TREVI - Finanziaria Industriale S.p.A.

Annual Report and Accounts at 31 December 2007

TREVI – Finanziaria Industriale S.p.A.
Registered Office Cesena (FC) - Via larga 201 - Italy
Share capital Euro 32.000.000
Forlì – Cesena Chamber of Commerce Business Register No.201,271
Tax code, VAT no. and Forlì – Cesena Business Registry: 01547370401
Website: www.trevifin.com

Contents

Board of Directors

Chairman

Davide Trevisani

Managing Directors

Gianluigi Trevisani
Cesare Trevisani
Stefano Trevisani

Directors

Riccardo Pinza
Guglielmo Antonio Claudio Moscato
Pio Teodorani Fabbri
Enrico Bocchini
Franco Mosconi

Board of Statutory Auditors:

Statutory Auditors

Adolfo Leonardi (Chairman)
Giacinto Alessandri
Giancarlo Poletti

Supplementary Auditors

Silvia Caporali
Giancarlo Daltri

Committee for Internal Audit and Remuneration

Enrico Bocchini – Independent Director - Chairman
Franco Mosconi - Independent Director
Riccardo Pinza - Independent Director

Manager Responsible for the Preparation of Company Accounts

Daniele Forti
Appointed manager responsible for the preparation of company accounts by the Board of Directors on 14 May 2007

Lead Independent Director

Enrico Bocchini

Independent Auditors

PricewaterhouseCoopers S.p.A.

BOARD OF DIRECTORS

Davide Trevisani
Chairman TREVI-Finanziaria Industriale S.p.A.

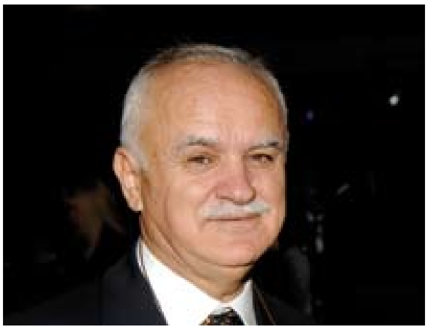
Gianluigi Trevisani
CEO TREVI-Finanziaria Industriale S.p.A.

Cesare Trevisani
CEO TREVI-Finanziaria Industriale S.p.A.

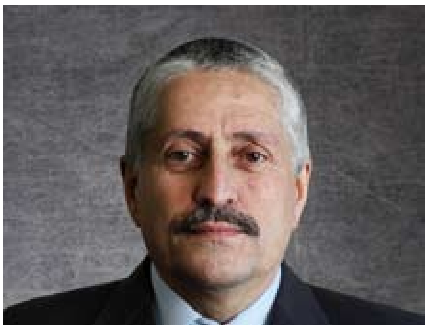
Stefano Trevisani
CEO TREVI-Finanziaria Industriale S.p.A.

KEY PEOPLE
GruppoTREVI

Simone Trevisani
CEO SOILMEC



Leonardo Biserna
General Manager Foreign Department TREVI



Claudio Cicognani
CEO DRILLMEC

Fabio Marcellini
General Manager PETREVEN

Federico Pagliacci
General Manager SOILMEC

Antonio Arienti
General Manager TREVI Italia

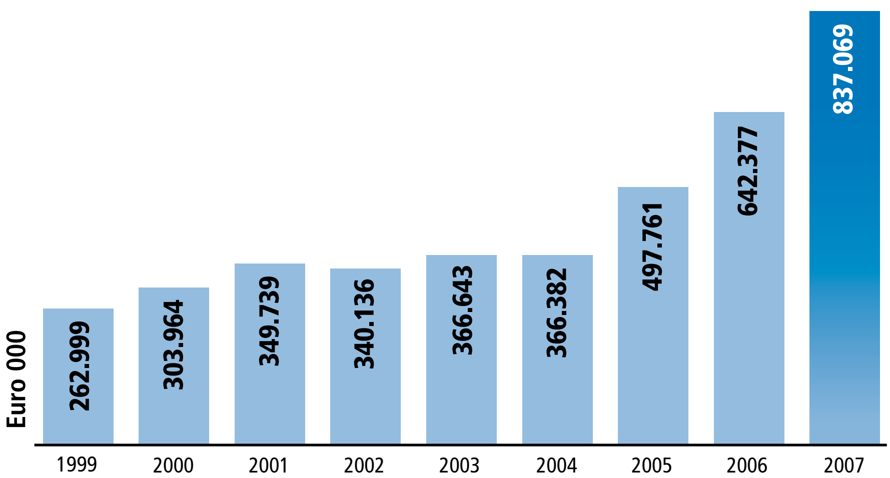
Daniele Forti
Group Chief Financial Officer

Sergio Alessandro
HR Manager

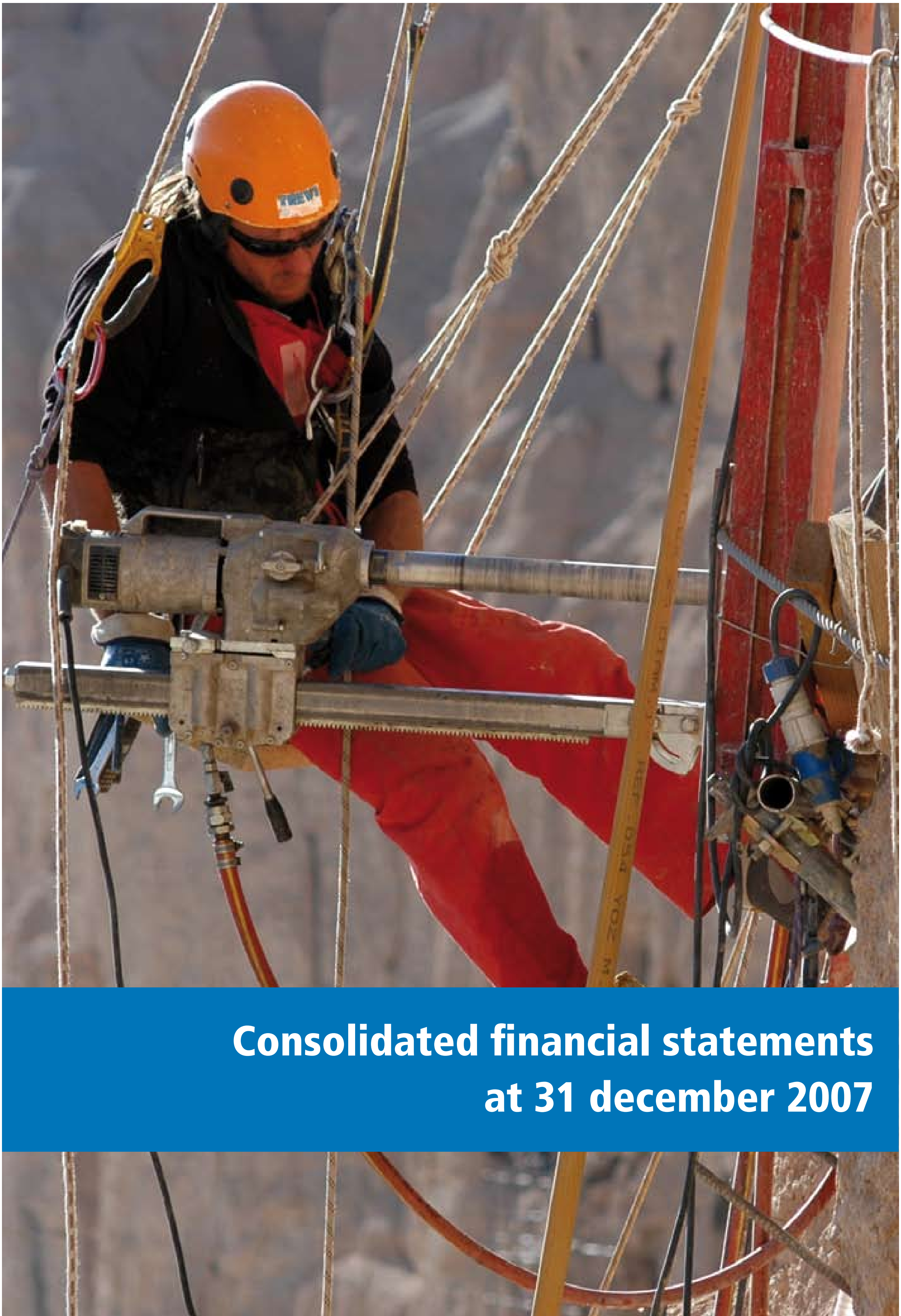
Key figures[1]

	Euro 000 31/12/2007	Euro 000 31/12/2006	Change
Value of production	874,392	675,343	29.5%
Total revenues	837,069	642,377	30.3%
Value added	251,065	190,311	31.9%
as % of Total revenues	30,0%	29,6%	
Gross operating profit	129,491	85,649	51.2%
as % of Total revenues	15,47%	13,33%	
Operating profit	99,417	58,077	71.2%
Operating profit/Total revenues	11,88%	9,04%	
Group net profit	55,788	26,760	108.5%
Gross technical investments[2]	50,329	55,533	-9.4%
Net invested capital[3]	306,118	303,133	1.0%
Net debt[4]	-142,642	-175,740	18.8%
Total net equity	163,476	127,393	28.3%
Group net equity	156,475	121,973	28.3%
Minority interests	7,001	5,420	29.2%
Employees (no.)[5]	5,067	4,218	
Order portfolio	709,258	636,837	11.4%
Earnings per share (Euro)	0,875	0,418	
Fully diluted earnings per share (Euro)	0,821	0,379	
Net operating profit/ Net invested capital (R.O.I.)	32,48%	19,16%	
Net profit/ Net equity (R.O.E.)	34,13%	21,01%	
Operating profit/ Total revenues (R.O.S.)	11,88%	9,04%	
Net debt/Total net equity (Debt/Equity)	0,87	1,38	

Total revenues in Euro/000



1 Values reconciled with the Balance Sheet values at the foot of the Consolidated Income Statement and Balance Sheet tables below.
2 See note (1) of the Consolidated Balance Sheet (changes in intangible fixed assets).
3 See relevant table in the Review of Operations.
4 See relevant table in the Review of Operations and in the Notes to the Accounts.
5 See note 25 of the Consolidated Income Statement.



Consolidated financial statements at 31 december 2007

Board of directors review of operations for the consolidated and parent company financial statements at 31 december 2007

Dear shareholders,

We present the Consolidated Financial Statements of TREVI - Finanziaria Industriale S.p.A. (henceforth "the Company") and its subsidiaries ("Gruppo Trevi") at 31 December 2007 prepared using IAS/IFRS accounting standards. Revenues totalled circa Euro 837 million (+30.3%) and Group net profit was Euro 55.8 million (+108.5%); earnings per share rose from Euro 0.42 to Euro 0.87 and fully diluted earnings per share was Euro 0.82. Net debt was Euro 142.6 million, an improvement of 18.8% year-on-year. This is, therefore, the third consecutive year of growth of 30%, which reflects not only the strength of the market sectors in which the Group operates but also the success of the Group strategy based on developing its core business and the oil drilling sector.

2007 fully confirms the excellent organic growth and the constant increase in all profitability margins. The results reflect the excellent performance of the Mechanical Engineering Division, which had an increase in revenues of circa 50% and of gross operating profit of circa 80%, and the Special Foundations and Drilling Services Division, which had an increase in total revenues of circa 10% and a gross operating profit up 18.3%. At year-end the Group had an order portfolio worth Euro 709 million (+11.4%).

The performance of the stock on the Milan Stock Exchange reflected these achievements with the Company's market capitalisation rising to well over Euro 750 million.

The progressive internationalization of Gruppo Trevi continued. Revenues from markets outside Italy rose from 79.8% to 83% of total consolidated revenues and with revenues from Italy increasing in absolute values from Euro 100.76 million to Euro 109.47 million.

The value of Production rose from Euro 675.3 million to Euro 874.4 million (+29.5%), due also to a Euro 26.0 million increase in assets for internal use.

Gruppo Trevi

Consolidated income statement

(Euro 000)

	31/12/2007	31/12/2006	Change	%
Total revenues[6]	837,069	642,377	194,692	30.3%
Changes in inventories of finished and semi-finished products	10,864	18,365	-7,501	
Increase in fixed assets for internal use	26,063	13,726	12,336	
Other non-ordinary operating revenues	395	874	-479	
Value of production[7]	874,392	675,343	199,048	29.5%
Raw materials and external services[8]	613,607	479,468	134,139	
Other operating costs[9]	9,720	5,564	4,157	
Value added[10]	251,064	190,311	60,753	31.9%
Personnel expenses	121,573	104,662	16,910	
Gross operating profit[11]	129,491	85,649	43,842	51.2%
Depreciation	26,432	23,933	2,499	
Provisions and write-downs	3,642	3,639	3	
Operating profit[12]	99,417	58,077	41,340	71.2%
Financial revenue/ (expenses)[13]	13,652	10,419	-3,233	
Gains/ (losses) on exchange rates	109	5,062	5,171	
Profit/ (loss) from associates	-	8	-8	
Pre-tax profit	85,873	42,603	43,271	101.6%
Tax	28,074	14,674	13,400	
Minorities	2,012	1,169	843	

The Income Statement above, and the related notes, is a reclassified summary of the Consolidated Income Statement

6 Total revenues include the following items: revenues from sales and services and other operating revenues, excluding those of an extraordinary nature.

7 Value of production includes the following items: revenues from sales and services, increases in capitalised work for internal use, other operating revenues, changes in inventories of finished products and of work in progress.

8 The entry, Consumption of raw materials and external services, includes the following items: raw materials, changes in inventory of raw materials, other material input costs, and other miscellaneous operating costs not included in other operating costs (Note 26).

9 For further details on the item Other operating costs, see Note 26 of the Consolidated Income Statement

10 Value added is the sum of the value of production, raw material costs and external services, and other operating costs.

11 EBITDA (gross operating profit) is an economic indicator not defined by IFRS, adopted by Gruppo Trevi beginning with the Consolidated Financial Statements to 31 December 2005. EBITDA is a measure used by Trevi's management to monitor and evaluate the operating performance of the Group. The management believes that EBITDA is an important parameter for the measurement of Group performance insofar as it is not influenced by the volatility generated by the various factors used in determining taxable income, by the amount and nature of capital employed and by depreciation policies. At the current date (in the absence of more detail concerning the evolution of alternative corporate performance measurement criteria), EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined by Trevi as profit/loss for the period gross of depreciation and amortisation of tangible and intangible fixed assets, provisions and devaluations, financial income and expenses, and taxes.

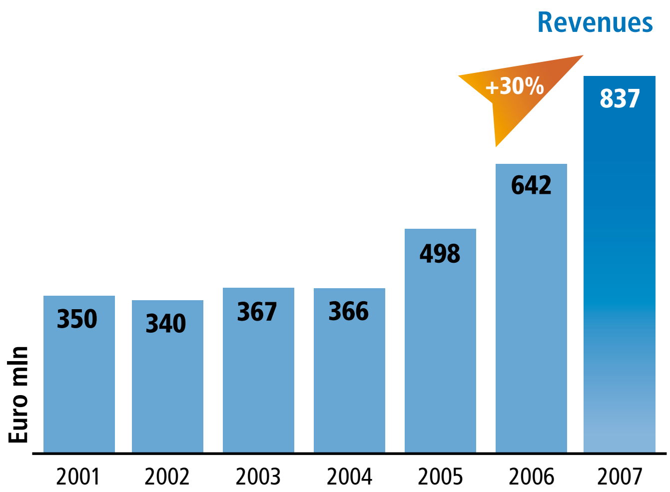
12 EBIT (operating profit) is an economic indicator not defined by IFRS, adopted by Gruppo Trevi beginning with the Consolidated Financial Statements at 31 December 2005. EBIT is one of the measures used by Trevi's management to monitor and evaluate the operating performance of the Group. The management believes that EBIT is an important parameter for the measurement of Group performance insofar as it not influenced by the volatility generated by the impact of various factors used in determining taxable income, the amount and nature of capital employed and by depreciation policies. EBIT (earnings before interest and taxes) is defined by Trevi as profit/losses for the period gross of financial income and expenses and taxes.

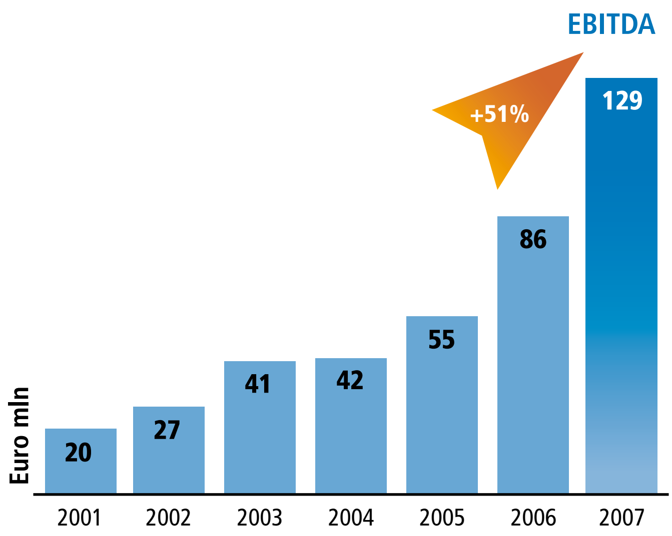
13 The entry, financial income/ (costs), includes the following items: financial income (Note 28) and (financial costs) Note 29.

Group net profit 55,788 26,760 29,028 108%

The value added increased by Euro 60.75 million, from Euro 190.31 million to Euro 251.06 million (+31.9%); as a percentage of total revenues, it rose from 29.6% to 30%. The gross operating profit was Euro 129.5 million (+51.2%), a margin of 15.5% on revenues; in the 2006 financial year it was Euro 85.6 million, a margin of 13.33%. After depreciation of Euro 26.4 million and provisions of Euro 3.6 million, the operating profit rose 71.2% to Euro 99.4 million (a margin of 11.88% on total revenues); in 2006 the operating profit was Euro 58.0 million (9.04% of total revenues).
Net financial costs were Euro 13.7 million, an increase of Euro 3.2 million compared to 2006. Net exchange rate gains totalled Euro 0.1 million (Euro 3.0 million losses in 2006).
The pre-tax profit was Euro 85.9 million (+101.6%) which, net of current, deferred and pre-paid taxes, gave a Group net profit of Euro 55.8 million, almost double that achieved in the previous year.
These results were penalized by the depreciation of the US dollar versus the Euro.
We have already mentioned the Group's strong presence in international markets, which was reflected in the percentage

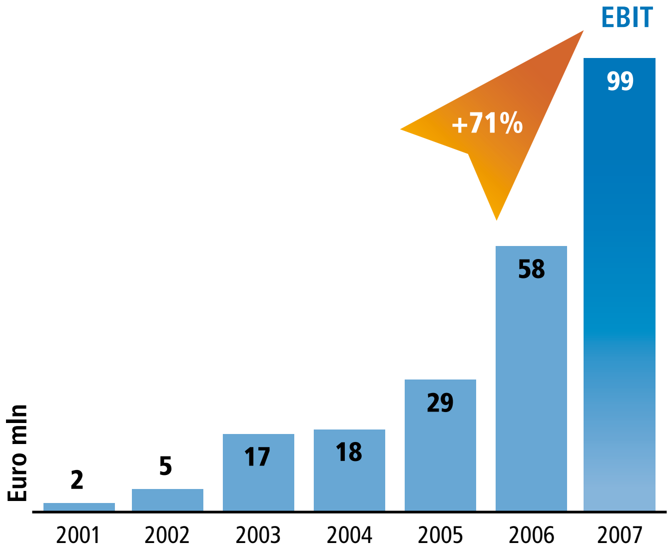
Key profit indicators



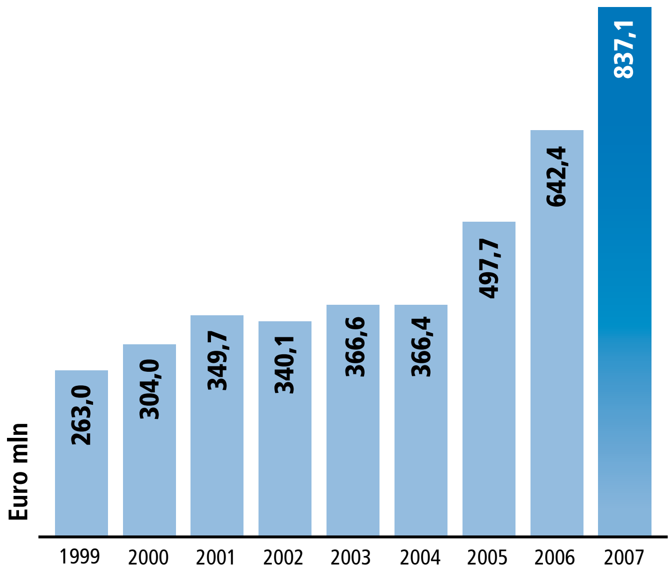


of sales made outside Italy, 83% of the total; the weight of Italian sales on Group revenues was unchanged compared to 2006 and is now around 17%.

Sales in the Rest of Europe increased Euro 54 million or 16.6%. The weight of Middle East sales on total sales fell from 25.7% to 22.6% with an increase in revenues from this area of Euro 23.6 million; the Group's presence in Africa, Latin America and the Far East also grew strongly.



Revenues Trend 1999 - 2007

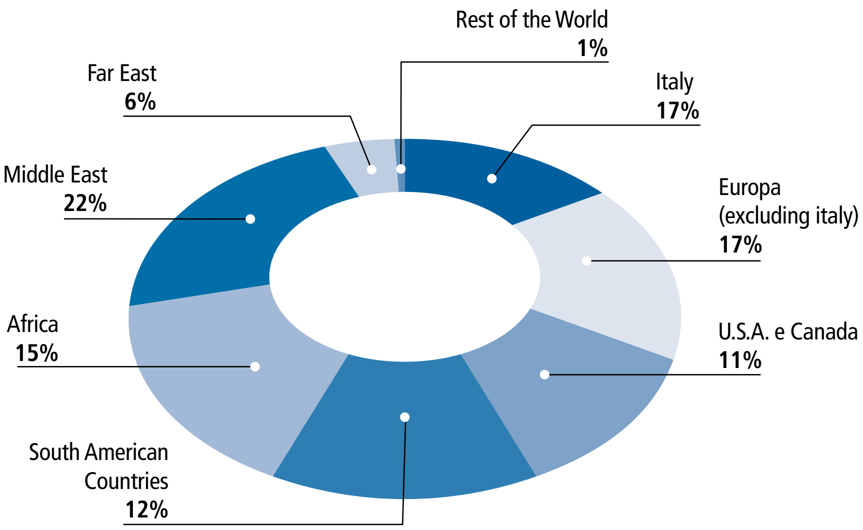


Gruppo Trevi

Sales by geographical area and by production sector

(Euro 000)

Geographical area	31/12/07	%	31/12/06	%	Change	%
Italy	141,371	16.9%	109,451	17.0%	31,920	29.2%
Europe (ex-Italy)	139,128	16.6%	84,895	13.2%	54,233	63.9%
U.S.A. and Canada	91,025	10.9%	89,015	13.9%	2,010	2.3%
Latin America	97,763	11.7%	61,871	9.6%	35,892	58.0%
Africa	126,319	15.1%	99,199	15.4%	27,120	27.3%
Middle East	188,921	22.6%	165,313	25.7%	23,608	14.3%
Far East	47,708	5.7%	29,162	4.5%	18,546	63.6%
Rest of the World	4,834	0.6%	3,471	0.5%	1,363	39.3%
Total Revenues	837,069	100%	642,377	100%	194,692	30.3%

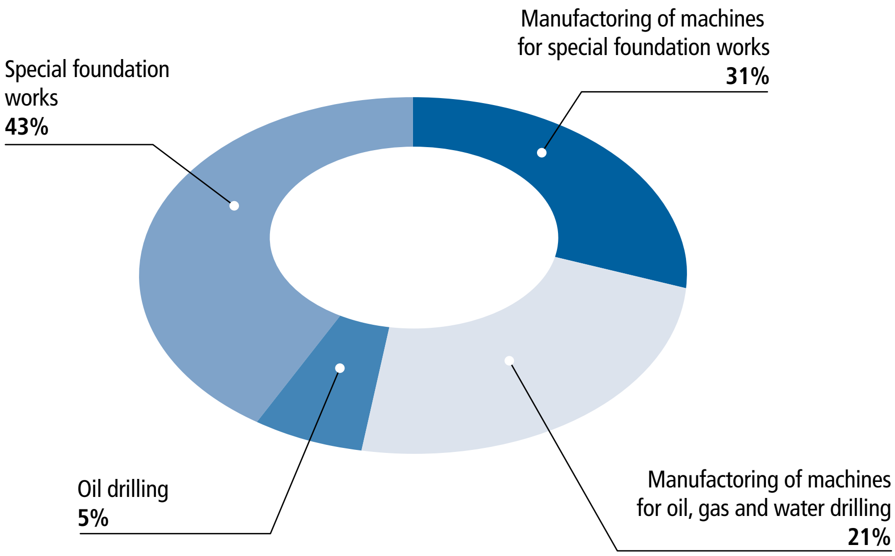


Gruppo Trevi

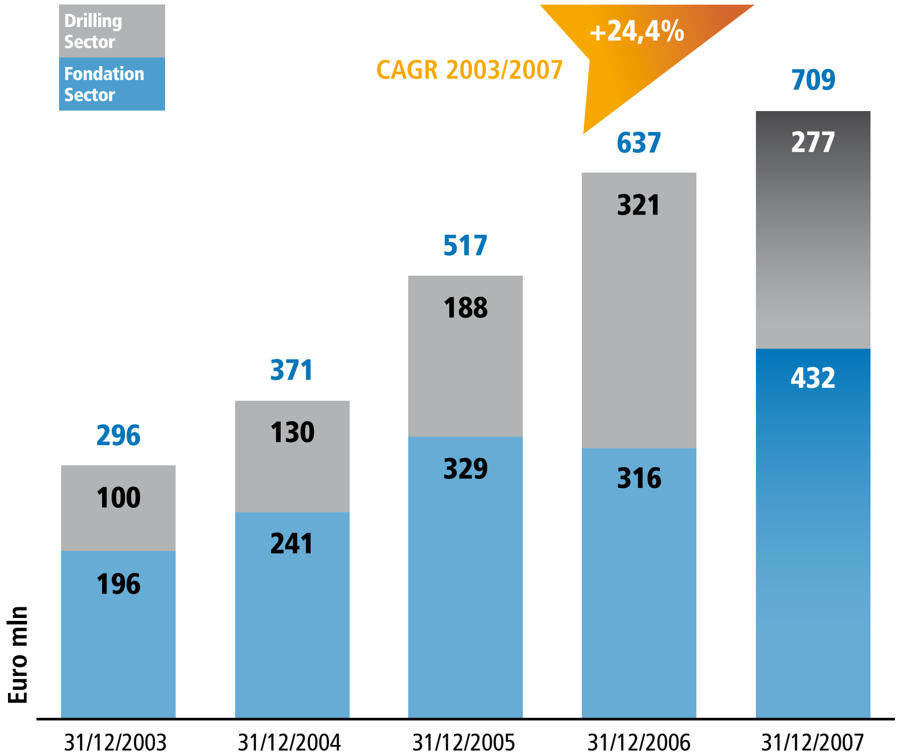
Breakdown of total revenues by production sectors

(Euro 000)

Production sector	31/12/07	%	31/12/06	%	Change	%
Manufacture of machines for special foundation work	259,746	31.0%	173,132	27.0%	86,614	50%
Manufacture of machinery for oil, gas and water drilling	178,584	21.3%	119,460	18.6%	59,124	49%
Drilling	42,111	5.0%	27,353	4.3%	14,758	54%
Special foundations services	356,628	42.6%	322,432	50.2%	34,196	11%
Total Revenues	837,069	100%	642,377	100%	194,692	30.3%



At 31 December 2007 the Group order portfolio was Euro 709.3 million (+11.4% year-on-year), of which 75% due for completion in 2008.



Gruppo Trevi

Consolidated Balance Sheet

(Euro 000)

		31/12/2007	31/12/2006	Change	%
A)	Fixed assets				
	- Tangible fixed assets[14]	207,474	192,538	14,936	
	- Intangible fixed assets	5,389	4,916	473	
	- Financial fixed assets[15]	2,847	1,922	924	
		215,710	199,377	16,333	8%
B)	Net working capital				
	- Inventories	220,693	169,189	51,504	
	- Trade receivables[16]	208,881	193,993	14,888	
	- Trade payables (-)[17]	(236,657)	(182,477)	(54,180)	
	- Pre-payments (-)[18]	(76,004)	(43,448)	(32,556)	
	- Other assets/ (liabilities)[19]	(11,672)	(17,433)	5,761	
		105,241	119,823	(14,582)	-12%
C)	Fixed assets plus net working capital (a+b)	320,951	319,200	1,751	1%
D)	Post-employment benefits (-)	(14,833)	(16,067)	1,234	-8%
E)	Net invested capital (c+d)	306,118	303,133	2,985	1%
	Financed by:				
F)	Group net shareholders' funds	156,475	121,973	34,501	28%
G)	Minorities' share of net shareholders' funds	7,001	5,420	1,581	
H)	Net financial position[20]	142,642	175,740	(33,097)	19%
I)	Total sources of financing (f+g+h)	306,118	303,133	2,985	1%

The Balance Sheet above, referred to in the Notes, is a reclassified summary of the Consolidated Balance Sheet.

14 The entry for tangible fixed assets also includes investment property, note 3.
15 The entry for financial fixed assets includes investments (note 4) and other non-current financial assets (note 8).
16 Net trade receivable includes: long-term (note 9) and short-term (note 11) trade receivables and short-term receivables from subsidiaries (note 11).
17 Trade payables includes: short-term payables to suppliers (note 19), short-term payables to subsidiaries (note 19).
18 Advances include both long-term deposits (note 18) and short-term deposits (note 19).
19 Other assets/(liabilities) includes: other payables/(receivables), accruals/(prepayments), tax credits/(payables), both long-term and short-term risk provisions (notes 9-11-11.a-16-18-19-20).
20 The net financial position, used as an indicator of financial indebtedness, is the sum of the following positive and negative balance sheet items:
Short and long-term positive items: cash and cash equivalents (cash, bank drafts and bank assets); readily realizable investments in working capital, financial credits.
Short and long-term negative items: bank debt, payables to other financial entities, leasing and factoring companies; payables to associates for financing. For more detail on this item, please refer to the relevant table in the Notes to the Accounts.

Net invested capital was circa Euro 306.1 million, substantially unchanged over 31 December 2006, mainly due to the Euro 14.6 million decrease (-12%) in net capital which offset the Euro 16.3 million net increase in fixed assets (+8%). This is the best parameter for understanding that growth was healthy: the decrease in working capital was mainly in the manufacturing sector for oil drilling rigs, where the strongly growing market required the supply of high quality components many months in advance of production; the financial consequences of this were transferred to the clients.

The Group shareholders' equity increased by circa Euro 34.5 million (+28%), despite the negative effect on the Translation Reserve (Euro 11.0 million circa) due mainly to the appreciation of the Euro against the US dollar (which moved from 1.317 at 31 December 2006 to 1.4721 at 31 December 2007), and the buyback of own shares (Euro 4.5 million). The increase was due to the Group net profit, which rose from Euro 26.8 million in 2006 to Euro 55.8 million in 2007 (+Euro 29 million).

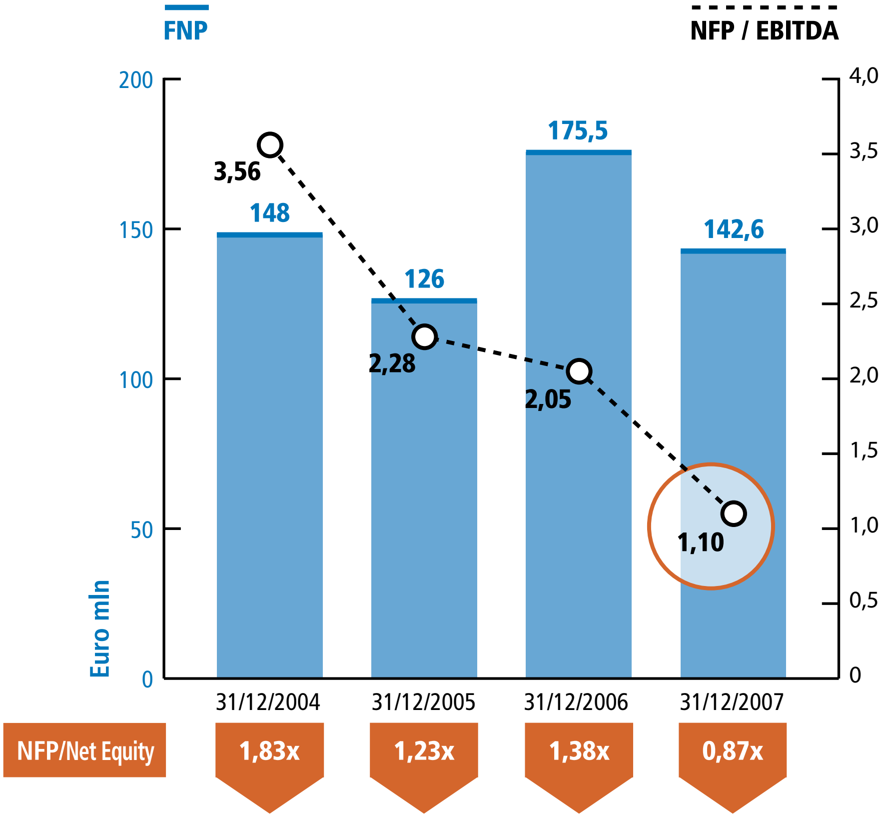
Gruppo Trevi

Consolidated Net Financial Position

(Euro 000)

	31/12/2007	31/12/2006	Change
Current debt	(50,952)	(61,397)	10,445
Payables for other current financing	(10,246)	(7,340)	(2,906)
Current financial derivatives	28	88	(60)
Cash and cash equivalents	90,754	89,906	849
Total current financing	29,585	21,257	8,328
Non-current debt	(145,163)	(172,636)	27,473
Payables for other non-current financing	(27,152)	(24,375)	(2,777)
Non-current financial derivatives	88	14	74
Total non-current financing	(172,227)	(196,997)	24,769
Net Financial Position	(142,642)	(175,740)	33,097

The short-term financial position improved by circa Euro 8.3 million compared to 31 December 2006, with net cash moving from Euro 21.5 million to Euro 29.6 million whilst medium and long-term debt improved by Euro 24.2 million, declining from Euro 197 million to Euro 172 million. Total net debt fell circa Euro 33 million in 2007 and the net debt/equity ratio fell from 1.38 to 0.87.



Free cash flow was Euro 51.8 million (Euro 45 million in 2006) after investments of circa Euro 50.4 million.

The ratio of net debt/ gross operating profit fell from 2.05 to 1.10 in the 2007 financial period.

INVESTMENTS

Gross investments in tangible fixed assets for Gruppo Trevi totalled Euro 50.3 million in 2007 due to the acquisition of plant and machinery mainly destined for the engineering services and oil drilling divisions. The largest investments were those made in the United Arab Emirates, Latin America, Africa and Italy. Divestments were Euro 11.6 million at historical cost for assets almost entirely depreciated. Depreciation totalled Euro 27 million. The net value of tangible fixed assets of Euro 207.2 million at 31 December is impacted by exchange rate differences of Euro 7.6 million due to the difference in the historical exchange rates and those of 31 December 2007.

RESEARCH AND DEVELOPMENT

In 2007, the Group's research and development activity involved all our model ranges and technologies and was aimed at:

- The development of new models
- The development of new technologies
- Functional innovations to existing models to improve performance

With reference to the first point:

The renewal of the entire pile range is almost complete with the development of cord pull down systems applied to all models.

The renewal of the machinery line using continuous rotary technology was started and a project to develop a range of Soilmec belted ready-mix concrete pumps was initiated.

The modernization of cranes of between 20 and 40 tonnes was completed.

The drilling rod range has been completed with the development of a 30 tonne model.

The first 16 tonne model for drilling geothermal wells was developed.

With reference to the second point:

All the main aspects of CTJet technology have been finalized; as a result of the experiments carried out in 2006, it has become a feasible and saleable product on international markets.

The technology for artificially freezing the subsoil is being applied to a range of areas including cranes, special foundation machinery and the completion of project worksites.

The use of machinery for bored pile equipment without the production of spoil material continued and significant on-site experience has been gained.
In the drilling rod sector, an alternative technology to the traditional hammers has been developed using vibrating masses to reduce noise and realize improved depth performances.
In the sector for excavated diaphragms using traditional techniques, the Benna screw system was used for the first time on a worksite; further trials will be take place, some on worksites that do not belong to Group companies.
The application of other specialized technologies such as adjacent piles, directional freezing and drilling, also continued assisting some important specialized projects but, above all, guaranteeing the Group's position on international markets in tenders for unique and highly specialized contracts.

With reference to the third point:
Various projects were completed in all sectors aimed at increasing productivity; amongst these were the improvement of some large and small diameter rotary rigs in order to increase the available torque range and improve the power distribution to the excavator.
The Drilling Mate System for registering drilling data was introduced throughout the range of pile drills whilst its development and use is being studied for all existing and new technologies.
Research also continued in the oil and water drilling sector. The technology for machinery to bore areas for gas stocks in Italy, and for activities connected to the exploration and production of geothermal energy, was fine-tuned.
The range of high capacity drill pumps (up to 1600 horsepower) was completed with the development and manufacture of both diesel and AC/DC electric pumps. A range of winch models with the latest disk braking systems of 500 to 3000 horsepower were developed.
The Group also completed the engineering and production of a new range of hydraulic rotary top drives with capacity of up to 350 tonnes, which have potentially important applications for existing machinery and machinery already in use, as well as for drilling equipment.

SECTOR REVIEW

Parent Company Performance

The 2007 Financial Statements, prepared by the Company in accordance with IAS/IFRS accounting principles, show revenues from sales and services of Euro 10.341 million (an increase of Euro 1.673 million on the Euro 8.668 million of 2006), financial income of Euro 15.763 million (an increase of Euro 5.945 million on the Euro 9.818 million of 2006); the profit for the year was Euro 10.104 million (an increase of Euro 5.293 million over the Euro 4.811 million of the preceding period).

The increase in revenues is due to the strong growth in the Group's business and the continuing process of centralisation of some services within the Parent Company. These activities include planning, research and development, plant and equipment hire, operational and administrative management and support, human resources and personnel, IT and integrated business software services, and other activities related to Gruppo Trevi's activity as an industrial holding company (management of shareholdings and financing agreements with its subsidiaries).

In 2007, there were positive results from UTE TREVI S.p.A. - TREVI – Finanziaria Industriale S.p.A. – Sembenelli S.r.l, which carried out the maintenance contract on the "Borde Seco" dam in Venezuela.

The financial operations of the Parent Company show a strong increase in income from subsidiaries (Euro9.234 million in 2007 compared to Euro 5.820 million in 2006, up Euro 3.414 million due to Euro 7.760 of dividends received from the subsidiary, Soilmec S.p.A., and Euro 1.474 from Drillmec S.p.A) and to the increase in interest receivable for financing given by the Company to its subsidiaries (Euro 6.071 million in 2007 compared to Euro 3.850 million in 2006, up Euro 2.221 million), mainly due to the increase in financing following receipt of the funds from the Indirect Convertible Bond, closed on 30 November 2006, which in the previous year were only distributed in the last month of the financial period.

In the 2007 financial year, the only variation in directly held shareholdings was a Euro 5.00 million payment on account for a future share capital increase by the subsidiary, Drillmec S.p.A., in support of its important development plan, and the setting up of a 100% owned subsidiary, TREVI Energy S.p.A., with initial share capital of Euro 1 million, which operates on its own account and on behalf of third parties in the renewable energy sector and, in particular, the design, engineering and construction of off-shore wind farms.

The performance of the single subsidiaries is detailed below in the present Report.

With the authorisation given the Shareholders' Meeting of 7 May 2007, 366,500 own shares (0.573% of the share capital) were purchased for a total of Euro 4.582 million.

It should be noted that, at 31 December 2007, the sureties given to credit institutions totalled Euro 190.593 million, compared to Euro 170.405 million at year-end 2006, an increase of Euro 20.188 million linked to the strong increase in the business and revenues of the subsidiaries.

Guarantees given to insurance companies totalled Euro 11.121 million at 31 December 2007 compared to Euro 30.015 a year earlier, a decrease of Euro 18.894 million. This

was mainly due to the drop in guarantees given to a leading American insurance company on behalf of the indirect subsidiary, Trevi Icos Corporation, for the repair contract for the Tuttle Creek dam in Missouri, equal to 100% of the contract quota currently being carried out and lower because of the advancement of the contract and the lesser amount of work still to be completed.

For detailed comments on individual balance sheet items, please see the Notes to the Accounts.

For the reconciliation of the results of the financial period and the net equity of the Group with those of the Parent Company (DEM/6064293 of 28 July 2006), please see note 14 of the Notes to the Accounts.

Foundation and Drilling Services Division

The Foundation and Drilling Services Division had total revenues of Euro 396.7 million, up 9.7% on the preceding year. Value added rose from 34.3% to 35.9% of revenues reflecting this division's activity as a supplier of engineering services for special foundations. Gross operating profit was Euro 60.6 million (+18.3%). After depreciation of almost Euro 18.0 million and provisions of Euro 2.0 million, the operating profit was Euro 40.5 million (+21.4% on 2006), a margin of 10.2% on revenues.

The Americas

In 2007, Trevi had Euro 46.5 million of revenues in North America, circa 5.5% of total consolidated revenues. The American business unit is primarily involved in infrastructure projects, the most important being the extraordinary repair project of the Tuttle Creek dam in Kansas, which at year-end had been 40% completed, giving a final value to the project of circa US$ 107 million. In 2007, US$ 43 million out of an original contract total of US$ 56 million, including subsequent modifications, had been completed. Last September, the work, done in joint-venture with Kiewitt, for the foundations of the new towers at Ground Zero in New York, was successfully completed. There are several projects ongoing in New England for hospitals, for the leading university of Harvard and for M.I.T. The strategic choice to exit temporarily the residential sector has given the Group immunity to the current crisis. Therefore, given the anti-cyclical strategy of focussing on federal government infrastructure projects, we expect the American business to grow in 2008.

In Latin America, the special foundations division of Gruppo Trevi executed contracts in Argentina, Venezuela, Peru and Panama for a total of circa Euro 31.5 million. In Argentina, the most challenging contract technologically was the building of ready-mix concrete diaphragms, like that for the Caracoles dam and for the buildings in the Puerto Madeiro area of Buenos Aires; the contracts for underwater pile driving in ports like Cargill and Dreyfus were also ongoing. The sub-contracted work on behalf of Italian construction companies for specialized railway tunnelling continued in Venezuela. In Peru, a foundation services contract for the repair of the Limon dam, executed on behalf of the Brazilian group, Odebrecht, was completed. This same client has awarded the Company work in Panama.

The oil drilling activities in Venezuela, Peru, Argentina and Colombia on behalf of Petrobras, RepsolYPF, Chevron Texaco and PDVSA doubled in the 2007 financial year with excellent results. The subsidiary, Petreven C.A., is operating nine oil drilling rigs for the aforementioned clients on long-term contracts.

Europe

Production value from Europe totalled Euro 145.8 million in Trevi S.p.A.'s accounts, an increase of circa 10.3% over 2006. The volume of business attributable solely to the typical business activities of the Company came to Euro 127.4 million, compared to Euro 112.1 million in the previous year (+13.6%). Italy accounted for Euro 88.3 million (+13.6%

compared to 2006), 69.34% of regional revenues, while Euro 39.0 million came from Europe excluding Italy. Europe represented 30.7% of total Group revenues.
The gross operating profit in this region was Euro 10.8 million, a considerable increase on the Euro 4.2 million of 2006.
The budget was achieved in Italy in 2007, both in terms of revenues and of margins, with business at a record high for the Company.
Particularly satisfying were the results of some contracts won by direct tender: a dock at the port of Gioia Tauro, from the local Port Authority, and the work carried out on the river bed of the Olona river at Malnate, a contract from the Province of Varese.
It should not be forgotten that, besides the traditional business of infrastructure foundations, Trevi has also been involved in difficult projects in Italy, such as land reclamation and, in particular, cleaning polluted sites. Some important contracts carried out in Italy in 2007 merit a mention: Priolo Contermine (the Syndial refinery), the Syndial plant in Assemini with protection measures against the Thapsos watershed, and the Magnisi peninsular at Priolo Gargallo.
It should be emphasized that the necessary employment of considerable resources in the difficult and competitive environment of the Italian market undeniably favours the development of important expertise within the Group; this can be transferred to any geographical region and guarantees continued excellence, which for some time has been the hallmark of the Trevi brand in Italy and worldwide.
In this regard, the Company has introduced, for the moment only in Italy, the Lean Construction system. This system was developed to share a global philosophy of excellence at all levels within the Company which, with the maximum commitment of all participants, aims to optimise the internal processes so as to prevent unforeseen and damaging circumstances, eliminate errors and, consequently, reduce waste, resulting in a significant decrease in operating costs.

