



TREVI- Finanziaria Industriale S.p.A.

Consolidated Quarterly Report

IIIrd Quarter 2003

TREVI – Finanziaria Industriale S.p.A.
Registered office - Via Larga, 201 Cesena (FC)
Capital stock Euro 32,000,000 fully paid in
Forlì - Cesena Chamber of Commerce Business Register no. 201.271
Tax Code, VAT and Member of the Companies Register of Forlì-Cesena no. 01547370401
Web site: www.trevifin.com

BOARD OF DIRECTORS

Chairman

Davide Trevisani

Managing Directors

Gianluigi Trevisani

Cesare Trevisani

Board Members

Stefano Trevisani

Mario Amoroso

Guglielmo Antonio Claudio Moscato

Pio Teodorani Fabbri

Roberto Pinza

BOARD OF STATUTORY AUDITORS

Statutory Auditors

Adolfo Leonardi (Chairman)

Giacinto Alessandri

Giancarlo Poletti

Substitute Auditors

Marco Alessandri

Giancarlo Daltri

Independent Accountants

PricewaterhouseCoopers S.p.A.

INDEX

	<i>Page</i>
1 Key Financial Information	4
2 Quarterly Management Report	5
Group's Profile and Activities	
Accounting Principles and Evaluation Criteria	
Quarterly Performance	
Main after-date events	
3 Abbreviated Consolidated financial statement	9
Consolidated Balance Sheet	
Consolidated Profit and Loss Accounts	
Net consolidated financial position	
4 Notes to the Consolidated Financial Statement	11
Notes to the key financial information	
Notes to the main assets and liabilities	
Notes to the net financial position	

The Quarterly Report is not audited

KEY FINANCIAL INFORMATION

(In thousands of €)

12.31.2002		09.30.2003	09.30.2002	Changes	IIIrd Quarter 2003	IIIrd Quarter 2002
346,312	Production value	275,678	250,952	9.9%	92,191	83,905
340,136	Total Revenues	274,857	247,042	11.3%	91,862	83,716
111,018	Added Value	97,670	84,601	15.4%	30,909	28,034
32.6%	% on Total Revenues	35.53%	34.25%		33.65%	33.49%
27,329	EBITDA	33,403	24,077	38.7%	9,976	9,101
8.03%	% on Total Revenues	12.15%	9.75%		10.86%	10.87%
4,650	EBIT	14,139	7,642	85.0%	3,070	1,679
1.37%	EBIT/Total Revenues	5.14%	3.09%		3.34%	2.01%
(15,013)	Net result before taxation and minority (1) interests	4,473	(2,332)	291.8%	1,114	3,121
30,748	Gross technical investments	14,060	18,952	-25.8%		
197,248	Net invested capital	207,355	214,357	-3.3%		
(118,726)	Net financial position	(129,169)	(120,269)	7.4%		
78,522	Total Stockholders' equity	78,186	94,088	-16.9%		
73,758	Group's net equity	74,554	89,957	-17.1%		
4,764	Minority interests	3,632	4,131	-12.1%		
2,760	Nr. of employees	2,959	2,619			
435,517	Works' portfolio	332,491	397,890	-16.4%		
2.36%	EBIT/ Net invested capital (R.O.I.)	(2) 9.09%	4.75%			
	Net income/ Net stockholders' equity (R.O.E.)	(2) 7.63%	-3.30%			
1.37%	EBIT/ Total Revenues (R.O.S.)	5.14%	3.09%			
1.51	Net financial position/ Total net stockholders' equity (Debt/Equity)	1.65	1.28			

(1) The result as at 12/31/2002 also includes taxes and the result belonging to third parties

(2) Values pertaining to the first nine months are calculated on a yearly basis

QUARTERLY MANAGEMENT REPORT

Group's Profile and Activity

TREVI- Finanziaria Industriale S.p.A. and its controlled companies (following referred to as "TREVI Group" or "the Group") carries out its activity in the following sectors: public contracts and engineering services for the laying of foundations for public projects and infrastructures; oil services and manufacturing of plants and equipment for the execution of special foundations, tunnel excavation and well drilling for the extraction of hydrocarbons and water research.

