



# ***Interim Report***

*Half year results  
as at 30 June, 2002*

**IMI - Finanziaria Industriale S.p.A.**



### Financial Results

I would like to submit to your attention the Half-Yearly Consolidated Financial Statement as at 30th June 2002, which, for the first time, shows a reduction in revenues of Trevi Group, together with the swinging trend of the profitability parameters compared to the first six months of 2001.

While industrial activity has a mainly positive trend, the period closed with a loss which was strongly influenced by the negative exchange differences mainly due to the depreciation of the Venezuelan Bolivar occurred in the second trimester.

These results also reflect a temporary slowdown of the activity in the drilling field that produces drilling rigs for oil, gas and water wells and supplies drilling services. Today, said activity represents 12% of net sales compared to 20% of the whole previous year.

At the same time, the "special foundation rigs" product line didn't suffer from any productive slack and the execution of special foundation works shows a remarkable increase.

Total Revenues amounted to 163 million (-11.4% compared to the first six months 2001), due to the postponement of some important job orders and delivery of drilling rigs to the second half of the year. The added value shows a decrease of only 3.2%, passing from 58.42 million to 56.57 million in the six-month period, but it improves in relative terms passing from

31,7% in the first six months of 2001 to 34,6% in the first six months of 2002. Said improvement derives from a change in the range of products sold during the six months of reference, revealing a smaller content of raw materials and services supplied by third parties.

EBITDA is a little less than 15 million, with a decrease of about 3,5% compared to the first six months of the previous year. However, its incidence on total revenues is increased from 8,42 to 9,17%, thanks to the increased profitability of the engineering division.

The operating profit drops from 7,6 to 6 million (-21%). Net financial charges decreased from 647 thousand to 3,38 million; they amounted to 4,03 million in the 1st semester 2001. After the deduction of net financial charges, the result remains positive for 2,6 million (in the corresponding semester of the previous year it amounted to 3,5 million). Then there is the deduction of net exchange differences amounting to 8.030 thousand (with an increase of 9.409 thousand compared to the first semester 2001). They are represented for 4,55 million by exchange differences on credits granted to controlled companies in Venezuela, mainly for the purchase of equipments and rigs. Secondly, exchange losses for 1.15 million on commercial and financial credits granted from our controlled Trevi S.p.A. to its controlled Pilotes Trevi in Buenos Aires have been registered.

In both cases, the consolidated half-yearly situation undergoes the effects of the remarkable changes in exchange rates that have undermined the economies of those countries over the last months.

Since these companies have carried out relevant investments in equipments and rigs, the Group has started actions, during the second semester, aimed at increasing these companies' equities by means of capital additions, always complying with the commonly accepted accounting principles, so that said debts seem contracted.

Besides the companies in Venezuela, and always in the second semester, also the company in Argentina has started those necessary actions aimed at applying the inflation accounting with start from the current fiscal year.

The result belonging to the Group, and gross of taxes, is negative for 5,7 million (+4,2 million Euro in the same period of 2001), after having performed amortizations and depreciations of credits for 9 million (+13,4%).

The strong presence of the Group on international markets is highlighted by the percentage of sales abroad, since it exceeded 86% of the total; conversely, the weight of the Italian area on total revenues from sales and services of the Group dropped from 14,5% to 13,9%. The weight of the rest of Europe increases from 7,5 to 18,3%. The incidence of revenues achieved in the Middle and Far East dropped from 29,5% to about 22,1%, since this area witnessed a deferment of deliveries; the incidence of the American area decreased from 36% to about 32,4%; the presence in Africa started to grow again, passing from 12% to 13,3% on the total of the Group.

As at 30th June 2002, the Group reckons a total works' portfolio of 466,3 million (+50,8%). 209,3 million of which are to be carried out in the second semester of the current accounting period and the remaining 257 million in the future periods. The orders' volume has exceeded the record levels reached at the end of the first quarter. It represents the best premise for an improvement in revenues and economic results of the second semester compared to the first.

### Research & Development Activities

In the field of foundation equipment, the study of a project called R-940 was concluded. This led to the execution of the most powerful rig in the range of those designed for bored piles. Another study activity started, aimed at designing equipment capable of quickly passing from the status with continuous auger to the one needed for the execution of bored piles.

