taxes, value added tax, and tax credits. As of December 31, 2000 deferred tax assets refer to the net balance of deferred taxes recorded by the subsidiary Trevi S.p.A. and comprising deferred tax assets on tax losses which can be used in future years, around Lire 2,200 million, net of deferred tax liabilities provided for in prior years, around Lire 433 million. Deferred tax assets on tax losses are recognized in the financial statements as the Directors believe that there is a reasonable certainty of generating sufficient taxable income to absorb them in the next few years.

Financial assets not held as fixed assets
The amount of Lire 681 million refers entirely to TREVI-Finanziaria Industriale S.p.A' s shares held by Trevi S.p.A. Their number is 140,000. The current value of these shares, calculated on the average market price in March 2001, is Euro 2.084 each.
The Directors do not think that the current valuation of the shares reflects their real value, so no adjustment has been made.

Liquid funds
The caption comprises the following:

Description	12/31/00	12/31/99	changes
Bank and post office accounts	77,209	87,915	(10,706)
Cash and cash equivalents	1,362	1,113	249
Checks	114	29	85
TOTAL	**78,685**	**89,057**	**(10,372)**

The Report on Operations contains an analysis of the net financial position of the Trevi Group and the main companies included in the scope of consolidation.
There are no restrictions to the transfer of liquid funds of companies abroad back into Italy.

ACCRUED INCOME AND PREPAID EXPENSES
The caption mainly comprises prepaid expenses, as follows:

Description	12/31/00	12/31/99	changes
Insurance	894	545	349
Commission on bank guarantees	147	33	114
Lease installments on buildings and equipment	1,614	722	892
Discounts (Sabatini Law)	869	447	422
Other	875	1,717	(842)
TOTAL	**4,399**	**3,464**	**935**

Prepayments include Lire 372 million due beyond 12 months of Soilmec S.p.A.

Liabilities and Stockholders' Equity

A) STOCKHOLDERS' EQUITY

Statement of changes in the consolidated stockholders' equity

	Capital stock	Share premium reserve	Legal reserve	Reserve for Treasury shares	Extraor-dinary reserve.	Cumula-tive transla-tion adjust-ment	Conso-lidation reserve	Net income for the year	Total Stock-holders 'equity
Balance as of 12/31/1998	**12,000**		**1,021**		**14,441**	**(3,701)**	**28,227**	**7,782**	**59,770**
Net income allocation			17		325		7,440	(7,782)	-
Capital increase - TREVI-Finanziaria Industriale	20,000	101,882			(10,000)				111,882
Translation differences						7,452			7,452
Change in the scope of consolidation				681	-		702		1,383
Net income for the year								13,844	13,844
Balance as of 12/31/1999	**32,000**	**101,882**	**1,038**	**681**	**4,766**	**3,751**	**36,369**	**13,844**	**194,331**
Net income allocation			190		1,763		10,032	(11,985)	-
Dividends distributed								(1,859)	(1,859)
Translation differences						3,560			3,560
Change in the scope of consolidation				-	-		1,934		1,934
Increase in the legal reserve		(5,400)	5,400						-
Net income for the year								4,312	4,312
Balance as of 12/31/2000	**32,000**	**96,482**	**6,628**	**681**	**6,529**	**7,311**	**48,335**	**4,312**	**202,278**

Capital stock amounting to Lire 32,000,000,000 million as of December 31, 2000, is represented by 64,000,000 ordinary shares, fully subscribed and paid-in, par value of Lire 500 each.
In accordance with article 3 of Decree 467/97, should the reserves in the financial statements be distributed, the stockholders will be entitled to a full tax credit under article 105/1a of Lire 6,735 million and a partial tax credit under article 105/1 b of Lire 4,036 million.

Reconciliation of the stockholders' equity and net income of TREVI-Finanziaria Industriale S.p.A and the corresponding consolidated values of the Group..

Reconciliation between stockholders' equity and net consolidated income and stockholders' equity and net income for the year of the Parent Company, TREVI-Finanziaria Industriale S.p.A. is the following:

	Capital and reserves	Net income for the year	Stockholders' equity as of 12.31.2000
TREVI-Finanziaria Industriale S.p.A	**141,640**	**2,292**	**143,932**
Adjustments for consistency with accounting policies	10,092	2,701	12,793
Elimination of intraGroup net income and losses	(4,431)	1,285	(3,146)
Elimination of intraGroup dividends and writedowns	(298)	613	315
Elimination of consolidated investments	47,050	-	47,050
Share of results of group companies	-	(2,126)	(2,126)
Amortization of the consolidation difference	(89)	(178)	(267)
Effect of valuation using the equity method	(674)	674	-
Deferred taxes	(2,635)	(949)	(3,584)
Translation differences	7,311	-	7,311
Group stockholders' equity and net income for year	**197,966**	**4,312**	**202,278**
Minority interests	**8,081**	**(274)**	**7,807**
Stockholders' equity and net income for the year	**206,047**	**4,038**	**210,085**

B) RESERVES FOR RISKS AND CHARGES

The reserves for risks and charges amount to Lire 17,594 million, an increase of Lire 2,733 million compared to the prior year. The composition of and the relative movements in this caption are summarized below.

	Balance as of 12/31/99	Reserves	Utilizations	Other Changes	Balance as of 12/31/00
Pensions and similar commitments	3,860	1,235	(298)	(542)	4,255
Deferred taxes	6,966	2,775	(232)	(458)	9,051
Other reserves	4,035	750	(63)	(434)	4,288
TOTAL	**14,861**	**4,760**	**(593)**	**(1,434)**	**17,594**

The reserve for pensions and similar commitments entirely relates to provisions effected by foreign affiliated companies to cover liabilities due to employees.

The taxation reserve entirely relates to deferred taxes provided to cover timing differences between taxable income and that deriving from consolidated companies' financial statements and, where applicable, from consolidation adjustments.
Provisions represent a reasonable estimate of taxes to be paid in future accounting periods, applying regulations currently in force

in the individual countries in which the consolidated companies operate.
The reserve for deferred taxes of Trevi S.p.A. provided for in prior years has been offset against deferred tax assets booked during the year.
"Other reserves", Lire 4,288 million, comprises the following items:

Description	12/31/00	12/31/99	changes
Contractual risks	1,300	902	398
Warranty reserve	1,372	1,166	206
Provision for exchange losses	63	-	63
Coverage of losses on investments	1,377	1,386	(9)
Legal disputes	176	581	(405)
TOTAL	**4,288**	**4,035**	**253**

The reserve for contractual risks, amounting to Lire 1,300 million, mainly refers to provisions made by Trevi S.p.A against risks connected with jobs in progress.
The warranty reserve of Lire 1,372 million is provided to cover technical assistance to be carried out in the next few months on products under warranty by the Group companies in the metal working sector.
Reserve for charges to cover losses incurred by equity investments, Lire 1,377 million This amount mainly refers to the Rodio-Trevi-Arab Contractor.

C) RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES
As of December 31, 2000, the reserve for employee termination indemnities comes to a total of Lire 14,758 million and reflects indemnities accrued at the year-end by employees of the Italian companies in accordance with the law. Movements during the year were as follows:

- Balance as of 01/01/2000	13,012
- Amount accrued and charged to the statement of income	2,971
- Indemnities and advances paid during the year	(976)
- advances to employees	(464)
- Other movements	215
Balance as of 12/31/2000	**14,758**

D) PAYABLES

Payables amount to Lire 401,153 million, an increase of Lire 52,929 million versus the previous year

The composition of and movements in these accounts during the year are discussed below:

Description	12/31/00	12/31/99	changes
Due to banks	113,534	85,189	28,345
Due to other providers of finance	59,818	54,338	5,480
Advances	30,560	29,873	687
Due to suppliers	148,078	113,659	34,419
Payables represented by credit instruments	-	23	(23)
Due to associated companies	22,178	26,653	(4,475)
Due to tax authorities	12,598	11,811	787
Due to social security institutions	3,885	2,988	897
Other payables	10,502	23,690	(13,188)
TOTAL	**401,153**	**348,224**	**52,929**

The Report on Operations includes comments on the net financial position.
Due to banks, broken down by maturity, can be summarized as follows:

	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Current account overdrafts, advances and short-term loans	44,853	582	-	45,435
Industrial Commercial Bank mortgage loan	100	501	265	866
Mediocredito Lombardo mortgage loan	4,107	9,286	1,250	14,643
Mediocredito Centrale Loan ex Law 49/87	115	462	346	923
Bank Boston mortgage loan	87	347	203	637
Cassa Risparmio di Cesena mortgage loan	1,371	3,682	-	5,053
Interbanca mortgage loan	4,000	10,000	-	14,000
Banca di Roma loan	1,624	1,353	-	2,977
Centrobanca loan	-	20,000	-	20,000
Efibanca loan	5,000	4,000	-	9,000
TOTAL	**61,257**	**50,213**	**2,064**	**113,534**

Mortgage loan from the Industrial Commercial Bank in Singapore dollars 955,000 granted to Soilmec Far East Pte,

as of December 31, 2000 amounts to S$ 721,227 and is repayable from 1998 in 120 monthly installments. The interest rate is fixed for the first three years and for the remaining seven years is at a floating rate (prime rate +0,25%) .

The amount due by Soilmec S.p.A. to Mediocredito Lombardo S.p.A. of Lire 14,643 million consists of two separate mortgage loans. The first, originally of Lire 10,000 million, was obtained in 1996 at a floating interest rate, repayable from 1999 in 16 six-monthly instalments and secured by a 2nd degree lien on the company's building. The second and more recent one was granted in 1999 and amounts to Lire 10,000 million; it is repayable in 7 six-monthly instalments starting from June 30, 2000; it bears interest at a floating rate and is secured by a 3rd degree lien on Soilmec S.p.A.'s building..

The loan of Lire 923 million granted by Mediocredito Centrale is repayable in seven years; as from the third year the interest rate has been set at 1.755%.

The loan of US dollar 420,000 granted by Bank Boston to Trevi Icos Corporation is repayable in 10 years and is secured by a 1st degree lien on the company's building.

The loan of Lire 10 billion granted to Soilmec S.p.A. in 1994 by Cassa di Risparmio di Cesena, bearing interest at a floating rate is repayable in 16 six-monthly instalments and is secured by a 1st degree lien on the company's building.

As of December 31, 2000 the Interbanca loan is shown in the financial statements at its residual amount of Lire 14,000 million. It was granted in 1999 to Soilmec S.p.A. and Trevi S.p.A. for a total of Lire 20,000 million and is repayable in 10 instalments starting from November 30, 1999; it bears a floating interest rate.

As of December 31, 2000 the Centrobanca loan is shown in the financial statements at the amount of Lire 20,000 million. It was granted during the year to Soilmec S.p.A. and Trevi S.p.A. and is repayable from November 30, 2002; it bears a floating interest rate.

The Efibanca loan totals Lire 9,000 million bearing a floating interest rate; Lire 5,000 million were granted in 1999 to the Parent Company and is repayable on June 12, 2001 and Lire 4,000 million during the year always to the Parent Company, repayable on May 4, 2002.

Due to other providers of finance

Due to other providers of finance, broken down by maturity, can be summarized as follows:

	Within year	Between 1 and 5 years	Beyond 5 years	Total
«Commercial Paper» financing	1,000	-	-	1,000
Ministry of Industry financing Law 46/82	338	1,168	1,193	2,699
Other financing – Trevi Icos Corp.	138	-	-	138
Leasing companies	18,731	36,305	945	55,981
TOTAL	**20,207**	**37,473**	**2,138**	**59,818**

The increase in amounts due to leasing companies relate to the outstanding principal included in charges not yet due. As mentioned in the accounting policies, lease contracts are recorded in the consolidated financial statements in accordance with finance lease methodology.

Due to suppliers

The significant growth in due to suppliers is due to the development of the Group's activities in the various geographical areas in which it operates, to «services received», especially in connection with subcontract work, and to higher production by the Soilmec Division.

Due to associated companies

Amounts due to associated companies total Lire 22,178 million and almost entirely relate to amounts due from the subsidiary companies, Trevi S.p.A. to consortiums.
The most significant amounts are as follows:

Description	12/31/00	12/31/99	changes
Principe Amedeo	1,925	4,643	(2,718)
Trevi Adanti	11,860	8,992	2,868
Consortiums in Argentina	-	4,811	(4,811)
Consorzio Saitre	3,301	-	3,301
Trevi S.G.F.	531	-	531
Other	4,561	8,207	(3,646)
TOTAL	**22,178**	**26,653**	**(4,475)**

As mentioned previously, during the year certain Argentinian joint ventures completed the jobs for which they had been set up. At the same time, amounts due to these entities were set off against the results they had accumulated in prior years.

Due to tax authorities

Amounts due to the tax authorities comprise the following:

Description	12/31/00	12/31/99	changes
Direct taxation	7,392	7,586	(194)
Tax withholdings	1,945	64	1,881
VAT payable	3,062	2,544	518
Substitute tax	-	232	(232)
Other	199	1,385	(1,186)
TOTAL	**12,598**	**11,811**	**787**

Other payables

Other payables include:

Description	12/31/00	12/31/99	changes
Due to employees	6,737	5,752	985
Due to stockholders	1,495	1,440	55
Other	2,270	16,498	(14,228)
TOTAL	**10,502**	**23,690**	**(13,188)**

Due to stockholders refers to the residual amount due for the purchase by the Parent Company TREVI-Finanziaria Industriale S.p.A. of shares in Trevi S.p.A and Soilmec S,p,A, carried out in prior years. This amount has been totally reimbursed in the first months of 2001.

E) ACCRUED EXPENSES AND DEFERRED INCOME

This caption is analyzed as follows:

Accrued expenses

Description	12/31/00	12/31/99	changes
Insurance	384	704	(320)
Accrued interest expense	320	216	104
Rental for buildings	54	-	54
Other accrued expenses	1,573	1,179	394
TOTAL	**2,331**	**2,099**	**232**

Deferred income

Description	12/31/00	12/31/99	changes
Interest as per Sabatini and Ossola Laws	522	474	48
Hiring charges	630	992	(362)
Other	1,652	1,081	571
TOTAL	**2,804**	**2,547**	**257**

Deferred income includes Lire 685 million due beyond 12 months of Soilmec S.p.A.

MEMORANDUM ACCOUNTS

Guarantees to third parties
These include guarantees issued by banks and insurance companies in favor of third parties on our behalf, to guarantee works performed by the Group as well as correct and timely equipment deliveries, Lire 146,878 million.