Activity sectors are co-ordinated by the two main companies of the Group: Trevi S.p.A., leading the division involved in underground engineering ("Trevi Division"), and Soilmec S.p.A., leading the division that manufactures and markets plants and equipment for the underground engineering, for well drilling – in order to extract hydrocarbons – and for water research ("Soilmec Division").

The Group is controlled by TREVI – Finanziaria Industriale S.p.A.

Accounting Principles and Evaluation Criteria

The Quarterly report is drafted on a consolidated basis, since the company is bound to draft the consolidated report.

The Group's consolidated financial statements for the third quarter of 2003 has 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 2002, but with all necessary adjustments to reflect the peculiarity of an infra-annual situation limited to a nine month period, except the following:

The quoted informative data aren't, broadly speaking, significantly influenced by the use of estimation procedures different from those usually adopted in the drafting of yearly and six-month period consolidated accounts.

The quarterly report is not audited.

The consolidation area as at 30th September 2003 - in addition to what specified by the Management report as at 30th June 2003 - underwent the following changes in the present three-month period:

- Purchase of a share equal to 23% of Soilmec Japan Co.'s share capital; as a result, Soilmec International BV (the Netherlands) holds 93% of the above company's share capital;
- by means of a credit collection operation, Soilmec S.p.A. now owns a share equal to 9% of Soilmec Branham's share capital; as a result, Soilmec S.p.A. holds 95% of the above-mentioned company.

Quarterly Performance

The third quarter of the financial year 2003 was characterised by an increase in consolidated total revenues, which shifted from 83,716 thousand € in the third quarter of the previous accounting period to 91,862 thousand €. While activities in West Africa and in the Persian Gulf keep on moving ahead as scheduled, thus achieving satisfying results, United States and Italy find it quite difficult to procure new works. In the present quarter, activities linked to oil drilling services in Venezuela and Colombia continued on a regular basis. Thanks to the opening of new markets, the engineering sector is less and less affected by the approvals' freezing of already signed contracts within the O.N.U.'s "Oil for Food" program in favour of Iraq.

As for the financial part of the income statement, the backings presently carried out succeeded in avoiding foreign exchange losses.

With regard to the shares expressed in US dollars (and in related currencies) and converted into cash by North-American subsidiaries, as well as by other countries' subsidiaries linked to US dollars, the results below keep on being impaired by the US currency's depreciation as compared to the Euro currency. It was observed that, if consolidating operations were performed at the fixed exchange rates as at 30th September 2002, total revenues would have amounted to nearly 304 million € as a consequence, operating results and net assets would have risen up to 15.8 and 85.3 millions € respectively.

Geographic area

The following table, which highlights the Group's internationalisation, shows the total revenues' distribution as per geographic areas.

(IN THOUSANDS OF €)

	IIIrd Quarter 2003	%	IIIrd Quarter 2002	%	Changes
Italy	15,600	17.0%	13,433	16.0%	2,167
Europe (excluding Italy)	8,685	9.5%	17,591	21.0%	(8,906)
U.S.A. and Canada	16,573	18.0%	16,089	19.2%	484
South American countries	5,996	6.5%	4,576	5.5%	1,420
Africa	22,023	24.0%	21,818	26.1%	205
Middle East	21,262	23.1%	2,688	3.2%	18,574
Far East	1,691	1.8%	7,519	9.0%	(5,828)
Rest of the World	32	0.0%	0	0.0%	32
TOTAL	91,862	100%	83,716	100%	8,146

With regard to the geographic distribution of revenues, and compared to the third quarter of 2002, there is a sharp drop of the European area (partly due to the Soilmec Division, as well as to the drop of special foundation markets, such as Germany and Austria), a considerable resistance of the African market and a steady growth of the Middle East Market, thanks to the job orders awarded to Swissboring, a subsidiary operating in the United

Arab Emirates. The other markets in which the Group is operating registered a remarkable strength, with the exception of the Far East market, which suffered a considerable drop in revenues.