As for "Drilling", the project for an oil drilling rig just started, aimed at combining a pull capacity of 300 tons with fast moving features and high automation. As a matter of fact all functions are controlled by a single post, in the operator's cab, which governs an automatic handling system of last generation. The designing phase for a rig of the MR range has been concluded and now the first model has been produced with the aim of working under extreme weather conditions (-50 °C). The project involved a difficult research for special steels suitable for being used under the above conditions, in addition to all efforts aimed at finding a solution to all problems linked to the various operating equipment. Moreover the design and the execution of a prototype of a high-pressure pump are in progress: the pump has a 1650 HP power and will be employed in the oil sector. The prototype under construction is destined to an Iranian Drilling Company.

### Investments

In the first semester 2002 the investment policy was aimed at maintaining the productive capacity and provide the Group with technologically advanced rigs and equipments. The gross investment in plant and equipment assets amounted to 15 million (16,6 million in the corresponding semester of the previous year). The net investment amounted to 14,6 million, disregarding the effect of the Euro appreciation with regard to other currencies.

### ANALYSIS PER DIVISION

#### Holding's trend

The first semester 2002 of the holding TREVI - Finanziaria Industriale S.p.A. closed with revenues from sales and services amounting to 3,35 million (1,34 in the first semester 2001), with a result before taxation of 419 thousand, compared to 266 thousand of the first semester 2001. As for the Income Statement, revenues from sales and services relevant to the leasing activities remarkably increased, activities that exclusively interested companies of the Group.

The financial administration is to be mainly linked to the active interests coming from financial credits granted to the controlled companies. Proceeds and net financial charges passed from 951 thousand of the first semester 2001 to 864 thousand of the current semester.

#### Trevi Division Americas

During the first semester 2002, the turnover of Trevi Icos Corporation - USA was equal to 35,6 million (-12,56% compared to the first semester 2001), corresponding

to about 22% of the value of consolidated revenues; in 2002, activities pertaining to the Western and Southern coasts further widened, in addition to the operations in New England. The company suffered from the low profitability of some projects. In the month of June, in San Francisco, the execution of the project called Webster Posey Tube started. It involved an amount of about US\$ 13 million that should radically change the framework of our activities in the West Coast, both in terms of volumes and profitability. The economic and financial satisfaction linked to the execution of maintenance works for the Walter F. George dam continues, and revenues are foreseen to increase in the next months following to the operation of new drilling units. Pilotes Trevi S.A. stopped its operations in Argentina and is now committed in the execution of a project in Uruguay. Part of the equipment and qualified personnel was transferred to other companies of the Group.

In Venezuela, the traditional foundation activity continued with satisfaction, reaching revenues for 4.6 million, aligned with the 1st semester of the previous working period. Last March we were awarded by the Venezuelan Governmental Body C.A.D.A.F.E. with the design and the execution of the intervention for the impermeabilisation and restoration of Borde Seco Dam. Works amounting to about US\$ 27 million will last about 24 months. They were meant to start last month of June; delays in the implementation of the relevant international "buyer's credit" postponed its start. Drilling activity for oil well drilling underwent a suspension with start from the beginning of February, since Venezuela decided to conform to the OPEC's decision to cut oil production.

Activity restarted with begin from 15th July and it will surely last for the whole semester of this working year.

## Europe

In presence of a still uncertain trend in the field of Public Works on the national territory, Trevi S.p.A. highlights a total production value for the first half of the working period of 36.9 million (+13.4% compared to as at 30th June 2001). The company is active with its own subsidiaries in Algeria, Guinea Bissau, Ethiopia, Germany and Venezuela; in Algeria and Sweden companies - ruled by local laws and recently established - started to operate. The postponement of the starting date for activities to be carried out in some African countries negatively affected the profitability of the semester as well as the losses on exchanges due to the depreciation of the Argentinean peso.

