TREVI- Finanziaria Industriale S.p.A.

Consolidated Quarterly Report

First Quarter 2001

TREVI – Finanziaria Industriale S.p.A.
Headquarters (FC) - Via Larga 201 -
Share Capital 32.000.000.000 fully paid-up
Chamber of Commerce Forlì – Cesena N.201.271
Fiscal and VAT Code and Register of Companies of Forlì – Cesena: 01547370401
Internet Homepage: 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 (President)
Giacinto Alessandri
Giancarlo Poletti

Alternate Statutory Auditors
Marco Alessandri
Giancarlo Daltri

Independent Accountants
PricewaterhouseCoopers S.p.A.

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The quarterly report is not audited.

KEY FINANCIAL INFORMATION

In millions of lira

12.31.2000		**3.31.2001**	**3.31.2000**	***Change***
588,557	Total revenues	166,463	121,653	*+ 36,8%*
48,110	EBITDA	14,182	8,382	*+ 69,2%*
8,18%	% upon net revenues	8,52%	6,89%	
19,104	Net Operating Result	6,878	1,998	*+ 244,2%*
3,25%	Net Operating Result/Total revenues	4,14%	1,65%	
4,312 (1)	Net Group's result (before taxes)	1,634	294	*+ 455,8%*
61,300	Gross technical investments	9,475	16,834	*(43,7%)*
304,752	Net invested capital	342,231	287,131	*+ 19,2%*
(94,667)	Net financial position	(125,534)	(79,193)	*+ 58,5%*
210,085	Total stockholders' equity	216,698	207,938	*+ 4,2%*
202,278	Group Interest in stockholders' equity	208,397	199,286	*+ 4,6%*
7,807	Minority interests	8,301	8,652	*(4,1%)*
475,540	Works' Portfolio	617,120	471,187	*+ 31%*
6,27%	Net operating result/ Net invested capital (R.O.I.) (2)	8,04%	2,78%	
2,13%	Net result/ Stockholders' equity (R.O.E.) (2)	3,13%	0,59%	
0,46	Net financial position/ Total stockholders' equity (Debt/Equity)	0,58	0,39	
0,035	Profit per share (in Euro)	0,053	0,009	

(1) The result as at 31/12/2000 is net of tax.
(2) Values referring to the first quarter are calculated on a yearly basis.

QUARTERLY MANAGEMENT REPORT

Group Profile and Activity

TREVI - Finanziaria Industriale S.p.A. and its controlled subsidiaries (hereafter the "TREVI Group" or "the Group") operate in the following two main sectors: public contracts and engineering services for the laying of foundations for public projects and infrastructures; manufacturing of plant and equipment for the laying of special foundations, tunnelling, well drilling for the extraction of hydrocarbons and water sourcing. The two sectors are coordinated by the two main Group companies. Trevi S.p.A heads the division operating in underground engineering ("Trevi Division") and Soilmec S.p.A. leads the division for the manufacturing and marketing of plant and equipment for underground engineering and well drilling for the extraction of hydrocarbons and water sourcing ("Soilmec Division").

Accounting Principles and Evaluation Criteria

The quarterly report is drafted on a consolidated basis consistent with the company's reporting requirements.
The Group's consolidated financial statements for the first quarter 2001 have been drafted by using the same accounting principles, consolidation methods and foreign exchange conversion criteria adopted to prepare the Consolidated Financial Statements as at 31st December 2000, but with all necessary adjustments to reflect quarterly performances.
Overall the information provided by the report does not differ significantly from that which would have been presented using year end and six month consolidated accounting principles.
The quarterly report is not audited.

Main changes in the consolidation area

The following changes were made to the consolidation area since 2000 year end:

- In order to strengthen its entry into the Californian and West Coast market, the controlled Trevi Icos Corporation established a Joint Venture with a local company in California during the first three month period where it holds the majority (99%);
- In the first quarter, a new company was created: Trevi Icos South which is 100% controlled by Trevi Icos Corporation.

The contribution, in terms of turnover and result of the two above-mentioned companies with reference to this three-month period is not significant.

Quarterly Performance

The first three-month period of the financial year 2001 was characterised by a significant increase of the total consolidated revenues that reached Lira 166,5 billion from the Lira 121,7 billion of the corresponding previous financial year (+36,8%). This positive trend continued during the last part of the current financial year. The revenues of the three-month period are in line with the budget for the current financial year. The expectation of an increase in revenues of 12 or 13% for the financial year 2001 compared to 2000 has so far been confirmed.

