

TREVI Group

TREVI- Finanziaria Industriale S.p.A.

Quarterly Consolidated Report

First Quarter 2003

TREVI – Finanziaria Industriale S.p.A.
Headquarters in Cesena (FC) - Via Larga 201 -
Share Capital 32.000.000 €fully paid up
Chamber of Commerce Forlì-Cesena nr.201.271
Fiscal and VAT Code and Register of Companies in Forlì – Cesena nr. 01547370401
Internet homepage: www.trevifin.com

BOARD OF DIRECTORS

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Statutory Auditors

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Giacinto Alessandri

Giancarlo Poletti

Alternate Statutory Auditors

Marco Alessandri

Giancarlo Daltri

Independent Accountants

PricewaterhouseCoopers S.p.A.

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The Quarterly Report is not audited.

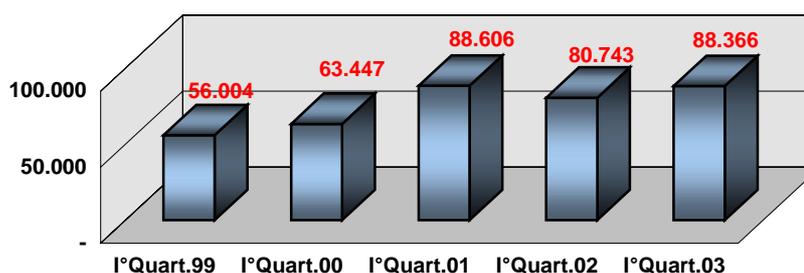
KEY FINANCIAL INFORMATION

IN THOUSANDS €		IN THOUSANDS €	IN THOUSANDS €	
12.31.2002		03.31.2003	03.31.2002	Changes
346,312	Production value	88,366	80,743	9.4%
340,136	Total revenues	88,453	78,851	12.2%
111,018	Added value	33,178	27,880	19.0%
32.6%	% on total revenues	37.5%	35.4%	
27,329	EBITDA	11,934	6,978	71.0%
8.03%	% on total revenues	13.49%	8.85%	
4,650	EBIT	4,821	2,339	106.1%
1.37%	EBIT/Total revenues	5.45%	2.97%	
(15,013) (1)	Net result before taxation and minority interest	1,025	243	321.8%
30,748	Gross technical investments	9,239	8,049	14.8%
197,248	Net invested capital	200,171	209,960	-4.7%
(118,726)	Net financial position	(125,933)	(108,247)	16.3%
78,522	Total stockholders' equity	74,238	101,713	-27.0%
73,758	Group interest in stockholders' equity	70,229	97,145	-27.7%
4,764	Minority interests	4,009	4,568	-12.2%
2,760	Employees (nr.)	2,781	2,344	
435,517	Works' portfolio	370,460	386,539	-4.2%
2.36% (2)	EBIT/Net invested capital (R.O.I.)	9.63%	4.46%	
(2)	Net result/ Stockholders' equity (R.O.E.)	5.52%	0.96%	
1.37%	EBIT/Total revenues (R.O.S.)	5.45%	2.97%	
1.51	Net financial position/Total stockholders' equity (Debt/Equity)	1.70	1.06	

(1) The result as at 31/12/2002 also includes taxes and minority interests.

(2) Values referring to the first quarter 2003 and 2002 are calculated on a yearly basis.

PRODUCTION VALUE IN THOUSAND EURO



QUARTERLY MANAGEMENT REPORT

Group's profile and activity

TREVI - Finanziaria Industriale S.p.A. and its controlled subsidiaries (hereafter referred to as "TREVI Group" or "The Group"), operate in the following sectors: contracts and foundation engineering services for civil and infrastructural works, oil services and manufacturing of plants and equipments for special foundations, tunnel excavation, well drilling for the extraction of hydrocarbons and water research. Activity sectors are coordinated by the two main companies of the Group: Trevi S.p.A., heading the division operating in the underground engineering ("Trevi Division"), and Soilmec S.p.A., leading the division that manufactures and markets plants and equipments for the underground engineering, well drilling for the extraction of hydrocarbons and water research ("Soilmec Division").

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

Accounting principles and evaluation criteria

The Quarterly Report is drafted on a consolidated basis since the Company must comply with the drafting of consolidated accounts.

The Group's Consolidated Financial Statements for the first quarter 2003 have been drafted by using the same accounting principles, consolidation methods and foreign exchange conversion criteria adopted to prepare the Consolidated Financial Statements as at 31st December 2002, but with all necessary adjustments in order to reflect quarterly performances.