Expectations about the future trend of the building market in Italy are moderately optimistic with regard to the trend of works and profitability. Trevi already benefited from the recovery of public works for the awarding of the contract relevant to the High Speed Project Turin - Milan together with the Consortium Cav.To.Mi. and with the company Pizzarotti for the Garibaldi Station in Naples, within the Light System Metro project in Naples. Moreover, it should be taken into account that the construction sector, in Italy, is only at the beginning of the full enforcement of the "Legge Obiettivo" (Target Law), aimed at re-launching infrastructural works.

Our Group distinguishes itself in the field of georesources, for the particular soil drilling technology that supports the research for hydrocarbons. In cooperation with Saipem S.p.A., Trevi S.p.A. operates through the SAI-TRE Consortium, making use of the equipment designed and built by Solimec S.p.A..

Within the activity of the Trevipark sector, the execution of a contract just started, involving a counter value of about 1.3 million, for the supply of equipment and management systems relevant to an automated car park in the city of Stockholm. The car park has a circular shape, is capable of housing 46 cars and is structured on 4 storeys, 2 of which are underground and 2 are elevated. The works' start dates back to the end of May 2002 and will last about 12 months. This contract represents the start of the application of high technology parking systems in Scandinavian countries where, since time, Governmental Bodies have begun to carefully consider this kind of structure. As a matter of fact, in Denmark, an agreement was signed together with the company Nordicom A/S, for the exclusive licence of automated, underground car parking systems, Trevipark type, in Scandinavian countries and also in Poland and Northern Germany. This agreement also foresees the supply of complete systems, transfer of the Management Systems and the execution of specialized civil works required for the construction of the car park in the underground. Trevipark has also important contracts in progress for the construction of large-scale mechanized car parks in Italy, on behalf of prestigious companies such as Brescia Mobilità, a company controlled by the municipal A.S.M. of Brescia.

## Africa

The first semester 2002 of Trevi Foundations Nigeria Ltd closed with gross revenues equal to the counter value of about 11.7 million, in conformity with what achieved in the same period of the previous year. The company has been awarded with two important contracts to be executed in the area of the port of Lagos. These will positively affect this semester and also the next working year. Works are mainly linked to the execution of foundations for reservoirs aimed at stocking hydrocarbons and to the execution of a port dock.

The increase of the country's resources due to the increase of the oil price let us well hope for the future.

## East

In the first half of 2002, Trevi Construction Co.Ltd achieved revenues for a counter value of 16.4 million. The most important work, now in progress, is in Taiwan, in the field of a High Speed Railway Project.

In the same Far East area and in the same period, Trevi Foundations Philippines Inc. in Manila achieved revenues for about 1.3 million.

## Solimec Division

The trend of the engineering division Solimec is positive. This division manufactures and markets equipments and rigs for the underground engineering and also equipment for the drilling of oil wells. In the first semester '02, Solimec Division proved to be able to reach a production value of 62 million (-18%), but it also registered a remarkable improvement in profitability, such as to allow it to close the semester with a positive revenue before taxation of 1.3 million. The geographical distribution of revenues witnesses the resistance of sales performed in Italy (13.8%), and their increase in the rest of Europe (33.8%), North America (13.8%) and Far East (16%); on the contrary there is a remarkable drop in the sales performed in Middle East (11%), due to the possibility of an American intervention in Iraq. A good result has been achieved by our presence in the African continent (8%). The distribution of revenues per business area highlights the delay in the drilling sector (27%) that, according to forecasts, had instead to cover about 50% of divisions' revenues. A good recovery is expected for this sector during the second semester, thanks to the negotiations now in progress and to the partnership agreements in China, signed with the Group Sinopec and CNPC: this will certainly involve an acceleration for 2003.

## Main facts occurred after the closing of the semester

In addition to the works' portfolio as at 30th June, the future conclusion of negotiations for a job order with an amount of about USD 19.8 million should be mentioned: this contract involves the execution of consolidation works for the widening of the airport in Dubai, United Arab Emirates. The foreseen duration of works is about 18 months, with start from November.

The second contract, whose awarding will soon take place, has as final Client the Consortium Astaldi Federici Todini Kramis and consists in the execution of drilling, grouting and draining works for the construction of the Kramis Dam. The works' start is due in October, with a duration of about 2 years; the amount is equal to about 2.1 million. It appears that the acquisition of job orders continues with sustained rhythm thanks to the recovery of the European conjuncture, and, to some extent, also of the Italian one, and thanks to the expansion of sales in the rest of the world. The record amount of orders in the portfolio and negotiations in progress with clients let us hope to be able to reach, by the year 2002, a consolidated volume of revenues from sales and services slightly increasing compared to the previous working period as well as a positive profit and loss result.

