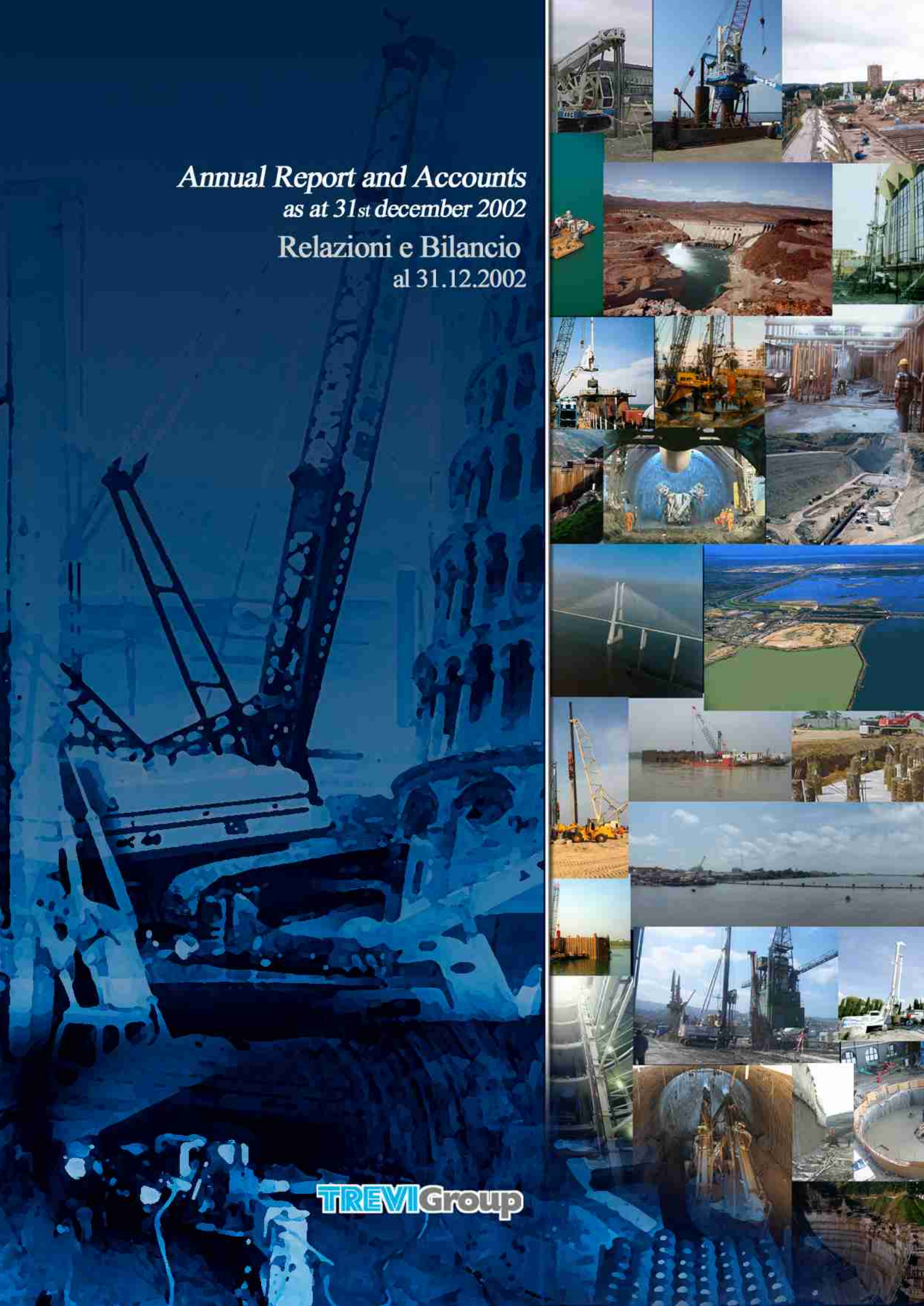
Annual Report and Accounts
as at 31st december 2002

Relazioni e Bilancio
al 31.12.2002



TREVI Group

TREVI Finanziaria Industriale S.p.A.

ANNUAL REPORT AND ACCOUNTS

as at December 31, 2002

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

BOARD OF DIRECTORS

Chairman
Davide Trevisani

Managing Directors
Gianluigi Trevisani
Cesare Trevisani

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

BOARD OF STATUTORY AUDITORS

Statutory Auditors
Adolfo Leonardi (Chairman)
Giacinto Alessandri
Giancarlo Poletti

Substitute Auditors
Marco Alessandri
Giancarlo Daltri

INDEPENDENT ACCOUNTANTS

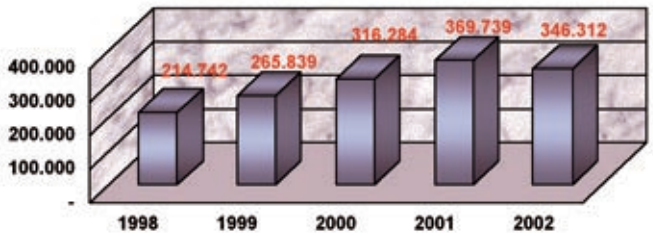
PricewaterhouseCoopers S.p.A.

CONTENTS

KEY FINANCIAL INFORMATION

12/31/2000		THOUSANDS OF EURO 12/31/2002	THOUSANDS OF EURO 12/31/2001	Changes
316,284	Production value	**346,312**	**369,739**	-6.3%
303,964	Total revenues	**340,136**	**349,739**	-2.7%
104,007	Added value	**111,018**	**105,189**	5.5%
34.2%	% on total revenues	**32.6%**	**30.1%**	
24,847	E.B.I.T.D.A.	**27,329**	**20,478**	33.5%
8.17%	% on total revenues	**8.03%**	**5.86%**	
9,866	Net Operating Income	**4,650**	**2,400**	93.8%
3.25%	Net Operating Income/total revenues	**1.37%**	**0.69%**	
2,227	Net result of the Group	**(15,013)**	**(3,909)**	284.1%
31,659	Gross technical investments	**30,748**	**42,739**	-28.1%
157,393	Net invested capital	**197,248**	**205,565**	-4.0%
(48,892)	Net financial position	**(118,726)**	**(103,116)**	15.1%
108,501	Total stockholders' equity	**78,522**	**102,449**	-23.4%
104,469	Group's net equity	**73,758**	**97,882**	-24.6%
4,032	Minority interests	**4,764**	**4,567**	4.3%
2,408	Nr. of employees	**2,760**	**2,445**	
245,596	Works' portfolio	**435,517**	**317,669**	37.1%
6.27%	E.B.I.T./Net invested capital (R.O.I.)	**2.36%**	**1.17%**	
2.13%	Net income / Net stockholders' equity (R.O.E.)			
3.25%	E.B.I.T. / Total revenues (R.O.S.)	**1.37%**	**0.69%**	
0.45	Net financial position/Total net stockholders' equity (Debt/Equity)	**1.51**	**1.01**	

VALUE OF PRODUCTION IN THOUSANDS OF EURO



CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2002

Impianto di perforazione MR 7000 Siberia - *Drilling rig MR 7000 Siberia*

DIRECTORS' REPORT ON OPERATIONS TO THE CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

Stockholders,
We submit for your approval the consolidated financial statements of Trevi - Finanziaria Industriale S.p.A and its subsidiaries (Trevi Group) as of December 31, 2002.
The consolidated financial statements report a value of production of Euro 346.31 million and losses for the year of Euro 15 million, net of taxes and minority interests and after deducting amortization, depreciation and writedowns of Euro 22.68 million.

Key figures of the Group

IN THOUSANDS OF EURO	*IN THOUSANDS OF EURO*	*IN THOUSANDS OF EURO*	
	12/31/2002	**12/31/2001**	**Changes**
TOTAL REVENUES	340,136	349,739	(9,603)
Changes in inventories of work in progress, semifinished and finished products	(1,310)	2,936	(4,246)
Additions to fixed assets by internal production	7,486	17,064	(9,578)
VALUE OF PRODUCTION	**346,312**	**369,739**	**(23,427)**
Use of raw materials and outside services	232,550	260,766	(28,216)
Other operating expenses	2,744	3,784	(1,040)
VALUE ADDED	**111,018**	**105,189**	**5,829**
Payroll and related contributions	83,689	84,711	(1,022)
E.B.I.T.D.A.	**27,329**	**20,478**	**6,851**
Amortization, depreciation and writedowns	22,679	18,078	4,601
OPERATING INCOME	**4,650**	**2,400**	**2,250**
Financial income (expenses)	(7,414)	(7,970)	556
Net exchange differences	(6,056)	(617)	(5,439)
Adjustments to financial assets	(24)	123	(147)
Extraordinary income (expenses)	(1,239)	537	(1,776)
PRE-TAX RESULT	**(10,083)**	**(5,527)**	**(4,556)**
Income taxes for the year	4,477	(2,076)	6,553
Minority interests	453	458	(5)
CONSOLIDATED NET INCOME (LOSS)	**(15,013)**	**(3,909)**	**(11,104)**

In general, Group companies reported a similar volume of business to the year before; total revenues fell by Euro 9.6 million (-2.75%) from Euro 350 to 340 million. This decrease particularly reflected the revaluation in the Euro, since the Group earned 65% of its revenues

outside Europe.
Gross operating income increased both in absolute terms (from Euro 20,478 to 27,329 thousand) and as a percentage of revenue (up from 5.86% of sales to 8.03%).
The same was also true of operating income, which climbed from Euro 2,400 to 4,650 thousand, corresponding to 1.37% of revenues (up from 0.69% the previous year).
While financial expenses fell by Euro 556 thousand, exchange differences climbed by Euro 5,439 thousand, causing a major upset to the results for the year. The pre-tax loss increased from Euro 5,527 to 10,083 thousand. After deducting current and deferred taxes and minority interests, the consolidated net loss came to Euro 15,013 thousand.
The improvement in operating margins was not as large as expected, due to the persistence and worsening of certain situations, some of which had emerged the year before:

- in the United States, major losses were suffered on jobs carried out in the south of the country and in California;
- in Argentina the economic crisis paralyzed business for the entire year, with heavy exchange losses reported as a result of the devaluation of the peso;
- in Venezuela the crisis of its institutions gradually worsened, culminating in a general strike lasting several months, with a resulting stoppage in any productive activity and devaluation of the currency;
- the sector producing “oil, water and gas-drilling machinery” reported a sharp drop in business due to the crisis in Iraq and the steady slowdown in the “Oil for food” program.

These matters are described in greater detail later in this report.
The level of tax borne by the Italian companies was limited since they mostly benefited from breaks under the so-called “Tremonti bis” set of laws.
Looking at operational aspects, note that foreign markets still offer the most potential for the Group.
Group expansion on a global scale (which can be seen in the breakdown of revenues by geographical area and by industry sector, reported in the Explanatory Notes) is shown in the following figures: the proportion of revenues earned on the Italian market rose from 14.2% to 16.2% of the total, while that for the rest of Europe climbed from 8.1% to 19%; the proportion of revenues coming from the American area slipped from 37% to 30% of the total; the share of revenues earned in the Middle East fell from 14.2% to 6%, while

there were higher shares for those earned in Africa and the Far East.
As of December 31, 2002, the Group had orders worth Euro 435 million, of which Euro 243 million on jobs scheduled for the current year. This covers 87% of the budget in the foundation sector and 27% of the budget in the mechanical engineering sector.

Summary consolidated balance sheet

	IN THOUSANDS OF EURO	*IN THOUSANDS OF EURO*	*IN THOUSANDS OF EURO*	
		12.31.2002	12.31.2001	Changes
A)	**Fixed assets**			
	- Intangible fixed assets	4,506	7,207	(2,701)
	- Tangible fixed assets	133,451	126,999	6,452
	- Financial fixed assets	4,656	3,206	1,450
		142,613	**137,412**	**5,201**
B)	**Net working capital**			
	- Inventories	93,068	83,013	10,055
	- Trade receivables	93,278	100,940	(7,662)
	- Trade payables (-)	(91,351)	(91,286)	(65)
	- Advances (-)	(23,287)	(17,192)	(6,095)
	- Others assets (liabilities)	(8,147)	936	(9,083)
		63,561	**76,411**	**(12,850)**
C)	**Invested capital minus current liabilities (A+B)**	**206,174**	**213,823**	**(7,649)**
D)	**Employee termination indemnities (-)**	**(8,926)**	**(8,258)**	**(668)**
E)	**NET INVESTED CAPITAL (C+D)**	**197,248**	**205,565**	**(8,317)**
	Financed by:			
F)	**Group stockholders' equity**	**73,758**	**97,882**	**(24,124)**
G)	**Minority interests in capital and reserves**	**4,764**	**4,567**	**197**
H)	**Net financial position**	**118,726**	**103,116**	**15,610**
I)	**TOTAL SOURCES OF FUNDS (F+G+H)**	**197,248**	**205,565**	**(8,317)**

Research and Development

The total amount of recurring research and development costs incurred in the year and charged to income came to Euro 4.9 million. A total of Euro 452,000 was capitalized, solely in relation to separately identifiable projects that are reasonably certain to generate future benefits.
Soilmec's R&D activities were concentrated in two sectors: Foundations and Drilling.
The **Foundations** sector saw the development of the R940 hydraulic drilling machine, a top-of-the-range system in the wide-diameter drilling sector, and the enhancement of two caterpillar-type models, the R-416 and the R-620. The objective was to upgrade them for the regulations on diesel-engine emissions, and to increase the amount of their installed power in order to boost construction site productivity.
Development of the Cranes line led to the study of the SM-40, a caterpillar construction site crane that performs lifting functions as well as acting as a base machine for foundations, being capable of mounting both a RT3-S type rotary and a range of piling vibrators to it, and of planting the piles.
The Active skip project for the control and correction of the vertical incline of the dig saw the addition of the Rotoactive model, making it possible to work in the proximity of existing walls.
In the **Drilling** sector, new pumps were developed such as the 1600 horsepower 12 T 1600, and the range of jet-grouting pumps was examined with a view to cutting costs and expanding its functions to include a turbojet.
A new type of alternative pump is also being designed for this product line, aimed at considerably cheaper and lighter machine with the same technical characteristics.

The series HH hydraulic drilling machine range was completed with the addition of a model boasting 300 tonnes in pulling capacity and able to exceed depths of 4,000 metres. Design work was completed on the MR 7000, a mechanical machine capable of working in artic weather conditions at temperatures of –40°, with major potential for use throughout the Artic and Siberia. A complete redesign of the drilling machine range is at an advanced stage of progress, with the goal of creating a modular design in order to cut costs and production times, while also improving technical characteristics.
These new products enhance the already substantial product range

and maintain the sector leadership held by Soilmec, a company that is able to provide high tech solutions for all types of work in construction at depth. These products are also the basis for the growth that the company wants to achieve in 2003.

Capital investments

The policy of new investments continued in 2002, albeit on a smaller scale than in the past. Its purpose was to increase production capacity and upgrade the technology of plant and machinery. Gross expenditure on plant and equipment in 2002 came to Euro 30,748 thousand (down from Euro 42,739 thousand in the previous year). A part of these investments (about Euro 4.4 million) was earmarked to strengthen Soilmec's equipment and machinery rental business. The decrease in the historical cost of assets resulting from disposals for renewing plant and equipment came to Euro 6,296 thousand. Depreciation charges came to Euro 16,649 thousand. The net book value at year end was Euro 133,451 thousand. Funding for these investments came chiefly from financial lease contracts.

NET CONSOLIDATED FINANCIAL POSITION

(IN THOUSANDS OF EURO)

	12.31.2002	12.31.2001	Changes
Short-term bank loans	(64,585)	(53,150)	(11,435)
Other short-term borrowings	(11,386)	(18,385)	6,999
Short-term liquid assets	29,273	26,711	2,562
Total short-term portion	**(46,698)**	**(44,824)**	**(1,874)**
Medium/long-term bank loans	(43,504)	(35,578)	(7,926)
Other medium/long-term borrowings	(28,524)	(22,714)	(5,810)
Total medium/long-term portion	**(72,028)**	**(58,292)**	**(13,736)**
Net financial position	**(118,726)**	**(103,116)**	**(15,610)**

The rise in debt was chiefly due to the need to finance investment activities, while net working capital decreased. Like at the beginning of the year, short-term net debt at year end was relatively modest

at Euro 46.7 million. Long-term debt increased by around Euro 13.7 million. The Debt/Equity ratio rose from 1.01 to 1.51.

Operating and financial results
TREVI-Finanziaria Industriale S.p.A.

The company closed the year 2002 with revenues from sales and services of Euro 5,148 thousand (Euro 2,765 thousand in 2001, up by Euro 2,383 thousand), and financial income of Euro 2,498 thousand (Euro 2,288 in 2001, up by Euro 210 thousand). Net income for the year came to Euro 630 thousand (Euro 1,228 thousand lower than the previous year's net income of Euro 1,858 thousand).

The decrease in net income was chiefly due to the absence of dividends declared by the company's subsidiaries; dividends amounted to Euro 2,273 thousand in 2001.

There was a considerably higher volume of revenues earned from financial assistance and other services provided to subsidiaries. Readers are reminded that the Parent Company is involved in the equipment rental business, and also provides other Group companies with services in the areas of operations, administration, human resources and personnel management, IT and integrated software management.

As regards the main stockholders' equity accounts, readers are reminded that the Stockholders' Meeting held on April 30, 2002 approved distribution of the dividends earned in 2001 for a total of Euro 960 thousand (Euro 0.015 for each of the 64,000,000 ordinary shares) which was paid out on July 4, 2002.

The capital stock as of December 31, 2002 amounted to Euro 32,000,000.

The short-term net financial position went from Euro 155,175 to Euro 76,880: the improvement in cash flows on the asset side of the balance sheet was accompanied by an increase in lending activities to subsidiaries and a growth in investment activities relating to the services provided to other Group companies. Loans were granted to subsidiaries in order to fund their investment plans.

Turning to the memorandum accounts, we note that the reduction of Euro 9,381 thousand in guarantees granted (Euro 99,513 thousand compared with Euro 108,894 thousand last year) was principally due to the decrease in guarantees issued in favor of a major insurance company, in the interest of the indirect subsidiary Trevi Icos Corporation pursuant to acquisition by this company of important contracts in the USA for building and engineering works,

for which guarantees amounting to 100% of their value were issued; these guarantees decrease in proportion to the work still to be performed at the end of each year. For detailed comments on the individual items in the financial statements, you are referred to the Explanatory Notes.

Trevi S.p.A.

Trevi S.p.A. closed the year ended December 31, 2002 with revenues of Euro 81,913 thousand, 22% higher than in 2001. Operating income came to Euro 5.9 million, corresponding to 7.2% of total revenues. The company is working very successfully in three countries in the Gulf of Guinea. Three construction sites will be completed in the first half of 2003. Around Euro 14 million in revenues were earned in Germany and Austria. The company earned Euro 37.7 million in revenues in Italy, with improving margins. In particular, the work on the construction sites relating to the High Speed Railway project got off to a good start. These will be completed in 2003 and involve special construction work at depth along the Turin-Milan line. The Trevi Group will thus confirm its role as a player in the program of infrastructural works being started in our country, which will reach its climax once the government's General Policy Law is fully implemented.

The euro's appreciation against the dollar generated unrealized gains on dollar loans, meaning that no provision to the exchange fluctuation reserve was necessary.

Trevi Foundations Nigeria Ltd

Trevi Foundations Nigeria Ltd closed the year ended December 31, 2002 with revenues of Euro 22.2 million (Euro 18.8 million in 2001), most of which were earned from underground engineering services to oil companies operating in the Niger delta region. Profitability also improved compared with previous years; operating income increased from Euro 2.60 to 3.04 million. Despite the serious and repeated racial and social disturbances, the country is enjoying a period of relative stability, with political power remaining in the hands of a civilian government and international organizations lending their support once more. The company began 2003 with an even brisker pace of production, thanks to long-awaited projects finally being set in motion, amongst which those for Flour Mills and Atlas Cowe.

Trevi Construction Hong Kong

Of the three Far Eastern companies, now controlled by the sub-holding, Trevi Contractors B.V., the one that stands out is Trevi Construction Co. Ltd - Hong Kong. Trevi Construction Co. Ltd achieved total revenues of Euro 29.5 million in 2002 (Euro 21.5 million in 2001), a portion of which was earned on technical assistance services performed in Nigeria. Operating income came to Euro 0.7 million, having been negatively affected by provisions for certain bad debts. The contract in Taiwan in the high speed sector drew to a highly successful close.

Trevi Icos Corporation

Trevi Icos Corporation continued to operate through its subsidiaries in the north-east of the United States, in California and in the south (especially in Alabama). One of the more important current jobs is the repair work to the Walter F. George dam in Alabama for US$ 50.14 million. This joint venture, with a local partner, is now 50% complete and has produced excellent economic and financial results.

In California the Wagner Construction J.V., working in the areas of San Francisco and San Diego, reporting heavy losses on some of its contracts. At year end, work began on a job in San Francisco for consolidating the ground in correspondence with the "Webster-Posey" tunnel in Oakland for a figure of US$ 14 million. Opening these new markets has cost the Corporation substantial outlays in entrance and operating expenses.