Africa

In Africa, Trevi carried out contracts worth Euro 57.5 million, an increase of 9.1% on the preceding year. Nigeria has remained politically stable with the exception of the area around Port Harcourt where the highly dangerous and unstable social environment has produced inevitable problems.
The revenues from the Lagos area are mainly due to the work carried out for the Grimaldi Group. The construction of the dock started in 2006 was completed as was a second contract. The combined value of the two contracts is over US$ 17 million. The contract for the second dock was completed in 2007 and generated revenues of US$ 5 million. This project has been the driver of Trevi’s performance in Nigeria in 2007.
In the Port Harcourt area the Group carried out work for Shell, connected to the Kidney Island project, and for Saipem, as well as carrying out numerous works for Rockson.

The Group witnessed a dramatic reduction of its activities in

Algeria in 2007 due to the delay in awarding and commencing some important contracts. The final award of the contract to build the new stretch of the Algiers underground only took place at the end of 2007. This contract, won through a Temporary Business Association with the German company, Dywidag International AG, and the Algerian company, Cosider Travaux Publics, is worth circa Euro 250 million, of which circa Euro 50 million is for special foundation work to be carried out by Trevi S.p.A.
In September the special foundation work for the Tripoli Intercontinental Hotel complex in Libya was started. This country is considered to have enormous potential in the near future; this is borne out by the other contract won in Libya, for the construction of the Gaddafi Tower.
Mention should also be made of the projects in Guinea Bissau and in Mozambique; the former is currently ongoing and is for the foundations of the San Vicente bridge whilst the latter, for the foundations of a bridge over the Zambesi, was completed before year-end.

The Middle and Far East

In 2007, Gruppo Trevi had revenues of Euro 107.0 million and an excellent operating result in the Middle East. Business in the UAE was driven by important foundation engineering contracts for Emaar in Dubai. On the other side of the Straits of Hormuz in Iran, in August, Trevi started the second phase of the enlargement of the docks at the port of Bandar Abbas.

Mechanical Engineering Division: production of special foundation and drilling equipment

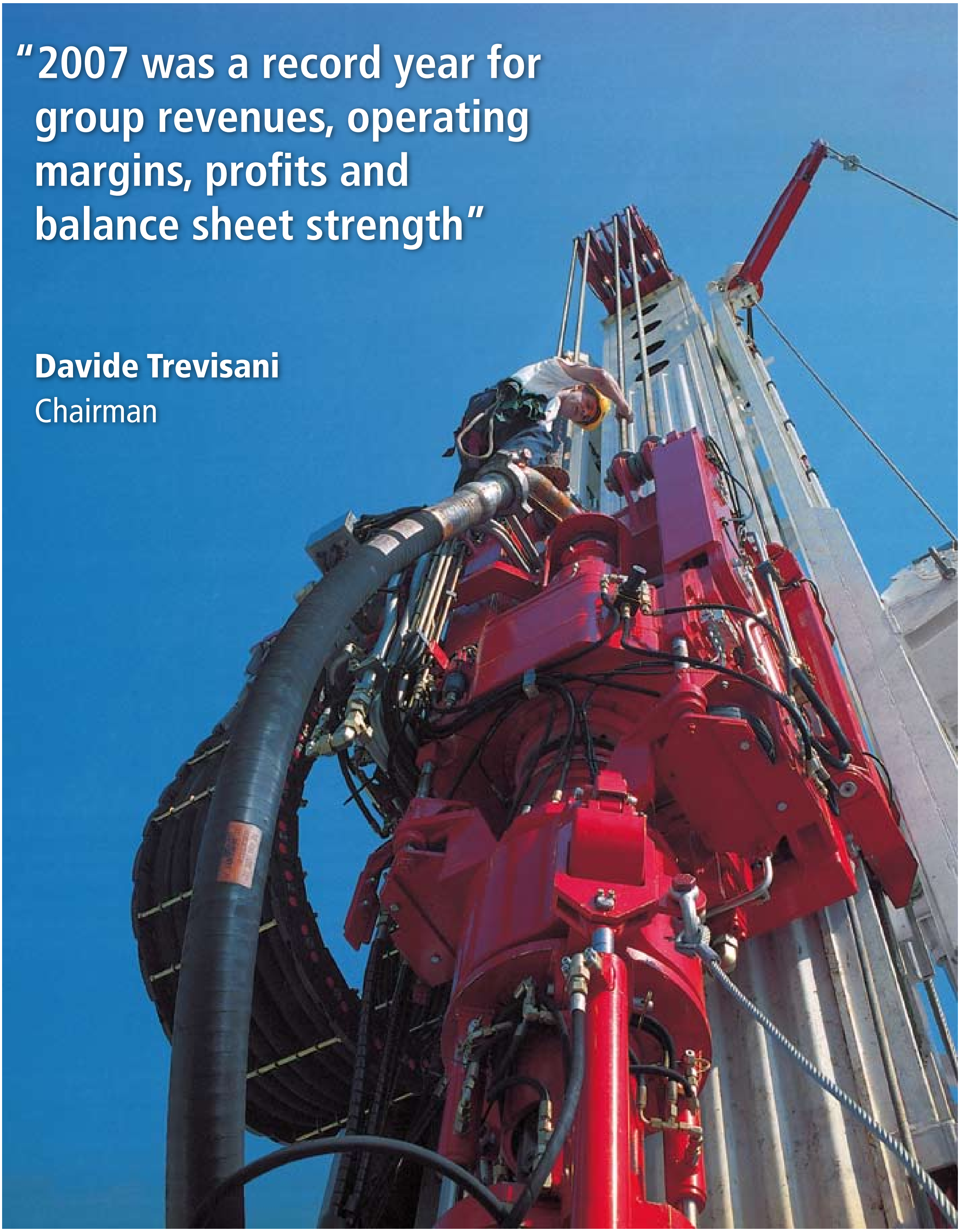
The results achieved by the Mechanical Engineering Division in the year to 31 December 2007 confirm the levels of growth, both in terms of sales volumes and profitability, witnessed in the last two financial years. Total revenues rose from Euro 310.0 million to Euro 464.2million (+50%) and the operating profit doubled to Euro 63.9 million from Euro 31.7 million (+101.4%).

In 2007 the expectations and efforts of management in giving visibility on international markets to the companies of the drilling division were realized, albeit supported by favourable conditions worldwide in the oil sector. Production was restructured and considerable use made of third-party suppliers in order to meet the exploding demand. Total revenues increased from Euro 123.0 million to Euro 194.1 million and the operating result from Euro 7.7 million to Euro 24.2 million.

Drillmec Inc U.S.A. also had excellent revenues and profitability.

Soilmec, which produces equipment for special foundations, had revenues that increased from Euro 190.5 million to Euro 280.9 million (+47.5%); the operating result rose from Euro 21.5 million to Euro 38.7 million (+80%). This result was achieved by the company consolidating its leadership in its principal operating sector of medium and small machinery and by gaining market share in the high-end machinery sectors, in hydraulic diaphragm wall equipment, foundation cranes and micropile equipment. The growth in the value of stocks from Euro 58 million to Euro 83 million is due to the planning of more continuous production and deliveries, which will guarantee higher year-on-year sales volumes in the first quarter of 2008.

Among the positive factors of 2007 was, once again, the strong performance of the subsidiaries, Soilmec Ltd (U.K.) and Soilmec (Hong Kong) Ltd, the positive start-up of PSM S.r.l. and Soilmec France S.a.S. The breakdown of total revenues by geographical area demonstrates the good revenue performance in Europe and the Middle East.



"2007 was a record year for group revenues, operating margins, profits and balance sheet strength"

Davide Trevisani
Chairman

Group related party transactions with non-consolidated subsidiaries, associated and controlling companies, companies controlled by the latter and with other related parties

Trevi- Finanziaria Industriale S.p.A. has limited relations with SOFITRE S.r.l., a company controlled 100% by the Trevisani family, and with the companies it controls, which are mainly involved in the construction and management of car parks. In the accounting period under review, this relationship gave rise to revenues of Euro 311,000, costs of Euro 22,000, receivables of Euro 616,000 and payables of Euro 144,000.
Transactions with related companies are done at normal market conditions.
There still exist sureties and guarantees for Euro 1.451 million (Euro 2.310 million at the end of the preceding year) given by Trevi – Finanziaria Industriale S.p.A., prior to its market listing, to some banks on behalf of companies belonging to the SOFITRE Group. These relate primarily to the companies Parcheggi S.p.A and Roma Park S.r.l. for the construction of automated car parks
There are no financial or capital relations with the Danish parent company, Trevi Holding APS, and any relations with non-consolidated subsidiaries and associated companies, as described in Attachment 1d, are not material.

Policy for covering exchange rate and interest rate risk

The Trevi Group has a policy for covering financial risk, which includes defined term currency contracts, financing and hedging in foreign currencies to cover expected cash flows; detailed information on the means used to cover exchange rates and the valuation criteria adopted for these are given in the Notes to the Accounts.

Relevant events subsequent to 31 December 2007

There are no significant post-balance sheet events.

Report on Corporate Governance

In March 2006, the Committee for Corporate Governance published a new Self-regulatory Code of Conduct for listed companies which replaced that drawn up in 1999 and amended in 2002; the present Report refers to the most recent edition of the Code.

The Company has adopted the general principles of the Self-Regulatory Code of Conduct as a means of improving its own corporate governance rules and internal organization and in order to direct management to the creation of shareholder value and to reflect positively also on other stakeholders (clients, creditors, suppliers, employees, the community and general social environment).

This report, which will be available to shareholders, together with the necessary documentation for the Annual General Meeting to approve the Financial Statements, and at the same time forwarded to Borsa Italiana and posted on the company website (www.trevifin.com), will inform the market and shareholders of the internal corporate governance of the company and its adoption of the Self-Regulatory Code of Conduct.

The organizational structure of Trevi – Finanziaria Industriale S.p.A. is based on the traditional model where management is assigned exclusively to the Board of Directors, the central governing body of the company; the supervisory functions are assigned to the Board of Statutory Auditors and accounting verification to the independent auditors appointed by the Shareholders' Meeting.

Board of Directors

The regulations governing corporate entities emphasise the central role of the Board of Directors as the governing body and details its relations with other corporate entities. Article 23 of the company articles vests the Board of Directors with the most wide-ranging and unlimited powers for the ordinary and extraordinary management of the company, excluding only those matters that by law are explicitly reserved for the Shareholders' Meeting.

Meetings of the Board of Directors are convened by the Chairman or, in his absence or in the event of incapacity, by the Managing Directors or by written request of at least one member of the board or a member of the Board of Statutory Auditors to be sent to members of the Board of Directors and Board of Statutory Auditors at least three days before the meeting, containing a summary of the agenda to be discussed. Board meetings can also be held via video or teleconference. Timely information on the agenda for discussion is provided to all Board members and auditors.

The Board of Directors meets regularly, at least every two months, and has the main responsibility of defining the strategic objectives of all the operating companies and ensuring their achievement. The Board is responsible for:

- defining the operating structure of the group and deciding on the setting up and/or closure of operating companies
- examining and approving the annual and quarterly strategic, financial and industrial plans of Group companies and periodically comparing the results achieved with those planned

- assigning and revoking the powers of the Managing Directors and defining the limits and ways in which they will be exercised; at the first board meeting of the year, the activities carried out through the exercise of the powers received or granted in the period will be discussed;
- examining and approving any operations of significant impact on the assets, the economic or financial position of the company; with reference to operations with related parties when approved by the independent board members; in cases under Article 2391 of the Civil Code, "board members' interests", the Board must vote with the abstention of those having an interest
- deciding on the acquisition of companies and investments in fixed assets
- appointing the directors of directly controlled companies
- deliberating the recruitment of senior management in the Parent Company and in the subsidiaries, as well as the remuneration and incentive schemes of senior management
- regulating the conduct of subsidiaries in related party transactions
- monitoring the regular progress of management with particular attention to possible conflicts of interest, in particular taking into account information received from the Managing Directors and from the general managers of the operating companies, and referring to shareholders in Shareholders' Meetings.

The company articles state that the Board of Directors must be composed of a minimum of three and a maximum of eleven members.

The Board of Directors, as appointed on 7 May 2007, is composed of nine members, four executive members and five independent non-executive members. In keeping with corporate governance best practice, the majority of the directors are non-executive and independent members of the Board.

Table 1) shows the current composition of the Board of Directors and Committees. The current Board of Directors expires with the approval of the Reports and Accounts as at 31 December 2012.

Pursuant to Article 30 of the Company articles, the Chairman of the Board of Directors is responsible for signing on behalf of and representing the company with third parties and in court. Within the limits of the powers accorded them, the Managing Directors can also represent and sign on behalf of the company.

At the meeting of the Board of Directors of 28 March 2008, the Director, Stefano Trevisani, was appointed Managing Director

The four Managing Directors, one of which is the Chairman, have wide-reaching powers for the ordinary management of the company, a choice motivated by and connected to the activities of the Group, which is an industrial holding company that provides services predominantly for other group companies.

Given that the Chairman has a significant role in the operations of the Company and is the person who indirectly controls the Company, in accordance with the recommendations of the Self Regulatory Code, the Board of Directors has appointed the independent and non-executive Director, Mr Enrico Bocchini, to be the lead independent director to act as a reference point and to coordinate the requests and contributions of the independent and non-executive directors.
On the occasion of the last renewal of corporate appointments at the Shareholders' Meeting of 7 May 2007, the curriculum vitae of each candidate were deposited at the Company's Registered Office. During 2007, the Board of Directors met six times.
The company articles do not stipulate a minimum frequency for board meetings.
The remuneration of Board Members, detailed in the Notes to the Accounts for the financial year 2007, particularly of the four Managing Directors, expression of the Trevisani family, the majority shareholder, is not linked to the Company's results or the achievement of specific objectives.
The Report of the Board of Directors also contains details of the shareholdings of each member of the Board of Directors and of the Statutory Auditors in the Parent Company and in its subsidiaries.
Corporate positions held by board members in other companies listed on regulated markets are given below:
Pio Fabbri Teodorani:
Member of the Boards of IFIL S.p.A. and I.F.I. – Istituto Finanziario Italiana S.p.A., and Allianz S.p.A. Among the positions he holds in unlisted companies, he is a member of the Managing Board of Assonime.
In order to improve operating ability and policy making and to adhere to the Self-Regulatory Code of Conduct for Listed companies, the Board of Directors has set up two committees.

Committee for directors remuneration

The company has set up the Committee for Directors Remuneration, which is composed of three independent non-executive members. The Board of Directors of 14 May 2007 appointed as committee members the independent non-executive board members, Mr Enrico Bocchini (Chairman), Mr Franco Mosconi and Mr Riccardo Pinza. Until the expiration of the corporate appointments and their renewal at the Shareholders' Meeting of 7 May 2007, the Committee was made up of Mr Mario Amoroso (Chairman), Mr Enrico Bocchini and Mr Franco Mosconi. The Committee met once during the 2007 financial year.

Internal control committee

The company has set up the Internal Control Committee, composed of three independent non-executive members. At the meeting of the Board of Directors of 14 May 2007, the independent non-executive board members, Mr Enrico Bocchini (Chairman), Mr Franco Mosconi and Mr Riccardo Pinza, were appointed to the Committee. Until 7 May 2007, when the corporate appointments were renewed, the Committee was made up of Mr Mario Amoroso (Chairman) Mr Enrico Bocchini and Mr. Franco Mosconi.
All three members of the Committee have accounting and financial experience.

The committee reported every six months to the Board of Directors and met three times in the course of the financial year. The Chairman of the Board of Statutory Auditors was also present at these meetings. Other than the meetings of the Board of Statutory Auditors, the Chairman of the Internal Control Committee had several meetings with the Managing Directors, the Executive Director responsible for overseeing the internal control system, the managers of the Company and, in particular, the Manager responsible for the preparation of Company accounts.
In carrying out its duties, the Committee adhered to the recommendations of the Self-Regulatory Code and evaluated the adequacy of the internal control system. The Company has not approved, despite having a plan for its implementation, a proper organizational model that conforms to Decree Law No.231 of 8 June 2001.

Committee for board appointments

A Committee for Board Appointments, as suggested in the Self-Regulatory Code, has not been set up. Nominations to the Board are put forward by shareholders and, in particular, the majority shareholders, who make a provisional selection from among the nominations.

Executive director appointed to oversee the internal control system

The Board of Directors appointed Gianluigi Trevisani to be Executive Director to oversee the internal control system.

Head of internal control

The Board of Directors appointed Mr Piergiorgio Marini as Head of Internal Control; within the Company structure, he is not under any manager of an operating area; to carry out his duties, given the dimensions of the Group and its geographical diversification, he will utilise the operating control structure of the Parent Company and of the subsidiary companies; at the behest of the Internal Audit Committee, the Board of Directors has agreed to increase the personnel in the internal control structure, also through the use of external consultants.

Board of statutory auditors

The Board of Statutory Auditors, pursuant to Article 149 of Decree Law no. 58/98 monitors the correct observance of the law and of the company memorandum of association with regard to management and the adequacy of the management structure of the company; it monitors those aspects of the internal control, administrative and accounting systems that fall within its remit. Under Article 159 of Decree Law no. 58 of 24 February 1998 and subsequent modifications, it is the duty of the Board of Statutory Auditors to propose that the Shareholders' Meeting awards a mandate for the audit of the Financial Statements and the Consolidated Financial Statements, as well as a limited audit of the Half-Yearly Financial Statements, for a period of nine years and determines the relative remuneration.

The Board of Statutory Auditors is made up of three statutory and two supplementary members elected for a period of three years by the Shareholders' Meeting of 7 May 2007 and due to expire with the approval of the 2009 Financial Statements. Table 2) shows the composition of the Board of Statutory Auditors, the number of meetings held during the financial year and the percentage of attendance at each meeting.

Pursuant to Article 18 of the company articles, and barring any incompatibilities under the law, members may not be elected if they already act as a member of the Board of Statutory Auditors in more than five other companies listed on regulated markets, excluding those companies which directly or indirectly control the Company or is controlled by it, or if they do not have the necessary good name and professionalism as required by law.

Minority shareholders have the right to elect one statutory and one supplementary auditor; those shareholders who alone or collectively hold shares representing at least 3% of the share capital have the right to propose lists of candidates for election.

The lists must be deposited at the Company's Registered Office at least five days before the date of the Shareholders' Meeting and must be published in at least one national daily newspaper within the same period.

At the Shareholders' Meeting of 7 May 2007, which appointed the current Board of Statutory Auditors, no list of candidates was presented by minority shareholders.

During the 2007 financial year, the Board of Statutory Auditors met twelve times; the Board of Statutory Auditors was represented at the six Board of Directors Meetings as follows:

Mr Adolfo Leonardi (Chairman): attended five of the six meetings (83%);

Mr Giacinto Alessandri (Acting Auditor): attended all six of the meetings (100%);

Mr Giancarlo Poletti (Acting Auditor): attended five of the six meetings (83%).

None of the Acting or Supplementary Auditors holds the position of Director or Auditor in other companies listed on regulated markets.

Independent auditors

The auditing of the accounts is assigned to an audit company listed on the official register of accounting auditors (Article 159 of Decree Law 58/98), and is appointed by the Shareholders' Meeting. The current auditors are PricewaterhouseCoopers S.p.A., appointed for three years at the Shareholders' Meeting of 13 May 2005, whose mandate expires with the approval of the 2007 Financial Statements.

Shareholders' meeting

The Shareholders' Meeting, when the Directors of the Company meet with its shareholders, is both ordinary and extraordinary, under the law, and any decisions taken in compliance with the law and the company articles are binding on all shareholders.
To enable shareholder participation, proxy votes are permitted pursuant to enacted law. The Company has not adopted procedural regulations given the limited number of shareholders present, which has always permitted the meeting to be held in an orderly manner with those present able to take part in any discussion.
At the Ordinary and Extraordinary Shareholders' Meeting of 7 May 2007, the shareholders were given appropriate information on the Company's adoption of the Self-Regulatory Code for Listed Companies; those shareholders present at the meeting were offered the possibility of a guided visit of the Cesena production facilities; the initiative was aimed at giving them a fuller understanding of the Company and was an important opportunity for shareholders and Company management to meet and exchange ideas.

Manager responsible for the preparation of company accounts

The Board of Directors meeting of 14 May 2007 appointed Mr Daniele Forti, currently Group Chief Financial Officer, as Manager responsible for the Preparation of Company Accounts pursuant to Article 23 of the Company articles and Article 154-bis of Decree Law No. 58 of 24 February 1998. The Board has conferred on him the necessary powers and means to carry out his duties, taking into account the actual operations of the Company and of the Group, as well as market procedures and the recommendations of the relevant associations (as an indication, a non-binding example, those expressed by Andaf – the National Association of Administrative and Financial Directors); the appointment is for an unspecified length of time and until it is revoked by the Board of Directors.

The company articles

The current Company Articles, approved by the Extraordinary Shareholders' Meeting of 7 May 2007, are deposited with Borsa Italiana and available on the company website. There are 37 articles. The report of the Board of Directors commenting and presenting the proposed new Company Articles has also been properly deposited at the registered offices of Borsa Italiana S.p.A. and is available to shareholders.

Communication with shareholders and institutional investors

To facilitate an open dialogue with all shareholders and, in particular, with institutional investors, the Company has nominated a person to be responsible for financial communications (the Investor Relations Manager) and to make available information released by the company (Financial Statements, reports, press releases) on its website, www.trevifin.com, both in Italian and English. In the financial year 2007, the website was updated and now contains more complete information and also gives access to the websites of the Company's main subsidiaries.
The contact details of the Investor Relations Manager are:

Stefano Campana
Tel. -39 (0)547-319411
Fax: -39 (0)547-319313
e-mail: scampana@trevifin.com

The Company promotes regular meetings with institutional investors and, in conjunction with AIAF (The Italian Association of Financial Analysts), organises twice yearly presentations at the Milan stock exchange to the financial community for its half-year and full-year results and the strategies of the principal business sectors. In the last financial year, the Company actively promoted meetings with the financial community involving guided tours of its production facilities, as well as one-to-one meetings with individual shareholders and investors, particularly abroad and in the main financial centres. The Company intends to follow the guidelines of the "Guida per l'informazione al mercato" (Guide for communicating with the market) compiled by Forum ref. and Borsa Italiana for its corporate communications.
The calendar of corporate events has been sent by NIS to the Italian Stock Exchange and is available on the company website.
2007 proved overall a negative year for the Italian stock market; the Mibtel index fell 8.3% with a marked decline in the second half of the year due to growing concerns on financial markets. Despite the market performance, Trevi shares rose 29.4% and stood at Euro 12.27 per share at year-end 2007, following a performance + 113.7% in 2006 and +274.7% in 2005.
The high for the shares in 2007 was Euro 14.70 per share. The market rewarded the organic growth strategy of the Company in all its main markets, the solid and strong prospects of the industrial sectors in which it operates, and the further significant improvement in all its key financial and economic figures.

TREVI Share Price Trend
During 2007 at Milan Stock Exchange

Averege Price:	12,19 Euro
Maximum Price:	14,70 Euro
Minimum Price:	9,20 Euro
Performance 2007:	+ 29.4%

Share capital

The issued share capital of Trevi – Finanziaria Industriale S.p.A. at 31 December 2007 totalled Euro 32,000,000 fully paid-up and comprising 64,000,000 ordinary shares of nominal value Euro 0.50 each.

Following the meeting of the Board of Directors of 23 November 2006, a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares of nominal value Euro0.50 per share was deliberated to service the conversion rights of the bonds of the Indirect Convertible Bond Loan

At 31 December 2007, the authorised share capital was Euro 35,097,345 million made up of 70,194,690 shares with a nominal value of Euro 0.50 per share.

The company is controlled by Trevi Holding Aps which holds 53.125% of the share capital.

At 31 December 2007, from data held by CONSOB, shareholders with a stake in excess of 2% were: JP Morgan Asset Management (UK) Ltd with a holding of 5.178% and Fidelity International Limited with a holding of 2.078%; the Company owns 366,500 of its own shares, equivalent to 0.57% of the share capital.

Shares held by board members and statutory auditors are listed in the Notes to the 2007 Financial Statements.

Additional information

Attachment 3 has been included, as recommended in the Guide to Preparing a Review of Corporate Governance, prepared by Assonime, to provide further information and estimates under the Self-Regulatory Code.

Code of ethics

On 13 November 2006, the Board of Directors approved an internal Code of Ethics, which is available on the Company website.

Tabella 1: Structure of the Board of Directors & other Committiees

Board of Directors						
Position	Members	Executive	Non-executive	Independent	****	No. of position **
Chairman & MD	Trevisani Davide	X			100%	
VP & MD	Trevisani Gianluigi	X			87.5%	
MD	Trevisani Cesare	X			100%	
MD	Trevisani Stefano	X			100%	
Director	Amoroso Mario (§)		X	X	100%	
Director	Moscato Guglielmo		X	X	83%	
Director	Teodorani Fabbri Pio		X	X	33%	
Director	Bocchini Enrico		X	X	100%	
Director	Pinza Riccardo (§)		X	X	100%	
Director	Franco Mosconi		X	X	80%	

Consiglio di amministrazione		Internal Control Committee °		Committee for Directors Remuneration°°		Appointments Committee #		Executive Committee	
Position	Members	***	****	***	****	***	****	***	****
Chairman & MD	Trevisani Davide								
VP & MD	Trevisani Gianluigi								
MD	Trevisani Cesare								
MD	Trevisani Stefano								
Director	Amoroso Mario (§)	X	--						
Director	Moscato Guglielmo								
Director	Teodorani Fabbri Pio								
Director	Bocchini Enrico	X	100%	X	100%				
Director	Pinza Riccardo (§)	X	100%	X	100%				
Director	Franco Mosconi	X	---	X	100%				

No. of meetings held in the financial year	Board of Directors: 6	Internal Audit Committee: 3	Remuneration Committee: 1	Appointments Committee: ---	Executive Committee: ----

° Summary of reasons for any absence from the Committee or different composition from that recommended in the Code of Practice:
°° Summary of reasons for any absence from the Committee or different composition from that recommended in the Code of Practice:
Summary of reasons for any absence from the Committee or different composition from that recommended in the Code of Practice: Not envisaged

NOTE:
*The asterisk indicates if the Board member has been appointed by minority shareholders.
** This column indicates the number of appointments held by Board members or auditors in other companies listed on regulated markets, including overseas companies, finance, banking or insurance companies or of a relevant size. Greater detail on appointments is given in the Corporate Governance Report.
*** in this column, the "X" denotes a Board member appointed to a committee.
(§) The Non-executive Independent Director, Mario Amoroso, held this position until the Shareholders' Meeting of 7 May 2007;
The Non-executive Independent Director, Riccardo Pinza, was appointed by the Shareholders' Meeting of 7 May 2007.

Table 2: Board of statutory auditors

Position	Members	Percentage of attendance at Auditors' meetings	Numero altri incarichi**
Chairman	Leonardi Adolfo	100%	
Acting Auditor	Alessandri Giacinto	100%	
Acting Auditor	Poletti Giancarlo	100%	
Supplementary Auditor	Daltri Giancarlo	----	
Supplementary Auditor	Silvia Caporali	----	
Number of meetings held in the financial year: 12			

Required quorum for minority shareholders presenting lists of appointees for one or more acting members (from Article 148 TUF): a minimum of 3% of the share capital

NOTE:
* The asterisk indicates if the Auditor has been appointed from lists presented by minority shareholders.
** This column indicates the number of appointments as Director or Auditor held by the person in other companies listed on regulated markets. Greater detail on appointments is given in the Corporate Governance Report.

Table 3: Other provisions of the self-regulatory code of practice

	YES	NO	Summary reasons for differences to the recommendations of the Code
System of delegation and related party transactions			
Has the Board established their:			
a) limits	x		
b) implementation methods	x		
c) reporting intervals?	x		
Does the Board retain the right to examine and approve operations having a significant effect on assets or on the economic and financial standing of the Company (including those with related parties)?	x		
Has the Board set guidelines and defined the criteria to define "significant" operations?	x		
Are the above guidelines and criteria described in the Report?	x		
Has the Board defined appropriate procedures to examine and approve related party transactions?	x		
Are the procedures for approving related party transactions described in the Report?	x		
Procedures for appointing the most recent Board members and Auditors			
Was notice of the candidature for Board membership deposited at least ten days in advance?	x		
Was the candidature for Board membership accompanied by full information?	x		
Was the candidature for Board membership accompanied by indications that she/he was suitably qualified to be independent?	x		
Was the candidature to be an Auditor accompanied by full information?	x		
Shareholders' Meetings			
Has the Company approved procedure rules?		X	Limited number of shareholders present
Are the Procedure Rules attached to the Report (or is there an indication of where they may be obtained/downloaded)			
Internal Control			
Has the Company appointed a Head of Internal Control	x		
Organisational unit for internal control (from Article 9.3 of the Code)			Head of internal control
Investor relations			
Has the Company appointed an Investor Relations Manager?	x		
Organisational unit and contact details (address/telephone/fax/e-mail) of the Investor Relations Manager	Campana Stefano - Head Office: Cesena (FC) Via Larga, 201 - tel. 0547-319411 fax 0547-319313 E-mail: scampana@trevifin.com		

Register of persons having access to privileged information

The Board of Directors approved from 1 April 2006 the procedure relating to the existence and maintenance of the register of persons with access to privileged information, in accordance with Article 115-bis of the Finance Consolidation Act.

Internal Dealing

In the 2007 financial year, there were seventeen communications concerning internal dealing, of which sixteen concerned the Managing Director of the Company, Davide Trevisani, and one the Managing Director of the subsidiary Soilmec S.p.A., Simone Trevisani. All these communications were deposited with Borsa Italiana and are available on its website.

Treasury shares and shares in the controlling shareholder

At the balance sheet date, the Company held 366,500 of its own shares, equivalent to 0.573% of the share capital. The Company holds no shares and/or stakes in the controlling company, Trevi Holding APS.

Additional information

The company has had a subsidiary in Venezuela since March 2004 for the purpose of running the consortium that includes Trevi SpA (50%), Trevi – Finanziaria Industriale (45%) and SC Sembenelli Srl (5%), which won the contract awarded by CADAFE in Venezuela for the repair of the "Borde Seco" dam.

Within the time frame envisaged by the law, the company has introduced the Security Planning Document governed by Article 34 of the New Consolidation Act on privacy.

In accordance with Consob ruling 11971 of 14 May 1999, shares held personally by Board members and acting and supplementary auditors are as follows:

1-Shares held in TREVI – Finanziaria Industriale S.p.A.

Surname and name	Ownership capacity	No. of shares held at 31/12/06	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/07
Trevisani Davide	Held directly Held by spouse	1,699,854 56,447	117,915 -	252,194 -	1,565,575 56,447
Trevisani Gianluigi	Held directly	222,700	-	-	222,700
Trevisani Cesare	Held directly	186,414	-	-	186,414
Trevisani Stefano		-			-
Amoroso Mario		-	-	-	-
Moscato Antonio Claudio		-			-
Franco Mosconi		-	-	-	-
Teodorani Fabbri Pio		-	-	-	-
Bocchini Enrico	Held directly	1,000	-	-	1,000
Leonardi Adolfo		-	-	-	-
Alessandri Giacinto		-	-	-	-
Poletti Giancarlo		-	-	-	-
Daltri Giancarlo		-	-	-	-

Caporali Silvia		-	-	-	-

2- Shares held in the subsidiary SOILMEC S.p.A., with headquarters in Cesena (FC) Via Dismano, 5819 – Business Register of Forlì – Cesena no. 00139200406, share capital of Euro 5,160,000 fully paid-up, representing 1,000,000 ordinary shares of nominal value Euro 5.16 each.

Surname and name	Ownership capacity	No. of shares held at 31/12/06	No. of shares purchased	No. of shares sold	No. of shares held at 31/12/07
Trevisani Davide	Owner	16,800	-	-	16,800
Trevisani Gianluigi	Owner	10,200	-	-	10,200
Trevisani Cesare	Owner	3,000	-	-	3,000

Proposed allocation of profits

The profit in the Trevi – Finanziaria Industriale S.p.A. financial statements for the year ending 31 December 2007 was Euro 10,059,122, which we propose should be distributed as follows:

- 5%, equal to Euro 502,956, to the legal reserve;
- Euro 0.10 per share (total Euro 6.400.000) to the shareholders ranking for dividend with an ex-dividend date of 7 July 2008 and payment from 10 July 2008;
- the remainder Euro 3.156.166 to the extraordinary reserve.

Dear shareholders,

2007 was another exceptional year for Gruppo Trevi, during which we confirmed our excellent organic growth in all our international markets and had a substantial increase in profits.

These results can be attributed to the skill and commitment of our workforce. On behalf of the Board of Directors, I wish to thank them for their support and professionalism.

The size of the order portfolio makes us confident that 2008 will also be a positive year for Gruppo Trevi with a strong increase in revenues and profitability.

Cesena, 28 March 2008

For the Board of Directors
The Chairman
Mr. Davide Trevisani

Consolidated Financial Statements at 31 December 2007

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(Euro 000)

ASSETS	Note	31/12/2007	31/12/2006
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		39,187	37,961
Plant and equipment		125,091	99,171
Industrial and commercial equipment		19,142	17,178
Other assets		17,628	21,559
Fixed assets under construction and pre-payments		6,318	16,523
Total Tangible Fixed Assets	**(1)**	**207,365**	**192,391**
Intangible Fixed Assets			
Development costs		3,179	2,851
Industrial patents		726	611
Concessions, licences, brands		893	573
Other intangible fixed assets		591	881
Total Intangible Fixed Assets	**(2)**	**5,389**	**4,916**
Investment property	(3)	109	147
Investments	(4)	1,179	842
Tax assets for pre-paid taxes	(5)	12,296	10,617
Non-current financial derivative instruments	(6)	92	135
Held to maturity investments	(7)	200	200
Other non-current financial receivables	(8)	1,669	1,080
Trade receivables and other non-current assets	(9)	7,333	7,822
- of which with related parties		1,065	649
Total Financial Fixed Assets		**22,876**	**20,844**
Total Non-current Assets		**235,630**	**218,152**
Current Assets			
Inventories	(10)	170,755	118,339
Trade receivables and other current assets	(11)	254,070	236,054
- of which with related parties		15,001	11,976
Tax assets for current taxes	(11.a)	10,298	7,898
Current financial derivative instruments	(12)	65	164
Cash and cash equivalents	(13)	90,754	89,906
Total Current Assets		**525,942**	**452,361**
TOTAL ASSETS		**761,573**	**670,513**

Shareholders' Funds	Note	31/12/2007	31/12/2006
Share Capital and Reserves			
Share capital		31,817	32,000
Other reserves		23,792	37,296
Accumulated profits		45,078	25,916
Group share of net profit		55,788	26,760
Group Net Shareholders' Funds	**(14)**	**156,475**	**121,972**
Minorities share of capital and reserves		4,989	4,251
Minorities share of profit for the period		2,012	1,169
Minorities		**7,001**	**5,420**
Total Net Shareholders' Funds		**163,476**	**127,392**
LIABILITIES		**31/12/2007**	**31/12/2006**
Non-current Liabilities			
Non-current debt	(15)	145,163	172,637
Payables for other non-current financing	(15)	27,152	24,375
Non-current financial derivative instruments	(15)	4	121
Tax liabilities for deferred taxes	(16)	23,180	23,568
Post-employment benefits	(17)	14,833	16,067
Non-current provisions	(16)	5,229	4,129
Other non-current liabilities	(18)	1,288	2,966
Total Non-current Liabilities		**216,850**	**243,864**
Current Liabilities			
Trade payables and other current liabilities	(19)	290,494	218,366
- of which with related parties		6,431	3,923
Tax liabilities for current taxes	(20)	29,519	12,079
Current debt	(21)	50,952	61,397
Payables for other current financing	(22)	10,246	7,340
Current financial derivative instruments	(23)	37	76
Total Current Liabilities		**381,247**	**299,258**
TOTAL LIABILITIES		**598,097**	**543,121**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**761,573**	**670,513**

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

(Euro 000)

	Note	31/12/2007	31/12/2006
Revenues from sales and services	(24)	816,998	622,176
- of which with related parties		6,024	9,095
Other operating revenues	(24)	20,466	21,075
- of which non-recurring		395	874
- of which with related parties		395	
Increased in fixed assets for internal use		26,063	13,726
Changes in inventories of finished and semi-finished products		10,864	18,365
Raw materials and consumables		460,609	332,681
Changes in inventories of raw materials, ancillary materials, consumables and products		(36,831)	(18,122)
Personnel expenses	(25)	121,573	104,662
- of which non-recurring		(1,141)	
Other operating expenses	(26)	199,549	170,473
- of which with related parties		6,739	8,034
Depreciation	(1)-(2)	26,432	23,933
Provisions and write-downs	(27)	3,642	3,639
Operating Profit		99,417	58,077
Financial revenue	(28)	3,325	2,154
(Financial expenses)	(29)	(16,978)	(12,573)
Gains/ (losses) on exchange rates	(30)	109	(5,062)
Sub-total of Financial Income/ (Costs) and Gains/ (Losses) on Exchange Rates		(13,544)	(15,482)
Profit/ (loss) from associates	(31)	-	8
Pre-tax Profit		85,873	42,603
Tax	(32)	28,074	14,674
Net Profit		57,800	27,929
Attributable to:			
Parent Company shareholders		55,788	26,760
Minorities		2,012	1,169

		57,800	27,929
Basic Group Earnings per Share (€):	(33)	0,875	0,418
Fully Diluted Group Earnings per Share (€):	(33)	0,821	0,379

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(Euro 000)

Description	Share capital	Other Reserves	Accumulated profits	Group net profit	Minority share of capital and reserves	Minorities share of profit	Total shareholders' funds
Balance at 31/12/2005	32,000	37,708	14,692	12,824	3,969	875	102,068
Allocation of profit for 2005 and dividend distribution			11,224	(12,824)	815	(875)	(1,660)
Changes in the translation reserve		(7,694)			(533)		(8,227)
Effects of convertible loan issue		7,146					7,146
Cash flow hedge reserve		136					136
Net profit for the period				26,760		1,169	27,929
Balance at 31/12/2006	32,000	37,296	25,916	26,760	4,251	1,169	127,392
Allocation of profit for 2006 and dividend distribution			23,560	(26,760)	903	(1,169)	(3,466)
Changes in the translation reserve		(10,958)			(166)		(11,124)
Effects of convertible loan issue		(2,495)					(2,495)
Cash flow hedge reserve		(50)					(50)
Purchase of own shares	(183)		(4,398)				(4,581)
Net profit for the period				55,788		2,012	57,800
Balance at 31/12/2007	31,817	23,793	45,078	55,788	4,989	2,012	163,476

STATEMENT OF PROFITS/(LOSSES) TAKEN TO NET EQUITY

(Euro 000)

	31/12/2007	31/122006
Profit/ (losses) taken directly to cash flow hedge reserves	(50)	136
Profit/ (losses) for tax adjustments	278	-
Profit/ (losses) taken directly to translation reserves	(11,124)	(8,227)
Profit/ (losses) taken directly to net equity	(10,896)	(8,091)
Net profit	57,800	27,929
Net profit for the period	46,904	19,838

Attributable to:	45,058	19,202
Parent Company shareholders	1,847	636
Minorities		

CONSOLIDATED CASH FLOW STATEMENT

(Euro 000)

		Note	31/12/2007	31/12/2006
	Net income for the year		57,800	27,929
	Income taxes for the year	(32)	28,074	14,674
	Pre-tax profit		**85,873**	**42,603**
	Depreciation	(1)-(2)	26,432	23,934
	Financial (income)/ expenses	(28)-(29)	13,652	10,418
	Changes in the reserve for post-employment benefits	(16)-(17)	(493)	(180)
	Increase in the reserve for post-employment benefits	(16)-(17)	7,662	8,396
	Decrease in the reserve for post-employment benefits	(16)-(17)	(5,374)	(6,261)
	(Profit)/ loss from associates	(31)	-	(8)
	(Gains)/ losses on disposal of fixed assets	(24)-(26)	1,209	434
(A)	**Cash Flow from Operations before Changes in Working Capital**		**128,962**	**79,337**
	(Increase)/Decrease trade receivables	(9)-(11)	1,488	(33,086)
	(Increase)/Decrease inventories	(10)	(52,416)	(36,551)
	(Increase)/Decrease other assets		(23,680)	(16,480)
	Increase/(Decrease) trade payables	(19)	54,180	19,675
	Increase/(Decrease) other liabilities		17,070	10,631
(B)	**Changes in Working Capital**		**(3,358)**	**(55,810)**
(C)	Cash out for interest and other expenses	(28)-(29)	(12,080)	(10,418)
(D)	Cash out for taxes	(13)	(15,323)	(10,791)
(E)	**Cash Flow generated (absorbed) by operations (A+B+C+D)**		**98,200**	**2,318**
	Investments			
	Operating (investments)	(1)-(2)	(47,191)	(50,908)
	Operating divestments	(1)-(2)	4,142	1,514
	Net change in financial assets	(4)	(336)	150
(F)	**Cash Flow generated (absorbed) by investments**		**(43,386)**	**(49,245)**
	Financing activities			
	Increase/(Decrease) in share capital for purchase of own shares	(14)	(183)	-
	Other changes including those in minorities	(14)	(18,067)	(945)
	Increase/(Decrease) in debt, financing and derivative instruments	(15)-(21)	(38,032)	88,293
	Increase/(Decrease) in leasing liabilities	(15)-(22)	5,683	975
	Dividend distribution	(13)	(3,466)	(1,660)
(G)	**Cash Flow generated (absorbed) from financing activities**		**(54,064)**	**86,662**
(H)	**Net Change in Cash Flows (E+F+G)**		**749**	**39,735**
	Opening Balance of Net Liquid Funds		**88,312**	**48,576**
	Net Changes in Liquid Funds		**749**	**39,735**
	Closing Balance of Net Liquid Funds		**89,060**	**88,312**

Note: the entry Closing Balance of Net Liquid Funds includes: cash and cash equivalents (note 13),net of bank overdrafts (note 21).

DESCRIPTION	Note	31/12/2007	31/12/2006
Cash and cash equivalents	(13)	90,754	89,906
Bank overdrafts	(21)	(1,694)	(1,594)
Cash and cash equivalents net of bank overdrafts		89,060	88,312

The Notes to the Accounts are an integral part of the Financial Statements.

NOTES TO THE 2007 CONSOLIDATED FINANCIAL STATEMENTS

Profile and Business of the Group

TREVI - Finanziaria Industriale S.p.A. (henceforth "the Company") and the companies it controls (henceforth known as "Gruppo Trevi" or "the Group") is active in the following two sectors:

- Foundation engineering services for civil works and infrastructure projects and oil drilling services (henceforth "Special Foundations and Drilling Services Division");
- Manufacture of equipment for special foundations and drilling rigs for the extraction of hydrocarbons and water exploration (henceforth the "Mechanical Engineering Division").

These business sectors are organised within the four main companies of the Group:

- Trevi S.p.A., which heads the sector of foundation engineering;
- Petreven C.A., active in the drilling sector providing oil drilling services;
- Soilmec S.p.A., which heads the relative Division and manufactures and markets plant and equipment for foundation engineering;
- Drillmec S.p.A., which produces and sells drilling equipment for the extraction of hydrocarbons and water exploration.