Cesena, 14th September 2002

For the Board of Directors - Chairman - Davide Trevisani

# Consolidated Balance Sheet *as of June 30, 2002*

(in thousands of Euro)

12/31/2001	ASSETS	06/30/2002	(in thousands of Euro) 06/30/2001
41	Amounts due from stockholders	35	58
	<b>Fixed assets</b>		
7,207	I - Intangible fixed assets	6,311	7,868
126,999	II - Tangible fixed assets	125,678	118,220
3,206	III - Financial fixed assets	3,348	1,554
<b>137,412</b>	<b>Total fixed assets</b>	<b>135,337</b>	<b>127,642</b>
	<b>Current assets</b>		
83,013	I - Inventories	101,826	97,173
126,457	II - Accounts receivable	123,150	121,554
0	III - Financial assets not held as fixed assets	200	748
26,711	IV - Liquid funds	30,305	30,897
<b>236,181</b>	<b>Total current assets</b>	<b>255,481</b>	<b>250,372</b>
<b>2,981</b>	<b>Accrued income and prepaid expenses</b>	<b>3,966</b>	<b>2,486</b>
		<b>394,819</b>	<b>380,558</b>

12/31/2001	LIABILITIES AND STOCKHOLDERS' EQUITY	06/30/2002	(in thousands of Euro) 06/30/2001
	<b>Stockholders' equity</b>		
32,000	I Capital stock	32,000	16,527
33,298	II Share premium reserve	33,191	49,433
3,482	IV Legal reserve	3,575	3,482
1,410	V Company own share reserve	1,517	748
	VII Other reserves:		
3,536	-extraordinary reserve	4,347	3,536
1,306	-cumulative translation adjustment	(5,831)	7,810
26,759	-consolidation reserve	22,169	25,978
31,601	Total other reserves	20,685	37,324
(3,909)	IX Net income (loss) for the period	(5,662) <sup>(1)</sup>	4,243 <sup>(1)</sup>
<b>97,882</b>	<b>Group interest in stockholders' equity</b>	<b>85,306</b>	<b>111,757</b>
4,567	Minority interests in capital and reserves	4,430	4,713
<b>102,449</b>	<b>Total stockholders' equity</b>	<b>89,736</b>	<b>116,470</b>
<b>11,934</b>	<b>Reserves for risks and charges</b>	<b>11,211</b>	<b>10,463</b>
<b>8,258</b>	<b>Reserve for employee termination indemnities</b>	<b>8,771</b>	<b>8,015</b>
<b>250,906</b>	<b>Payables</b>	<b>282,537</b>	<b>243,616</b>
<b>3,068</b>	<b>Accrued expenses and deferred income</b>	<b>2,564</b>	<b>1,994</b>
<b>376,615</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>394,819</b>	<b>380,558</b>

(1) The result refers to net income before taxation

# Consolidated Statement of Income

(in thousands of Euro)

Year ended 31 Dec. 2001		Six months ended 30 June 2002	(in thousands of Euro) Six months ended 30 June 2001
341,295	Net sales	157,487	177,798
8,444	Other income and revenues	5,839	6,573
<b>349,739</b>	<b>Total revenues</b>	<b>163,326</b>	<b>184,371</b>
347,339	Cost of production	157,363	176,794
<b>2,400</b>	<b>Operating Result</b>	<b>5,963</b>	<b>7,577</b>
(8,587)	Financial income (expense)	(11,413)	(2,652)
660	Extraordinary income and (expense)	(3)	235
<b>(5,527)</b>	<b>Results before taxation</b>	<b>(5,453)</b>	<b>5,160</b>
(2,076)	Income taxes	0	0
<b>(3,451)</b>	<b>Net income/(loss) for the period (*)</b>	<b>(5,453)</b>	<b>5,160</b>
458	Minority interests	209	917
<b>(3,909)</b>	<b>Group net income for the period (*)</b>	<b>(5,662)</b>	<b>4,243</b>