Revenues earned mostly in New England by Trevi Icos Corporation, the Boston-based parent company, amounted to around Euro 36 million. The Trevi Group is in the process of reorganizing its business in the U.S.A., involving a selection of the regional markets where it works and a withdrawal from others. Only services for construction at depth in which it has most experience will be offered; its organizational structure has also been redesigned.

Pilotes Trevi S.A.

In Argentina, Pilotes Trevi S.A. of Buenos Aires earned revenues directly and through consortia set up with other local companies for Euro 2.3 million, representing a sharp drop on the previous year; business declined steadily as the year unfolded, reflecting the country's financial difficulties. The most important job was performed in neighbouring Uruguay. The operating result was a loss of Euro 502,000; this was augmented by financial losses of over two

million euro.

Trevi Foundations Philippines Inc.
Trevi Foundations Philippines Inc. of Manila, which set up operations six years ago, earned revenues of Euro 3.3 million in 2002 (Euro 3.8 million in 2001), with operating income of Euro 0.9 million.

Swissboring Overseas Piling Corporation Ltd
The Zurich-based Swissboring Overseas Piling Corporation Ltd, with branches in the United Arab Emirates and Qatar and a subsidiary in Oman, earned revenues of Euro 13.5 million, in line with the previous period, with operating income of Euro 476,000. The company will more than double its turnover in 2003 thanks to the numerous, large contracts already in hand.

Trevi Insaat Ve Muhendislik A.S. (Turkey)
The Board of Directors decided to reduce business activities to a minimum, transferring human resources and materials over to Swissboring.

Petreven C.A. and Consorzio SAITRE
Oil drilling activities in 2002 saw limited operations by drilling plant in Venezuela due to the country's difficult political situation and the resulting disturbance to the business of PDVSA, the state-owned oil company. Total revenues for the year came down by Euro 7.7 million to Euro 5.9 million, generating negative margins as a result. The political situation in Venezuela is slowly returning to normal, enabling our local company to restart drilling work under its long-term contracts with Pérez Companc S.A.. The G 102 machine is now operating successfully in Colombia for the oil company Petrobras.
The consortium together with SAIPEM S.p.A., called Consorzio SAITRE, makes use of a single G125 plant which ran at full capacity for AGIP during 2002, making a profit for the year Total revenues increased to Euro 5.59 million.

Soilmec Division
Soilmec ended 2002 with revenues from sales and services of Euro 123,827 thousand and operating income of Euro 4,666 thousand. The division's consolidated net result was a loss of Euro 1,464 thousand. Net debt amounted to Euro 57,483 thousand at year end.
The reduction in sales volumes by the Soilmec Division was largely

due to the well-drilling equipment sector, which suffered from the almost complete blockage of UN funding for orders already dispatched to Iraq under the Oil For Food program. A significant number of orders worth over Euro 60 million are still outstanding due to the events leading up to the recent war. This work rapidly saturated production capacity, while opening up good prospects on new markets and creating the conditions for a reduced dependence on UN contracts. The major increase in contract work in progress is explained by these developments, as is the positive performance of Drillmec S.r.l. which mostly operates in the water-wells equipment sector in the Persian Golf, particularly in the U.A.E..

Despite the difficulties outlined above, the events of 2002 nonetheless confirmed the validity of the strategies adopted: the Ground engineering segment continued to consolidate its leadership position, reporting the largest volume of sales in its history and acting as an anti-cyclical counter to the drilling sector.

The division's performance in 2002 was also affected by the loss reported by the subsidiary Soilmec Branham Inc, (U.S.A.). This company was radically restructured during the fourth quarter of 2002, transforming itself from a manufacturing into a marketing company for the US and South American markets.

On a more positive note, the UK subsidiary Soilmec Ltd turned in an excellent set of results both in terms of revenues and earnings, partly thanks to its rental business which is particularly appreciated by the local market. Having won an important contract for tunnelling machinery, I.D.T. S.a. maintained the good level of results achieved in the previous year.

Despite continued stagnation in many countries in the Far East, the volume of business continues to be satisfactory and in basic financial equilibrium, thanks to management's constant efforts to seek out new business opportunities.

Group relationships with non-consolidated subsidiaries, associated and parent companies, companies controlled by them and with other related parties.

TREVI – Finanziaria Industriale S.p.A. has limited dealings with subsidiaries of SOFITRE S.r.l., a company wholly-owned by the Trevisani family. These dealings generated revenues for the year of Euro 15 thousand, leading to receivables of Euro 20 thousand at December 31, 2002.

On a consolidated level, Trevi - Finanziaria Industriale S.p.A. and its subsidiaries maintain contractual relationships of a commercial

and financial nature with related parties. The very few transactions taking place were with subsidiaries of Sofitre S.r.l., a company wholly-owned by the Trevisani family.
Sales transactions with related parties always take place at arm's length conditions.
The main economic relationships with related parties in 2002 are set out below (amounts in thousands of euro).

Revenues from sales and services	906
Purchases of goods and services	195

The revenues mentioned above include Euro 636 thousand in goods and services in connection with automated parking facilities provided by Soilmec S.p.A. to the related company, Roma Park.
A summary of the main balance sheet relationships with related parties as of December 31, 2002 shows the following:

Financial payables		0
Trade payables	Euro	265
Trade receivables	Euro	1,324

Trevi - Finanziaria Industriale S.p.A continues to have Euro 5,049 thousand in guarantees issued to certain banks before its listing on the stock exchange in the interest of companies belonging to the Sofitre Group. These are Euro 196 thousand lower than the corresponding prior year figure of Euro 5,245 thousand. These chiefly refer to Parcheggi S.p.A. and Roma Park S.r.l. for the construction of automated parking facilities.

Post-balance sheet events
On January 21, 2003, TREVI – Finanziaria Industriale S.p.A., the Group's parent company, subscribed to a capital increase by its subsidiary Trevi S.p.A., and also purchased pre-emption rights from minority stockholders over 206,000 shares, corresponding to 1% of capital stock. This capital increase took place in compliance with the resolution taken by the Extraordinary Stockholders' meeting of Trevi S.p.A. held on September 30, 2002 to increase capital stock for cash by issuing 20,600,000 new shares of a par value of Euro 1.00 each. The capital increase was partially subscribed through the conversion into capital stock of the payment of Euro 9,812,681 made in the past for future capital increases.
TREVI – Finanziaria Industriale S.p.A. now owns 26,243,000

ordinary shares in Trevi S.p.A., corresponding to 99.783 % of the latter's capital stock.
In March of this year the Trevi Group, operating in a Temporary Business Association with Aquater of the ENI Group, won an important contract worth Euro 25 million, forming part of a project for environmental recovery of the industrial area in Cengio (Savona). The portion pertaining to Trevi S.p.A. amounts to Euro 13.7 million, to be completed in around 32 months.

Adoption of the Code of Conduct for Listed Companies
The Company has adopted the general principles of the Code of Conduct as a tool for improving rules regarding Corporate Governance and internal organization, in order to guide management toward creation of value for stockholders and reflect positively on other stakeholders (customers, investors, suppliers, employees, the community and the outside environment in general).
The regulations governing corporate bodies emphasize the importance of the Board of Directors as the central administrative body and defines its relationships with the other corporate bodies.
The Board of Directors meets on a regular basis every two months. Its principal responsibility is to set the strategic objectives of all the operating companies and ensure that they are achieved. The Board is also responsible for:

- establishing the Group's corporate structure and deciding the opening and/or closure of operating companies;
- examining and approving the annual and quarterly strategic, industrial and financial plans of Group companies and regularly comparing actual with budgeted results;
- granting and revoking managing directors' powers, defining their limits and their mode of exercise; during the first Board meeting, the managing directors report on the activities performed during the year in the exercise of the powers invested in them and delegated by them;
- examining and approving transactions with a significant impact on the balance sheet, financial position and results; approving related-party transactions with the consent of the independent directors; in the event of conflicts of interest, described in article 2391 of the Civil Code, the directors concerned must abstain from the related voting.
- approving acquisitions of businesses and investments in

property;

- appointing the directors of directly-controlled subsidiaries;
- approving the recruitment of new managerial staff in the Parent Company and its subsidiaries, as well as the remuneration and incentives policy for management-level employees;
- overseeing the conduct of subsidiaries relating to the main intergroup activities;
- monitoring the normal conduct of business, with particular attention to conflicts of interest, and bearing in mind the information received from the managing directors and general managers of the operating companies; reporting to the stockholders in general meeting.

Since the Stockholders' Meeting of May 7, 2000, the Board of Directors has had eight members, of whom four are executive directors and four are independent non-executive directors.
At the date of this report, the Board of Directors is composed of the following members:

Director	Position	Term of office	Type of position
Davide Trevisani	Chairman of the Board of Directors and Managing Director	Approval of the financial statements as of Dec. 31, 2003	Executive
Gianluigi Trevisani	Deputy Chairman of the Board of Directors and Managing Director	Approval of the financial statements as of Dec. 31, 2003	Executive
Cesare Trevisani	Managing Director	Approval of the financial statements as of Dec. 31, 2003	Executive
Stefano Trevisani	Director	Approval of the financial statements as of Dec. 31, 2003	Executive
Mario Amoroso	Director	Approval of the financial statements as of Dec. 31, 2003	Non-executive independent director
Guglielmo Moscato	Director	Approval of the financial statements as of Dec. 31, 2003	Non-executive independent director
Pio Teodorani Fabbri	Director	Approval of the financial statements as of Dec. 31, 2003	Non-executive independent director
Roberto Pinza	Director	Approval of the financial statements as of Dec. 31, 2003	Non-executive independent director

The three Managing Directors, one of whom is the Chairman, are invested with wide powers for the ordinary administration of the business. Each candidate deposited their resumé at the Company's head office prior to the Stockholders' Meeting held on April 30, 2001 to vote on renewal of the corporate bodies. The Board of Directors met seven times during the course of 2002.
The Company's by-laws do not specify a minimum number of Board meetings.
The remuneration of the directors, detailed in the Explanatory Notes, is not linked to company results or the achievement of specific targets.
The Company has set up a Directors' Remuneration Committee, consisting of Mario Amoroso and Roberto Pinza, both of whom are independent, non-executive directors.
The Company has set up an Internal Control Committee, consisting of Mario Amoroso and Roberto Pinza, both of whom are independent, non-executive directors; this Committee has reported on a six-monthly basis to the Board of Directors in its meetings of May 14, 2002 and March 31, 2003.
In order to foster open lines of communications with the stockholders, especially with its institutional investors, the Company appointed an officer in charge of Investor Relations and for making financial information available on the Company's web site, www.trefin.com, both in Italian and in English.
During the Stockholders' Meeting held on April 30, 2002 stockholders' were provided with sufficient information on the Company's adoption of the Code of Conduct for Listed Companies.

Code of conduct for Internal Dealing
TREVI – Finanziaria Industriale S.p.A. has approved a Code of conduct for Internal Dealing, in accordance with the recent regulations introduced by the Italian Stock Exchange. These regulations require companies to provide periodic information concerning the transactions undertaken in their listed financial instruments, by persons with access to confidential and price sensitive information, in order to ensure the utmost transparency and consistency of information disclosed to the market.
Relative to the framework prepared by the Italian Stock Exchange, the Company's code contains the following items:

- notwithstanding the limits set by the regulations, namely Euro 50,000 for "large transactions" and Euro 250,000 for "significant transactions", the code sets limits for complying with the

requirements for notifying the market: for transactions defined as “large”: within the tenth stockmarket trading day after the end of the relevant quarter; and for transactions defined as “significant”: without delay and in any case within the first stockmarket trading day after receipt of the information that the limit has been exceeded;

- blocking periods have been set, during which the persons subject to the Code’s provisions may not deal. In detail, it is forbidden to trade in the following periods:
- in the five days before communicating to the public the Board of Directors’ approval of the annual financial statements and six-monthly report;
- in the five days before communicating to the public the Board of Directors’ approval of the results for the first and third quarters.

These restrictions do not apply to the exercise of rights granted under stock option plans.
The code of conduct, available on the Company’s web site, came into force on January 1, 2003.

Treasury shares or shares held in parent companies
As authorized by the stockholders’ meetings of April 30, 2001 and April 30, 2002, TREVI – Finanziaria Industriale S.p.A. purchased 1,069,265 (equal to 1.67 % of capital stock) for a total cost of Euro 1,673,703. These were 540,765 more treasury shares than at the end of 2001, corresponding to a total cost of Euro 615,625.
The weighted average price of the treasury shares purchased by TREVI – Finanziaria Industriale S.p.A. was Euro 1.5653 per share.
As of December 31, 2002, TREVI S.p.A. held 140,000 shares in Trevi – Finanziaria Industriale S.p.A. (0.21 % of capital stock) at an average carrying value of Euro 2.51 per share, for a total of Euro 351,946.
Therefore, taking into account:

- the difficult situation on financial markets over the past two years, affecting stock prices in general and hence also the listed shares in TREVI – Finanziaria Industriale S.p.A., meaning that the Company’s stock is undervalued relative to the business’s actual economic value;
- that the stock’s average price in the second half of 2002 was Euro 1.111, that its price at December 31, 2002 was Euro 0.746 compared with book stockholders’ equity per share of Euro

1.153 at the same date, and hence the fact that stockmarket capitalization was actually below the Group's stockholders' equity;

- that the stockholders' authorization to purchase treasury shares was given for share exchanges with minority interests in direct or indirect subsidiaries, and/or to acquire long-term investments in other companies;

it is considered that, in compliance with the principles underlying the preparation of the financial statements contained in articles 2423 and 2423 bis of the Civil Code, the stock's current price does not reflect either the value of the Company's economic capital or the actual value of its net equity, nor does it adequately express the Company's value in the event of wanting to purchase any long-term investments.

As a result, the Company considers it correct not to write down treasury shares booked in the financial statements as of December 31, 2002.

At year end, the Company does not hold any shares in its parent company, Trevi Holding APS.

Additional information

On March 29, 2002 the Board of Directors authorized the creation of a branch in Venezuela, with endowment capital of Bolivares 500,000 (five hundred thousand).

This branch is needed to allow the business association between Trevi SpA, TREVI - Finanziaria Industriale SpA and SC Sembenelli Srl to start operations, having won a call for bids made by CADAFE in Venezuela for the repair of the "Borde Seco" dam. The branch is expected to open and start business during 2003.

As per CONSOB Regulation 11520 of July 2, 1998, the following is a list of equity investments held personally by the Company's directors and statutory auditors in the company and its subsidiaries:

1. in TREVI-Finanziaria Industriale S.p.A.

Name	Type of Ownership	No. shares held at 12/31/01	No. shares purchased	No. shares sold	No. shares held at 12/31/02
Davide Trevisani	Owned	3,147,000	1,702,509		4,849,509
Gianluigi Trevisani	Owned	1,959,000	1,056,652		3,015,652
Cesare Trevisani	Owned	1,206,000	508,715		1,714,715
Stefano Trevisani	Owned	3,000	16,500		19,500
Mario Amoroso		-	-	-	-
Antonio Claudio Moscato	Owned	2,000			2,000
Roberto Pinza		-	-	-	-
Pio Teodorani Fabbri		-	-	-	-
Adolfo Leonardi		-	-	-	-
Giacinto Alessandri		-	-	-	-
Giancarlo Poletti		-	-	-	-

2. in the subsidiary SOILMEC S.p.A., with registered office in Via Dismano 5819, Cesena (FC) - Forlì – Cesena Company Register no. 00139200406, capital stock of Euro 5,160 thousand fully paid in, represented by 1,000,000 ordinary shares of par value Euro 5.16 each.

Name	Type of Ownership	No. shares held at 12/31/01	No. shares purchased	No. shares sold	No. shares held at 12/31/02
Davide Trevisani	Owned	16,800	-	-	16,800
Gianluigi Trevisani	Owned	10,200	-	-	10,200
Cesare Trevisani	Owned	3,000	-	-	3,000

Allocation of net income for the year

In the absence of dividends from its subsidiaries, net income posted by Trevi – Finanziaria Industriale S.p.A. for 2002 came to Euro 629,628, which we propose should be distributed as follows:
5%, or Euro 31,481.40, to the legal reserve;
Euro 598,146.60 to the extraordinary reserve;

Stockholders,
The large increase in the order book (Euro 435.5 million at the end of December 2002, up 37% on the corresponding figure of Euro 317.7 million reported a year earlier) is behind our optimism that there will be a major recovery in 2003, particularly as from the second quarter. The Group is expected to achieve over Euro 360 million in revenues from sales and services, of which over 70% are already covered by orders.
Earnings are also expected to recover on the basis of drastic downsizing or termination of the Group's activities in critical areas and the reallocation of both tangible and human resources to more active markets where major contracts have already been won, along with the strong revival in public works in Italy.
The conclusion of the war in Iraq and the resulting decline in tensions will produce a recovery in the supply of oil, water and gas-drilling machinery to this area, as the consequence of increased exploration and extraction activities.

Cesena, March 31, 2003

On behalf of the Board of Directors
The Chairman
Davide Trevisani

Parco di Brescia - *Brescia Park*

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
ASSETS	**12.31.2002**	**12.31.2001**
A) Amounts due from stockholders :		
1) called in portion	32	41
B) Fixed assets:		
I - Intangible fixed assets:		
1) start-up and expansion costs	1,780	2,934
2) research, development & advertising expenses	702	828
3) industrial patents and intellectual property rights	765	893
4) concessions, licenses, trademarks & similar rights	22	38
5) goodwill	121	768
5 bis) differenza da consolidamento	137	229
6) deferred costs and payments on account	131	236
7) other intangible fixed assets	848	1,281
Total intangible fixed assets	**4,506**	**7,207**
II - Tangible fixed assets:		
1) land and buildings	18,269	19,369
2) plant and machinery	74,466	75,390
3) industrial and commercial equipment	16,107	10,136
4) other assets	24,284	11,013
5) assets under construction and advance payments	325	11,091
Total tangible fixed assets	**133,451**	**126,999**
III - Financial fixed assets:		
1) equity investments in:		
a) subsidiary companies	0	0
b) associated companies	118	493
d) other companies	911	274
Total	1,029	767
2) accounts receivable:		
b) associated companies:		
- due within 12 months		
- due beyond 12 months	151	26
Total	151	26
d) other companies:		
- due within 12 months		
- due beyond 12 months	872	1,003
Total	872	1,003
Total accounts receivable	1,023	1,029
3) other securities	578	
4) own shares	2,026	1,410
Total financial fixed assets	**4,656**	**3,206**
Total fixed assets (B)	**142,613**	**137,412**

AS OF DECEMBER 31, 2002

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
ASSETS	**12.31.2002**	**12.31.2001**
C) Current assets:		
I - Inventories:		
1) raw, ancillary and consumable materials	32,946	30,596
2) work in progress and semifinished products	5,294	5,978
3) contract work in progress	37,381	28,606
4) finished products and goods for resale	17,288	17,183
5) advances to suppliers	159	650
Total inventories	**93,068**	**83,013**
II - Accounts receivables:		
1) due from customers:		
- within 12 months	84,398	83,114
- beyond 12 months	2,680	7,021
Total	87,078	90,135
3) due from associated companies:		
- within 12 months	6,200	10,805
- beyond 12 months		
Total	6,200	10,805
5) due from third parties:		
- within 12 months	22,142	23,339
- beyond 12 months	110	2,178
Total	22,252	25,517
Total accounts receivable	**115,530**	**126,457**
III - Financial assets not held as fixed assets:		
Own shares	200	
Total Financial assets	**200**	**0**
IV - Liquid funds:		
1) bank and postal deposits	28,489	26,158
2) checks	36	
3) cash and cash equivalents	548	553
Total liquid funds	**29,073**	**26,711**
Total current assets (C)	**237,871**	**236,181**
D) Accrued income and prepaid expenses		
1) accrued income	80	66
2) prepaid expenses:		
- due within 12 months	4,961	2,619
- due beyond 12 months	229	296
Total prepaid expenses	5,190	2,915
Total accrued income and prepaid expenses (D)	**5,270**	**2,981**
TOTAL ASSETS	**385,786**	**376,615**

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
LIABILITIES AND STOCKHOLDERS' EQUITY	**12.31.2002**	**12.31.2001**
A) Stockholders' equity		
I - Capital stock	**32,000**	**32,000**
II - Share premium reserve	**32,682**	**33,298**
IV - Legal reserve	**3,575**	**3,482**
V - Company own share reserve	**2,026**	**1,410**
VII - Other reserves:		
- extraordinary reserve	4,358	3,536
- cumulative translation adjustment	(6,782)	1,306
- consolidation reserve	20,912	26,759
Total other reserves	**18,488**	**31,601**
IX - Net income (loss) for the year	**(15,013)**	**(3,909)**
Group interest in stockholders' equity	**73,758**	**97,882**
Minority interests in capital and reserves	4,764	4,567
Total stockholders' equity	**78,522**	**102,449**
B) Reserves for risks and charges:		
1) pensions and similar commitments	2,308	2,490
2) taxation	5,688	6,881
3) other	3,329	2,563
Total reserves for risks and charges	**11,325**	**11,934**
C) Reserve for employee termination indennities	**8,926**	**8,258**
D) Payables:		
3) due to banks:		
- within 12 months	64,585	53,150
- beyond 12 months	43,504	35,578
Total	108,089	88,728
4) due to other providers of finance:		
- within 12 months	11,386	18,385
- beyond 12 months	28,524	22,714
Total	39,910	41,099
5) advances from customers		
- within 12 months	23,287	17,192
- beyond 12 months		
Total	23,287	17,192
6) due to suppliers:		
- within 12 months	87,329	79,312
- beyond 12 months		
Total	87,329	79,312
7) notes payable:		
- within 12 months		
- beyond 12 months		
Total	0	0