Recourse risks
As of December 31, 2000, this caption includes commitments for the recovery of credits sold with recourse and for discounted bills not yet due at balance sheet date for a total of Lire 28,490 million and for endorsements by the Parent Company, TREVI-Finanziaria Industriale S.p.A. on bills receivable of the subsidiary company, Soilmec S.p.A. for a total of Lire 971 million .

End-of-lease purchase agreement
This caption, Lire 461 million, reflects a commitment to repurchase equipment sold by Soilmec S.p.A. to leasing companies at prices which reflect the wear and tear on such equipment and the insolvency rate of end-customers. In the past, the company has not incurred material costs in connection with such contractual conditions.

Comments on the principal Statement of Income Captions

Further details and information on the consolidated statement of income as of December 31, 2000 as given below. The principal transactions carried out by the Group with associated companies are discussed in the report on operations.

A) VALUE OF PRODUCTION

A.1-A.3 - Revenues from sales and services and changes in contract work in progress

These amount to Lire 568,138 million compared to Lire 495,581 million as of December 31, 1999. The Group operates in various business sectors and geographical areas.
The breakdown of revenues from sales and services and of changes in contract work in progress is the following:

AREA	12/31/00	%	12/31/99	%	Changes
Italy	97,162	17.1%	103,364	20.9%	(6,202)
Europe (excluding Italy)	53,909	9.5%	42,239	8.5%	11,670
U.S.A. and Canada	169,018	29.7%	144,908	29.2%	24,110
South American countries	64,502	11.4%	65,551	13.2%	(1,049)
Africa	38,854	6.8%	63,819	12.9%	(24,965)
Middle East	85,107	15%	40,634	8.2%	44,473
Far East	57,763	10.2%	35,066	7.1%	22,697
Rest of the world	1,823	0.3%	-		1,823
TOTAL	**568,138**	**100%**	**495,581**	**100%**	**72,557**

The significant growth in the U.S.A. and Canada is principally due to Trevi Icos Corporation, which managed contracts totaling around Lire 139,000 million compared to Lire 114,000 million in the prior year;
The increase in the Middle East and Far East mainly reflects higher sales by the Soilmec Division thanks to the acquisition of important contract for the supply of machinery for well-drilling (Middle East) and to the recovery in the Chinese market. It has to be underlined that revenues obtained by the Soilmec Division in the Middle East are principally attributable to the disposals of drilling equipment in Iraq as part of the United Nation's «Oil for food» program.
Another important market for the Soilmec Division is Europe, where in countries such as Spain, Portugal and Great Britain it achieved excellent results.
The decline in revenues in Africa compared with last year, is due to the completion of certain sites in Algeria as well as to the financial difficulties of certain countries in this area.
The following is the division of revenues between the principal sectors of Group activities:

MANUFACTURING SECTOR	12/31/00	%	12/31/99	%	Changes
Manufacture of machines for special foundation work	143,367	25.2%	125,432	25.3%	17,935
Manufacture of machinery for oil, gas and water drilling	58,970	10.4%	22,695	4.6%	36,275
Oil drilling	20,439	3.6%	5,910	1.2%	14,529
Special foundation works	345,362	60.8%	331,291	66.8%	14,071
Parking facilities	-		10,253	2.1%	(10,253)
TOTAL	**568,138**	**100%**	**495,581**	**100%**	**72,557**

The year was characterized by a considerable increase in activities in the well-drilling sector, both in the production of well-

drilling machinery and in actual drilling activity. This is also connected to what we have already said about the production of well-drilling machinery for contracts in Iraq and business carried out by the subsidiary Petreven C.A. in South America (Venezuela). This company has recently obtained contracts for about US$ 60 million.
The traditional foundation works sector and the production of the machinery that it uses maintained its growth trend, even if less rapid than in recent years.

A.5 Other income and revenues

"Other income and revenues" amount to Lire 20,419 million with an increase of Lire 6,762 million compared to the prior year; they relate principally to expenses recharged to operating consortiums during the year by Trevi S.p.A.

Description	12/31/00	12/31/99	changes
Operating contributions	663	729	(66)
Expense recoveries and recharges to consortiums	10,040	7,462	2,578
Sales of spare-parts	896	1,328	(432)
Gains on disposal of fixed assets	1,518	1,363	155
Reimbursement of damages	1,052	-	1,052
Rents received	1,598	-	1,598
Other	4,652	2,775	1,877
TOTAL	**20,419**	**13,657**	**6,762**

B) PRODUCTION COSTS

Production costs amount to Lire 593,308 million compared to Lire 483,911 million in the prior year. The principal items are analyzed as follows.

B.7) Services received. These amount to Lire 167,319 million compared to Lire 137,792 million as of December 31, 1999. This caption mainly comprises:

Description	12/31/00	12/31/99	changes
Third party processing	40,156	47,828	(7,672)
Subcontract work	35,709	21,930	13,779
Consulting	11,229	8,017	3,212
Maintenance and repairs	10,061	7,490	2,571
Shipping and customs duties	11,532	5,477	6,055
Commission and related charges	11,096	8,212	2,884
Travel and subsistence expenses	14,863	9,201	5,662
Other	32,673	29,637	3,036
TOTAL	**167,319**	**137,792**	**29,527**

The significant increase in subcontract work is attributable to Trevi Icos Corporation which during the year used external firms to complete works on certain sites.
Shipping and customs duties have risen because of high volume of export sales by the Soilmec Division and expenses incurred to transport equipment to the various foreign sites.

B.8) Leases and rentals. These amount to Lire 30,076 million, an increase of Lire 11,877 million versus the previous year. The caption principally refers to:

Description	12/31/00	12/31/99	changes
Rental expense	4,545	1,337	3,208
Hiring charges	24,193	16,169	8,024
Other	1,338	693	645
TOTAL	**30,076**	**18,199**	**11,877**

The considerable growth in hiring charges is due to a more frequent use of rental cars, which the Company prefers to buying them.

B.9) Personnel costs. These amount to Lire 153,276 million, an increase of Lire 29,209 million over the prior year. Changes in the number of employees are the following:

Description	12/31/00	12/31/99	changes	Average number
Managers	57	55	2	57
Clerical staff	602	569	33	602
Blue-collar workers	1,749	1,811	(62)	1,816
TOTAL	**2,408**	**2,435**	**(27)**	**2,475**

The above table does not include the employees who work for joint ventures (consolidated on a proportional basis), which as of December 31, 2000 employ 131 people.
The rise in payroll costs is attributable to the need for more people to expand the Group's presence in certain areas that are considered of strategic importance. The cost of personnel working at the Cortemaggiore workshop, who were not included in last year's calculation, has also contributed to the increase. It should also be pointed out that in 1999 the Group made some particularly important acquisitions, which only partially affected that year's statement of income, whereas their impact on 2000 was for the whole of the year.

B.10.d) Writedown of receivables included among current assets. The amount relates solely to the provisions for doubtful accounts made by the individual subsidiary companies for a total of Lire 653 million .

B.13) Other reserves. These amount to Lire 751 million and refer to Trevi S.p.A. for contractual risks connected to contracts in progress, Lire 500 million, and to the Soilmec Division for technical assistance to be carried out in the coming months on products under warranty, Lire 251 million.

B.14) Other operating expenses. These amount to Lire 5,878 million, an increase of Lire 1,214 million compared to the prior year.

Description	12/31/00	12/31/99	changes
Taxes other than income taxes	1,280	1,824	(544)
Losses on the disposal of assets	926	693	233
Other	3,672	2,147	1,525
TOTAL	**5,878**	**4,664**	**1,214**

C) FINANCIAL INCOME AND EXPENSE

15.d) Income from investments in other companies. The income of Lire 58 million relates partly to dividends distributed by COMEX S.p.A.and collected by the Parent Company TREVI-Finanziaria Industriale S.p.A. and partly to gains from the disposal of a portion of the shareholding held by the Parent Company in COMEX S.p.A.(Lire 48 million).

16.d) Financial income from other companies
This comprises:

Description	12/31/00	12/31/99	changes
Bank interest income	1,238	725	513
Monetary revaluation	543	892	(349)
Interest charged to customers	1,316	1,796	(480)
Interest charged to the tax authorities	-	146	(146)
Exchange gains	9,443	4,403	5,040
Other	460	694	(234)
TOTAL	**13,000**	**8,656**	**4,344**

17.d) Interest and other financial expense charged by other companies.

This comprises:

Description	12/31/00	12/31/99	changes
Bank interest expense	5,179	3,739	1,440
Bank commission and expense	1,459	977	482
Loan-related interest expense	2,014	2,076	(62)
Interest on payables to other providers of finance	194	566	(372)
Bank discounting charges	344	490	(146)
Other interest expense	4,371	2,838	1,533
Exchange losses	10,534	4,336	6,198
TOTAL	**24,095**	**15,022**	**9,073**

"Other interest expense" includes interest charged on lease contracts amounting to Lire 3,181 million

During the year there were no financial charges on asset items in the balance sheets.

Exchange gains and losses derive from the payment of accounts payable and the collection of accounts receivable in foreign currency and from the elimination of intraGroup foreign payables and receivables for consolidation purposes.

The rise in exchange losses in 2000 is mainly due to the fact that at the end of 1999 and beginning of 2000 the Group stipulated repurchase agreements to hedge contracts for the supply of drilling equipment to Iraq. These losses are offset by the fact that the Soilmec Division earned a higher operating margin on these sales as they were booked at the exchange rate ruling at the date of the transaction.

As of December 31, 2000 outstanding reverse repurchase agreements amount to around US$ 13.3 million stipulated to hedge further sales of drilling equipment to the Irrigation Ministry of Iraq.

D) ADJUSTMENTS TO FINANCIAL ASSETS

Writedowns recorded at Lire 1,296 million principally refer to the writedown of the carrying value of Lyanyungang Soilmec Machinery Co. Ltd (in liquidation), Lire 633 million, previously fully consolidated and now carried at equity, to the consolidation at equity of Trevi Contractors Singapore, Lire 490 million, and to the writedown of Trevi Park Plc., Lire 58 million.

E) EXTRAORDINARY INCOME AND EXPENSE

Income
This comprises:

Description	12/31/00	12/31/99	changes
Gains on disposal of fixed assets	1,502	121	1,381
Out-of-period income	2,468	994	1,474
Recoveries from insurance companies	338	6	332
TOTAL	**4,308**	**1,121**	**3,187**

Out-of-period income as of December 31, 2000 comprises Lire 795 million relating to Soilmec S.p.A. for cancellation of debts towards clients due to advances paid against contracts which did not take place and Lire 346 million of Pilotes Trevi Sacims for legal disputes that ended in the company's favor.

Expense
This comprises:

Description	12/31/00	12/31/99	changes
Losses on disposal of fixed assets	132	236	(104)
Out-of-period expense	946	690	256
Prior year taxes	159	-	159
TOTAL	**1,237**	**926**	**311**

INCOME TAXES FOR THE YEAR

This caption shows a net value including income taxes for the year as well as deferred tax assets and liabilities pertaining to the year.
Net income taxes for the year amount to Lire 6,457 million, showing a decrease of Lire 4,472 million compared with 1999, and are made up as follows:

Description	12/31/00	12/31/99	changes
Current taxes :			
- I.R.A.P.	2,809	2,275	534
- Other	2,640	3,844	(1,204)
Deferred taxes	1,008	4,810	(3,802)
TOTAL	**6,457**	**10,929**	**(4,472)**

Income taxes for the year reflect an estimate of direct taxes due for the year, calculated on the basis of the taxable income of the

individual Group companies, net of tax credits on dividends. Deferred taxes are for timing differences between taxable income of the consolidated companies and those used for consolidation purposes.

Emoluments of directors and statutory auditors

In accordance with article 38 of Decree 127/1991, the following are emoluments due to the directors and statutory auditors of the Parent Company for carrying out such duties also in other companies included in consolidation:

Description	12/31/00	12/31/99	changes
Emoluments of directors	992	913	79
Emoluments of statutory auditors	89	63	26
TOTAL	**1,081**	**976**	**105**

As for the emoluments due to Directors and Statutory Auditors, please refer to the explanatory notes to the financial statements of TREVI-Finanziaria Industriale S.p.A.

Consolidated Statement of Cash Flows (millions of Lire)

		2000	1999
	Opening amount - cash and banks	**89,057**	**29,671**
	Net income of the Group	4,312	13,844
	Depreciation and amortization	28,353	22,000
	Provision to the reserve for employees termination indemnities, pension funds and similar commitments	4,206	2,597
	Change in minority interests in capital and reserves	(2,217)	211
A	**Cash generated from operations before changes in working capital**	**34,654**	**38,652**
B	**Changes in working capital:**		
	Inventories	(46,233)	(16,785)
	Receivables	(3,040)	(20,665)
	Accrued income and prepaid expenses	(515)	(974)
	Payables	19,486	29,621
	Accrued expenses and deferred income	489	(164)
	Reserve for risks and charges	490	4,234
	Total	**(29,323)**	**(4,733)**
C	**Net cash flows for investment activities:**		
	Intangible fixed assets	(3,390)	(12,361)
	Tangible fixed assets	(49,970)	(53,283)
	Financial fixed assets	1,413	(2,118)
	Other changes (including changes in the scope of consolidation)	5,494	(6,023)
	Total	**(46,453)**	**(73,785)**
D	**Cash flows from (used for) financing activities:**		
	Banks	28,345	(6,801)
	Other providers of finance	5,480	(719)
	Capital increase and reserves	0	111,882
	Dividends distributed	(1,859)	0
	Change in the reserve for employees termination indemnities and other changes	(1,216)	(5,110)
	Total	**30,750**	**99,252**
	Net change in cash flows (A+B+C+D)	**(10,372)**	**59,386**
	Cash and banks as of December 31, 2000	**78,685**	**89,057**

Perforazione pozzi ricerca idrocarburi (Venezuela)
Oil wels drilling (Venezuela)

Ponti Reno – Bologna (Italia)
Reno Bridges Bologna (Italy)

ATTACHMENTS TO THE NOTES

These attachments containthe following additional information to the Notes, and are part of the ame.