(\*) The result refers to net income before taxation

(in thousands of Euro)

12/31/2001	MEMORANDUM ACCOUNTS	06/30/2002	06/30/2001
	UNSECURED GUARANTEES GIVEN		
135,612	Sureties	136,094	82,699
135,612	TOTAL	136,094	82,699
<b>135,612</b>	<b>Total unsecured guarantees given</b>	<b>136,094</b>	<b>82,699</b>
	COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS		
16,891	Recourse risks	12,919	22,095
0	End-of-lease purchase agreement	0	238
<b>16,891</b>	<b>TOTAL</b>	<b>12,919</b>	<b>22,333</b>
<b>152,503</b>	<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>149,013</b>	<b>105,032</b>

(in thousands of Euro)

	06/30/2002 (103,116)	(48,892)
<b>Net Financial Position (Opening amount)</b>		
Net income (loss) before taxation of the Group	(5,663)	(3,909) <sup>(1)</sup>
Depreciation and amortization	8,330	16,790
Provision to the reserve for employees termination indemnities, pension funds and similar commitments	1,064	2,263
Change in minority interests in capital and reserves	(137)	534
<b>A Cash generated from operations before changes in working capital</b>	<b>3,594</b>	<b>15,678</b>
<b>B Changes in working capital:</b>		
Inventories	(18,813)	(3,497)
Commercial receivables	2,383	(21,369)
Other activities	168	(7,726)
Commercial payables	15,257	4,765
Other liabilities	(215)	(917)
Reserves for risks and charges	(1,150)	2,212
<b>Total</b>	<b>(2,371)</b>	
<b>C Net cash flows for operating activities:</b>		
Intangible fixed assets	(852)	(2,077)
Tangible fixed assets	(14,602)	(34,667)
Financial fixed assets	(141)	(3,595)
Other changes (including changes in the scope of consolidation)	3,387	(1,080)
<b>Total</b>	<b>(12,208)</b>	<b>(41,419)</b>
<b>D Cash flows from (used in) financing activities:</b>		
Dividends distributed	(960)	(960)
Change in the reserve for employees termination indemnities	(347)	(991)
<b>Total</b>	<b>(1,307)</b>	<b>(1,951)</b>
<b>Net change in cash flows (A + B + C + D)</b>	<b>(12,291)</b>	<b>(54,224)</b>
<b>Net financial position as of June 30, 2002</b>	<b>(115,407)</b>	<b>(103,116)</b>

(1) The net income as at December 31, 2001 refers to net income of the Group.

## Group Profile and Activities

TREVI- Finanziaria Industriale S.p.A. and its subsidiaries (hereafter called “TREVI Group or “the Group”) carry out their activities in the following sectors: contracts and engineering services for civil and infrastructural foundation works, oil services and construction of plant and equipment for special foundation works, tunnel excavation and well drilling for oil/gas and water explorations. These core activities are co-ordinated by the two main companies of the Group: Trevi S.p.A., leader of the division operating in the underground engineering sector (“Trevi Division”), and Soilmec S.p.A., leader of the division manufacturing and marketing plants and equipments for the underground engineering, well drilling for oil/gas and water exploration. (“Soilmec Division”).

The Group is controlled by the holding TREVI-Finanziaria Industriale S.p.A.

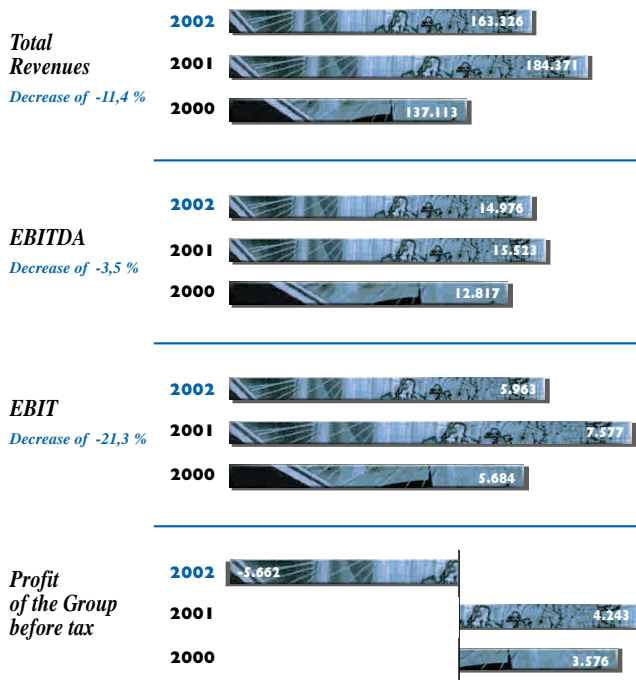
## Accounting Methods and Principles.