AS OF DECEMBER 31, 2002

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
LIABILITIES AND STOCKHOLDERS' EQUITY	**12.31.2002**	**12.31.2001**
8) due to non-consolidated subsidiary companies:		
- within 12 months		
- beyond 12 months		
Total	0	0
9) due to associated companies:		
- within 12 months	4,022	11,974
- beyond 12 months		
Total	4,022	11,974
11) due to tax authorities:		
- within 12 months	4,848	4,478
- beyond 12 months		
Total	4,848	4,478
12) due to social security:		
e di sicurezza sociale:		
- within 12 months	1,607	1,495
- beyond 12 months		
Total	1,607	1,495
13) other payables:		
- within 12 months	12,741	6,628
- beyond 12 months		
Totale altri debiti	12,741	6,628
Total payables	**281,833**	**250,906**
E) Accrued expenses and deferred income		
1) accrued expenses	1,065	1,260
2) deferred income		
- due within 12 months	3,516	1,629
- due beyond 12 months	599	179
Total deferred income	4,115	1,808
Total accrued expenses and deferred income	**5,180**	**3,068**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**385,786**	**376,615**

	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
MEMORANDUM ACCOUNTS	**12.31.2002**	**12.31.2001**
UNSECURED GUARANTEES GIVEN		
Sureties	121,753	135,612
TOTAL UNSECURED GUARANTEES GIVEN	**121,753**	**135,612**
COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS		
Recourse risks	23,521	16,891
TOTAL	**23,521**	**16,891**
TOTAL MEMORANDUM ACCOUNTS	**145,274**	**152,503**

CONSOLIDATED STATEMENT OF INCOME

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
	2002	**2001**
A) Value of production:		
1) revenues from sales and services	318,870	341,336
2) changes in inventories of work in progress and semifinished and finished products	(1,310)	2,936
3) changes in contract work in progress	9,762	(41)
4) additions to fixed assets by internal production	7,486	17,064
5) other income:		
- operating grants	143	
- miscellaneous income	11,361	8,444
Total other income	11,504	8,444
Total value of production (A)	**346,312**	**369,739**
B) Production costs:		
6) raw, ancillary and consumable materials and goods for resale	113,416	129,818
7) services received	102,368	115,123
8) leases and rentals	17,160	14,522
9) personnel:		
a) wages and salaries	65,174	65,372
b) social security charges	15,569	16,066
c) employee termination indemnities	1,742	1,628
d) pensions and similar commitments	507	635
e) other	697	1,010
Total	83,689	84,711
10) amortization, depreciation and writedowns:		
a) amortization of intangible fixed assets	3,792	2,911
b) depreciation of tangible fixed assets	16,649	13,879
c) other writedowns of fixed assets		
d) writedown of receivables included among current assets and of liquid funds	1,627	629
Total	22,068	17,419
11) changes in inventories of raw, ancillary and consumable materials	(394)	1,303
12) provisions for risks and charges	52	548
13) other provisions	560	111
14) other operating expenses	2,744	3,784
Total production costs (B)	**341,663**	**367,339**
Difference between value and cost of production	**4,649**	**2,400**
C) Financial income and expense		
15) income from equity investments:		
c) dividends and other income from third parties		39
Total	0	39

AS OF DECEMBER 31, 2002

(IN THOUSANDS OF EURO)	IN THOUSANDS OF EURO	IN THOUSANDS OF EURO
	2002	2001
16) other financial income:		
a) income from receivables held as fixed assets:		
2) associated companies		0
4) third parties		33
Total	0	33
d) income other than the above:		
2) associated companies		
5) third parties	1,729	4,293
Total	1,729	4,293
Total income other than the above	1,729	4,326
17) interest and other financial charges:		
1) subsidiary companies		
2) associated companies		
4) third parties	15,199	12,952
Total	15,199	12,952
Total financial income and expense	**(13,470)**	**(8,587)**
D) Adjustments to financial assets:		
18) revaluations:		
a) equity investments		439
Total	0	439
19) writedowns:		
a) equity investments	24	316
Total	24	316
Total adjustments to financial assets	**(24)**	**123**
E) Extraordinary income and expense		
20) income:		
a) gains on disposals	48	21
b) other income	1,088	1,474
Total	1,136	1,495
21) expense:		
a) losses on disposals	1,054	1
b) taxes relating to prior years	102	88
c) other expense	1,218	869
Total	2,374	958
Total extraordinary items	**(1,238)**	**537**
Results before taxation	**(10,083)**	**(5,527)**
22) income taxes for the year	4,477	(2,076)
Net income/(loss) for the year	**(14,560)**	**(3,451)**
Minority interests	453	458
Group net income for the year	**(15,013)**	**(3,909)**

Khalifa Cause Way Manama (BAHAREIN) U.A.E.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002 (In thousands of Euro)

Group profile and activities

TREVI-Finanziaria Industriale S.p.A and its subsidiaries (hereafter called the "Trevi Group" or the "Group") carry out their activities in these principal sectors: supply contracts and design and engineering services for civil and infra-structural foundation works, the construction of plant and equipment for special foundation works, tunnel boring and well-drilling for oil and water exploration. These two business sectors are coordinated by the Group's two major companies, Trevi S.p.A., which heads the division involved in construction at depth ("Trevi division"), and Soilmec S.p.A. which oversees the division responsible for manufacturing and marketing plant and equipment for construction at depth and well-drilling for oil and water exploration ("Soilmec Division").
The Group is controlled by TREVI-Finanziaria Industriale S.p.A.
The Group's various areas of activity, its relationship with related parties and subsequent events after the end of the year are discussed in the report on operations.
The consolidated financial statements have been prepared in accordance with section III (articles 24 to 43) of Decree 127/91, as supplemented and interpreted with reference to the accounting principles established by the Italian Accounting Profession and, where applicable, to International Accounting Standards (I.A.S.).
The notes to the financial statements describe, analyze and supplement the information reported in the consolidated balance sheet and statement of income and contain the information required by article 38 of Decree 127/91. Additional information is provided in order to present a true and fair view of the state of the Group, even where not required by specific legislation

In particular:
a) the consolidated financial statements were prepared utilizing the draft financial statements as of December 31, 2002 of TREVI-Finanziaria Industriale S.p.A. and of all the subsidiaries included within the scope of consolidation, as approved by their respective Boards of Directors.

b) the financial statements utilized for consolidation purposes were appropriately reclassified to present them according to the format required by the Italian Civil Code, as introduced by Decree 127/91, and adjusted in conformity with the accounting policies applied by the Parent Company.

Consolidation Principles

Method of consolidation

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

1) the assets and liabilities of subsidiary companies are consolidated line-by-line and the carrying value of consolidated investments is eliminated against the Group's share of stockholders' equity as of December 31, 2002;

2) the differences between purchase, formation or spin-off cost and the Group's share of stockholders' equity at the time subsidiaries were first consolidated are recorded as follows:
   - any negative differences are allocated to the "Consolidation reserve";
   - any positive differences, not allocated to the assets and liabilities of consolidated companies, or to goodwill, are deducted from the "Consolidation reserve"; Any higher value paid over and above the stockholders' equity of the investment at the time of the acquisition has been booked to "Consolidation difference". This difference is amortized over 5 years;

3) significant transactions between consolidated companies are eliminated, as are intercompany receivables and payables, costs and revenues, and any unrealized gains deriving from transactions between Group companies, net of the tax effect, where applicable. As permitted under the reference accounting policies, an exception to the elimination of intraGroup gains and losses concerns sales of machinery and equipment manufactured by the Soilmec division and transferred to the Trevi division in the normal course of the latter's activities. Such transfers, which take place as part of the normal business activities of the respective divisions, are carried out on an arm's-length basis and determination of the related effects would entail disproportionate costs. A preliminary estimate by management for 2002 has nonetheless confirmed that the financial effects would have been insignificant.

4) dividends received from companies consolidated line-by-line are eliminated;

5) the minority stockholders' interest in equity is reported in a specific consolidated balance sheet caption, while the minority interest in net income is disclosed separately in the consolidated statement of income;

6) adjustments and provisions reported solely for tax purposes in the financial statements of consolidated companies are eliminated in order to present a true and fair view of the Group's financial position and results of operations.

Translation of financial statements of foreign subsidiaries into Euro.
The financial statements of foreign consolidated subsidiaries are translated into Euro using the "closing-rate method" except for companies operating in Argentina and Venezuela for which, starting with the financial statements as of December 31, 2002, the temporal method has been used. The closing-rate method involves using year-end exchange rates to translate balance sheet items and average exchange rates for the year to translate statement of income items. Differences arising from the translation of opening stockholders' equity using closing rates and those arising from the translation of statement of income items using average rates for the year are reflected in the cumulative translation adjustment, classified within stockholders' equity.

In contrast, the temporal method involves using various exchange rates for translating subsidiary company financial statements for consolidation purposes. In detail, non-monetary assets and liabilities are converted using historic exchange rates, in other words the rates at which assets were acquired, liabilities incurred and capital stock formed; monetary assets and liabilities are translated using year-end exchange rates, while average exchange rates for each month of the year are used to convert the statement of income. Translation differences deriving from the application of the various exchange rates are booked to the statement of income under exchange differences.

The exchange rates utilized for 2002 are the following:

Currency	Average rate for the year	Closing rate at year-end
Pound sterling	0.629	0.651
Japanese yen	118.065	124.390
U.S. dollar	0.945	1.049
Turkish lira	1,436,239.417	1,738,000.000
Venezuelan bolivar	1,109.043	1,458.570
Nigerian naira	114.959	130.930
Singapore dollar	1.690	1.820
Philippine peso	48.782	55.729
Chinese renmimbi	7.823	8.683
Malaysian ringgit	3.590	3.984
U.A.E. dirham	3.471	3.852
Algerian dinar	73.223	81.397
Swedish kroner	9.159	9.153
Hong Kong dollar	7.370	8.178

Scope of consolidation

The consolidated financial statements as of December 31, 2002 comprise the financial statements of all the companies directly or indirectly controlled by TREVI-Finanziaria Industriale S.p.A., the Parent Company.
A list of investments in subsidiary companies included within the scope of consolidation is reported in attachment 1.
The scope of consolidation did not change with respect to December 31, 2001, except for the increase in the interest held by Soilmec S.p.A. in Soilmec Branham Inc. which went from 83% to 86 % and the incorporation of Penboro S.A., a wholly-owned subsidiary in Uruguay.

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

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

statements of the various companies as of December 31, 2002. Financial statements expressed in foreign currency are translated using the closing-rate method.

Minority interests and investments in minor or dormant consortiums are carried at cost, adjusted for permanent losses. In particular, also carried at cost are limited liability consortiums and consortiums set up as operating agencies for specific ventures or contracts acquired in temporary association with other companies, and which present financial statements with no economic results, since they serve to offset directly-incurred costs by debiting them to participating companies. Attachment 1c details such investments.

The companies Profuro International Lda, Trevi Park Plc, Hercules Trevi Foundation A.B., Trevi Spezialtiefbaun Gmbh and Arge Jet Sohle Domaquaree in which the Group holds interests of 47.5%, 26.5%, 49.5%, 49.5% and 49.5% respectively, are carried at cost, since they are immaterial.
Further details are provided in the Group's organization chart (attachment 2).

Accounting policies

Starting from the year under review, the financial statements of Trevi Cimentaciones C.A. (Venezuela), Petreven C.A. (Venezuela), Pilotes Trevi Sacims (Argentina) and all the UTE consolidated proportionally are translated into euro using the temporal method. These companies operate in countries that experienced an exceptional devaluation in their currencies in 2002. As a result, when converted into euro for consolidation purposes, the financial statements of these companies are distorted and have little significance. Furthermore, the activities of these companies form an integral part of those of the Parent Company and most of the transactions undertaken by them, contracts, purchases and sales, payments and receipts, are denominated in US dollars (or euro), the unit of account in which these companies are managed.
Given these circumstances, the directors consider it appropriate to use the US dollar or the euro as the reporting currency for the consolidated financial statements.

The introduction of the temporal method for translating the financial statements of the Venezuelan and Argentine subsidiaries has not, in any case, had a significant impact on their opening balances.

The more significant accounting policies adopted for the preparation of the consolidated financial statements as of December 31, 2002, are as follows:

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

Tangible fixed assets — These are stated at purchase or construction cost, as adjusted by Italian companies in accordance with revaluation laws 576/75, 72/83 and 413/91. Cost includes related charges and a reasonable allocation of direct and indirect expenses.
Tangible fixed assets are depreciated each year on a straight-line basis using economic and technical rates determined with reference to their residual useful lives.
Tangible fixed assets also include assets held under finance lease contracts. The accounting treatment of such assets, which takes account of the financial and equity effects of such contracts, is in

line with I.A.S. 17. This involves recording assets acquired under finance leases among tangible fixed assets with a matching balance recorded as a financial payable, proportionally reduced according to the repayment schedule of principal included in contractual installments. Such assets are systematically depreciated with reference to their economic and technical residual lives.
Ordinary maintenance costs are expensed as incurred. Improvement expenditure is capitalized together with the related assets.

The rates applied by the Group are as follows:

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

Financial fixed assets — The year-end valuation of equity investments in subsidiary companies not consolidated line-by-line, and in associated and other companies is discussed above in the section "Scope of consolidation".
Treasury shares, represented by shares of TREVI-Finanziaria Industriale S.p.A. held by the Parent Company and Trevi S.p.A., are carried at purchase cost. The consolidated equity captions include a reserve for these shares of the same amount.
Taking into account that the Board of Directors of the Parent Company requested the Stockholders' Meeting for authorization to purchase of treasury shares to be used in share exchanges with minority interests in direct or indirect subsidiaries, and/or for the acquisition of long-term interests in other companies, these have been booked under B III 4 of the balance sheet, "Treasury shares".

Inventories — Inventories are stated at the lower of weighted average purchase or construction cost and their estimated realizable value, taking account of market trends. Cost includes related charges and

a reasonable allocation of direct and indirect expenses. Concerning the mechanical engineering sector, estimated realizable value is calculated taking into account any additional construction costs still to be incurred and direct selling costs.

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

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

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

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

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

Payables — These are stated at their nominal value.

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

Costs and revenues — These are recorded in the financial statements according to the matching principle, the nature of the items and the prudence concept. Revenues from the sale of

products are recognized at the moment ownership passes, which is generally on shipment.
Revenues from claims are recorded in the year in which the client settles the claim.

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

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

Commentary on the principal asset captions

Assets

B. FIXED ASSETS

B I. Intangible fixed assets

Intangible fixed assets amount to Euro 4,506 thousand, a decrease of Euro 2,701 thousand compared with December 31, 2001. Changes during the year are as follows:

Description	Balance as of 12/31/01	Increases	Decreases	Amortization	Exchange differences	Historical costs as of 12/31/02	Accumulated amortiz.as of 12/31/02	Balance as of 12/31/02
Start-up and expansion costs	2,934			(1,154)		5,771	(3,991)	1,780
Research, development and advertising costs	828	452		(538)	(40)	1,721	(1,019)	702
Industrial patents and intellectual property rights	893	298	(1)	(425)		1,971	(1,206)	765
Concessions, licences, trademarks and similar rights	38			(11)	(5)	104	(82)	22
Goodwill	768		(526)	(121)		647	(526)	121
Consolidation differences	229			(92)		459	(322)	137
Assets in progress and advances	236	142	(98)		(149)	131		131
Other intangible fixed assets	1,281	1,294		(1,451)	(276)	4,466	(3,618)	848
TOTAL	**7,207**	**2,186**	**(625)**	**(3,792)**	**(470)**	**15,270**	**(10,764)**	**4,506**

"Start-up and expansion costs" as of December 31, 2002 refer almost entirely to the capitalization of costs incurred by the Parent Company for its listing on the stock exchange.

At December 31, 2002 "Research, development and advertising" costs amount to Euro 702 thousand. The increase of Euro 452 thousand is due to costs capitalized by the Soilmec Division for the development of technology and equipment for the foundation and drilling sectors. The net balance also includes around Euro 303 thousand in costs incurred for the creation of software for the web page "www.parkingonline.net". Lastly, recurring research and development expenses incurred during 2002, totalling Euro 4.9 million, have been expensed in full in the statement of income.

Costs for patents include licenses for three-dimensional technical

drawing programs being used by companies in the Soilmec Division, the purchase by the Parent Company of new software and related licenses, to be used in the Group's integrated management software for a series of corporate functions.

The decrease of Euro 526 thousand in goodwill refers entirely to the adjustment to current values of the higher value paid for an investment acquired in the USA.

The "consolidation difference" refers entirely to the acquisition of Swissboring Overseas Piling Corporation Ltd in 1999.

Assets in progress and advances refer to costs incurred for the residual modules of the new integrated management software, which as of 12/31/2002 are not yet in use.

"Other intangible fixed assets" refer to start-up costs for construction sites and expenses incurred for participation in bids for tenders. Increases for the period also include yard opening costs of Euro 840 thousand, mainly relating to the "Ponte Joao Landim" site in Guinea Bissau. They have been almost fully amortized during the year, given the state-of-completion of the associated work.
The residual amount as of December 31, 2002 relating to the "Ponte Joao Landim" yard in Guinea Bissau amounts to Euro 600 thousand.

B II. Tangible fixed assets

Tangible fixed assets total Euro 133,451 thousand, with a net increase of Euro 6,452 thousand compared with the previous year. Changes during the year are as follows:

Description	Balance as of 12/31/01	Increases	Decreases	Depreciation	Decrease in the reserve	Other changes	Exchange differences	Balance as of 12/31/02	Accumulated deprec. as of 12/31/02
Land and buildings	19,369	2,435	(1,008)	(814)	518	(1,046)	(1,185)	18,269	(5,445)
Plant and machinery	75,390	12,872	(4,295)	(10,356)	1,606	55	(805)	74,466	(43,847)
Industrial and commercial equipment	10,136	6,743	(993)	(2,844)	585	3,414	(934)	16,107	(14,661)
Other assets	11,013	8,373		(2,635)	3,039	6,428	(1,934)	24,284	(10,981)
Assets under construction and advances	11,091	325		0	0	(11,082)	(9)	325	0
TOTAL	**126,999**	**30,748**	**(6,296)**	**(16,649)**	**5,748**	**(2,231)**	**(4,867)**	**133,451**	**(74,934)**

Investments for the year, amounting to Euro 30,748 thousand, partly refer to the purchase of machinery and equipment relating to jobs started up during the year, including the opening of new sites in Europe, the Middle East, Africa and the USA.
Drilling equipment manufactured and subsequently rented by the Mechanical Engineering Division has also been capitalized for an amount of Euro 4,404 thousand.

Certain fixed assets are encumbered by a mortgage against loans received, as described in Payables (D).

Translation differences derive from the difference between historical exchange rates and those ruling as of December 31, 2002 used for the conversion into Euro of tangible fixed assets.
During the year the subsidiary Trevi Cimentaciones C.A. revalued its tangible fixed assets by Euro 2,466 thousand, in compliance with regulations in force in Venezuela. The value of the revalued assets, supported by an independent appraisal, does not exceed their commercial value.

B III. Financial fixed assets

Equity investments
Equity investments amount to Euro 1,029 thousand, with a net change over the prior year of Euro 262 thousand.
The following is a summary of changes in equity investments during the year:

Description	Balance as of 12/31/01	Increases	Decreases	Revaluations	Write-downs	Other Move-ments	Balance as of 12/31/02
Associated companies	493		(57)		(24)	(294)	118
Other companies	274	446	(40)			231	911
TOTAL	**767**	**446**	**(97)**	**0**	**(24)**	**(63)**	**1,029**

Increases mainly refer to Euro 422 thousand in payments towards future increases in capital by Profuro Lda, a subsidiary of Trevi Contractors BV.
Writedowns of Euro 24 thousand refer to the valuation at equity of the non-consolidated joint ventures in Argentina.