1 Companies included in the Financial Statements as of December 31, 2000, Consolidated on a line-by-line basis

1a Companies included in the Financial Statements as of December 31, 2000, consolidated using the equity method

1b Companies included in the Financial Statements as of December 31, 2000, consolidated using the proportional method

1c Companies and Consortiums included in the Financial Statements as of December 31, 2000, and consolidated at cost

2 Group'sorganization chart

3 Analysis of asset revaluations as required by article 10 law 72/83

Attachment 1

Companies included in the Financial Statements as of December 31, 2000, Consolidated on a line-by-line basis

NAME	HEADQUARTERS	CURRENCY	CAPITAL STOCK	% HELD BY THE GROUP
TREVI- Finanziaria Industriale S.p.A.	Italy	Lit.	32,000,000,000	100%
Soilmec S.p.A.	Italy	Lit.	10,000,000,000	97%
Soilmec Ltd	Great Britain	£.	150,000	78%
Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	68%
Soilmec Far East Pte Ltd	Singapore	Sing.$	4,500,000	67.9%
SMFE SDN BHD	Malaysia	Ringit	500,000	58.20%
Soilmec International B.V.	Holland	NLG	40,000	97%
DRILLMEC S.r.L.	Italy	Lit.	170,000,000	97%
Soilmec H.K. Ltd	Hong Kong	HK$	500,000	68%
Soilmec Branham Inc.	U.S.A.	US$	2,000,000	69.84%
I.D.T. SA R.S.M.	Republic of San Marino	Lit.	500,000,000	97%
Pilotes Trevi S.a.c.i.m.s.	Argentina	Pesos	1,650,000	98.6%
Cifuven C.A.	Venezuela	Bolivares	150,000,000	99%
Petreven C.A.	Venezuela	Bolivares	100,000,000	99%
Trevi S.p.A.	Italy	Lit.	9,900,000,000	99%
Trevi Icos Corporation:	U.S.A.	US$	5,000,000	99%
Trevi Cimentaciones C.A.	Venezuela	Bolivares	350,000,000	99%
Trevi Insaat Ve Muhendislik A.S.	Turkey	L.T.	694,348,500,000	83.16%
Trevi Construction Co. Ltd	Hong Kong	US$	16,150	99%
Trevi Foundations Nigeria Ltd	Nigeria	Naira	37,273,600	59.4%
Trevi Contractors B.V.	Holland	NLG	2,000,000	99%
Trevi Fundaçoes Lda	Portugal	Escudos	10,000,000	79.2%
Trevi Foundations Philippines Inc.	Philippines	Pesos Filippino	27,300,000	99%
Swissboring Overseas Piling Corporation Ltd	Switzerland	Franco Svizzero	100,000	99%
Swissboring & Co. LLC.	Oman	Rials Oman	150,000	99%
Trevi Algerie S.a.r.l.	Algeria	Dinaro	2,000,000	99%

Attachment 1a

Companies included in the Financial Statements as of December 31, 2000, consolidated using the equity method

COMPANY NAME	HEAD-QUARTERS	CURRE-NCY	CAPITAL STOCK (*)	% HELD BY THE GROUP	BOOK VALUE (millions of lire)
J.V. Rodio-Trevi-Arab Contractor	Switzerland	US$	100,000	17.3 %	-
Trevi Contractors Singapore Ltd	Singapore	S$	4,800,000	29.70%	215
Cons. El Palito	Venezuela	Bolivares	26,075	14.85%	-
CYT UTE	Argentina	Pesos	10,327	49.3%	11
TROFEA UTE	Argentina	Pesos	36,707	49.2 %	45
Cartel-Trevi UTE – (Chocon I)	Argentina	Pesos	6,056	49.5 %	13
Cartel.-Trevi-Solet. UTE-(Chocon II)	Argentina	Pesos	438,019	36.1%	341
Lian Yun Gang Soilmec Machinery Ltd (***)	China	US$	2,100,000	58.20%	-
STRYA UTE	Argentina	Pesos	19,435	17.3%	-
Econ-Trevi (M) Sdn Bhd (**)	Singapore	S$	-	29.70%	-

TOTAL **625**

(*) For the consortiums in Argentina, the amount shown reflects their stockholders' equity

(**) The book value and the valuation of Econ-Trevi Sdn Bhd, being 100% controlled by Trevi Contractors Singapore Ltd, are included the latter.

(***) In liquidation.

Attachment 1b

Companies included in the Financial Statements as of December 31, 2000, consolidated using the proportional method

COMPANY NAME	HEADQUARTERS	CURRENCY	STOCK-HOLDERS' EQUITY	% HELD BY THE GROUP
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.-Soletanche U.T.E.	Argentina	Pesos	355,852	33%
Pilotes Trevi Sacims -C.C.M. U.T.E.	Argentina	Pesos	(319,195)	49.5%
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Pesos	851,152	49.5%
Pilotes Trevi Sacims-CIMARG U.T.E	Argentina	Pesos	(904,255)	49.5%

Attachment 1c

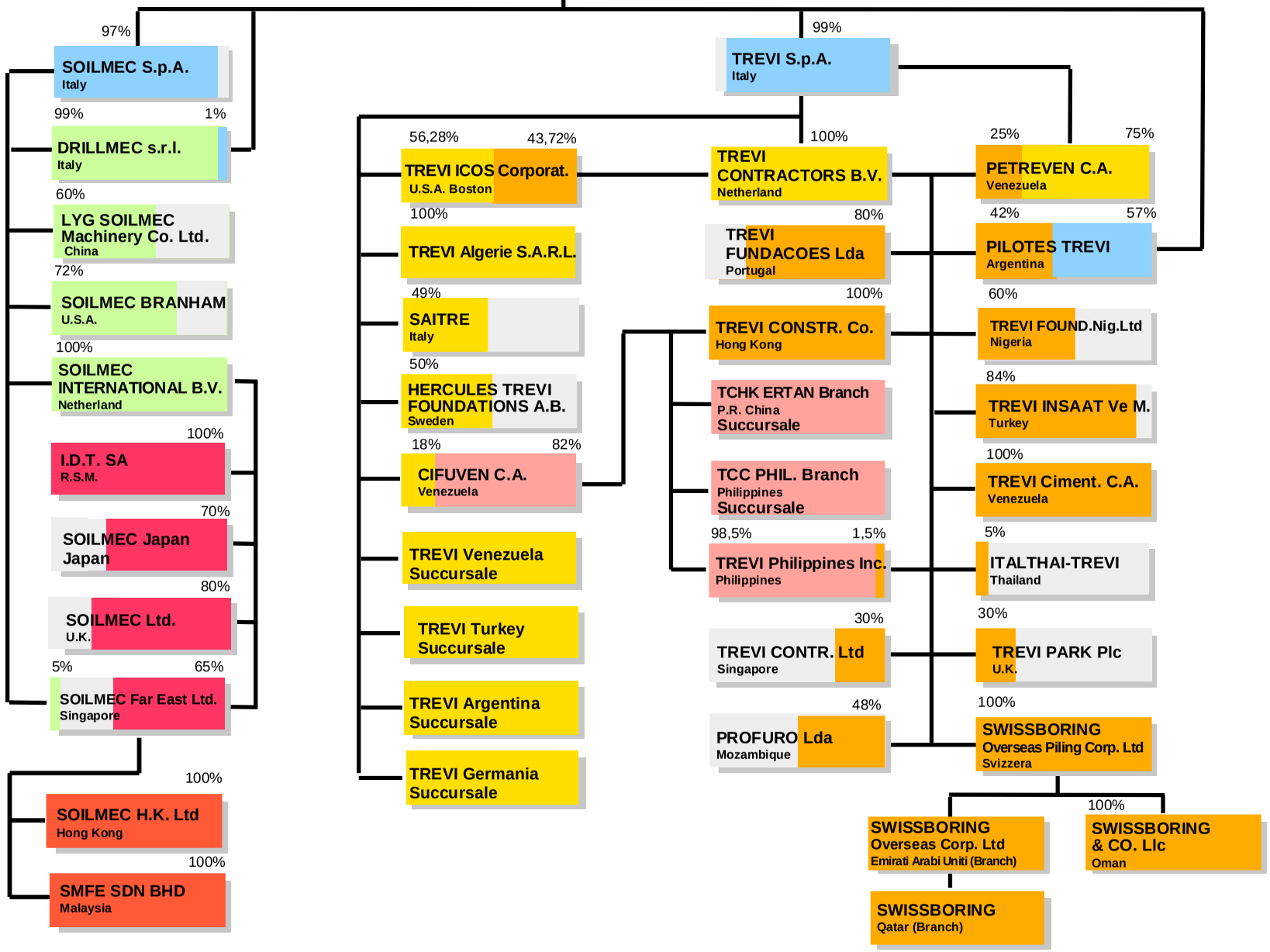
Companies and Consortiums included in the Financial Statements as of December 31, 2000, and consolidated at cost

COMPANY NAME	HEAD-QUARTERS	CUR-RENCY	CAPITAL STOCK	% HELD BY THE GROUP	BOOK VALUE (millions of Lire)
CONSORTIUMS					
Consorzio SAITRE	Italy	Lit.	100,000,000	48.51%	49
Consorzio Intesa Lecco	Italy	Lit.	50,000,000	42.57%	22
Società Arbatax Lavori Marittimi	Italy	Lit.	100,000,000	39.60%	40
Consorzio Progetto Torre di Pisa	Italy	Lit	60,000,000	24.7%	15
Consorzio Pool Park	Italy	Lit.	407,200,000	12.1%	49
Consorzio Canale Candiano	Italy	Lit.	60,000,000	0.5%	-
Consorzio Romagna Iniziative	Italy	Lit.	80,000,000	12%	10
Consorzio Trevi Adanti	Italy	Lit.	20,000,000	48.6%	10
V.L.T S. Rocco Piers s.c.a.r.l.	Italy	Lit.	20,000,000	37.1%	7
Nuovo scalo s.c.a.r..l	Italy	Lit	20,000,000	49.5%	10
Trevi S.G.F. s.c.a.r.l.	Italy	Lit	100,000,000	54.4%	55
Seli Trevi s.c.a.r.l.	Italy	Lit.	3,310,432	49.5%	2
Consorzio Fondav	Italy	Lit.	50,000,000	25.7%	13
Principe Amedeo s.c.a.r.l.	Italy	Lit	20,000,000	49.50%	10
Porto di Messina s.c.a.r.l.	Italy	Lit.		79.2%	16
Cermet	Italy	Lit.	814,000,000	0.475%	4
- ALTRE SOCIETA'					
Comex S.p.A.	Italy	Lit	3,750,000,000	4%	30
Profuro Intern. L.d.a.	Mozam-bique	Metical	4,496,415,000	47.5%	-
Trevi Park P.l.c.	U.K.	£.	100,000	29.70%	-
Italthai Trevi	Thailand	Bath	35,000,000	5%	260
Tecnosol S.r.l.	Italy	Lit.	-	6%	-
Hercules Trevi Foundation A.B.	Sweden	Coro na	100,000	49.5%	11
Japan Foundations	Jiapan	Yen	5,907,978,000	0.001%	107
I.F.C.	Hong Kong	US$	18,933	0.10%	-
TOTAL					**721**

Attachment 2

TREVI Finanziaria Industriale S.p.A.

31 - 12 - 2000



Attachment 3

Analysis of asset revaluations as required by article 10 law 72/83
(millions of Lire)

	L. 576/75	L.72/1983	L.413/91	Total
Land and buildings	34	824	1,281	2,139
Plant and machinery	38	586	-	624
Industrial and commercial equipment	2	-	-	2
TOTAL	**74**	**1,410**	**1,281**	**2,765**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE N° 58 DATED 24 FEBRUARY 1998

To the Shareholders of
TREVI-Finanziaria Industriale SpA

1 We have audited the consolidated financial statements of TREVI-Finanziaria Industriale SpA and its subsidiaries (the "TreviGroup" or the "Group") for the year ended 31 December 2000. These consolidated financial statements are the responsibility of TREVI-Finanziaria Industriale's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets and revenues constituting 42 percent and 34 percent of the related consolidated totals, respectively. Those statements were audited by other auditors, whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based on these reports of the other auditors.
For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 20 April 2000.

3 In our opinion, the consolidated financial statements of TREVI-Finanziaria Industriale SpA as of 31 December 2000 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Group.

Bologna, 12 April 2001

PricewaterhouseCoopers SpA

Roberto Megna
(Partner)

This report has been translated from the original which was issued in accordance with Italian Law.

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENT AS AT DECEMBER 31, 2000

Stockholders,
the consolidated financial statement as at December 31, 2000 of Trevi Group, which is now made available to you, was handed over to us according to the law terms, and it has been drawn up according to what prescribed by the Law Decree dated January 9, 1991, nr.127, and it can be summarised as follows:

I. Consolidated statement of assets and liabilities

	Million Lire
Assets	648,725
Liabilities	438,640
Net assets belonging to third parties	7,807
Net assets belonging to the Group	202,278

For a total amount of Italian Lire 176,800 millions as reported in the memorandum accounts.

II. Consolidated Profit and Loss account

Production value	612,412
Production costs	593,308
Proceeds and financial charges	(10,604)
Value adjustments of financial activities	(1,076)
Proceeds and extraordinary charges	3,071
Income taxes for the year	6,457
Results belonging to third parties	(274)
Profits belonging to the Group	4,312

In the Management Report and in the Supplementary note which completes and annotates the consolidated balance sheet, the Board of Directors supplies, besides the consolidation methods and the evaluation principles, the information about the overall situation of the Companies involved in the consolidation, as well as the facts which characterised the management.
The Board of Auditors, as far as its competence is concerned and on the basis of the elements available, formally acknowledges the following:

- The consolidated financial statement has been drawn up in conformity with the regulations of the Law Decree 127/1991 and complying to the CONSOB recommendations and, in its results, it corresponds to the accounting reports of the Holding Company, supplemented with the information concerning the controlled companies that are involved in the consolidation.

Moreover, always sticking to the above-mentioned recommendations, the Board of Auditors states the following:

- The information supplied by the Board of Directors to issue the management report, with special regard to the operations with the correlated parties, is deemed to be complete. In this respect, neither conflict of interests nor accomplishments of operations clearly incautious or risky, that is likely to be

prejudicial to the economic, patrimonial and financial situation of the Group, have been reported or come out.

- During the fiscal year, information has been exchanged with the PricewaterhouseCoopers who performed the audit of the consolidated balance sheet here examined and the operating balance of the Holding Company. With the issue of the certificate by the entrusted company, it is ascertained that the values reported in the balance correspond to the accounting results of the controlling company and to the information we collected by the controlled companies.