Broadly speaking, the information provided by the report does not significantly differ from that which would have been presented using year end and six month consolidated accounting principles.

The Quarterly Report is not audited.

The consolidation area didn't undergo changes compared to the one of the financial statements closed as at 31st December 2002.

Quarterly performance

The first three-month period of the financial year 2003 was characterized by a significant increase of total consolidated revenues which passed from 78,851 thousand € of the first quarter of the previous fiscal year to 88,453 thousand € of the current one (+12.2%).

The positive trend of some important job orders in the field of underground engineering services supplied to oil companies in West Africa is also confirmed in this quarter, such as the job orders signed in United Arab Emirates which are being carried out according to the plan's schedule, with optimal results.

In Italy, the trend of performed contracts was generally positive; special importance – during this quarter – was gained by the sites involved with Railway High Speed projects.

Activities in North America got out of the red also as a consequence of the actions undertaken over the last months, all aimed at selecting regional markets into which it was possible to operate and to offer the market only underground engineering services, a type of service for which we have gained major experience. Also in this quarter the job order concerning the reparation of the W.F.George dam in Alabama stands out, thanks to the optimal economic and financial results achieved.

All activities of oil drilling services in Venezuela and Colombia continued all over this quarter with good results.

In this three-month period, the Engineering Division continued to suffer from the freeze on approvals for contracts already signed within the U.N. program Oil for Food, in favour of Iraq. The war's end let us well hope in the recovery of drilling units' sales; the opening of new markets lays the foundations for a lower dependency on U.N.-originating job orders. At the same time the sales of foundation rigs by the same Division are regularly continuing.

Geographic area

The following table highlights the internationalisation of the Group and reports the distribution of total revenues per geographic area:

Geographic Area	Ist Quarter 2003	%	Ist Quarter 2002	%	Changes
Italy	18,692	21.1%	11,397	14.5%	7,295
Europe (Italy excluded)	9,210	10.4%	10,757	13.6%	(1,547)
U.S.A. and Canada	21,295	24.1%	23,636	30.0%	(2,341)
Latin America	5,105	5.8%	4,058	5.1%	1,047
Africa	17,962	20.3%	9,964	12.6%	7,998
Middle East	9,360	10.6%	7,120	9.0%	2,240
Far East	6,829	7.7%	11,888	15.1%	(5,059)
Rest of the world	0	0.0%	31	0.0%	(31)
TOTAL	88,453	100%	78,851	100%	9,602

As for the geographic distribution of revenues, there has been a sharp recovery of the Italian market compared to the first quarter 2002, and this is mainly due to the job orders concerning the Railway High Speed, the steady increase in Africa and an overall recovery in Middle East thanks to the various and important job orders recently signed by the controlled Swissboring in the United Arab Emirates. In other markets where the Group

operates (Germany, for instance) a general slight drop was noticed, compared to the same period of the previous year, except for the Middle East area where the revenues' drop is considerable.

The first quarter's trend should be confirmed also in the second quarter.

Product lines

The distribution among the main activities' sector of the Group, in the first quarter 2003, is the following one:

Productive Sector	Ist Quarter 2003	%	Ist Quarter 2002	%	Changes
Production of special foundation rigs	20,325	23.0%	17,226	21.8%	3,099
Production of drilling rigs for oil, water and gas wells	5,249	5.9%	7,308	9.3%	(2,059)
Drilling activity	2,659	3.0%	1,707	2.2%	952
Special foundation works	59,668	67.5%	52,360	66.4%	7,308
Car parks	552	0.6%	250	0.3%	302
TOTAL	88,453	100%	78,851	100%	9,602

Managerial events characterising the first quarter 2003 were mainly two:

- a sharp recovery of revenues from the "core business" sector, increased by 14% as for foundation engineering services; and by 18% as for the production of foundation rigs;
- the reduced turnover from the sector of drilling rigs' production due to the total block of deliveries in the Middle East area.

In Venezuela and Colombia the activity of oil drilling services resumed its course since the institutional crisis seems to be heading towards a gradual solution.

Divisions' results

Trevi Division, which supplies underground engineering services, was able to achieve a production volume of about 64 million € during the first three-month period, especially through its controlled companies in Italy, U.S.A., Middle East and West Africa. The operating result of Trevi Division was about 6.6 million €

The Engineering Division Soilmec achieved a production volume equal to 26 million € mainly through the factories in Cesena and Piacenza, with a negative operating result of 1.8 million €. This result was influenced by the reduced sales' margin in the dollar area due to its ever-growing weakness.