TREVI – Finanziaria Industriale S.p.A is controlled by Trevi Holding A.P.S which, in turn, is controlled by I.F.I.T. S.r.l.. TREVI – Finanziaria Industriale S.p.A has been listed on the Milan stock exchange since July 1999.

These Financial Statements were approved by the Board of Directors on 28 March 2008. The Shareholders' Meeting has the power to alter the Financial Statements on the recommendation of the Board of Directors.

For information on the business areas in which the Group operates, on related party transactions and on events subsequent to the balance sheet date, please see the Review of Operations.

General presentation criteria

Pursuant to EC Regulation no. 1606/2002 of 19 July 2002, the Consolidated Financial Statements of Gruppo Trevi to 31 December 2007 have been prepared and presented in accordance with the International Accounting Standards issued by the I.A.S.B. – International Accounting Standards Board - and adopted by the European Commission (henceforth singly IAS or IFRS, together IFRS) and currently in force, and according to the SIC/IFRC interpretive standards published to date by the Standing Interpretations Committee and by the International Financial Reporting Interpretations Committee.

Preparation of Financial Statements

The Consolidated Income Statement uses aggregated costs as this classification is deemed more useful for understanding the results of the Group.

The Balance Sheet is classified using the operating cycle of the Company to make the distinction between current and non-current items. On this basis, assets and liabilities are considered current if it is assumed that they will be realized or settled within a normal operating cycle of the Group and within twelve months of the balance sheet date.

The Cash Flow Statement is prepared using the indirect method to determine financial flows deriving from financial or investment activities.

In preparing the Consolidated Financial Statements, the Parent Company and the Italian and foreign subsidiaries have prepared their income statements, balance sheets and cash flow data in accordance with IAS/IFRS principles, adjusting the figures that have been prepared under the regulations enacted locally.

Principles of Consolidation

Subsidiaries

Companies are considered subsidiaries when the Parent Company has the right to directly or indirectly exercise control over the management of the company and to obtain the benefits of its activities. Control is presumed to exist when the Group holds the majority of the voting rights; the definition of control also assumes any potential voting rights which at the date of the Financial Statements can be exercised.
The accounts of subsidiaries are consolidated using the line by line method from the time that control is acquired until such time as this control is relinquished.
Under IFRS 3 (Business Combinations), the purchase method is used for the acquisition costs of subsidiaries acquired by the Group whereby:

- the acquisition cost is made up of the fair value of assets given, taking into account any equity instruments issued or any liabilities assumed, plus any costs directly attributable to the combination;
- the excess of the cost of the business combination over the fair value of the share of the net assets acquired by the Group is accounted as goodwill;
- if the acquisition cost is lower than the fair value of the share of the net assets acquired by the Group, the difference is recognized in the Income Statement.

The reciprocal debit/credit and cost/revenue relationships for companies within the area of consolidation, and the effects of all significant transactions among these companies, are transparent. Unrealised profits with third parties deriving from infragroup transactions, including those from a valuation done at the balance sheet date of inventories, are eliminated.
The share of net equity pertaining to minority shareholders has an appropriate entry in the Financial Statements whilst that pertaining to third parties is shown as a specific item in the Consolidated Income Statement.

Associated Companies

Associated companies are those in which the Group exercises significant influence but where it does not have operating control. It is deemed to have significant influence when it holds an important share (between 20% and 50%) of the voting rights in the Shareholders' Meeting of a company.
The Group's share of the profits or losses of associated companies, following acquisition of the shareholdings in these companies, is recognized in the Consolidated Income Statement.
The equity accounting method is as follows:

- The Group's share of the profit or losses are recognized in the Consolidated Income Statement of the Consolidated Financial Statements from the date on which significant influence or joint control began until the date on which such influence or joint control ceases. The variations in the asset values of companies valued using the equity method and not included in the Income Statement are taken as an adjustment to reserves in the balance sheet;
- Unrealised profits and losses resulting from transactions between the Parent Company or its subsidiaries and associates

are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated except where they represent a reduction in the value of the associate.

- The excess of the cost of acquisition over the fair value of the Group's interest in the net assets acquired is recognized as goodwill; if the acquisition cost of the net assets is lower than the fair value of the interest of the Group in the associate, the difference is recognized immediately in the Income Statement.

Joint Venture

IAS 31 (Financial Reporting of Interests in Joint Ventures) defines a Joint Venture as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and requires that they either be proportionally consolidated or equity accounted,

Under proportionate consolidation the balance sheet of the venture includes its share of the assets, liabilities, revenues and costs of the jointly controlled entity. Investments acquired or divested in the course of a financial year are consolidated for the period of joint control.

Translation to Euro of Financial Statements of foreign companies

The financial statements of foreign companies that are consolidated are converted into Euro applying exchange rates prevailing at the year end to assets and liabilities and the average exchange rates for the financial period for the Income Statements. Exchange rate differences deriving from the conversion of the opening assets and liabilities at the exchange rate prevailing at the year end and that prevailing at the start of the year and those deriving from the translation of the Income Statement using average exchange rates are recognized in a translation reserve included in shareholders' equity.

The exchange rates used in the 2007 Financial Statements are as follows (foreign exchange: Euro 1.00):

Currency		Average exchange rate for the period	Exchange rate at balance sheet date	Average exchange rate for the period	Exchange rate at balance sheet date
		31/12/2007	31/12/2007	31/12/2006	31/12/2006
Sterling	GBP	0,6846	0,7334	0,6818	0,6715
Japanese Yen	JPY	161,2408	164,9300	146,0624	156,9300
US Dollar	USD	1,3706	1,4721	1,2557	1,3170
Turkish Lira	TRL	1,7866	1,7170	1,8070	1,8640
Argentine Peso	ARS	4,2708	4,6369	3,8602	4,0451
Venezuelan Bolivar	VEB	2.943,1750	3.161,0400	2.696,2883	2.827,9900
Nigerian Naira	NGN	172,1348	174,3700	161,2970	169,3440
Singaporean Dollar	SGD	2,0636	2,1163	1,9940	2,0202
Philippine Peso	PHP	63,0188	60,7240	64,3615	64,5460
Chinese Renmimbi	CNY	10,4186	10,7524	10,0090	10,2793
Malay Ringgit	MYR	4,7076	4,8682	4,6031	4,6490
U.A.E. Dirham	AED	5,0334	5,4066	4,6120	4,8371
Algerian Dinar	DZD	95,3201	98,2547	91,4218	93,6974
Swedish Crown	SEK	9,2521	9,4415	9,2533	9,0404
Hong Kong Dollar	HKD	10,6928	11,4800	9,7549	10,2409
Iranian Rial	IRR	12.721,5333	13.664,0000	11.516,1333	12.146,7000
Indian Rupee	INR	56,5888	58,0210	56,572	62,48

Area of consolidation

The area of consolidation has varied in respect of 31 December 2006 as follows:

- Soilmec Found. Equipment Pvt. Ltd (India), 80% controlled by Soilmec Hong Kong, was set up.
- Gomec S.r.L. (Italy), 60% controlled by Drillmec S.p.A., was set up.
- Trevi Energy S.p.A. (Italy), 100% controlled by the Parent Company, was set up.
- Trevi Panamericana S.A. (Republic of Panama), 100% controlled by Trevi Cimentaciones C.A., was set up.
- Trevi Austria Ges.m.b.H (Austria), 100% controlled by Trevi S.p.A., was set up.

Since the companies, Soilmec Found. Equipment (India), Trevi Panamericana, Trevi Energy S.p.A., and Trevi Austria Ges.m.b.H. are all in a start-up phase and PSM S.r.L., Gomec S.r.L. and Kiewit/Trevi Icos generated in total circa Euro 21.6 million of revenues in 2007, Management believes that these additions have no significant influence on the comparability of the 2007 Financial Statements with those of 2006.

In the Attachments to the Notes to the Accounts, there is a table showing the Group structure which lists the companies consolidated at 31 December 2007.

Associated companies in which the Parent Company has a direct or indirect holding which does not constitute control, as well as non-operative Joint Ventures, where the work for which they were set up is almost complete or is about to be completed, are equity accounted. Attachment 1 shows the holdings valued using the equity accounting method. The values under the equity accounting method use the most recent Financial Statements approved by these companies as the point of reference.

Minority holdings and minority stakes in consortia or non-operative companies are valued using the cost accounting method and adjusted for persistent impairment losses. In particular, limited liability consortia and consortia specifically set up as operating entities for projects or works acquired by a consortium including other companies and in existence for a limited period, which have financial statements with no operating result because they off-set any direct costs by a corresponding debit to the combined businesses of the consortium, are cost accounted

Profuro International Lda, Trevi Park PlC, Hercules Trevi Foundation A.B., and Trevi Spezialtiefbau Gmbh, have been accounted for at cost since they are considered of insignificant size. These companies were set up in prior years for specific projects in their relative countries. On completion of these projects, the Group retained these companies, albeit completely inoperative, in case of future business opportunities. The percentage held in these companies is as follows:

Company	% held
Profuro International Lda	47.50%
Trevi Park Plc	26.50%
Hercules Trevi Foundation A.B.	49.50%
Trevi Spezialtiefbau Gmbh	99.00%

For greater detail, please see the table showing the Group Structure (Attachment 2).

Valuation criteria

The most significant criteria adopted in the preparation of the Financial Statements at 31 December 2007 are the following:

NON-CURRENT ASSETS

Tangible fixed assets

The operating tangible fixed assets are valued using the cost method as required by IAS 16. In accordance with this, tangible assets are stated at their acquisition or construction cost, including contingent costs and costs incurred, and subsequently adjusted for depreciation, impairment losses and revaluations.

Depreciation is calculated and charged to the income statement on a straight line basis over the useful life of the asset on the depreciable amount, equal to the cost of the asset at the recognition date less its residual value.

The cost to purchase or produce the asset is the cash price equivalent at the recognition date, except where the payment is deferred beyond the normal credit terms when the difference between the cash price equivalent and the total payment is recognized as interest over the period of the credit.

Financial costs contingent on the acquisition, construction or manufacture of a tangible fixed asset are charged to the Income Statement.

The capitalization of costs contingent on adding to, updating or improving assets for the Group's own use or in use from third parties is only effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.

The depreciable amount of each significant element of a tangible fixed asset with a different useful life is apportioned on a straight line basis over its estimated useful life.

Description	Years	%
Land	Indefinite useful life	
Industrial buildings	33	3%
Lightweight buildings	10	10%
Generic equipment and accessories	20	5%
Drilling equipment	13	7.5%
Various and smaller equipment	5	20%
Motor vehicles	5-4	18.75%-25%
Transport vehicles	10	10%
Excavators and piles	10	10%
Office furniture and fittings	8.3	12%
Electromechanical office machinery	5	20%
Motorised tenders	20	5%

Note: The estimated useful life of the industrial building at Gariga di Podenzano (PC), the headquarters of Drillmec S.p.A.,is20 years

The criteria for the depreciation rate used, the useful life and the residual value are calculated at least as often as the end of each financial year in order to take account of any significant changes.
The capitalized costs for improvements to third-party assets are recognized in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.
The carrying value of tangible fixed assets remains on the balance sheet as long as that value can be recouped from their use.
Ordinary maintenance costs are entirely charged to the Income Statement. Those increasing the value of the asset, by extending its useful life, are capitalized.

Leasing contracts

Financial leasing contracts are accounted for in accordance with IAS 17. This requires that:

- The cost of leased assets is recognized in fixed assets and is depreciated on a straight line basis for the estimated useful life of the asset; there is a corresponding entry for financial payables towards the lessor for an amount equal to the fair value of the leased asset;
- Lease payments are recognized in such a way as to separate the financial element from the capital element, considered as repayment of the outstanding liability to the lessor.

Leasing contracts where the lessor retains almost all the risks and rewards of the asset are classed as operating leases and the lease payments are recognized as an expense in the income statement over the lease term on a straight line basis.

Intangible fixed assets

Intangible assets acquired or produced internally are recognized at the cost of acquisition or production when it is probable that use of the asset will produce future economic benefits and when the cost of acquiring or producing the asset can be reliably determined. These assets are valued at acquisition or production cost.

Those intangible assets having a finite useful life are depreciated on a straight line basis over the estimated useful life of the assets as follows:

Description	Years	%
Development costs	5	20%
Industrial patents and use of intellectual property and software	5	20%
Concessions, licences and brands	5	20%
Other fixed intangible assets	5	20%

Assets with an indefinite useful life, such as goodwill, are not depreciated but are subject to annual assessments (impairment tests) to identify any impairment losses or, more frequently, if there is any indication that the assets might be impaired.

Development costs:

Research costs are recognized in the Income Statement at the time they are incurred. Development costs that are required by IAS 38 to be classified as an asset (when there is the technical capacity, the intention and capability, the availability of necessary resources to complete the asset for use or sale, or the ability exists to make a reliable assessment of the attributable development costs) are usually depreciated over five years on the basis of their estimated future useful life from the moment such assets are available for economic use. The useful life is assessed and modified if there is any estimated change in its future usefulness.

Industrial patents, use of intellectual property, concessions, licences and brands:

These are valued at cost net of accumulated depreciation, calculated on a straight line basis for the duration of the useful life barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as the end of each financial year in order to take account of any significant changes

Investment property

This balance sheet item contains fixed assets which under IAS 40 (Investment Property) are not considered essential to the business activities of the company.
Such assets include property held to earn rentals or for capital appreciation when the cost of the property can be reliably measured and the future economic benefits associated with it will flow to the business; the cost is depreciated on the basis of the estimated future economic life of the asset.

Investments

For details of the investment values in subsidiaries not fully consolidated or in associate companies, please refer to the information given in the section “Area of Consolidation”.

Financial assets

Financial assets are designated under the following categories:

- Held-to-maturity investments: investments in financial assets with fixed maturities and determinable or fixed payments which the Group has the intention and capacity to hold to maturity;
- Available for sale financial assets: financial assets other than those in the preceding paragraph or those designated as such from the start.

The Group decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.
After the initial recognition, the financial assets at fair value through profit and loss and the available-for-sale financial assets are measured at fair value. Gains or losses deriving from variations in the fair values of the financial assets at fair value through profit and loss are recognized in the income statement in the financial year they occur. The unrealised gains or losses deriving from variations in the fair value of assets designated as financial assets available for sale are recognized in equity.
The held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost net of any persistent impairment loss.
The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment.
At each balance sheet date the presence of any indications that assets may be impaired is assessed and any losses are charged to the Income Statement. Previously recognized impairment losses are reversed if the reason for the original recognition of the impairment no longer exists.

Treasury shares

In accordance with IAS 32, when the Group's own equity instruments are reacquired, these treasury shares are deducted from equity under the entry Treasury shares. Gains or losses are not recognized in the Income Statement on the purchase, sale or cancellation of treasury shares.
Any consideration paid or received, including any transaction cost directly attributable to the capital transaction, net of any associated tax benefit, is recognized directly as a change in net equity.

Grants

In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), grants are recognized, even without a formal confirmation, when there is a reasonable assurance that the company will adhere to the conditions attached to the grant and that the grant will be received.
The grant is recognized in the income statement on the basis of the useful life of the benefit for which it is given, by means of the deferral method in order to deduct the calculated depreciation.
A grant relating to expenses and costs already incurred or for immediate financial support to a company, with no future related costs, is recognized as income in the period in which it is received.

Impairment

A tangible or intangible asset is impaired when the carrying value in the Balance Sheet exceeds the recoverable value. Under IAS 36, the aim of the impairment test is to ensure that tangible and intangible assets do not have a carrying amount in the accounts that exceeds their recoverable amount, the greater of their net selling price or the value in use.
The value in use is the discounted present value of estimated future cash flows expected to arise from the asset or the cash-generating unit to which the asset belongs. The expected cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.
If the carrying amount exceeds the recoverable cost, the assets or the cash-generating units to which the assets belong, are adjusted down to reflect the recoverable amount. The impairment losses are charged to the Income Statement.
The impairment test is carried out when conditions either internal or external to the company indicate that the assets have been impaired. Goodwill or other intangible assets of indefinite useful life are tested for impairment at least annually.
If the conditions that caused the impairment no longer exist, the impairment loss is reversed proportionally until, as a maximum level, the value the asset would have had, net of depreciation calculated on its historical cost, is reached. Reversal of an impairment loss is recognized as income in the Income Statement.

Reversal of an impairment loss for goodwill is prohibited under international accounting standards.

CURRENT ASSETS

Inventories

Inventories are carried at the lower of purchase cost and net realizable value; any impairment losses accounted for are reversed if in future financial periods the causes of the impairment no longer exist.
The cost is calculated using the average weighted cost method for raw materials, ancillary materials, consumable and semi-finished materials and the specific cost for the other categories of inventories.

Contract work in progress

A construction contract is defined by IAS 11 (Accounting for Construction Contracts) as a contract specifically negotiated for the construction of an asset or a group of interrelated assets or interdependent as far as regards their planning, technology and function or their final use. Contract costs are expensed in the financial year they are incurred. Contract revenues are recognized in proportion to the stage of completion of contract activity at the date of the financial statements when the outcome of the contract can be estimated reliably.
When the outcome of a contract cannot be estimated reliably, the revenues are recognized only to the extent that contract costs incurred are expected to be recoverable.
When it is likely that the total costs of a contract exceed the total revenues of the contract, the total estimated losses are immediately recognized as a cost.
Contract revenues are recognized in proportion to the stage of completion of contract activity, on a cost-to-cost basis, whereby the proportion of contract costs incurred for work performed at balance sheet date to the estimated total contract costs is calculated.
Contract work in progress is shown in the Balance Sheet as follows:

- The amounts due from contractors is included in assets, under trade receivables and other current assets, when the costs incurred, plus the related profits (less the related losses) exceed any advances received;
- The amounts due to contractors is included in liabilities, under trade payables and other current liabilities, when the advances received exceed the costs incurred plus the related profits (less the related losses).

Trade receivables and other current assets

Receivables due within the credit terms or which carry interest at market rates are not discounted but are recognized at nominal value net of an allowance for doubtful receivables so that their value is in line with the estimated realizable value.
Receivables are recognized at their estimated realization value; this value approximates the amortised cost. If this is expressed in foreign currency, it is translated using the exchange rate at the balance sheet date.
This Balance Sheet item also includes the share of costs and revenues spread over two or more years to reflect the time proportion principle correctly.
Receivable sales with recourse and those without recourse, which under IAS 39 do not classify for elimination of the assets from the balance sheet because the relative risks and benefits have not substantially been transferred, remain in the Balance Sheet of the Group even if they have been legally transferred.

Cash and cash equivalents

Cash and cash equivalents are highly liquid short-term investments (with an original maturity of no more than three months), easily convertible into considerable sums of cash and subject to no relevant variation from fair value.
For the Cash Flow Statement, cash and cash equivalents include cash, bank accounts, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included in financial debts as part of current liabilities.

EQUITY AND LAIBILITIES

- Issued share capital

This item is the subscribed and fully paid up share capital; it is shown at nominal value. The acquisition of treasury shares, valued at the consideration paid, including any related costs, is recognized as a change in shareholders' funds and the nominal value of the treasury stock is deducted from shareholders funds whilst the difference between the purchase cost and the nominal value of the treasury stock is deducted from reserves.

- Share price premium

This item is the excess of the issue price of the shares compared to their nominal value and this reserve also includes the difference of the conversion price of the bonds to shares.

- IAS Reserve

This entry includes the adjustments made on the first-time adoption of IAS/IFRS on 1 January 2004.

- Other reserves

These include capital reserves with a specific destination within the Parent Company.

- Accumulated profits (losses)

This item includes the economic results of prior financial years which have not been distributed or taken to reserves (in the case of profits) or covered (in the case of losses), and movements from other equity reserves when the need for which the latter were set up no longer exists.

Financing agreements

These are initially recognized at cost on the day they are raised, which is equal to the fair value of the sum received net of related costs. Subsequently, financing transactions are valued with the amortised cost method using the current interest rate.

Indirect Convertible Bond

The liability part of the Indirect Convertible Bond is shown in the Balance Sheet as debt, net of transaction costs, whilst payments related to this instrument are shown as financial costs in the Income Statement.
At the time of issue, the fair value of the debt component is calculated using the market value of equivalent non-convertible

bonds; this amount, classed as long-term debt, is accounted for by the amortised cost method until extinction through conversion or repayment.
The residual amount is the conversion option, which is recognised in equity, net of transaction costs and the related tax effect. Subsequently, the accounting value of the conversion option remains unchanged.
The transaction costs for the issue of the financial instrument are attributed to the liability and capital parts of the instrument in proportion to the value of each component as recognised when first entered in the Financial Statements.

Employee benefits

- Short-term benefits

Short-term employee benefits are charged to the Income Statement in the period of service rendered by the employee.

- Post-employment benefits

The group recognizes certain benefits to its employees post-employment (TFR [Staff Termination Fund] for the Italian companies of the Group and pension benefits for the foreign companies). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required. Under IAS 19, the liability is valued using the Projected Unit Credit Method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (for example, the mortality rate, the rotation rate of personnel) and financial assumptions (for example, the discount rate).
The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in the Income Statement in the year in which they are realized. The Group has not used the so-called "corridor" approach for recognising actuarial gains and losses.

The Italian Accounting Commission (OIC), with the document approved by the Executive Committee on 26 September 2007, referring to Appendix 1 of the Operating Guide of 2005 for the transition to International Accounting Standards (IAS/IFRS), has given further indications, in addition to those in the original document, concerning the calculation and disclosure of the staff termination indemnities (TFR) of employees of Italian companies within the Group, following the new rules in Law 296 of 27 December 2006 (the Finance Law 2007) and of the relative enactment decree of the Ministry for Employment and Social Security No. 70 of 3 April 2007.
The OIC document does not alter the previous opinion on staff-leaving indemnities matured to 31 December 2006, which remain within the Company and are considered defined benefit plans. However, the new document asserts that, to comply with IAS 19 for the accounting treatment of settlement or curtailment changes to the post-employment plan, the staff leaving indemnity matured must be subject to a different calculation, which results in a significant change due to the absence of the previous actuarial assumptions concerning salary increases. In other words, the liability for staff-leaving indemnities which remain within the Company may no longer be modified by subsequent events.

- Defined benefits plan

The Group participates in state defined contribution plans. The contributions paid fulfil the obligations of the Group towards its employees. The contributions are costs recognized in the period in which the benefit is earned.

Provisions for potential risks and costs, assets and liabilities

Risk and costs provisions are probable liabilities where the amount and/or timing of the obligation derive from a past event and where the fulfilment of that obligation will result in an outflow of financial resources. Provisions are made exclusively for existing obligations, either legal or implicit, deriving from a past event where at the balance sheet date a reliable estimate of the amount of the obligation can be made. The amount provided represents the best estimate of the amount necessary to fulfil that obligation made at the balance sheet date. Provisions made are re-assessed at the end of each accounting period in the year and adjusted to reflect the best current estimate.

Where settlement of the obligation is likely to be beyond the normal credit terms, the amount of the provision represents the estimated value of the future obligation discounted to its present value.

Potential assets and liabilities are not entered in the balance sheet; however information is provided for those of a significant amount.

Income taxes

Current income taxes are determined on the basis of estimated taxable income for the financial year according to the enacted legislation and at the tax rates payable on the balance sheet date.

Deferred taxes are calculated for all temporary differences between the carrying values of assets and liabilities and the fiscal valuation of assets and liabilities (the liability method). Deferred taxes are calculated using the tax rates expected to apply when the temporary differences will be realized or settled.

Current and deferred taxes are shown in the Income Statement except where they refer to entries directly debited or credited in the Balance Sheet.

Pre-paid taxes relating to consolidation operations or the temporary differences between taxable results and the results of the companies, as derived from the financial statements used for the consolidation, are recognized to the probable amount that there will be future taxable income against which they can be offset.

Derivative instruments

Gruppo Trevi has adopted a Group policy approved by the Board of Directors on 1 February 2008. Under IAS 39, recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For those contracts designated as held for trading, changes in fair value are recognized directly in the Income Statement.

For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in the Income Statement, independent of the valuation criteria adopted for the latter.

For Cash Flow Hedges, changes in fair value are recognized directly in equity if the hedging instrument is determined to be an effective hedge whilst the portion determined as ineffective is recognized in the Income Statement. The changes recognized in equity are recycled to the Income Statement in the same financial period or periods in which the hedged asset or liability affects profit or loss.

Purchase or sale of derivative instruments (for trading or cover) is recognised at the trade date.

Risk management

The Finance Management of the Parent Company and the financial officers of the individual companies within the Group manage the financial risks to which the Group is exposed following the guidelines laid down in the Treasury Risks Policy, approved by the Board of Directors on 1 February 2008.

Risk factors

The financial assets of the Group are mainly cash and short-term deposits linked directly to the operating activities. The financial liabilities include bank financing, indirect bond loans and leasing agreements which are primarily to finance the operating activities.

The general risks associated to these financial instruments are interest rate, exchange rate, liquidity and credit risks.

Gruppo Trevi constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum.

Risk management of interest rate and exchange rate risks is mainly carried out by the Parent Company and the sub-holding companies; the individual operating companies of the Group monitor credit risk.

The following paragraphs include some sensitivity analyses to measure the impact of potential scenarios on some of the risks to which the Group is exposed.

To manage and reduce interest rate and exchange rate risk, both deriving from the Group's operating business, the Group has had recourse to derivative instruments in the 2007 financial period.

Interest rate risk

Interest rate risk is linked to short and long-term financing at variable rates.

The Group policy is to conclude variable rate funding agreements and then to evaluate the need to cover the interest rate risk by exchanging the exposure to a variable rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Group agrees to exchange, at determined intervals, the difference between the fixed rates and the variable rates calculated on a pre-determined notional capital.

At 31 December 2007, taking into account the effect of these contracts, circa 35% of Group financing was fixed rate.

At 31 December, Gruppo Trevi had five interest rate swap contracts outstanding with leading financial counterparts, exclusively to cover existing operations and with no speculative aim. They were:

- (*) Euro 3,500,000 Interest Rate Swap of five years duration, maturing on 25/08/08;
- (**) Euro 4,762,145 (originally Euro 9,775,196) Interest Rate Swap, on the depreciation plan of a leasing contract, of five years duration and maturing on 22/12/2009.
- (**) Euro 130,969 (originally Euro 1,380,801) Interest Rate Swap, on the depreciation plan of a financing agreement, of three years duration and maturing on 22/03/2008.
- (*) Euro 2,000,000 Interest Rate Swap of five years duration, maturing on 27/07/2008;
- (**) Euro 3,000,000 Interest Rate Swap, on the depreciation plan of a financing agreement, of six years duration and maturing on 31/12/2012.

(*) valued at fair value as not considered an effective hedge under IAS 39.

(**) accounted as a cash-flow hedge as considered an effective hedge under IAS39.

To measure the interest rate risk, a sensitivity analysis was carried out by applying rates of Euribor different to that prevailing on all variable rate debt and all existing deposits at 31 December 2007.
The results were the following

(Euro 000)	Interest rate risk	
	-50 bps	+50 bps
Cash and cash equivalents	(387)	387
Bank debt	629	(629)
Debt to leasing companies	169	(169)
TOTAL	**411**	**(411)**

This analysis shows that a 50 bp increase in Euribor results in an increase in consolidated net financial expenses of circa Euro 411,000.

At 31 December 2006, all other things being equal, a 50 bp increase in Euribor resulted in an increase in net consolidated financial expenses of circa Euro 549,000.

A similar sensitivity analysis was carried out on the interest swaps accounted as cash-flow hedges in the Balance Sheet to 31 December.
A 50 bp increase in the reference Euribor rate implied a 43% increase in the fair value of these derivative instruments (an Euro 85,000 increase in the fair value reserve), all other things being equal.
A reduction of 50 bps implied a 43% reduction (Euro 85,000) with respect to the fair value of these same derivative instruments. The effect of these changes on the economic value of the IRS, valued at fair value as considered ineffective under IAS 39, is negligible.
For the aforementioned analyses, the fair value of the derivative contracts considered was calculated using the interest rates ruling at 31 December 2007.

Exchange rate risk

The Group is exposed to the risk inherent in movements in exchange rates as these affect the financial results of the Group. Exchange rate exposure can be:

- **Transaction-related**: movements in the exchange rate between the date on which a financial undertaking between counterparts becomes highly likely and/or certain or the date in which the undertaking is settled; these movements cause a variation in expected and effective cash flows;
- **Translation-related:** movements in the exchange rate cause a variation in the figures of financial statements expressed in currency when these are translated into the currency of the Parent Company (Euro) in order to prepare the Consolidated Financial Statements. These movements do not cause an immediate variation in the expected cash flows compared to the effective cash flows but have an accounting effect on the Consolidated Financial Statements of the Group. The effect on the cash flows is only manifest when transactions are carried out on the capital of companies within the Group which prepare their accounts in foreign currencies.

The group regularly assesses its exposure to exchange rate risks; it uses instruments that correlate the cash flows and counterbalance them in the same currency, advance commercial financing in the same currency as the sales contract, forward

selling of currency and the use of derivative instruments. The Group does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognized in the Income Statement as financial income/costs.
In particular, the Group manages the transaction risk. Exposure to movements in exchange rates is due to its activities in many countries and in currencies other than the Euro, in particular, the US dollar and those currencies linked to the US dollar. Since it has important operations in countries with US dollar-related currencies, the Group can be significantly affected by movements in the Euro/US dollar exchange rate.
At the end of 2007, in order to protect itself from movements in the Euro/US dollar exchange rate, the Group had defined term sale contracts with leading financial counterparts for a total of US$ 6,000,000 expiring during 2008, the fair value of which was Euro 64,825.
The fair value of a defined term contract is calculated taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, using the exchange rate and the difference in interest rates ruling at 31 December.
In 2007, the Group also took out hedging contracts against fluctuations in the currencies of the Latin American countries in which it operates. None of these contracts were open at the end of the financial year.
To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out.
The Consolidated Balance Sheet entries considered to be the most important for this analysis were the following:
trade receivables, infragroup receivables and payables, trade payables, debt, cash and cash equivalents and financial derivatives.
The sensitivity analysis was carried out on the values of these entries at 31 December 2007.
The analysis focussed only on those items in currencies different to those used in the individual financial statements included in the Consolidated Financial Statements.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, all other things being equal, would be negative for circa Euro 756,000.
Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, all other things being equal, would be positive for Euro 756,000. This impact is mainly attributable to the adjustment to infragroup trade-related transactions, payables to and receivables from suppliers in foreign currency and financial items in foreign currency with third-parties.

The results of these analyses were as follows:

(Euro 000)	EUR/US$ Exchange rate risk	
	USD + 5%	USD - 5%
Trade receivables in foreign currencies	504	(504)
Infragroup receivables and payables	1.701	(1.701)
Financial items to third parties	1.485	(1.485)
Payables to suppliers in foreign currencies	(2.633)	2.633
Hedging in foreign currencies	(300)	300
TOTAL	**756**	**(756)**

At 31 December 2006, a 5% devaluation of the US dollar against the Euro would have had a negative impact on Pre-tax profit of circa Euro 723,000.

Liquidity risk

Liquidity risk is the risk that the available financial resources will be inadequate to meet maturing obligations. At the current date, the Group maintains that its cash flow generation, the wide range of financial resources and the availability of credit lines in all the technical forms necessary for the execution of its business, is sufficient to meet its budgeted financial requirements.

The Group controls liquidity risk by aiming at an appropriate mix of sources of financing for the various companies, which permits the Group to maintain a balanced Group capital structure (financial debt/equity) and debt structure (medium/long-term debt to short-term debt), as well as balancing the maturities of the debt financing and diversifying the sources of financing.

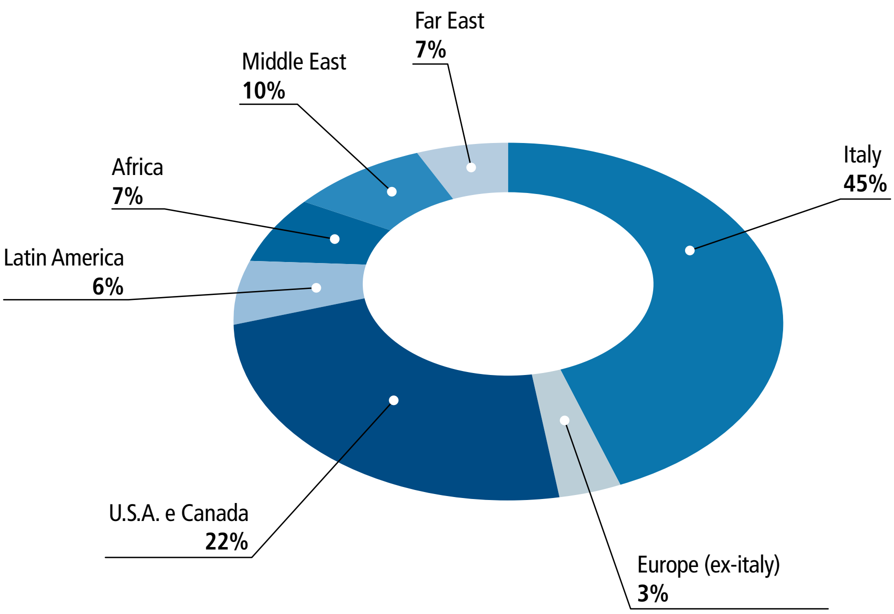
In addition to the constant monitoring of the liquidity situation, all the companies within the Group produce periodic cash flow statements and projections, which are consolidated and analysed by the Parent Company.

In order to be adequately prepared to face the possibility of liquidity risk, the Group had circa Euro 35 million in unutilised committed revolving credit lines at the balance sheet date. These lines have been arranged with leading financial institutions.

In addition to these credit lines and the other existing medium/long-term financing, the Group has bank guarantees for commercial and financial operations worth over Euro 600 million, with both Italian and international counterparts.

The funding activity is mainly carried out by the Parent Company and by the sub-holding companies; for certain operational necessities financing is also negotiated by the individual operating companies in the Group. The major part of the Group's existing financing is in Euro.

A breakdown of the liquidity available to the Group by geographical area at 31 December 2007 is given below:



At year-end, Group bank financing was divided between short-term and long-term financing as follows:

Short-term financing (Euro 000)

Geographical region	31/12/2007	31/12/2006	Change
Italy	42,569	50,135	(7,566)
Europe (ex-Italy)	1,707	1,936	(229)
USA and Canada	741	4,480	(3,739)
Latin America	3,638	2,885	752
Africa	0	0	0
Middle East	1,086	417	669
Far East	1,213	1,542	(329)
Rest of the world	0	0	0
Total	**50,953**	**61,395**	**(10,442)**

Medium/Long-term financing (Euro 000)

Geographical region	31/12/2007	31/12/2006	Change
Italy	134,125	161,761	(27,636)
Europe (ex-Italy)	932	1,144	(212)
USA and Canada	0	0	0
Latin America	8,221	9,143	(922)
Africa	0	0	0
Middle East	1,886	587	1,298
Far East	0	0	0
Rest of the world	0	0	0
Total	**145,163**	**172,636**	**(27,472)**

The value of medium/long-term financing in the Balance Sheet equates to its fair value; the entire debt is at variable rates with the exception of the convertible bond (Euro 63,131), which is fixed rate and therefore is valued at amortised cost. At 31 December 2007, the outflow of short-term bank financing was Euro 57,896; at the same date, that of medium/long-term financing was Euro 163,597.

The geographical breakdown of all the financial liabilities, including not only bank debt but also financial derivative liabilities, financial leases, payables for other financing and trade payables, are given in the following table:

Short-term financial instruments (Euro 000)

Geographical region	31/12/2007	31/12/2006	Change
Italy	201,883	169,804	32,079
Europe (ex-Italy)	29,999	23,497	6,502
USA and Canada	8,389	12,793	(4,404)
Latin America	13,006	10,834	2,172
Africa	3,973	2,566	1,407
Middle East	29,525	24,742	4,783
Far East	2,570	2,481	89
Rest of the world	2,260	777	1,483
Total	**291,605**	**247,495**	**44,111**

Long-term financial instruments (Euro 000)

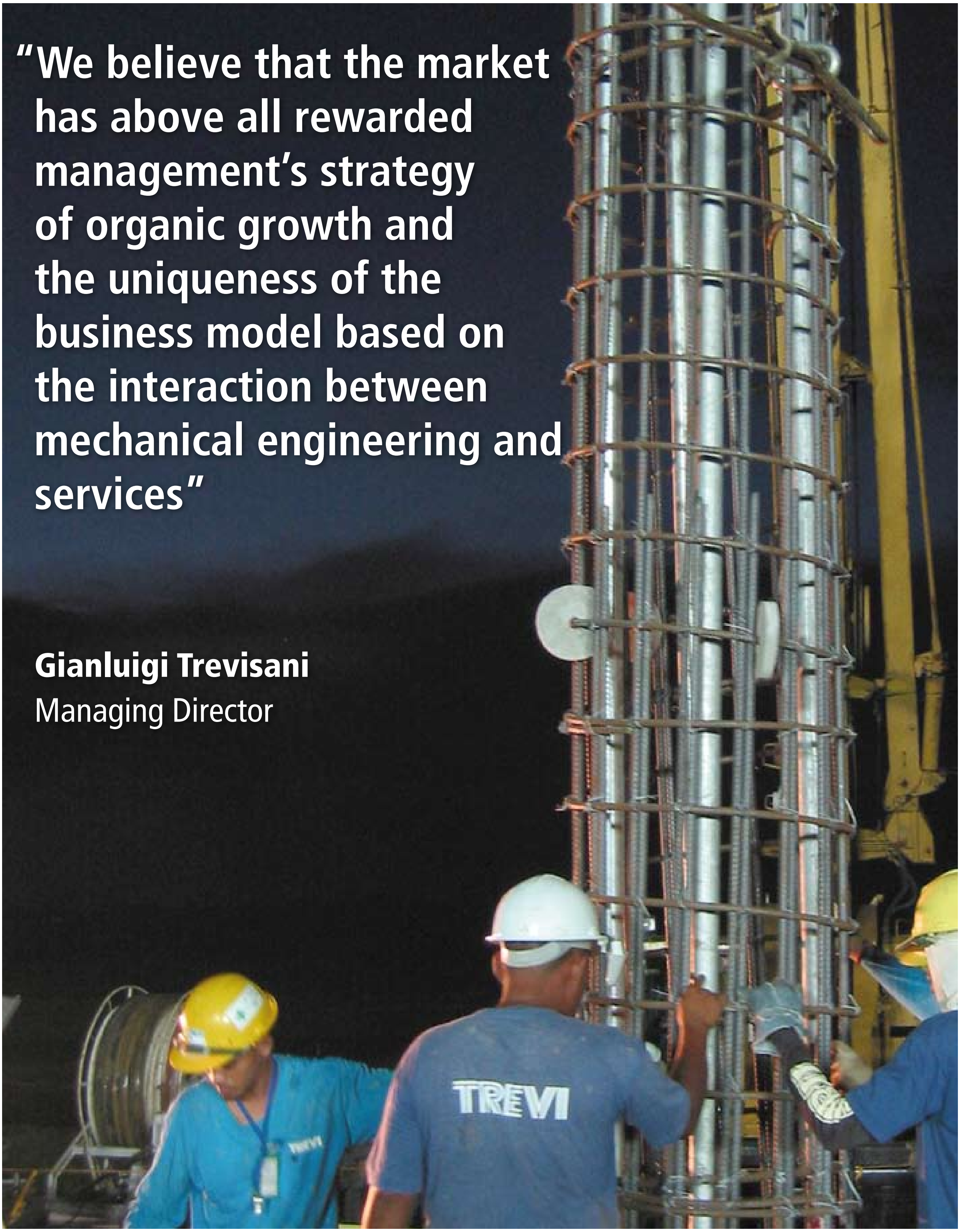
Geographical region	31/12/2007	31/12/2006	Change
Italy	150,951	179,704	(28,753)
Europe (ex-Italy)	1,779	1,613	165
USA and Canada	859	1,489	(630)
Latin America	16,847	13,738	3,109
Africa	0	0	0
Middle East	1,886	587	1,298
Far East	0	0	0
Rest of the world	0	0	0
Total	**172,321**	**197,131**	**(24,810)**

Credit risk

The Group is exposed to credit risk should a financial or commercial counterpart become insolvent.
The nature of the Group's business, which covers several sectors, with a marked geographical spread of its production units and the number of countries in which it sells its plant and equipment (circa 80), means it has no concentrated client or country risk. In fact the credit risk is spread over a large number of counterparts and clients.
The credit risk associated with normal commercial operations is monitored both by the company involved and by the Group finance division.
The aim is to minimise the counterparty risk by maintaining exposure within the limits coherent with the credit rating given to each counterparty by the various Credit Managers of the Group, based on the past history of the insolvency rates of the clients. The Mechanical Engineering Division is mainly active abroad and uses market financial instruments to cover credit risk, in particular letters of credit. For large engineering projects, the Special Foundations and Services Division uses advance payment instruments, letters of credit and SACE S.p.A. insurance policies and buyers' credits.
To a limited extent, the Group also uses without recourse sales of trade receivables more or less continuously throughout the financial year.
A more in-depth analysis and statement of exposure to credit risk in the commercial activities is given in paragraph 11.
Credit risk on financial instruments is inexistent since these are made up of cash and cash equivalents, bank current accounts and post-office accounts.

Other information

As required by international accounting standards, a breakdown of financial assets and liabilities of the Group divided by category is given below:



"We believe that the market has above all rewarded management's strategy of organic growth and the uniqueness of the business model based on the interaction between mechanical engineering and services"

Gianluigi Trevisani
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

(Euro 000)

Assets	31/12/2007	Financial assets at fair value thorugh profit and loss	Investments held to maturity	Financing and Receivables	Hedging derivatives	Income Statement effect
Non-current Assets						
Tangible Fixed Assets	**207,365**					
Total Intangible Fixed Assets	**5,389**					
Investment property	109					
Investments	1,179		1,179			
Tax assets for pre-paid taxes	12,296					
Non-current financial derivative instruments	92				92	
Financial assets held to maturity	200		200			
Other non-current financial receivables	1,669			1,511		
Trade receivables and other non-current assets	7,333			6,705		
Total Financial Fixed Assets	**22,876**					
Total Non-current Assets	**235,630**					
Current Assets						
Inventories	170,755					
Trade receivables and other current assets	254,070			202,175		1,211
Tax assets for current taxes	10,298					
Current financial derivative instruments	65				65	9
Cash and cash equivalents	90,754					2,014
Total Current Assets	**525,942**					
TOTAL ASSETS	**761,573**					

(Euro 000)

Net Shareholders' Funds & Liabilities	31/12/2007	Financial liabilities at fair value thorugh profit and loss	Financial liabilities valued at amortised cost	Hedging derivatives	Income Statement effect
NET EQUITY	**163,476**				
LIABILITIES					
Non-current Liabilities					
Non-current debt	145,163		145,163		(8,258)
Payables for other non-current financing	27,152		27,152		(1,294)
Non-current financial derivatives	4			4	
Tax liabilities for deferred taxes	23,180				
Post-employment benefits	14,833				
Non-current provisions	5,229				
Other non-current liabilities	1,288		922		
Total Non-current Liabilities	**216,850**				
Current Liabilities					
Trade payables and other current liabilities	290,494		247,624		
Tax liabilities for current taxes	29,519				
Current debt	50,952		50,952		(5,069)
Payables for other current financing	10,246		10,246		(396)
Current financial derivatives	37			37	79
Total Current Liabilities	**381,247**				
TOTAL LIABILITIES	**598,097**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**761,573**				

CONSOLIDATED FINANCIAL STATEMENTS

(Euro 000)

Assets	31/12/2006	Financial assets at fair value thorugh profit and loss	Investments held to maturity	Financing and Receivables	Hedging derivatives	Income Statement effect
Non-current Assets						
Tangible Fixed Assets	**192,391**					
Total Intangible Fixed Assets	**4,916**					
Investment property	147					
Investments	842		842			
Tax assets for pre-paid taxes	10,617					
Non-current financial derivative instruments	135				135	
Held to maturity investments	200		200			
Other non-current financial receivables	1,080			887		
Trade receivables and other non-current assets	7,822			6,537		
Total Financial Fixed Assets	**20,844**					
Total Non-current Assets	**218,152**					
Current Assets						
Inventories	118,339					
Trade receivables and other current assets	236,054			197,273		(227)
Tax assets for current taxes	7,898					
Current financial derivative instruments	164				164	28
Cash and cash equivalents	89,906					835
Total Current Assets	**452,361**					
TOTAL ASSETS	**670,513**					

(Euro 000)

Net Shareholders' Funds & Liabilities	31/12/2006	Financial liabilities at fair value thorugh profit and loss	Financial liabilities valued at amortised cost	Hedging derivatives	Income Statement effect
NET EQUITY	**127,392**				
LIABILITIES					
Non-current Liabilities					
Non-current debt	172,637		172,637		(5,993)
Payables for other non-current financing	24,375		24,375		(890)
Non-current financial derivatives	121			121	
Tax liabilities for deferred taxes	23,568				
Post-employment benefits	16,067				
Non-current provisions	4,129				
Other non-current liabilities	2,966		2,302		
Total Non-current Liabilities	**243,864**				
Current Liabilities					
Trade payables and other current liabilities	218,366		189,148		
Tax liabilities for current taxes	12,079				
Current debt	61,397		61,397		(3,656)
Payables for other current financing	7,340		7,340		(268)
Current financial derivatives	76			76	(183)
Total Current Liabilities	**299,258**				
TOTAL LIABILITIES	**543,121**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**670,513**				

The nature and the size of the Group's exposure to risk at the balance sheet date are shown in the following tables:

CONSOLIDATED FINANCIAL STATEMENTS

(Euro 000)

Assets	31/12/2007	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
Non-current Assets					
Tangible Fixed Assets	**207,365**				
Total Intangible Fixed Assets	**5,389**				
Investment property	109				
Investments	1,179				
Tax assets for pre-paid taxes	12,296				
Non-current financial derivatives	92				
Held to maturity investments	200				
Other non-current financial receivables	1,669				
Trade receivables and other non-current assets	7,333				6,705
Total Financial Fixed Assets	**22,876**				
Total Non-current Assets	**235,630**				
Current Assets					
Inventories	170,755				
Trade receivables and other current assets	254,070			9,748	202,175*
Tax assets for current taxes	10,298				
Current financial derivatives	65				
Cash and cash equivalents	90,754		90,754	11,898	
Total Current Assets	**525,942**				
TOTAL ASSETS	**761,573**				

* The sum shown is the total of trade receivables from third-party clients and associates (for further details, see paragraph 11). 10% of this is guaranteed.