The information conveyed by the controlled companies to the Holding company for the issuance of the consolidated balance sheet has been examined by the auditors of the single companies within the auditing plan suggested by the Holding company.
Therefore, the Board of Auditors' control has not been extended to said balances.
Except for what above-stated, the Board of Auditors expresses the opinion that the consolidated balance sheet as at 31st December, 2000 of the TREVI Group correctly represents the patrimonial, economic and financial situation of the Holding Company and the companies included into the consolidation area.

Cesena, 12th April 2001

The Board of Statutory Auditors

Cambridge research park – Cambridge (U.S.A.)
Cambridge research park – Cambridge (U.S.A.)

Lainzer tunnel – Vienna (Austria)
Lainzer tunnel – Vienna (Austria)

FINANCIAL STATEMENTS

As at and for the year ended December 31, 2000

Stockholders,

We submit for your approval the financial statements for the Company's seventeenth year of operations ending on December 31, 2000. As prescribed by Art. 2423 of the Italian Civil Code, the financial statements comprise the balance sheet, statement of income and explanatory notes. Our intention in this report is to explain briefly the results of operations during the year.

In this report we describe and briefly comment on the items in the 2000 financial statements. For a fuller understanding, we refer you to the consolidated financial statements of the Group, of which this is the parent company. A full set of consolidated financial statements is attached to this report.

We will therefore limit ourselves here to expressing our satisfaction with regard to the Trevi Group's positive results in 2000, in which Group companies recorded a substantial increase in revenues in line with budget forecasts, with value of production totaling Lire 612 billion, a 19% increase on 1999.

The Group's net results in 2000 experienced a decrease owing to its entry into new markets and new product lines, which involved high start-up costs and production problems that resulted in lower efficiency.

The year closed with sales revenues of Lire 3,236 million, investment income of Lire 1,263 million and net income of Lire 2,292 million.

The financial statements are summarized below:

BALANCE SHEET (in millions of Lire)

DESCRIPTION	2000	1999	Change
ASSETS			
Fixed assets, net	146,911	145,275	1,636
Current assets	12,481	9,770	2,711
Accrued income and prepaid expenses	294	51	243
TOTAL ASSETS	**159,686**	**155,096**	**4,590**
LIABILITIES			
Stockholders' equity	141,640	139,688	1,952
Reserve for risks and charges	8	8	0
Reserve for termination indemnities	478	61	417
Payables	15,141	11,212	3,929
Accrued liabilities and deferred income	127	316	(189)
TOTAL	**157,394**	**151,285**	**6,109**
Net income for the year	2,292	3,811	(1,519)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**159,686**	**155,096**	**4,590**

The memorandum accounts amount to Lire 104,345,964,580

STATEMENT OF INCOME (in millions of lire)

DESCRIPTION	2000	1999	Change
Value of production	3,668	1,693	1,975
Costs of production	7,364	3,933	3,431
Difference between value and cost of production	(3,696)	(2,240)	(1,456)
Financial income and expense	5,755	7,837	(2,082)
Extraordinary income and expenses	45	393	(348)
Results before taxation	2,104	5,989	(3,885)
Income taxes for the year	(188)	2,178	(2,366)
NET INCOME FOR THE YEAR	**2,292**	**3,811**	**(1,519)**

For a better understanding of the 2000 results and how they compare with other companies in Europe, balance sheet and statement of income are also provided in euros.

Company performance

The proceeds of the Company's listing on the Milan Stock Exchange, namely Lire 107 billion net of commissions due to members of the underwriting syndicate, has been primarily earmarked to support the subsidiary companies and, through acquisitions, to strengthen the Group's two core businesses, which complement each other:

- one, under the operating holding company TREVI S.p.A., for the special foundations of large civil engineering and drilling projects to explore and extract hydrocarbons;
- the other, under the operating holding company SOILMEC S.p.A., for the construction of special drilling and foundation-laying machinery for soil reinforcement and tunnel construction.

The acquisition and establishment of new companies made through subsidiaries during the year were as follows:

a) in the special foundations sector:
   - acquisition from the minority stockholders of all the residual shares in the subsidiary Trevi Cimentaciones C.A., giving us 100% of the company through indirect holdings, in line with our policy to strengthen control over the subsidiaries; this acquisition also gives us 100% control of the Venezuelan oil-drilling company, Petreven C.A.;
   - acquisition of an additional 35% minority interest in Cifuven C.A., giving us 100% control;

- establishment by TREVI S.p.A. of TREVI Algerie S.A.R.L., held 100%, to have a permanent presence in the profitable Algerian market.

b) in the machinery-construction sector:
- acquisition of SAIPEM S.p.A.'s machinery-construction division known as the "Cortemaggiore Workshop". This acquisition forms part of an expansion strategy aimed at offering specialist services for the maintenance of oil-drilling plant and equipment, pipe-laying and off-shore constructions;
- establishment of Soilmec H.K. Ltd, wholly owned subsidiary of Soilmec Far East Pte Ltd, to have a permanent presence on the market in Hong Kong and neighboring countries;
- establishment of International Drilling Technologies S.A. with its registered office in San Marino, a wholly owned subsidiary of Soilmec International B.V.;

In 2000, research and development activities continued in new technology, a facet of the TREVI Group which contributes to its position as world leader in the underground engineering sector. These activities are discussed in further detail in the report on operations accompanying the consolidated financial statements.

As regards the Company's performance, financial assistance and services given to subsidiary companies increased during the year, as envisaged in the 1999 report. As a consequence, from May 1, 2000, central administration for the Human Resources and Personnel department is located at Trevi – Fin. Ind. S.p.A. This restructuring has resulted in an increase in personnel of 1 manager and 9 employees.

The Company bought equipment worth Lire 3,911 million through 6 leasing contracts for the development of underground engineering works. This equipment has been hired out to subsidiary companies, resulting in a considerable increase in rental activity. During the year, we incurred the initial costs for the implementation of a new administration software program, together with the licenses for its use. The aim of this project is to install an integrated administration software program for the main divisions of TREVI – Fin. Ind. S.p.A. and its subsidiaries TREVI S.p.A. and SOILMEC S.p.A. It is expected to be up and running during the course of 2001.

As regards the equity items, the stockholders' annual meeting on May 7, 2000 approved the distribution of dividends for 1999, totaling Lire 1,858 million (a total of 64,000,000 ordinary shares at Lire 0.29 each). Lire 5,400 million of the share premium reserve was allocated to the legal reserve.

As regards financial income and expense, we would draw your attention to the accounting of dividends distributed by the subsidiary Soilmec S.p.A.. In compliance with the CONSOB's letter no. DAC/RM/95002194 of March 16, 1995, the dividends on

the net income for 2000 resolved by the Board of Directors of Soilmec S.p.A. are included in income for the year, even though they are distributed in 2001. Soilmec S.p.A.'s draft financial statements propose the distribution of a total dividend of Lire 800 million, of which Lire 776 million pertains to TREVI – Finanziaria Industriale S.p.A.; such dividends will entitle the stockholders to a full tax credit pursuant to Art. 105 paragraph 1a) of the Income Tax Consolidation Act. Total dividends resolved by the subsidiaries amount to Lire 3,455 million, a decrease of Lire 2,679 million.

The trend in the Company's net financial income is also due to interest earned on loans to subsidiaries, which has increased from Lire 2,416 million in 1999 to Lire 5,061 million in 2000, an increase of Lire 2,645 million. These loans to subsidiaries are to help finance their investment plans.

As explained in the explanatory notes, the decrease in taxation with respect to 1999 is chiefly attributable to the collection of 1999 dividends paid by the subsidiaries TREVI S.p.A. and SOILMEC S.p.A., for which taxation is due in 2000 at the special rates established in legislative decree 466/97 (the Dual Income Tax or "D.I.T." mechanism) and Law 133/99 (Visco Tax Concession). Deferred tax, on the other hand, was provided for at the standard corporate income tax (IRPEG) rate of 37% for prudence sake.

The memorandum accounts indicate a reduction in guarantees given (Lire 97,934 million compared with 102,352 million in the prior year), primarily due to a reduction in the guarantees given to a leading US insurance company (Lire 22,528 million compared with Lire 27,938 in the prior year) on behalf of the subsidiary Trevi Icos Corporation. This results from the partial completion of jobs acquired in 1997, for which the Company had issued performance bonds for 100% of the value of the contracts.

We refer you to the explanatory notes for comments on the individual items in the financial statements.

As regards the directly-controlled subsidiary companies, TREVI S.p.A. has reported a value of production of Lire 127,680 million, compared with Lire 142,353 million in the prior year, sales revenues of Lire 88,313 million compared with Lire 119,394 million in 1999 and a net loss of Lire 5,108 million compared with net income of Lire 3,539 million in 1999. The company's performance has been adversely affected by the difficulties in the Italian market and losses incurred on a number of jobs carried out on a consortium basis with other companies. The results of these jobs deteriorated considerably in the budget to completion, compared with the initial forecasts, on account of geological and environmental factors, which turned out to be a good deal harder than had been supposed at the time of the original bid.

Soilmec S.p.A. reported a value of production at year-end of Lire 202,441 million, compared with Lire 144,802 million in the prior year, sales revenues of Lire 186,401 million (Lire 144,789 million),

and net income of Lire 931 million (Lire 727 million). Soilmec S.p.A.'s strong growth in terms of volume of operations is largely due to the sharp increase in sales by the drilling division, which rose from Lire 12.3 billion in 1998 to Lire 22.7 billion in 1999 (+84.6%). Revenues in 2000 totaled Lire 58 billion (+156%). This is due to an increase in investments during the last few years in personnel and fixed assets at the Piacenza plant in order to increase manufacturing capacity.

Drillmec S.r.l. closed 2000 with a value of production of Lire 2,134 million, compared with Lire 225 million in 1999, a considerable increase which is due primarily to the provision of materials logistics services to Soilmec S.p.A. Net income at year-end came to Lire 89 million.

Lastly, the Argentinian subsidiary Pilotes Trevi S.a.c.i.m.s. reported better revenues of Lire 33.5 billion thanks to various jobs carried out on a consortium basis with other companies. And this despite a decrease of Lire 6,914 in the value of production compared with 1999: value of production in 2000 totaled Lire 2,114 million compared with Lire 6,914 million in 1999. Net income for the year amounted to Pesos 392,346,76 (Lire 825 million).

Significant projects completed during the year include the laying of foundations for the bridge between the cities of Rosario and Victoria on the Paranà river and underpinning the foundations of buildings in the district surrounding the old port in Buenos Aires.

With regard to the equity investment in Comex S.p.A., which assembles hardware products (personal computers, notebooks and servers) under its own brand name, 10,000 shares have been sold at a share price of Lire 15,000 each, resulting in a capital gain of Lire 48 million. As of December 31, 2000, 2,000 shares at a total value of Lire 30 million were held.

During 2000, Comex S.p.A. saw a decline in sales, with a value of production of Lire 25,979 million compared with Lire 33,703 million in 1999.

Transactions with parent, subsidiary and associated companies

Almost all the Company's revenue comes from leasing machinery to its subsidiaries, as well as from providing financial and administrative assistance. Such transactions are carried out under normal market conditions. All transactions regarding payables and receivables as of December 31, 2000 are given in the explanatory notes.

The Company has no business relations with associated companies, nor with its parent company, TREVI Holding Aps.

Related party transactions

As from June 30, 2000, the Company terminated all accounting, administrative and financial assistance with companies headed by SOFITRE S.r.l., which is wholly owned by the Trevisani family.

This assistance resulted in revenues during the year of Lire 40 million and trade receivables at the year-end of Lire 42 million.
Although they are gradually being phased out, there are still letters of credit and guarantees given to banks prior to the listing on the Stock Exchange on behalf of companies in the SOFITRE Group for Lire 9,470 million (Lire 11,361 million in 1999). They refer chiefly to Parcheggi S.p.A. and Roma Park S.r.l. for the construction of automated carparks.

Research and development

As you will be aware, this area of activity is mainly carried out by the subsidiaries TREVI S.p.A. and Soilmec S.p.A. and represents one of the Group's principal growth drivers. We refer you to the report on operations accompanying the consolidated financial statements for further details.

Introduction of the euro

In view of the introduction of the euro, the Italian companies in the Trevi Group are updating their software to adopt a whole new general and analytical accounting program. Starting from the 2002 accounting period, the financial statements pertaining to the Italian companies and the consolidated financial statements of the Trevi Group will be expressed entirely in euros. Conversion of the capital stock into euro is on the agenda for the next annual general meeting of the TREVI – Finanziaria Industriale S.p.A. stockholders.

Significant events after the year-end and outlook for the year

There have been no significant events after the year-end, other than the acquisition of important contracts, especially in the oil-drilling sector. This has been discussed fully in the report on operations accompanying the consolidated financial statements.
The prospects for 2001 in terms of contracts and results are satisfactory, with expectations of further growth in the volume of operations and higher profitability. As at December 31, 2000, the Group's order backlog came to Lire 476 billion, of which 350 are scheduled for 2001. The proportion of total Group revenues earned by the drilling division is destined to rise to 22%.

FURTHER INFORMATION

Adoption of the Code for Self-Regulation of companies listed on the Stock Exchange

The Company has adopted the general principles of the Code for Self-Regulation, as a way of improving its corporate governance and internal organization, the purpose being to concentrate management on the creation of value for the stockholders, which should then have a positive fall-out for other stakeholders as well (customers, creditors, suppliers, employees, the local community and the external environment in general).
At their meeting of November 8, 1999, the Board of Directors approved the rules governing the corporate bodies, emphasizing the central function of the Board of Directors in matters of corporate governance and defining its relationships with other corporate bodies. This is the first phase in our implementation of

the Code for Self-Regulation. The stockholders' meeting of May 7, 2000 approved an increase in the number of board members from five to eight, with the appointment of three independent directors, so the Board is now made up of four executive directors and three non-executive directors.
With the aim of encouraging continuous dialogue with our stockholders in general, and in particular with institutional investors, we have created the position of Investor Relations Manager and made available information about the Company, in both Italian and English, on our website www.trevifin.com. At the meeting of the Board of Directors on March 31, 2001, the code of conduct for corporate bodies was finalized and the setting-up of a Directors' Remuneration Committee and an Internal Control Committee was approved. Once these two committees are up and running, we can say that the principles and proposals of the Code for Self-Regulation have been implemented in full.