Due from third parties
These include the following:

Description	12/31/02	12/31/01	changes
Tax authorities for advances on termination indemnities	249	280	(31)
Guarantee deposits	276	268	8
Other	347	455	(108)
TOTAL	**872**	**1,003**	**(131)**

Treasury shares
The balance of Euro 2,026 thousand entirely refers to shares in TREVI-Finanziaria Industriale S.p.A. held by Trevi S.p.A. and directly by TREVI-Finanziaria Industriale S.p.A, itself. These shares are valued at cost. The total number of shares held December 31, 2002 amounts to 1,209,265, corresponding to 1.89% of capital stock. The weighted average price of treasury shares purchased during the year was Euro 1.6751 per share.
Taking into account:

- the difficult situation on financial markets over the past two years, affecting stock prices in general;
- that the stock's average price in the second half of 2002 was Euro 1.111 per share, which is higher than the price at December 31, 2002 and also than the current one;
- that the stockholders' authorization to purchase treasury shares was given for share exchanges with minority interests in direct or indirect subsidiaries, and/or to acquire long-term investments in other companies;
- it is considered that, the stock's current price does not reflect the actual value of the Group's net equity, nor does it adequately express its value in the event of wanting to purchase any long-term investments.

The Directors have therefore made no adjustments to the value of these shares.

C. CURRENT ASSETS

C I. Inventories

These amount to Euro 93,068 thousand at the end of 2002 and are analyzed below:

Description	12/31/02	12/31/01	Changes
Raw, ancillary and consumable materials	32,946	30,596	2,350
Work in process and semi-finished products	5,294	5,978	(684)
Contract work in progress	37,381	28,606	8,775
Finished products and goods for resale	17,288	17,183	105
Advances	159	650	(491)
TOTAL	**93,068**	**83,013**	**10,055**

The increase in inventories is mainly attributable to contract work in progress in the Soilmec Division's drilling sector following postponed deliveries for certain drilling equipment.

C II. Receivables

As of December 31, 2002, accounts receivable amount to Euro 115,530 thousand. The caption comprises the following:

Description	12/31/02	12/31/01	Changes
Due from customers	87,078	90,135	(3,057)
Due from associated companies	6,200	10,805	(4,605)
Due from third parties	22,252	25,517	(3,265)
TOTAL	**115,530**	**126,457**	**(10,927)**

As mentioned in the section on accounting policies, the amounts due from customers do not include those that have been factored. In December 2002, the Group transferred Euro 37,030 thousand in receivables without recourse to factoring companies and Euro 20,774 thousand in receivables with recourse to banks.

Amounts due from customers are stated net of the allowance for doubtful accounts, Euro 4,389 thousand. The movements during the year were as follows:

Description	Balance as of 12/31/01	Provisions	Utilizations	Other changes	Balance as of 12/31/02
Allowance for doubtful accounts – due from customers	4,251	1,601	(993)	(839)	4,020
Allowance for interest on arrears	343	26			369
TOTAL	**4,594**	**1,627**	**(993)**	**(839)**	**4,389**

Amounts due from associated companies principally consist of

amounts owed to Trevi S.p.A. by its own consortiums, which are regulated at arm's-length conditions. The most significant amounts as of December 31, 2002 refer to:

Description	12/31/02	12/31/01	Changes
Porto di Messina S.c.a.r.l.	647	0	647
Consorzio Principe Amedeo	387	382	5
Consorzio Trevi Adanti	1,075	8,009	(6,934)
Consorzio Saitre	45	205	(160)
Hercules Trevi J.V.	1,483	0	1,483
Profuro Lda	510	424	86
Other	2,053	1,785	268
TOTAL	**6,200**	**10,805**	**(4,605)**

Details of amounts "due from third parties" are as follows:

Description	12/31/02	12/31/01	Changes
Amounts due from the tax authorities	9,928	10,320	(392)
Receivables requested for reimbursement from the tax authorities	0	99	(99)
Due from employees	373	635	(262)
Advances to suppliers	3,103	759	2,344
Deferred tax assets	2,737	3,919	(1,182)
Other	6,111	9,785	(3,674)
TOTAL	**22,252**	**25,517**	**(3,265)**

Receivables shown under current assets include Euro 40 thousand in amounts due beyond 5 years.

"Advances to suppliers" are almost entirely attributable to Soilmec S.p.A. and mainly reflect services already invoiced but pertaining to the following accounting period.

Amounts due from the tax authorities are mainly represented by indirect taxes and tax credits.
As of December 31, 2002 deferred tax assets refer to the net balance of deferred taxes recorded by the subsidiaries Trevi S.p.A. and Soilmec S.p.A., which comprise deferred tax assets on tax losses which can be used in future years. Deferred tax assets on tax losses are recognized in the financial statements as the Directors

believe that there is a reasonable certainty of generating sufficient taxable income to absorb them in the next few years.

C IV. Liquid funds

The caption comprises the following:

Description	12/31/02	12/31/01	Changes
Bank and post office accounts	28,489	26,158	2,331
Cash and cash equivalents	548	553	(5)
Checks	36	0	36
TOTAL	**29,073**	**26,711**	**2,362**

The Report on Operations contains an analysis of the net financial position of the Trevi Group and the main companies included in the scope of consolidation.
There are no restrictions to the transfer of liquid funds back into Italy by companies abroad. Exchange controls have been introduced into Argentina and Venezuela in 2002 and 2003 respectively. These controls have gradually been relaxed in Argentina's case and they are soon expected to be abolished. A gradual elimination of controls is also possible in Venezuela over coming months, in parallel with a recovery in the country's economy.

D. ACCRUED INCOME AND PREPAID EXPENSES

The caption mainly comprises prepaid expenses, as follows:

Description	12/31/02	12/31/01	Changes
Insurance	1,311	717	594
Lease installments on buildings and equipment	811	465	346
Discounts (Sabatini Law)	314	245	69
Commission on bank guarantees	33	65	(32)
Other	2,801	1,489	1,312
TOTAL	**5,270**	**2,981**	**2,289**

Deferred income includes Euro 229 thousand in amounts due beyond 12 months.

A. STOCKHOLDERS' EQUITY

Liabilities and stockholders' equity

Statement of changes in consolidated stockholders' equity

	Capital Stock	Share premium reserve	Legal reserve	Reserve for company own shares	Extraor-dinary reserve	Cumulative translation adjustment	Consol-lidation reserve	Net income for the year	Total Stock-holders equity
Balance as of 12/31/2000	**16,527**	**49,829**	**3,423**	**352**	**3,372**	**3,776**	**24,963**	**2,226**	**104,468**
Net income allocation			59		164		1,044	(1,267)	0
Dividends distributed								(959)	(959)
Translation differences						(2,470)			(2,470)
Change in the scope of consolidation							752		752
Increase in the Capital Stock	15,473	(15,473)							0
Allocation company own share reserve		(1,058)		1,058					0
Net income for the year								(3,909)	(3,909)
Balance as of 12/31/2001	**32,000**	**33,298**	**3,482**	**1,410**	**3,536**	**1,306**	**26,759**	**(3,909)**	**97,882**
Net income allocation			93		805		(5,767)	4,869	-
Dividends distributed								(960)	(960)
Dividends not distributed					17				17
Translation differences						(8,088)			(8,088)
Change in the scope of consolidation							(80)		(80)
Increase in the Capital Stock									0
Allocation company own share reserve		(616)		616					0
Net income for the year								(15,013)	(15,013)
Balance as of 12/31/2002	**32,000**	**32,682**	**3,575**	**2,026**	**4,358**	**(6,782)**	**20,912**	**(15,013)**	**73,758**

Capital stock amounting to Euro 32,000,000 thousand as of December 31, 2002, is represented by 64,000,000 ordinary shares, fully subscribed and paid-in, par value of Euro 0.50 each.

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

The reconciliation between the Group's stockholders' equity and net income and stockholders' equity and net income of the Parent Company, TREVI-Finanziaria Industriale S.p.A. is shown below:

	Capital and reserves	Net income for the year	Stockholders' equity as of 12/31/2002
TREVI-Finanziaria Industriale S.p.A	**74,288**	**630**	**74,918**
Adjustments for consistency with accounting policies	20,976	1,231	22,207
Elimination of intraGroup net income and losses	2,570	(1,696)	874
Elimination of intraGroup dividends and writedowns	2,631	(3,559)	(928)
Elimination of consolidated investments	4,787		4,787
Share of results of group companies		(10,282)	(10,282)
Amortization of the consolidation difference	229	(92)	137
Effect of valuation using the equity method			0
Deferred taxes	(5,617)	(792)	(6,409)
Translation differences	(6,782)		(6,782)
Stockholders' equity and net income for the year	**93,082**	**(14,560)**	**78,522**
Minority interests	**4,311**	**453**	**4,764**
Group stockholders' equity and net income for year	**88,771**	**(15,013)**	**73,758**

B. RESERVES FOR RISKS AND CHARGES

The reserves for risks and charges amount to Euro 11,325 thousand, a decrease of Euro 609 thousand compared with December 31, 2001. The composition of and the relative movements in this caption are summarized below.

	Balance as of 12/31/01	Reserves	Utilizations	Other changes	Balance as of 12/31/02
Pensions and similar commitments	2,490	507	(178)	(511)	2,308
Deferred taxes	6,881	2,619	(2,774)	(1,038)	5,688
Other reserves	2,563	1,167	(876)	475	3,329
TOTAL	**11,934**	**4,293**	**(3,828)**	**(1,074)**	**11,325**

The reserve for pensions and similar commitments entirely relates to provisions made by foreign subsidiaries to cover liabilities due to employees.

The taxation reserve entirely relates to deferred taxes provided to cover timing differences between taxable income and that deriving from consolidated companies' financial statements and, where applicable, from consolidation adjustments.

Provisions represent a reasonable estimate of taxes to be paid in future accounting periods, applying regulations currently in force in the individual countries in which the consolidated companies operate.

"Other reserves", Euro 3,329 thousand, are analyzed as follows:

Description	12/31/02	12/31/01	Changes
Contractual risks	1,200	670	530
Warranty reserve	808	782	26
Provision for exchange losses	555	300	255
Coverage of losses on investments	722	724	(2)
Legal disputes	44	87	(43)
TOTAL	**3,329**	**2,563**	**766**

The reserve for contractual risks, amounting to Euro 1,200 thousand, mainly refers to provisions made by Trevi S.p.A against risks connected with jobs in progress.

The warranty reserve of Euro 808 thousand is provided to cover technical assistance on products under warranty by the Group companies in the mechanical engineering sector

The exchange fluctuation reserve of Euro 555 thousand has been created against the potential risk deriving from exchange rate movements.

Reserve for charges to cover losses incurred by equity investments, Euro 722 thousand. This amount mainly refers to the Joint Venture, Rodio-Trevi-Arab Contractor.

C. RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

As of December 31, 2002, the reserve for employee termination indemnities totals Euro 8,926 thousand and reflects indemnities accrued at the year-end by employees of the Italian companies in accordance with the law.

Movements during the year were as follows:

Balance as of 12/31/2001	8,258
Amount accrued and charged to the statement of income	1,742
Indemnities and advances paid during the year	(829)
Advances to employees	(239)
Other movements	(6)
Balance as of 12/31/2002	**8,926**

D. PAYABLES

Payables amount to Euro 281,833 thousand, an increase of Euro 30,927 thousand on the previous year.

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

Description	12/31/02	12/31/01	Changes
Due to banks	108,089	88,728	19,361
Due to other providers of finance	39,910	41,099	(1,189)
Advances	23,287	17,192	6,095
Due to suppliers	87,329	79,312	8,017
Due to associated companies	4,022	11,974	(7,952)
Due to tax authorities	4,848	4,478	370
Due to social security institutions	1,607	1,495	112
Other payables	12,741	6,628	6,113
TOTAL	**281,833**	**250,906**	**30,927**

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

Description	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Current account overdrafts, advances and short-term loans	16,672	0	0	16,672
Other loans	47,913	43,444	60	91,417
TOTAL	**64,585**	**43,444**	**60**	**108,089**

The above table shows mortgages and loans that are backed by real guarantees. The details are as follows:

- The mortgage loan from the Industrial Commercial Bank for an original sum of $ 955,000 granted to Soilmec Far East Pte, amounts to $ 542,746 at year end. It is repayable

from 1998 in 120 monthly installments and is secured by a mortgage on the building where the company has its head office;

- The total amount of Euro 3,320 thousand due to Intesa BCI Mediocredito SpA as of December 31, 2002 comprises two different mortgage loans. The first, originally of Euro 5,164 thousand, was obtained in 1996 at a floating interest rate, repayable from 1999 in 16 six-monthly installments and secured by a 2nd degree mortgage on the company's building in Cesena. The second and more recent one was granted in 1999 and amounts to Euro 5,164 thousand; it is repayable in 7 six-monthly installments starting from June 30, 2000; it bears interest at a floating rate and is secured by a 3rd degree mortgage on Soilmec S.p.A.'s building in Cesena.
- The loan of Euro 5,164 thousand granted to Soilmec S.p.A. in 1994 by Cassa di Risparmio di Cesena, bearing interest at a floating rate is repayable in 16 six-monthly installments and is secured by a 1st degree mortgage on the company's building.
- The loan of GBP 266,000 granted by Barclays Bank to the subsidiary Soilmec Ltd for a period of 4 years is secured by the first-degree mortgage on company-owned land.

Due to other providers of finance

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

Description	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
«Commercial Paper» financing	2,993	923	0	3,916
Other financing	1,182	0	0	1,182
Leasing companies	7,211	27,601	0	34,812
TOTAL	**11,386**	**28,524**	**0**	**39,910**

Amounts due to leasing companies relate to the outstanding principal included in installments not yet due. As mentioned in the section on accounting policies, lease contracts are recorded in the consolidated financial statements in accordance with finance lease methodology.

Due to associated companies

Amounts due to associated companies total Euro 4,022 thousand and almost entirely relate to amounts owed by the subsidiary, Trevi S.p.A. to consortiums.
The most significant amounts are as follows:

Description	12/31/02	12/31/01	Changes
Principe Amedeo	472	718	(246)
Trevi Adanti	1,660	8,589	(6,929)
Consorzi in Argentina	12	47	(35)
Consorzio Saitre	308	1,339	(1,031)
Trevi S.G.F.	957	0	957
Other	613	1,281	(668)
TOTAL	**4,022**	**11,974**	**(7,952)**

Due to tax authorities
Amounts due to the tax authorities comprise the following:

Description	12/31/02	12/31/01	Changes
Direct taxation	1,639	1,299	340
V.A.T. payable	1,569	1,842	(273)
Other	1,640	1,337	303
TOTAL	**4,848**	**4,478**	**370**

Other payables
Other payables include:

Description	12/31/02	12/31/01	Changes
Due to employees	4,113	4,087	26
Due to stockholders	0	0	0
Other	8,628	2,541	6,087
TOTAL	**12,741**	**6,628**	**6,113**

“Other” includes Euro 4,070 thousand belonging to Soilmec S.p.A. as the other side of the entry reversing sales of goods which, despite being delivered to the shipping company, did not leave the country by the end of 2002.

E. ACCRUED EXPENSES AND DEFERRED INCOME

This caption is analyzed as follows:

Accrued expenses

Description	12/31/02	12/31/01	Changes
Insurance	162	162	0
Accrued interest expense	167	208	(41)
Other accrued expenses	736	890	(154)
TOTAL	**1,065**	**1,260**	**(195)**

Deferred income

Description	12/31/02	12/31/01	Changes
Interest as per "Sabatini" and "Ossola" Laws	336	235	101
Hiring charges	946	1,285	(339)
Other	2,833	288	2,545
TOTAL	**4,115**	**1,808**	**2,307**

Deferred income includes Euro 599 thousand in amounts due beyond 12 months.

MEMORANDUM ACCOUNTS

PERSONAL GUARANTEES GIVEN

Guarantees to third parties

These include guarantees issued by banks and insurance companies in favor of third parties on our behalf, to guarantee works performed by the Group as well as correct and timely equipment deliveries, Euro 121,753 thousand. The decrease of Euro 13,859 thousand compared with the prior year essentially relates to guarantees given to a leading insurer on behalf of Trevi Icos Corporation; these referred to the acquisition in the prior year of major long-term building and construction contracts at depth, for which guarantees amounting to 100% of their value were issued; these guarantees decrease in proportion to the work performed.

COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

Recourse risks

As of December 31, 2002, this caption includes commitments for the recovery of receivables sold with recourse and for discounted

bills not yet due at the balance sheet date for a total of Euro 23,521 thousand.

Comments on the principal statement of Income Captions

Details and information on the consolidated statement of income as of December 31, 2002 are given below. The analysis of performance in the year is discussed in the Report on Operations.

A) VALUE OF PRODUCTION

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

These amount to Euro 328,632 thousand compared with Euro 341,295 thousand in 2001. The Group operates in various business sectors and geographical areas.
The breakdown of revenues from sales and services and of changes in contract work in progress is as follows:

AREA	12/31/02	%	12/31/01	%	Changes
Italy	53,245	16.2%	48,456	14.2%	4,789
Europe (excluding Italy)	62,547	19.0%	27,643	8.1%	34,904
U.S.A. and Canada	80,098	24.4%	90,225	26.4%	(10,127)
South American countries	19,124	5.8%	36,136	10.6%	(17,012)
Africa	54,256	16.5%	49,914	14.6%	4,342
Middle East	19,646	6.0%	48,559	14.2%	(28,913)
Far East	39,389	12.0%	40,358	11.8%	(969)
Rest of the world	327	0.1%	4	0.0%	323
TOTAL	**328,632**	**100%**	**341,295**	**100%**	**(12,663)**

This tables highlights the geographical reach of the Group's operations, as well as the widespread decline in revenues, except in Italy, Europe and Africa. This decline is mainly due to seasonal factors, the difficulties experienced by some Group companies in South America as a result of political disturbances and the conclusion of certain contracts.
An important market for the Soilmec Division is Europe, where it achieved excellent results in countries such as Spain, France, Portugal and Great Britain.
The considerable increase in revenues in Africa compared with the previous year is explained by the recovery of the Nigerian market,

benefiting the subsidiary Trevi Foundation Nigeria, and an important job carried out by Soilmec S.p.A.
However, the large size of the order book, especially thanks to the latest contracts awarded, will help revenues to recover.

The breakdown of revenues between the principal sectors of the Group's activities is shown below:

MANUFACTURING SECTOR	12/31/02	%	12/31/01	%	Changes
Manufacture of machines for special foundation work	79,416	24.2%	73,140	21.4%	6,276
Manufacture of machinery for oil, gas and water drilling	32,233	9.8%	57,458	16.8%	(25,225)
Oil drilling	6,737	2.1%	14,444	4.2%	(7,707)
Special foundation works	206,890	63.0%	195,367	57.2%	11,523
Parking facilities	3,356	1.0%	886	0.3%	2,470
TOTAL	**328,632**	**100%**	**341,295**	**100%**	**(12,663)**

This table highlights the slowdown in business in the well-drilling sector, meaning the production of well-drilling machinery and in actual drilling activities. These trends are also associated with the reasons outlined earlier for the decline in Soilmec's sales and the reduced amount of activity by Petreven C.A. in Venezuela. In fact, oil-drilling services in Venezuela came to a standstill as a result of the cut in crude oil production by OPEC and the country's institutional crisis, that now seems to be heading towards a gradual resolution.
The traditional foundation works sector and the production of the related machinery maintained its growth trend, even if less rapid than in recent years.

A.5 – Other income and revenues

"Other income and revenues" total Euro 11,504 thousand and are Euro 3,060 thousand higher than in the previous year. The caption is analyzed as follows:

Description	12/31/02	12/31/01	Changes
Operating contributions	143	0	143
Expense recoveries and recharges to consortiums	2,189	4,638	(2,449)
Sales of spare-parts	4,518	1,590	2,928
Gains on disposal of fixed assets	2,633	1,002	1,631

Reimbursement of damages	10	192	(182)
Rents received	200	564	(364)
Other	1,811	458	1,353
Total	**11,504**	**8,444**	**3,060**

B) PRODUCTION COSTS

Production costs amount to Euro 341,663 thousand compared with Euro 367,339 thousand in the prior year. Their principal components are analyzed as follows.

B.7) Services received

These amount to Euro 102,368 thousand compared with Euro 115,123 thousand in 2001. This caption mainly comprises:

Description	12/31/02	12/31/01	Changes
Third party processing	23,222	18,520	4,702
Subcontract work	27,016	31,577	(4,561)
Consulting	11,248	7,936	3,312
Maintenance and repairs	5,454	4,667	787
Insurance	3,306	2,980	326
Shipping and customs duties	8,015	7,667	348
Commission and related charges	5,100	9,253	(4,153)
Travel and subsistence expenses	7,365	9,039	(1,674)
Other	11,642	23,484	(11,842)
Total	**102,368**	**115,123**	**(12,755)**

The decrease in the cost of services received is due to the reduction in the volume of activities compared with last year.

B.8) Leases and rentals

These amount to Euro 17,160 thousand, an increase of Euro 2,638 thousand on 2001. This caption principally refers to:

Description	12/31/02	12/31/01	Changes
Hiring charges	14,004	11,296	2,708
Rental expense	2,850	3,009	(159)
Other	306	217	89
Total	**17,160**	**14,522**	**2,638**

During the year, a policy of limiting investments in machinery and equipment was pursued in favor of operating leases for short-term contracts.
The increase in rental costs compared with 2001 is mainly due to equipment hired for the construction site in Alabama, which became fully operational in 2002.