(Euro 000)

Net Shareholders' Funds & Liabilities	31/12/2007	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
TOTAL NET EQUITY	**163,476**				
LIABILITIES					
Non-current liabilities					
Non-current debt	145,163	7,659*	72,471		
Payables for other non-current financing	27,152				
Non-current financial derivatives	4				
Tax liabilities for deferred taxes	23,180				
Post-employment benefits	14,833				
Non-current provisions	5,229				
Other non-current liabilities	1,288				
Total Non-current liabilities	**216,850**				
Current Liabilities					
Trade payables and other current liabilities	290,494			3,267	
Tax liabilities for current taxes	29,519				
Current debt	50,952	10,574*	47,508		
Payables for other current financing	10,246				
Current financial derivatives	37				
Total Current Liabilities	**381,247**				
TOTAL LIABILITIES	**598,097**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**761,573**				

*total non-committed credit lines at the balance sheet date

CONSOLIDATED FINANCIAL STATEMENTS

(Euro 000)

Assets	31.12.2006	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
Non-current Assets					
Tangible Fixed Assets	**192,391**				
Total Intangible Fixed Assets	**4,916**				
Investment property	147				
Investments	842				
Tax assets for pre-paid taxes	10,617				
Non-current financial derivatives	135				
Financial assets held to maturity	200				
Other non-current financial receivables	1,080				
Trade receivables and other non-current assets	7,822				
Total Financial Fixed Assets	**20,844**				
Total Non-current Assets	**218,152**				
					6,537
Current Assets					
Inventories	118,339				
Trade receivables and other current assets	236,054				
Tax assets for current taxes	7,898				
Current financial derivatives	164				
Cash and cash equivalents	89.906			12,857	197,273*
Total Current Assets	**452,361**				
TOTAL ASSETS	**670,513**				

* The sum shown is the total of trade receivables from third-party clients and associates (for further details, see paragraph 11). 20% of this is guaranteed.

(Euro 000)

Net Shareholders' Funds & Liabilities	31/12/2006	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
TOTAL NET EQUITY	**127,392**				
LIABILITIES					
Non-current liabilities					
Non-current debt	172,637	6,529*	98,144		
Payables for other non-current financing	24,375				
Non-current financial derivatives	121				
Tax liabilities for deferred taxes	23,568				
Post-employment benefits	16,067				
Non-current provisions	4,129				
Other non-current liabilities	**2,966**				
Total Non-current liabilities	**243,864**				
Current Liabilities					
Trade payables and other current liabilities	218,366			8,585	
Tax liabilities for current taxes	12,079				
Current debt	61,397	35,965*	57,492	3,933	
Payables for other current financing	7,340				
Current financial derivatives	76				
Total Current Liabilities	**299,258**				
TOTAL LIABILITIES	**543,121**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**670,513**				

* Total non-committed credit lines at the balance sheet date

Capital Management

The main objective of the Group in managing its own resources is to maintain a high credit rating and a correct balance sheet structure to support the core business and maximize value for shareholders.

The resources available to the Group are managed according to the reference economic environment. The main measurement used to monitor the financial structure is the debt/equity ratio. Net debt is calculated as the total exposure to financial institutions less cash and cash equivalents and current financial receivables.

Net equity is all the components of capital and reserves.

Debts

Debts are recognized at their presumed settlement value, approximately the amortised cost. If expressed in foreign currency, the values are determined using the exchange rate at the balance sheet date.

Guarantees and potential liabilities

These include guarantees and sureties given, as well as goods received on deposit for various reasons. They are recognized at nominal value.

INCOME STATEMENT:

Revenues and costs

Revenues are recognized and accounted for to the extent that the economic benefits are probable and the relative amounts can be reliably estimated. Revenues deriving from the sale of an asset are recognized upon transfer of the risks of ownership, normally at the time of shipping; where the contract includes testing, the revenues are recognised when the testing has been successfully completed. Revenues for contract work are recognized according to the stage of completion of the contract, as illustrated above.

Costs are recognized on a similar basis to revenues and always recognized on a time-proportion basis.

Financial income and costs

Financial income and costs are recognized in the Income Statement on a time-proportion basis and using the effective interest method.

Dividends

These are recognized in the financial year when the shareholders have the right to receive the payment, usually the year in which the Shareholders' Meeting decides on the dividend distribution.

Dividends distributed to shareholders are recognized as a liability in the Financial Statements of the year in which the distribution is approved by the Shareholders, Meeting.

Earnings per share

Basic earnings per share is calculated by dividing the share of the Group's economic result attributable to the ordinary shareholders by the average weighted number of outstanding ordinary shares, excluding any treasury shares.

Fully diluted earnings per share is calculated by taking the share of the profit or loss attributable to the shareholders of the Parent Company and dividing it by the average weighted number of shares in circulation, taking into account all potential dilutive securities.

Criteria for translation of foreign currency items

Receivables and payables in currencies other than Euro are originally translated into Euro at the historical rates prevailing at the date of the relative transactions.

Exchange rate differences realized on the payment of receivables or the settlement of payables in foreign currencies are recognized immediately in the Income Statement Receivables and payables in currencies other than Euro are originally translated into Euro at the historical rates prevailing at the date of the relative transactions.

Exchange rate differences realized on the payment of receivables or the settlement of payables in foreign currencies are recognized immediately in the Income Statement Assets and liabilities in foreign currencies, with the exception of tangible and intangible fixed assets and investments, are determined using the exchange rate of the balance sheet date and any related exchange rate gains or losses are recognized in the Income Statement. Fixed-term currency contracts are used to cover the fluctuation risk of foreign currencies. The foreign subsidiaries of Trevi S.p.A. keep two separate financial statements, one in local currency and one in Euro, using a multi-currency system. At the balance sheet date, the amounts of the financial statements expressed in local currencies are translated using the exchange rates of 31 December published on the website of the Ufficio Italiano Cambi and any differences arising are recognized in the Income Statement.

Comment on accounting estimates

The preparation of the Consolidated Financial Statements requires Management to apply accounting principles and methodologies that, in some cases, employ complex and subjective valuations and estimates. These are based on past experience and assumptions, which are always considered reasonable and realistic given the information available at the time. The application of these estimates and assumptions affects the figures in the financial statements - the Balance Sheet, the Income Statement and the Cash Flow Statement, as well as those given as additional information. Real results may differ from these estimates given the uncertainty surrounding the assumptions and conditions on which the estimates are based.

Listed below are the items from the Financial Statements requiring the greatest degree of subjectivity on the part of Management in establishing estimates and, for which any change in the conditions underlying the assumptions used, would have a significant impact on the Consolidated Financial Statements of the Group.

- Write-down of fixed assets
- Contract work in progress
- Development costs
- Deferred tax assets
- Provisions for credit risks
- Employee benefits
- Provisions for risks and costs.

Recent changes in accounting principles

The accounting standards described above and adopted in these Financial Statements are substantially the same as those adopted for the preparation of the 2006 Financial Statements.

The development and approval of the International Accounting Standards means constant revision of the standards by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee).

Some of these changes are applicable to the Trevi Group; the main amendments approved by the European Commission and applied by the Trevi Group, and the impact of these, is given below:

I.F.R.S. / I.F.R.I.C.	Impact on the Group
IFRS 8: Segment Reporting substituting IAS 14	The group is assessing the effect on the Financial Statements

It should also be noted that the application of IFRS 7 – Financial instruments: disclosures, previously approved but applicable from 1 January 2007, requires disclosure that permits the evaluation of the importance of the financial instruments of the Group, the nature of the risk associated with them, and the exposure to risk from using such instruments. This information is to be found in various parts of the Financial Statements.

Standards and interpretations approved but not applied

The Group has also considered the effects of other standards and interpretations, which have been approved but not applied by European Community law; these are the reviews of IAS 1 and IAS 23 and the new IFRIC rules 12, 13 and 14, without finding that these will have a potentially material impact on the financial figures of the Group.

NOTES TO THE BALANCE SHEET
NON-CURRENT ASSETS

(1) Tangible Fixed Assets:

Tangible fixed assets at 31 December 2007 were Euro207.366 million, an increase of Euro14.973 million compared to the preceding financial year.

Movements relating to the 2006 financial year are summarized in the table below:

Asset (Euro 000)	Historical cost at 31/12/05	Acc. Depreciation 31/12/05	Net Value at 31/12/05	Incr.	Decr.
Land	10,947	-	10,947	-	-
Buildings	34,644	(8,069)	26,575	2,337	(427)
Plant & equipment	154,602	(64,187)	90,415	28,105	(2,965)
Industrial & commercial equipment	28,838	(14,703)	14,135	4,184	(728)
Other assets	39,104	(14,269)	24,835	1,389	(335)
Fixed assets under construction & prepayments	1,807	-	1,807	19,517	(1,925)
TOTAL	**269,942**	**(101,228)**	**168,714**	**55,533**	**(6,381)**

Movements relating to the 2007 financial year are summarized in the table below:

Asset (Euro 000)	Historical cost at 31/12/06	Acc. Depreciation 31/12/06	Net Value at 31/12/06	Incr.	Decr.
Land	10,990	--	10,990	852	-
Buildings	35,432	(8,461)	26,971	2,119	-
Plant & equipment	172,165	(72,994)	99,171	18,988	(7,418)
Industrial & commercial equipment	34,384	(17,206)	17,178	8,895	(2,248)
Other assets	41,355	(19,795)	21,560	9,484	(2,008)
Fixed assets under construction & pre-payments	16,523	-	16,523	9,992	-
TOTAL	**310,849**	**(118,457)**	**192,392**	**50,330**	**(11,672)**

The gross increase of Euro 50.330 million (Euro 26.063 million related to increases in internal work on equipment manufactured by the Mechanical Engineering Division and used by the companies of the Special Foundation and Drilling Services Division) in the period is in part due to the acquisition of plant and equipment required for contracts commenced in 2007, amongst which should be noted the start-up of important new projects in the United Arab Emirates, Argentina, Italy, Africa and Venezuela.

The decrease of Euro 11.672 million is due to normal replacement of plant and equipment. The exchange rate impact in 2007 was negative for Euro 7.605 million.

Depreciation	Use of Reserve	Other changes	Ex-rate. Diff.	Historical cost at 31/12/06	Acc. Deprec-iation 31/12/06	Net Value at 31/12/06
-	-	51	(8)	10,990	-	10,990
(1,486)	1,094	(850)	(272)	35,432	(8,461)	26,971
(11,131)	2,324	(2,741)	(4,835)	172,165	(72,994)	99,171
(3,641)	1,138	2,567	(477)	34,384	(17,206)	17,178
(6,009)	483	2,110	(914)	41,355	(19,795)	21,559
-	-	(2,729)	(147)	16,523	-	16,523
(22,267)	**5,038**	**(1,592)**	**(6,653)**	**310,849**	**(118,457)**	**192,391**

Depreciation	Use of Reserve	Other changes	Ex-rate. Diff.	Historical cost at 31/12/07	Acc. Deprec-iation 31/12/07	Net Value at 31/12/07
-	-	10	(1)	11,851	-	11,851
(1,474)	6	(34)	(253)	37,264	(9,929)	27,335
(13,404)	5,823	25,982	(4,051)	205,666	(80,575)	125,091
(4,211)	1,126	(1,313)	(285)	39,433	(20,291)	19,142
(4,987)	845	(6,195)	(1,070)	41,565	(23,937)	17,628
-	-	(18,253)	(1,944)	6,318	-	6,318
(24,076)	**7,801**	**196**	**(7,605)**	**342,098**	**(134,732)**	**207,366**

Some fixed assets are mortgaged as part of financing agreements, as described under the entry for financing.
The net book value of fixed assets held on leasing and hiring agreements was Euro 68.305 million at year-end 2007 (Euro 65.543 million in 2006).

Asset	31/12/2007	31/12/2006	Change
Land	5,886	5,565	321
Buildings	9,601	9,074	527
Plant & equipment	48,906	46,478	2,428
Industrial & commercial equipment	408	480	(72)
Other assets	3,504	3,946	(442)
TOTAL	**68,305**	**65,543**	**2,762**

Leased assets and those acquired on hire contracts are used as guarantees for the related liabilities assumed.

(2) Intangible Fixed assets:

At 31 December 2007, intangible fixed assets were Euro 5.388 million an increase of Euro 0.472 million compared to 31 December 2006.

Movements relating to the 2006 financial year are summarized in the table below:

Description (Euro 000)	Historical cost at 31/12/2005	Acc. Depreciation 31/12/2005	Net value at 31/12/2005	Incr.	Decr.	Depreciation	Ex-rate Diff.	Historical cost at 31/12/2006	Acc. Depreciation 31/12/2006	Net Value at 31/12/2006
Development costs	5,566	-3,125	2,441	1,545	-133	-989	-13	6,965	-4,114	2,851
Industrial patents & use of intellectual property	2,612	-2,118	494	429		-310	-2	3,039	-2,428	611
Concessions, licences, brands & other similar rights	676	-135	541	129	-38	-59		767	-194	573
Other intangible fixed assets	3,033	-2,978	55	1,134		-308		4,167	-3,286	881
TOTAL	**11,887**	**-8,356**	**3,531**	**3,237**	**-171**	**-1,666**	**-15**	**14,938**	**-10,022**	**4,916**

Movements relating to the 2007 financial year are summarized in the table below:

Description (Euro 000)	Historical cost at 31/12/2006	Acc. Depreciation 31/12/2006	Net value at 31/12/2006	Incr..	Decr.	Depreciation	Ex-rate Diff.	Historical cost at 31/12/2007	Acc. Depreciation 31/12/2007	Net Value at 31/12/2007
Development costs	6,965	-4,114	2,851	1,885	-103	-1,454		8,747	-5,568	3,179
Industrial patents & use of intellectual property	3,039	-2,428	611	477		-362		3,516	-2,79	726
Concessions, licences, brands & other similar rights	767	-194	573	500	-14	-167		1,253	-361	892
Other intangible fixed assets	4,167	-3,286	881	236	-153	-373		4,25	-3,659	591
TOTAL	**14,938**	**-10,022**	**4,916**	**3,098**	**-270**	**-2,356**	**0**	**17,766**	**-12,378**	**5,388**

The net value of development costs to 31 December 2007 was Euro 3.179 million (Euro 2.851 in 2006); the increase of Euro1.885 million refers to capitalized costs for the development of technology and equipment for the foundation and drilling sectors of the subsidiaries Soilmec S.p.A. and Drillmec S.p.A.

Costs recognized under IAS 38 were capitalized and subsequently depreciated from the start of production over the average economic life, estimated at five years, of the relevant equipment.

Recurring research and development costs in 2007, charged to the Income Statement, totalled Euro 5.885 million whilst, in 2006, they were Euro 5.574 million.
The gross increase of Euro 0.477 million in the cost of patents is attributable to the capitalization of Euro 0.392 million of costs for the licenses for three-dimensional technical design programmes used by Drillmec S.p.A. and Soilmec S.p.A, and to the subsidiary Trevi S.p.A for Euro 0.076 million.

Of the gross increase of Euro 0.500 million in concessions, licenses and brands, Euro 0.476 million is attributable to the Parent Company for software licenses for the integrated management of the Group treasury activities and the remainder to the subsidiary, Drillmec S.p.A.

Other intangible fixed assets are Euro 0.591 million at 31 December 2007, a decrease of circa Euro 0.290 million on the previous year.

(3) Investment property:

Investment property totalled Euro 0.109 million, relating to land and buildings in Argentina belonging to Trevi S.p.A and valued at amortised cost.

(4) Investments:

Investments were Euro 1.179 million, an increase of Euro 0.337million on the preceding year.

Description (Euro 000)	Balance at 31/12/06	Increase	Decrease	Revaluations	Write-downs	Balance at 31/12/07
Associated companies	254	85				339
Other companies	588	252				840
TOTAL	**842**	**337**	**0**	**0**	**0**	**1,179**

Attachment 1a contains a list of associated company holdings while Attachment 1c contains a list of shareholdings in other companies, held directly and indirectly, giving the currency denomination, the registered offices, the share capital, the amount held and the balance sheet value for each company.

(5) Tax assets for pre-paid taxes:

This entry is for the timing differences deriving mainly from infragroup eliminations and to the relative tax benefit; at 31 December 2007, these were Euro 12,296 million, an increase of Euro 1,680 million year on year, The details for each company are given below:

Description (Euro 000)	31/12/07	31/12/06	Change
TREVI-Finanziaria Industriale S,p,A	156	151	5
Trevi S,p,A,	3,943	1,990	1,953
RCT SrL	19	75	(56)
Trevi Philippines	179	70	109
Trevi Icos Corp,	761	421	340
Trevi Foundations Nigeria	1,727	2,904	(1,177)
Soilmec S,p,A,	3,587	2,666	921
Drillmec S,pA,	1,703	2,197	(494)
Soilmec France	-	142	(142)
Trevi Energy S,p,A,	202	0	202
Other	19	0	19
TOTAL	**12,296**	**10,617**	**1,680**

The Group has recalculated the pre-paid taxes in the Balance Sheet at 31 December 2006 and the deferred taxes using the tax rate introduced with the Finance Law 2008, This has adjusted the tax effects to reflect their presumed value at the moment when they will be utilised,

The net change in tax assets for pre-paid taxes and the deferred tax provision are given in the table below:

Description (Euro 000)	31/12/07	31/12/06
Tax assets for pre-paid taxes	12,296	10,616
Total	**12,296**	**10,616**
Deferred tax provision	(23,180)	(23,568)
Total	**(23,180)**	**(23,568)**
Net position at year-end	**(10,884)**	**(12,952)**

The main components of tax assets for pre-paid assets and tax liabilities for deferred taxes and their change in the 2007 and 2006 financial periods is shown in the following table:

Description (Euro 000)	Elimination of infragroup profit	Financial leases	Fair value	Development costs	Depreciation	Other	Total
Balance at 01,01,06	**2,364**	**(8,909)**	**(5,969)**	**(821)**	**(2,693)**	**1,167**	**(14,852)**
Effect on Income Statement	2,613	(1,204)	147	(282)	(254)	193	1,214
Other changes						686	686
Balance at 31,12,06	**4,977**	**(10,113)**	**(5,813)**	**(1,103)**	**(2,947)**	**2,046**	**(12,952)**
Effect on Income Statement	2,807	(321)	147	(205)	(270)	3,543	5,701
Effect on net equity						(2,495)	(2,495)
Other changes						(1,137)	(1,137)
Balance at 31,12,07	**7,784**	**(10,434)**	**(5,666)**	**(1,308)**	**(3,217)**	**1,957**	**(10,884)**

The positive effect on the 2007 Income Statement was due to the application of Article 1, paragraph 48 of the Finance Law 2008, which permitted the realignment of accounting and taxable values by payment of a substitute IRES and IRAP tax, equal to 12%, resulting in current taxes Euro 1,397 million,

(6) Non-current derivative instruments:

These totalled Euro 0,092 million at 31 December 2007 (Euro 0,135 million the previous year),

(7) Held to maturity investments:

Financial assets:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Financial assets	200	200	0
TOTAL	**200**	**200**	**0**

These refer entirely to the subsidiary Trevi S,p,A, and reflect the entirety of its investment in a liquidity fund of Banca San Paolo di Torino,

(8) Other non-current financial receivables:

Financial receivables were Euro 1,668 million at 31 December 2007 and were mainly financial receivables from associates, from the Tax Authority for advances on staff termination indemnity (TFR) payments, and guarantee deposits,

Description (Euro 000)	31/12/07	31/12/06	Change
Receivables from associates	1,066	649	417
Receivables from Tax Authority for TFR advances	15	111	(96)
Guarantee deposits	445	238	207
Other	142	82	60
TOTAL	**1,668**	**1,080**	**588**

(9) Trade receivables and other non-current assets:

Trade receivables and other non-current assets totalled Euro 7,333 million at year-end 2007,

Description (Euro 000)	31/12/2007	31/12/2006	Change
Receivables from clients	6,705	6,537	168
Receivables from others	16	54	(38)
Accrued income and pre-paid expenses	612	1,231	(619)
TOTAL	**7,333**	**7,822**	**(489)**

Receivables from clients were exclusively trade receivables due beyond one year; for Euro 2,437 million belonging to the subsidiary, Swissboring Overseas Piling Corporation, and for Euro 4,268 million to the subsidiary Soilmec S,p,A,
Trade receivables have been discounted to give the net present value of the future cash-in and payments, The discount rate used was 3,5% (equivalent to an A+ bond issue),
The Euro 0,619 million decrease in accrued income and pre-paid expenses was almost entirely attributable to exchange rate effects of the ex-Sabatini Law in the accounts of Soilmec S,p,A,

CURRENT ASSETS

(10) Inventories

Inventories were Euro 170,755 million at year-end 2007 and can be broken down as follows:

Description (Euro 000)	Note	31/12/2007	31/12/2006	Change
Raw materials, ancillary materials and consumables		108,304	68,583	39,721
Work in progress and semi-finished goods		11,571	10,125	1,446
Finished goods and products		46,429	37,462	8,967
Pre-payments		4,451	2,168	2,283
TOTAL INVENTORIES		**170,755**	**118,339**	**52,417**
Contract work in progress		49,930	50,850	(920)
TOTAL		**220,685**	**169,188**	**51,497**

The Euro 52,417 million year-on-year total increase in inventories reflects the increase in production of equipment to be delivered by the Mechanical Engineering Division in 2008 following the strong growth in business volumes at Soilmec S,p,A, and in the Drilling sector,

Contract work in progress is shown gross of pre-payments on contracts; contracts are analysed individually and where the differential is positive (contract work in progress exceeds pre-payments received), the net figure is included in current assets under trade receivables from clients while, if it is negative, it is included in current liabilities under other payables,

(11) Trade receivables and other current receivables

At 31 December 2007 these totalled Euro 264,368 million broken down as follows:

Description (Euro 000)	Note	31/12/2007	31/12/2006	Change
Trade receivables		181,168	170,669	10,499
Contract work in progress		49,930	50,850	(920)
Prepayments for contract work in progress		(43,308)	(34,474)	(8,834)
Sub-total of receivables from clients		**187,790**	**187,045**	**745**
Receivables from associates		14,385	10,228	4,157
Receivables from the Tax Authority for VAT		29,441	20,603	8,838
Other receivables		17,392	13,755	3,637
Accrued income and pre-paid expenses		5,062	4,423	639
Subtotal of other receivables		**254,070**	**236,054**	**18,016**
Tax assets		10,298	7,899	2,399
TOTAL		**264,368**	**243,953**	**20,415**

The entry, trade receivables, is net of the non-recourse sale of receivables through factoring operations, At 31 December 2007, the

Group had made non-recourse sales of trade receivables to factoring companies for a total of Euro 13,538 million (Euro 13,071 million at year-end 2006), of which Euro 11,098 million belonged to Trevi S,p,A, and the remaining Euro 2,440 million to Drillmec S,p,A,
The Euro 8,838 million increase in VAT receivables was mainly due to Trevi S,p,A, (Euro 6,786 million) because of the nature of its contracts, which benefit from special VAT rates, and to Soilmec S,p,A, for Euro 1,872 million, The figure also includes VAT payments of Euro 11,660 million from Drillmec S,p,A, to the Tax Authority,
Trade receivables are net of any related write-down provisions and include the positive difference deriving from the netting off of the pre-payments for each single contract,

Trade receivables are net of Euro 7,153 million of provisions for trade receivables, Changes in the trade receivables provision fund are as follows:

Description (Euro 000)	**Balance at 31/12/06**	**Provisions**	**Write-backs**	**Other changes**	**Balance at 31/12/07**
Provision fort doubtful accounts	9,302	1,611	(2,922)	(920)	7,071
Provision for interest on arrears	82				82
TOTAL	**9,384**	**1,611**	**(2,922)**	**(920)**	**7,153**

The Euro 1,611 million provision figure (Euro 2,170 million in 2006) is from individual valuations of receivables, based on a specific analysis of each situation where there may be a payment risk, The figure is attributable to the various companies in the group but, in particular, to Trevi Icos Corporation for Euro 0,356 million; to Soilmec S,p,A, for Euro 0,320 million; to Trevi S,p,A, for Euro 0,298 million; to Swissboring for Euro 0,188 million; and to Trevi Icos South for Euro 0,163 million,

Accrued income and pre-paid expenses

This is mainly accruals and may be broken down as follows:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Pre-payment of insurance premiums	380	577	(197)
Pre-paid rental liabilities	1,023	748	275
Discounts (under the Sabatini Law)	230	286	(56)
Other	3,428	2,812	616
TOTAL	**5,062**	**4,423**	**638**

(11,a) Tax assets for current taxes

Tax receivables from the Tax Authority are mainly direct tax credits and tax pre-payments; the most significant sums were as follows:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Receivables from the Tax Authority	10,165	7,581	2,584
Other	133	318	(185)
TOTAL	**10,298**	**7,899**	**2,399**

The geographical breakdown of receivables at 31 December 2007 was as follows:

31/12/2007	**Italy**	**Europe (ex-Italy)**	**U,S,A, e Canada**	**Latin America**	**Africa**	**Middle East**	**Far East**	**Total Receivables**
Trade receivables	50,263	29,296	11,423	28,547	17,195	46,615	4,451	187,790
Receivables from associates	9,269	0	246	827	888	0	3,155	14,385
Receivables for VAT	28,400	87	833	6,256	3,966	3	194	39,739
Other receivables	12,655	225	134	1,471	326	2,186	395	17,392
Accrued income & pre-paid expenses	2,270	802	0	837	160	943	51	5,062
TOTAL	**102,857**	**30,409**	**12,636**	**37,938**	**22,535**	**49,747**	**8,246**	**264,368**

31/12/2006	**Italy**	**Europe (ex-Italy)**	**U,S,A, e Canada**	**Latin America**	**Africa**	**Middle East**	**Far East**	**Total Receivables**
Trade receivables	60,451	22,703	16,772	18,486	16,771	46,032	5,830	187,045
Receivables from associates	9,345	0	316	551	0	0	16	10,228
Receivables for VAT	17,446	358	421	5,116	4,761	0	400	28,502
Other receivables	10,029	653	307	1,567	443	522	234	13,755
Accrued income & pre-paid expenses	2,473	16	25	1,031	153	680	45	4,423
TOTAL	**99,744**	**23,730**	**17,841**	**26,751**	**22,128**	**47,234**	**6,525**	**243,953**

Trade receivables from associates were Euro 14,385 million at 31 December 2007; details of this figure are given in note 31 on related party transactions,

The breakdown of trade receivables by currency is as follows:

Descrizione (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
EURO	104,113	118,208	- 14,096
USD	25,629	25,504	124
AED	39,698	28,493	11,205
NGN	4,606	32	4,575
GBP	3,231	3,207	24
HKD	4,547	2,694	1,853
OTHER	5,967	8,907	- 2,940
TOTAL	**187,790**	**187,045**	**745**

In accordance with IFRS 7, the table below shows overdue trade receivables subdivided by the length of time that they are overdue:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Not overdue	121,899	128,656	(6,757)
Overdue by 1-3 months	39,447	33,430	6,016
Overdue by 3-6 months	11,816	10,984	832
Overdue by over 6 months	14,628	13,975	654
Total	**187,790**	**187,045**	**745**

The constant monitoring by each company in the Group, has led to standard classifications for trade receivables being developed, These are given in the table below:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Standard monitoring	159,163	160,410	(1,248)
Special monitoring	26,425	23,241	3,184
Monitoring for possible legal action	17	739	(721)
Extra-judicial monitoring in progress	2,133	2,633	(500)
Monitoring of legal action in progress	51	21	30
Total	**187,790**	**187,045**	**745**

The breakdown of other receivables is as follows:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Due from employees	807	500	307
Pre-payments to suppliers	2,923	6,710	(3,787)
Due from factoring companies	8,992	3,035	5,957
Other	4,670	3,510	1,160
TOTAL	**17,392**	**13,755**	**3,637**

The decrease in the figure for pre-payments to suppliers is attributable for Euro 2,364 million to Drillmec S,p,A,; receivables from factoring companies is attributable to Trevi S,p,A, for Euro 2,360 million and to Drillmec S,p,A, for Euro 6,632 million and both refer to the non-recourse sale of trade receivables; other receivables are attributable for Euro 1,153 million to Swissboring Overseas Piling Corporation,

(12) Current financial derivative instruments

The total is Euro 0,066 million and reflects the positive fair value of an IRS classed as an effective hedge under IAS 39,

(13) Cash and cash equivalents

The breakdown of this entry is as follows:

Description (Euro 000)	**31/12/2007**	**31/12/2006**	**Change**
Bank and postal deposits	88,048	85,939	2,110
Cheques	1,831	3,096	(1,265)
Cash and cash equivalents	875	871	4
TOTAL	**90,754**	**89,906**	**849**

For an analysis of the net financial positions and the cash and cash equivalents of Gruppo Trevi, please see the Review of Operations and the Cash Flow Statement,

SHAREHOLDERS' FUNDS AND LIABILITIES

(14) Shareholders' funds

Change in consolidated shareholders' net equity is as follows:

Description (Euro 000)	Capital Stock	Share premium reserve	Legal reserve	Other reserve	IAS reserve	Translation reserve	Profit Brought forward	Group net income for the year	Total
Balance at 31/12/2005	**32,000**	**34,355**	**3,711**	**5,511**	**13,789**	**(10,907)**	**5,941**	**12,824**	**97,224**
2005 net income allocation			101	323			10,800	(11,224)	-
Dividend distribution								(1,600)	(1,600)
Translation differences						(7,694)			(7,694)
Impact of convertible bond issue				7,146					7,146
Cash Flow hedge reserve				136					136
Group net income for the year								26,760	26,760
Balance at 31/12/2006	**32,000**	**34,355**	**3,812**	**13,116**	**13,789**	**(18,601)**	**16,741**	**26,760**	**121,972**
2006 net income allocation			241	1,371			21,948	(23,560)	-
Dividend distribution								(3,200)	(3,200)
Translation differences						(10,958)			(10,958)
Impact of convertible bond issue				(2,495)					(2,495)
Cash Flow hedge reserve				(50)					(50)
Purchase of own shares	(183)						(4,398)		(4,581)
Group net income for the year								55,788	55,788
Balance at 31/12/2007	**31,817**	**34,355**	**4,053**	**11,942**	**13,789**	**(29,559)**	**34,291**	**55,788**	**156,475**

Share capital:

At 31 December 2006, Share Capital was Euro 32,000,000, composed of 64,000,000 fully issued and paid-up ordinary shares of nominal value Euro 0,50 each, In 2007, as authorised by the Shareholders' Meeting of 7 May 2007, the Company acquired 366,500 of its own shares, The operations were taken directly to shareholders' funds in accordance with IAS 32,

(Euro 000)	Shares (units)	Share capital	Share premium reserve	Own shares
Balance at 31/12/2006	**64,000**	**32,000**	**34,355**	**-**
Purchase of own shares	367	(183)	-	(4,398)
Balance at 31/12/2007	**63,634**	**31,817**	**34,355**	**(4,398)**

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares with a nominal value of Euro 0,50 per share to meet the conversion rights of the convertible bond, the Indirect Convertible Bond Loan,

Therefore, at 31 December 2007, the authorized share capital was Euro35,097,345 made up of 70,194,690 shares of nominal value Euro 0,50 each,

Share premium reserve:
This was Euro 34,355 million at 31 December 2007, the same as at 31 December 2006,

Other reserves:
These are made up of the following reserves:

Fair value reserve:
The fair value reserve at 31 December 2007 was Euro 0,092 million and reflects the cash flow hedge valuation of derivatives,

IFRS reserve
The figure of Euro 13,789 million at 31 December 2007 comprises all the adjustments made for the transition to I,A,S,/I,F,R,S, accounting, which was adopted from 1 January 2004,

Currency translation reserve:
This was negative for Euro 29,559 million at 31 December 2007; it reflects the exchange rate differences deriving from the translation of financial statements prepared in currencies other than the Euro, The devaluation of the US dollar against the Euro had a negative impact of Euro 10,958 million,

Reserve for the conversion of the bond:
The reserve for the conversion of the bond was Euro 4,650 million at 31 December 2007 and is for the option component, net of any tax effect, implicit in the Indirect Convertible Bond Loan issued by the Company on 30 November 2006, This value was arrived at by discounting the future cash flows deriving from the Indirect Convertible Bond Loan using the market rate at which the Company could finance itself with alternative debt instruments of a similar duration,

Accumulated profits:
This entry includes the profit generated in previous financial years which has not been distributed as dividends to shareholders, It also includes the legal reserve of the Parent Company, Euro 4,053 million at 31 December 2007, which is the share of net profit from the Parent Company accounts that, under Article 2430 of the Italian Civil Code, may not be distributed as dividends, The legal reserve has increased by Euro 0,241 million since 31 December 2006 following allocation of 5% of the 2006 profit of the Parent Company to this reserve,

Dividends distributed in 2007
The Shareholders' Meeting of 7 May 2007 deliberated a distribution of profit totalling Euro 3,200 million, a dividend per share of Euro 0,05 with an ex-dividend date of 9 July 2007 and payment from 12 July 2007,

Reconciliation of TREVI – Finanziaria Industriale S,p,A, Net profit and Shareholders' Funds with the Group Consolidated Net Profit and Shareholders' Funds

The reconciliation between the consolidated net profit and shareholders' funds and the net profit and shareholders' funds of Trevi – Finanziaria Industriale is as follows:

Description (Euro 000)	Capital and Reserves at 31,12,07	Net Income for the year
TREVI-Finanziaria Industriale S,p,A	**89,519**	**10,059**
Adjustments for consistency with accounting policies	137,626	65,192
Elimination of infragroup net income/ (losses)	(9,054)	(2,807)
Elimination of infragroup profits and capital gains	(16,518)	(7,197)
Tax adjustments and other adjustments on consolidation	(8,538)	1,787
Translation differences	(29,559)	0
Elimination of infragroup dividends	0	(9,234)
Shareholders' equity and net income for the year	**163,476**	**57,800**
Minority interests	**7,001**	**2,012**
Group shareholders' equity and net income for the year	**156,475**	**55,788**

NON-CURRENT LIABILITIES

(15) Non-current debt, other non-current financing and derivative instruments

Description (Euro 000)	31/12/07	31/12/06	Change
Non-current bank debt	145,163	172,635	(27,472)
Debt to leasing companies	27,085	23,592	3,493
Payables for other non-current financing	68	784	(716)
Non-current financial derivative instruments	4	121	(117)
TOTAL	**172,320**	**197,132**	**(24,812)**

The breakdown of non-current bank debt is as follows:

Description (Euro 000)	From 1-5 years	Beyond 5 years	Total
Non-current bank debt	142,038	3,125	145,163
TOTAL	**142,038**	**3,125**	**145,163**

For debt to leasing companies it is as follows:

Description (Euro 000)	From 1-5 years	Beyond 5 years	Total
Debt to leasing companies	22,796	4,289	27,085
TOTAL	**22,796**	**4,289**	**27,085**

The Parent Company financing is as follows:

- The long-term part of the mortgage granted by Interbanca S,p,A,, originally for Euro 15,000,000, is Euro 5,625,000; this mortgage is repayable in sixteen six-monthly instalments from 30/06/04 (total duration eight years), The primary mortgage guarantee was given by Soilmec S,p,A, and is on its production facility at Cesena,
- The long-term part of the variable rate financing agreed with Interbanca S,p,A,, originally for Euro 5,000,000, is Euro 3,125,000 with Euro 625,000 due beyond five years; this is payable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013,
- The long-term part of the variable rate financing agreed with Interbanca S,p,A,, originally for Euro 15,000,000, of five years duration and repayable in eight six-monthly instalments, is Euro 9,375,000,
- The long-term part of the variable rate financing agreed with Cassa di Risparmio di Forlì e della Romagna S,p,A, (ex SanPaolo IMI S,p,A,) for Euro 10,000,000 million, of eight years duration and repayable in twelve six-monthly instalments, is Euro 9,166,667, of which Euro 2,500,000 is due beyond five years,

At 31 December 2007, the fixed rate financing from Intesa Sanpaolo S,p,A, (ex SanPaolo IMI S,p,A,) of nominal Euro 70,000,000, of five years duration with capital repayment on 30 November 2011, under IAS 39 (in particular, the rules governing split accounting and amortized cost) requires recognition of a residual debt of Euro 63,131,284,
Soilmec S,p,A, has the following financing:

- 4,000,000 from Cassa di Risparmio di Ferrara S,p,A, for five years with repayment, after an initial six months without interest payments, in twenty instalments with the last instalment due on 31/8/2012

Trevi S,p,A, has the following financing:

- Euro 20,000,000 from Efibanca S,p,A,, replacing an expiring transaction with a residual value of Euro19,200,000, of five years duration with repayments, after an initial two years without interest payments, in five six-monthly instalments with a final repayment of 40% of the sum on 28/06/2012 and with an option to extend the payment period by eighteen months,

Some of these financing agreements contain covenants which require the maintenance of certain financial ratios calculated on the Consolidated Financial Statements as follows:

- EBITDA/ Net Financial Charges: an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges;
- Net Financial Position/ EBITDA: an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
- Net Financial Position/ Net Equity: an indicator of indebtedness, calculated as the ratio of net debt to net equity;
- EBITDA/ Revenues: an indicator of profitability, calculated as the ratio of EBITDA to total revenues;
- CAPEX: the value of investments

The failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing,
At 31 December 2007 all the financial covenants listed above were respected,

The agreement for the Convertible Bond Loan stipulates two financial covenants to be calculated quarterly on the Consolidated Financial Statements, These are:

"**Interest Cover**" indicates the ratio between Consolidated EBITDA and the Net Financial Costs in the twelve months prior to each Assessment Date of the Financial Covenants,

"**Leverage Ratio**" indicates the ratio Consolidated Financial Net Debt and Consolidated EBITDA in the twelve months prior to each Assessment Date of the Financial Covenants,

The financing agreement for the Indirect Convertible Loan also contains other covenants, which are routine international procedure, namely:

a. a so-called negative pledge clause whereby any eventual pledge present or future on assets connected to financing operations, bonds and other credit issues must be granted in an equal manner on the aforementioned financing
b. a pari passu clause under which no payment obligations can be taken on which are considered senior to the two transactions described above
c. obligations to provide information periodically
d. a cross default clause which implies the immediate recoverability of the two aforementioned loans should there be any default on other financial instruments issued by the Group
e. limitations on relevant sales of assets
f. other clauses general present in issues of this type

The total amount of payables to leasing companies was Euro 35,115 million, which corresponds to the fair value since the entire sum is variable rate financing

Payables for other non-current financing were Euro 0,068 million, a decrease of Euro 0,716 million compared to the previous year,

The balance of Euro 0,004 million for financial derivative instruments was a decrease of Euro 0,117 million compared to the previous year and is attributable to Drillmec S,p,A,

(16) Tax liabilities for deferred taxes and other non-current liabilities

Tax liabilities for deferred taxes and other non-current liabilities came to Euro 28,410 million, a decrease of Euro 0,713 million on the previous year

Movements in the deferred tax provision are as follows:

(Euro 000)	Balance at 31/12/06	Provisions	Write-backs	Other changes	Balance at 31/12/07
Deferred Tax Provision	23,568	762	(1,071)	(79)	23,180
TOTAL	**23,568**	**762**	**(1,071)**	**(79)**	**23,180**

The deferred tax provision reflects the difference in the value of assets and liabilities in the Consolidated Financial Statements and the corresponding values fiscally recognised by the countries in which the Group operates,

The balance of other non-current provisions is Euro 5,230 million, The movements in 2007 resulting in this balance are as follows:

(Euro 000)	Balance at 31/12/06	Provisions	Write-backs	Other changes	Balance at 31/12/07
Other provisions	4,129	2,030	(613)	(316)	5,230
TOTAL	**4,129**	**2,030**	**(613)**	**(316)**	**5,230**

The balance of the provision for risks and costs is Euro 5,230 million, an increase of Euro 1,101 million, and is made up as follows::

Description (Euro 000)	31/12/2007	31/12/2006	Change
Provisions for contractual risks	1,091	460	631
Warranty reserve	1,877	1,388	489
Provision for losses from associates	742	744	(2)
Legal disputes	425	500	(75)
Other risk provisions	1,095	1,037	58
TOTAL	**5,230**	**4,129**	**1,101**

The Euro 1,091 million of contractual risk provisions is mainly provisions of Euro 1,011 million made by Swissboring Overseas Piling Corporation and for contractual risks connected to work in progress,

The warranty reserve of Euro1,877 million is comprised of provisions to cover technical warranties on products under guarantee by Group companies in the Mechanical Engineering Division, Soilmec S,p,A accounts for Euro 0,865 million of this figure, Drillmec for Euro 0,300 million and Soilmec Ltd (UK) for Euro 0,712 million,

The Euro 0,742 million provision to cover losses of associates refers entirely to the joint -venture, Rodio-Trevi-Arab Contractor,

The reserve for legal disputes totalled Euro 0,425 million, with Euro 0,370 million from the subsidiary Swissboring in the United Arab Emirates and Euro 0,053 million from Pilotes Trevi Sacims in Argentina,

(17) Post-employment benefits

At 31 December 2007, the employee termination indemnity fund (TFR) and pension funds were Euro 14,833 million comprising the indemnities accrued at year-end by employees of Italian companies, as required under the law, and provisions made by foreign companies to cover the accrued liabilities towards employees,

These are calculated as the present value of the defined benefit obligation adjusted for the actuarial gains and losses, These were determined by an independent external actuary using the projected unit credit actuarial costs method,

The movements in the financial year were as follows:

Description (Euro 000)	Balance at 31/12/06	Provisions	Curtailment effect	Indemnities and advances paid	Other changes	Balance at 31/12/07
Employee staff-leaving indemnities	13,133	632	(1,141)	(1,083)	(268)	11,273
Retirement fund and similar liabilities	2,934	3,388		(2,537)	(225)	3,560
TOTAL	**16,067**	**4,020**	**(1,141)**	**(3,620)**	**(493)**	**14,833**

Other changes in the pension funds are due to exchange rate translation effects deriving from foreign subsidiaries,