Product lines

(IN THOUSANDS OF €)

	IIIrd Quarter 2003	%	IIIrd Quarter 2002	%	Changes
Manufacture of machines for special foundations work	23,246	25.3%	15,156	18.1%	8,090
Manufacture of machinery for oil, gas and water drilling	4,786	5.2%	14,011	16.7%	(9,225)
Oil drilling	3,146	3.4%	1,593	1.9%	1,553
Special foundation works	59,806	65.1%	52,485	62.7%	7,321
Parking facilities	878	1.0%	471	0.6%	407
TOTAL	91,862	100%	83,716	100%	8,146

One of the operating events that once again characterised the third quarter of 2003 was the reduced turnover of the sector involved in the production of well drilling rigs, due to the delivery ban in the Middle East area.

In the referred quarter, revenues relevant to the “core business” increased by 13.95%, as far as foundation engineering services are concerned; the production of foundation rigs also increased by 53.38%.

In Venezuela and Colombia oil drilling activities kept on experiencing a positive trend, as in the previous quarter.

Division's results

Over the three-month period, Soilmec engineering division achieved a production volume equal to 30 million € through the workshops in Cesena and Piacenza, with an EBIT of 1.2 million €. In the present quarter, Soilmec's recovery can be traced back to the actions adopted, which are highlighted in the six-monthly financial report as at 30th June 2003.

Trevi Division, involved in the performance of soil engineering services, achieved – in the third quarter – a production volume of about 63 million € with an operating income of 1.4 millions, mainly through its subsidiaries in Nigeria, Middle East and South America. While perspectives of the subsidiaries operating in West Africa, in the United Arab Emirates and in South America are positive for the 4th quarter, there are still uncertainties about the market recovery in the Boston area, due to the great difficulties in acquiring new job orders.

Margins

At a consolidated level, the margins' trend followed the one of production: the EBITDA is roughly the same as the one of the third quarter 2002 (9.9 millions in the third quarter of 2003 and 9.1 million € in 2002), while the EBIT came up to 3.0 millions (1.7 in the third quarter of 2002).

During the first nine months of the fiscal year, the net result before taxation and minority interests was positive for 4.5 million €. The present quarter benefited from the actions mainly adopted to prevent exchange rate risks and to curb the cost of money.

Main after-date events

As far as Trevi Division is concerned, two job orders have been awarded; the first one deals with the execution of special foundations concerning part of the currently under-construction underground in Alger, for a total amount of 16 million €. The second one amounts to 6 million € and is intended for the execution of works on Rome's Great Ring Road regarding the creation of three lanes for each running direction. By means of the Soilmec S.p.A. subsidiary, the Group has been awarded with three important job orders within the foundation field. Such job orders amount to 15 million € and they are warranted by letters of credit stating delivery terms within the first six months of 2004. The first one has been awarded **in Iceland and amounts to 4.2 million €**; here the Group shall supply a hydraulic drilling rig to a private company operating in the geothermal sector. The second one has been awarded **in Libya** (a country which was recently "rehabilitated" in the social, economic and international panorama), in compliance with the development policies devised by the Company and regarding the Countries of North Africa; in said country Trevi Group shall be entrusted with the supply of three drilling rigs for deep water wells, for **9.1 million €**. The third significant job order shall be executed **In Iran** thanks to the contract for the supply of a 6000 m. deep derrick, whose value amounts to **1.85 million US \$**.

In order to continuously monitor the net financial position and the rate exchange risks in a faster way, the Parent Company is about to introduce a new treasury management software program.