The Consolidated Financial Statement of the “Group” for the first six months of 2002 has been prepared according to the same accounting principles, consolidation methods and conversion criteria of the foreign currency which were applied for the preparation of the Financial Statement as at 31st December 2001, with the necessary amendments due to a very particular mid year situation, that is referred to a limited six month period. Particularly, we point out that the six-month profit and loss result is shown before income tax.

The consolidation area as at 30th June 2002 hasn't changed with respect to 31st December 2001.

## Interim Results at a glance

(in thousands of Euro)





## **TREVI-Finanziaria Industriale S.p.A. Cesena (Italy)**

### **TREVI S.p.A.**

Cesena (Italy)

### **TREVI CONSTRUCTION Co. Ltd**

Hong Kong

### **TREVI FUNDACOES Lda**

Lisbon (Portugal)

### **TREVI INSAAT ve MUHENDISLIK A.S.**

Istanbul (Turkey)

### **TREVI FOUNDATIONS NIGERIA Ltd**

Lagos (Nigeria)

### **PILOTES TREVI**

Buenos Aires (Argentina)

### **TREVI CIMENTACIONES**

Caracas (Venezuela)

### **TREVI ICOS CORPORATION**

Boston (U.S.A.)

### **TREVI ICOS SOUTH**

U.S.A.

### **WAGNER CONSTRUCTION J.V.**

U.S.A.

### **TREVI-RODIO J.V.**

U.S.A.

### **TREVI FOUNDATIONS PHILIPPINES Inc.**

Philippines

### **TREVI CONTRACTORS B.V.**

Amsterdam (The Netherlands)

### **PROFURO Lda**

Mozambique

### **PETREVEN C.A.**

Venezuela

### **CIFUVEN C.A.**

Venezuela

### **SWISSBORING OVERSEAS PILING Co. Ltd**

Svizzera

### **SWISSBORING OVERSEAS Co. Ltd**

U.A.E. (Emirati Arabi)

### **SWISSBORING & Co. LLC**

Oman

### **TREVI ALGERIE E.U.R.L.**

Algeria

### **SOILMEC S.p.A.**

Cesena (Italy)

### **SOILMEC S.p.A. Drilling Equipment Division**

Piacenza (Italy)

### **SOILMEC S.p.A. Representative Office**

Beijing (China R.P.)

### **LIANYUNGANG SOILMEC MACHINERY Co.Ltd**

Lianyungang (China R.P.)

### **SOILMEC JAPAN Co. Ltd**

Tokyo (Japan)

### **SOILMEC Ltd**

Peterborough (UK)

### **SOILMEC MISR**

Cairo (Egypt)

### **SMFE Sdn. Bhd**

Malaysia

### **SOILMEC FAR EAST Pte. Ltd**

Singapore

### **SOILMEC BRANHAM Inc.**

Conroe - Texas (U.S.A.)

### **SOILMEC INTERNATIONAL B.V.**

Amsterdam (The Netherlands)

### **I.D.T. SA**

R.S.M.

### **SOILMEC H.K. Ltd**

Hong Kong

## **TREVI - Finanziaria Industriale S.p.A.**

Headquarters: Cesena (FC) - Via Larga, 201  
Share Capital Euro 32,000,000 fully paid-up  
Chamber of Commerce Forli-Cesena N. 201.271  
Fiscal and VAT Code and Register of  
Companies of Forli-Cesena: 01547370401  
Internet Homepage: [www.trevifin.com](http://www.trevifin.com)