Gruppo Trevi has calculated the accounting impact from the modifications to the Staff-leaving Indemnity Fund ruling in Law No, 296 of 27 December 2006 (the Finance Law 2007) and subsequent Laws and Rulings that were issued in early 2007, It has required the recognition in the Consolidated Financial Statements at 31 December 2007 of non-recurring gross income of Euro 1,100 million which was carried against personnel expenses,

	31/12/2007	31/12/2006
Opening balance	**13,133**	**11,706**
Operating expenses for services	285	1,507
Liabilities for new employees	(10)	128
Interest expenses	545	464
Actuarial profit/ (loss)	(146)	27
Indemnities paid	(1,393)	(699)
Curtailment effect	(1,141)	0
Closing balance	**11,273**	**13,133**

The main assumptions used by the actuaries were:

	31/12/2007	31/12/2006	31/12/2005
Actualisation technical yearly rate	5.5%	4.6%	4.0%
Annual inflation rate	2.0%	2.0%	2.0%
Annual rate of total salary increase	3.5%	3.5%	3.5%
Annual rate of increase in TFR	3.0%	3.0%	3.0%

(18) Other non-current liabilities

These were Euro 1,288 million and decreased Euro 1,678 million over the preceding financial year, They include the part of advances from clients due beyond twelve months of Petreven UTE Argentina for Euro 0,922 million and deferred liabilities for Euro 0,366 million from Soilmec S,p,A,, of which Euro 0,223 million for interest payments due under the Sabbatini and Ossola Laws,

CURRENT LIABILITIES

These totalled Euro 381,246 million, an increase of Euro 81,989 million compared to the previous year,
Changes in the various items are as follows:

Description (Euro 000)	31/12/07	31/12/06	Change
Current debt (bank debt)	45,898	40,268	5,630
Bank overdrafts	1,694	1,594	100
Trade pre-payments	3,360	19,534	(16,174)
Sub-total of non-current liabilities	**50,952**	**61,396**	**(10,444)**
Payables to leasing companies	8,030	7,088	942
Payables for other current financing	2,216	252	1,964
Sub-total of payables for other non-current financing	**10,246**	**7,340**	**2,906**
Current financial derivatives	37	76	(39)
Sub-total of current financial derivatives	**37**	**76**	**(39)**
Trade payables	230,370	178,684	51,686
Pre-payments	16,519	6,672	9,847
Payables to associates	6,287	3,792	2,495
Payables to National Insurance & Social Security institutions	3,780	3,064	716
Accrued liabilities and deferred charges	2,982	4,595	(1,613)
Other current liabilities	28,245	18,284	9,961
Liabilities for VAT to the Tax Authority	2,308	3,275	(967)
Sub-total of other current liabilities	**290,491**	**218,366**	**72,125**
Tax liabilities for current taxes	29,520	12,079	17,441
Sub-total of tax liabilities for current taxes	**29,520**	**12,079**	**17,441**
TOTAL	**381,246**	**299,257**	**81,989**

(19) Trade payables and pre-payments: breakdown by geographical area and currency

Trade payables increased substantially at 31 December 2007 (circa Euro 230 million) compared to 31 December 2006 (Euro 179 million) reflecting the strong growth in the Group's business and the higher levels of inventories,

The geographical breakdown of trade payables and current pre-payments is the following:

31/12/2007	Italy	Europe (ex-Italy)	U,S,A, e Canada	Latin America	Africa	Middle East	Far East	Total
Suppliers	154,608	27,852	7,151	7,051	3,973	28,391	1,345	230,370
Pre-payments	1,624	3,073	50	1,487	9,045	1,236	3	16,519
Payable to associates	4,829	490	103	865	0	0	0	6,287

31/12/2006	Italy	Europe (ex-Italy)	U,S,A, e Canada	Latin America	Africa	Middle East	Far East	Total
Suppliers	114,576	21,341	7,924	7,016	2,566	24,320	940	178,684
Pre-payments	146	3,718	50	2,264	415	0	79	6,672
Payable to associates	2,600	490	0	703	0	0	0	3,792

The breakdown of trade payables by currency is as follows:

Currency	31/12/2007	31/12/2006	Change
Euro	187,634	137,441	50,192
US dollar	9,707	13,571	(3,864)
UAE dirhams	25,801	19,326	6,475
Nigerian Naira	2,299	1,825	474
Others	4,929	6,520	(1,591)
Total	**230,369**	**178,684**	**51,686**

Description (Euro 000)	31/12/07	31/12/06	Change
Pre-payments	76,004	43,448	32,556
Pre-payments on contract work in progress	(59,485)	(36,776)	(22,709)
Total	**16,519**	**6,672**	**9,847**

(19) Trade payables and other current liabilities

Payables to associates:

Trade payables to associates were Euro 6,287 million and were almost entirely trade payables of Trevi S,p,A, to different consortia, For further detail on this figure, please see note 31 on related party transactions,

Liabilities for VAT to the Tax Authority

The decrease in VAT liabilities payable to the Tax Authority was mainly due to Trevi Cimentaciones for Euro0,365 million and Trevi Algeria E,u,r,l, for Euro 0,533 million, Other liabilities:

These are mainly the following:

Description (Euro 000)	31/12/07	31/12/06	Change
Payables to employees	11,086	9,161	1,925
Payables to factoring companies	1,773	936	837
Other payables	15,386	8,187	7,199
TOTAL	**28,245**	**18,284**	**9,961**

The increase in the entry, payables to employees, which was Euro 1,925 million, is due to the increase in the number of Group employees which rose from 4,218 at 31 December 2006 to 5,067 at 31 December 2007, The figure relates to salaries and wages in December 2007 and provisions for holidays due but not taken,

Other payables includes circa Euro 9,3 million due to the net negative difference resulting from contract work in progress totalling less than the pre-payments received on the contracts, This was due to Drillmec S,p,A, for Euro 7 million and to Trevi Foundations Nigeria Ltd, for Euro 2,3 million, A further Euro 4,3 million is for goods invoiced but still to be shipped and may be attributed for Euro 3 million to Soilmec S,p,A, and for Euro 1,3 million to Drillmec S,p,A,

Accrued liabilities and deferred charges:

Accrued liabilities and deferred charges were Euro 4,309 million at 31 December 2007 and may be broken down as follows:

Accrued liabilities

Description (Euro 000)	31/12/2007	31/12/2006	Change
Accrued liabilities on insurance premiums	284	217	67
Other accrued liabilities	2,196	2,565	(369)
TOTAL	**2,480**	**2,782**	**(302)**

Accrued liabilities were Euro 2,480 million at 31 December 2007, a decrease of Euro 0,302 million compared to the previous year, The figure is Euro 0,420 million from Drillmec S,p,A,, mainly for insurance payments, Euro 0,223 million from Soilmec S,p,A,, Euro 0,468 million from Trevi Icos South and Euro 0,294 from the Kiewit/Trevi Icos joint-venture,

Deferred charges

Description (Euro 000)	31/12/2007	31/12/2006	Change
Deferred interest charges under the Sabatini and Ossola Laws	248	318	(70)
Other deferred charges	254	1,495	(1,241)
TOTAL	**502**	**1,813**	**(1,311)**

Deferred charges at 31 December 2007 were Euro 0,502 million and mainly refer to interest payable under the Sabatini e Ossola Laws,

(20) Tax liability for current taxes

At 31 December 2007, the tax liability was Euro 29.520 million and was made up as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Liability to the Tax Authority for direct taxes	27,176	10,201	16,975
Other	2,344	1,878	466
TOTAL	**29,520**	**12,079**	**17,441**

The tax liability for current taxes increased Euro 17.441 million due to the higher 2007 taxes payable by Soilmec S.p.A., Drillmec S.p.A. and Trevi S.p.A.

(21) Current debt

Description (Euro 000)	31/12/2007	31/12/2006	Change
Bank overdrafts	1,694	1,594	100
Trade pre-payments	3,360	19,534	(16,174)
Bank debt	13,946	14,838	(892)
Portion of mortgages and financing due within 12 months	31,952	25,430	6,522
TOTAL	**50,952**	**61,396**	**(10,444)**

Current debt is made up of bank debt and includes some asset backed mortgages and financing. The details are as follows:

- A mortgage loan originally for Euro15,000,000, of eight-year duration, to the Parent Company from Interbanca S.p.A.; at 31 December 2007 the outstanding amount was Euro 5,625,000. The primary mortgage guarantee was given by the subsidiary Soilmec S.p.A. on its production plant in Cesena;
- Totalling financing granted by Emirates Bank International and HSBC to Swissboring (Dubai) amounting to 12,008,229 Dirham, circa Euro 2,221,000 at 31 December 2007 (4,594,768 Dirham short-term, equivalent to Euro 850,000, and 7,413,461 Dirham, equivalent to Euro 1,371,000, beyond twelve months) which is guaranteed by the equipment which is the object of the financing.

(22) Payables to leasing companies

Description (Euro 000)	31/12/2007	31/12/2006	Change
Payables to leasing companies	8,030	7,088	942
Payables for other current financing	2,216	252	1,964
TOTAL	**10,246**	**7,340**	**2,906**

Payables to leasing companies are the capital element of instalments payable in the future; Euro 1.772 million of payables for other current financing is payables to factoring companies by Trevi S.p.A.

(23) Current financial derivative instruments:

At 31 December 2007 these totalled Euro 0.037 million (Euro 0.076 million at 31 December 2006).

Net financial position

The details of the net financial position are given in the following table

GRUPPO TREVI

CONSOLIDATED NET FINANCIAL POSITION

(Euro 000)

		Note	31/12/07	31/12/06	Change
A	Cash	(13)	874	871	3
B	Cash equivalents	(13)	89,880	89,035	845
D	Liquidity (A+B)		90,754	89,906	848
E	Current financial assets	(12) (23)	28	88	(60)
F	Current bank debt	(21)	22,940	35,967	(13,027)
G	Current portion of non-current debt	(21)	28,012	25,430	2,582
H	Other current financial liabilities	(22)	10,246	7,340	2,906
I	Current financial debt (F+G+H)		61,198	68,737	(7,539)
J	Current net debt (I-E-D)		(29,585)	(21,257)	(8,328)
K	Non-current bank depts	(15)	145,163	172,636	(27,473)
L	Other non-current financial liabilities	(15)	27,064	24,361	2,703
M	Non-current financial debt (K+L)		172,227	196,997	(24,770)
N	Net debt (J+M)		142,642	175,740	(33,098)

MEMORANDUM ACCOUNTS

Description (Euro 000)	31/12/2007	31/12/2006	Change
Guarantees given	261,908	264,824	(2,916)
Guarantees received	9,015	13,735	(4,720)
Obligations to third parties	11,238	10,966	272
Third-party assets on deposit	8,364	11,291	(2,927)
Undertakings for property investments	4,700		(4,700)
Goods wit h third parties	114	125	(11)
TOTAL	**295,339**	**300,941**	**(5,602)**

Guarantees given

These include the guarantees given by Group companies to third parties as guarantees for work completed and for the correct and punctual supply of equipment and were Euro 261.908 million (Euro 264.824 million at 31 December 2006).

Guarantees received

At 31 December 2007 these totalled Euro 9.015 million for Drillmec S.p.A.

Obligations to third parties

The total of these guarantees was Euro 11.238 million, Euro 4.056 million for the Parent Company for the total of future instalments on the operating lease with Caterpillar Financial Corporation Finanziaria S.A., and for the remaining Euro 7.182 million to other future operating lease payments by companies in the Group.

Details of the timing of these payments are given in the following table:

Description	Within 12 months	1-5 years	Over 5 years
Value of hire contract to expiry	2,681	8,557	-

The aforementioned hire contracts are all indexed to EURIBOR.

Third-party assets on deposit

The amount of third-party goods held by the Trevi Group is equal to Euro 8.364 million.

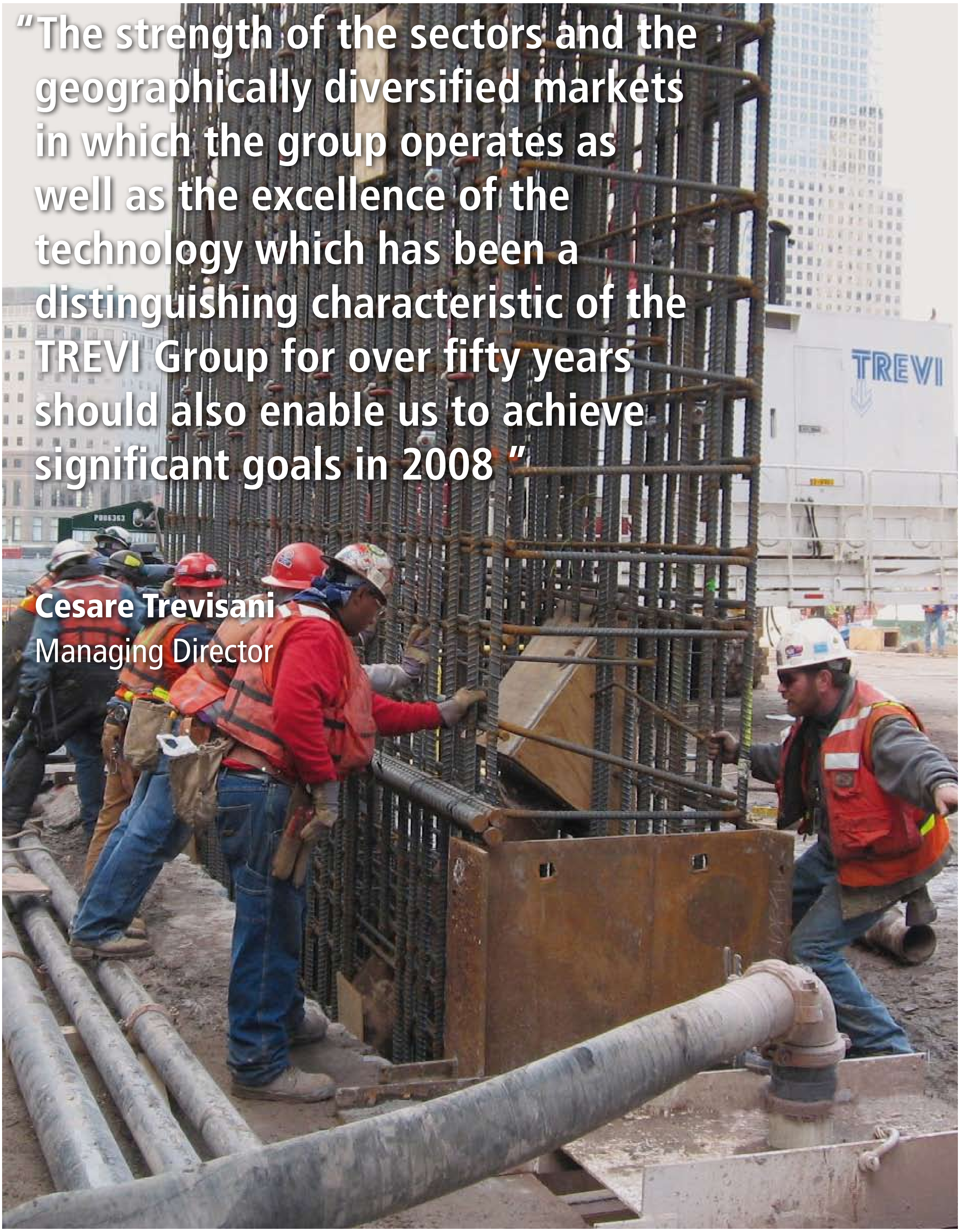
Commitments for property investments

At 31 December 2007, the Group had undertakings to acquire property for Euro 4.700 million as follows:

- Euro 0.700 million to purchase an industrial building to increase production capacity. The preliminary contract was signed in October 2007 and the acquisition was finalized at the end of January 2008.
- Euro 4 million relating to a preliminary contract for a future lease to be finalized in 2008. The lease relates to the purchase of land and the construction of an industrial building at Asolo (TV) which will permit the company, PSM S.r.L., to increase its production capacity.

Goods with third parties

These totalled Euro 0.114 million at 31 December 2007.



"The strength of the sectors and the geographically diversified markets in which the group operates as well as the excellence of the technology which has been a distinguishing characteristic of the TREVI Group for over fifty years should also enable us to achieve significant goals in 2008 "

Cesare Trevisani
Managing Director

NOTES TO THE INCOME STATEMENT

Some details and information on the Consolidated Income Statement for the 2007 financial year are given below. For a more detailed account of the Group performance, please see the Report on Operations.

OPERATING REVENUES

(24) Revenues from sales and services and other revenues.

These totalled Euro 837.069 million in 2007 compared to Euro 642.377 million in 2006, an increase of Euro 194.692 million.
The Group operates in various business sectors and geographical regions.
The breakdown of revenues from sales and services and other revenues is as follows:

Geographical area (Euro 000)	31/12/2007	%	31/12/2006	%	Change
Italy	141,371	16.9%	109,451	17.0%	31,920
Europe (ex-Italy)	139,128	16.6%	84,895	13.2%	54,233
USA and Canada	91,025	10.9%	89,015	13.9%	2,010
Latin America	97,763	11.7%	61,871	9.6%	35,892
Africa	126,319	15.1%	99,199	15.4%	27,120
Middle East	188,921	22.6%	165,313	25.7%	23,608
Far East	47,708	5.7%	29,162	4.5%	18,546
Rest of the world	4,835	0.6%	3,471	0.5%	1,364
TOTAL REVENUES	**837,069**	**100%**	**642,377**	**100%**	**194,692**

The geographical breakdown of sales shows a general recovery in all geographical areas: in Latin America due to the drilling services sector; in Africa to the new docks worksite and the foundations for oil storage facilities; in Europe, the subsidiaries, Soilmec U.K. Ltd and Soilmec France S.a.S., had excellent results. In Europe, Drillmec S.p.a, also had a strong performance, in particular, the new contract in Russia from the TNK-BP joint-venture, which in partnership with British Petroleum and AAR, acquired an MR 8000 for operating in low climatic temperatures, which will be used in Siberia. Drillmec S.p.A. also continued to grow in Romania, where, since the eastern European countries joined the European Union, it has become the market leader.
Significant projects in the special foundations sector include the contract for the Stans tunnel, near Innsbruck, and phase 2 of the extension of the docks at Bandar Abbas in Iran. This sector also includes the opening of the worksite for the port at Gioia Tauro, the work in Rome on behalf of Vianini and Rimati and the work on the Naples underground for Toledo.

In the mechanical engineering division there were excellent results from Soilmec S.p.A. and Drillmec S.p.A and its foreign subsidiaries on the back of the strong increase in revenues from the sale of special foundations equipment and drilling equipment for oil, gas and water.

The breakdown of Group revenues by business sector is as follows:

Sector (Euro 000)	31/12/2007	%	31/12/2006	%	Change
Manufacture of special foundation machinery	259,746	31.0%	173,132	27.0%	86,614
Oil, gas and water drilling equipment	178,584	21.3%	119,460	18.6%	59,124
Drilling services	42,111	5.0%	27,353	4.3%	14,758
Special foundation services	356,628	42.6%	322,432	50.2%	34,196
TOTAL REVENUES	**837,069**	**100%**	**642,377**	**100%**	**194,692**

The three main operational features that characterized the 2007 financial year were:

- The expansion of the core business linked to the strong increase in revenues from sales of special foundation equipment produced by Soilmec S.p.A.
- The strong recovery in the drilling sector under Drillmec S.p.A. and the consequent increase in revenues in the sector producing drilling rigs for water, oil and geothermal power and from oil drilling services.
- The continued growth of the special foundations sector and, in particular, of the subsidiaries Swissboring Overseas Piling Corporation in the Arabian Gulf, Trevi Foundations Nigeria and of the United States subsidiaries.

Other operating revenues

Other revenues and income was Euro 20.466 million, a decrease of Euro 0.609 million over the preceding financial year. The breakdown is as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Expense recoveries and reallocations to consortia	8,338	5,338	3,000
Sales of spare-parts	5,217	7,460	(2,243)
Gains on disposal of fixed assets	61	1,237	(1,176)
Gains on sale of operating division	395	-	395
Reimbursement for damages	101	17	84
Rents received	394	362	32
Out-of-period income	1,131	900	231
Other	4,829	5,761	(932)
Total	**20,466**	**21,075**	**(609)**

In the 2007 financial year, these were primarily expenses recovered and reallocated to consortia for Euro 8.338 million. The Euro 3 million year-on-year increase was mainly due to the activities of the subsidiaries Soilmec S.p.A., Drillmec S.p.A. and Petreven Ute Argentina. Spare part sales were Euro 5.217 million and capital gains from sales of fixed assets were Euro 0.061 million compared to Euro 1.237 million in 2006. Out-of-period income of Euro 1.131 million, compared to Euro 0.900 million in 2006, was due for Euro 0.794 to Trevi S.p.A. The sale of Trevi Park to the associated company, Parcheggi S.p.A., resulted in a capital gain of Euro 0.395 million (see note 31 below).

OPERATING EXPENSES

Operating expenses totalled Euro 775.201 million in 2007 compared to Euro 617.266 million in 2006. They may be broken down as follows

(25) Personnel expenses:

These increased Euro 16.910 million to Euro 121.573 million in 2007.

Description (Euro 000)	31/12/2007	31/12/2006	Change
Salaries and wages	93,337	78,061	15,276
Social Security expenses	23,082	19,932	3,150
Staff-leaving indemnity fund	633	2,669	(2,036)
Curtailment effect	(1,141)	0	(1,141)
Provisions for pension liabilities	3,388	2,088	1,300
Other expenses	2,274	1,913	361
Total	**121,573**	**104,663**	**16,910**

The increase in personnel expenses reflects the increase in employees in Group companies and was partly offset, at 31 December 2007, by the curtailment effect. The breakdown of employees and changes compared to 2006 are shown in the following table:

Description (Euro 000)	31/12/2007	31/12/2006	Change	Media
Managers	55	48	7	54
Qualified staff	1,099	959	140	1,033
Blue collar workers	3,913	3,211	702	3,577
Total personnel	**5,067**	**4,218**	**849**	**4,664**

The increase in personnel during 2007 was due to the large contracts in the Middle East, for Swissboring operating in the United Arab Emirates, and to the contracts won in Latin America and Africa.

(26) Other operating expenses

Description (Euro 000)	31/12/2007	31/12/2006	Change
Costs for services	165,591	143,652	21,939
Expenses for use of third-party assets	24,237	21,256	2,981
Other operating expenses	9,721	5,564	4,157
Total	**199,549**	**170,472**	**29,077**

Other operating expenses increased Euro 29.077 to Euro 199.549 million in 2007. For further details, please see below.

Costs for services

These were Euro 165.591 million in 2007 compared to Euro 143.652 million at 31 December 2006. This entry includes the following:

Description (Euro 000)	31/12/2007	31/12/2006	Change
External services	13,222	9,035	4,187
Technical assistance	4,280	4,216	64
Machine power	1,054	950	104
Subcontractors	43,976	44,468	(492)
Administrative services	1,495	1,385	110
Marketing services	629	782	(153)
Technical, legal and tax consultants	14,974	14,023	951
Maintenance and repair	11,877	11,086	791
Insurance	5,891	5,358	533
Shipping and customs expenses	22,690	18,011	4,679
Energy, telephone, gas, water and postal expenses	3,284	3,454	(170)
Commissions and related expenses	16,851	10,049	6,802
Travel and subsistence expenses	12,830	10,692	2,138
Advertising and promotion	2,833	2,192	641
Bank charges	2,389	2,692	(303)
Other	7,316	5,259	2,058
Total	**165,591**	**143,652**	**21,939**

The 15% increase in the costs for services is closely linked to the increase in operating revenues, which rose from Euro 675.343 million in 2006 to Euro 874.231 million in 2007, an increase of 29.4%.

Expenses for use of third-party assets:

These were Euro 24.237 million, an increase of Euro 2.981 million compared to 2006, and were as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Equipment hire	20,182	18,511	1,671
Rents	4,056	2,745	1,311
Total	**24,237**	**21,256**	**2,981**

Equipment hire includes equipment hired by Swissboring Overseas Piling Corporation to carry out its current contracts, equipment hired by Trevi S.p.A. and the hire of the two Parent Company HH 102 drill rigs used by the subsidiary, Petreven, in Venezuela and Argentina.

Other operating expenses:

These totalled Euro 9.721 million, an increase of Euro 4.157 million on the preceding year and were as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Taxes other than income taxes	3,163	1,780	1,383
Losses on disposal of assets	1,270	1,671	(401)
Prior year taxes	522	91	431
Out of period expenses	1,712	308	1,404
Other	3,054	1,714	1,340
Total	**9,721**	**5,564**	**4,157**

Taxes other than income taxes are attributable to Petreven Venezuela C.a. for Euro 0.811 million, to Petreven U.t.e. Argentina for Euro 0.561 million, to Petreven Colombia for Euro 0.303 million, to Pilotes for Euro 0.200 million, to Trevi Cimentaciones for Euro 0.197 million, to Trevi Finanziaria for Euro 0.210 million and to Trevi S.p.A. for Euro 0.230 million.
The out of period expenses are due to Trevi S.p.A for Euro 0.786 million, to Trevi Cimentaciones for Euro 0.344 million and to Petreven Venezuela C.a. for Euro 0.214 million.
Other operating costs are attributable to Petreven U.t.e Argentina for Euro 0.729 million, to Trevi S.p.A for Euro 0.381 million, to Drillmec for Euro 0.420 million and to Soilmec S.p.A for Euro0.200 million.

(27) Provisions and write-downs:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Risk provisions	2,030	1,468	562
Write-down of receivables	1,612	2,170	(558)
Total	**3,642**	**3,638**	**4**

Risk provisions:

These were Euro 2.030 million mainly attributable to: Swissboring in the United Arab Emirates for Euro 0.415 million for contractual risks; Soilmec UK Ltd. for Euro 0.142 million; Drillmec S.p.A. for Euro 0.100 million for product guarantee provisions and inventory write downs; Soilmec S.p.A. for Euro 0.850 million provisions for work resulting from guarantees given; and to Trevi S.p.A. for Euro 0.448 million for contract risks.

Write-down of receivables included in current assets:

The amount of Euro 1.612 million is for provisions for doubtful trade receivables made by individual subsidiaries and may be attributed as follows: Soilmec S.p.A. for Euro 0.320 million; Trevi Foundations Nigeria for Euro 0.121 million; Swissboring Overseas Piling Corporation for Euro 0.188 million; Trevi Icos Corporation for Euro 0.356 million; Trevi Icos South for Euro 0.163 million; and Trevi S.p.A. for Euro 0.298 million.

(28) Financial revenue:

Financial revenue is as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Bank interest revenue	2,023	836	1,187
Interest charged to customers	788	997	(209)
Other financial revenue	514	321	194
Total	**3,325**	**2,154**	**1,172**

Under IAS 39, the fair value of the derivative instruments at 31 December 2007 had a positive impact of Euro0.065 million net of the tax effect attributable to the subsidiary, RCT S.r.L.

(29) Financial expenses:

Financial expenses are as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Bank interest expense	11,360	7,899	3,461
Bank commission and expense	665	547	118
Loan-related interest expense	1,302	1,182	120
Leasing companies interest expense	1,677	1,158	519
Bank discounting charges	888	992	(104)
Interest for other financing	1,086	795	293
Total	**16,978**	**12,573**	**4,405**

The Euro 4.405 million increase in this figure is primarily due to the increase in interest rates during 2007. The Euro3.461 million increase in bank interest expense is attributable to Petreven Venezuela Ca. for Euro 0.535 million and to the Parent Company for Euro 2.967 million. Drillmec S.p.A had a decrease of Euro 0.280 million in this figure as its net financial position gradually improved with the receipt of customer advances in the second half of the year.
Soilmec S.p.A. accounted for Euro 0.293 million of the increase in interest for other financing.

(30) Exchange rate gains/ (losses) from transactions in foreign currencies:

At 31 December 2007, net exchange rate differences were positive for Euro 0.109 million and resulted from the payment and receipt of payables and receivables in foreign currency and from the devaluation of the US dollar against the Euro. The breakdown is as follows:

(Euro 000)	31/12/2007	31/12/2006	Change
Realised exchange gains	8,342	3,132	5,210
Realised exchange losses	(4,961)	(4,500)	(461)
Sub-total of realised gains/(losses)	**3,381**	**(1,368)**	**4,749**
Unrealised exchange gains	5,757	1,995	3,762
Unrealised exchange losses	(9,029)	(5,689)	(3,340)
Sub-total of unrealised gains/(losses)	**(3,272)**	**(3,694)**	**422**
Total	**109**	**(5,062)**	**5,171**

(32) Income taxes for the year:

Net income taxes for the period totalled Euro 13.399 million and were as follows:

Description (Euro 000)	31/12/2007	31/12/2006	Change
Current taxes :			
- I.R.A.P.	4,648	3,657	991
- Income taxes	29,126	12,231	16,895
Deferred taxes	762	6,177	(5,415)
Pre-paid taxes	(6,463)	(7,391)	928
Total	**28,074**	**14,674**	**13,399**

Current income taxes are an estimate of the direct taxes payable for the financial year derived from the taxable income of each company of the consolidated Group.

The theoretical tax rate used to calculate the income tax due from Italian companies is 27.5% of the taxable income of the year. Income tax due from foreign companies is calculated using the tax rates in force in the respective countries.

Income tax reconciliation:

Country	Local tax rate (A)	Pre-tax profit/ (loss) (B)	Taxes payable calculated by applying the local tax rate (C)= (A) x (B)	Taxes payable calculated by applying the effective tax rate (D)	Difference (D)-(C)
Algeria	30,0%	770	231	192	(38)
Argentina	35,0%	(848)	(297)	82	379
Canada	35,6%	360	128	(33)	(161)
United Arab Emirates	0,0%	20,037	0	619	619
Philippines	35,0%	265	93	(61)	(153)
Japan	30,0%	(43)	(13)	1	14
Hong Kong	17,5%	5,634	986	565	(421)
United Kingdom	30,0%	3,419	1,026	1,026	0
Italy	27,5%	37,856	10,410	18,515	8,105
France	34,8%	990	345	336	(8)
Nigeria	30,0%	2,868	861	936	75
Holland		(307)	0	0	0
Peru	30,0%	(20)	(6)	0	6
Portugal	0,0%	(71)	0	0	0
Rep. of San Marino		214	0	0	0
Singapore	27,0%	0	0	0	0
USA	39,0%	8,399	3,276	1,046	(2,230)
Colombia	35,0%	1,045	366	191	(175)
Venezuela	34,0%	5,343	1,817	10	(1,806)
Panama		(39)	0		
Total		**85,873**	**19,222**	**23,426**	**4,204**

Reconciliation of the theoretical tax liability and that charged to the Income Statement:

Country	Consolidated results before taxation	Theoretical tax liability	Tax effect on permanent differences	Net effect in the period of deferred inc. tax assets calculated on temporary differences	Effective tax on profits	Effective IRAP tax (for Italian companies)	Effective tax burden in Income Statement to 31/12/07
Algeria	770	231	(38)		192		192
Argentina	(848)	(297)	379		82		82
Canada	360	128	(161)		(33)		(33)
United Arab Emirates	20,037	0	619		619		619
Philippines	265	93	(153)		(61)		(61)
Japan	(43)	(13)	14		1		1
Hong Kong	5,634	986	(421)		565		565
United Kingdom	3,419	1,026	0		1,026		1,026
Italy	37,856	10,410	14,568	(6,463)	18,515	4,648	23,163
France	990	345	(8)		336		336
Nigeria	2,868	861	75		936		936
Holland	(307)	0	0		0		0
Peru	(20)	(6)	6		0		0
Portugal	(71)	0	0		0		0
Rep. of San Marino	214	0	0		0		0
Singapore	0	0	0		0		0
USA	8,399	3,276	(2,230)		1,046		1,046
Colombia	1,045	366	(175)		191		191
Venezuela	5,343	1,817	(1,806)		10		10
Panama	(39)	0	0		0		0
Total	**85,873**	**19,222**	**10,667**	**(6,463)**	**23,426**	**4,648**	**28,074**

(33) Group earnings per share:

The assumptions underlying the calculation of basic and diluted earnings per share are as follows:

	Description	31/12/2007	31/12/2006
A	Net profit for the financial year (Euro '000)	55,788	26,760
B	Weighted average number of ordinary shares used to calculate basic earnings per share	63,747,623	64,000,000
C	Basic earnings per share: (A*1000)/B (Euro)	0,875	0,418
D	Net profit adjusted for dilution analysis (Euro '000)	57,417	26,590
E	Dilution effect of convertible bond loan	6,194,690	6,194,690
F	Weighted average number of ordinary shares used to calculate diluted earnings per share (B+E)	69,942,313	70,194,690
G	Diluted earnings per share (D*1000)/F (Euro)	0,821	0,379

(34) Related party transactions:

The related party transactions of Gruppo Trevi are mainly commercial transactions between Trevi S.p.A. and other companies in the Group done at market conditions.

The most significant items of non-current receivables at 31 December 2007 and at 31 December 2006, which are recognised in trade receivables and other non-current assets, are shown in the following table:

Description (Euro 000)	31/12/2007	31/12/2006
Porto Messina S.c.a.r.l.	720	400
Filippella S.c.a.r.l.	150	150
Pescara Park S.r.L.	133	42
Other	62	57
TOTAL	**1,065**	**649**

The most significant items of current receivables at 31 December 2007 and at 31 December 2006, which are recognised in trade receivables and other current assets, are shown in the following table:

Description (Euro 000)	31/12/2007	31/12/2006
Parcheggi S.pA.	565	774
Roma Park	48	221
IFC Ltd	3	16
Cogea Park S.r.L.	0	737
Sub-total	**616**	**1,748**
Porto di Messina S.c.a.r.l.	1,005	1,002
Bologna Park S.c.a.r.l.	1,284	
Consorzio Principe Amedeo	314	387
Consorzio Trevi Adanti	49	615
Filippella S.c.a.r.l	774	800
Consorzio Saitre	0	0
Trevi S.G.F. Inc. S.c.a.r.l.	3,752	3,622
Bormida S.c.a.r.l.	0	106
Soilmec Far East	3,155	182
Edra Srl	815	1,343
Profuro Lda	335	302
Consorzio Massingir Dam	0	0
Drillmec Engeenering & Co. Ltd	888	0
Arge Baugrube Q110	339	339
Trevi Park PLC	330	330
Other	1,345	1,200
Sub-total	**14,385**	**10,228**
TOTAL	**15,001**	**11,976**
% of total consolidated trade receivables	**7,4%**	**6,2%**

Total receivables from related parties were Euro 15.001 million. The increase of Euro 3.025 million is mainly due to the Trevi S.p.A. receivables from Bologna Park S.c.a.r.l. for the invoicing of two underground car parks in Bologna; to Soilmec S.p.A. receivables from Soilmec Far East, a company that was deconsolidated in the 2006 financial year and in which the Group now has just 10%; to Drillmec S.p.A. receivables from Drillmec Engineering & Co., a company based in Sudan and 20% owned. Contributing to a decrease in trade receivables was the decline in trade receivables of Trevi A.p.A. from Trevi Adanti following completion of this contract and payment of the relevant invoices.I ricavi realizzati dal Gruppo verso tali società sono di seguito esposti:

Description (Euro 000)	31/12/2007	31/12/2006
IFC	37	51
Roma Park	28	825
Parcheggi S.pA.	246	654
Cogea Park S.r.L.		13
Sub-total	**311**	**1,543**
Hercules Foundation AB	144	170
Bologna Park S.c.a.r.l.	1,322	576
Consorzio Trevi Adanti	0	302
Porto di Messina S.c.a.r.l.	0	366
Drillmec Eng. & co.	1,043	0
Trevi S.G.F. Inc. S.c.a.r.l	2,644	4,845
Filippella S.c.a.r.l.	525	1,273
Other	35	20
Sub-total	**5,713**	**7,552**
TOTAL	**6,024**	**9,095**
% of consolidated revenues from sales and services	**0,7%**	**1,5%**

The most important amounts under trade payables to related parties at 31 December 2007 and 31 December 2006, which are recognised in trade payables and other current liabilities, are shown in the following table

Description (Euro 000)	31/12/2007	31/12/2006
Parcheggi S.pA.	126	113
Roma Park	18	18
Sub-total	**144**	**131**
Principe Amedeo	118	118
Filippella S.c.a.r.l.	2,774	1,199
Trevi Adanti	8	32
Consorzio Saitre		0
Bormida 2005 S.c.ar.l.		149
Porto di Messina S.c.a.rl.	85	193
Trevi S.G.F. Inc. S.c.a.r.l	624	416
Dach-Arghe Markt Leipzig	490	490
Trevi Park PLC	100	100
Drillmec Eng. & co.	103	0
Edra	917	
Other	1,068	1,095
Sub-total	**6,287**	**3,792**
TOTAL	**6,431**	**3,923**
% of consolidated trade payables	**2,7%**	**2,1%**

The increase in these payables is due to the transactions between Trevi S.p.A. and the subsidiary, Filippella S.c.a.r.l., for building a part of the motorway in the area of Syracuse, Sicily, and to those between Drillmec S.p.A. and its associates, Edra and Drillmec Eng. & co.

Expenses sustained by the Group with related parties are as follows:

Description (Euro 000)	31/12/2007	31/12/2006
Parcheggi S.pA.	22	79
Sub-total	**22**	**79**
Porto di Messina S.c.a.rl.	67	467
Trevi Spezialtiefbau Germania	421	278
Trevi S.G.F. Inc. S.c.a.r.l	1,535	2,372
Drillmec Eng. & co.	156	0
Filippella S.c.a.r.l.	4,188	4,375
Dach Arge	244	243
Other	104	220
Sub-total	**6,715**	**7,955**
TOTAL	**6,737**	**8,034**
% of consolidated consumption of raw materials and external services	**1,1%**	**1,7%**

As the tables show, Gruppo Trevi has some transactions with the companies headed by Sofitre S.r.l., the company 100% owned by the Trevisani family. The transactions with the companies that are part of Gruppo Sofitre (which qualifies for recognition because the shareholders controlling it and Gruppo Trevi are the Trevisani family) in 2007 were done and are summarised in the table below. The table also shows that the amounts involved are not meaningful in the context of the consolidated Group figures.

Description (Euro 000)	I.F.C. Ltd	Parcheggi S.p.A.	Roma Park	Total for related companies
Trade receivables	3	565	48	616
Trade payables		126	18	144
Revenues from sales and services	37	246	28	311
Raw materials and external services		22	1	23
Warranties and guarantees	224	1,227		1,451

As shown above, there exist some guarantees (for a total of Euro 1.451 million) given by TREVI-Finanziaria Industriale S.p.A. before its listing on the stock exchange and which are gradually decreasing. These were given to banks on behalf of companies that now belong to Gruppo Sofitre.

On 26 June 2007, Trevi S.p.A. sold the company division, Trevi Park, to Parcheggi S.p.A. (a company within Gruppo Sofitre) for

Euro 0.450 million (a price that was the result of an independent report). This divestment, which generated a capital gain of Euro 0.395 million for the Group, was made as the business sector of Trevi Park was considered to be no longer strategic to Gruppo Trevi.
There were no economic transactions between Gruppo Trevi and TREVI Holding Aps, the Danish company that controls TREVI – Finanziaria Industriale S.p.A.

(35) Segment reporting

The Group has identified that financial data by business sector is the primary segment for disclosure of further economic and financial information about the Group (segment reporting). This shows the organisation of the business of the Group and the internal reporting structure since the risks and returns accruing to the Group are affected by the sectors in which it operates. For secondary segment information on business by geographical area, which is also closely monitored by management, please refer to the Notes to the Accounts.

Summary sector income statement and balance sheet figures at 31 December 2007 are given below and further information on the performance of the two divisions is given in note 22 on revenues from sales and in the Review of Operations.

SPECIAL FOUNDATIONS AND DRILLING SERVICES DIVISION

Summary Balance Sheet

(Euro 000)

		31/12/2007	31/12/2006	Change
A)	Fixed assets	157,048	143,812	13,236
B)	Net working capital			
	- Inventories	53,281	52,111	1,171
	- Trade receivables	125,013	126,977	(1,964)
	- Trade payables (-)	(102,880)	(92,752)	(10,127)
	- Pre-payments (-)	(34,303)	(28,900)	(5,403)
	- Other assets (liabilities)	(2,929)	(12,565)	9,636
		38,183	44,870	(6,687)
C)	Fixed assets plus net working capital (A+B)	195,231	188,682	6,549
D)	Post-employment benefits (-)	(8,427)	(9,004)	577
E)	**NET INVESTED CAPITAL (C+D)**	**186,804**	**179,678**	**7,126**
	Financed by:			
F)	Group net equity	65,864	52,591	13,273
G)	Share of minorities	3,645	3,185	460
H)	Net financial position	117,295	123,903	(6,608)
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**186,804**	**179,678**	**7,125**

MECHANICAL ENGINEERING DIVISION

Summary Balance Sheet

(Euro 000)

		31/12/2007	31/12/2006	Change
A)	Fixed assets	44,205	42,841	1,364
B)	Net working capital			
	- Inventories	167,411	117,077	50,334
	- Trade receivables	89,160	77,315	11,845
	- Trade payables (-)	(170,277)	(117,670)	(52,607)
	- Pre-payments (-)	(41,701)	(14,548)	(27,153)
	- Other assets (liabilities)	(302)	(3,278)	2,976
		44,291	58,897	(14,606)
C)	Fixed assets plus net working capital (A+B)	88,496	101,739	(13,242)
D)	Post-employment benefits (-)	(5,453)	(6,371)	918
E)	**NET INVESTED CAPITAL (C+D)**	**83,043**	**95,367**	**(12,324)**
	Financed by:			
F)	Group net equity	64,598	39,316	25,282
G)	Share of minorities	1,187	1,503	(316)
H)	Net financial position	17,258	54,548	(37,290)
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**83,043**	**95,367**	**(12,324)**

SPECIAL FOUNDATIONS AND DRILLING SERVICES DIVISION

Summary Income Statement

(Euro 000)

	31/12/2007	31/12/2006	Change	
Total revenues from third-parties	395,184	358,943	36,241	
Total revenues from Mechanical Engineering Division	1,485	2,558	(1,073)	
TOTAL REVENUES	**396,669**	**361,501**	**35,168**	**9.7%**
Changes in inventories of work in progress, semi-finished and finished goods	(913)	1,219	(2,133)	
Increase in fixed assets for internal use	10,781	5,094	5,687	
Other operating revenues	395	873	(478)	
VALUE OF PRODUCTION	**406,932**	**368,687**	**38,244**	
Raw materials and external services	257,146	240,249	16,897	
Other operating expenses	7,441	4,331	3,110	
VALUE ADDED	**142,345**	**124,108**	**18,237**	**14.7%**
% on Total revenues	35,9%	34,3%		
Personnel expenses	81,782	72,914	8,868	
GROSS OPERATING PROFIT	**60,563**	**51,194**	**9,369**	**18.3%**
% on Total revenues	15,3%	14,2%		
Depreciation	17,978	15,302	2,676	
Provisions and write-downs	2,103	2,558	(455)	
OPERATING RESULT	**40,482**	**33,333**	**7,149**	**21.4%**
% on Total revenues	10,2%	9,2%		

MECHANICAL ENGINEERING DIVISION

Summary Income Statement

(Euro 000)

	31/12/ 2007	31/12/2006	Change	
Total revenues from third-parties	460,534	298,413	162,121	
Total revenues from Mechanical Engineering Division	4,389	11,612	(7,223)	
TOTAL REVENUES	**464,923**	**310,025**	**154,898**	**50.0%**
Changes in inventories of work in progress, semi-finished and finished goods	11,778	17,145	(5,367)	
Increase in fixed assets for internal use	782	428	354	
Other operating revenues			0	
VALUE OF PRODUCTION	**477,483**	**327,598**	**149,885**	
Raw materials and external services	367,817	257,000	110,817	
Other operating expenses	2,042	1,003	1,039	
VALUE ADDED	**107,623**	**69,595**	**38,028**	**54.6%**
% on Total revenues	23,1%	22,4%		
Personnel expenses	35,431	29,539	5,892	
GROSS OPERATING PROFIT	**72,193**	**40,056**	**32,137**	**80.2%**
% on Total revenues	15,5%	12,9%		
Depreciation	6,747	7,246	(499)	
Provisions and write-downs	1,539	1,080	459	
OPERATING RESULT	**63,907**	**31,730**	**32,177**	**101.4%**
% on Total revenues	13,7%	10,2%		

Management believes business segments are the primary segment disclosure for understanding the business of the Group whilst geographical segment disclosure is the secondary segment; for a comment on the summary data disclosed in this note on segment reporting, please see the Review on Operations.