Geographic Area

As for the geographic distribution of revenues, there was a clear contraction of the Italian market and to a lesser extent of the market in the rest of Europe compared with the first quarter of the year 2000, which was more than compensated by a strong recovery in the Middle East and North America. The African market also showed a strong performance, such that had not been experienced since the '90s.

Product lines

One of the operating events which characterised the first three months of the year 2001 was without doubt the increased importance achieved by the division operating in the manufacturing of plant and equipment for well drilling and providing oil drilling services (Soilmec Division), which went from 4,8% to 24% of total net revenues compared with the first quarter of the year 2000. In absolute terms, total revenues for the first three months of the current year for the above mentioned division amounted to 39,1 billion Lira.

In the same quarter total revenues in the core business of underground engineering services increased by 18% whereas the manufacturing of underground plant and equipment experienced a slight decrease of 7% to allow for the higher demand for drilling plant and equipment.

Divisions results

The biggest increase in sales volumes was registered by the Soilmec Ironwork Division (Lira 69 billion, equivalent to an increase of 80,4% compared with the same quarter last year) in Cesena and Piacenza Plants.

The underground engineering service Trevi Division achieved a production volume of 100 billion Lira circa in the first quarter, mainly through its subsidiaries in the US, Hong Kong, Nigeria and South America. While prospects are positive in the Venezuelan market for the second quarter, there are still uncertainties over when underground engineering work will pick up again in Argentina and Turkey.

Margins

At a consolidated level, the trend in margins followed that of production: EBITDA went from 8,382 to 14,182 billion Lira (+69,2%), while net operating income increased from 1,998 to 6,878 million Lira (+244,2%). Net Group result before tax increased from 294 to 1,634 million. Such a result could have been even more positive if some exchange differences had not negatively influenced it by about Lira 1,870 million following the devaluation of the Turkish lira by 37% in February and 13% in March. These losses were generated from exchange differences on medium term loans which Turkish subsidiaries received from other group companies to purchase fixed assets whose real values have not changed. Problems affecting margins of the operating activity performed by the company in Italy both directly and in consortium with other companies continue to be experienced.

Main after date events

The car park division sealed the first of two important negotiations for the granting of a software licence and for the sale of management services to the owners of two traditional existing car parks.

Following the close of the quarter Soilmec Division held the "OTC" show in Houston (Texas, US) during which quotes worth 100 million US Dollars were requested, some of which will certainly shortly translate into orders. Other markets that have been recovering are those in Libya and Ukraine.

As at 31 March the Group order book was worth 617 billion Lira (453 billion for the Trevi Division and 164 for the Soilmec Division), of which 414 are to be fulfilled in the remaining 9 months of the year.

For the Board of Directors
Eng. Davide Trevisani
Chairman

Group summarised Consolidated Financial Statements

TREVI GROUP
QUARTERLY REPORT
CONSOLIDATED PROFIT AND LOSS ACCOUNT
(IN MILLIONS OF LIRA)

(In thousands of EURO)

	I° Quarter 2001	I° Quarter 2000	I° Quarter 2001
A. TOTAL REVENUES	**166,463**	**121,653**	***85,971***
Changes in work in progress, semi-manufactures and finished goods	4,098	(1,952)	*2,116*
Increases of fixed assets for internal works	1,005	3,150	*519*
B. PRODUCTION VALUE	**171,566**	**122,851**	***88,606***
Consumption of raw materials and external services	116,621	77,915	*60,230*
Other operating expenses	1,737	2,831	*896*
C. ADDED VALUE	**53,208**	**42,105**	***27,480***
Labour cost	39,026	33,723	*20,156*
D. EBITDA	**14,182**	**8,382**	***7,324***
Amortisation and depreciation	7,304	6,384	*3,772*
E. OPERATING RESULT	**6,878**	**1,998**	***3,552***
Financial proceeds (outlay)	(4,253)	(1,484)	*(2,196)*
Adjustments of financial activities	(193)	(2)	*(100)*
Extraordinary proceeds (outlay)	252	62	*130*
F. RESULT BEFORE TAXES	**2,684**	**574**	***1,386***
Minority interests	1,050	280	*542*
G. RESULT OF THE GROUP	**1,634**	**294**	***844***