Own shares and shares of parent companies

The company does not currently hold any of its own shares or shares in parent companies, nor has it bought or sold any of them during the year, nor does it hold any through trustees or any other intermediary. To date, the shareholders have not authorized any purchase of own shares.
As of December 31, 2000, the subsidiary TREVI S.p.A. owns 140,000 shares (comprising 21% of the parent company's capital stock), at an average price of Euro 2.41 each (Lire 4,666) and a total book value of Lire 681 million.

Secondary offices

The Company does not have any secondary offices or branches.

Investments by the Directors and Statutory Auditors

Investments held personally by Directors and Statutory Auditors in the Company and in subsidiary companies are as follows (as per CONSOB regulation 11520 of July 2, 1998):
a) in TREVI – Finanziaria Industriale S.p.A.

Name	Title	N° shares owned at 12/31/99	N° shares bought	N° shares sold	N° shares owned at 12/31/00
Davide Trevisani	Owner	3,582,000	40,000	513,000	3,109,000
Gianluigi Trevisani	Owner	2,170,000	24,000	310,000	1,884,000
Cesare Trevisani	Owner	1,260,000	106,000	197,000	1,169,000
Stefano Trevisani	Owner	3,000	-	-	3,000
Mario Amoroso		-	-	-	-
Antonio Claudio Moscato	Owner	-	2,000	-	2,000
Roberto Pinza		-	-	-	-
Pio Teodorani Fabbri		-	-	-	-
Adolfo Leonardi		-	-	-	-
Giacinto Alessandri		-	-	-	-
Giancarlo Poletti		-	-	-	-

b) in the subsidiary SOILMEC S.p.A., headquarters in Via Dismano, 5819 Cesena (FC), Forlì-Cesena Company Register no. 4,515, capital stock Lire 10 billion fully paid, represented by 1,000,000 common shares of par value Lire 10,000.

Name	Title	N° shares owned at time of flotation	N° shares bought	N° shares sold	N° shares owned at 12/31/00
Davide Trevisani	Owner	16,800	-	-	16,800
Gianluigi Trevisani	Owner	10,200	-	-	10,200
Cesare Trevisani	Owner	3,000	-	-	3,000

Allocation of net income for the year

Stockholders,

Net income for the year ended December 31, 2000 amounts to Lire 2,292,136,768 which we propose to allocate as follows:

- Lire 114,606,838 (5%) to legal reserve;
- Lire 318,710,730 to the extraordinary reserve;
- Lire 1,858,819,200 to the stockholders in the form of a dividend of € 0.015 (Lire 29) per share

The dividend has a full tax credit pursuant to Art. 105 paragraph 1 letter a) of the Income Tax Consolidation Act and will be paid from July 9, 2001.

For the Board of Directors

Davide Trevisani
Chairman

Four Season Hotel & Tower – Miami Florida (U.S.A.)
Four Season Hotel & Tower – Miami Florida (U.S.A.)

Linea ferroviaria Caracas – Cùa (Venezuela)
Ferrocar linea Caracas – Cùa (Venezuela)

FINANCIAL STATEMENTS

BALANCE

ASSETS	12/31/2000	12/31/1999	12/31/2000 in EUROS
A) Amounts due from stockholders	-	-	-
B) Fixed assets:			
I - Intangible fixed assets:			
1) start-up and expansion costs	7,895,610,228	10,122,605,456	4,077,742
3) industrial patents and intellectual property rights	36,507,790	34,383,970	18,855
4) concessions, licenses, trademarks & similar rights	-	-	-
6) assets under construction and advance payments	142,796,000	-	73,748
7) other intangible fixed assets	124,879,233	176,385,030	64,495
Total intangible fixed assets	**8,199,793,251**	**10,333,374,456**	**4,234,840**
II - Tangible fixed assets:			
2) plant and machinery	134,257,447	119,415,175	69,338
4) other assets	-	-	-
Total tangible fixed assets	**134,257,447**	**119,415,175**	**69,338**
III - Financial fixed assets:			
1) equity investments in:			
a) subsidiary companies	58,446,182,867	39,446,182,867	30,184,934
d) other companies	30,000,000	132,000,000	15,494
Total	58,476,182,867	39,578,182,867	30,200,428
2) accounts receivable:			
a) Subsidiary companies:			
- due within 12 months	80,100,795,968	95,243,371,797	41,368,609
- due beyond 12 months	-	-	-
Total	80,100,795,968	95,243,371,797	41,368,609
d) other companies	-	200,000	-
Total accounts receivable	80,100,795,968	95,243,571,797	41,368,609
Total financial fixed assets	**138,576,978,835**	**134,821,754,664**	**71,569,037**
Total fixed assets (B)	**146,911,029,533**	**145,274,544,295**	**75,873,215**

AS AT 31st DECEMBER 2000
SHEET

	12/31/2000	12/31/1999	12/31/2000 in EUROS
C) Current assets:			
II - Accounts receivable :			
1) due from customers:			
- within 12 months	48,623,425	41,231,753	25,112
- beyond 12 months	-	-	-
Total	48,623,425	41,231,753	25,112
2) due subsidiary companies	8,214,427,748	7,269,229,659	4,242,398
5) due from third parties:			
- within 12 months	1,221,091,461	464,342,730	630,641
- beyond 12 months	276,587,440	302,928,822	142,845
Total	1,497,678,901	767,271,552	773,487
Total accounts receivable	**9,760,730,074**	**8,077,732,964**	**5,040,996**
IV - Liquid funds:			
1) bank and postal deposits	2,713,039,872	1,685,455,417	1,401,168
3) cash and cash equivalents	6,898,657	6,800,428	3,563
Total liquid funds	**2,719,938,529**	**1,692,255,845**	**1,404,731**
Total current assets (C)	**12,480,668,603**	**9,769,988,809**	**6,445,727**
D) Accrued income and prepaid expenses			
1) accrued income	-	-	-
2) prepaid expenses:			
- due within 12 months	292,550,994	49,345,935	151,090
- due beyond 12 months	1,876,991	1,876,991	969
Total prepaid expenses	294,427,985	51,222,926	152,059
Total accrued income and prepaid expenses (D)	**294,427,985**	**51,222,926**	**152,059**
TOTAL ASSETS	**159,686,126,121**	**155,095,756,030**	**82,471,002**

FINANCIAL STATEMENTS

BALANCE

LIABILITIES AND STOCKHOLDERS' EQUITY	12/31/2000	12/31/1999	12/31/2000 in EUROS
A) Stockholders' equity			
I - Capital stock	32,000,000,000	32,000,000,000	16,526,621
II - Share premium reserve	96,482,461,500	101,882,461,500	49,829,033
IV - Legal reserve	6,628,267,785	1,037,702,896	3,423,215
VII - Other reserves:			
- extraordinary reserve	6,528,667,720	4,766,754,036	3,371,775
Total other reserves	6,528,667,720	4,766,754,036	3,371,775
IX - Net income (loss) for the year	2,292,136,768	3,811,297,773	1,183,790
Total stockholders' equity	**143,931,533,773**	**143,498,216,205**	**74,334,434**
B) Reserves for risks and charges:			
3) taxation	8,128,000	7,617,000	4,198
Total reserves for risks and charges	**8,128,000**	**7,617,000**	**4,198**
C) Reserve for employee termination indemnities	**478,178,786**	**61,441,500**	**246,959**
D) Payables:			
3) due to banks:			
- within 12 months	8,307,723,664	2,390,805,743	4,290,581
- beyond 12 months	4,000,000,000	5,000,000,000	2,065,828
Total	12,307,723,664	7,390,805,743	6,356,409

AS AT 31st DECEMBER 2000

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	12/31/2000	12/31/1999	12/31/2000 in EUROS
6) due to suppliers	997,735,073	1,817,209,541	515,287
8) due to subsidiary companies	70,680,686	54,060,595	36,504
11) due to tax authorities:			
- within 12 months	85,316,000	304,032,776	44,062
- beyond 12 months	-	-	-
Totale debiti tributari	85,316,000	304,032,776	44,062
12) due to social security institutions	78,081,300	29,750,640	40,326
13) other payables	1,601,395,746	1,616,392,996	827,052
Total payables	**15,140,932,469**	**11,212,252,291**	**7,819,639**
E) Accrued expenses and deferred income			
1) accrued expenses			
- due within 12 months	126,554,190	111,312,515	65,360
- due beyond 12 months	-	47,693,700	-
Total	126,554,190	159,006,215	65,360
2) deferred income	798,903	157,222,819	413
Total accrued expenses and deferred income	**127,353,093**	**316,229,034**	**65,772**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**159,686,126,121**	**155,095,756,030**	**82,471,002**
MEMORANDUM ACCOUNTS			
GUARANTEES GIVEN	**97,934,212,453**	**102,352,885,248**	**50,578,800**
RECOURSE RISKS	**971,287,048**	**1,563,088,996**	**501,628**
OUTSTANDING LEASE INSTALMENTS	**5,440,465,079**	**3,545,485,101**	**2,809,766**
TOTAL MEMORANDUM ACCOUNTS	**104,345,964,580**	**107,461,459,345**	**53,890,193**

FINANCIAL STATEMENTS

	2000	1999	2000 in EUROS
A) Value of production:			
1) revenues from sales and services	3,236,125,057	1,670,182,380	1,671,319
5) other income	431,868,120	22,627,005	223,041
Total value of production (A)	**3,667,993,177**	**1,692,809,385**	**1,894,360**
B) Production costs:			
6) raw, ancillary and consumable materials and goods for resale	80,969,384	18,351,568	41,817
7) services received	1,495,941,430	928,765,419	772,589
8) leases and rentals	1,796,810,859	1,014,366,588	927,975
9) personnel:			
a) wages and salaries	1,003,731,811	588,466,929	518,384
b) social security charges	356,758,786	181,617,674	184,251
c) employee termination indemnities	81,324,692	35,658,897	42,001
e) other	55,665,051	-	28,749
Total	1,497,480,340	805,743,500	773,384
10) amortization, depreciation and writedowns:			
a) amortization of intangible fixed assets	2,332,457,211	1,099,737,341	1,204,614
b) depreciation of tangible fixed assets	17,668,355	16,931,325	9,125
Total	2,350,125,566	1,116,668,666	1,213,739
14) other operating expenses	142,335,683	49,316,112	73,510
Total production costs (B)	**7,363,663,262**	**3,933,211,853**	**3,803,015**
Difference between value and cost of production	**(3,695,670,085)**	**(2,240,402,468)**	**(1,908,654)**
C) Financial income and expense			
15) income from equity investments:			
a) subsidiary companies	1,212,500,000	5,578,356,479	626,204
b) third parties	50,063,000	5,555,556	25,855
Total	1,262,563,000	5,583,912,035	652,059
16) other financial income:			
a) from receivables held as fixed assets			
subsidiary companies	5,060,725,232	2,416,496,808	2,613,646
Total	5,060,725,232	2,416,496,808	2,613,646

AS AT 31 DECEMBER 2000

	2000	1999	2000 in EUROS
d) income other than the above:			
third parties	108,787,393	127,568,760	56,184
Total	108,787,393	127,568,760	56,184
17) interest and other financial charges:			
a) subsidiary companies		20,621,450	-
d) third parties	677,048,935	270,404,053	349,667
Total	677,048,935	291,025,503	349,667
Total financial income and expense	**5,755,026,690**	**7,836,952,100**	**2,972,223**
D) Adjustments to financial assets:	-	-	-
Total adjustments to financial assets	**-**	**-**	**-**
E) Extraordinary income and expense			
20) income:			
a) gains on disposals	-	-	-
b) other income	44,643,663	392,846,641	23,057
Total	44,643,663	392,846,641	23,057
21) expense:			
a) losses on disposals	-	-	-
c) other expense	65,000	-	34
Total	65,000	-	34
Total extraordinary items	**44,578,663**	**392,846,641**	**23,023**
Results before taxation	**2,103,935,268**	**5,989,396,273**	**1,086,592**
22) income taxes for the year			
Current	(636,823,500)	159,492,000	(328,892)
Deferred	448,622,000	2,018,606,500	231,694
Net income/(loss) for the year	**(188,201,500)**	**2,178,098,500**	**(97,198)**
23) net income for the year	**2,292,136,768**	**3,811,297,773**	**1,183,790**

Sottopasaggio ferroviario Ravone – Bologna (Italia)
Railway under pass Ravone – Bologna (Italy)

Trevpark – Torino (Italia)
Trevpark – Torino (Italy)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2000 (in millions of Lire)

Company's profile and activities

Trevi - Finanziaria Industriale S.p.A. is the holding company for a Group that carries on its business activities in two main sectors: supply contracts and design and engineering services for civil and infra-structural foundation works, the construction of plant and equipment for special foundation works, tunnel boring and well-drilling for oil and water exploration These two business sectors are coordinated by the Group's two major companies, TREVI S.p.A., which heads the division involved in construction at depth and SOILMEC S.p.A. which oversees the division responsible for manufacturing and marketing plant and equipment for construction at depth and well drilling for oil and water exploration.

Form of the financial statements

The financial statements have been prepared in accordance with articles 2424, 2424 bis, 2425 of the Italian Civil Code, with the accounting principles described in article 2423 bis and adopting the valuation methods contained in article 2426 of the Civil Code, integrated and interpreted, where necessary, by the accounting principles recommended by the Italian Accounting Profession.
The notes to the financial statements describe, analyze and in certain cases supplement the information reported in the financial statements; they also contain the information required by article 2427 of the Civil Code, Decree 127/1991, CONSOB instruction 11,520/98, as well as certain special laws. Additional information is provided in order to present a true and fair view of the state of the Company, even where not required by specific legislation
The financial statements are audited by PricewaterhouseCoopers S.p.A..

Accounting policies

The accounting policies adopted for the preparation of the financial statements as of December 31, 2000, are in accordance with article 2426 of the Italian Civil Code and are consistent with those applied in the prior year.

INTANGIBLE FIXED ASSETS
Intangible fixed assets are subject to direct amortization.
Intangible fixed assets made up of start-up and expansion costs (including those incurred for the Company's listing on the Stock Exchange), patents, trademarks, licences and deferred costs are amortized over five years.
Improvement costs on third party assets acquired under leasing contracts are amortized over the length of the contract.
Assets in progress and advances refer to a portion of costs incurred to implement new software and the related licences. This project will probably be completed during 2001.