B.9) Personnel costs
These amount to Euro 83,689 thousand, a decrease of Euro 1,022 thousand compared with last year. Changes in the number of employees are as follows:

Description	12/31/02	12/31/01	Changes	Average number
Managers	51	54	(3)	54
Clerical staff	661	612	49	630
Blue-collar workers	2,048	1,779	269	1,822
Total	**2,760**	**2,445**	**315**	**2,506**

The rise in the number of employees as of December 31, 2002 with respect to a year earlier is attributable to the need for new recruits because of the acquisition of major new contracts, especially in the Arab Emirates, Italy and Algeria.
The work force shown in the table above includes 113 employees at the end of 2002 belonging to companies consolidated under the proportional method.

B.10.d) Writedown of receivables included among current assets
This amount relates solely to the provisions for doubtful accounts made by the individual subsidiary companies for a total of Euro 1,627 thousand.

B.13) Other provisions
These amount to Euro 560 thousand and refer solely to the subsidiary Trevi S.p.A. for provisions on contractual risks.

B.14) Other operating expenses
These total Euro 2,744 thousand and have decreased by Euro 1,040 thousand with respect to the previous year. This caption is analyzed as follows:

Description	12/31/02	12/31/01	Changes
Taxes other than income taxes	647	966	(319)
Losses on the disposal of assets	585	441	144
Other	1,512	2,377	(865)
Total	**2,744**	**3,784**	**(1,040)**

C) FINANCIAL INCOME AND EXPENSE

16.d) Financial income from other companies

This comprises:

Description	12/31/02	12/31/01	Changes
Bank interest income	215	444	(229)
Interest charged to customers	481	679	(198)
Monetary revaluation	0	426	(426)
Exchange gains	701	2,541	(1,840)
Other	332	203	129
Total	**1,729**	**4,293**	**(2,564)**

"Monetary revaluation" for 2002 is zero for the reasons discussed earlier.

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

This comprises:

Description	12/31/02	12/31/01	Changes
Bank interest expense	4,376	4,882	(506)
Bank commission and expense	405	659	(254)
Loan-related interest expense	1,454	1,076	378
Leasing companies interest	1,536	1,357	179
Bank discounting charges	155	293	(138)
Other interest expense	516	1,496	(980)
Exchange losses	6,757	3,189	3,568
Total	**15,199**	**12,952**	**2,247**

During the year no financial charges were capitalized in the balance sheet.

Exchange gains and losses derive from the payment of accounts payable and the collection of accounts receivable in foreign currency, from the unfavourable exchange rate of the US dollar at year-end, as well as from the elimination of intraGroup foreign payables and receivables for consolidation purposes.

D) ADJUSTMENTS TO FINANCIAL ASSETS

The writedowns of Euro 24 thousand refer solely to the valuation at equity of consortiums in Argentina.

E) EXTRAORDINARY INCOME AND EXPENSE

Income

This comprises:

Description	12/31/02	12/31/01	Changes
Gains on disposal of fixed assets	48	21	27
Out-of-period income	628	711	(83)
Recoveries from insurance companies	460	763	(303)
Total	**1,136**	**1,495**	**(359)**

Expense

This comprises:

Description	12/31/02	12/31/01	Changes
Losses on disposal of fixed assets	1,054	1	1,053
Out-of-period expense	1,218	869	349
Prior year taxes	102	88	14
Total	**2,374**	**958**	**1,416**

INCOME TAXES FOR THE YEAR

Net income taxes for the year report a net negative balance of Euro 4,477 thousand, made up as follows:

Description	12/31/02	12/31/01	Changes
Current taxes:			
- I.R.A.P.	1,750	1,739	11
- Other	1,171	882	289
Deferred taxes	1,556	(4,697)	6,253
Total	**4,477**	**(2,076)**	**6,553**

Income taxes for the year reflect an estimate of direct taxes due for the year, calculated on the basis of the taxable income of the individual Group companies, net of tax credits on dividends.
Deferred taxes are on income that is deferred for tax purposes and on timing differences between taxable income of the consolidated companies and income for consolidation purposes.

Other information
On November 25, 2002, the Parent Company put in place two interest rate swaps: one for Euro 2,500,000 with a duration of three years and one for Euro 2,500,000 with a duration of five years. The sole purpose of these interest rate swaps is to hedge existing borrowing arrangements, with no speculative ends in mind. These contracts had no impact on the 2002 financial statements.
As of December 31, 2002 the subsidiary Soilmec S.p.A. has an outstanding call/put option contract with a bank for the notional amount of USD 7,000,000. This contract was stipulated to hedge the exchange risk arising on receipts relating to existing customer contracts, due to be completed in the future.

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

Description	12/31/02	12/31/01	Changes
Emoluments of directors	520	530	(10)
Emoluments of statutory auditors	55	54	1
Total	**575**	**584**	**(9)**

Details of the emoluments due to individual directors and statutory auditors of the Parent Company are contained in the explanatory notes to the financial statements of TREVI-Finanziaria Industriale S.p.A.

Statement of Consolidated Cash Flow

(in thousands of Euro)

		12.31.2002	12.31.2001
	Net Financial Position (Opening amount)	**(103,116)**	**(48,892)**
	Net income of the Group	(15,013)	(3,909)
	Depreciation and amortization	20,443	16,790
	Provision to the reserve for employees termination indemnities, pension funds and similar commitments	2,248	2,263
	Change in minority interests in capital and reserves	197	534
A	**Cash generated from operations before changes in working capital**	**7,875**	**15,678**
B	**Changes in working capital:**		
	Inventories	(10,055)	(3,497)
	Commercial receivables	7,662	(21,369)
	Other activities	984	(7,726)
	Commercial debts	6,159	4,765
	Other liabilities	8,707	(917)
	Reserves for risks and charges	(1,116)	2,212
	Total	**12,340**	**(26,532)**
C	**Net cash flows for operating activities:**		
	Intangible fixed assets	(1,093)	(2,077)
	Tangible fixed assets	(23,101)	(34,667)
	Financial fixed assets	(1,448)	(3,595)
	Other changes (including changes in the scope of consolidation)	(8,150)	(1,080)
	Total	**(33,792)**	**(41,419)**
D	**Cash flows from (used in) financing activities:**		
	Increase in capital stock		0
	Dividends distributed	(960)	(960)
	Changes in the reserve for employee termination indemnities	(1,073)	(991)
	Total	**(2,033)**	**(1,951)**
	Net change in Cash flows	**(15,610)**	**(54,224)**
	Net Financial Position, End of Year	**(118,726)**	**(103,116)**

Metropolitana di Napoli - *Naples Metro*

These attachments contain the following additional information for the Notes, and are part of the same.

1 Companies included in the financial statement s as of december 31,2002 consolidated on a line-by-line basis

1a Companies included in the consolidated financial statements af of december 31,2002 using the equity method

1b Companies included in the consolidated financial statements af of december 31,2002 using the proportional method

1c Companies and consortiums included in the consolidated financial statements af of december 31,2002 and carried at cost

2 Group's organization chart

Attachment 1

Companies Included in the Financial Statement as of December 31, 2002 Consolidated on a Line-by-line Basis

COMPANY NAME	HEAD QUARTERS	CURRENCY	CAPITAL STOCK	TOTAL % GROUP SHARE
TREVI- Finanziaria Industriale S.p.A.	Italia	Euro	32,000,000	100%
Soilmec S.p.A.	Italia	Euro	5,160,000	97%
Soilmec U.K. Ltd	Regno Unito	Sterlina inglese	150,000	78%
Soilmec Japan Co. Ltd	Giappone	Yen	45,000,000	68%
Soilmec Far East Pte Ltd	Singapore	Dollaro di Sing.	4,500,000	67.9%
Soilmec International B.V.	Olanda	Euro	18,151.29	97%
Drillmec S.r.l.	Italia	Euro	88,400	97%
Soilmec H.K. Ltd	Hong Kong	Dollari di H.K.	500,000	97%
Soilmec Branham Inc.	U.S.A.	Dollaro U.S.A.	2,000,000	83.4%
I.D.T. SA R.S.M.	Repubblica di San Marino	Euro	258,000	97%
Pilotes Trevi S.a.c.i.m.s.	Argentina	Peso	1,650,000	98.6%
Cifuven C.A.	Venezuela	Bolivares	300,000,000	99%
Petreven C.A.	Venezuela	Bolivares	2,342,812,854	99%
Trevi S.p.A.	Italia	Euro	5,700,000	99%
Treviicos Corporation	U.S.A.	Dollaro U.S.A.	15,000,000	99%
Trevi Cimentaciones C.A.	Venezuela	Bolivares	3,651,962,233	99%
Trevi Insaat Ve Muhendislik A.S.	Turchia	Lira Turca	777,600,000,000	89.1%
Trevi Construction Co. Ltd	Hong Kong	Dollaro U.S.A.	2,051,667.87	99%
Trevi Foundations Nigeria Ltd	Nigeria	Naira	74,547,200	59.4%
Trevi Contractors B.V.	Olanda	Euro	907,560	99%
Trevi Fundaçoes Lda	Portogallo	Euro	49,879.79	79.2%
Trevi Foundations Philippines Inc.	Filippine	Pesos Filippino	27,300,000	99%
Swissboring Overseas Piling Corporation	Svizzera	Franco Svizzero	100,000	99%
Swissboring & Co. LLC.	Oman	Rials Oman	150,000	99%
Treviicos South Inc.	U.S.A.	Dollaro U.S.A.	500,000	99%
Wagner Constructions Joint Venture	U.S.A.	Dollaro U.S.A.	-	98%
Trevi Algerie E.U.R.L.	Algeria	Dinaro	48,891,000	99%
Penboro S.A.	Uruguay	Pesos	155,720	99%

Attachment 1a

Companies Included in the Consolidated Financial Statement as of December 31, 2002 Usingthe Equity Method

COMPANY NAME	HEAD QUARTERS	CURRENCY	CAPITAL STOCK (*)	TOTAL % GROUP SHARE	BOOK VALUE (thousands of euro)
J.V. Rodio-Trevi-Arab Contractor	Svizzera	Dollaro U.S.A.	100,000	17.3 %	-
Trevi Contractors Singapore Ltd	Singapore	Dollaro di Singapore	4,800,000	29.70%	111
Cons. El Palito	Venezuela	Bolivares	26,075	14.85%	-
CYT UTE	Argentina	Pesos	10,327	49.5%	1
TROFEA UTE	Argentina	Pesos	36,707	49.2 %	5
Cartel-Trevi UTE – (Chocon I)	Argentina	Pesos	6,056	39.6 %	-
Cartel.-Trevi-Solet. UTE- (Chocon II)	Argentina	Pesos	438,019	36.1%	-
Lian Yun Gang Soilmec Machinery Ltd (***)	Cina	Dollaro U.S.A.	2,100,000	58.2%	
SMFE SDN BHD (***)	Malesia	Ringit	500,000	68%	
STRYA UTE	Argentina	Pesos	19,435	17.3%	1
Econ-Trevi (M) Sdn Bhd (**)	Singapore	Dollaro Singapore	-	29.70%	-

TOTAL **118**

(*) For consortiums located in Argentina, the amount indicated corresponds to stockholders' equity.

(**) The book value and the estimated value of Econ-Trevi Sdn Bhd is included in Trevi Contractors Singapore Ltd as it is fully owned by this company.

(***) Under liquidation.

Attachment 1b

Companies Included in the Consolidated Financial Statement as of December 31, 2002 Using the Proportional Method

COMPANY NAME	HEAD QUARTERS	CURRENCY	CAPITAL STOCK	TOTAL % GROUP SHARE
Cartellone-Pilotes Trevi Sacims –Trevi S.p.A.-Soletanche U.T.E.	Argentina	Pesos	153,106	33%
Pilotes Trevi Sacims –C.C.M. U.T.E.	Argentina	Pesos	-	49.5%
Pilotes Trevi Sacims-ECAS U.T.E	Argentina	Pesos	26,556	49.5%
Pilotes Trevi Sacims-CIMARG U.T.E	Argentina	Pesos	(452,335)	49.5%
Trevi San Diego Gea U.T.E	Argentina	Pesos	(18,678)	49.5%
Trevi/Rodio J.V.	U.S.A.	Dollaro U.S.A.	4,181,265	64.9%
Limix J.V.	U.S.A.	Dollaro U.S.A.	(218,266)	49.5%

Attachment 1c

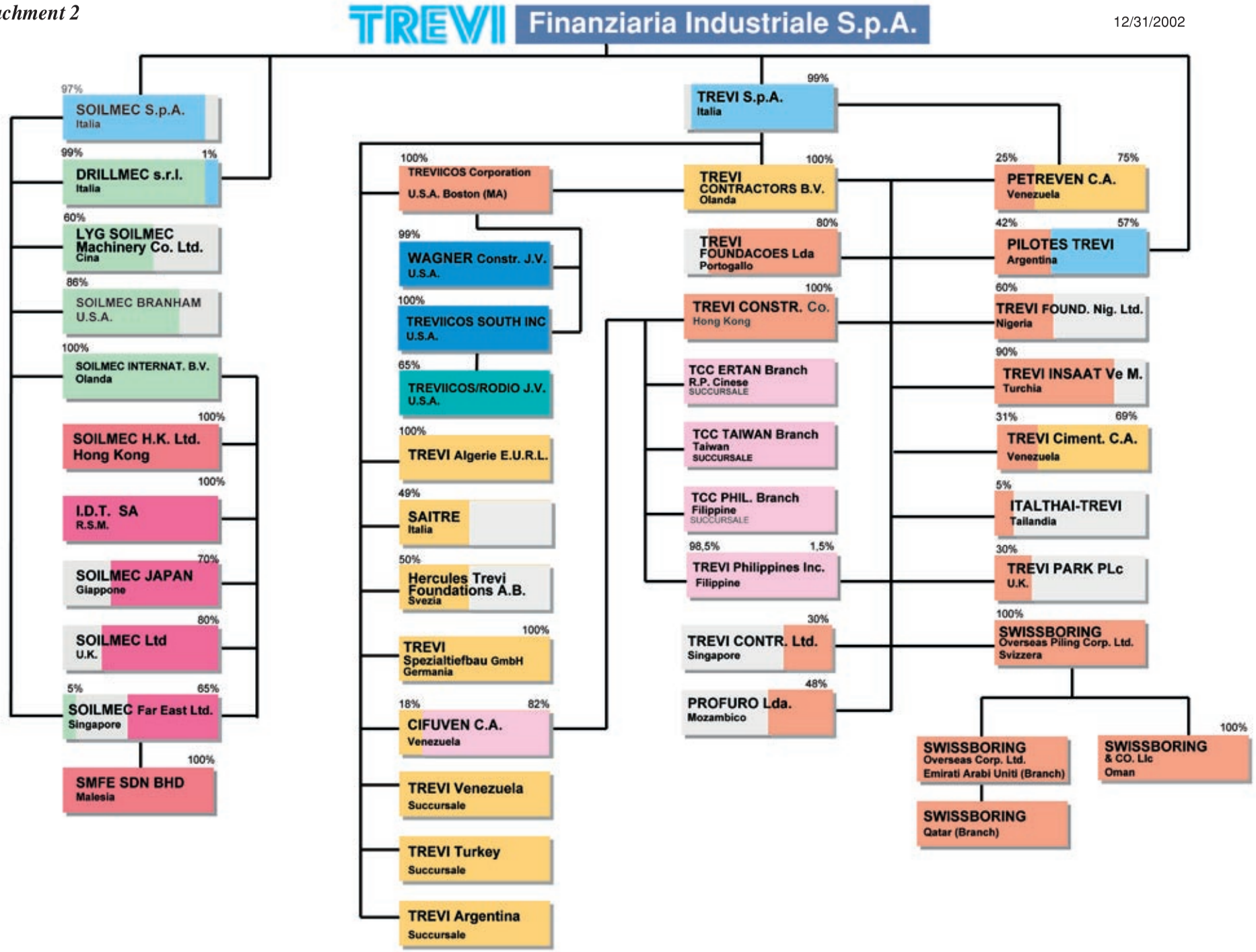
Companies and Consortiums Included in the Consolidated Financial Statement as of December 31, 2002 and Carried at Cost

COMPANY NAME	HEAD QUARTERS	CURRENCY	CAPITAL STOCK	TOTAL % GROUP SHARE	BOOK VALUE (thousands of euro)
CONSORTIUMS					
Consorzio SAITRE	Italia	Euro	51,646	48.51%	25
Consorzio Intesa Lecco	Italia	Euro	25,823	42.57%	11
Arge Jet Sohle Domaquaree	Germania	Euro	90,000	49.5%	-
Consorzio Progetto Torre di Pisa	Italia	Euro	30,987	24.7%	8
Consorzio Pool Park	Italia	Euro	210,301	12.1%	26
Consorzio Canale Candiano	Italia	Euro	30,987	0.5%	-
Consorzio Romagna Iniziative	Italia	Euro	41,317	12%	5
Consorzio Trevi Adanti	Italia	Euro	10,329	48.6%	5
V.L.T S. Rocco Piers s.c.a.r.l.	Italia	Euro	10,329	37.1%	7
Nuovo scalo s.c.a.r..l	Italia	Euro	10,329	49.5%	5
Trevi S.G.F s.c.a.r.l.	Italia	Euro	51,646	54.4%	28
Seli Trevi s.c.a.r.l.	Italia	Euro	1,710	49.5%	1
Trevi S.G.F Inc. s.c.a.r.l.	Italia	Euro		54.4%	5
Pescara Park s.r.l.	Italia	Euro		24.7%	1
Consorzio Fondav	Italia	Euro	25,823	25.7%	10
Principe Amedeo s.c.a.r.l.	Italia	Euro	10,329	49.50%	5
Porto di Messina s.c.a.r.l.	Italia	Euro	10,329	79.2%	8
Trevi Spezial. Gmbh	Germania	Euro	50,000	99%	50
Cermet	Italia	Euro	420,396	0.46%	3
OTHER COMPANIES					
Comex S.p.A.	Italia	Euro	2,606,427	0.82%	22
Profuro Intern. L.d.a.	Mozambico	Metical		47.5%	422
Trevi Park P.l.c.	Regno Unito	Sterlina U.K.	4,236.98	29.7%	-
Italthai Trevi	Thailandia	Bath	35,000,000	4.9%	134
Tecnosol S.r.l.	Italia	Euro	-	6%	-
Hercules Trevi Foundation A.B.	Svezia	Corona	100,000	49.5%	71
Japan Foundations	Giappone	Yen		0.001%	59
I.F.C.	Hong Kong	Dollaro U.S.A.	18,933	0.10%	-

TOTALE **911**

Attachment 2

12/31/2002



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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

To the Shareholders of
TREVI-Finanziaria Industriale SpA

1 We have audited the consolidated financial statements of TREVI-Finanziaria Industriale SpA and its subsidiaries (the "TreviGroup") for the year ended 31 December 2002. These consolidated financial statements are the responsibility of TREVI-Finanziaria Industriale's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. We did not audit the financial statements of certain subsidiaries, which statements reflect total assets and revenues constituting 34 percent and 31 percent of the related consolidated totals, respectively. Those statements were audited by other auditors, whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based on these reports of the other auditors.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 12 April 2002.

3 In our opinion, the consolidated financial statements of TREVI-Finanziaria Industriale SpA as of 31 December 2002 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Group.

Bologna, 14 April 2003

PricewaterhouseCoopers SpA

Roberto Megna
(Partner)

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

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002

Stockholders,
The TREVI Group's consolidated financial statements for the year ended December 31, 2002, which were sent to us within the legally prescribed deadline, have been prepared in accordance with the provisions of Decree 127 dated January 9, 1991 and may be summarized as follows:

I. Consolidated balance sheet	(thousands of euro)
Assets	385,786
Liabilities	307,264
Stockholders' equity pertaining to minority interests	4,764
Stockholders' equity pertaining to the Group	73,758

with a total of Euro 145,274 thousand recorded in the memorandum accounts.

II. Consolidated statement of income	
Value of production	346,312
Production cost	341,663
Financial income and expense	(13,470)
Adjustments to financial assets	(24)
Extraordinary income and expense	(1,238)
Income taxes for the year	(4,477)
Minority interests in result for the year	453
Loss pertaining to the Group	(15,013)

In the Directors' Report on Operations and the explanatory notes accompanying the consolidated financial statements, the Board of Directors provides details of the consolidation principles, the accounting policies and information on the situation of the companies included in the consolidation, as well as on the events affecting their management.
To the extent of our responsibilities and based on the information in our possession, we are able to confirm that:

- the consolidated financial statements have been prepared in compliance with the provisions of Decree 127/1991 and the recommendations of CONSOB, and the figures contained therein correspond to the financial statements of the parent company and its consolidated subsidiaries.

In addition, still in compliance with CONSOB recommendations, we state that:

- We consider as complete the information provided by the

Board of Directors in the Report on Operations with regard to related-party transactions. We were not informed of any conflicts of interests, any manifestly imprudent or risky transactions, or transactions capable of damaging the Group's balance sheet, financial position and results, nor did any such situations emerge as a result of our work.