Margins

At a consolidated level and besides following the production trend, the margins' trend during the first three-month period 2003 highlighted a profitability's recovery compared to the first quarter of the previous year. As a matter of fact, the EBITDA passed from 6,978 thousand € to 11,934 thousand €, while the operating income reached 4,821 thousand € (2,339 thousand € as at 03/31/2002). The net result before taxes and minority interest

is equal to 1,025 thousand € against 243 thousand € of the first quarter 2002. Upon said result there is the contribution of the good trend showed by some sites in Italy, West Africa and Middle East, as well as the recovery of activities related to the supply of drilling services.

Main after-date events

A modern automatic car park, Trevipark type, was inaugurated in Brescia: it is made of 72 car stalls aligned on six underground storeys, and provided with a lift that allows the automatic placement of the car into the assigned parking place. An operative centre located in Cesena supervises the whole functioning of the car park in Brescia.

Soilmec S.p.A., first company in the world to achieve this record, has just manufactured the 2000th rotary unit for the execution of foundation piles. The start of its activity dates back to 1969. This 2000th unit is a R-620 rotary, an innovative rig for the execution of foundation piles and will be delivered to China.

There are still uncertainties about the continuity of rigs' sale and the rhythm of foundation works in the Middle East because of the well-known SARS epidemic. Especially the Chinese market is likely to be strongly hit by this worldwide menace.

Following to what above stated as at 31st March, the Group has a remarkable orders' portfolio equal to 370.5 million € 219 million € of which are to be carried out in the remaining nine months before the end of this fiscal year; said portfolio belongs to the Trevi Division for 272 million € and to the Soilmec Division for 98 million €

In Italy the announcement and the start of the design for main infrastructural works, due to the "Legge Obiettivo", still continue and this situation let us plan site interventions on the up, already starting from the second quarter of this financial year. Once the full financial coverage for the 130-140 special projects submitted so far to the Ministry for Infrastructures is reached, the Trevi Group's domestic market will increase in the middle-long term.

For the Board of Directors

Eng. Davide Trevisani

Chairman

Group's summarised consolidated financial statements

**TREVI GROUP
QUARTERLY REPORT
CONSOLIDATED PROFIT AND LOSS
ACCOUNT
(IN THOUSANDS €)**

	1st Quarter 2003	1st Quarter 2002	Changes
TOTAL REVENUES	88,453	78,851	9,602
Changes in the works in progress, semi-manufactures and finished goods.	(671)	(360)	(311)
Increases of fixed assets for internal works	584	2,252	(1,668)
PRODUCTION VALUE	88,366	80,743	7,623
Consumption of raw materials and external services	54,410	52,046	2,364
Other operating expenses	778	817	(39)
ADDED VALUE	33,178	27,880	5,298
Labour cost	21,244	20,902	342
EBITDA	11,934	6,978	4,956
Amortization and depreciation	7,113	4,639	2,474
OPERATING RESULT	4,821	2,339	2,482
Financial proceeds (outlay)	(2,082)	(2,168)	86
Net exchange differences	(1,407)		(1,407)
Value adjustments of financial activities	69	(69)	138
Extraordinary proceeds (outlay)	(376)	141	(517)
RESULT BEFORE TAXATION AND MINORITY INTERESTS	1,025	243	782

TREVI GROUP
CONSOLIDATED BALANCE SHEET
AS AT 03/31/03
(IN THOUSANDS €)

12.31.2002		03.31.2003	03.31.2002	Changes
	A) Fixed assets			
4,506	- Intangible assets	4,202	7,392	(3,190)
133,451	- Tangible assets	132,628	129,060	3,568
4,656	- Long-term investments	4,736	2,941	1,795
142,613		141,566	139,393	2,173
	B) Net working capital			
93,068	- Inventories	93,996	90,940	3,056
93,278	- Accounts receivable	103,414	104,380	(966)
(91,351)	- Accounts payable (-)	(94,976)	(90,364)	(4,612)
(23,287)	- Accounts (-)	(20,294)	(20,974)	680
(8,147)	- Other assets (liabilities)	(14,348)	(4,954)	(9,394)
63,561		67,792	79,028	(11,236)
206,174	C) Invested capital less operating liabilities (A+B)	209,358	218,421	(9,063)
(8,926)	D) Severance indemnity (-)	(9,187)	(8,461)	(726)
197,248	E) NET INVESTED CAPITAL (C+D)	200,171	209,960	(9,789)
	<i>Financed by:</i>			
73,758	F) Stockholders' equity (1)	70,229	97,145	(26,916)
4,764	G) Share capital and minority reserves	4,009	4,568	(559)
118,726	H) Net financial position	125,933	108,247	17,686
197,248	I) TOTAL FINANCING SOURCES (F+G+H)	200,171	209,960	(9,789)

(1) The Stockholders' equity as at 31/03/03 and 31/03/02 also takes into account the result gross of taxes and minority result.