Intangible fixed assets, as per Law 58/98, have been booked with the agreement of the audit firm

TANGIBLE FIXED ASSETS
Tangible fixed assets are stated at cost, including related charges, and are shown net of accumulated depreciation. Depreciation is calculated on a straight-line basis. The applied rates, of which details are given in the notes to the balance sheet, are considered to reflect the estimated useful life of the assets concerned; they also agree with those indicated in Decree 12/31/88.

FINANCIAL FIXED ASSETS
Equity investments are recorded at purchase or subscription cost, written down in cases where there is permanent loss in value, in accordance with article 2426.3 of the Italian Civil Code.
Payments carried out for future capital stock increases in subsidiary companies have been booked directly to equity investments.
Other financial fixed assets, comprising receivables from subsidiary companies and guarantee deposits are recorded at their nominal value which corresponds to their estimated realizable value.

ACCOUNTS RECEIVABLE
Accounts receivable are stated at their nominal value corresponding to their estimated realizable value.

ACCOUNTS PAYABLE
Accounts payable are stated at their nominal value.

ACCOUNTS RECEIVABLE, PAYABLE AND TRANSLATION OF FOREIGN CURRENCY BALANCES
Receivables and payables in currencies outside the euro zone are booked at the exchange rates ruling at the time of the underlying transaction. Any net losses identified between the balance of foreign currency receivables and payables translated using the December exchange rate and the accounting balance of the same is allocated to a specific reserve in liabilities. 2000 translation gave rise to net gains of about Lire 255 million, which are not recognized for prudence sake.

ACCRUALS AND DEFERRALS
These are recorded to match costs and revenues in the accounting periods to which they relate.

INCOME TAXES FOR THE YEAR
These are provided on the basis of estimated taxable income determined in conformity with current fiscal regulations, taking account of any exemptions and tax credits available.
Deferred taxes are booked to income in a sub-item of caption 22 and provided for in the taxation reserve. Deferred tax assets are credited to the same item in the income statement and debited to current assets under receivables from third parties.
As suggested in accounting principle no. 25 on deferred taxation, it was thought best to offset deferred tax assets and liabilities deriving from dividends booked by subsidiary and affiliated companies, when such receivables and payables were of the same amount.

OTHER RESERVES FOR RISKS AND CHARGES
These cover known or likely losses. Provisions reflect the best estimate of losses to be incurred based on the information available.
Contingent liabilities are described in the explanatory notes but are not covered by specific provisions. Account is not taken of risks that are considered remote.

RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES
This reserve is provided in accordance with current legislation, collective payroll contracts and in-house agreements. This liability is subject to annual revaluation using officially established indices.

MEMORANDUM ACCOUNTS
These indicate commitments taken on and guarantees given, as well as assets received and deposited for various purposes. They are all stated at nominal value.

COSTS AND REVENUES
These are recorded in the financial statements according to the matching principle, the nature of the items and the prudence concept.

DIVIDENDS
Dividends distributed by affiliated companies are accounted for on an accruals basis. If the Company exercises a dominant influence over the subsidiary, in accordance with the accounting principles and CONSOB communication DAC/RM/95002194 of March 16, 1995, dividends are recorded as income for the period even if distributed in the subsequent year, provided that the Board of Directors approves TREVI – Finanziaria Industriale S.p.A.'s draft

financial statements after the financial statements of the individual subsidiaries have been approved by their board of directors.

FINANCIAL LEASE INSTALMENTS
Financial lease installments relating to tangible fixed assets are booked to the year on the basis of the contractual agreement, in accordance with current regulations. On expiry of the contract , the redemption value is booked to tangible fixed assets.

Other information

EXCEPTIONS UNDER ARTICLE 2423.4
No exceptions have been made as per article 2423.4 of the Italian Civil Code.

CONSOLIDATED FINANCIAL STATEMENTS
The Company is obliged to prepare consolidated financial statements in accordance with Decree 127/91.
A copy of the consolidated financial statements, together with the report on operations and the Auditors' report, will be deposited in the company register within the terms of law.

Analysis of the Balance Sheet Captions

Assets

B – FIXED ASSETS
Schedules concerning intangible and tangible fixed assets have been prepared, indicating for each caption, historical cost, accumulated depreciation and amortization, movements during the year, the closing balance together with total asset revaluations in existence at year-end.

B I – INTANGIBLE FIXED ASSETS
The following is an analysis of the book value, Lire 8,200 million, of intangible fixed assets as of December 31, 2000 (Lire 10,333 million in 1999):

Description	HISTORICAL COST			ACCUMULATED AMORTIZATION			Net book value. 12/31/00
	Balance as of 12/31/99	Additions	Balance as of 12/31/00	Balance as of 12/31/99	Amort-ization for the year	Balance as of 12/31/00	
Start-up and expansion costs	11,149	4	11,153	1,026	2,231	3,257	7,896
Patent rights	115	14	129	81	12	93	36
Trademarks	5		5	5		5	0
Assets in progress and advances	0	143	143	0		0	143
Other	273	39	312	97	90	187	125
TOTAL	**11,542**	**200**	**11,742**	**1,209**	**2,333**	**3,542**	**8,200**

Amortization of start-up and expansion costs, including those incurred in 1999 for the Company's listing on the Stock Exchange, industrial patents rights, licences and trademarks, calculated by applying a rate of 20%, is considered to reflect the period that the assets are expected to benefit.
Start-up and expansion costs, amounting to Lire 7,896 million, include Lire 7,893 million relating to the residual expenses incurred for the Company's listing on the Stock Exchange, which have been capitalized with the agreement of the Independent Auditors and of the Statutory Auditors.
«Patents and licences» increased by Lire 14 million for the purchase of software that guarantees the security and confidentiality of corporate data.
Assets in progress and advances, comprise a portion of costs incurred to implement new software, including the licence costs. The global project has the objective of installing software capable of managing the following departments of TREVI – Fin. Ind. S.p.A. and its subsidiaries, TREVI S.p.A. and SOILMEC S.p.A. on an integrated basis: Administration, Logistics, Production, Control, Supply Chain Management, programming and scheduling of the production process. This project will probably be completed and introduced during 2001.
The caption «Other» includes:

- leasehold improvements, amortized over the period of the contract for a residual amount of Lire 15 million;
- expenses relating to the expert valuation of the Company's net worth, as per Law 461 of 11/21/97, for a residual amount of Lire 110 million.

B II – TANGIBLE FIXED ASSETS

As of December 31, 2000, tangible fixed assets amounted to Lire 134 million compared to Lire 119 million in the prior year, showing an increase of Lire 15 million.

Description	HISTORICAL COST				ACCUMULATED DEPRECIATION				Net book value. 12/31/00
	Balance as of 12/31/99	Additions	Disposals	Balance as of 12/31/00	Balance as of 12/31/99	Depreciat. for the year	Disposals	Balance as of 12/31/00	
Plant and machinery	246	33	49	230	127	18	49	96	134
Other assets	11	-	-	11	11	-	-	11	0
TOTAL	**257**	**33**	**49**	**241**	**138**	**18**	**49**	**107**	**134**

Tangible fixed assets have never been subject to writedowns or revaluations .

During 2000 the caption «Plant and machinery» increased by Lire 33 million mainly due to the acquisition of equipment for special foundation works hired to subsidiaries and decreased by Lire 49 million mainly due to the disposal of totally depreciated assets.
Other assets include office furniture and furnishings.
Depreciation as of December 31, 2000 has been calculated by applying the rates considered to represent the technical and economic lives of the assets as reported below:

ASSET CATEGORY	%
Furniture and furnishings	12
Plant and machinery	20
Drilling equipment	7.5

B III - FINANCIAL FIXED ASSETS

1) *EQUITY INVESTMENTS*

As of December 31, 2000, equity investments amounted to Lire 58,476 million compared to Lire 39,578 million at the beginning of the prior year, a net increase of Lire 18,898 million deriving from the following changes:

Description	Balance as of 12/31/99	ACQUISITIONS		DISPOSALS		Balance as of 12/31/00
		Purchases/ Subscriptions/ Payments on capital account	Revaluations and writebacks	Disposals	Writedowns	
Subsidiary companies	39,446	19,000				58,446
Other companies	132			102		30
TOTAL	**39,578**	**19,000**		**102**		**58,476**

Changes in investments in subsidiary and other companies are the following:

Description	Balance as of 12/31/99	ACQUISITIONS		DISPOSALS		Balance as of 12/31/00
		Purchases/ Subscriptions/ Payments on capital account	Revaluations and writebacks	Disposals	Writedowns	
- Subsidiaries -						
Trevi S.p.A.	23,583	7,000				30,583
Soilmec S.p.A.	15,310	12,000				27,310
Drillmec S.r.l.	3					3
Pilotes Trevi S.A.C.I.M.S..	550					550
TOTAL	**39,446**	**19,000**				**58,446**
- Other companies -						
Comex S.p.A.	132			102		30
TOTAL	**132**			**102**		**30**

The following is a list of investments as of December 31, 2000: (amounts in millions of Lire unless otherwise specified) (2)

SUBSIDIARY COMPANIES	Headquarters	Capital stock	Book Stockholders' equity (1)	Net income for the year	% Ownership	Book value	Our share of Stockholders' equity
TREVI S.p.A.	CESENA	9,900	33,520	(5,108)	99	30,583	33,084
SOILMEC S.p.A.	CESENA	10,000	33,243	931	97	27,310	32,756
PILOTES TREVI S.A.C.I.M.S.	BUENOS AIRES	1,650 (Pesos)	14,482 (3)	825 (3)	57	550	8,255 (3)
DRILLMEC S.r.l.	CESENA	170	449	87	1	3	4
				TOTAL		**58,446**	**74,099**
OTHER COMPANIES	Headquarters	Capital stock	Book Stockholders' equity	Net income for the year	% Ownership	Book value	Our share of Stockholders' equity
COMEX S.p.A.	RAVENNA	3,750	4,111 (4)	(264) (4)	0.53	30	22 (4)
				TOTAL		**30**	**22**

Notes
1. Stockholders' equity includes net income for the year.
2. Amounts in foreign currency are expressed in thousands.
3. The value in Lire has been obtained by applying the year-end exchange rate of Lire 2,080.89 to book stockholders' equity and the average exchange rate for the year of Lire 2,101.63 to net income.
4. Book value derives from:
   - - Lire 30 million, which is the value of the investment, equal to 2,000 shares held. During the year, 10,000 shares were sold at Lire 15,000 each, resulting in a gain of Lire 48 million. The reported stockholders' equity refers to the draft of the financial statements as of December 31, 2000 and approved by the Board of Directors on March 30, 2001.

The opening balance of the investments in Trevi S.p.A. and Soilmec S.p.A. includes Lire 12,000 million and Lire 5,000 million respectively paid in prior years towards future increases in capital, which together with payments of the year, increase the book value of these investments to the amounts shown in the table above.
As regards Trevi S.p.A. and Soilmec S.p.A., the rise in equity investments derives from further payments towards future increases in capital.
As regards the subsidiary COMEX S.p.A., which assembles hardware products (personal computer, notebook and servers) under its own trademark, the decrease is due to the sale of 10,000 shares.
There are no restrictions on the securities held (including voting rights).
The detail of equity investments, both direct or indirect, in subsidiary, associated and other companies is given in the Explanatory notes to the consolidated financial statements .

2) *ACCOUNTS RECEIVABLE*
a) Amounts receivable from subsidiary companies
These amount to Lire 80,101 million (Lire 95,243 million in the previous year), a decrease of Lire 15,142 million
The decline is substantially attributable to loan reimbursements from subsidiaries, in part as a result of the payments towards subscribed future increases in capital.
Accounts receivable from subsidiaries refer to financial transactions carried out at normal market conditions and which are collectible within 12 months.

C – CURRENT ASSETS
C II – ACCOUNTS RECEIVABLE
1) Due from customers
These total Lire 49 million (Lire 41 million in the prior year), an increase of Lire 8 million and relate to amounts due from customers outside the Group .
2) Amounts due from subsidiary companies
These total Lire 8,214 million (Lire 7,269 million in the prior year), an increase of Lire 945 million, relating to trade receivables fully collectible within 12 months.
This caption includes:
- accounts receivable of commercial nature, carried out at normal market conditions, amounting to Lire 7,438 million (Lire 3,814 million in the previous year, an increase of Lire 3.624 million);
- accounts receivable for matured dividends to be cashed, recorded on an accruals basis, for Lire 776 million (Lire 3,455

million in the prior year, a decrease of Lire 2,679 million); this dividends refer to the net income for 2000 of SOILMEC S.p.A..

5) Due from third parties

These amount to Lire 1,498 million (Lire 767 million in the prior year), an increase of Lire 731 million

These comprise:

Description	12/31/00	12/31/99	changes
Tax credits brought forward	768	50	718
Receivables requested for reimbursement from the tax authorities	180	161	19
Advance regional tax on productive activities (IRAP)	75	19	56
VAT receivable	113	155	(42)
IRPEG tax credit transferred	7	7	0
Accounts receivable from the Tax Authorities for deferred tax assets	7	18	(11)
Account receivable from the Central Bank of Nigeria	303	328	(25)
Other receivables	45	29	16
TOTAL	**1.498**	**767**	**731**

The most significant increase refers to IRPEG tax credits brought forward. The total amount of this caption of Lire 768 million coincides with the payment of income taxes for the year reported on the 2000 tax return filed by the Company. This sum is mainly due to tax credits on 1999 dividends cashed in 2000, net of advances already paid. In detail:

Description	**Amount** (millions)
IRPEG advances paid	121
Tax credit on 1999 dividends cashed in 2000	2,030
Withholding tax on bank interest income;	9
Due to tax authorities for current taxes	(1,392)
TOTAL	**768**

This receivable includes residual amounts from the Central Bank Nigeria due beyond five years totaling Lire 149 million.

C IV – LIQUID FUNDS

These amount to Lire 2,720 million (Lire 1,692 million in the prior year), an increase of Lire 1,028 million, made up of:

Description	12/31/00	12/31/99	changes
Bank and post office accounts	2,713	1,685	1,028
Cash and cash equivalents equivalents	7	7	0
TOTAL	**2,720**	**1,692**	**1,028**

There are no limitations on the availability of items booked to this caption.

ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses, Lire 294 million (Lire 51 million in the prior year), an increase of Lire 243 million, comprise the following:

Description	12/31/00	12/31/99	changes
Commission on guarantees	10	10	0
Insurance	9	7	2
Lease installments	274	30	244
Other	1	4	(3)
TOTAL	294	51	243

The most significant increase is recorded by the early invoicing of financial lease installments with respect to the period in which they accrue.