- During the year we exchanged information with PricewaterhouseCoopers S.p.A., the firm appointed to audit the consolidated financial statements and those of the parent company. The independent auditors' report on the consolidated financial statements for the year ended December 31, 2002 states that the figures shown correspond to the parent company's accounting records and the information we received from the subsidiaries; the auditors' report states that the consolidated financial statements comply with the regulations governing their preparation, have been prepared with clarity and are a true and fair representation of the Group's balance sheet, financial position and results for the year.

The information transmitted by the parent company's subsidiaries for preparing the consolidated financial statements has been examined by the auditors of the individual companies as part of the overall audit program drawn up by the parent company.
As a result, the Board of Statutory Auditors did not extend its examination to these financial statements.
On the basis of the above, the Board of Statutory Auditors is of the opinion that the TREVI Group's consolidated financial statements for the year ended December 31, 2002 correctly represent the balance sheet, financial situation and results of the parent company and the companies included in the scope of consolidation.

Cesena, April 14, 2003

The Board of Statutory Auditors
Adolfo Leonardi
Giacinto Alessandri
Giancarlo Poletti

FINANCIAL STATEMENTS

as of December 31, 2002

BALANCE SHEET

ASSETS	(in Euro) **12.31.2002**	(in Euro) **12.31.2001**
A) Amounts due from stockholders	-	-
B) Fixed assets:		
I - Intangible fixed assets:		
1) start-up and expansion costs	1,777,406	2,929,571
3) industrial patents and intellectual property rights	346,985	270,251
4) concessions, licenses, trademarks & similar rights	2,747	4,121
6) assets under construction and advance payments	130,869	63,225
7) other intangible fixed assets	204,759	48,282
Total intangible fixed assets	2,462,766	3,315,450
II - Tangible fixed assets:		
2) plant and machinery	49,763	66,465
4) other assets	5,089	-
Total tangible fixed assets	**54,852**	**66,465**
III - Financial fixed assets:		
1) equity investments in:		
a) subsidiary companies	30,184,934	30,184,934
d) other companies	22,496	15,494
Total	30,207,430	30,200,428
2) accounts receivable:		
a) Subsidiary companies:		
- due within 12 months	57,183,110	44,054,185
- due beyond 12 months	-	-
Totale crediti verso imprese controllate	57,183,110	44,054,185
d) verso altri	-	-
Total	57,183,110	44,054,185
4) company's own shares	1,673,704	1,058,079
Total financial fixed assets	**89,064,244**	**75,312,692**
Total fixed assets (B)	**91,581,862**	**78,694,607**

AS OF DECEMBER 31, 2002

ASSETS	(in Euro) **12.31.2002**	(in Euro) **12.31.2001**
C) Current assets:		
II - Accounts receivable :		
1) due from customers:		
- within 12 months	36,812	17,827
- beyond 12 months	-	-
Total	36,812	17,827
2) due subsidiary companies	6,653,685	8,486,331
5) due from third parties:		
- within 12 months	763,986	374,597
- beyond 12 months	109,600	124,843
Total	873,586	499,440
Total accounts receivable	**7,564,083**	**9,003,598**
IV - Liquid funds:		
1) bank and postal deposits	170,504	185,394
2) checks		
3) cash and cash equivalents	5,722	4,535
Total liquid funds	**176,226**	**189,929**
Total current assets (C)	**7,740,309**	**9,193,527**
D) Accrued income and prepaid expenses		
2) prepaid expenses:		
- due within 12 months	88,652	131,900
- due beyond 12 months	10,556	14,742
Total prepaid expenses	99,208	146,642
Total accrued income and prepaid expenses (D)	**99,208**	**146,642**
TOTAL ASSETS	**99,421,379**	**88,034,776**

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY	(in Euro) **12.31.2002**	(in Euro) **12,31.2001**
A) Stockholders' equity		
I - Capital stock	32,000,000	32,000,000
II - Share premium reserve	32,681,950	33,297,575
IV - Legal reserve	3,575,299	3,482,404
V - Company own share reserve	1,673,704	1,058,079
VII - Other reserves:		
- extraordinary reserve	4,357,664	3,536,376
Total other reserves	4,357,664	3,536,376
IX - Net income (loss) for the year	629,628	1,857,888
Total stockholders' equity	**74,918,245**	**75,232,322**
B) Reserves for risks and charges:		
2) taxation	2,810	3,718
Total reserves for risks and charges	**2,810**	**3,718**
C) Reserve for employee termination indemnities	**274,103**	**231,251**
D) Payables:		
3) due to banks:		
- within 12 months	6,440,595	6,349,837
- beyond 12 months	15,164,569	5,164,569
Total	21,605,164	11,514,406
6) due to suppliers	649,746	766,334
8) due to subsidiary companies	1,679,621	26,758
11) due to tax authorities:		
- within 12 months	79,801	62,129
- beyond 12 months		-
Total	79,801	62,129

AS OF DECEMBER 31, 2002

LIABILITIES AND STOCKHOLDERS' EQUITY	(in Euro) **12.31.2002**	(in Euro) **12.31.2001**
12) due to social security institutions	46,875	40,306
13) other payables	83,365	57,119
Total payables	**24,144,572**	**12,467,052**
E) Accrued expenses and deferred income		
1) accrued expenses		
- due within 12 months	76,307	99,763
- due beyond 12 months	-	-
Total	76,307	99,763
2) deferred income	5,342	670
Total accrued expenses and deferred income	**81,649**	**100,433**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**99,421,379**	**88,034,776**

	(In EURO)	(In EURO)
MEMORANDUM ACCOUNTS	**12.31.2002**	**12.31.2001**
GUARANTEES GIVEN		
Sureties	99,512,697	108,894,361
TOTALE FIDEJUSSIONI	99,512,697	108,894,361
TOTAL GUARANTEES GIVEN	**99,512,697**	**108,894,361**
COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS		
Recourse risks	-	171,794
Outstanding lease instalments	4,962,157	2,580,196
TOTAL COMMITMENTS, RISKS AND OTHER MEMORANDUM ACCOUNTS	**4,962,157**	**2,751,990**
TOTAL MEMORANDUM ACCOUNTS	**104,474,854**	**111,646,351**

INCOME STATEMENT

	(In EURO) **2002**	(In EURO) **2001**
A) Value of production:		
1) revenues from sales and services	5,148,432	2,765,156
5) other income	838,296	92,277
Total value of production (A)	**5,986,728**	**2,857,433**
B) Production costs:		
6) raw, ancillary and consumable materials and goods for resale	35,426	9,241
7) services received	1,530,396	1,049,389
8) leases and rentals	3,147,371	992,160
9) personnel:		
a) wages and salaries	755,399	700,952
b) social security charges	252,924	208,787
c) employee termination indemnities	57,799	52,833
Total	1,066,122	962,572
10) amortization, depreciation and writedowns:		
a) amortization of intangible fixed assets	1,286,241	1,251,743
b) depreciation of tangible fixed assets	7,359	9,700
Total	1,293,600	1,261,443
14) other operating expenses	52,202	45,660
Total production costs (B)	**7,125,117**	**4,320,465**
Difference between value and cost of production	**(1,138,389)**	**(1,463,032)**
C) Financial income and expense		
15) income from equity investments:		
a) subsidiary companies	-	2,273,438
Total	-	2,273,438
16) other financial income:		
a) from receivables held as fixed assets		
1) subsidiary companies	2,390,322	2,252,399
Total	2,390,322	2,252,399

AS OF DECEMBER 31, 2002

	(In EURO) **2002**	(In EURO) **2001**
d) income other than the above:		
5) third parties	108,078	35,956
Totale altri proventi finanziari	2,498,400	2,288,355
17) interest and other financial charges:		
4) third parties	779,579	499,444
Total	779,579	499,444
Total financial income and expense	**1,718,821**	**4,062,349**
D) Adjustments to financial assets:	-	-
Total adjustments to financial assets	**-**	**-**
E) Extraordinary income and expense		
20) income:		
b) other income	11,581	8,419
Total	11,581	8,419
21) expense:		
c) other expense	4	248
Total	4	248
Total extraordinary items	**11,577**	**8,171**
Results before taxation	**592,009**	**2,607,488**
22) income taxes for the year		
- Current	(34,135)	(66,612)
- Deferred	(3,484)	816,212
Net income/(loss) for the year	**(37,619)**	**749,600**
Net income for the year	**629,628**	**1,857,888**

Diga Walter F. George Alabama (U.S.A.) - *Walter F. George dam Alabama (U.S.A.)*

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2002 (in Euro)

Company's profile and activities

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

Form of the financial statements

The financial statements have been prepared in accordance with articles 2424, 2424 bis and 2425 of the Italian Civil Code and the accounting principles described in article 2423 bis. The accounting policies adopted are those contained in article 2426 of the Civil Code, integrated and interpreted, where necessary, by the accounting principles recommended by the Italian Accounting Profession.
The notes to the financial statements describe, analyze and in certain cases supplement the information reported in the financial statements; they also contain the information required by article 2427 of the Civil Code, Decree 127/1991, CONSOB instruction 11520/98, as well as certain special laws. Additional information is provided in order to present a true and fair view of the state of the Company, even where not required by specific legislation.
The financial statements are audited by PricewaterhouseCoopers S.p.A..

Accounting policies

The accounting policies adopted for the preparation of the financial statements as of December 31, 2002 comply with article 2426 of the Italian Civil Code and are consistent with those applied in the prior year.

INTANGIBLE FIXED ASSETS
Intangible fixed assets are subject to direct amortization.
Intangible fixed assets made up of start-up and expansion costs (including those incurred for the Company's listing on the Stock Exchange), patents, trademarks, licenses and deferred costs are amortized over five years.
Improvement costs on third party assets acquired under leasing

contracts are amortized over the length of the contract.
"Assets in progress and advances" refer to the costs incurred for implementing new integrated management software and modules, which were not yet completed or in use at year end.

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

FINANCIAL FIXED ASSETS
Equity investments are recorded at purchase or subscription cost, written down in cases where there is permanent loss in value, in accordance with article 2426.3 of the Italian Civil Code.
Payments carried out for future capital stock increases in subsidiary companies have been booked directly to equity investments.
Other financial fixed assets, comprising receivables from subsidiary companies and guarantee deposits are recorded at their nominal value which corresponds to their estimated realizable value.
Part of the increase in this caption in 2002 was due to the purchase of treasury shares, as approved by the Stockholders' Meetings of April 30, 2001 and April 30, 2002; the Board of Directors requested stockholders for authorization to purchase treasury shares to be used in share exchanges with minority interests in direct or indirect subsidiaries, and/or for the acquisition of long-term investments in other companies; these long-term transactions have not yet been completed. Treasury shares are booked under B III 4 of the balance sheet, "Treasury shares". They are carried at cost, pursuant to article 2426 of the Civil Code.
In addition, the share premium reserve has been used to set up a restricted equity reserve for a matching amount, as required by article 2357 – ter of the Civil Code.

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

ACCOUNTS PAYABLE
Accounts payable are stated at their nominal value.

ACCOUNTS RECEIVABLE AND PAYABLE IN FOREIGN CURRENCIES

Receivables and payables in foreign currencies are booked at the exchange rates ruling at the time of the related transaction. Any net losses identified between the balance of foreign currency receivables and payables translated using the December exchange rate and the accounting balance of the same are allocated to a specific reserve in liabilities. The translation at the end of 2002 gave rise to net gains of about Euro 82,485, which have not been recognized for prudence sake.

ACCRUALS AND DEFERRALS

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

INCOME TAXES FOR THE YEAR

These are provided on the basis of estimated taxable income determined in conformity with current fiscal regulations, taking account of any exemptions and tax credits available.

Deferred taxes are booked to income in a sub-item of caption 22 and provided for in the taxation reserve. Deferred tax assets are credited to the same item in the statement of income and debited to current assets under receivables from third parties.

As suggested in accounting principle no. 25 on deferred taxation, it was thought best to offset deferred tax assets and liabilities deriving from dividends booked by subsidiary and affiliated companies, when such receivables and payables were of the same amount.

OTHER RESERVES FOR RISKS AND CHARGES

These cover known or likely losses. Provisions reflect the best estimate of losses to be incurred based on the information available.

Contingent liabilities are described in the explanatory notes but are not covered by specific provisions. Account is not taken of risks that are considered remote.

RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

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

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

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

DIVIDENDS
Dividends distributed by subsidiary and associated companies are accounted for on an accruals basis. If the Company exercises a dominant influence over the subsidiary, in accordance with the accounting principles and CONSOB communication DAC/RM/95002194 of March 16, 1995, dividends are recorded as income for the period even if distributed in the subsequent year, provided that the Board of Directors approves TREVI – Finanziaria Industriale S.p.A.'s draft financial statements after the financial statements of the individual subsidiaries have been approved by their board of directors. Dividends do not appear in the 2002 financial statements due to the results of the subsidiaries and decisions taken by their boards of directors.

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

Other information

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

CONSOLIDATED FINANCIAL STATEMENTS
The Company is obliged to prepare consolidated financial statements in accordance with the provisions of Decree 127/91.
A copy of the consolidated financial statements, together with the report on operations and the auditors' report, will be deposited at the Company's registered office, with Borsa Italiana S.p.A., and in the company register within the terms of law.

Analysis of the Balance Sheet Captions

Assets

B – FIXED ASSETS

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

B I – INTANGIBLE FIXED ASSETS

As of December 31, 2002, intangible fixed assets total Euro 2,462,766 compared with Euro 3,315,450 in the previous year, with a decrease of Euro 852,684, analyzed as follows:

Description	HISTORICAL COST				AMORTIZATION				Net book value as of 12/31/02
	Balance as of 12/31/01	Increases	Decreases	Balance as of 12/31/02	Balance as of 12/31/01	Amortization for the year	Utilization	Balance as of 12/31/02	-
Start-up and expansion costs	5,763,937	-	-	5,763,937	2,834,366	1,152,165	-	3,986,531	1,777,406
Patents	386,921	183,658	439	570,140	116,671	106,573	88	223,156	346,984
Licenses and trademarks	9,451	-	-	9,451	5,330	1,373	-	6,703	2,748
Assets in progress and advances	63,225	67,644	-	130,869	-	-	-	-	130,869
Other	173,104	182,606	66,822	288,888	124,821	26,130	66,822	84,129	204,759
TOTAL	**6,396,638**	**433,908**	**67,261**	**6,763,285**	**3,081,188**	**1,286,241**	**66,910**	**4,300,519**	**2,462,766**

Amortization of start-up and expansion costs, including those incurred in 1999 for the Company's listing on the Stock Exchange, industrial patents rights, licenses and trademarks, has been calculated by applying a rate of 20%.

Start-up and expansion costs include Euro 1,774,273 relating to the residual expenses incurred for the Company's listing on the Stock Exchange, first booked in the 1999 financial statements, and Euro 3,133 in other start-up and expansion costs.

"Industrial patents and intellectual property rights" have increased by Euro 183,658 due to the purchase of new software and related licenses, to be used for the TREVI Group's integrated management of the following areas: Administration, Logistics, Production, Control, Supply Chain Management, programming and scheduling of the production process.

At year end, assets in progress and advances include the costs incurred in 2001 and 2002 for modules relating to the Group's

integrated management software, which are not yet in use as of 12/31/02. These costs increased by Euro 67,644 in 2002, of which Euro 35,144 refers to the integrated management system and Euro 32,500 to the cost of this software's multilingual license.
This software is expected to go live during 2003.
The caption "Other" includes:

- leasehold improvements, amortized over the period of the contract, with a net book value of Euro 185,902; these increased by Euro 182,606, reflecting the costs of acquiring a leasing contract for drilling machinery transferred from TREVI S.p.A.; this machinery was then leased by TREVI – Finanziaria Industriale S.p.A. to another Group company.
- expenses relating to the expert valuation of the Company's net worth, as per Law 461 of 11/21/97, with a net book value of Euro 18,856.

B II – TANGIBLE FIXED ASSETS

As of December 31, 2002, tangible fixed assets amount to Euro 54,852 compared with Euro 66,465 in the prior year, representing a decrease of Euro 11,613.
Tangible fixed assets have never been subject to writedowns or revaluations .
"Plant and machinery" increased by Euro 44,589 in 2002 mainly reflecting the purchase and upgrading of data processing hardware, especially the Group's network, and the purchase of two telephone systems for video-conferencing. Six leased drilling machines were purchased in 2002 upon termination of the related contracts. The redemption price was that established by contract. Five of them were then sold to subsidiaries during the year.
Other assets include office furniture and fittings. This caption increased as the result of purchasing furniture and fittings for modernizing the offices of the personnel department.

Description	**HISTORICAL COST**				**DEPRECIATION**				**Net book value as of 12/31/02**
	Balance as of 12/31/01	Increases	Decreases	Balance as of 12/31/02	Balance as of 12/31/01	Depreciation for the year	Utilization	Balance as of 12/31/02	
Plant and machinery	125,227	44,589	85,545	84,271	58,762	7,034	31,288	34,508	49,763
Other assets	5,298	5,414		10,712	5,298	325		5,623	5,089
TOTAL	**130,525**	**50,003**	**85,545**	**94,983**	**64,060**	**7,359**	**31,288**	**40,131**	**54,852**

Depreciation as of December 31, 2002 has been calculated by applying the rates considered to represent the technical and economic lives of the assets as reported below:

ASSET CATEGORY	%
Furniture and fittings	12
Electronic machines	20
Drilling and foundation equipment.	7.5

B III - FINANCIAL FIXED ASSETS

1) EQUITY INVESTMENTS

As of December 31, 2002, equity investments amounted to Euro 30,207,430 compared with Euro 30,200,428 in the prior year, representing an increase of Euro 7,002.Equity investments are analyzed in the tables below:

	Balance as of 12/31/01	Increases	Decreases	Revaluation	Writedown	Other movements	Balance as of 12/31/02
Subsidiary companies	30,184,934	-	-	-	-	-	30,184,934
Other companies	15,494	7,002	-	-	-	-	22,496
TOTAL	**30,200,428**	**7,002**	**0**	**0**	**0**	**0**	**30,207,430**

Equity investments are analyzed below:

	Balance as of 12/31/01	Increases	Decreases	Revaluation	Writedown	Other movements	Balance as of 12/31/02
Subsidiary companies							
TREVI S.p.A.	15,795,266	-	-	-	-	-	15,795,266
SOILMEC S.p.A.	14,104,438	-	-	-	-	-	14,104,438
DRILLMEC S.r.l.	1,385	-	-	-	-	-	1,385
PILOTES TREVI S.a.c.i.m.s.	283,845	-	-	-	-	-	283,845
TOTAL SUBSIDIARY COMPANIES	30,184,934	0	0	0	0	0	30,184,934
Other companies							
Comex S.p.A.	15,494	7,002	-	-	-	-	22,496
TOTAL OTHER COMPANIES	15,494	7,002	0	0	0	0	22,496
GRAND TOTAL	**30,200,428**	**7,002**	**0**	**0**	**0**	**0**	**30,207,430**

The investment in COMEX S.p.A. has increased because of the subscription to the capital increase approved by the Extraordinary Stockholders' meeting of 05/06/2002;this subscription involved exercising only a partial option relative to the overall size of the investment, and increased the holding of TREVI – Finanziaria

Industriale to 4,127 ordinary shares with a unit value of Euro 5.16, corresponding to a total value of Euro 21,295 at par, and a total purchase price of Euro 22,496.After the increase, COMEX S.p.A.'s capital stock totals Euro 2,606,827;this means that TREVI - Fin. Ind. S.p.A.'s interest amounts to 0.82 % of the capital stock.
The following is a list of investments held as of December 31, 2002:
(amounts in Euro unless otherwise specified) (2)

	Headquarters	Capital stock	Book stockholders' equity(1)	Net income for year	% held	Book value	Our portion of stockholders' equity
Subsidiaries							
TREVI S.p.A.	CESENA	5,700,000	17,826,574	356,563	99	15,795,266	17,648,308
SOILMEC S.p.A.	CESENA	5,160,000	16,292,799	(1,210,757)	97	14,104,438	15,804,015
DRILLMEC S.r.l.	CESENA	88,400	186,731	41,590	1	1,385	1,867
PILOTES TREVI S.a.c.i.m.s.	BUENOS AIRES	1.650 (Pesos)	3,223,345 (3)	(822,682) (3)	57	283,845	1,837,307 (3)
Total subsidiaries						**30,184,934**	**35,291,497**
Other companies							
COMEX S.p.A.	RAVENNA	2,606,427 (4)	3,002,744 (4)	N.A. (4)	0.82 (4)	22,496 (4)	24,623 (4)
Total other companies						**22,496**	**24,623**

Notes
1. Stockholders' equity includes net income for the year (except for COMEX S.p.A.; see note 4).
2. Amounts in foreign currency are expressed in thousands.
3. The value in Euro has been obtained by applying the year-end exchange rate of 3.54073 peso to 1 Euro to the book stockholders' equity and the average exchange rate for the year of 3.4972 peso to 1 Euro to the net result for the year.
4. Figures as of December 31, 2002 (net income for the year not available).
   As regards COMEX S.p.A., the book value derives from:
- Euro 22,496, which is the value of the investment, equal to 4,127 shares, or 0.82% of its capital stock.