RECONCILIATION STATEMENT AT 31 DECEMBER 2007

Summary Group Income Statement

(Euro 000)

	Special Foundations & Drilling Services Division	Mechanical Engineering Division	TREVI-Fin. Ind.S.p.A.	Adjustments	GRUPPO TREVI
Total revenues to third-parties	395,184	460,534	13,411	(32,060)	837,069
Total Interdivisional revenues	1,485	4,389		(5,874)	
TOTAL REVENUES	396,669	464,923	13,411	(37,934)	837,069
Changes in inventories of work in progress, semi-finished and finished goods	(913)	11,778	0	(1)	10,864
Increase in fixed assets for internal use	10,781	782	0	14,500	26,063
Other operating revenues	395	0	0	0	395
VALUE OF PRODUCTION	406,932	477,483	13,411	(23,435)	874,391
Raw materials and external services	257,146	367,817	6,290	(17,646)	613,607
Other operating expenses	7,441	2,042	235	2	9,720
VALUE ADDED	142,345	107,623	6,886	(5,791)	251,064
Personnel expenses	81,782	35,431	3,691	669	121,573
GROSS OPERATING PROFIT	60,563	72,193	3,195	(6,460)	129,491
Depreciation	17,978	6,747	1,773	(66)	26,432
Provisions and write-downs	2,103	1,539	0	0	3,642
OPERATING RESULT	40,482	63,907	1,422	(6,394)	99,417

RECONCILIATION STATEMENT AT 31 DECEMBER 2007

Summary Balance Sheet

(Euro 000)

		Special Foundations & Drilling Services Division	Mechanical Engineering Division	TREVI-Fin. Ind.S.p.A.	Adjustments	GRUPPO TREVI
A)	Fixed assets	157,048	44,205	83,773	(69,316)	215,710
B)	Net working capital					
	- Inventories	53,281	167,411	0	0	220,693
	- Trade receivables	125,013	89,160	17,069	(22,361)	208,881
	- Trade payables (-)	(102,880)	(170,277)	(3,533)	40,033	(236,657)
	- Pre-payments (-)	(34,303)	(41,701)	0	0	(76,004)
	- Other assets (liabilities)	(2,929)	(302)	1,316	(9,757)	(11,672)
		38,183	44,291	14,852	7,915	105,241
C)	Fixed assets plus net working capital (A+B)	195,231	88,496	98,625	(61,401)	320,951
D)	Post-employment benefits (-)	(8,427)	(5,453)	(949)	(5)	(14,833)
E)	**NET INVESTED CAPITAL (C+D)**	**186,804**	**83,044**	**97,677**	**(61,406)**	**306,118**
	Financed by:					
F)	Group net equity	65,864	64,598	89,616	(63,603)	156,475
G)	Share of minorities	3,645	1,187	0	2,169	7,001
H)	Net financial position	117,295	17,258	8,061	29	142,642
I)	**TOTAL SOURCES OF FINANCING (F+G+H)**	**186,804**	**83,044**	**97,677**	**(61,406)**	**306,118**

The adjustments in net equity eliminates, for fixed assets, investments and non-current intercompany financial receivables; for trade receivables and payables, the remaining intercompany eliminations, and for Group net equity, the counterpart of the elimination of investments.

Remuneration of Directors and Statutory Auditors

Details of the remuneration of the Parent Company Directors and Statutory Auditors for performing their duties, also in other companies that are consolidated within the Group, are given below:

Name	Company	Position	Length of appointment (months)	Remuneration (Euro '000)	Other remuneration (Euro '000)
Trevisani Davide	TREVI- Fin. Ind. S.p.A.	Chairman of the Board and Managing Director	12	150	
	Trevi S.p.A.	Vice President of the Board and Managing Director	12	100	
	Drillmec S.p.A.	Managing Director	12	10	
	Soilmec S.p.A.	Chairman of the Board and Managing Director	12	160	
Trevisani Gianluigi	TREVI- Fin. Ind. S.p.A.	Vice President of the Board and Managing Director	12	135	
	Trevi S.p.A.	Chairman of the Board and Managing Director	12	120	
	Drillmec S.p.A.	Managing Director	12	10	
	Soilmec S.p.A.	Vice President of the Board and Managing Director	12	150	
Trevisani Cesare	TREVI- Fin. Ind. S.p.A.	Managing Director	12	110	64
	Trevi S.p.A.	Managing Director	12	70	6
	Soilmec S.p.A.	Vice President of the Board and Managing Director	12	75	
	Drillmec S.p.A.	Vice President of the Board and Managing Director	12	15	
	RCT S.r.L.	Managing Director	12	0	
Trevisani Stefano	TREVI- Fin. Ind. S.p.A.	Managing Director	12	30	64
	Drillmec S.p.A.	Managing Director	12	10	
	Trevi S.p.A.	Managing Director	12	70	6
Pinza Riccardo	TREVI- Fin. Ind. S.p.A.	Director	8	20	
Amoroso Mario	TREVI- Fin. Ind. S.p.A.	Director	4	0	
Moscato Guglielmo Antonio Claudio	TREVI- Fin. Ind. S.p.A.	Director	12	30	
Teodorani Fabbri Pio	TREVI- Fin. Ind. S.p.A.	Director	12	30	
Bocchini Enrico	TREVI- Fin. Ind. S.p.A.	Director	12	30	
Mosconi Franco	TREVI- Fin. Ind. S.p.A.	Director	12	30	
Leonardi Adolfo	TREVI- Fin. Ind. S.p.A.	Chairman of the Statutory Board of Auditors	12	20	
	Trevi S.p.A.	Statutory Auditor	12	7	
	Soilmec S.p.A.	Statutory Auditor	12	7	
	RCT S.r.L.	Chairman of the Statutory Board of Auditors	12	6	
Alessandri Giacinto	TREVI- Fin. Ind. SpA	Statutory Auditor	12	15	
	Trevi S.p.A.	Chairman of the Statutory Board of Auditors	12	11	
Poletti Giancarlo	TREVI- Fin. Ind. S.p.A.	Statutory Auditor	12	15	
	Drillmec S.p.A.	Statutory Auditor	12	10	
TOTALE				**1,436**	**140**

Remuneration for independent audit in accordance with Article 160 c. 1-bis no. 303 Law 262 of 28/12/2005 integrated by Decree Law 29/12/2006

Company providing the service	Company receiving the service	31/12/2007		
		Audit (Euro 000)	Consultancy (Euro 000)	TOTAL (Euro 000)
PricewaterhouseCoopers	Trevi Finanziaria Industriale S.p.A.	176	99	275
PricewaterhouseCoopers	Soilmec S.p.A	88	16	105
PricewaterhouseCoopers	Drillmec S.p.A	20		20
PricewaterhouseCoopers	Trevi Constr. Hong Kong Ltd	26	30	56
PricewaterhouseCoopers	Trevi Algerie E.u.r.l	14		14
PricewaterhouseCoopers	Drillmec INC USA	20		20
PricewaterhouseCoopers	Petreven C.A.	13		13
PricewaterhouseCoopers	Swissboring overs. Piling Corp.	1		1
		359	**145**	**504**

The amount for consultancy services to Trevi Finanziaria Industriale is totally ascribable to assistance given the working group responsible for administrative and accounting procedures under by Law No. 262/05 on the Protection of Savings.

ATTACHMENTS TO THE NOTES TO THE ACCOUNTS

The following attachments supplement the information contained in the Notes to the Accounts, of which they form an integral part.

1 Companies consolidated in the Financial Statements at 31 December 2007 on a line-by-line basis.

1a Companies consolidated in the Financial Statements at 31 December 2007 using the equity method.

1b Companies consolidated in the Financial Statements at 31 December 2007 using the proportional method.

1c Companies and consortia consolidated in the Financial Statements at 31 December 2007 and carried at cost.

2 Group organizational chart.

3 Attestation of the Consolidated Financial Statements in accordance with article 81-ter of Consob ruling No. 11971 of 14 May 1999 and subsequent modifications.

Attachment 1

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 ON A LINE-BY-LINE BASIS

	Company Name	Headquarters	Currency	Share Capital	% Held By The Group
1	TREVI- Finanziaria Industriale S.p.A.	Italy	Euro	32,000,000	Capogruppo
2	Soilmec S.p.A.	Italy	Euro	5,160,000	97%
3	Soilmec U.K. Ltd	United Kingdom	Sterling	150,000	78%
4	Soilmec Japan Co. Ltd	Japan	Yen	45,000,000	90.2%
5	Soilmec France S.a.S.	France	Euro	1,100,000	95.2%
6	Soilmec International B.V.	Holland	Euro	18,151,29	97%
7	Drillmec S.p.A.	Italy	Euro	5,000,000	99.9%
8	Soilmec H.K. Ltd	Hong Kong	H.K. Dollar	500,000	97%
9	Drillmec Inc.	U.S.A.	U.S. Dollar.	5,000,000	95%
10	I.D.T. SA R.S.M.	Republic of San Marino	Euro	258,000	97%
11	Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	99.3%
12	Cifuven C.A.	Venezuela	Bolivar	300,000,000	99.8%
13	Petreven C.A.	Venezuela	Bolivar	16,044,700,000	99.9%
14	Trevi S.p.A.	Italy	Euro	26,300,000	99.8%
15	R.C.T. S.r.L.	Italy	Euro	565,951	99.8%
16	Treviicos Corporation	U.S.A.	U.S. Dollar	23,500	99.8%
17	Trevi Foundations Canada Inc.	Canada	Canadian Dollar	10	99.8%
18	Trevi Cimentaciones C.A.	Venezuela	Bolivar	14,676,000,000	99.8%
19	Trevi Construction Co. Ltd	Hong Kong	H.K. Dollar	2,051,667,87	99.8%
20	Trevi Foundations Nigeria Ltd	Nigeria	Naira	167,731,200	59.9%
21	Trevi Contractors B.V.	Holland	Euro	907,560	99.8%
22	Trevi Foundations Philippines Inc.	Philippines	Philippine Peso	27,300,000	99.8%
23	Swissboring Overseas Piling Corporation	Switzerland	Swiss Franc	100,000	99.8%
24	Swissboring & Co. LLC.	Oman	Omani Rial	150,000	99.8%
25	Swissboring Qatar WLL	Qatar	Qatar Rial	257,550	99.8%
26	IDT FZCO	United Arab Emirates	Dirham	1,000,000	99.8%
27	Treviicos South Inc.	U.S.A.	U.S. Dollar.	500,000	99.8%
28	Wagner Constructions Joint Venture	U.S.A.	U.S. Dollar.	-	98.8%
29	Wagner Constructions L.L.C.	U.S.A.	U.S. Dollar	200,000	99.8%
30	Trevi Algerie E.U.R.L.	Algeria	Dinar	53,000,000	99.8%
31	Borde Seco	Venezuela	Bolivar	-	94.9%
32	Trevi Insaat Ve Muhendislik A.S.	Turkey	Turkish Lira	777,600	99.8%
33	Petreven - UTE -Argentina	Argentina	Peso		99.8%
34	Penboro S.A.	Uruguay	Peso	155,720	99.8%
35	Gomec S.r.L.	Italy	Euro	50,000	58.9%
36	Soilmec F. Equipment Pvt. Ltd	India	Indian Rupee	588,400	77.6%
37	PSM S.r.L	Italy	Euro	10,000	58.2%
38	Trevi Austria Ges.m.b.H.	Austria	Euro	100,000	99.8%

Attachment 1a

COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 ON A LINE-BY-LINE BASIS

Company Name	Headquarters	Currency	Share Capital(*)	% Held By The Group	Book Value (Euro 000)
J.V. Rodio-Trevi-Arab Contractor	Switzerland	U.S. Dollar	100,000	17.3 %	-
Trevi Contractors Singapore Ltd	Singapore	Singapore Dollar	4,800,000	29.70%	-
Cons. El Palito	Venezuela	Bolivar	26,075	14.85%	-
CYT UTE	Argentina	Peso	10,327	49.5%	-
TROFEA UTE	Argentina	Peso	36,707	49.2 %	4
Cartel-Trevi UTE – (Chocon I)	Argentina	Peso	6,056	39.6 %	-
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Peso	438,019	36.1%	-
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.- Soletanche U.T.E.	Argentina	Peso		33%	-
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Peso		49.7%	-
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Peso		49.7%	10
Pilotes Trevi.- Copersa - Molinos UTE	Argentina	Peso		49.9%	323
Pilotes Trevi Sacims-CIMARG U.T.E	Argentina	Peso		49.7%	-
Trevi San Diego Gea U.T.E	Argentina	Peso		49.7%	-
STRYA UTE	Argentina	Peso	19,435	17.3%	2
Econ-Trevi (M) Sdn Bhd (**)	Singapore	Singapore Dollar	-	29.70%	
TOTAL					**339**

(*) For consortia in Argentina, the figure given corresponds to the net equity value
(**) Since Econ-Trevi Sdn Bhd is 100% controlled by Trevi Contractors Singapore Ltd, its carrying value and valuation are included in the latter.

Attachment 1b

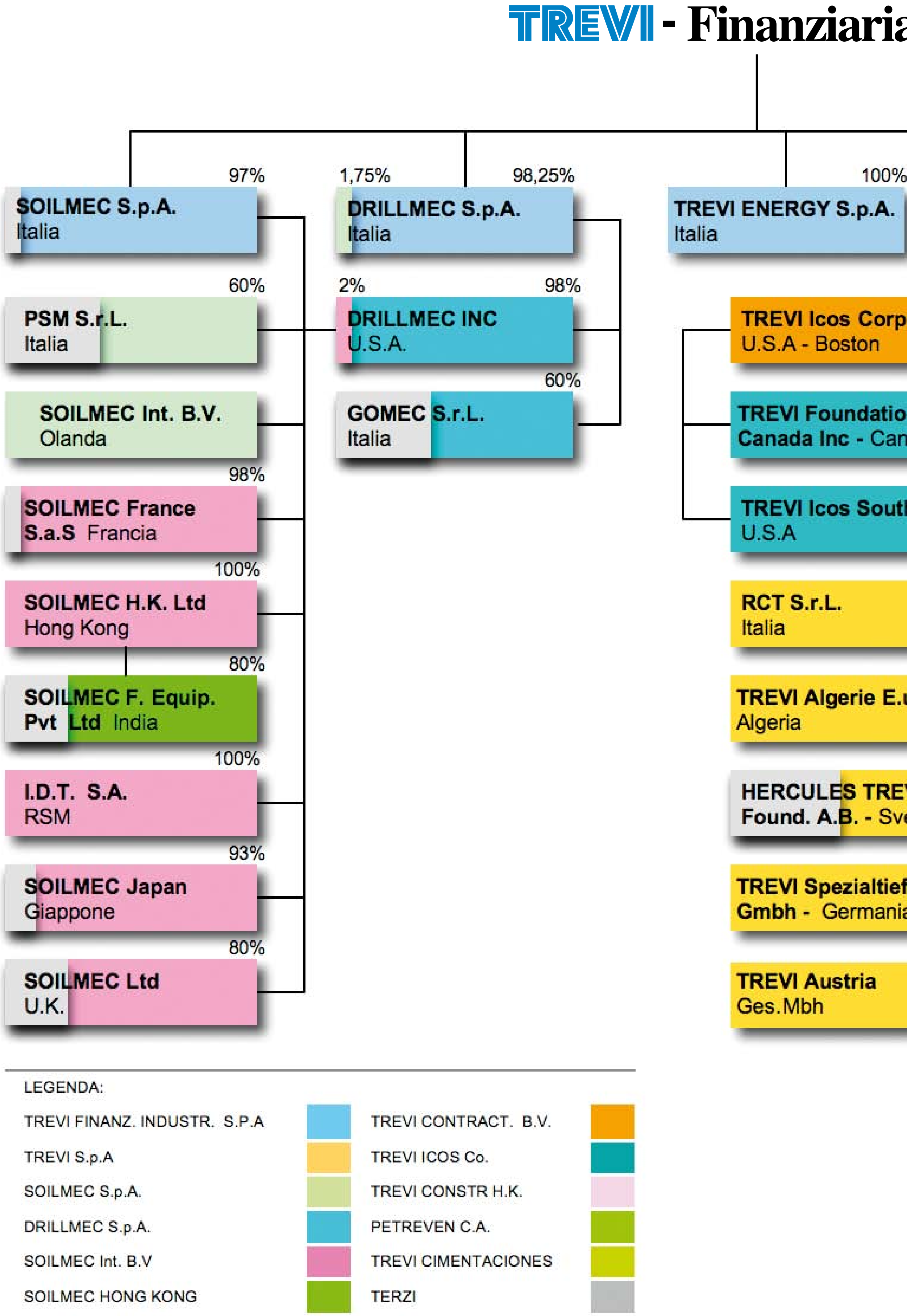
COMPANIES CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 USING THE PROPORTIONAL METHOD

Company Name	Headquarters	Currency	Share Capital	% Held By The Group
North West Labs J.V.	U.S.A.	Dollaro U.S.A.	433,730	50%
Kiewit/Treviicos Corp. J.V.	U.S.A.	Dollaro U.S.A.	339,931	50%

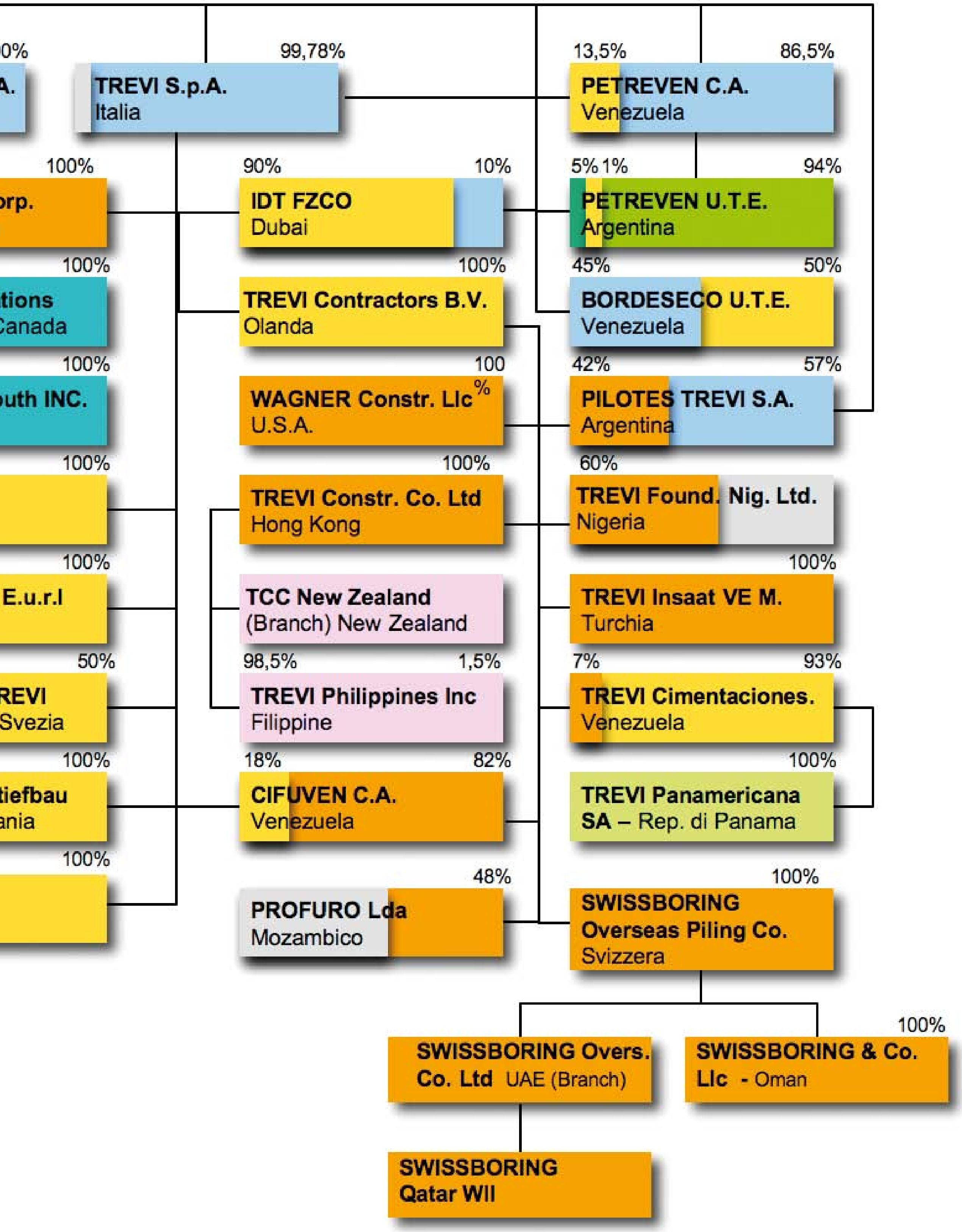
Attachment 1c

COMPANIES AND CONSORTIA CONSOLIDATED IN THE FINANCIAL STATEMENTS AT 31 DECEMBER 2007 AND CARRIED AT COST

Company Name	Headquarters	Currency	Share Capital	% Held By The Group	Book Value (Euro 000)
CONSORTIA COMPANIES AND CONSORTIA					
Consorzio SAITRE	Italy	Euro	51,646	48.51%	-
Consorzio Intesa Lecco	Italy	Euro	25,823	42.57%	-
Bormida 2005 s.c.a.r.l.	Italy	Euro	10,000	54.4%	-
Consorzio Progetto Torre di Pisa	Italy	Euro	30,987	24.7%	8
Consorzio Canale Candiano	Italy	Euro	30,987	0.5%	-
Consorzio Massingir Dam	Italy	Euro	30,000	33%	10
Consorzio Romagna Iniziative	Italy	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italy	Euro	10,329	48.6%	5
Nuovo scalo s.c.a.r..l	Italy	Euro	10,329	49.5%	-
Trevi S.G.F s.c.a.r.l.	Italy	Euro	51,646	54.4%	-
Seli Trevi s.c.a.r.l.	Italy	Euro	1,710	49.5%	1
Trevi S.G.F Inc. s.c.a.r.l.	Italy	Euro		54.4%	5
Pescara Park s.r.l.	Italy	Euro		24.7%	11
Consorzio Fondav	Italy	Euro	25,823	25.7%	10
Consorzio Fondav II	Italy	Euro	25,000	36.92%	10
Consorzio Leonardo	Italy	Euro			25
Principe Amedeo s.c.a.r.l.	Italy	Euro	10,329	49.50%	0
Filippella s.c.a.r.l.	Italy	Euro	10,000	59.9%	8
Porto di Messina s.c.a.r.l.	Italy	Euro	10,329	79.2%	8
Trevi Spezial. Gmbh	Germania	Euro	50,000	99%	50
Cermet	Italy	Euro	420,396	0.46%	2
Centuria S.c.a.rl.	Italy	Euro	308,000	1.58%	5
Smartec S.r.L.	Italy	Euro	50,000	19.4%	18
Idroenergia s.c.a.rl.	Italy	Euro			1
- OTHER COMPANIES					
Comex S.p.A.	Italy	Euro	2,606,427	0.82%	23
Banca di Cesena S.p.A.	Italy	Euro			1
Bologna Park S.r.L.	Italy	Euro			25
Profuro Intern. L.d.a.	Mozambique	Metical	4,496,415,000	47.5%	-
Trevi Park P.l.c.	United Kingdom	Sterling	4,236,98	29.7%	-
Italthai Trevi	Thailand	Bath	35,000,000	4.9%	135
Edra S.r.L.	Republic of San Marino	Euro	26,100	50%	165
Hercules Trevi Foundation A.B.	Sweden	Crown	100,000	49.5%	103
Japan Foundations	Japan	Yen	5,907,978,000	0.001%	73
Soilmec Far East Pte Ltd	Singapore	Singapore Dollar	4,500,000	10%	134
I.F.C.	Hong Kong	U.S. Dollar	18,933	0.10%	-
TOTAL					**840**


TREVI - Finanziaria
97%
SOILMEC S.p.A.
Italia
1,75%
98,25%
DRILLMEC S.p.A.
Italia
100%
TREVI ENERGY S.p.A.
Italia
60%
PSM S.r.L.
Italia
2%
98%
DRILLMEC INC
U.S.A.
TREVI Icos Corp
U.S.A - Boston
SOILMEC Int. B.V.
Olanda
60%
GOMEC S.r.L.
Italia
TREVI Foundatio
Canada Inc - Can
98%
SOILMEC France
S.a.S Francia
TREVI Icos South
U.S.A
100%
SOILMEC H.K. Ltd
Hong Kong
RCT S.r.L.
Italia
80%
SOILMEC F. Equip.
Pvt Ltd India
TREVI Algerie E.
Algeria
100%
I.D.T. S.A.
RSM
HERCULES TRE
Found. A.B. - Sv
93%
SOILMEC Japan
Giappone
TREVI Spezialtief
Gmbh - Germania
80%
SOILMEC Ltd
U.K.
TREVI Austria
Ges.Mbh
LEGENDA:
TREVI FINANZ. INDUSTR. S.P.A
TREVI S.p.A
SOILMEC S.p.A.
DRILLMEC S.p.A.
SOILMEC Int. B.V
SOILMEC HONG KONG
TREVI CONTRACT. B.V.
TREVI ICOS Co.
TREVI CONSTR H.K.
PETREVEN C.A.
TREVI CIMENTACIONES
TERZI

ria Industriale S.p.A.



TREVI - Finanziaria Industriale S.p.A.

Attachment............

Attestation of the Financial Statements in accordance with article 81-*ter* of Consob ruling No. 11971 of 14 May 1999 and subsequent modifications

The signatories, Davide Trevisani, Managing Director, Gianluigi Trevisani, Managing Director, Cesare Trevisani, Managing Director and Daniele Forti, in the role of Manager for Preparation of Company Accounts of Trevi Finanziaria Industriale S.p.A., also in accordance with article 154-bis, paragraphs 3 and 4, of the Law Decree No. 54 of 24 February 1998, attest:

- the appropriateness to the nature of the business and
- the effective application

of the administrative and accounting procedures used to prepare the financial statements in the period January – December 2007.

They also attest that the financial statements:

a) correspond to the results written in the company accounts and books
b) have been prepared in compliance with International Financial Reporting Standards (IFRS) adopted by the European Community under Ruling 1725/2003 and subsequent modifications and, as such, are able to give a true and fair representation of the capital, economic and financial situation of the company.

Cesena, 28 March 2008

Cap. Sociale Euro 32.000.000,00 interamente versato R.E.A. C.C.I.A.A. Forlì-Cesena n° 201271 Iscrizione Registro delle Imprese di Forlì-Cesena Codice Fiscale / Partita IVA n° 01547370401 Iscrizione Ufficio Italiano Cambi N. 6081

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PRICEWATERHOUSE COOPERS

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE No. 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 TREVI Group), which comprise the balance sheet, income statement, statement of cash flow, statement of changes in shareholders' equity and the related notes as of 31 December 2007. These financial statements are the responsibility of the directors of TREVI – Finanziaria Industriale SpA. 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. In accordance with those standards and criteria, the audit has been planned and carried out to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a sample basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.
   For the opinion expressed on the consolidated financial statements of the preceding year, which are presented for comparative purposes, we refer you to the auditors' report issued by us on 13 April 2007.

3. In our opinion, the consolidated financial statements of TREVI – Finanziaria Industriale SpA at 31 December 2007 comply with the International Financial Reporting Standards as adopted by the European Union and with the measures introduced in article 9 of Law Decree No.38/2005; accordingly, they give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and cash flows of TREVI Group for the year then ended.

Bologna, 14 April 2008

PricewaterhouseCoopers SpA

Roberto Adami
(Partner)

This report has been translated from the original

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING IN ACCORDANCE WITH ARTICLE 153 OF DECREE LAW NO. 58/1998 AND ARTICLE 2429 PARAGRAPH 3 C.C.

Dear Shareholders,

Under Article 153 of the Finance Law (Decree Law 24/2/1998 no.58), the Statutory Board of Auditors is required to report to the meeting called to approve the financial statements on its supervisory duties and on any censurable acts or omissions noted and has the authority to make proposals to the meeting regarding the financial statements, the approval thereof and any other items within its authority.

This report is intended to fulfill the aforementioned requirement also taking into account the principles recommended by the National Committees of Registered Commercialists and Accountants and the indications of Consob, with the notification of 6 April 2001, modified and integrated with notification DEM/3021582 of 4 April 2003 and, subsequently, with communication DEM/6031329 of 7 April 2006; we can report, in accordance with Article 149 of the T.U.F., with regard to the 2007 financial year, we can report as follows.

We have attended board meetings at which the directors punctually reported on the activities of the Company and its subsidiaries. They also reported on the main economic, financial and asset transactions.

We have verified that the operations implemented conformed to the law and to the Company by-laws and did not contravene the decisions taken at the shareholders' meetings or posed problems of conflict of interest.

We have also verified that the operations implemented were not manifestly imprudent or risky or such as to compromise the integrity of the Company assets.

The organizational structure of the Company is adequate for its size and is capable of providing a timely response to operational requirements.

We have verified this through direct observation and meetings with departmental management and with representatives of the independent auditors in order to gather data and information which attests to diligent and correct management.

We have a positive opinion of the internal control system as regards its adequacy to verify compliance with internal operational and administrative procedures and those adopted to identify, prevent or manage risks of a financial and operational nature and to detect eventual fraud.

With its deliberation of 14 May 2007, the Board of Directors confirmed Gianluigi Trevisani as Executive Administrator in charge of supervising the internal control systems.

The Chairman of the Board of Statutory Auditors attended all meetings of the Internal Control Committee.

We have evaluated and overseen the adequacy of the administrative accounting system and its reliability for correct representation of operations through an analysis of company documentation, the results of work carried out by the independent auditors, information obtained from divisional managers, contacts with the supervisory bodies of subsidiaries and an examination of the report of the Manager responsible for the preparation of Company accounts.

In this way we have also verified the adequacy of the arrangements made by the Company to subsidiaries under Article 114, paragraph 2 of Decree Law 58/98.

No elements have emerged from these verifications which need to be included in the present report.

We have exchanged information with the independent auditors in compliance with paragraph 3 of Article 150 of Decree Law 58/98; no elements needing to be included in this report emerged from this information.

The Board of Directors has reported with the frequency required by paragraph 1 of Article 150 of Decree Law 58/98 on activities and on operations of major economic, capital and financial significance deliberated and implemented, also by its subsidiaries, in the financial period.
They have reported, in particular, on related party transactions.
The information provided by the Directors in their overview of operations is considered exhaustive and complete.
There have been no atypical or unusual operations.
Inter group and related party transactions of a financial and commercial nature have all been carried out at market conditions on the basis of contractual agreements.
For the 2007 financial year, the Group has adhered to the National Fiscal Consolidated system together with some of its subsidiaries and has stipulated the conditions of participation with the apposite contract.
The explanatory notes to the Parent Company and Consolidated Financial Statements disclose the remuneration of directors and members of the statutory board of auditors and their shareholdings in TREVI - Finanziaria Industriale S.p.A. and its subsidiaries.
The 2007 financial statements have been prepared according to international accounting standards IAS/IFRS.
The accounts have been subjected to audit by the auditing company, "PricewaterhouseCoopers S.p.A." which, on 14 April 2008, in accordance with Article 156 of Decree Law 58/98, released the report attesting that the financial statements and the consolidated financial statements to 31 December 2007 were a true and fair representation of the capital and financial situation and economic results of the Company and of the Group. The mandate of PricewaterhouseCoopers S.p.A., having reached its ninth year, terminates with the approval of the 2007 Financial Statements. No important information relating to audits carried out emerged from meetings with the company.
The Board of Statutory Auditors has received no charges regarding censurable acts under Article 2408 of the Italian Civil Code and has made no similar charges.
We have overseen the implementation of the Self-Regulatory Code adopting by the Company in adherence to that prepared by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006.
The Report on Corporate Governance, prepared by the Board of Directors and an integral part of the Review of Operations, will be presented by the Board to the Shareholders' Meeting and is available on the company website.
In 2007, the Code of Conduct regarding Internal Dealing, adopted in compliance with the adoption in Italy of the directive on market abuse, gave rise to 17 notifications deposited with Borsa Italiana S.p.A. and available on its website.
The Company has its own "Ethical Code", which is available on the company website.
The Security Programme Document was prepared and adopted in accordance with the law on privacy.
In 2007, the independent auditors were also asked to provide assistance to the working group responsible for preparing the administrative and accounting procedures required by law 262/05 on the Protection of Savings.

The remuneration was paid as follows:

a.- TREVI - Finanziaria Industriale S.p.A.	Euro 99,000
b.- Soilmec S.p.A.	Euro 16,000
c.- Trevi Construction Co. Hong Kong Ltd.	Euro 30,000

On 23 November 2006, the Shareholders' Meeting approved a share capital increase with no pre-emption rights of 6,194,690 ordinary shares with a nominal value of Euro 0.50 each to meet the indirect conversion rights of subscribers to the convertible bond issued. No subscriber to the bond has yet exercised the right to convert the bond into shares.
On 14 May 2007, the Board of Statutory Auditors, in accordance with Article 154-bis, paragraph 1 of Decree Law 58/98, its favourable opinion regarding the appointment of Mr Daniele Forti, currently Group Chief Financial Officer of Gruppo Trevi, as Manager responsible for the preparation of Company Accounts.
On 28 March 2008, the Board of Statutory Auditors put forward a proposal to confer a nine-year mandate (2008-2016) for the independent auditing of the Parent Company and Consolidated Financial Statements to a member company of the special register as under Article 161, together with Article 159 of Decree Law 58/98.
Following our examination of the Financial Statements for the period to 31 December 2007, the Consolidated Financial Statements and the Review of Operations, we report that:
not having been requested to provide an analysis of the contents of the Financial Statements, we have examined the general formulation of the Parent Company and Consolidated Financial Statements and their general compliance with the laws governing their preparation and structure.
We have verified compliance with the regulations governing the preparation of the Review of Operations to ensure that it adequately describes the economic, capital and financial situation in the course of 2007 and its evolution after the close of the financial period of both the Parent Company and of its subsidiaries, and in this regard we have no specific comment to make.
As far as we are aware, the directors, in preparing the Financial Statements, have adhered to the regulations of Article 2423, paragraph 4 of the Italian Civil Code.
We have verified that the Financial Statements correspond to the facts and to the information which came to our knowledge in the execution of our duties and we have no observations in that regard.
Taking into account the results of the auditors, contained in the relevant reports to the accounts, we propose that the Financial Statements for the year to 31 December 2007, as presented by the directors, be approved by the Shareholders' Meeting.
The supervisory activities described above were conducted in the course of twelve meetings of the Board of Statutory Auditors, in the six meetings of the Board of Directors at which the Chairman of the Board of Statutory Auditors was also present and in the three meetings of the Internal Control Committee.
In the course of these supervisory activities and on the basis of information obtained from the auditors, there have been no omissions, censurable acts or irregularities or facts of such significance that they require reporting to the regulatory bodies.

Registered Office, 14 April 2008

THE BOARD OF STATUTORY AUDITORS
Mr. Adolfo Leonardi
Prof. Giacinto Alessandri
Mr. Giancarlo Poletti

Financial statements at 31 December 2007

Petreven - Thailandia

FINANCIAL STATEMENTS

BALANCE SHEET

(Euro)

ASSETS	Note	31/12/2007	31/12/2006
Non-current Assets			
Tangible Fixed Assets			
Land and buildings		13,390,105	13,598,514
Plant and equipment		8,598,049	7,517,957
Industrial and commercial equipment		55,985	186,621
Other assets		29,180	3,386
Total Tangible Fixed Assets	**(1)**	**22,073,320**	**21,306,478**
Intangible Fixed Assets			
Industrial patents		35,158	74,879
Concessions, licences, brands		435,921	75,624
Total Intangible Fixed Assets	**(2)**	**471,079**	**150,503**
Investments in consolidated entities	(3)	61,205,156	55,205,156
Investments in other companies	(3)	23,632	23,632
Tax assets for pre-paid taxes	(4)	155,525	117,783
Non-current financial derivative instruments	(5)	91,732	135,315
Financial receivables from subsidiaries	(6)	106,772,720	105,531,611
- of which with related parties		106,772,720	105,531,611
Trade receivables and other non-current receivables	(7)	15,673	28,980
Total Financial Fixed Assets		**168,264,438**	**161,042,477**
Total Non-current Assets		**190,808,837**	**182,499,458**
Current Assets			
Trade receivables and other current assets	(8)	979,018	1,283,997
- of which with related parties		36,931	33,000
Trade receivables and other current assets from subsidiaries	(9)	33,682,504	20,779,471
- of which with related parties		33,682,504	20,779,471
Tax assets for current taxes	(10)	36,515	165
Current financial derivative instruments	(11)	6,982	6,155
Cash and Cash equivalents	(12)	620,886	12,540,410
Total Current Assets		**35,325,904**	**34,610,198**
TOTAL ASSETS		**226,134,741**	**217,109,656**

(Euro)

SHAREHOLDERS' FUNDS	Note	31/12/2007	31/12/2006
Share capital	(13,a)	31,816,750	32,000,000
Other reserves	(13,b)	46,146,266	51,506,262
Accumulated profits/(losses)	(13,c)	1,497,050	1,497,050
Net profit	(13,d)	10,059,122	4,811,230
Total Shareholders' Funds	**(13)**	**89,519,189**	**89,814,542**

LIABILITIES			
Non-current liabilities			
Non-current debt	(14)	90,422,952	97,124,925
Payables for other non-current financing	(15)	8,488,575	8,035,987
Non-current financial derivative instruments	(16)	-	1,389
Tax liabilities for deferred taxes	(17)	3,397,303	2,626,413
Post-employment benefits	(18)	948,507	691,161
Total Non-current liabilities		**103,257,337**	**108,479,875**
Current liabilities			
Trade payables and other current liabilities	(19)	2,074,699	3,131,505
Trade payables and other current liabilities to subsidiaries	(20)	2,518,210	3,485,255
- of which with related parties		2,518,210	3,485,255
Tax liabilities for current taxes	(21)	12,123,503	2,873,805
Current debt	(22)	15,206,665	8,057,885
- of which with related parties		5,000,000	-
Payables for other current financing	(23)	1,435,138	1,190,885
Current financial derivative instruments	(24)	-	75,903
Total Current Liabilities		**33,358,216**	**18,815,238**
TOTAL LIABILITIES		**136,615,553**	**127,295,114**
TOTAL NET SHAREHOLDERS' FUNDS AND LIABILITIES		**226,134,741**	**217,109,656**

FINANCIAL STATEMENTS

INCOME STATEMENT

(Euro)

	Note	31/12/2007	31/12/2006
Revenues from sales and services	(25)	10,340,725	8,667,902
- of which with related parties		10,340,725	8,667,902
Other operating revenues	(26)	3,070,549	1,408,243
- of which with related parties		2,890,758	1,382,001
Raw materials and consumables	(27)	28,311	19,183
Personnel expenses	(28)	3,691,072	2,209,380
Other operating expenses	(29)	6,496,635	8,032,417
- of which with related parties		26,400	16,600
Depreciation	(30)	1,773,073	1,640,587
Operating profit/ (loss)		**1,422,183**	**(1,825,422)**
Financial revenues	(31)	15,762,582	9,818,359
- of which with related parties		15,305,434	9,670,228
Financial expenses	(32)	6,616,253	3,466,549
- of which with related parties		11,663	44,202
Gains/ (losses) on exchange rates	(33)	(16,962)	276,824
Sub-total of Financial Income/ (Costs) and Gains/(Losses) on Exchange Rates		**9,129,367**	**6,628,634**
Pre-tax Profit		**10,551,550**	**4,803,212**
Tax	(34)	492,428	(8,018)
Net profit	**(35)**	**10,059,122**	**4,811,230**
Earnings per share	(35)	0,157	0,075
Fully diluted earnings per share	(35)	0,170	0,071

STATEMENT OF CHANGES IN NET EQUITY

(Euro)

DESCRIPTION	Share capital	Other reserves	Accumulated profits/ (losses)	Net profit for the period	Total net shareholders' funds and liabilities
Balance at 31/12/2005	**32,000,000**	**43,841,144**	**1,998,835**	**1,409,255**	**79,249,234**
Allocation of profit	-	423,644	-	(423,644)	-
Dividend distribution	-	-	-	(1,600,000)	(1,600,000)
IFRS adjustment for dividends	-	-	-	614,388	614,388
Fair value reserve	-	95,547	-	-	95,547
Impact of convertible bond issue	-	7,145,927	-	-	7,145,927
Accumulated profit/loss	-	-	(501,785)	-	(501,785)
Net profit for the period	-	-	-	4,811,230	4,811,230
Balance at 31/12/2006	**32,000,000**	**51,506,262**	**1,497,050**	**4,811,230**	**89,814,542**
Allocation of profit	-	1,611,230	-	(1,611,230)	-
Dividend distribution	-	-	-	(3,200,000)	(3,200,000)
Purchase and sale of own shares	(183,250)	(4,398,796)	-	-	(4,582,046)
Fair value reserve	-	(76,775)	-	-	(76,775)
Other reserves	-	(2,495,653)	-	-	(2,495,653)
Net profit for the period	-	-	-	10,059,122	10,059,122
Balance at 31/12/2007	**31,816,750**	**46,146,267**	**1,497,050**	**10,059,122**	**89,519,189**

STATEMENT OF PROFIT/ (LOSSES) TAKEN DIRECTLY TO SHAREHOLDERS' FUNDS

(Euro)

	31/12/2007	31/12/2006
Profit/ (losses) taken directly to the fair value reserve	(76,775)	95,547
Profit/ (losses) from adjustment of tax rate	278,262	-
Profit/ (losses) taken directly to shareholders' funds	**201,487**	**95,547**
Net profit for the period	10,059,122	4,811,230
Result for the period	**10,260,609**	**4,906,777**

CASH FLOW STATEMENT

(Euro)

		Note	31/12/2007	31/12/2006
	Net profit for the period	(35)	10,059,122	4,811,230
	Tax	(34)	492,428	(8,018)
	Pre-tax Profit		**10,551,550**	**4,803,212**
	Depreciation	(30)	1,773,073	1,640,587
	Financial (income)/expenses	(31)-(32)-(33)	(9,146,329)	(6,628,634)
	Increase in the reserve for post-employment benefits	(18)	655,643	68,364
	Decrease in the reserve for post-employment benefits	(18)	(398,297)	(40,834)
(A)	**Cash Flow from Operations before Working Capital**		**3,435,640**	**(157,305)**
	(Increase)/decrease in trade receivables	(8)	304,979	(223,730)
	(Increase)/decrease in other assets	(9)-(10)	(12,939,382)	(4,797,051)
	Increase/ (decrease) in trade payables	(19)	(1,056,806)	1,040,504
	Increase/ (decrease) in other liabilities	(17)-(20)-(21)-(34)	18,729,396	4,484,624
(B)	**Changes in Working Capital**		**5,038,187**	**504,348**
(C)	Financial income/ (expenses)	(31)-(32)-(33)	7,924,470	6,628,634
(D)	Cash out for taxes	(12)	(8,946,422)	(5,114,968)
(E)	**Cash Flow from Operating Activities (A+B+C+D)**		**7,451,875**	**1,860,709**
	Net (investments) in tangible fixed assets	(1)-(30)	(2,400,415)	(2,076,525)
	Net (investments) in intangible fixed assets	(2)-(30)	(477,253)	(41,885)
	(Gains)/ losses on sale/ write-down of fixed assets		17,177	0
	Changes in net financial non-current assets	(3)-(4)-(5)-(6)-(7)	(7,221,961)	(9,979,169)
(F)	**Cash flow/ (absorption) from investment activities**		**(10,082,451)**	**(12,097,579)**
	Increase/ (decrease) in share capital and reserves for purchase of own shares	(13)	(4,582,046)	0
	Other changes	(13)	(11,796,219)	1,534,049
	Increase/ (decrease) in bank liabilities	(11)-(14)-(16)-(22)-(24)	368,688	18,522,548
	(Payments) for financial leasing liabilities	(15)-(23)	696,841	(2,896,077)
	Dividends received	(12)	9,223,790	5,820,029
	Dividends distributed	(12)	(3,200,000)	(1,600,000)
(G)	**Cash Flow from Financing Activities**		**(9,288,947)**	**21,380,549**
(H)	**Increase/ (Decrease) in Cash Flows (E+F+G)**		**(11,919,524)**	**11,143,679**
	Opening Balance		**12,540,409**	**1,396,731**
	Net Change in Cash Flows		(11,919,524)	11,143,679
	Closing Balance		**620,886**	**12,540,409**

NOTES TO THE FINANCIAL STATEMENTS AT 31/12/2007

(Euro)

Company profile and business

The company is the holding company for the industrial shareholdings of a Group that operates through: the Trevi Division (coordinated by the subsidiary TREVI S.p.A.), which operates in the sector of foundation engineering contracts and services for civil works and infrastructure projects; the Soilmec Division (coordinated by the subsidiary SOILMEC S.p.A.), which manufactures plant and machinery for special foundations and tunnelling; the Drillmec division (coordinated by the subsidiary DRILLMEC S.pA.), which develops and manufactures drilling equipment for the extraction of hydrocarbons and water exploration; and the Petreven division (coordinated by the subsidiary PETREVEN C.A.) active in the drilling sector providing oil drilling services.