NET CONSOLIDATED FINANCIAL POSITION
(IN THOUSANDS €)

12.31.2002		03.31.2003	03.31.2002	Changes
(64,585)	Short term borrowings from banks	(61,983)	(55,317)	(6,666)
(11,386)	Short term borrowings from other lenders	(10,005)	(18,202)	8,197
29,273	Short term cash in hand	18,083	23,564	(5,481)
(46,698)	Short term total	(53,905)	(49,955)	(3,950)
(43,504)	Medium and long term borrowings from banks	(43,504)	(35,578)	(7,926)
(28,524)	Medium and long term borrowings from other lenders	(28,524)	(22,714)	(5,810)
(72,028)	Medium and long term total	(72,028)	(58,292)	(13,736)
(118,726)	Net financial position	(125,933)	(108,247)	(17,686)

Notes to the consolidated financial statements for the first quarter 2003

Notes to the key financial information

Total revenues for the first quarter amount to a 88,453 thousand € with an increase of 9,602 thousand € equal to 12.2% compared to the same period of the previous fiscal year. Said result is mainly ascribable to the good trend of job orders in West Africa, the promising start of High Speed job orders in Italy and the recovery of the activities related to drilling services in Venezuela and Colombia.

The quarter's added value amounts to 33,178 thousand € (27,880 thousand € as at 31/03/2002), showing an increase of 19 % compared to the first quarter of last year.

The quarter's EBITDA amounts to 11,934 thousand € (6,978 thousand as at 31/03/2002), equal to 13.5% of total revenues. The increase, in absolute and percentage terms, compared to the datum of the previous year, is mainly ascribable to the profitability of some sites in West Africa, in Italy and to the site in Alabama, as well as to the recovery of the drilling activity carried out by the controlled company Petreven C.A.

The operating result is 4,821 thousand € (2,339 thousand as at 31/03/2002). This result reflects amortizations and depreciations for 7,113 thousand €. The increase in amortizations is attributable to the investments made by the Group following to the signing of several new job orders and to the continuous research aimed at developing the fleet of rigs from a technological point of view.

Net financial burdens amount to 3,489 thousand € against 2,168 thousand € of the previous fiscal year. The increase is mainly attributable to exchange differences.

Notes to the economic performance

The net invested capital - amounting to 200,171 thousand € - increases by 2,923 thousand € compared to as at 31st December 2002, and said increase is partly ascribable to the investments made in plants and equipments and partly to the trade capital.

The intense activity performed in this quarter involved an increase of credits with clients and, to a smaller extent, to an increase of the warehouse's reserves.

Gross investments made in this quarter reached about 9,239 thousand € and refer to investments in plants and equipments necessary for the fulfilment of job orders started during the three-month period and to some which will start in the following quarter, both in Italy and in the Middle East.

The warehouse as at 31st March 2003 amounts to 93,996 thousand € that is on the up if compared to as at 31st December 2002 which was of 928 thousand € (90,940 thousand € as at 31st March 2002).

The increase in stocks compared to as at 31st December 2002 is due both to the deliveries foreseen in the following months with regard to the engineering sector, and to the purchases made by some companies in order to be provided with materials for the already started sites and to the change, that is to the drop, of the balance for the works in progress that is mainly ascribable to the job orders managed by the controlled Trevi S.p.A. in Venezuela and in Italy.

Notes to the net financial position

The net financial position of the TREVI Group, highlighted in the relevant cash flow statement, showed an amount of 125,933 thousand € as at 31.03.2002, that is on the up compared to the one as at 31.12.2002 (equal to 118,726 thousand €), as a consequence of the increase of the working capital and fixed assets.

With regard to the borrowing's composition, medium and long term debts amounting to 72,028 thousand € are pointed out. Said amount is mainly due to the debts with other leasing companies following to the stipulation of some financing contracts.