The Board of Directors of COMEX S.p.A. will approve the 2002 financial statements within six months of the year-end. As yet there is still no information available for the 2002 financial statements.

The balance of the investments in Trevi S.p.A. and Soilmec S.p.A. includes two amounts, Euro 9,812,681 and Euro 8,779,767 respectively, paid in prior years towards future increases in capital.
The Extraordinary Stockholders' meeting of TREVI S.p.A. held on September 30, 2002 approved a bonus increase in capital stock

from Euro 5,108,400 to Euro 5,700,000 using the Extraordinary Reserve. More specifically, the above meeting resolved:

1) to cancel the 990,000 shares currently in circulation with a par value of Euro 5.16 each, and replace them with 5,108,400 new shares with a par value of Euro 1.00 each. As a result of this replacement, TREVI - Finanziaria Industriale S.p.A. now holds 5,057,316 new shares, with a total par value of Euro 5,057,316.00 (99% of capital stock);
2) to make a bonus increase in capital stock using the Extraordinary Reserve, by issuing 591,600 shares of par value Euro 1.00 each, meaning that TREVI - Finanziaria Industriale was allotted 585,684 shares with a value of Euro 585,684.00.

After the bonus increase, capital stock now amounts to Euro 5,700,000, consisting of 5,700,000 shares with a par value of Euro 1.00 each. TREVI – Finanziaria Industriale therefore holds 5,643,000 shares in TREVI S.p.A. with a par value of Euro 5,643,000, equating to 99 % of the company's capital stock.

- The same Extraordinary Stockholders' meeting also voted to make a capital increase for cash by issuing 20,600,000 new shares with a par value of Euro 1.00 each, to be offered to stockholders in proportion to their existing interests and to be subscribed within 90 days from the date of filing the minutes of the meeting at the Companies Register (minutes filed on 10/21/2002). At the end of 2002, TREVI – Finanziaria Industriale had not yet subscribed to this capital increase.

Instead, it subscribed to this capital increase, paying in the related cash, in the first few days of 2003.Further details are provided in the Directors' Report on Operations.

As regards COMEX S.p.A., an affiliate that assembles own-label hardware products (personal computers, notebooks and servers), the results shown in the interim report as of June 30, 2002 show value of production of Euro 7.2 million and pre-tax income of Euro 29,000. the 2002 financial statements are expected to close with value of production of around Euro 14 million compared with Euro 18.3 million in the previous year.

There are no restrictions on the securities held (including voting rights).

Details of equity investments, both direct or indirect, in subsidiary, associated and other companies are given in the Explanatory notes to the consolidated financial statements.

2) TREASURY SHARES

As authorized by the stockholders' meetings of April 30, 2001 and April 30, 2002, TREVI – Finanziaria Industriale S.p.A. purchased 1,069,265 (equal to 1.67 % of capital stock) for a total cost of Euro 1,673,703. There were 540,765 more treasury shares than at 12/31/2001, corresponding to a total cost of Euro 615,625.

The weighted average purchase price of the treasury shares purchased by TREVI – Finanziaria Industriale S.p.A. was Euro 1.5653 per share.

Therefore, taking into account:

- the difficult situation on financial markets over the past two years, affecting stock prices in general and hence also the listed shares in TREVI – Finanziaria Industriale S.p.A., means that the Company's stock is undervalued relative to the business's actual economic value;
- that the stock's average price in the second half of 2002 was Euro 1.111, that its price at December 31, 2002 was Euro 0.746 compared with book stockholders' equity per share of Euro 1.153 at the same date, and hence the fact that stockmarket capitalization was actually below the Group's stockholders' equity;
- that the stockholders' authorization to purchase treasury shares was given for share exchanges with minority interests in direct or indirect subsidiaries, and/or to acquire long-term investments in other companies;

it is considered that, in compliance with the principles underlying the preparation of the financial statements contained in article 2423 and 2423 bis of the Civil Code, the stock's current price does not reflect either the value of the company's economic capital or the actual value of its net equity, nor does it adequately express the company's value in the event of wanting to purchase any long-term investments.

As a result, the Company considers it correct not to write down treasury shares booked in the financial statements as of 12/31/2002.

2) ACCOUNTS RECEIVABLE

a) Due from subsidiary companies

These total Euro 57,183,110, compared with Euro 44,054,185 in the previous year, representing an increase of Euro 13,128,925.

This increase reflects the need to fund subsidiaries' investment plans.

Amounts due from subsidiary companies refer to financial transactions carried out at normal market conditions and which are collectible within 12 months.

C – CURRENT ASSETS
C II – ACCOUNTS RECEIVABLE

1) Due from customers

These total Euro 36,812 (Euro 17,827 in the prior year), a rise of Euro 18,985, and relate to amounts due for services rendered to customers outside the Group.

2) Due from subsidiary companies

Amounts due from subsidiary companies total Euro 6,653,685 (Euro 8,486,331 in the prior year), a decline of Euro 1,832,646, and are fully collectible within 12 months. They refer to:

- accounts receivable from commercial transactions at arm's length conditions, Euro 6,653,685 (Euro 7,031,331 in the previous year); the decrease of Euro 377,646 is due to an increase in collections during the year, resulting in an improvement in collection times with respect to 2001.

In 2001, this caption also included Euro 1,455,000 in amounts receivable for accrued dividends not yet collected; these dividends, relating to the 2001 net income of SOILMEC S.p.A., were collected in 2002.

5) Due from third parties

These amount to Euro 873,585 (Euro 499,441 in the prior year), representing an increase of Euro 374,144.

They comprise:

Description	12/31/02	12/31/01	Changes
Due from tax authorities for corporate income tax (IRPEG)	176,410	190,474	(14,064)
Receivables requested for reimbursement from the tax authorities	98,063	98,563	(500)
VAT credit	396,229	39,562	356,667
Deferred tax assets	7,690	5,115	2,575
Receivables from The Central Bank of Nigeria	128,535	142,845	(14,310)
Advances to suppliers	46,825	0	46,825
Other	19,833	22,882	(3,049)
TOTAL	**873,585**	**499,441**	**374,144**

The main change refers to the increase in the VAT credit. This in turn is the result of VAT-exempt transactions involving the hiring out of

assets, while the corresponding purchases bore VAT.
The amounts due from the tax authorities for IRPEG mostly refer to tax credits on the 2001 dividends collected in 2002, net of advances already paid. In detail, the caption comprises:

Description	Amount
IRPEG tax credits - 2001 residual amount	200,414
Utilization of IRPEG tax credits to offset other taxes	(198,545)
Tax authorities for IRPEG advances	38,945
Tax credit on 2001 dividends collected in 2002	818,438
Withholding tax on bank interest income	469
Due to tax authorities for current taxes	(683,311)
TOTAL	**(176,410)**

5a) Receivables due beyond five years.
The receivable from the Central Bank of Nigeria includes residual amounts due beyond five years totaling Euro 40,287.

C IV – LIQUID FUNDS

These amount to Euro 176,226 (Euro 189,929 in the prior year), with a decrease of Euro 13,703, as follows:

Description	12/31/02	12/31/01	Changes
Bank and post office accounts	170,504	185,394	(14,890)
Cash and cash equivalents	5,722	4,535	1,187
TOTAL	**176,226**	**189,929**	**(13,703)**

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

ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses, Euro 99,208 (Euro 146,642 in the prior year), a decrease of Euro 47,434, comprise the following:

Description	12/31/02	12/31/01	Changes
Insurance premiums paid in advance	2,719	3,503	(784)
Lease installments	71,428	117,552	(46,124)
Commission on bank guarantees	14,332	4,046	10,286
Other	10,729	21,541	(10,812)
TOTAL	**99,208**	**146,642**	**(47,434)**

The more significant changes are mainly due to the reduction in prepaid expenses which last year were caused by the advance invoicing of financial lease installments.
In the caption "Other" the most significant amount refers to prepaid substitute tax of Euro 12,911 paid by the Company on a medium/long-term loan and booked proportionally over the duration of the contract.
Prepaid expenses with a duration of more than 12 months amount to Euro 10,556.

Liabilities and Stockholders' Equity

A – STOCKHOLDERS' EQUITY
The following movements took place in 2002:

	Capital stock	Share premium reserve	Legal reserve	Reserve for treasury shares	Extraordinary Reserve	Net income	Total stockholders' equity
Balance as of 12/31/2000	16,526,621	49,829,033	3,423,214	-	3,371,776	1,183,790	74,334,433
Net income allocation	-	-	59,190	-	164,600	(223,790)	-
Dividends distributed	-	-		-	-	(960,000)	(960,000)
Dividends which cannot be distributed as per article 2357 ter of the Civil Code	-	-	-	-	-	-	-
Bonus increase in capital stock	15,473,379	(15,473,379)	-	-	-	-	-
Transfer to reserve for treasury shares	-	(1,058,079)	-	1,058,079	-	-	-
Net income for the year	-	-	-	-	-	1,857,888	1,857,888
Sub-total	32,000,000	33,297,575	3,482,404	1,058,079	3,536,376	1,857,888	75,232,322
Net income allocation	-	-	92,895	-	804,993	(897,888)	-
Dividends distributed	-	-	-	-	-	(960,000)	(960,000)
Dividends which cannot be distributed as per article 2357 ter of the Civil Code	-	-	-	-	16,295	-	16,295
Transfer to reserve for treasury shares	-	(615,625)	-	615,625	-	-	-
Net income for the year	-	-	-	-	-	629,628	629,628
Balance as of 12/31/2002	**32,000,000**	**32,681,950**	**3,575,299**	**1,673,704**	**4,357,664**	**629,628**	**74,918,245**

A I – CAPITAL STOCK

As of December 31, 2002 the capital stock totals Euro 32,000,000, comprising 64,000,000 ordinary shares with par value of Euro 0.50 each.

A II - SHARE PREMIUM RESERVE

This amounts to Euro 32,681,950 and refers to the premium on shares listed on the Stock Exchange on July 15, 1999. The amount of this reserve varied during the course of the year because of the following operations:

- transfer to the reserve for treasury shares of Euro 615,625, which is the amount of the treasury shares shown on the assets' side of the 2002 balance sheet, as decided by the Stockholders' Meetings held on April 30, 2001 and April 30, 2002 in accordance with article 2357-ter of the Civil Code.

A IV – LEGAL RESERVE

The legal reserve has increased by Euro 92,895, which is the allocation of 5% of the previous year's net income (Euro 1,857,888), as authorized by the Stockholders' Meeting of April 30, 2002.

A VII – OTHER RESERVES

This amount relates entirely to the extraordinary reserve which increased from Euro 3,536,376 to Euro 4,357,664 during the year. The Euro 821,288 increase in this reserve reflects the allocation of 2001 net income (Euro 804,993), as resolved by the Stockholders' meeting of April 30, 2002 and the recording of undistributable dividends as per article 2357 ter of the Civil Code. corresponding to the dividends on the treasury shares held by TREVI – Finanziaria Industriale S.p.A. and by the subsidiary TREVI S.p.A., as decided by the same Stockholders' meeting of 04/30/2002.

As per article 3 of Law 467/97, in the event of distribution of reserves and retained earnings as of December 31, 2002, a full tax credit (Art 105.1.a) would be granted to stockholders of Euro 3,417,992, while the limited tax credit (Art 105.1.b) amounts to Euro 1,861,863.

A IX – NET INCOME FOR THE YEAR

Net income for 2002, totalling Euro 629,628 decreased by Euro 1,228,260 compared with Euro 1,857,888 in the prior year

This decrease is mainly due to the absence of dividends from subsidiaries.

B – RESERVES FOR RISKS AND CHARGES

2) Taxation reserve

This caption, amounting to Euro 2,810 (Euro 3,718 in the prior year, with a decrease of Euro 908) comprises:

	Deferred tax assets	Deferred tax liabilities	Taxation reserve
Balance as of 12/31/2001	818,438	(822,156)	(3,718)
2001 deferred tax liabilities accruing in 2002	0	822,156	822,156
Tax credit on 2001 dividends collected in 2002	(818,438)	0	(818,438)
Other deferred taxes for the year 2002	0	(2,810)	(2,810)
BALANCE AT THE END OF THE YEAR	**0**	**(2,810)**	**(2,810)**

C – RESERVE FOR EMPLOYEE TERMINATION INDEMNITIES

This caption presents a balance at year-end of Euro 274,103, an increase of Euro 42,852 compared with the previous year. Changes during the year are as follows:

Balance as of 12/31/2001	**231,251**
amount accrued and charged to the statement of income	53,534
indemnities and advances paid during the year(976)	(5,621)
other movements in respect of supplementary pension funds	(5,061)
Balance as of 12/31/2002	**274,103**

While there was an increase of Euro 53,534 for indemnities provided during the year, the reserve reported two separate decreases as follows: Euro 5,621 in termination indemnities paid to an employee and Euro 5,061 relating to the transfer of indemnities to supplementary pension funds.

The total represents the liability to the 17 employees in force as of December 31, 2002.

D – PAYABLES

Payables do not include amounts guaranteed by collateral security or residual amounts due beyond five years.

Payables are analyzed below:

3) Due to banks

Amounts due to banks total Euro 21,605,164, an increase of Euro 10,090,758 on the previous year.

This comprises:

Description	12/31/02	12/31/01	Change
Current account overdrafts	99,346	34,754	64,592
Loans in foreign currency	6,091,249	1,666,971	4,424,278
Efibanca S.p.A. loan	0	4,648,112	(4,648,112)
Short-term loan in Euro	250,000	0	250,000
Mediocredito Fondiario Centroitalia loan	5,164,569	5,164,569	0
Cassa di Risparmio di Cesena loan	10,000,000	0	10,000,000
TOTAL	**21,605,164**	**11,514,406**	**10,090,758**

The loans in foreign currency, entirely relating to transactions in US dollars, consist of three separate loans totalling USD 5,497,825;this balance has increased during the year, partly because of the appreciation in the Euro against the US dollar and the low rate of US interest.
At 12/31/2001 the amount due to Efibanca S.p.A. of Euro 4,648,112 was the sum of two separate loans: the first one of Euro 2,582,284 was repayable in a lump sum on December 20, 2002;the second one of Euro 2,065,828 was repayable in a lump sum on May 4, 2002. These loans have been repaid on the stated maturities.
The loan from Medicredito Fondiario Centroitalia S.p.A. was granted on July 27, 2001and bears floating-rate interest rate. It is repayable in 4 six-monthly installments from October 1, 2004 and expires on April 10, 2006.
There is also a new loan of Euro 10,000,000 granted by Cassa di Risparmio di Cesena S.p.A. on 10/23/2002. This bears floating-rate interest and matures on 02/22/2004.
The amounts due to banks are broken down by maturity as follows:

Description	Current portion	Between 1 and 5 years	Beyond 5 years	Total
Current account overdrafts	99,346	0	0	99,346
Loans in foreign currency	6,091,249	0	0	6,091,249
Short-term loan in Euro	250,000	0	0	250,000
Mediocredito Fondiario Centroitalia loan	0	5,164,569	0	5,164,569
Cassa di Risparmio di Cesena loan	0	10,000,000	0	10,000,000
TOTAL	**6,440,595**	**15,164,569**	**0**	**21,605,164**

The increase is therefore due to the rise in financing activity as well as to the growth in services rendered to subsidiaries; these include

services of a financial nature, as well as the lease of equipment and administrative and IT services.

6) Due to suppliers

Amounts due to suppliers, totalling Euro 649,746, including invoices and net of credit notes to be received, are Euro 116,588 lower than at the end of the previous year despite the increased cost of services received shown in the statement of income. This decrease reflects an improvement in liquidity associated with the management of the assets and liabilities cycle. There are no amounts payable to suppliers that are due beyond 12 months.

8) Due to subsidiary companies

Amounts due to subsidiary companies, Euro 1,679,621 (Euro 26,758 in the previous year, a rise of Euro 1,652,863), entirely refer to trade payables due within 12 months. This increase is almost entirely attributable to payables owed by SOILMEC S.p.A. for the lease of oil well-drilling machinery.

11) Due to tax authorities

Amounts payable to tax authorities total Euro 79,801 (Euro 62,129 in the prior year, an increase of Euro 17,672) and are all due within 12 months.

They comprise:

Description	12/31/02	12/31/01	Changes
Direct taxation	12,715	7,630	5,085
Tax withholdings	66,891	53,740	13,151
Personal income tax (IRPEF) due to tax authorities on termination indemnities	195	759	(564)
TOTAL	**79,801**	**62,129**	**17,672**

Withholding taxes payable relate to wages and salaries, emoluments paid to company consultants and fees paid to professionals for the month of December 2002.

The Company owes the tax authorities Euro 12,715 in IRAP (regional tax on business activities), net of advance payments of Euro 88,276.

The year ended December 31, 1996 is the last year settled with the tax authorities for direct taxes, while the year ended December 31, 1997 is the last one for indirect taxes.

12) Due to social security institutions

Amounts due to social security institutions total Euro 46,875 (Euro 40,306 in the previous year, an increase of Euro 6,569) and comprise:

Description	12/31/02	12/31/01	Changes
Due to INAIL (workplace accident insurance)	735	0	735
Due to INPS (social security organization)	46,140	40,306	5,834
TOTAL	**46,875**	**40,306**	**6,569**

13) Other payables

These total Euro 83,364 (Euro 57,119 in the previous year, an increase of Euro 26,245) and comprise:

Description	12/31/02	12/31/01	Changes
Due to employees	77,301	44,800	32,501
Due to stockholders	60	5,430	(5,370)
Other	6,003	6,889	(886)
TOTAL	**83,364**	**57,119**	**26,245**

"Due to employees" relates exclusively to amounts for vacation accrued but not taken.

"Due to stockholders" is Euro 5,370 lower because of the re-allocation of dividends to the "Extraordinary Reserve", as approved by the ordinary stockholders' meeting of April 30, 2002. The residual balance of Euro 60 refers to dividends not requested for payment by stockholders.

E – ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses amount to Euro 76,307 (Euro 99,763 last year, a decrease of Euro 23,456), and comprise the following:

Description	12/31/02	12/31/01	Changes
Accrued emoluments and employee contributions	19,918	16,838	3,080
Accrued interest expense	56,389	82,925	(26,536)
TOTAL	**76,307**	**99,763**	**(23,456)**

The most significant change refers to accrued interest expense, due to the fact that interest on certain loans was directly charged with value date 12/31/2002

Description	12/31/02	12/31/01	Changes
Deferred rentals	0	670	(670)
Commission on guarantees	5,342	0	5,342
TOTAL	**5,342**	**670**	**4,672**

Deferred income of Euro 5,342 (Euro 670 in the previous year, an increase of Euro 4,672) comprises deferred commission income on guarantees given to subsidiaries.

Guarantees given by the Company and the changes during the year compared with last year are as follows:

Memorandum Accounts

Description	12/31/02	12/31/01	Changes
Guarantees given			
- to banks	39,957,733	38,178,791	1,778,942
- to insurance companies	38,709,812	45,125,142	(6,415,330)
- to third parties	20,845,151	24,590,428	(3,745,277)
Recourse risks	0	171,794	(171,794)
Outstanding lease installments	4,962,157	2,580,196	2,381,961
TOTAL	**104,474,854**	**110,646,351**	**(6,171,497)**

The reduction in guarantees given to insurance companies is mainly due to the decrease in guarantees given to a leading insurer on behalf of Trevi Icos Corporation; there guarantees referred to the acquisition in the prior year of major long-term building and construction contracts at depth in the United States, for which guarantees amounting to 100% of their value were issued. These guarantees decrease in proportion to the work still to be performed at the end of each year.
Commitments for outstanding lease installments amount to Euro 4,962,157. This represents the total amount of installments due to leasing companies, including the contractual redemption fee and excluding installments already paid.
The increase in this caption is largely due to the transfer from the subsidiary Trevi S.p.A. of a lease contract for drilling equipment.
Other companies (mainly banks and insurance companies) gave guarantees to third parties on behalf of TREVI- Finanziaria Industriale S.p.A. for a total of Euro 10,202,101 (Euro 5,441,924 in the previous year), a rise of Euro 4,760,177 principally due to

guarantees issued by a primary bank in our favor and relating to important works awarded to Trevi Construction Co. of Hong Kong and Trevi Algerie EURL.

Analysis of Statement of Income Captions

Before proceeding with the analysis of the individual captions, readers are reminded that comments on overall performance are contained within the report on operations, in accordance with article 2428.1 of the Italian Civil Code.
As stated before, it is worth mentioning that the statement of income as provided for in article 2425 of the Italian Civil Code, does not allow for the description of truly significant economic components to evaluate the profitability of our Company. In fact, the business purpose consists of industrial building activities as well as the management of investments such has Group holdings, together with administrative and financial services on behalf of companies in the Group. For example, the accounting group shown in letter A) "Value of production", only includes economic components typical of the industrial area and guarantees given on behalf of subsidiary companies, while it is not possible to include at this level of analysis, the financial income and expense which falls under captions C) 15 and C) 16.
Similarly, in order to express all the operating costs, the financial charges shown by law under C) 17 should be added to the production costs recorded under group B).