In the 2007 financial year, the subsidiary, TREVI Energy S.p.A., was set up to act on its own account and for third-parties in the renewable energy sector and, in particular, to design, engineer and develop off-shore wind farms.

TREVI – Finanziaria Industriale S.p.A. is listed on the Milan Stock Exchange; these Financial Statements have been approved and authorized for publication by the Board of Directors on 28 March 2008. The Shareholders' Meeting can rectify the Financial Statements at the suggestion of the Board of Directors.

Presentation of the Financial Statements

The financial statements of the Parent Company are prepared in accordance with enacted IAS/IFRS International Accounting Principles issued by the I.A.S.B. (International Accounting Standards Board) and ratified by the European Community and according to the related SIC/ IFRIC interpretive standards issued by the Standing Interpretations Committee.

Preparation of Financial Statements that are IFRS compliant requires the use of estimates and assumptions that have an impact on the value of assets and liabilities in the Balance Sheet, of costs and revenues and on the calculation of potential assets and liabilities. Although these estimates are based on Management's best knowledge of events and circumstances, the real results could differ from the estimates.

Accounting criteria

Historical cost accounting has been used for all the assets and liabilities except for part of the fixed assets (plant, land), derivative instruments and some financial assets where fair value principles have been applied.

Valuation criteria

The valuation criteria used for the Income Statement and balance sheet items of the Parent Company Financial Statements are described below.

Tangible fixed assets

Tangible fixed assets are stated at their acquisition or production cost. The cost of acquisition or production reflects the fair value of the price paid to purchase or produce the asset and all other direct costs sustained to bring the asset to working condition. The capitalization of costs contingent on adding to, updating or improving assets for the Group's own use or in use from third parties is only effected when these costs meet the requirement for them to be classified as a separate asset or part of an asset.

The tangible fixed assets are reported at cost, net of accumulated depreciation and any impairment losses. The depreciable value of each significant component of a fixed asset with a different useful life is divided on a straight line basis over the expected useful life. The useful life by category of fixed assets is as follows:

CATEGORY OF FIXED ASSET	RATE
Land	Unlimited useful life
Industrial buildings	5%
Fixtures and Fittings	12%
Electronic machinery	20%
Drilling and foundation equipment	7.50%
Generic equipment	10%
Vehicles	18.75%
Various and smaller equipment	20%

The criteria for the depreciation rate used, the useful life and residual value are calculated at least as often as the end of each financial year in order to take account of any significant changes.

The capitalized costs for improvements to third-party assets are recognised in the relevant fixed asset category and depreciated for the shorter of either the residual length of the leasing contract or the residual useful life.

The carrying value of tangible fixed assets remains in the Balance Sheet as long as that value can be recouped from their use. At any indication that the net carrying value may not be recoverable, an impairment test is carried out. Reversal of the impairment loss is only done if the reason for the original recognition of the impairment no longer exists.

Intangible fixed assets

Intangible fixed assets are recognized at the cost of acquisition or production. The cost of acquisition is the fair value of the cost paid for the asset and all other direct costs sustained to bring the asset to working condition.

Other intangible fixed assets, represented by industrial patents, intellectual property rights, concessions, licenses, similar rights, and software are valued at cost net of accumulated depreciation, calculated on a straight line basis, for the estimated length of their useful life, five years, barring any significant impairment. The criteria for depreciation, useful life and residual value are examined and measured at least as often as each balance sheet date in order to take account of any significant changes, as required by IAS 38.

Impairment of assets

An asset is impaired when its carrying value is greater than its recoverable amount. At each balance sheet date the presence of any indications that assets may be impaired is assessed. If there is any such indication, the recoverable amounts are calculated and any eventual impairment losses recognized in the accounts. For assets not yet available for use and assets recognized during the current financial year, the impairment test is carried out at least annually independent of the presence of any indications of impairment.

Attività e passività finanziarie

Financial assets are classified as follows:

- Financial assets at fair value through profit and loss: financial assets acquired primarily with the intention of generating a profit from short-term (not more than three months) price fluctuations or assets designated as such on initial recognition
- Held-to-maturity investments: investments in financial assets with fixed maturities and determinable or fixed payments which the Group has the intention and capacity to hold to maturity;
- Loans receivable and other financial receivables: financial assets with fixed maturities and determinable or fixed payments and different from those designated from initial recognition as financial assets at fair value through profit and loss or as available for sale financial assets;
- Available for sale financial assets: financial assets other than those in the preceding paragraphs or those designated as such on initial recognition

The company decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.

After the initial recognition, the financial assets at fair value through profit and loss and the available for sale financial assets are measured at fair value; the held-to-maturity investments, as well as loans receivable and other financial receivables, are measured at amortised cost using the effective interest method as required by IAS 39.

The gains and losses deriving from changes in fair value of the financial assets at fair value through profit and loss are charged to the Income Statement in the year they occur. The unrealized gains and losses deriving from changes in the fair value of available for sale financial assets are recognized in equity.

The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted for at cost less impairment.

At each balance sheet date the presence of any indications that assets may be impaired is assessed and any losses are charged to the income statement.

Financial liabilities are initially recognized at the fair value of the sums raised, net of transaction costs, and subsequently valued at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are represented by highly liquid short-term investments (with an original maturity of no more than three months), easily convertible into considerable sums of cash and subject to no significant variation from fair value.
For the Cash Flow Statement, cash and cash equivalents comprise cash, bank current accounts, and other highly liquid short-term financial assets with an original maturity of no more than three months, net of bank current account overdrafts. The latter are included as financial payables in current payables in the balance sheet.

Shareholders' funds

Issued share capital

This item is the subscribed and fully paid-up share capital; it is shown at nominal value. The acquisition of treasury shares, valued at the consideration paid, including any related costs, is recognized as a change in shareholders' funds and the nominal value of the treasury stock is deducted from shareholders' funds whilst the difference between the purchase cost and the nominal value of the treasury stock is deducted from reserves.

Treasury shares

Treasury shares are recognized in a specific reserve for the difference between the acquisition cost and the nominal value deducted from shareholders' funds. No gain (loss) is recognized in the Income Statement for the purchase, sale, issue or cancellation of treasury shares.

Fair value reserve

This groups the variations in fair value, net of any tax effect, of any items that are recognized at fair value through equity.

Other reserves

These comprise capital reserves with a specific destination: the legal reserve, the extraordinary reserve and the bond conversion reserve.

Accumulated profits (losses)

This includes the part of the financial results of the current year and prior years that has not been distributed or taken to reserves or covered, and movements from other equity reserves when the restrictions on these no longer exist.

Financing

This is initially recognised at cost which at the date the financing is received is the fair value of the amount received net of any transaction costs. Subsequently, financing is valued at amortised cost using the effective interest method.

Indirect Convertible Bond

The component of the indirect convertible bond that has the characteristics of a liability is recognised as debt, net of issue costs, in the Balance Sheet; the payments to be made under the conditions of this debt instrument are recognised as financial expenses in the Income Statement.
At the date of issue, the fair value of the debt component is calculated using the market price of a similar non-convertible bond; this figure, recognised as non-current debt, is accounted for using the effective interest method until expiry through conversion or repayment.
The residual amount is the conversion option which is recognised and included in net equity, net of issue costs and the related tax effect. The accounting value of the conversion option is not modified in subsequent financial periods.

The transaction costs for the issue of this financial instrument are allocated to the liability and equity components of the instrument in proportion to the value of each component as allocated at the moment of initial recognition in the Financial Statements.

Employee benefits

Defined benefit plans

The company pays indemnities on termination of employment to its employees (TFR, staff termination indemnities). These benefits fall into the category of defined benefits, verifiable as to their existence and quantifiable as regards the amount payable but uncertain as to when payment will be required.

In accordance with IAS 19, the liability is valued using the projected unit credit method and calculated by independent actuaries. This method calculates the present value of the defined benefit obligation that an employee will receive at the estimated date when the service rendered by the employee ceases using actuarial assumptions (for example, the mortality rate, the rotation rate of personnel) and financial assumptions (for example, the discount rate).

The present value of the defined benefit obligation is calculated annually by an external, independent actuary. Actuarial gains and losses are recognised in full in the Income Statement in the year in which they are realized. The Group has not used the so-called "corridor" approach for recognising actuarial gains and losses.

Since 1 January 2007, the Finance Law and other enacted decrees have introduced changes to the rulings on the TFR. In particular, the employee may choose whether to invest new TRF flows in a pension fund or leave them within the Company.

Provision for risks and costs and potential assets and liabilities

The provision for risk and costs are probable liabilities of uncertain amount and/or timing deriving from past events where meeting the obligation would entail the use of financial resources. Provisions are made exclusively for an existing obligation, legal or implicit, which requires the use of financial resources and if a reliable estimate of the obligation can be made. The amount taken as a provision is the best estimate of the necessary cost to meet the obligation at the balance sheet date. The provisions made are reassessed at each balance sheet date and adjusted to the best current estimate.

Where the financial cost related to the obligation is deferred beyond the normal payment date and the effect of capitalization is significant, the amount of the provision is the current value of the future expected payments required to meet the obligation.

Potential assets and liabilities are not registered in the Balance Sheet; however information concerning them is supplied.

RISK MANAGEMENT

The Finance Department manages the financial risks to which the Company is exposed following the guidelines laid down in the Treasury Risks Policy, recently approved by the Board of Directors.

Risk factors

The financial assets of the Company are mainly cash and short-term deposits and receivables from companies within the Group and are linked directly to the operating activities. The financial liabilities include financing from banks and from subsidiary companies, indirect bond loans and leasing agreements which are primarily to finance the operating activities.
The risks associated to these financial instruments are interest rate, exchange rate, liquidity and credit risks.
The Company constantly monitors the aforementioned financial risks, intervening, if necessary, also through the use of derivative instruments, to reduce the risks to a minimum. The aim of the hedging activity of the Company is to cover the risks to which it, and also the entire Gruppo Trevi, is exposed.
The following paragraphs include some sensitivity analyses to measure the impact of potential scenarios on some of the risks to which the Company is exposed.
To manage and reduce interest rate and exchange rate risk, both deriving from operations, the Company has had recourse to derivative instruments.

Interest rate risk

Interest rate risk is linked to short and long-term financing at variable rates.
The Company's policy, like that of the entire Group, is to conclude variable rate funding agreements and then evaluate the need to cover the interest rate risk by exchanging exposure to a variable rate to one with a fixed rate. To do this it has taken out Interest Rate Swap contracts whereby the Company agrees to exchange, at pre-fixed intervals, the difference between the fixed rates and the variable rates calculated on a pre-determined notional capital.
At 31 December 2007, taking into account the effect of these contracts, circa 35% of the Company financing was fixed rate.
At 31 December, the Company had an interest rate swap contract outstanding with a leading financial counterpart exclusively to cover existing operations and not for trading. Its details are as follows:
Euro 4,762,145 (originally Euro 9,775,196) Interest Rate Swap on the depreciation plan of a leasing contract of five years duration, expiring on 22/12/2009.
This operation has been accounted as a cash flow hedge since, under IAS39, it is an effective hedge.

To measure the interest rate risk, a sensitivity analysis was carried out by applying Euribor rates different to that prevailing on all variable rate debt and all existing deposits at 31 December 2007.
This analysis shows that a 50 bp increase in Euribor results in an increase in net financial expenses of circa Euro0.108 million all other things being equal.
Details of this analysis are given in the following table:

	Interest rate risk	
	-50 bps	**+50 bps**
Cash and cash equivalents	(247,811)	247,811
Bank debt	90,763	(90,763)
Debt to leasing companies	48,972	(48,972)
TOTAL	**(108,075)**	**108,075**

At 31 December 2006, all other things being equal, a 50 bp increase in Euribor resulted in an increase in net financial expenses of circa Euro 0.206 million.

A similar sensitivity analysis was carried out on the interest swaps accounted as cash-flow hedges in the Balance Sheet to 31 December.
A 50 bp increase in the reference Euribor rate implied a 30% increase (Euro 42,000) in the fair value of these derivative instruments, all other things being equal.
A reduction of 50 bps implied a 30% reduction (Euro 42,000) in the fair value of the same derivative instruments.
For the aforementioned analyses, the fair value of the derivative contracts considered was calculated using the interest rates ruling at 31 December 2007.

Exchange rate risk

The Company is exposed to the risk inherent in movements in exchange rates as these affect its financial results. The Company's interest rate exposure is transaction related deriving from movements in exchange rates occurring between when a financial undertaking with counterparts becomes highly likely and/or certain and the settlement date of the undertaking; these variations cause a variation between the expected cash flows and the effective cash flows.
The Company regularly assesses its exposure to exchange rate risks; the instruments it uses are instruments that correlate the cash flows in foreign currency but with a contrasting positive or negative sign, financing contracts in foreign currencies, forward sales of currency and derivative instruments.
The Company does not use speculative instruments to cover its exchange rate risk; where the derivative instruments do not meet the conditions required for the accounting of derivative instruments under IAS 39, the changes in their fair value are recognized in the Income Statement as financial income/costs.
The Company manages transaction-related risk as described above. The interest rate risk exposure is mainly due to the infragroup relations of the Company. Its main exchange rate risk is to the US dollar and those currencies linked to the US dollar.
At the end of 2007, in order to protect itself from movements in the Euro/US dollar exchange rate, the Company had a fixed term sale contract with a leading financial counterpart for US$ 2,000,000 expiring during 2008, the fair value of which was Euro2,698.
The fair value of a fixed term contract is calculated taking the difference between the exchange rate at the end of the contract and that of an opposite transaction but for the same amount and with the same expiry date, estimated using the exchange rate and the difference with the interest rate ruling at 31 December.

To assess the impact of movements in the Euro/US dollar exchange rate, a sensitivity analysis of likely movements in this exchange rate was carried out.
The accounting entries considered to be the most important for this analysis were the following:
trade receivables, infragroup receivables and payables, trade payables, debt, cash and cash equivalents and financial derivatives.
The sensitivity analysis was carried out on the values of these entries at 31 December 2007.
The analysis focussed on those items in currencies other than the Euro.
Assuming a 5% depreciation of the US dollar against the Euro, the impact on the pre-tax profit, all other things being equal,

would be negative for circa Euro 0.158 million.

Assuming a 5% appreciation of the US dollar against the Euro, the impact on the pre-tax profit, all other things being equal, would be positive for Euro 0.158 million. This impact is mainly attributable to the adjustment to infragroup trade-related transactions.

Details of this analysis are given in the following table:

	EUR/US$ Exchange rate risk	
	USD + 5%	**USD - 5%**
Trade receivables in foreign currencies	0	0
Infragroup receivables and payables	254,805	(254,805)
Financial items to third parties	3,295	(3,295)
Payables to suppliers in foreign currencies	550	(550)
Hedging in foreign currencies	(100,000)	100,000
TOTAL	**158,651**	**(158,651)**

At 31 December 2006, a 5% devaluation of the US dollar against the Euro would have had a negative impact on pre-tax profit of circa Euro 0.018 million.

Liquidity risk

Liquidity risk is the risk that the available financial resources will be inadequate to meet maturing obligations. At the current date, the Company maintains that its cash flow generation, its wide range of financial resources and the availability of credit lines in all the technical forms necessary for the execution of its business, is sufficient to meet its budgeted financial requirements.

The Company controls liquidity risk by targeting an appropriate mix of financing for the various companies, which permits the Company to maintain a balanced capital structure (financial debt/equity) and debt structure (medium/long-term debt to short-term debt), as well as balancing the maturities of the debt financing and diversifying the sources of financing. In addition to the constant monitoring of the liquidity situation, the Company produces periodic cash flow statements and projections, which are consolidated and become part of an analysis of the liquidity of the entire Group.

In order to be adequately prepared for any possible liquidity risk, the Company had circa Euro 30 million in unutilised committed revolving credit lines at the balance sheet date. These lines have been arranged with leading financial institutions.

In addition to these credit lines and other existing medium/long-term financing, the Company has bank guarantees, with both Italian and international counterparts, for commercial and financial operations worth over Euro 240 million.

All the Company’s financing at the balance sheet date was denominated in Euro.

At year-end, the Company's bank financing was divided between short-term and long-term financing as follows:

	Short-term financing				Medium/Long-term financing		
	31/12/2007	31/12/2006	Change		31/12/2007	31/12/2006	Change
Total	**10,206,665**	**8,057,885**	**2,148,780**	**Total**	**90,422,952**	**97,124,925**	**(6,701,974)**

The value of medium/long-term financing in the Balance Sheet equates to its fair value; the entire debt is at variable rates with the exception of the convertible bond (Euro 63.131 million), which is fixed rate and is therefore valued at amortised cost. At 31 December 2007, the outflow of short-term bank financing was Euro 13.933 million; at the same date, that of medium/long-term financing was Euro 101.577 million.

The breakdown of all the financial liabilities, including not only bank debt but also financial derivative liabilities, financial leases, payables for other financing and trade payables, is shown in the following table:

	Short-term financial instruments				Medium/ Long-term financial instruments		
	31/12/2007	31/12/2006	Change		31/12/2007	31/12/2006	Change
Total	**19,843,905**	**15,049,098**	**4,794,808**	**Total**	**98,911,526**	**105,162,301**	**(6,250,775)**

Credit risk

The trade receivables of the Company are 99.9% due from subsidiaries.

Credit risk on financial instruments is inexistent since these are made up of cash and cash equivalents, bank current accounts and post office accounts.

Other information

As required by international accounting standards, a breakdown of the Company's financial assets and liabilities by category at 31 December 2007 and at 31 December 2006 is given below:

FINANCIAL STATEMENTS

BALANCE SHEET

(Euro)

Assets	31/12/2007	Financial assets at fair value through profit and loss	Investments held to maturity	Financing and Receivables	Hedging derivatives	Income Statement effect
Non-current Assets						
Tangible Fixed Assets	**22,073,320**					
Total Intangible Fixed Assets	**471,079**					
Investments	61,228,788		61,228,788			9,233,790
Tax assets for pre-paid taxes	155,525					
Non-current financial derivative instruments	91,732				91,732	
Other non-current financial receivables	106,772,720			106,772,720		6,071,644
Trade receivables and other non-current assets	15,673			15,673		
Total Financial Fixed Assets	**168,264,438**					
Total Non-current Assets	**190,808,837**					
Current Assets						
Trade receivables and other current assets	34,661,521			16,791,185		10,754
Tax assets for current taxes	36,515					
Current financial derivative instruments	6,982				6,982	9,376
Cash and cash equivalents	620,886					
Total Current Assets	**35,325,904**					
TOTAL ASSETS	**226,134,741**					

Net Shareholders' Funds & Liabilities	31/12/2007	Financial liabilities at fair value through profit and loss	Financial liabilities valued at amortised cost	Hedging derivatives	Income Statement effect
TOTAL NET EQUITY	**89,519,189**				
LIABILITIES					
Non-current Liabilities					
Non-current debt	90,422,952		90,422,952		(4,525,224)
Payables for other non-current financing	8,488,575		8,488,575		(359,081)
Tax liabilities for deferred taxes	3,397,303				
Post-employment benefits	948,507				
Total Non-current Liabilities	**103,257,337**				
Current Liabilities					
Trade payables and other current liabilities	4,592,910		3,202,161		
Tax liabilities for current taxes	12,123,503				
Current debt	15,206,665		15,206,665		(877,184)
Payables for other current financing	1,435,138		1,435,138		(60,709)
Total Current Liabilities	**33,358,216**				
TOTAL LIABILITIES	**136,615,553**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**226,134,741**				

Assets	31/12/2006	Financial assets at fair value through profit and loss	Investments held to maturity	Financing and Receivables	Hedging derivatives	Income Statement effect
Non-current Assets						
Tangible Fixed Assets	**21,306,478**					
Total Intangible Fixed Assets	**150,503**					
Investments	55,228,788		55,228,788			5,820,029
Tax assets for pre-paid taxes	117,783					
Non-current financial derivative instruments	135,315				135,315	
Other non-current financial receivables	105,531,611			105,531,611		3,850,199
Trade receivables and other non-current assets	28,980			28,980		
Total Financial Fixed Assets	**161,042,477**					
Total Non-current Assets	**182,499,458**					
Current Assets						
Trade receivables and other current assets	22,063,468			13,070,939		7,694
Tax assets for current taxes	165					
Current financial derivative instruments	6,155				6,155	27,988
Cash and cash equivalents	12,540,410					
Total Current Assets	**34,610,198**					
TOTAL ASSETS	**217,109,656**					

Net Shareholders' Funds & Liabilities	31/12/2006	Financial liabilities at fair value through profit and loss	Financial liabilities valued at amortised cost	Hedging derivatives	Income Statement effect
TOTAL NET EQUITY	**89,814,542**				
LIABILITIES					
Non-current Liabilities					
Non-current debt	97,124,925		97,124,925		(1,944,721)
Payables for other non-current financing	8,035,987		8,035,987		(433,335)
Non-current financial derivatives	1,389			1,389	
Tax liabilities for deferred taxes	2,626,413				
Post-employment benefits	691,161				
Total Non-current Liabilities	**108,479,875**				
Current Liabilities					
Trade payables and other current liabilities	6,616,760		5,724,425		
Tax liabilities for current taxes	2,873,805				
Current debt	8,057,885		8,057,885		(434,420)
Payables for other current financing	1,190,885		1,190,885		(64,218)
Current financial derivative instruments	**75,903**			75,903	(182,672)
Total Current Liabilities	**18,815,238**				
TOTAL LIABILITIES	**127,295,114**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**217,109,656**				

The nature and the size of the Company's exposure to risk at the balance sheet date are shown in the following tables:

FINANCIAL STATEMENTS

BALANCE SHEET

(Euro)

Assets	31/12/2007	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
Non-current Assets					
Tangible Fixed Assets	22,073,320				
Total Intangible Fixed Assets	471,079				
Investments	61,228,788				
Tax assets for pre-paid taxes	155,525				
Non-current financial derivatives	91,732				
Other non-current financial receivables	106,772,720		3,607,091	3,607,091	
Trade receivables and other non-current assets	15,673				15,673
Total Financial Fixed Assets	**168,264,438**				
Total Non-current Assets	**190,808,837**				
Current Assets					
Trade receivables and other current assets	34,661,521			424,868	16,791,185
Tax assets for current taxes	36,515				
Current financial derivatives	6,982				
Cash and cash equivalents	620,886		620,886	35,226	
Total Current Assets	**35,325,904**				
TOTAL ASSETS	**226,134,741**				

Net Shareholders' Funds & Liabilities	31/12/2007	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
TOTAL NET EQUITY	**89,519,189**				
LIABILITIES					
Non-current liabilities					
Non-current debt	90,422,952		20,730,662		
Payables for other non-current financing	8,488,575		8,488,575		
Tax liabilities for deferred taxes	3,397,303				
Post-employment benefits	948,507				
Total Non-current liabilities	103,257,337				
Current Liabilities					
Trade payables and other current liabilities	4,592,910			1,609,525	
Tax liabilities for current taxes	12,123,503				
Current debt	15,206,665	5,426,475*	13,982,810		
Payables for other current financing	1,435,138		1,435,138		
Total Current Liabilities	**33,358,216**				
TOTAL LIABILITIES	**136,615,553**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**226,134,741**				

*total non-committed credit lines at the balance sheet date

Assets	31/12/2006	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
Non-current Assets					
Tangible Fixed Assets	21,306,478				
Total Intangible Fixed Assets	150,503				
Investments	55,228,788				
Tax assets for pre-paid taxes	117,783				
Non-current financial derivatives	135,315				
Other non-current financial receivables	105,531,611		4,365,983	4,365,983	
Trade receivables and other non-current assets	28,980				28,980
Total Financial Fixed Assets	161,042,477				
Total Non-current Assets	182,499,458				
Current Assets					
Trade receivables and other current assets	22,063,468			667,696	13,070,939
Tax assets for current taxes	165				
Current financial derivatives	6,155				
Cash and cash equivalents	12,540,410		12,540,410	85,249	
Total Current Assets	**34,610,198**				
TOTAL ASSETS	**217,109,656**				

Net Shareholders' Funds & Liabilities	31/12/2006	Liquidity risk	Interest rate risk	Exchange rate risk	Credit risk
TOTAL NET EQUITY	**89,814,542**				
LIABILITIES					
Non-current Liabilities					
Non-current debt	97,124,925		27,324,482		
Payables for other non-current financing	8,035,987		8,035,987		
Non-current financial derivative instruments	1,389				
Tax liabilities for deferred taxes	2,626413				
Post-employment benefits	691,161				
Total Non-current liabilities	108,479,875				
Current liabilities					
Trade payables and other current liabilities	6,616,760				2,910,353
Tax liabilities for current taxes	2,873,805				
Current debt	8,057,885	379,742*	6,798,212		
Payables for other current financing	1,190,885		1,190,885		
Current financial derivative instruments	75,903				
Total Current Liabilities	**18,815,238**				
TOTAL LIABILITIES	**127,295,114**				
TOTAL NET SHAREHOLDERS' FUNDS & LIABILITIES	**217,109,656**				

* total non-committed credit lines at the balance sheet date

Receivables

In accordance with IFRS 7, the table below shows overdue trade receivables subdivided by the length of time that they are overdue

Description	31/12/2007	31/12/2006	Change
Not overdue	6,266,812	5,638,939	627,873
Overdue by 1-3 months	3,077,964	1,682,000	1,395,964
Overdue by 3-6 months	3,104,829	2,456,000	648,829
Overdue by over 6 months	4,341,580	3,294,000	1,047,580
Total	**16,791,185**	**13,070,939**	**3,720,246**

The receivables are almost entirely receivables from subsidiary companies for financial transactions and services rendered, To classify receivables as overdue the conditions in the terms of payment have been used; receivables showing as overdue have been settled, All the receivables were found to be in the standard monitoring category with none falling into the other monitoring categories,

Description (Euro)	31/12/2007	31/12/2006	Change
Standard monitoring	16,791,185	13,070,939	3,720,246
Special monitoring	-	-	-
Monitoring for possible legal action	-	-	-
Extra-judicial monitoring in progress	-	-	-
Monitoring of legal action in progress	-	-	-
Total	**16,791,185**	**13,070,939**	**3,720,246**

Derivative instruments

The Company has adopted the Group Risk Policy, Recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge), For those contracts designated as held for trading, changes in fair value are recognized directly in the Income Statement,

For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognized in the Income Statement, independent of the valuation criteria adopted for the latter,

For Cash Flow Hedges, changes in fair value are recognized directly in equity if the hedging instrument is held to be an effective hedge whilst the portion held to be ineffective is recognized in the Income Statement, The changes recognized in equity are recycled to the Income Statement in the same financial period or periods in which the hedged asset or liability affects profit or loss,

Purchase or sale of derivative instruments is recognised at the trade date

Revenues and expenses

Revenues are recognized at fair value for the amounts received or expected, Revenues are accounted for to the extent that the economic benefits are probable and the relative amount, including any related expenses or future expenses, can be reliably estimated,

Revenues deriving from the sale of an asset are recognized upon transfer of the risks of ownership, normally at the time of shipping, at the fair value of the amounts received or expected, including any eventual discounts,

Revenues from services are recognised according to the percentage of completion, based on the work carried out,
Costs are recognized on a similar basis to revenues and always recognized on a time-proportion basis,

Financial income and costs are recognized in the Income Statement on a time-proportion basis and using the effective interest method,

Dividends are recognized in the financial year when the shareholders have the right to receive the payment,

Taxes

Taxes on profit for the year are calculated on the cost expected to be paid according to the enacted tax laws.

Deferred and pre-paid taxes are calculated for the temporary differences between the carrying amounts in the Balance Sheet and the corresponding tax base values and for the amount carried forward of unused tax losses or tax credits, as long as it is probable that repayment (payment) reduces (increases) the future tax payments compared to the amount which would have been attested if that repayment (payment) had had no fiscal implications. The fiscal effects of operations or transactions are recognized either in the Income Statement or directly to equity in the same way as the operations or transactions that gave rise to the tax charge are recognized.

Currency

The Financial Statements are prepared in Euro, which is the functional currency of the Parent Company.

Transactions in foreign currency are translated into the functional currency at the exchange rate of the day of the transaction. Exchange rate gains or losses, deriving from the settlement of these transactions and from the conversion at the balance sheet date of financial receivables and payables expressed in foreign currencies, are recognized in the Income Statement.

Consolidated Financial Statements

The Company also prepares the Consolidated Financial Statements.

Copies of the Consolidated Financial Statements, the Review of Operations, and the independent Auditor's Report will be deposited at the registered offices of the company, with Borsa Italiana S.p.A. and with the Register of Companies, as required by law.

Group taxation regime

On 7 June 2007, TREVI – Finanziaria Industriale S.p.A. opted to operate for a further three-year period (2007-2009) under the Group Taxation Regime, which requires the calculation of a single taxable amount (the "Taxable Income of the Group") for IRES, adopting the role of consolidating company with the following companies in the role of those consolidated:

TREVI S.p.A. with a direct shareholding of 99.78% directly held
SOILMEC S.p.A. with a direct shareholding of 97.00%
DRILLMEC S.p.A. with a direct shareholding of 98.25%
R.C.T. S.r.L. with a direct shareholding of 99.78% (owned 100% by TREVI S.p.A.).

Receivables and payables with the subsidiary companies arising from the Group Taxation Regime are recognised in the Financial Statements for the year.

Management and coordination of companies

In accordance with Article 93 of the Consolidation Act, it is reported that at 31 December 2007 and at the date of preparing these Financial Statements, TREVI – Finanziaria Industriale S.p.A. is indirectly controlled by I.F.I.T. S.r.l. (a company with headquarters in Cesena) and is directly controlled by the Danish company, TREVI Holding Aps, a company controlled by I.F.I.T. S.r.l.

To provide Company information under Article 2497 of the Italian Civil Code relating to possible management influence in companies by their controlling companies, it is reported that at 31 December 2007 and at the date of preparing these Financial Statements, the Company has made no declaration concerning possible influence in the Company by the controlling companies as the Board of Directors of TREVI – Finanziaria Industriale S.p.A. maintains that, whilst IFIT S.r.l. does indirectly control the corporate strategies and policies of Gruppo TREVI, the Company is completely independent of its parent company as regards its operating and financial activities and that, in 2007 or in previous financial years, it has not carried out any corporate operation in the interests of the controlling company.

The Company, at the date of drawing up these Financial Statements, is the Parent Company of Gruppo TREVI (and as such prepares the Consolidated Financial Statements of the Group), and exercises management control and influences, under Article 2497 of the Italian Civil Code, the activities of the following companies that it directly controls:

TREVI S.p.A. with a direct shareholding of 99.78% directly held
SOILMEC S.p.A. with a direct shareholding of 97.00%
DRILLMEC S.p.A. with a direct shareholding of 98.25%
R.C.T. S.r.L. with a direct shareholding of 99.78% (owned 100% by TREVI S.p.A.).

NOTES TO THE BALANCE SHEET

NON-CURRENT ASSETS

(1) Tangible fixed assets

Tangible fixed assets were Euro22.073 million at 31 December 2007, an increase of Euro 0.767 million over the previous financial year.

The changes relative to the 2006 financial year are summarized in the table below:

Assets	Historical Cost				Depreciation				Net Fixed Assets 31/12/06	Net Fixed Assets 31/12/07
	Value at 31/12/06	Increase	Decrease	Value at 31/12/07	Value at 31/12/06	Increase	Decrease	Value at 31/12/07		
Land and buildings	15,801,634	364,536	-	16,166,170	2,203,120	572,945	-	2,776,065	13,598,514	13,390,105
Plant and machinery	11,786,247	2,226,733	258,226	13,754,754	4,268,290	1,002,604	114,190	5,156,704	7,517,957	8,598,050
Industrial and commercial equipment	373,243	-	187,053	186,190	186,623	37,238	93,655	130,206	186,621	55,985
Other assets	12,099	29,403	-	41,502	8,713	3,609	-	12,322	3,386	29,180
TOTAL	**27,973,223**	**2,620,672**	**445,279**	**30,148,616**	**6,666,747**	**1,616,396**	**207,845**	**8,075,297**	**21,306,478**	**22,073,320**

The entry land, land and buildings, refers to the value of the industrial site at Gariga di Podenzano (PC), the location of the manufacturing activities of the subsidiary, Drillmec S.p.A, held under a lease agreement

The gross increase in land and buildings is entirely attributable to the initial building works carried out at the factory at Gariga di Podenzano (PC). The Euro 2.227 million gross increase in plant and machinery mainly reflects the purchase, through a lease contract, of two R-930 drilling rigs and accessories and an SR/70 hydraulic drilling rig and accessories made by the subsidiary, Soilmec S.p.A.

The decrease in the item, industrial and commercial equipment, was due entirely to the sale of two R825 drilling equipment kits and of drilling shafts.

The net carrying value of leased fixed tangible assets was Euro 14.426 million (Euro15.314 million in 2006).

Category	31/12/2007	31/12/2006	Change
Land	4,525,000	4,525,000	-
Buildings	7,945,851	8,509,683	(563,832)
Plant and machinery	1,954,936	2,092,978	(138,042)
Industrial and commercial equipment	-	186,621	(186,621)
TOTAL	**14,425,787**	**15,314,282**	**(888,496)**

Leased assets and those acquired with hire contracts are used as guarantees for the related liabilities assumed.

(2) Intangible fixed assets

Intangible fixed assets increased Euro0.321 million year-on-year to Euro0.471 million at 31 December 2007.
Movements relating to the 2007 financial year are summarized in the following table:

Description (Euro)	Historical Cost				Depreciation				Net Intangibles 31/12/06	Net Intangibles 31/12/07
	Value at 31/12/06	Increase	Decrease	Value at 31/12/07	Value at 31/12/06	Depr. for the year	Charge to reserves	Value at 31/12/07		
Patents	768,746	-	-	768,746	693,867	39,721	-	733,588	74,879	35,158
Licences and brands	124,550	477,253	-	601,803	48,926	116,956	-	165,882	75,624	435,921
TOTAL	**893,296**	**477,253**	**-**	**1,370,549**	**742,793**	**156,677**	**-**	**899,470**	**150,503**	**471,079**

The increase in licences and brands was primarily due to the purchase during the year of software licences and for the development of the new edition of the Group accounting and management program which it is hoped will be implemented also by the foreign companies in the Group.

(3) Investments

Investments increased Euro 6.000 million year-on-year to Euro 61.229 million at year-end 2007.
Investments, divided between subsidiaries and other companies, are shown in the following table:

Description (Euro)	Value at 31/12/06	Increase	Decrease	Revaluations	Write-downs	Other changes	Value atl 31/12/07
Subsidiaries	55,205,156	6,000,000	-	-	-	-	61,205,156
Other	23,632	-	-	-	-	-	23,632
TOTAL	**55,228,788**	**6,000,000**	**-**	**-**	**-**	**-**	**61,228,788**

Details of investments in subsidiaries are shown in the following table:

SUBSIDIARIES	Value at 31/12/06	Increase	Decrease	Revaluations	Write-downs	Other changes	Value at 31/12/07
TREVI S.p.A.	26,732,503	-	-	-	-	-	26,732,503
SOILMEC S.p.A.	9,324,671	-	-	-	-	-	9,324,671
DRILLMEC S.p.A.	4,915,985	5,000,000	-	-	-	-	9,915,985
PILOTES TREVI S.a.c.i.m.s.	283,845	-	-	-	-	-	283,845
PETREVEN C.A.	13,926,275		-	-	-	-	13,926,275
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	21,877	-	-	-	-	-	21,877
TREVI ENERGY S.p.A.	-	1,000,000					1,000,000
TOTAL SUBSIDIARIES	**55,205,156**	**6,000,000**	**-**	**-**	**-**	**-**	**61,205,156**

OTHER COMPANIES	Value at 31/12/06	Increase	Decrease	Revaluations	Write-downs	Other changes	Value at 31/12/07
Comex S.p.A.	22,496	-	-	-	-	-	22,496
Banca di Cesena S.p.A.	1,136	-	-	-	-	-	1,136
TOTAL OTHER COMPANIES	**23,632**	**-**	**-**	**-**	**-**	**-**	**23,632**

The increase of Euro 5 million in the subsidiary Drillmec S.p.A. (the company that designs and produces drilling equipment for hydrocarbon and water wells) is payment on account for a future share capital increase made to help the company in its important growth strategy.

In July 2007, the Company subscribed to and paid for the entire share capital of Euro 1 million in the new company, TREVI

S.p.A., which will research, develop and operate renewable energy sources.
Comex S.p.A., in which the Company has an investment and which assembles hardware (personal computers, notebooks and servers,) under its own label has not, at the present date, approved the Financial Statements for 2007; those for 2006 show revenues of Euro 10.881 million, a pre-tax profit of Euro 10,000 and a net loss of Euro 57,000; the pre closure figures for the financial year 2007 indicated a profit for the period.
The Company has forty shares in Banca di Cesena S.c.a.r.l. of nominal value Euro 25.82 each, equivalent to a stake of 0.03% of the bank.
Banca di Cesena S.c.a.r.l. has yet to approve the 2007 Financial Statements; those for 2006 had net profit of Euro2.402 million.
A list of subsidiary companies and the key data of these holdings at 31 December 2007 is shown in the following table:

SUBSIDIARIES	Headquarters	Share capital (1)	Carrying value of net equity (2)	Profit for the year (2)	%	Carrying value of shares	Share of Equity
TREVI S.p.A.	Italy	26,300,000	17,938,179	(3,292,690)	99.78	26,732,503	17,898,715
SOILMEC S.p.A.	Italy	5,160,000	24,856,251	12,745,396	97.00	9,324,671	24,976,251
DRILLMEC S.p.A.	Italy	5,000,000	25,453,857	13,630,515	98.25	9,915,985	25,541,357
PILOTES TREVI S.a.c.i.m.s.	Argentina	1,650,000	3,202,788	137,863	57.00	283,845	1,825,589
PETREVEN C.A.	Venezuela	11,269,703	21,011,524	1,366,103	70.68	13,926,275	14,850,945
INTERNATIONAL DRILLING TECHNOLOGIES FZCO	UAE	1,000,000	10,215,674	9,663,173	10.00	21,877	1,021,567
TREVI ENERGY S.p.A.	Italy	1,000,000	950,033	(49,967)	100.00	1,000,000	950,033
TOTAL SUBSIDIARIES			**103,628,305**	**34,200,393**		**61,205,156**	**87,064,457**

(1) Figures are in Euro for Trevi Spa, Soilmec, Drillmec and Trevi Energy; in Argentine pesos for Pilotes S.a.c.i.m.s.; in US$ for Petreven C.A; and in UAE dirham for International Drilling Technologies FZCO.
(2) Figures in Euro.

The carrying value of Drillmec S.p.A., Soilmec S.p.A., and Trevi S.p.A. includes payments on account of future share capital increases.
Values in Euro were obtained using the exchange rates ruling at the balance sheet date, which were as follows:

CURRENCY	Exchange rate at Balance Sheet date
Argentine Peso	4,64
Venezuelan Bolivar	3,161,04
UAE Dirham	5,41

There are no restrictions (including the right to vote) attached to any of the shares held.
For details concerning subsidiary and associate companies held directly or indirectly, please refer to the Notes to the Consolidated Financial Statements.

The main data for investments in other companies (using the values of the respective 2006 Financial Statements) are given in the following table:

OTHER COMPANIES	Headquarters	Share capital	Carrying value of net equity	Profit for the year	%	Carrying value of shares	Share of Equity
COMEX S.p.A.	Italy	2,647,080	2,857,941	-57,082,00	0.81	22,496	23,149
Banca di Cesena	Italy	4,043,014	52,292,554	2,401,667	0.04	1,136	20,917
TOTAL OTHER COMPANIES						**23,632**	**44,066**

(4) Tax assets for pre-paid taxes

This item was Euro 0.156 million at 31 December 2007, a Euro 0.038 million year-on-year increase.

(5) Non-current financial derivative instruments

Non-current financial derivative instruments decreased Euro 0.043 million in 2007 to Euro 0.092 million. The amount at the balance sheet date is the value of an interest rate swap covering a non-current variable rate payable.

(6) Financial receivables from subsidiaries

At 31 December 2007, non-current financial receivables were Euro 106.773 million, a year-on-year increase of Euro 1.241 million. These receivables all constituted financing to subsidiaries to support business expansion

DESCRIPTION (Euro)	Value at 31/12/2007	Value at 31/12/2006	Change
Trevi S.p.a.	81,824,381	78,196,380	3,628,001
Drillmec S.p.a.	24,500,000	26,500,000	(2,000,000)
Pilotes Trevi S.a.c.i.m.s.	448,339	227,790	220,549
Trevi Contractors B.V.	-	607,441	(607,441)
TOTAL	**106,772,720**	**105,531,611**	**1,241,109**

(7) Trade receivables and other non-current receivables

The figure for trade receivables and other non-current receivables at 31 December 2007 was Euro 0.013 million lower than a year earlier at Euro 0.016 million.

CURRENT ASSETS

(8) Trade receivables and other current receivables

Trade receivables and other current receivables were Euro 0.979 million at 31 December 2007, Euro 0.305 million less than a year earlier.

Details of this balance sheet entry are given in the following table:

DESCRIPTION	Value at 31/12/2007	Value at 31/12/2006	Change
Trade receivables	42,821	35,050	7,771
Prepayments	573,515	623,165	(49,650)
VAT	298,745	137,124	161,621
Receivable from Central Bank of Nigeria (BT share)	9,078	22,877	(13,799)
Other receivables	54,859	465,781	(410,922)
TOTAL	**979,018**	**1,283,997**	**(304,979)**

The change in the figure for other receivables is due to lower pre-payments made to suppliers in 2007 compared to 2006. Details of related party transactions are given in Attachment 1 to the present notes.

(9) Trade receivables and other current receivables from subsidiaries

Trade receivables and other current receivables from subsidiaries were Euro 33.683 million at year-end 2007, an increase of Euro 12.903 million year-on-year; this was due to the greater fiscal impact resulting from the strong results for the period.
A breakdown of this entry is given in the following table

DESCRIPTION	Value at 31/12/2007	Value at 31/12/2006	Change
Trade receivables	16,733,074	12,591,146	4,141,928
Receivables arising from Group Taxation Regime	16,949,430	8,188,325	8,761,105
TOTAL	**33,682,504**	**20,779,471**	**12,903,033**

(10) Tax assets for current taxes

These were Euro 0.036 million at 31 December 2007, an increase of Euro 0.036 million year-on-year for retentions on bank interest income

(11) Current financial derivative instruments

At 31 December, these were just Euro 6,000, in line with the previous year, and were for the current part of the valuation of an interest rate swap covering a non-current variable rate liability and for that of a fixed term US dollar put contract taken out to protect against movements in the Euro/Dollar exchange rate.

(12) Cash and cash equivalents

At 31 December 2007, cash and cash equivalents were Euro 0.621 million, down Euro 11.920 million year-on-year. The details are given in the following table:

DESCRIPTION	Value at 31/12/2007	Value at 31/12/2006	Change
Bank and post office accounts	613,381	12,537,218	(11,923,837)
Cash and cash equivalents	7,504	3,192	4,312
TOTAL	**620,886**	**12,540,410**	**(11,919,524)**

The decrease in the figure for bank and post office accounts was due to payments on account for future share capital increases and financing to support the development of the subsidiaries but includes the remaining cash from the Indirect Convertible Bond Loan finalised in November 2006.