Minority interests and result of the Group are gross of tax

TREVI GROUP
CONSOLIDATED BALANCE SHEET
AS AT 31/03/2001
(IN MILLIONS OF LIRA)

(In thousands of EURO)

12.31.2000			3.31.2001	3.31.2000	*3.31.2001*
	A)	**Fixed assets**			
15,567	-	Intangible assets	16,528	17,959	*8,536*
206,891	-	Tangible assets	209,080	190,222	*107,981*
3,112	-	Long-term investments	2,823	12,406	*1,458*
225,570			**228,431**	**220,587**	***117,975***
	B)	**Net working capital**			
153,964	-	Inventories	169,303	121,339	*87,438*
154,070	-	Accounts receivable	184,283	158,907	*95,174*
36,443	-	Other activities	35,735	23,569	*18,456*
(170,256)	-	Accounts payables (-)	(173,995)	(140,850)	*(89,861)*
(30,560)	-	Accounts (-)	(35,262)	(34,325)	*(18,211)*
(17,594)	-	Provisions for liabilities and charges (-)	(19,074)	(15,339)	*(9,851)*
(32,120)	-	Other liabilities (-)	(32,200)	(32,831)	*(16,630)*
93,947			**128,791**	**80,468**	***66,514***
319,517	**C)**	**Invested capital less the operating liabilities (A+B)**	**357,222**	**301,055**	***184,489***
(14,758)	**D)**	**Severance indemnity (-)**	**(14,990)**	**(13,926)**	***(7,742)***
304,752	**E)**	**NET INVESTED CAPITAL (C+D)**	**342,231**	**287,131**	***176,747***
		Financed by:			
	F)	**Stockholders' equity:**			
32,000	-	Share capital	32,000	32,000	*16,527*
165,966	-	Other reserves	174,763	166,994	*90,258*
4,312	-	Result of the Group management (1)	1,634	294	*844*
202,278		Group interest in stockholders' equity	**208,397**	**199,288**	***107,629***
7,807	-	Minority interests	**8,300**	**8,650**	*4,285*
	G)	**Net financial position:**			
113,534	-	Borrowings from banks	126,566	85,087	*65,366*
59,818	-	Borrowings from other lenders	58,200	58,093	*30,058*
(78,685)	-	Cash at hand, at bank	(59,232)	(63,987)	*(30,591)*
94,667			**125,534**	**79,193**	***64,833***
304,752	**H)**	**TOTAL FINANCING SOURCES (F+G)**	**342,231**	**287,131**	***176,747***

(1) The values as at 31st March 2001 and as at 31st March 2000 are before tax.

TREVI GROUP
QUARTERLY REPORT
NET CONSOLIDATED FINANCIAL POSITION
(IN MILLIONS OF LIRA)

				In thousands of EURO
12.31.2000		**3.31.2001**	**3.31.2000**	***3.31.2001***
(61,257)	Short term borrowings from banks	(74,289)	(49,231)	*(38,367)*
(22,572)	Short term borrowings from other lenders	(20,954)	(17,454)	*(10,822)*
78,685	Short term cash in hand, at bank	59,232	63,987	*30,591*
(5,144)	Short term total	(36,011)	(2,698)	*(18,598)*
(52,277)	Medium and long term borrowings from banks	(52,277)	(35,856)	*(26,999)*
(37,246)	Medium and long term borrowings from other Lenders	(37,246)	(40,639)	*(19,236)*
(89,523)	Medium and long term total	(89,523)	(76,495)	*(46,235)*
(94,667)	**Net financial position**	**(125,534)**	**(79,193)**	***(64,833)***

Notes to the Consolidated Financial Statements for the first quarter 2001

Notes to key financial information

Net revenues increased by 44,810 million Lira to 166,463 million Lira, compared with the year ended 31 December 2000, representing a 36,8% rise.

The following tables report the distribution by geographic area and by productive sector respectively, of the revenues from sales of products and services and the change in works in progress.

Geographic Area	**I° Quarter 2001**	**I° Quarter 2000**	**Change**
Italy	20,852	23,461	(2,609)
Europe (excluding for Italy)	8,457	10,579	(2,122)
U.S.A. and Canada	47,469	35,587	11,882
Latin America	13,517	10,628	2,889
Africa	22,500	9,365	13,135
Middle East	30,589	9,043	21,546
Far East	17,366	17,576	(210)
Rest of the world	27	-	27
Total	**160,777**	**116,239**	**44,538**

The table above, as well as highlighting the international profile of the Group, underlines the remarkable volume of revenues achieved in the quarter in the U.S.A., in the Middle East and in Africa.