Liabilities and stockholders' equity

A – STOCKHOLDERS' EQUITY

The following movements took place in 2000:

Captions	Balance as of 12/31/99	Allocation of 1999 net income	Net income for the year	Increases or decreases	Balance as of 12/31/00
I Capital stock	32,000				32,000
II Share premium reserve	101,883			(5,400)	96,483
IV Legal reserve	1,038	191		5,400	6,629
VII Other reserves:- extraordinary reserve	4,766	1,762			6,528
Stockholders for dividends		1,858		(1,858)	0
IX Net income for the year	3,811	(3,811)	2,292		2,292
TOTAL	**143,498**	**0**	**2,292**	**(1,858)**	**143,932**

A I – CAPITAL STOCK

Capital stock, fully subscribed and paid-in, amounts to Lire 32.000 million, represented by 64 fully paid ordinary shares, par value of Lire 500 each. No changes with respect to the previous year.

A II - SHARE PREMIUM RESERVE

It amounts to Lire 96,483 million and refers to the premium on shares placed on the Stock Exchange on July 15, 1999. During the year, this reserve declined by Lire 5,400 million, through the transfer to the legal reserve, as resolved by the Stockholders' Meeting on May 7, 2000.

A IV – LEGAL RESERVE

It amounts to Lire 5,591 million for the allocation of 5% of 1999 net income (Lire 191 million), as resolved by the Stockholders' Meeting on May 7, 2000 for the transfer of Lire 5,400 million from the share premium reserve, as mentioned previously.

A VII – OTHER RESERVES

The amount relates entirely to the extraordinary reserve which rose from Lire 4,766 million to Lire 6,528 million during the year. This reserve increases by Lire 1,762 million as a result of the allocation of 1999 net income, as resolved by the Stockholders' Meeting on May 7, 2000.

As per Art 3 of Law 467/97, in the event of distribution of reserves and net income existing as of December 31, 2000, a full tax credit would be granted to stockholders (Art 105.1.a) of Lire 6,735 million, while the limited tax credit amounts (Art 105.1.b) to Lire 4,036 million.

A IX – NET INCOME FOR THE YEAR

Net income for 2000, Lire 2,292 million (Lire 3,811 million in the prior year), decreased by Lire 1,519 million.

This fall is mainly due to the reduction in dividends proposed for distribution by the subsidiaries.

B – RESERVES FOR RISKS AND CHARGES

2) Taxation reserve

This amounts to Lire 8 million, as in the previous year and is made up of:

	Deferred tax assets	Deferred tax liabilities	Provision
- Balance as of December 31, 1999	2,029	(2,037)	(8)
- 1999 deferred tax liabilities accruing in 2000	0	2,037	2,037
- Tax credit on 1999 dividends collected in 2000	(2,029)	0	(2,029)
- Deferred tax liabilities on 2000 dividends to be collected in 2001	0	(436)	(436)
- Deferred tax assets accruing in 2001 on 2000 tax credit on dividends	436	0	436
- Other deferred tax liabilities for 2000	0	(8)	(8)
Balance as at the end of the year	**436**	**(444)**	**(8)**

C – RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

This caption presents a balance at year-end of Lire 478 million, an increase of Lire 417 million Changes during the year are as follows:

- Balance as of December 31, 1999	61
- Assumption of termination indemnities of employees of subsidiaries transferred on May 1, 2000 to Trevi – Fin. Ind. S.p.A.	343
- Amount accrued and charged to the statement of income	81
- Indemnities and advances paid during the year	(7)
- Balance as of December 31, 2000	478

On May 1, 2000 1 manager and 9 clerical staff were transferred from Trevi S.p.A. and Soilmec S.p.A. to the Parent Company, in order to create a central «Human Resource Department» for the Group.

The total represents a liability to 17 employees in force as of December 31, 2000.

D – PAYABLES

Payables do not include collateral security nor residual amounts due beyond five years.

Payables are analyzed below:

3) Due to banks

Amounts due to banks total Lire 12,308 million, an increase of Lire 4,917 million over the previous year

These comprise:

Description	12/31/00	12/31/99	changes
Current account overdrafts	80	22	58
Efibanca S.p.A. loan	9,000	5,000	4,000
Loans in foreign currency	3,228	2,369	859
TOTAL	**12,308**	**7,391**	**4,917**

The amount due to Efibanca S.p.A. of Lire 9,000 million is the sum of two separate loans. The first one of Lire 5,000 million bearing interest at a floating rate, was granted during the previous year and is wholly repayable on June 12, 2001. The second one of Lire 4,000 million bearing interest at a floating rate, was granted during the year and is wholly repayable on May 4, 2002.

Loans in foreign currency are denominated in US dollars.

The change with respect to last year, which must take into account the growth in liquid funds of Lire 1,028 million, is mainly attributable to the

rise in the volume of the hiring business and financial services rendered to Group companies.

6) Due to suppliers

Amounts due to suppliers amounting to Lire 998 million, including invoices and excluding credit notes to be received, decrease by Lire 819 million versus the prior year because of the payment of services received in 1999 which did not occur in 2000, since they mainly referred to the Company's listing on the Stock Exchange.

Amounts payable to suppliers are all due within 12 months.

8) Due to subsidiary companies

Amounts due to subsidiary companies, Lire 71 million (Lire 54 million in the prior year), an increase of Lire 17 million, are entirely represented by payables due within 12 months.

11) Due to tax authorities

Amounts payable to tax authorities total Lire 85 million, all due within 12 months.

They comprise:

Description	12/31/00	12/31/99	changes
Substitute tax paid for freeing up reserves	0	97	(97)
Withholdings to be paid	85	48	37
IRAP payable	0	79	(79)
IRPEG payable	0	80	(80)
TOTAL	**85**	**304**	**(219)**

Withholding taxes to be paid relate to wages and salaries, emoluments paid to independent collaborators and fees paid to professionals for the month of December 2000.

As already mentioned under caption «Due from third parties», in current assets, the Company has a tax credit of Lire 768 million for IRPEG and of Lire 75 million for IRAP.

The year ended December 31, 1994 is the last year settled with the tax authorities for direct taxes, while the year ended December 31, 1995 is the last one for indirect taxes.

12) Due to social security institutions

These are due within 12 months an comprise the following:

Description	12/31/00	12/31/99	changes
Due to INPS	78	30	48
TOTAL	**78**	**30**	**48**

13) Other payables

They comprise:

Description	12/31/00	12/31/99	changes
Due to employees	105	116	(11)
Purchase of equity investments	1,495	1,495	0
Other sundry payables	1	5	(4)
TOTAL	**1,601**	**1,616**	**(15)**

"Due to employees" relates exclusively to amounts for vacation accrued but not taken
«Payables for the purchase of equity investments" refer to an amount still to be paid to Davide, Gianluigi and Cesare Trevisani, in connection with the purchase of 7% in Soilmec S.p.A. in 1997.

E – ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses are Lire 127 million (Lire 159 million last year, a decrease of Lire 32 million), comprise the following:

Description	12/31/00	12/31/99	changes
Accrued emoluments and employee contributions	29	42	(13)
Lease installments	48	105	(57)
Accrued interest expense	50	12	38
TOTAL	**127**	**159**	**(32)**

Deferred income of Lire 1 million (Lire 157 million in the previous year, a decrease of Lire 156 million) comprises the following:

Description	12/31/00	12/31/99	changes
Deferred rentals	1	157	(156)
TOTAL	**1**	**157**	**(156)**

The decline in this caption is attributable the administrative simplification which led to monthly or quarterly invoices for the hire of equipment to subsidiaries, while in 1999 these services were invoiced in advance.

Memorandum Accounts

Guarantees given by the Company and the changes during the year compared to 1998 are as follows:

Description	12/31/00	12/31/99	changes
Guarantees given			
- to banks	45,308	42,382	2,926
- to insurance companies	24,273	29,632	(5,359)
- to third parties	28,354	30,339	(1,985)
Recourse risks	971	1,563	(592)
Lease installments due	5,440	3,545	1,895
TOTAL	**104,346**	**107,461**	**(3,115)**

The reduction in guarantees given is mainly due to the decline in guarantees given in favour of a primary insurance company on behalf of Trevi Icos Corporation, and indirect subsidiary, after the partial execution of works acquired in 1999 and 2000, which were backed by guarantees amounting to 100% of their value.
"Recourse risks" refer to endorsements on bills receivable of the subsidiary company, Soilmec S.p.A.
Commitments for expiring lease installments amount to Lire 5,440 million and represent the total amount of expiring installments due to leasing companies, including the redemption amount foreseen by the contracts and excluding installments already paid.
Other companies (mainly banks and insurance companies) gave guarantees to third parties on behalf of TREVI-Finanziaria Industriale S.p.A. for a total of Lire 4,170 million (Lire 12,638 million last year) a decrease of Lire 8,468 million.

Analysis of Statement of Income Captions

Before proceeding with the analysis of the individual captions, comments on the trend in operations are indicated, in accordance with article 2428.1 of the Italian Civil Code, within the report on operations.
As stated before, it is worth mentioning that the statement of income as provided for in article 2425 of the Italian Civil Code, does not allow for the description of truly significant economic components to evaluate the profitability of our Company. In fact, the business purpose consists of industrial building activities as well as the management of investments such has Group holdings, together with administrative and financial services on behalf of companies in the Group. For example, the accounting group shown in letter A) "Value of production", only includes economic components typical of the industrial area and guarantees given on behalf of subsidiary companies, while it is not possible to include at this level of analysis, the financial income and expense which falls under the item C) 15 and 16.

In the same way, so as to express all operating costs, the financial charges shown according to the law, at C) 17, should be added to the production costs shown at B).

A) VALUE OF PRODUCTION

This accounting group comprises the following positive components:

1) Revenues from sales and services

These amount to Lire 3,236 million (Lire 1,670 million in the prior year), an increase of Lire 1,566 million, and consist of:

Description	12/31/00	12/31/99	changes
Revenues from hiring out equipment	1,886	1,020	866
Commission on guarantees	279	263	16
Services and consulting	1,071	387	684
TOTAL	**3,236**	**1,670**	**1,566**

The geographical distribution of revenues from sales is as follows:

Area	12/31/00	%
Italy	2,357	73
Europe (excluding Italy)	192	6
U.S.A and Canada	120	4
Asia	567	17
TOTAL	**3,236**	**100**

Revenues are almost exclusively realized with Group companies

The considerable increase in revenues over last year is due to the growth in the equipment hiring business and in the management and administrative assistance rendered to Group companies. In fact, since May 1, 2000 the Human Resources and Personnel management department has been centralized in TREVI – Fin. Ind. S.p.A..

5) Other income

This amounts to Lire 432 million (Lire 23 million in the previous year), an increase of Lire 409 million.

The caption comprises the following:

Description	12/31/00	12/31/99	changes
Company expenses recharged	356	5	351
Other	76	18	58
TOTAL	**432**	**23**	**409**

Since 2000, the caption «Other» concerns the recharge to subsidiaries of spare parts of equipment purchased on their behalf.

B) PRODUCTION COSTS

6) Costs for raw, ancillary and consumable materials and goods for resale amount to Lire 81 million (Lire 18 million in the prior year with an increase of Lire 63 million), and relate to stationery and printing supplies, Lire 12 million, and to the replacement cost of spare parts for machinery, Lire 69 million. as commented in «Other income and revenues», these spare parts have been recharged to subsidiaries.

7) Services received

Costs for services received total Lire 1,496 million compared to Lire 928 million in the previous year, an increase of Lire 568 million.

The caption comprises the following:

Description	12/31/00	12/31/99	changes
Emoluments of directors	473	288	185
Emoluments of statutory auditors	55	29	26
Post, telegraph and telephone	14	15	(1)
Legal and administrative fees	284	402	(118)
Scheduled maintenance of computer system	45	25	20
Travelling and subsistence expenses	2	46	(44)
Insurance	54	17	37
Transport	324	18	306
Publicity, classified advertisements and communications	71	50	21
10 – 12% INPS contribution payable by the company	23	21	2
Other	151	17	134
TOTAL	**1,496**	**928**	**568**

The increase in «Emoluments of directors» is mainly due to the higher number of directors, up from five to eight, and to the increase in their emoluments, as resolved by the Stockholders' meeting of May 7, 2000.

As regards transport, the growth for the year is mainly attributable to the transport by sea of a machine that was transferred from U.S.A. to Dubai.

The decrease in legal and administrative fees is due to the fact that last year the Company registered the costs for the listing on the Stock Exchange.

8) Leases and rentals
These amount to Lire 1,797 million (Lire 1,014 million in the prior year) and comprise the following:

Description	12/31/00	12/31/99	changes
Lease installments	1,789	1,006	783
Rental	8	8	0
TOTAL	**1,797**	**1,014**	**783**

The growth in «lease installments» is attributable to the increase in the equipment hiring business.
9) Personnel
Total personnel costs amount to Lire 1,497 million (Lire 806 million in the prior year) and comprise the following:

Description	12/31/00	12/31/99	changes
Wages and salaries	1,004	588	416
Social security charges	356	182	174
Employee termination indemnities	81	36	45
Other	56	0	56
TOTAL	**1,497**	**806**	**691**

The average number of employees in the Company is 17 people, namely 2 managers and 15 clerical staff. The breakdown is the same as of December 31, 2000.
Movements in the number of employees during the year are analyzed below:

Description	12/31/99	Increase	Decrease	12/31/00
Managers	1	1	0	2
Clerical staff	5	10	0	15
TOTAL	**6**	**11**	**0**	**17**

The increase is due to the centralization of the «Human Resources and Personnel Management» department at TREVI – Fin. Ind. S.p.A., which entailed transferring 1 manager and 5 clerical staff from Trevi S.p.A. and 4 clerical staff from SOILMEC S.p.A.
10) Amortization, depreciation and writedowns
a) Amortization intangible fixed assets:
The amount for the year is Lire 2,332 million (Lire 1,100 million in the prior year), an increase of Lire 1,232 million.