(13) Shareholders' funds

Changes in consolidated shareholders net equity is as follows:

DESCRIPTION	Share capital	Share premium reserve	Legal reserve	Reserve for own shares	Extraordinary reserve	Fair value reserve	FTA and IFRS reserve	Reserve for convertible bonds	Accumulated profit/ (losses)	Net profit for the period	Total shareholders' funds
Balance at 31/12/2005	**32,000,000**	**34,355,654**	**3,711,072**	**-**	**5,039,535**	**40,982**	**693,901**	**-**	**1,998,835**	**1,409,255**	**79,249,234**
Allocation of profit	-	-	101,182	-	322,462	-	-	-	-	(423,644)	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(1,600,000)	(1,600,000)
IFRS adjustment for dividends	-	-	-	-	-	-	-	-	-	614,388	614,388
Fair value reserve	-	-	-	-	-	95,547	-	-	-	-	95,547
Other reserves	-	-	-	-	-	-	-	7,145,927	-	-	7,145,927
Accumulated net profit/ (losses)	-	-	-	-	-	-	-	-	(501,785)	-	(501,785)
Net profit for the period	-	-	-	-	-	-	-	-	-	4,811,230	4,811,230
Balance at 31/12/2006	**32,000,000**	**34,355,654**	**3,812,254**	**-**	**5,361,997**	**136,529**	**693,901**	**7,145,927**	**1,497,050**	**4,811,230**	**89,814,542**
Allocation of profit	-	-	240,562	-	1,370,668	-	-	-	-	(1,611,230)	-
Dividend distribution	-	-	-	-	-	-	-	-	-	(3,200,000)	(3,200,000)
Purchase and sale of own shares	(183,250)	-	-	(4,398,796)	-	-	-	-	-	-	(4,582,046)
Fair value reserve	-	-	-	-	-	(76,775)	-	-	-	-	(76,775)
Other reserves	-	-	-	-	-	-	-	(2,495,653)	-	-	(2,495,653)
Net profit for the period	-	-	-	-	-	-	-	-	-	10,059,122	10,059,122
Balance at 31/12/2007	**31,816,750**	**34,355,654**	**4,052,816**	**(4,398,796)**	**6,732,665**	**59,754**	**693,901**	**4,650,274**	**1,497,050**	**10,059,122**	**89,519,189**

(13.a) Share capital

At 31 December 2006, Share Capital was Euro32,000,000, composed of 64,000,000 issued and fully paid-up ordinary shares of nominal value Euro0.50 each.

During 2007, as authorized by the Shareholders' Meeting of 7 May 2007, the Company acquired 366,500 of its own shares. The transaction was taken directly to shareholders' funds in accordance with IAS 32.

	Shares ('000)	Share capital	Share premium reserve	Own shares
Balance at 31/12/2006	64,000,000	32,000,000	34,355,654	-
Purchase and sale of own shares	366,500	(183,250)	-	(4,398,796)
Balance at 31/12/2007	63,633,500	31,816,750	34,355,654	(4,398,796)

On 23 November 2006, the Board of Directors deliberated a share capital increase of Euro 3,097,345 made up of 6,194,690 ordinary shares with a nominal value of Euro 0.50 per share to meet the conversion rights of the convertible bond, the Indirect Convertible Bond Loan.

At 31 December 2006 the authorized share capital was, therefore, Euro 35,097,345 made up of 70,194,690 shares of nominal value Euro 0.50 each.

(13.b) Other reserves

- Share premium reserve:

This was Euro 34.355 million at 31 December 2007, the same as at 31 December 2006

- Legal Reserve:

The Legal Reserve represents the part of profits which, pursuant to Article 2430 of the Italian Civil Code, cannot be distributed as dividends. In 2007, the Legal Reserve increased Euro 0.241 million following the movement to this reserve of 5% of the Parent Company profits for 2006. At 31 December 2007, this reserve was Euro 4.053 million.

- Extraordinary reserve:

The extraordinary reserve was Euro 6.733 million at 31 December 2007, an increase of Euro 1.371 million over the previous year. The increase was due to the addition of the undistributed net profit of the Company for 2006.

- Fair value reserve:

The fair value reserve of Euro 0.060 million at year-end 2007 had fallen Euro 0.077 million year-on-year due to the changes in the value of financial hedging derivatives, net of the tax effect, in 2007.

- Reserve for own shares:

This reserve did not exist in 2006 but at 31 December 2007 was negative for Euro 4.399 million; it reduces the value of shareholders' funds for the carrying value of own shares purchased in 2007 net of the nominal value of these shares, which is taken against share capital.

- Reserve for convertible bonds:

At 31 December 2007, the reserve for convertible bonds was Euro 4.650 million entirely due to the option component, net of any related tax effect, of the Indirect Convertible Bond Loan issued by the Company on 30 November 2006. This figure was calculated using by determining the net present value of the future cash flows relating to the Indirect Convertible Bond Loan at the market rate the Company would have had to pay to finance itself with alternative debt instruments of the same duration.

- Dividends paid in 2007

The Shareholders Meeting of 7 May 2007 voted to distribute profit of Euro 3.200 million as dividends, a dividend per share of Euro 0.025, with ex-dividend date of 9 July 2007 and payment from 12 July 2007.

(13.c) Accumulated profit (losses)

At 31 December 2007, the accumulated profit (losses) were Euro 1.497 million and this figure was unchanged on 2006. This reserve includes amounts generated by the adoption of IAS/IFRS accounting standards at the date they were adopted.
In accordance with Article 2427, paragraph 1 no. 7 bis a breakdown of shareholders' funds, by source, possible use and availability for distribution, is given in the following table:

Description	Value at 31/12/2007	Potential use	Availability for distribution	Summary of use in the last three years To cover losses
Share capital	31,816,750			
Share premium reserve	34,355,654	A B		
Legal reserve	4,052,816	B		
Extraordinary reserve	6,732,665	A B C	6,732,665	
Fair value reserve	59,754	B		
IFRS reserve	693,901	B		
Reserve for convertible bonds	4,650,274	B		
Accumulated profit (losses)	1,497,050			
TOTAL	**83,858,864**		**6,732,665**	
Available for use:				
A) For share capital increase				
B) To cover losses				
C) For distribution to shareholders				

(13.d) Net profit for the period

The net profit for the 2007 financial year was Euro 10.059 million, Euro 5.249 million higher than in 2006. It mainly reflects the 2007 operating profit (Euro 1.400 million) which compared with a 2006 operating loss (Euro 1.800 million) and the positive trend in financial revenues, which increased by Euro 2.800 million.

LIABILITIES

NON-CURRENT LIABILITIES

(14) Non-current financing

At 31 December 2007, non-current financing was Euro 90.422 million, a Euro 6.702 million year-on-year decrease. The details of non-current financing are given in the table below:

Description	31/12/2007	31/12/2006	Change
Interbanca S.p.A. mortgage	5,625,000	7,500,000	(1,875,000)
Cassa di Risparmio di Cesena S.p.A. loan	-	1,696,857	(1,696,857)
Interbanca S.p.A. loan	3,125,000	3,750,000	(625,000)
Interbanca S.p.A. loan	9,375,000	13,125,000	(3,750,000)
Cariromagna (ex SanPaolo Imi S.p.A.) loan	9,166,667	10,000,000	(833,333)
Intesa SanPaolo S.p.A. Indirect Convertible Bond loan	63,131,284	61,053,068	2,078,216
TOTAL	**90,422,951**	**97,124,925**	**(6,701,974)**

The long-term element of the mortgage granted by Interbanca S.p.A., originally for Euro 15,000,000, is Euro 5,625,000; this mortgage is repayable in sixteen six-monthly instalments from 30/06/04 (total duration eight years). The primary mortgage guarantee was given by Soilmec S.p.A. on its production facility at Cesena.

The long-term part of the variable rate financing agreed with Interbanca S.p.A., originally for Euro 5,000,000, is Euro 3,125,000 with Euro 625,000 due beyond five years; this is payable in sixteen six-monthly instalments from 31/01/06 (total duration eight years) with final payment on 31/07/2013.

The long-term part of the variable rate financing agreed with Interbanca S.p.A., originally for Euro 15,000,000, of five year duration and repayable in eight six-monthly instalments, is Euro 9,375,000.

The long-term part of the variable rate financing agreed with Cassa di Risparmio di Forlì e della Romagna S.p.A. (ex SanPaolo IMI S.p.A.) for Euro10,000,000 million of eight years duration and repayable in twelve six-monthly instalments, is Euro 9,166,667, of which Euro 2,500,000 is due beyond five years.

The fixed rate financing from Intesa Sanpaolo S.p.A. (ex SanPaolo IMI S.p.A.) of nominal Euro 70,000,000, of five years duration with capital repayment at expiry. At 31 December 2007, under IAS 39 (in particular, the rules governing split accounting and amortized cost), this loan required recognition of a residual debt of Euro 63,131,284. The difference of Euro 4.650 million is due to the implicit option component in the Indirect Convertible Bond Loan, net of any tax effect, while the remainder is for the structuring and placing of the bond.

This financing was issued by the aforementioned bank on 30 November 2006 following the finalization of the Indirect Convertible Bond Loan, information on the equity element of which has been given in the notes relating to Shareholders' Funds.

The main features of the transaction were the following:

The Indirect Convertible Bond Loan (the "Bonds"), issued by Sanpaolo IMI Bank Ireland plc with maturity at 30 November 2011 was finalised for Euro 70,000,000. The Bonds, issued and repayable at par, were issued by Sanpaolo IMI Bank Ireland plc and are guaranteed by Intesa San Paolo S.p.A. (ex-SanPaolo IMI S.p.A.), rated Aa3/AA-/AA-. The bonds were placed exclusively with institutional investors excluding those in Australia, Canada, Japan, South Africa Ireland and USA under Regulation S.

Banca IMI S.p.A. acted as global coordinator and Banca IMI S.p.A. and Société Générale Corporate & Investment Banking were the joint book runners of the operation.
The bonds are convertible into a maximum of 6,194,690 ordinary shares of nominal value Euro 0.50 per share (equivalent to 9.68% of the issued share capital of TREVI – Finanziaria Industriale S.p.A.).
The aim of the operation was to give the Company new financial resources at advantageous conditions to grow its core business of foundation engineering and the innovative drilling sector.

The conversion price of the underlying shares is Euro 11.30, which incorporated a premium of circa 30% on the Official Price for 23 November 2006. The bonds, with fixed annual interest payable of 1.5%, are convertible from 31 December 2007.
In the second half of 2007, the Company agreed two five-year guaranteed revolving credit lines with two separate credit institutions for a total of Euro 30.000 million; at 31 December, just Euro 1.000 million had been drawn. Since this was for short-term financing, despite being part of non-current guaranteed credit lines, it is recognised under the item current financing.

Some of these non-current financing agreements contain covenants which require the maintenance of certain financial ratios (calculated on the Consolidated Financial Statements) as follows:

- EBITDA/ Net Financial Charges: an indicator of the weight of interest charges calculated as the ratio of EBITDA to interest charges;
- Net Financial Position/ EBITDA: an indicator of indebtedness, calculated as the ratio of net financial debt to EBITDA;
- Net Financial Position/ Net Equity: an indicator of indebtedness, calculated as the ratio of net debt to net equity;
- EBITDA/ Revenues: an indicator of profitability, calculated as the ratio of EBITDA to total revenues;
- CAPEX: the value of investments

The agreement for the Convertible Bond Loan stipulates two financial covenants to be calculated quarterly on the Consolidated Financial Statements. These are:
"Interest Cover" indicates the ratio between Consolidated EBITDA and the Net Financial Costs in the twelve months prior to each Assessment Date of the Financial Covenants.
"Leverage Ratio" indicates the ratio Consolidated Financial Net Debt and Consolidated EBITDA in the twelve months prior to each Assessment Date of the Financial Covenants.

The financing agreement for the Indirect Convertible Loan also contains other covenants, which are routine international procedure, namely

a. a so-called negative pledge clause whereby any eventual pledge present or future on assets connected to financing operations, bonds and other credit issues must be granted in an equal manner on the aforementioned financing
b. a pari passu clause under which no payment obligations can be taken on which are considered senior to the two transactions described above
c. obligations to provide information periodically
d. a cross default clause which implies the immediate recoverability of the two aforementioned loans should there be any default on other financial instruments issued by the Group
e. limitations on relevant sales of assets
f. other clauses general present in issues of this type

The failure to respect these covenants would allow the banks that have granted the financing to call in the financing or to renegotiate the conditions attached to the financing.
At 31 December 2007 all the financial covenants listed above were respected.

(15) Payables for other non-current financing

At 31 December 2007, payables for other non-current financing were Euro 8.489 million, a year-on-year decrease of Euro 0.453 million.
Details of these payables are shown in the following table:

Description	31/12/2007	31/12/2006	Change
Payable to Locat S.p.A.	3,841,224	4,039,907	(198,683)
Payable to Banca Italease S.p.A.	3,434,539	3,996,081	(561,542)
Payable to San Paolo Leasint S.p.A.	593,375	-	593,375
Payable to Sardaleasing S.p.A.	619,436	-	619,436
TOTAL	**8,488,574**	**8,035,988**	**452,587**

During 2007, the Company agreed three new leasing agreements with Locat S.p.A., San Paolo Leasint S.p.A. and Sardaleasing S.p.A. to acquire two plants to manufacture R-930 special foundation equipment and accessories and an SR/70 hydraulic drill and accessories. The plants were leased to the subsidiary, International Drilling Technologies FZCO.

(16) Non-current financial derivative instruments

There were no non-current financial derivative instruments in the Balance Sheet at 31 December 2007, which compares to Euro 0.001 million at year-end 2006.

(17) Tax liabilities for deferred taxes

These were Euro 3.397 at 31 December 2007, an increase of Euro 0.771 million compared to year-end 2006.

(18) Post-employment benefits

At 31 December 2007, post-employment benefits were Euro 0.949 million, a year-on-year increase of Euro 0.257 million. Changes in this entry in the course of 2007 are shown in the following table:

Description	Balance at 31/12/2006	Portion matured and charged to the Income Statement	Portion transferred from other companies	Portion transferred to other companies and paid out	Movements to pension funds	Balance at 31/12/2007
Post-employment benefits	691,161	90,571	458,772	(228,567)	(63,429)	948,507

The portion transferred from other companies and that transferred to other companies relates to movements between Group companies.

The adjustment to the TFR provision under IAS 19 takes into account the actuarial valuation of the fund.

From 1 January 2007, the Finance Law and other enacted laws introduced modifications relating to the treatment of the TFR, including that giving employees the choice to decide the allocation of the maturing portion of their TFR. In particular, employees may now choose whether to transfer new TFR flows to a pension fund or to leave them within the Company

CURRENT LIABILITIES

(19) Trade payables and other current liabilities

Trade payables and other current liabilities were Euro 2.075 million at 31 December 2007, a year-on-year decrease of Euro 1.057 million.

Details of this entry are shown in the following table:

Description	31/12/2007	31/12/2006	Change
Payables to suppliers	1,539,646	2,686,173	(1,146,527)
Payables to National Insurance and Social Security entities	162,330	98,203	64,127
Other payables	217,532	199,191	18,341
Accruals	64,677	51,367	13,310
Deferrals	90,514	96,571	(6,057)
TOTAL	**2,074,699**	**3,131,505**	**(1,056,806)**

Details of payables to National Insurance and Social Security entities are shown in the following table:

PAYABLES TO NATIONAL INSURANCE AND SOOCIAL SECURITY ENTITIES	31/12/2007	31/12/2006	Change
Payables to INAIL	6,459	2,007	4,452
Payables to INPS	149,267	93,946	55,321
Payables to pension funds	6,604	2,249	4,355
TOTAL	**162,330**	**98,202**	**64,128**

The increase in this entry is due to the increase in the number of employees.
Details of other payables are given in the following table:

Other Payables	31/12/2007	31/12/2006	Change
Payables to employees	194,997	194,922	75
Other	22,535	4,269	18,266
TOTAL	**217,532**	**199,191**	**18,341**

The entry, payables to employees, is entirely due to holidays earned but not taken.
Details of the accrued charges are given in the following table:

Accrued Charges	31/12/2007	31/12/2006	Change
Accrued charges for wages and employee contributions	64,677	47,120	17,557
Other accrued charges	-	4,247	(4,247)
TOTAL	**64,677**	**51,367**	**13,310**

Details of the deferred charges are given in the following table:

Deferrred Charges	31/12/2007	31/12/2006	Change
Deferred charges for leasing contracts	86,750	86,750	-
Accrued reimbursements for leasing expenses	3,764	9,821	(6,057)
TOTAL	**90,514**	**96,571**	**(6,057)**

The entry, deferred charges for payments on leasing contracts, as in 2006, is for early invoice of leasing contract instalments to the Argentine-based subsidiary, Petreven UTE, for two HH 102 drilling rigs operated on behalf of Petrobras.

(20) Trade payables and other current liabilities to subsidiaries

Trade payables and other current liabilities to subsidiaries were Euro 2.518 million at 31 December 2007, a year-on-year decrease of Euro 0.967 million.
Details of this entry are given in the following table:

Description	31/12/2007	31/12/2006	Change
Trade payables to subsidiaries	63,635	48,864	14,771
Payables for the share of profits for the period due to UTE TREVI S.p.A., TREVI - Finanziaria Industriale S.p.A., Sembenelli S.r.l. for the "Borde Seco" contract	1,598,821	2,989,388	(1,390,567)
Payables attributable to the Group Taxation Regime	855,755	447,002	408,753
TOTAL	**2,518,211**	**3,485,254**	**(967,043)**

Trade payables to subsidiaries are the current portion of payables to Trevi S.p.A. and Soilmec S.p.A..
The decrease in payables for the share of profits for the period due to UTE TREVI S.p.A., TREVI – Finanziaria Industriale S.p.A., and Sembenelli S.r.l. is related to the positive 2007 results of the consortium which meant a reduction in debt for the members.

(21) Tax liabilities for current taxes

Tax liabilities for current taxes were Euro 12.124 million at 31 December 2007, all payable in the next financial period, and had increased Euro 9.250 million year-on-year.

Details of tax liabilities for current taxes are given in the following table:

Description	31/12/2007	31/12/2006	Change
Payable to the Tax Authority for direct taxes	11,926,493	2,761,264	9,165,229
Payable to the Tax Authority for retentions	195,991	112,483	83,508
Payable to the Tax Authority for the IRES tax on the TFR	1,019	57	962
TOTAL	**12,123,503**	**2,873,804**	**9,249,699**

The latest financial period for which the tax liability, for both direct and indirect taxes, has been agreed with the Tax Authority is that ended on 31 December 2002.

(22) Current debt

Current debt was Euro 15.207 million at 31 December 2007, a year-on-year increase of Euro 7.149 million.

Details of current debt are given in the following table:

Description	31/12/2007	31/12/2006	Change
Current debt	1,000,000	18,959	981,041
Current portion of non-current debt	9,206,665	8,038,926	1,167,739
Financing from subsidiaries	5,000,000	-	5,000,000
TOTAL	**15,206,665**	**8,057,885**	**7,148,780**

The increase in current debt is primarily due to the use of a revolving guaranteed non-current credit line, included in non-current financing to MCC S.p.A.

The current portion of non-current debt includes the instalments of interest payable in the financial period on financing with periodic repayments deferred until after 31 December 2007for a total of Euro 0.206 million.

The financing from subsidiaries was issued at market rates by Soilmec S.p.A. to optimise the Group treasury flows and was repaid in January 2008.

(23) Payables for other current financing

At 31 December 2007, payables for other current financing were Euro 1.435 million, a Euro 0.244 million year-on-year increase.

Details of this entry are given in the following table:

Description	31/12/2007	31/12/2006	Change
Payable to Locat S.p.A.	647,063	737,760	(90,697)
Payable to Banca Italease S.p.A.	562,356	453,125	109,231
Payable to San Paolo Leasint S.p.A.	114,155	-	114,155
Payable to Sardaleasing S.p.A.	111,564	-	111,564
TOTAL	**1,435,138**	**1,190,885**	**244,253**

The increase is attributable to the new financial lease contracts taken out in 2007.

(24) Current financial derivative instruments

There were no current financial derivative instruments in the Balance Sheet at 31 December 2007, which compares to a figure of Euro 0.076 million at 31 December 2006.

Details of net debt are given in the following table:

	Net Financial Position	Note	31/12/2007	31/12/2006
A	Cash	(12)	7,504	3,192
B	Cash equivalents	(12)	613,381	12,537,218
D	Total cash (A+B+C)		620,886	12,540,410
E	Current financial receivables	(11)	6,982	6,155
F	Current bank debt	(22)	1,000,000	18,959
G	Current portion of non-current debt	(22)	9,206,666	8,038,926
H	Other current debt	(23) (24)	6,435,138	1,266,788
I	Current debt (F+G+H)		16,641,803	9,324,673
J	Current net debt (I-E-D)		16,013,935	(3,221,892)
M	Other non-current debt	(14) (15)	98,911,527	105,162,301
N	Non-current debt (K+L+M)		98,911,527	105,162,301
O	Net debt (J+N)		114,925,462	101,940,409

The net financial position does not include infragroup financial receivables (Euro 106.773 million at 31 December 2007 and Euro 105.532 million at 31 December 2006) as these receivables are not fixed term.

GUARANTEES AND COMMITMENTS

Those given by the Company at 31 December 2007 are shown in the following table:

Description	31/12/2007	31/12/2006	Change
Guarantees given to credit institutions	190,593,082	170,404,863	20,188,219
Guarantees given to insurance companies	11,120,958	30,015,341	(18,894,383)
Guarantees given to third-parties	28,062,912	29,925,485	(1,862,573)
Commitments to third-parties	434,223	434,223	-
Leasing contracts to expiry	8,978,579	9,748,667	(770,088)
TOTAL	**239,189,754**	**240,528,579**	**(1,338,825)**

The increase in guarantees given to credit institutions reflects the strong increase in the business and revenues of subsidiaries and the increase in guarantees given for specific projects.
In particular, those relating to Trevi S.p.A., as the sub-holding company of the special foundations sector of the Group, to Swissboring Overseas Piling Corporation and the companies in the United Arab Emirates, and to Drillmec S.p.A. should be noted.

The reduction in guarantees to insurance companies is mainly due to a US$ 23.489 million decrease in the guarantees given in 2005 to a leading American insurance company, on behalf of the indirect subsidiary Trevi Icos Corporation, for the contract for the repair of the Tuttle Creek dam in Missouri.
These guarantees decrease in proportion to the remaining work still to be carried out at the end of each financial year.

The entry, items given to third-parties, refers to trade guarantees (mainly for participating in construction tenders, for good execution and for contract pre-payments) issued on behalf of subsidiaries.
It includes the guarantee given to SIMEST S.p.A. (Società Italiana per le Imprese all'Estero) for a total of Euro12,163,907 (of which Euro 8,777,774 as a capital guarantee and Euro 3,386,133 for the related expenses).
In 2006, SIMEST S.p.A. subscribed to a share capital increase in the subsidiary, Petreven C.A., guaranteed by a re-purchase option of the Parent Company from 30 June 2010 for 25,557 shares for a total of VEB 24,700,073,790, equivalent to 15.93% of the share capital.
Given the adoption of IAS / IFRS accounting standards and the desire of SIMEST S.p.A. to begin to start to take shareholdings in Italian companies outside Italy as part of its financing agreements, it should be noted that the aforementioned contract was underwritten not only by the Company but also by the subsidiary, Petreven C.A..
The contract requires that the costs of the services provided by SIMEST S.p.A. are incurred by the foreign subsidiary and that the Parent Company, under IAS / IFRS accounting standards, will figure as the guarantor of a financing agreement, including the related costs, granted to a foreign subsidiary.
This financing is included in non-current bank debt in the Consolidated Financial Statements of the Group.

The entry, commitments to third-parties, as in the previous financial year, relates exclusively to the commitment given to the subsidiary Soilmec S.p.A. for the purchase of the 1.75% stake held in it by Drillmec S.p.A.

Leasing contracts to expiry represents the total value of hire charges to expiry owed to leasing companies from 2008 onwards.
Details of the time to expiry of existing contracts are given in the following table:

Description	**Within 12 months**	**From 1-5 years**	**Beyond 5 years**
Leasing contracts to expiry	2,909,800	6,068,779	-

Payments under leasing contracts are indexed to the relevant EURIBOR.

Third-parties (mainly banks and insurance companies) have given third-party guarantees on behalf of TREVI - Finanziaria Industriale S.p.A. for a total of Euro 18.818 million (Euro 20.422 million at year-end 2006), a year-on-year decrease of Euro 1.604 million.

With regard to the mortgage loan agreed with Interbanca S.p.A., the residual amount of which is Euro 9,375,000 (original value Euro 15,000,000), the subsidiary Soilmec S.p.A. gave the bank a secondary pledge, which at the current date is a primary pledge, of Euro 30,000,000 on its production facility at Cesena.

NOTES TO THE INCOME STATEMENT

Further details and information on the 2007 Income Statement are given below,

(25) Ricavi delle vendite e delle prestazioni

Revenues from sales and services

Revenues from sales and services were Euro 10,341 million at 31 December 2007, a year-on-year increase of Euro 1,672 million on the Euro 8,668 million of 2006,

The breakdown of revenues is shown in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Revenues from equipment hire	6,404,536	5,838,808	565,728
Revenues from commissions on guarantees	536,939	421,520	115,419
Revenues from services and consultancy	3,399,250	2,407,574	991,676
TOTAL	**10,340,725**	**8,667,902**	**1,672,823**

The breakdown of revenues by geographical area is shown in the following table:

Geographical Breakdown	31/12/2007	%	31/12/2006	%
Italy	3,484,753	33,70%	2,602,378	30.02%
Europe (ex-Italy)	164,775	1,59%	116,542	1.34%
USA and Canada	91,903	0,89%	76,206	0.88%
Latin America	5,241,642	50,69%	3,918,168	45.20%
Asia	1,357,651	13,13%	1,954,608	22.55%
TOTAL	**10,340,724**	**100%**	**8,667,902**	**100%**

The revenues are almost exclusively from companies of the Group,

The increase in revenues from equipment hire is mainly due to new leasing contracts with companies of the Group,

The increase in revenues from commissions on guarantees given is due to the strong growth in the Group's business,

The increase in revenues from services and consultancy provided is for the new supply contract for management control and organisation, following employment by the Parent Company of some managers of the Group, and for the increase in the supply of various and general services to subsidiaries

(26) Other operating revenues

Other operating revenues were Euro 3,071 million at year-end 2007 compared to Euro 1,408 million at year-end 2006, an increase of Euro 0,587 million,

Details of this entry are given in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Rental revenues	893,490	870,000	23,490
Recovery of costs	915,491	502,277	413,214
2007 results of U,T,E, TREVI S,p,A,- TREVI - Fin,-Sembenelli-Venezuela ("Borde Seco")	1,075,606	-	1,075,606
Other	185,962	35,966	149,996
TOTAL	**3,070,549**	**1,408,243**	**1,662,306**

The entry, rental revenues, is mainly rental costs charged to the subsidiary Drillmec S,p,A, for renting the production facility of Gariga di Podenzano (PC),

The entry, recovery of costs, is mainly for the reallocation of costs to subsidiary companies for transport and insurance of leased equipment,

The entry, 2007 results of UTE TREVI S,p,A, - TREVI – Finanziaria Industriale S,p,A, – Sembenelli S,r,l, - Venezuela, which did not appear in the 2006 Income Statement, is the portion of 2007 profit belonging to the Company, The consortium carried out the repair work on the dam known as "Borde Seco" in Venezuela,

(27) Raw materials and consumables

The costs for raw materials and consumables were Euro28,311 million in 2007 compared to Euro19,183 million in 2006, an increase of Euro 9,128 million,

(28) Personnel expenses

Personnel expenses totalled Euro 3,691 million in 2007 compared to Euro 2,209 million in 2006, an increase of Euro1,482 million due to the addition of some highly qualified people in 2007 following the decision to concentrate the main Group managers within the Parent Company,

The details of personnel expenses are summarised in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Salaries	2,761,794	1,587,415	1,174,379
Social costs	838,707	518,947	319,760
Staff termination indemnity fund	90,571	103,018	(12,447)
TOTAL	**3,691,072**	**2,209,380**	**1,481,692**

At 31 December, employees numbered 40, of which five were managers, twelve qualified personnel and twenty-three support staff,

The average number of employees in 2007 was thirty six: four managers, nine qualified personnel and twenty-three support staff,

The changes in these figures during 2007 are shown in the following table:

Description	31/12/2007	Increase	Decrease	31/12/2006
Managers	5	6	4	3
Qualified staff	12	8	1	5
Support staff	23	9	9	23
TOTAL	**40**	**23**	**14**	**31**

(29) Other operating expenses

Other operating expenses were Euro 6.497 million compared to Euro 8.032 million in 2006, a decrease of Euro 1.536 million.

The breakdown of other operating expenses is shown in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Expenses for third-party services	3,149,083	2,266,994	882,089
Expenses for use of third-party assets	3,115,728	3,738,737	(623,009)
Other operating expenses	231,824	2,026,686	(1,794,862)
TOTAL	**6,496,635**	**8,032,417**	**(1,535,782)**

Details of expenses for third-party services are shown in the following table:

Expenses for Third-Party Services	31/12/2007	31/12/2006	Change
Directors remuneration	565,000	350,354	214,646
Statutory Auditors' remuneration	50,000	37,974	12,026
Telephone and postal services	45,573	34,691	10,882
Legal, administrative and technical consultancy	1,371,404	956,057	415,347
Computerised data control maintenance	355,812	275,313	80,499
Travel and lodging	273,071	116,898	156,173
Insurance	59,306	174,462	(115,156)
Transport	166,903	110,037	56,866
Advertising and communication	116,857	51,106	65,751
Social Security contributions for independent workers	34,265	22,944	11,321
Bank expenses and commission	50,130	107,187	(57,057)
Other	60,763	29,971	30,792
TOTAL	**3,149,084**	**2,266,994**	**882,090**

Costs for computerised data control maintenance are for work carried out for the development and maintenance of the Group Information System which is centralised within TREVI – Finanziaria Industriale S.p.A..

The increase in technical consultancy was mainly to develop the new sector of renewable energy which became part of the new subsidiary, TREVI Energy S.p.A..

The breakdown of expenses for use of third-party assets is shown in the following table:

Expenses for use of Third-Party Assets	31/12/2007	31/12/2006	Change
Equipment hire	3,081,313	3,714,583	(633,270)
Rents	24,600	16,600	8,000
Other	9,815	7,554	2,261
TOTAL	**3,115,728**	**3,738,737**	**(623,009)**

The decrease in equipment hire reflects the expiry of several leasing contracts in the course of 2007.
A breakdown of other operating expenses is shown in the following table:

OTHER OPERATING EXPENSES	31/12/2007	31/12/2006	Change
Taxes other than income tax	213,939	162,981	50,958
Other expenses	17,886	16,884	1,002
Result for the financial period 2006 of U.T.E. TREVI S.p.A.- TREVI - Fin.- Sembenelli- Venezuela	-	1,846,822	(1,846,822)
TOTAL	**231,825**	**2,026,687**	**(1,794,862)**

In the 2006 financial year, UTE TREVI S.p.A., - TREVI – Finanziaria Industriale S.p.A. – Sembenelli S.r.l. made a loss; in 2007, as detailed in the note to other revenues, the consortium made a significant profit.

(30) Depreciation

In 2007, depreciation was Euro 1.733 million compared to Euro 1.641 million in 2006, and increase of Euro 0.132 million, as shown in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Depreciation of intangible fixed assets	156,677	97,958	58,719
Depreciation of tangible fixed assets	1,616,396	1,542,629	73,767
TOTAL	**1,773,073**	**1,640,587**	**132,486**

Further details are given in the notes on intangible and tangible fixed assets.

(31) Financial revenues

Financial revenues totalled Euro 15.763 million, compared to Euro 9.818 million in 2006, an increase of Euro 5.944 million.
Details of financial revenues are shown in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
Income from investments	9,233,790	5,820,029	3,413,761
Income from receivables under fixed assets	6,071,644	3,850,199	2,221,445
Other income	457,148	148,131	309,017
TOTAL	**15,762,582**	**9,818,359**	**5,944,223**

Income from investments is entirely dividends received in 2007 from the subsidiaries Soilmec S.p.A. (Euro 7.760 million) and Drillmec S.p.A. (Euro 1.474 million). The increase compared to 2006 reflects the significant improvement in the results of these subsidiaries.
Income from receivables under fixed assets is interest income from financing provided by the Company to its subsidiaries; the interest rates applied are in line with market rates. The strong increase in this entry is due to the increase in financing given following receipt of the resources provided by the Indirect Convertible Loan on 30 November 2006, which in the 2006 financial year were only given in the last month of the financial year.
Other income is mainly bank interest received and the Company's portion of interest rate hedging transactions

(32) Financial expenses

Financial expenses were Euro6.616 million in 2007, Euro3.467 million in 2006, an increase of Euro 3.150 million.
The breakdown of financial expenses is shown in the following table

Description (Euro)	31/12/2007	31/12/2006	Change
Bank interest	5,454,215	2,832,699	2,621,516
Commission and bank charges	730,585	92,095	638,490
Interest payable to leasing companies	419,790	497,553	(77,763)
Interest on loans from subsidiaries	11,663	44,202	(32,539)
TOTAL	**6,616,253**	**3,466,549**	**3,149,704**

The increase in interest payable in 2007 compared to 2006 is mainly due to the increase in non-current financing taken out by the Parent Company to support the industrial development plan of the entire Group; the entry also includes the interest payable on the Indirect Convertible Loan, Euro 1.222 million of notional expenses. The entry, commissions and bank charges, includes the attributable portion of the commissions relating to the Convertible Bond Loan.
The entry, interest on payables to subsidiaries, refers to the financing provided by the subsidiary, Soilmec S.p.A.

(33) Gains (losses) on exchange rates

Net losses on exchange rates were Euro 0.017 million in 2007 compared to a gain of 0.277 million in 2006, a decrease of Euro 0.294 million.
This was mainly due to the translation of receivables and payables of the Company expressed in US dollars.

(34) Income taxes

Income taxes totalled Euro 0.492 million in the 2007 financial year, a year-on-year increase of Euro 0.500 million.
A breakdown of this entry is shown in the following table:

Description (Euro)	31/12/2007	31/12/2006	Change
IRES tax for the period	1,490,607	(731,302)	2,221,909
IRAP tax for the period	326,356	-	326,356
Substitute taxes for tax adjustments	291,297	-	291,297
Deferred taxes	(1,578,090)	484,852	(2,062,942)
Pre-paid taxes	(37,743)	238,432	(276,174)
TOTAL	**492,428**	**(8,018)**	**500,446**

The increase in net income tax payable is the result of the increase in taxable income, itself the result of the strong results achieved in the financial period.
The current taxes were calculated using a 33% taxable rate for IRES and 5.25% for IRAP.
Deferred and pre-paid taxes are calculated on the basis of a total tax rate of 32.32% ruling since the start of the 2008 financial year.
By the 31 December 2007, the Company had opted under the Finance Law 2008 Article 1 paragraph 48 to realign accounting depreciation with taxable depreciation at 31 December 2007 with the related payment of the substitute tax.
The realignment of the accounting values with the fiscal values of the assets resulted in a net positive effect of Euro 0.834

million; this is recognised in the entry, income taxes, following inclusion in the Income Statement of the provision for deferred taxes made in preceding financial years taxable at the full rate, equal to Euro 1.125 million, offset by the accounting for the related substitute tax (12%) equal to Euro 0.291 million.

(35) Earnings per share

The assumptions underlying the calculation of basic and diluted earnings per share are as follows:

	Description (Euro)	31/12/2007	31/12/2006
A	Net profit for the financial year	10,059,122	4,811,230
B	Weighted average number of ordinary shares used to calculate basic earnings per share	63,747,623	64,000,000
C	Basic earnings per share: A/B	0,157	0,075
D	Adjusted net profit (dilution analysis)	11,857,900	4,811,230
E	Dilution effect of convertible bond loan	6,194,690	6,194,690
F	Weighted average number of ordinary shares used to calculate diluted earnings per share (B+E)	69,942,313	70,194,690
G	Diluted earnings per share: D/F	0,170	0,071

OTHER INFORMATION

No financial expenses were capitalised in the 2007 financial period or in the preceding year.

At 31 December 2007, the Company had two interest rate hedging contracts exclusively to cover existing transactions and not held for trading. These were:

- Euro 3,500,000 Interest Rate swap of five years duration and expiring on 25/08/2008;
- Euro 4,762,145 (originally Euro 9,775,196) Interest Rate Swap on the depreciation plan of a leasing contract of five years duration expiring 22/12/2009.

At the balance sheet date, the Company had a fixed term sales contract for US$ 2,000,000 taken out to protect against movements in the EUR/USD exchange rate and expiring during 2008.

The accounting affects of such operations has already been described in these Notes to the Accounts

Related party transactions

Related party transactions at 31 December 2007 are shown in the following table:

Description	I.F.C. Ltd.	Parcheggi S.p.A.	Roma Park S.r.l.	% on total
Guarantees and warranties	223,758	1,226,789	-	0.63%
Trade receivables	180	19,053	17,697	0.22%
Revenues from sales and services	-	26,000	4,000	0.29%
TOTAL	**223,938**	**1,271,842**	**21,697**	

All related party transactions are carried out at market conditions; there are no transactions in existence between the Company and the controlling Company, TREVI Holding Aps, which has its headquarters in Copenhagen, Denmark.

At 31 December 2007 the Board of Directors was composed of nine members.
They were appointed by the Shareholders' Meeting of 7 May 2007 and will remain in position for three years, until the approval of the Financial Statements at 31 December 2009.
The Directors received compensation and remuneration totalling Euro 0.565 million.

In accordance with Consob regulations, details of the remuneration paid to by the Company and its subsidiaries to the Directors and/or the Statutory Auditors of the Company are shown in the following table:

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Trevisani Davide	Chairman of the Board and Managing Director	12	150,000	270,000	420,000
Trevisani Gianluigi	Vice President of the Board and Managing Director	12	135,000	280,000	415,000
Trevisani Cesare	Managing Director	12	174,083	166,494	340,577
Trevisani Stefano	Director	12	93,919	86,575	180,494
Amoroso Mario	Director	4	-	-	-
Pinza Riccardo	Director	8	20,000	-	20,000
Moscato Guglielmo	Director	12	30,000	-	30,000
Teodorani Fabbri Pio	Director	12	30,000	-	30,000
Bocchini Enrico	Director	12	30,000	-	30,000
Mosconi Franco	Director	12	30,000	-	30,000
TOTAL			**693,002**	**803,069**	**1,496,071**

The amounts indicated for the Directors, Cesare Trevisani and Stefano Trevisani, include the salaries they were paid as employees of the subsidiary, Trevi S.p.A., for one month and as employees of the Company for eleven months.
The Directors received no non-monetary benefits, stock options, bonuses or other incentives.
The Company articles give the Board of Directors the right to appoint an Executive Committee. This right has not been exercised by the current Board of Directors.
The remuneration of the Statutory Auditors totalled Euro 0.050 million.

Name	Position	Length of appointment (months)	Remuneration from the Company	Remuneration from subsidiaries	Total
Leonardi Adolfo	Chairman of the Board of Statutory Auditors	12	20,000	20,000	40,000
Alessandri Giacinto	Auditor	12	15,000	11,000	26,000
Poletti Giancarlo	Auditor	12	15,000	10,000	25,000
TOTAL			**50,000**	**41,000**	**91,000**

The mandate of the Board of Statutory Auditors, appointed at the Shareholders' Meeting of 7 May 2007, expires with approval of the Financial Statements at 31 December 2009.

The total remuneration paid by the Company and its subsidiaries to PricewaterhouseCoopers S.p.A. and to other companies connected to PWC are shown in the following table, as required by Article 160 c. 1-bis No. 303 Law 262 of 28/12/2005 integrated by Decree Law 29/12/2006.

Service provider	Auditing (Euro)	Consultancy (Euro)	TOTAL (Euro)
PricewaterhouseCoopers	176,022	98,604	274,626

The consultancy provided was assistance to the working group responsible for administrative and accounting procedures, required by Law No. 262/05 on the Protection of Savings, and was carried out by PricewaterhouseCoopers Advisory Srl.

The Shareholders' Meeting of 7 May 2007 authorised the Board of Directors to purchase a maximum of 2,000,000 own shares; at 31 December 2007, 366,500 shares had been purchased for a total investment of €4.582 million.

The Chairman of the Board of Directors
DAVIDE TREVISANI

Attestation of the Consolidated Financial Statements in accordance with article 81-*ter* of Consob ruling No. 11971 of 14 May 1999 and subsequent modifications

The signatories, Davide Trevisani, Managing Director, Gianluigi Trevisani, Managing Director, Cesare Trevisani, Managing Director and Daniele Forti, in the role of Manager for Preparation of Company Accounts of Trevi Finanziaria Industriale S.p.A., also in accordance with article 154-bis, paragraphs 3 and 4, of the Law Decree No. 54 of 24 February 1998, attest:

- the appropriateness to the nature of the business and
- the effective application

of the administrative and accounting procedures used to prepare the consolidated financial statements in the period January – December 2007.

They also attest that the consolidated financial statements:

a) correspond to the results written in the company accounts and books
b) have been prepared in compliance with International Financial Reporting Standards (IFRS) adopted by the European Community under Ruling 1725/2003 and subsequent modifications and, as such are able to give a true and fair representation of the capital, economic and financial situation of the company.

Cesena, 28 March 2008

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PRICEWATERHOUSE COOPERS

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW DECREE No. 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 TREVI Group), which comprise the balance sheet, income statement, statement of cash flow, statement of changes in shareholders' equity and the related notes as of 31 December 2007. These financial statements are the responsibility of the directors of TREVI – Finanziaria Industriale SpA. 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. In accordance with those standards and criteria, the audit has been planned and carried out to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a sample basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.
For the opinion expressed on the consolidated financial statements of the preceding year, which are presented for comparative purposes, we refer you to the auditors' report issued by us on 13 April 2007.

3 In our opinion, the consolidated financial statements of TREVI – Finanziaria Industriale SpA at 31 December 2007 comply with the International Financial Reporting Standards as adopted by the European Union and with the measures introduced in article 9 of Law Decree No.38/2005; accordingly, they give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and cash flows of TREVI Group for the year then ended.

Bologna, 14 April 2008

PricewaterhouseCoopers SpA

Roberto Adami
(Partner)

This report has been translated from the original

RESOLUTIONS OF THE SHAREHOLDERS' MEETING DATED 29th APRIL 2008

The year two thousand eight, on the 29th day of the month of April, at the registered office in Cesena, the Ordinary and Extraordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A was held at first calling, in the presence of Shareholders owning nr. 37,448,865 ordinary shares, representing 58, 51% 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 2007, as well as the Report of the Board of Directors on Operations and to allocate the net profit for the year amounting to Euro 10,059,122 as follows:
    - 5%, that is Euro 502,956, to the legal reserve;
    - Euro 0.10 per share (for a total amount of Euro 6,400,000) to the entitled Shareholders, with dividends' detachment date on 7th July 2008 and payment starting from 10th July 2008;
    - The remaining Euro 3,156,166 to the extraordinary reserve.

2) To approve the continuation of the purchasing/ alienation plan of own shares up to a maximum of nr. 2,000,000, equal to 3.125% of the capital stock. The duration of the plan is until 30th April 2009; the maximum equivalent amount is Euro 20,00 per share; the minimum is Euro 3,00.

3) The Ordinary Shareholders' Meeting, upon proposal of the Board of Statutory Auditors, and in accordance with Article 159 of the TUF, has appointed RECONTA ERNST & YOUNG S.p.A. as auditors for the 2008-2016 period to carry out a complete audit of the annual Parent Company Financial Statements and Consolidated Financial Statements, the limited audit of the Half-Yearly Financial Statements, including the control on the correct maintenance of Company accounts and correct assessment of operating information into the written reports of the Financial Statements, by also approving the related remunerations.