For the Board of Directors

Eng. Davide Trevisani

Chairman

Abbreviated Consolidated Financial Statement of the Group

TREVI GROUP
Quarterly Report
Consolidated Profit and Loss Account

In thousands of €					
12/31/2002		01/01/2003- 09/30/2003	01/01/2002- 09/30/2002	IIIrd Quarter 2003	IIIrd Quarter 2002
340,136	TOTAL REVENUES	274,857	247,042	91,862	83,716
(1,310)	Changes in inventories of work in progress, semifinished and finished products	(1,309)	(1,719)	(612)	(1,758)
7,486	Additions to fixed assets by internal production	2,130	5,629	941	1,947
346,312	PRODUCTION VALUE	275,678	250,952	92,191	83,905
232,550	Use of raw materials and outside services	175,428	163,052	60,449	53,996
2,744	Other operating expenses	2,580	3,299	833	1,875
111,018	ADDED VALUE	97,670	84,601	30,909	28,034
83,689	Payroll and related contributions	64,267	60,524	20,933	18,933
27,329	E.B.I.T.D.A.	33,403	24,077	9,976	9,101
20,441	Amortizations, depreciations	15,679	14,669	5,273	6,339
2,238	Writedowns and provisions	3,585	1,766	1,633	1,083
4,650	E.B.I.T.	14,139	7,642	3,070	1,679
(7,414)	Financial Income (expenses)	(6,202)	(6,677)	(2,089)	(3,293)
(6,056)	Net difference from exchange	(2,373)	(2,837)	(26)	5,193
(24)	Adjustments to financial assets	(46)	(60)	8	(187)
(1,239)	Extraordinary income (expenses)	(1,045)	(400)	151	(271)
(10,083)	RESULT BEFORE TAXATION AND MINORITY INTERESTS	4,473	(2,332)	1,114	3,121

TREVI GROUP
Consolidated Balance Sheet

<i>Thousands of €</i>		<i>Thousands of €</i>	<i>Thousands of €</i>	
12.31.2002		09.30.2003	09.30.2002	Changes
	A) Fixed assets			
4,506	- Intangible fixed assets	2,895	5,724	(2,829)
133,451	- Tangible fixed assets	130,455	132,931	(2,476)
4,656	- Financial fixed assets	3,965	4,326	(361)
142,613		137,315	142,981	(5,666)
	B) Net working capital			
93,068	- Inventories	96,998	98,402	(1,404)
93,278	- Trade receivables	100,602	107,734	(7,132)
(91,351)	- Trade payables (-)	(91,212)	(99,516)	8,304
(23,287)	- Advances (-)	(21,149)	(23,724)	2,575
(8,147)	- Other assets (liabilities)	(5,821)	(2,400)	(3,421)
63,561		79,418	80,496	(1,078)
206,174	C) Invested capital minus current liabilities (A+B)	216.733	223,477	(6,744)
(8,926)	D) Employee termination indemnities (-)	(9,378)	(9,120)	(258)
197,248	E) NET INVESTED CAPITAL (C+D)	207,355	214,357	(7,002)
	<i>Financed by:</i>			
73,758	F) Stockholders' equity (1)	74,554	89,957	(15,403)
4,764	G) Minority interests in capital and reserves	3,632	4,131	(499)
118,726	H) Net financial position	129,169	120,269	8,900
197,248	H) TOTAL SOURCES OF FUNDS (F+G+H)	207,355	214,357	(7,002)

(1) The Stockholders' equity as at 09/30/03 and 09/30/02 also takes into account the result gross of taxes and minority result.

NET CONSOLIDATED FINANCIAL POSITION

<i>Thousands of €</i>		<i>Thousands of €</i>	<i>Thousands of €</i>	
12.31.2002		09.30.2003	09.30.2002	Changes
(64,585)	Short-term bank loans	(80,750)	(84,881)	4,131
(11,386)	Other short-term borrowing	(10,333)	(26,597)	16,264
29,273	Short-term liquid assets	28,911	26,085	2,826
(46,698)	Total short-term portion	(62,172)	(85,393)	23,221
(43,504)	Medium/long-term bank loans	(40,880)	(20,655)	(20,225)
(28,524)	Other medium/long-term borrowing	(26,117)	(14,221)	(11,896)
(72,028)	Total medium- and long-term portion	(66,997)	(34,876)	(32,121)
(118,726)	Net financial position	(129,169)	(120,269)	(8,900)

Notes to the Consolidated Financial Statement for the third quarter of 2003

Notes to the key financial information

Total revenues for the third quarter of 2003 amount to 91,862 thousand € hence registering an increase of 8,146 thousand € as compared to the corresponding period of 2002. Such increase - vs. last year's data - is mainly due to the positive results achieved by the job orders awarded in Nigeria and in the United Arab Emirates.