A) VALUE OF PRODUCTION
This accounting group comprises the following positive components:

1) Revenues from sales and services
These amount to Euro 5,148,432 (Euro 2,765,156 in the prior year), an increase of Euro 2,383,276, and consist of:

Description	12/31/02	12/31/01	Change
Revenues from hiring out equipment	3,709,212	1,486,090	2,223,122
Commission on guarantees	272,523	208,133	64,390
Services and consulting	1,166,697	1,070,933	95,764
Total	**5,148,432**	**2,765,156**	**2,383,276**

The geographical distribution of revenues from sales is as follows:

AREA	12/31/02	%	12/31/01	%	Changes
Italy	1,962,795	38.1%	2,072,686	75.0%	(109,891)
Europe (excluding Italy)	95,132	1.8%	96,434	3.5%	(1,302)
U.S.A. and Canada	176,871	3.4%	147,101	5.3%	29,770
South America	2,413,643	46.9%	0	0.0%	2,413,643
Africa	6,975	0.1%	0	0.0%	6,975
Asia	493,015	9.6%	448,935	16.2%	44,080
TOTAL	**5,148,432**	**100%**	**2,765,156**	**100%**	**2,383,276**

Revenues are almost exclusively realized with Group companies.
The considerable increase in revenues over last year is due to the growth in the equipment hiring business. The principal contract relates to an HH300 drilling machine hired to the indirect subsidiary Petreven C.A. in Venezuela. Revenues from management and administrative services provided Group companies have also risen. Note that the management of IT services on behalf of Group companies has been centralized in TREVI - Fin. Ind. S.p.A., as has implementation of the integrated management software project.

5) Other income
This amounts to Euro 838,297 and has risen by Euro 746,020 on the prior year figure of Euro 92,277.
The caption comprises the following:

Description	12/31/02	12/31/01	Change
Recharged costs	494,918	59,423	435,495
Other	343,379	32,854	310,525
Total	**838,297**	**92,277**	**746,020**

The most significant increase concerns the rebilling to Group companies of costs incurred on their behalf.
In fact, this increase refers to the recharge to the indirect subsidiary Petreven C.A. of costs incurred for the transport and insurance of the HH300 equipment hired to it, as mentioned in the earlier comments on “Revenues from sales and services”.
“Other” almost entirely refers to revenues from the sale of foundation and drilling machinery and equipment to subsidiaries.

B) PRODUCTION COSTS

6) Costs for raw, ancillary and consumable materials and goods for resale amount to Euro 35,426 (Euro 9,241 in the prior year with an increase of Euro 26,185). the increase on the previous year is due to the purchase from third parties of assets for immediate resale to subsidiaries.

7) Services received

Costs for services received total Euro 1,530,396 compared with Euro 1,049,389 in the previous year, an increase of Euro 481,007. The caption is broken down as follows:

Description	12/31/02	12/31/01	Changes
Emoluments of directors	291,281	291,281	0
Emoluments of statutory auditors	36,822	36,928	(106)
Post, telegraph and telephone	11,548	2,293	9,255
Legal and administrative fees	351,455	340,204	11,251
Computer system management and maintenance fees	233,167	229,587	3,580
Travelling and subsistence expenses	41,803	25,444	16,359
Insurance	167,329	16,165	151,164
Transport	341,550	57,963	283,587
Publicity, classified advertisements and notices	5,948	25,846	(19,898)
Company social security contributions for freelance workers	17,495	15,805	1,690
Bank commission and expense	12,799	0	12,799
Other	19,199	7,873	11,326
Total	**1,530,396**	**1,049,389**	**481,007**

The increase in legal and administrative fees is attributable to consultancy required for specific projects.

The growth in transport and insurance costs is mainly attributable to the transport of equipment hired to subsidiaries and to the All Risks insurance recharged to users.

Computer system management and maintenance fees refer to the work performed by suppliers to manage the Group's IT system, now centralized at TREVI – Finanziaria Industriale S.p.A.

In compliance with the Group's accounting policies and as recommended by Italian GAAP, "Bank commission and expense" has now been reclassified from C17 "Interest and other financial

expense" to B7 "Services received").

8) Leases and rentals

These charges amount to Euro 3,147,371 (Euro 992,160 in the previous year, an increase of Euro 2,155,211) comprised as follows:

Description	12/31/02	12/31/01	Changes
Lease installments	850,118	979,374	(129,256)
Equipment hire	2,280,000	0	2,280,000
Rental expense	13,330	10,329	3,001
Other	3,923	2,457	1,466
Total	**3,147,371**	**992,160**	**2,155,211**

The increase "equipment hire" is attributable to the hire from SOILMEC S.p.A. of well-drilling machinery, leased out to the indirect subsidiary Petreven C.A. in Venezuela, as detailed in the comments on "Revenues from sales and services".

9) Personnel

Total personnel costs amount to Euro 1,066,121 (Euro 962,572 in the prior year, with an increase of Euro 103,549) and comprise the following:

Description	12/31/02	12/31/01	Changes
Wages and salaries	755,398	700,952	54,446
Social security charges	252,924	208,787	44,137
Employee termination indemnities	57,799	52,833	4,966
Total	**1,066,121**	**962,572**	**103,549**

The Company had an average number of 17 employees in the year, consisting of 2 managers and 15 clerical staff. Movements in the number of employees during the year are analyzed below:

Description	12/31/01	Increase	Decrease	12/31/02
Managers	2	0	0	2
Clerical staff	16	0	1	15
TOTAL	**18**	**0**	**1**	**17**

10) Amortization, depreciation and writedowns

a) Amortization of intangible fixed assets:

The charge for the year is Euro 1,286,241 (Euro 1,251,743 in the

prior year), representing an increase of Euro 34,498.
Euro 1,150,998 refers to the amortization of expenses incurred for the Company's listing on the Stock Exchange.
Additional details are reported in the earlier comments on Intangible fixed assets (asset caption BI).
b) Depreciation of tangible fixed assets:
The depreciation charge for the year amounts to Euro 7,359 (Euro 9,700 in the prior year, a decrease of Euro 2,341) as described in the comments on Tangible fixed assets (asset caption BII).
14) Other operating expenses
These total Euro 52,202 (Euro 45,660 in the prior year, a rise of Euro 6,542).
These expenses refer to:

Description	12/31/02	12/31/01	Changes
Taxes other than income taxes	37,155	44,757	(7,602)
Other charges	15,047	903	14,144
Total	**52,202**	**45,660**	**6,542**

"Taxes other than income taxes" include non-deductible VAT resulting from the pro-rata allocation of overheads between the Company's financial activities, which are VAT-exempt, and all its activities that are subject to VAT.
"Other charges" include the loss of Euro 12,241 on the disposal of an asset, whose maintenance expenses had been capitalized.

C) FINANCIAL INCOME AND EXPENSE

15) a) – b)
This caption is zero in the current year financial statements, compared with last year's figure of Euro 2,273,438, which referred to the dividend declared by the subsidiary SOILMEC S.p.A..

Description	12/31/02	12/31/01	Changes
Dividends from subsidiaries and related tax credit	0	2,273,438	(2,273,438)
Total	**0**	**2,273,438**	**(2,273,438)**

16) Other financial income
a) Income from receivables held as fixed assets
- subsidiary companies: These amount to Euro 2,390,322

(Euro 2,252,399 in the prior year), an increase of Euro 137,923: the increase in loans to subsidiaries is counterbalanced by the decrease in interest rates applied, which are in line with market conditions in 2002.

d) Income other than the above:

- other

This income amounts to Euro 108,078 (Euro 35,956 in the previous year, an increase of Euro 72,122) comprised as follows:

Description	12/31/02	12/31/01	Changes
Bank interest income	1,737	7,750	(6,013)
Other interest income	18,250	21,767	(3,517)
Exchange gains	88,091	6,439	81,652
Total	**108,078**	**35,956**	**72,122**

The most significant increase is reported by "Exchange gains", reflecting the repayment of loans expressed in US dollars.

17) Interest and other financial charges

- other

These charges amount to Euro 779,579 (Euro 499,443 in the previous year, an increase of Euro 280,136) comprised as follows:

Description	12/31/02	12/31/01	Changes
Bank interest expense	643,906	470,498	173,408
Bank commission and expenses	46,691	28,852	17,839
Exchange losses	88,982	93	88,889
Total	**779,579**	**499,443**	**280,136**

The increase is due to the growth in lending activities with subsidiaries, involving both collection and resulting repayment of accounts receivable in US dollars from subsidiaries.

E) EXTRAORDINARY INCOME AND EXPENSE

20) Income:

b) Other income:

This totals Euro 11,581 (Euro 8,419 last year, an increase of Euro 3,162).

Description	12/31/02	12/31/01	Changes
Reversal of lease installment owing to reduction in interest rates	0	2,978	(2,978)
Other	11,581	5,441	6,140
Total	**11,581**	**8,419**	**3,162**

The most significant change refers to the caption "Other", reflecting the reversal in 2002 of Euro 9,940 in excess tax credits booked in 2001 on dividends declared by SOILMEC S.p.A. for the year ended 12/31/2000. These dividends had been collected by TREVI – Finanziaria Industriale S.p.A. in 2001 prudently applying the rate of 56.25 % instead of 58.73 % (corresponding to a corporate income tax rate of 37 %, which applied at the time the subsidiary company's stockholders passed the related resolution).

22) Income taxes for the year

They are negative for Euro 37,619 (positive for Euro 749,600 in the previous year, with a decrease of Euro 787,219) as a result of the following changes:

Description	12/31/02	12/31/01	Changes
IRPEG as per tax return	683,311	68,891	614,420
IRAP for the year	100,991	89,931	11,060
Deferred taxes on dividends	0	818,438	(818,438)
Reversal of 2001 reserve for deferred tax liabilities	(822,156)	(229,631)	(592,525)
Other deferred taxes for the year 2002	2,810	3,718	(908)
Deferred tax assets for the year	(7,690)	(5,115)	(2,575)
Reversal of 2001 reserve for deferred tax assets	5,115	3,368	1,747
Total	**(37,619)**	**749,600**	**(787,219)**

Deferred tax assets and liabilities have been calculated by applying the following tax rates: 34% for IRPEG for 2003 and thereafter and 4.75% for IRAP.

Current direct income taxes are negative for Euro 34,135 due to the receipt in 2001 of the dividends distributed by SOILMEC S.p.A. out of 2001 earnings, which meant that they were subject to tax in 2002 at the rate laid down in Decree 466/97 (Dual Income Tax), whereas deferred tax liabilities had been prudently provided at the standard rate of 34%.

23) Net income for the year

Net income for 2002 amounts to Euro 629,628 (Euro 1,857,888 in the previous year, with a drop of Euro 1,228,260).
The decrease is mainly due to the fact that subsidiaries did not distribute dividends on their net income for the year.

OTHER INFORMATION

There were no adjustments or provisions carried out solely for fiscal purposes.
During the year under review, as in the previous year, no financial charges were capitalized.
On November 25, 2002, the Company put in place two interest rate swaps: one for Euro 2,500,000 with a duration of three years and one for Euro 2,500,000 with a duration of five years. The sole purpose of these interest rate swaps is to hedge existing borrowing arrangements, with no speculative ends in mind. These contracts had no impact on the 2002 financial statements.
In view of the possibility of sorting out open tax years, the Board of Directors has decided to take part in the related amnesty by issuing a simple supplementary return for the tax periods from 1997 to 2001 inclusive, in accordance with the provisions of article 8 of Law 289 dated December 27, 2002 (the 2003 Finance Act). The sole purpose is to take advantage of article 10 of Law 289/2002 in order to prevent the term for open tax years from being extended, as allowed by article 43 of Presidential Decree 600/73 and article 57 of Presidential Decree 633/72.

EMOLUMENTS OF DIRECTORS AND STATUTORY AUDITORS

As of December 31, 2002 the Board of Directors consists of 8 members.
Emoluments of directors totaled Euro 291,281, of which Euro 272,689 has already been paid.
Emoluments of statutory auditors totaled Euro 36,822.
As per CONSOB Regulation 11520 of July 2, 1998, details are given of the emoluments paid to the Company's directors and statutory auditors for their services, including in subsidiaries:

The Board of Directors

Name	Office	Duration of office in months	Emoluments - company	Emoluments - subsidiaries	Total
Davide Trevisani	Chairman of the Board of Directors and Managing Director	12	71,272	120,851	192,123
Gianluigi Trevisani	Deputy Chairman of the Board of Directors and Managing Director	12	71,272	83,666	154,938
Cesare Trevisani	Managing Director	12	55,777	117,752	173,529
Stefano Trevisani	Director	12	18,592	102,200	120,792
Mario Amoroso	Director	12	18,592		18,592
Guglielmo Moscato	Director	12	18,592		18,592
Pio Teodorani Fabbri	Director	12	18,592		18,592
Roberto Pinza	Director	12	18,592		18,592
Total			**291,281**	**424,469**	**715,750**

No benefits in kind, stock options, bonuses or other incentives have been granted to directors. Emoluments in subsidiaries include employment remuneration for Mr Cesare Trevisani and Stefano Trevisani from TREVI S.p.A..
The Company's by-laws give the Board of Directors the power to appoint an Executive Committee. This power has not been exercised by the current Board.
The Board of Directors will remain in office until approval of the financial statements for the year ended December 31, 2003.

Statutory Auditors

Name	Office	Duration of office in months	Emoluments - company	Emoluments - subsidiaries	Total
Adolfo Leonardi	Chairman of the Statutory Auditors	12	15,435	6,869	22,304
Giacinto Alessandri	Auditor	12	10,641	10,432	21,073
Giancarlo Poletti	Auditor	12	10,746		10,746
Total			**36,822**	**17,301**	**54,123**

The Statutory Auditors will remain in office until approval of the financial statements for the year ended December 31, 2003.

STATEMENT OF CHANGES IN FINANCIAL POSITION

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

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

Chairman of the Board of Directors

DAVIDE TREVISANI

ATTACHMENT I
Statement of Cash Flows
(in Euro)

	2001	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	1,857,888	629,628
Depreciation and amortization	1,261,443	1,293,600
Provision for employee termination indemnities	52,833	53,534
Payment of employee termination indemnities	(68,540)	(10,682)
(Decrease)/Increase of employee termination indemntities	0	0
(Decrease)/Increase in other reserves	(480)	(908)
Decrease/(Increase) in amounts due from customers	7,285	(18,985)
Decrease/(Increase) in amounts due from subsidiary companies	(4,243,933)	1,832,646
Decrease/(Increase) in other amounts receiveble	274,047	(374,146)
Decrease/(Increase) accrued income and prepaid expenses	5,417	47,434
(Decrease)/Increase in amounts due to suppliers	251,047	(116,588)
(Decrease)/Increase in amounts due to subsidiary companies	(9,746)	1,652,863
(Decrease)/Increase in amounts due to tax authorities	18,067	17,672
(Decrease)/Increase in other payables	(769,953)	32,815
(Decrease)/Increase accrued expenses and deferred income	34,661	(18,784)
	(1,329,964)	5,020,099
INVESTING ACTIVITIES		
(Increase)/Decrease in tangible fixed assets, net	(6,827)	(433,557)
(Increase)/Decrease in intangible fixed assets, net	(332,353)	4,254
(Increase)/Decrease in equity investments	0	(7,002)
	(339,180)	(436,305)
FINANCING ACTIVITIES		
Decrease/(Increase) in financial credits	(3,743,655)	(13,744,550)
(Decrease)/Increase in amounts due to banks	5,164,612	10,026,166
(Decrease)/Increase in capital stock and reserve	0	0
Distribution of earnings	(960,000)	(943,705)
	460,957	(4,662,089)
Total cash flow	**(1,208,187)**	**(78,295)**
Net opening amount - cash and banks	1,363,362	155,175
Net closing amount - cash and banks	155,175	76,880

FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2002

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

To the Shareholders of
TREVI-Finanziaria Industriale SpA

1 We have audited the financial statements of TREVI-Finanziaria Industriale SpA (the "Company") for the year ended 31 December 2002. These financial statements are the responsibility of TREVI-Finanziaria Industriale's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free from material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion. The financial statements of the subsidiary Trevi SpA were audited by another auditor, whose report has been provided to us. Our opinion, insofar as it relates to 52 percent of the amount of "investments in subsidiary companies" and to 16 percent of the amount of "total assets", is also based on the report of another auditor. Furthermore, other auditors audit the financial statements of other subsidiaries indirectly owned by the Company.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 12 April 2002.

3 In our opinion, the financial statements of TREVI-Finanziaria Industriale SpA as of 31 December 2002 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and of the results of operations of the Group.

Bologna, 14 April 2003

PricewaterhouseCoopers SpA

Roberto Megna
(Partner)

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

Report of the statutory auditors to the stockholders, pursuant to article 153 of Decree 58/98 and article 2429 of the Italian Civil Code

To the Stockholders' Meeting of TREVI-Finanziaria Industriale S.p.A.

During the year ended December 31, 2002 we performed the supervisory activities envisaged by the law and the statutory auditing guidelines recommended by the Italian Accounting Profession.
In compliance with the recommendations issued by CONSOB, we report as follows:

- we attended meetings of the Board of Directors, during which we obtained information on the Company's results and events affecting its management during the period;
- we monitored compliance with the law and the Company's memorandum of association;
- we obtained quarterly information from the directors on the performance of the Company and its subsidiaries and the more significant transactions affecting their results, financial position and balance sheets; we can reasonably state that the actions approved and implemented comply with the law and the Company's by-laws and are not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions passed by stockholders or such as would comprise the integrity of the Company's equity;
- we obtained information on and monitored, to the extent of our responsibilities, the adequacy of the Company's organizational structure and its compliance with correct management principles and the adequacy of the instructions given to subsidiaries, pursuant to article 114.2 of Decree 58/98. We performed this task by gathering information from persons in charge of organization. We obtained information on and monitored the adequacy of the internal control system, whose efficiency and efficacy depends on its adaptation to the growing size of the Company and the resulting needs for more continuous, detailed information;
- we held meetings with the independent auditors, pursuant to article 150.2 of Decree 58/98, exchanging data and information that was necessary and useful for carrying out the task of control;
- we noted that no unusual or irregular transactions were undertaken;
- we also noted that intercompany transactions fell within the ordinary course of business, referring exclusively to:

ACTIVITY	euro
Equipment and machinery hire	3,709,211.72
Financing	2,648,546.31
Computer services	370,405.00
Administrative services and personnel management	796,292.06
TOTAL	7,524,455.09

- the report of the independent auditors PricewaterhouseCoopers did not raise any issues and states that the financial statements comply with the regulations governing their preparation, have been prepared with clarity and are a true and fair representation of the Company's balance sheet, financial position and results for the year;
- no petitions were lodged under article 2408 of the Italian Civil Code or by minority stockholders;
- we checked that the Board of Directors had duly adopted the code of conduct drawn up by the Committee for the Corporate Governance of listed companies;
- we noted that the Board of Directors voted to adopt a code of conduct for internal dealing;
- we report that the directors have expressly stated that the independent auditors have not been awarded any additional work; the independent auditors have confirmed that this is the case;
- we report that the directors have stated, as confirmed by the independent auditors, that no work has been awarded to organizations associated with the latter on an ongoing basis;
- during the year, neither the independent auditors or the statutory auditors issued opinions as provided under law.

The monitoring activities described above were performed during meetings of the Board of Statutory Auditors, as well as individual meetings and attendance at meetings of the Board of Directors, in accordance with article 149.2 of Decree 58/98.
During the performance of these monitoring and supervisory activities and based on the information obtained from the independent auditors, we noted no omissions and/or reprehensible facts and/or irregularities or other significant events that would require reporting to supervisory bodies or specific disclosure in this report.
Lastly, the Board of Statutory Auditors expresses a favorable

opinion on the approval of the financial statements for the year ended December 31, 2002.

Cesena, April 14, 2003

The Board of Statutory Auditors

Adolfo Leonardi
Giacinto Alessandri
Giancarlo Poletti

RESOLUTIONS OF THE ORDINARY SHAREHOLDERS' MEETING DATED 30th APRIL 2003

The Ordinary Shareholders' Meeting of TREVI – Finanziaria Industriale S.p.A. was held at first calling on 30th April 2003, at the Palazzo Romagnoli, Cesena, in the presence of Shareholders with nr. 44,211,876 ordinary shares, representing 69.081% 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 2002, as well as the Report of the Board of Directors on operations and to allocate the net income for the year amounting to Euro 629,628 as follows:
   - 5% that is Euro 31,481.40 to the legal reserve;
   - Euro 598,146.60 to the extraordinary reserve.

2) To approve a plan for the purchase of nr. 1,790,735 own shares, so that the number of own shares, that are directly and/or indirectly owned, reaches a maximum number of 3,000,000, equal to 4.6875 % of the capital stock. The duration of this plan only covers a 12 months' period; the maximum equivalent is Euro 2.50 per share and the alienation of shares on the market is authorised, at a unit price not lower than the average one of the last 10 open Stock Exchange days before the day of the sale, decreased by 10%.

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