The increase of revenues in the U.S.A. is partly attributable to the change in the consolidation area mentioned above (Trevi Icos South and Wagner Joint Venture).The rise (+13,135 million Lira) in the African area can be explained by the recovery of the activity achieved by the subsidiary Trevi Foundation Nigeria, that let us hope for a future improvement. The positive change in the Middle East is mainly due to the sale of well drilling rigs of the Soilmec Division in Iraq as part of the U.N. programme “Oil for food”.

The distribution among the main operative sectors of the Group is the following:

Productive Sector	**I° Quarter 2001**	**I° Quarter 2000**	**Change**
Production of special underground rigs	30,450	32,638	(2,188)
Production of drilling rigs for Oil, gas and water wells	32,232	2,839	29,393
Oil drillings	6,916	2,734	4,182
Special underground works	90,771	76,963	13,808
Car parks	408	1,065	(657)
Total	**160,777**	**116,239**	**44,538**

The first quarter of 2001 was characterised by a significant increase in the drilling division, more specifically in the production of well drilling rigs and pure drilling activity. The same considerations mentioned above

regarding the manufacturing of well drilling rigs in Iraq and the activity of our South American subsidiary Petreven C.A. (Venezuela) are applicable to the drilling division.

The traditional sector of underground engineering and related production of rigs maintained its growth trend, although at a lower pace than in previous financial years.

The added value for the quarter was Lira 53,208 million (42,105 million as at 3/31/2000) representing an increase of 26,4% compared with the first quarter last year.

The EBITDA for the quarter amounted to Lira 14,182 million (8,382 million as at 3/31/2000) equivalent to 8,52 % of net revenues. The increase both in absolute and percentage terms compared with last year is mainly attributable to the positive results achieved by the Soilmec Division, as described above, to the drilling activity performed by our subsidiary Petreven C.A., which recently won contracts worth 60 million US Dollars and to the recovery of very profitable projects in Nigeria.

The operating result amounted to Lira 6,878 million (1,998 million as at 3/31/2000). This result decreased due to amortisation and depreciation charges amounting to 7,304 million. The increase of amortisation charges was caused by new investments made by the Group following the gain of new contracts and its continued commitment to upgrade its plant and equipment to the latest technology.

Net interest payable was Lira 4,253 million representing an increase of 2,769 million compared with the same period last year. This increase was caused by the extra borrowings raised from banks to finance investments in working capital which was needed to enter into new markets.

Notes to main assets and liabilities

Net capital invested was Lira 342,231 million and increased to 37,479 million since 31 December 2000. The increase was partly down to new investments in plants and equipment and partly to investments in new working capital.

The intense activity of the quarter lead to an increase in accounts receivable and in inventory, especially in the Soilmec Division, which was built up to cope with the large number of deliveries foreseen for the following months.

Total investments for the period were about Lira 9,500 million and related to investments in rigs and equipment needed to fulfil new projects which either started during the quarter or will start in the next quarter.Some of these projects relate to new sites in Spain, U.S.A. and Middle East.

Some internally produced plant and equipment have been capitalised ready to be leased out by the Soilmec Division. Most of these fixed assets are often purchased and sold.

Inventory as at 31st March 2001 amounted to Lira 169,303 million displaying an increase of Lira 15,339 million compared to 31st December 2000 (153,964 million as at 31st December 2000).

The change in stock can be explained by increased production in the engineering division necessary to fulfil the large number of orders which are expected to be delivered in the following months and to the change in work in progress mainly attributable to projects carried out by the subsidiary Trevi S.p.A. in Venezuela and in Italy.

Notes to the net financial position

The net Group financial position, as shown in the relevant cash flow statement, was Lira 125,534 million as at 31st March 2001 representing an increase since 31st December 2000 of Lira 94,667. This was down to the increased volume of revenues which lead to an increase in working capital and fixed assets investments and to longer debtor days.

Interest charge in the first quarter 2001 was reasonably contained despite the contradictory signals.

Medium to long term borrowings were 89,5 billion Lira, mainly represented by finance leases. Medium to long term loans from banks were 52 billion Lira.