Lire 2,229 million refers to the amortization of expenses incurred for the Company's listing on the Stock Exchange.
Additional details are reported in the assets at BI) Intangible fixed assets.
b) Depreciation of tangible fixed assets:
Depreciation amounts to Lire 18 million (Lire 17 million in the prior year, an increase of Lire 1 million) as described in the assets at BII) Tangible fixed assets.
14) Other operating expenses
These total Lire 142 million (Lire 49 million in the prior year, an increase of Lire 93 million).
These expenses concern:

Description	12/31/00	12/31/99	changes
Indirect taxes	141	46	95
Other charges	1	3	(2)
TOTAL	**142**	**49**	**93**

C) FINANCIAL INCOME AND EXPENSE

15) a – b)
In 2000 income totaled Lire 1,263 million (Lire 5,584 million in the prior year, a decrease of Lire 4,321 million), comprising the following:

Description	12/31/00	12/31/99	changes
Dividends from subsidiary companies and related tax credit	1,213	5,578	(4,365)
Dividends from other companies and related tax credit	2	6	(4)
Gains on the disposal of investments in other companies	48	0	48
TOTAL	**1,263**	**5,584**	**(4,321)**

The considerable change in dividends is due to a reduction in the dividends resolved by subsidiaries.

16) Other financial income
a) Income from receivables held as fixed assets
- subsidiary companies: these amount to Lire 5,061 million (Lire 2,416 million in the prior year), with an increase of Lire 2,645 million connected to the granting of loans to subsidiary companies.
d) Income other than the above:
- third parties
This income amounts to Lire 109 million (Lire 128 million in 1997), a decrease of Lire 19 million, comprised as follows:

Description	12/31/00	12/31/99	changes
Bank interest income	33	87	(54)
Other interest income	42	39	3
Exchange gains	34	2	32
TOTAL	**109**	**128**	**(19)**

17) Interest and other financial charges
- third parties
These charges amount to Lire 677 million, Lire 270 million in the previous year, an increase of Lire 407 million, comprised as follows:

Description	12/31/00	12/31/99	changes
Bank interest	560	200	360
Bank commission and expenses	67	70	(3)
Exchange losses	50	0	50
TOTAL	**677**	**270**	**407**

E) EXTRAORDINARY INCOME AND EXPENSE

20) Income:
b) Other income:
Other income amounts to Lire 45 million (Lire 393 million in the prior year, a decrease of Lire 348 million) and comprises the following:

Description	12/31/00	12/31/99	changes
Interest income on tax rebate	0	2	(2)
Accounts receivable previously written off	0	351	(351)
Reversal of lease installment due to reduction in interest rates	21	23	(2)
Other	24	17	7
TOTAL	**45**	**393**	**(348)**

The main change is due to the booking last year under "Due from third parties" of a residual amount of Lire 328 million receivable from the Central Bank of Nigeria, which having previously been written off subsequently became collectible. As regards this receivable, it is worth mentioning that all of the installments that expired during 2000 have been duly collected, in accordance with the repayment plan agreed with the bank.
22) Income taxes for the year
These charges amount to Lire (188) million, Lire 2,178 million in the previous year, comprised as follows:

Description	12/31/00	12/31/99	changes
IRPEG as per tax return	1,222	80	1,142
IRAP for the year	170	79	91
Deferred taxes on dividends	437	2,029	(1,592)
Reversal of 1999 reserve for deferred tax liabilities	(2,037)	0	(2,037)
Other deferred taxes for the year	8	8	0
Deferred tax assets for the year	(6)	(18)	12
Reversal of 1999 reserve for deferred tax assets	18	0	18
TOTAL	**(188)**	**2,178**	**(2,366)**

Deferred tax assets and liabilities have been calculated by applying the following tax rates: 20% for IRPEG, as the Company can calculate taxes at the rate mentioned in art. 6.1 of D.Lgs. 466/97, as amended by art. 12 of D.Lgs. 505 of December 23, 1999 (D.I.T.) following the Company's flotation; and 5.40% for IRAP.
The calculation of deferred taxes on dividends accounted for on an accruals basis has been carried out on a prudent basis at a rate of 36%.
The decrease in comparison with the previous year, as already mentioned in the section on receivables due from third parties, is mainly attributable to the collection of 1999 dividends resolved by Trevi S.p.A. and Soilmec S.p.A., which entailed their taxability in the current year at the lower rates envisaged in D. Lgs. 466/97 (D.I.T.) and Law 133/99 (Visco Law), while the provision had been prudently calculated at the ordinary rate of 37 %.
23) Net income for the year.
Net income for 2000, Lire 2,292 million (Lire 3,811 million in the prior year), decreased by Lire 1,519 million.
The decrease is mainly due to a reduction in the dividends resolved by subsidiaries.

OTHER INFORMATION
There were no adjustments or provisions carried out solely for fiscal purposes.
In 2000 as in 1999, no financial charges were capitalized.
As of December 31, 2000, there are no transactions hedging exchange and interest rate risks.

EMOLUMENTS OF DIRECTORS AND STATUTORY AUDITORS
The Stockholders' meeting of May 7, 2000 approved the appointment of three new directors, namely Mr. Guglielmo Antonio Moscato, Count Pio Teodorani Fabbri and Mr. Roberto Pinza. As of December 31, 2000 the Board of Directors consists of 8 members.
Emoluments of directors totaled Lire 473 million, of which Lire 449 million have already been paid.

Emoluments of statutory auditors totaled Lire 55 million,
As per Consob instruction 11,520 of July 2, 1998, details are given of the emoluments paid to the Company's directors and statutory auditors for their services, including subsidiaries.

The Board of Directors

Name	Office held	Duration of office	Emoluments *Company*	Emoluments Subsidiaries	TOTAL Emoluments
Davide Trevisani	Chairman of the Board of Directors and Managing Director	12	128	198	326
Gianluigi Trevisani	Deputy Chairman of the Board of Directors and Managing Director	12	128	189	317
Cesare Trevisani	Managing Director	12	81	246	327
Stefano Trevisani	Director	12	32	107	139
Mario Amoroso	Director	12	32		32
Guglielmo Moscato	Director	8	24		24
Pio Teodorani Fabbri	Director	8	24		24
Roberto Pinza	Director	8	24		24
TOTAL			**473**	**740**	**1,213**

No benefits in kind, stock options, bonuses or other incentives have been granted to directors. Emoluments in subsidiaries include employment remuneration for Mr. Cesare Trevisani and Stefano Trevisani from Trevi S.p.A..
The Company's by-laws give the Board of Directors the possibility to appoint an Executive Committee. This possibility has not been used by the current Board.
The Board of Directors will remain in office until approval of the financial statements as of December 31, 2000.

Statutory Auditors

Name	Office held	Duration of Office in months	Emoluments Company	Emoluments Subsidiaries	TOTAL Emoluments
Adolfo Leonardi	Chairman of the Statutory Auditors	12	23	17	40
Giacinto Alessandri	Auditor	12	16	17	33
Giancarlo Poletti	Auditor	12	16		16
TOTAL			**55**	**34**	**89**

The Statutory Auditors will remain in office until approval of the financial statements as of December 31, 2000.

STATEMENT OF CHANGES IN FINANCIAL POSITION

The change in financial position is analyzed in the statement of cash flows (attachment 1).

The financial statements, comprising the balance sheet, the statement of income and these explanatory notes give a true and fair view of the financial position and net income for the year.

Attachment 1

Statement of cash flows
(millions of Lire)

	1999	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	3,811	2,292
Depreciation and amortization	1,117	2,350
Provision for employee termination indemnities	36	81
Payment of employee termination indemnities	(42)	(7)
(Decrease)/Increase in other reserves	0	343
(Decrease)/Increase of employee termination indemntities	8	0
Decrease/(Increase) in amounts due from customers	(3)	(7)
Decrease/(Increase) in amounts due from subsidiary companies	(5,597)	(945)
Decrease/(Increase) in other amounts receiveble	792	(730)
Decrease/(Increase) accrued income and prepaid expenses	45	(243)
(Decrease)/Increase in amounts due to suppliers	1,473	(819)
(Decrease)/Increase in amounts due to subsidiary companies	39	17
(Decrease)/Increase in amounts due to tax authorities	64	(219)
(Decrease)/Increase in other payables	30	33
(Decrease)/Increase accrued expenses and deferred income	93	(189)
	1,866	1,957
INVESTING ACTIVITIES		
(Increase)/Decrease in tangible fixed assets, net	12	(33)
(Increase)/Decrease in intangible fixed assets, net	(11,377)	(198)
(Increase)/Decrease in equity investments	(10,022)	(18,898)
	(21,387)	(19,129)
FINANCING ACTIVITIES		
Decrease/(Increase) in financial credits	(90,490)	15,142
(Decrease)/Increase in amounts due to banks	(191)	4,917
(Decrease)/Increase in capital stock and reserve	111,882	0
Distribution of earnings	0	(1,859)
	21,201	18,200
Total cash flow	**1,680**	**1,028**
Opening amount - cash and banks	12	1,692
Closing amount - cash and banks	1,692	2,720

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE N° 58 DATED 24 FEBRUARY 1998

To the Shareholders of
TREVI-Finanziaria Industriale SpA

1 We have audited the financial statements of TREVI-Finanziaria Industriale SpA ("the Company") for the year ended 31 December 2000. These financial statements are the responsibility of TREVI-Finanziaria Industriale's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free from material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.
The financial statements of the subsidiary Trevi SpA were audited by another auditor, whose report has been provided to us. Our opinion, insofar as it relates to 52 per cent of the amount of "investments in subsidiary companies" and to 19 percent of the amount of "total assets", is also based on the report of another auditor. Furthermore, other auditors audit the financial statements of other subsidiaries indirectly owned by the Company.

For the opinion on the financial statements for the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 20 April 2000.

3 In our opinion, the financial statements of TREVI-Finanziaria Industriale SpA as of 31 December 2000 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Company.

4 The Company holds investments in subsidiaries, carried at cost as adjusted for permanent impairment in value and, as required by Italian Law, has prepared the consolidated financial statements. Such consolidated financial statements are prepared for the purposes of providing information on the financial position and the results of the operations of the Company and the Group. The consolidated financial statements have been audited by us and are attached along with our audit report.

Bologna, 12 April 2001

PricewaterhouseCoopers SpA

Roberto Megna
(Partner)

This report has been translated from the original which was issued in accordance with Italian Law.

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31,2000

During the fiscal year closed at 31 December 2000, we have carried out a supervising activity according to what is prescribed by the law, in conformity with the principles of behaviour of the Board of Auditors which are recommended by the National Councils of Professional Accountants and book-keepers, and particularly:

- We have attended the meetings of the Board of Directors and we have ascertained the conformity with what is prescribed by the law and company by-laws;
- We have carried out periodical checks during which there has been a mutual exchange of information with the auditors;
- Therefore we have inquired, assessed and supervised – within the scope of our competence – the evolution of the commitments undertaken by the Board of Directors with respect to the conformity of the company's organizational structure and in respect of the principles of fair administration;
- We have been supplied by the Administrators with periodical information about the activity performed and the operations with a major economic, financial and patrimonial significance which have been carried out by the same company and its controlled companies;
- We have followed the monitoring activity of the company with regard to the problems arising as a consequence of the accounting conversion into Euro.

During our supervising activity and the exchange of information with the auditing company as well as with the people in charge of the respective functions, we have supervised the observance of the law prescriptions pertaining to the making, setting-up of the balance sheet and the management report: no significant facts have stood out such as to require their notification to the controlling organizations or their mention into this report.

The Board of Directors has sent us the financial statements for the year 2000 and also the management report that sufficiently explains the fiscal year's trend and the main events that both led to the considered economic result and patrimonial changes.

The analysis confirms that the elements characterising the year 2000 for the Trevifin Group have been a remarkable profits' increase on one side and, on the other, the negative influences on the operating result determined by the expenses involved by the introduction into new markets (New York) and the productive inefficiencies related to the start-up of new product lines (slim-hole drilling plants).

To end with, we should not forget to mention the investments carried out to strengthen the main activity fields of the Group (special foundations for large civil engineering works; drillings aimed at researching and exploiting oil and gas fields;

construction of special rigs for foundation, drilling and consolidation works and tunnel execution), also performed thanks to the purchase and establishment of new companies or the addition of further capital shares.
Therefore, we, in our quality of Statutory Auditors, favourably agree to approve the balance sheets of the fiscal year closed at 31st December 2000 and the proposal of appropriating the operating income as it has been formulated by the Board of Directors.

Cesena, 12th April 2001

The Board of Statutory Auditors

RESOLUTIONS OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING DATED 30th APRIL 2001.

The Ordinary and Extraordinary Shareholders' Meeting of TREVI - Finanziaria Industriale S.p.A. was held at first calling on 30th April 2001, at the Palazzo Romagnoli, Cesena, in the presence of Shareholders with nr. 40.397.000 ordinary shares, representing 63,12 % of the capital stock and having the right to vote.

The Ordinary Shareholders' Meeting has resolved:

1) To approve the financial statement as at 31st December 2000 as well as the report of the Board of Directors on operations and to allocate the net income for the year amounting to Lire 2.292.136.768 as follows:
   - 5%, that is Lire 114.606.838 to the legal reserve;
   - Lire 318.710.730 to the extraordinary reserve;
   - Lire 1.858.819.200 to the shareholders at the rate of Euro 0,015 (about Lire 29) per share.

   The full tax credit is linked to the dividend, as per art.105, comma 1, letter a) of T.U.I.R and will be paid starting from 12th July 2001, with the detachment of the coupon nr.2 at the date of 9th July 2001.
2) To confirm the current Board of Directors and Board of Statutory Auditors - which were both going to expire – for another three years period, that is until the approval of the financial statement for the year ending 31st December 2003.
3) The fees to be awarded to the members of the Board of Directors and Board of Auditors for the three years period, that is until the approval of the financial statement for the year ending 31st December 2003.
4) To authorise the Board of Directors to purchase and dispose of a maximum number of nr 2.000.000 ordinary shares for an 18 months period, considering a minimum price of 2 Euro and a maximum price of 4,50 Euro.

The Extraordinary Shareholders' Meeting has resolved:

1) The increase of the stock capital from Lire 32.000.000.000 to Lire 61.960.640.000 and the simultaneous conversion of the stock capital into Euro 32.000.000, by renaming the nominal value of 64.000.000 ordinary shares to 0,5 Euro, which will be achieved by appropriating part of the share-premium reserve, amounting to Lire 29.960.640.000, in the capital. The effects of said operation will start from 1st July 2001.

The Board of Directors has notified the adoption of the Code of Practice by the Companies.

This publication has been
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TREVI S.p.A. Publication Department