The quarter's added value amounts to 30,909 thousand € (28,034 thousand during the third quarter of 2002) and it is on the increase as compared to last year's quarter.

The quarter's Gross Operating Margin (EBITDA) comes up to 9,976 thousand € (9,101 during the third quarter of 2002), equal to 10.9% of total revenues.

The operating income of the quarter is equal to 3,070 thousand € (1,679 thousand in the third quarter of 2002). Such result is reflected by amortizations and allowances amounting to 6,906 thousand €. The decrease in amortizations, as compared to the same period of the previous fiscal year, can be traced back to the investment reduction policy recently carried out by the Group. The quarter has registered allowances for credit risks and contractual risks amounting to 1.6 million €.

Net financial charges for the first nine months of the fiscal year amount to 6,202 thousand € (2,089 in the referred quarter); they show a decrease as compared to the same period of the previous year, despite the growth of the net financial position.

The almost non-existing amount of exchange differences, for the quarter referred to, shows how covering operations - undertaken in this period - led to an almost complete correction of such differences, despite the continuous devaluation of the dollar vs. the Euro.

Notes to the main assets and liabilities

The net invested capital of 207,355 thousand € increases by 10 million € compared to 31st December 2002 and it is largely ascribable to the working capital.

The great activity of the first nine months in 2003 led both to an increase in credits with clients and to a very slight increase in stocks inside the storehouse.

Gross investments for the first nine months of 2003 were equal to about 14 million € and refer to investments for rigs and equipment related to already started job orders.

The storehouse as at 30th September 2003 amounts to 97 million € on the up compared to 31st December 2002, which was equal to 4 millions (93 million € as at 31st December 2002 and 98 millions as at 30th September 2002).

Notes to the net financial position

The passive net financial position of Trevi Group has slightly improved as compared to 30th June 2003. As at 09.30.2003 it amounted to 129.2 million € thus showing an increase as compared to the one as at 12.31.2002 (equal to 118.7 millions). That was due to the increase in the circulating capital and to a prolongation of collecting times from clients. While the short-term net financial position decreased by 23 million € as compared to the one as at 30th September 2002, the medium and long-term one increased by 32 millions.

Over the first nine months of 2003, the Group has managed to curb the levels of money cost, despite the presence of unfavourable signals.

In order to better understand the trend of main changes affecting the net financial position as at 31st December 2002, please find attached the Group's financial statement as at 30th September 2003.

STATEMENT OF CONSOLIDATED CASH FLOW

(IN THOUSANDS OF €)

	09/30/2003	12/31/2002
Net financial position (Opening amount)	(118,726)	(103,116)
Net Income before taxation and minority interests of the Group	4,482	(15,013) ⁽¹⁾
Depreciation and amortization	15,681	20,443
(Gain) Losses on disposal of intangible-tangible fixed assets	(1,079)	(1,041)
(Gain) Losses or revaluations-writedowns of financial fixed assets	46	24
Provision to the reserve for employees termination indemnities, pensions funds and similar commitments	2,242	2,248
Changes in minority interests in capital and reserves	(1,141)	197
A Cash generated from operations before changes in working capital	20,232	6,858
B Changes in working capital:		
Inventories	(3,930)	(10,055)
Commercial receivables	(7,324)	7,662
Other activities	2,557	984
Commercial debts	(2,275)	6,159
Other liabilities	(6,341)	8,707
Reserves for risks and charges	474	(1,116)
Total	(16,839)	12,341
C Net cash flow for operating activities:		
Intangible fixed assets	(616)	(1,093)
Tangible fixed assets	(9,377)	(22,060)
Financial fixed assets	644	(1,473)
Other changes (including changes in the scope of consolidation)	(3,677)	(8,150)
Total	(13,027)	(32,776)
D Cash flow from (used in) financing activities:		
Increase in capital stock		
Dividends distributed	0	(960)
Change in the reserve for employee termination indemnities	(809)	(1,073)
Total	(809)	(2,033)
Net change in cash flows	(10,443)	(15,610)
Net financial position as of September 30, 2003	(129,169)	(118,726)

(1) The net income as at december 31,2002 refers to net income of the Group.