

TREVI - Finanziaria Industriale S.p.A.

Consolidated Quarterly Report

Third Quarter 2004

TREVI – Finanziaria Industriale S.p.A.
Registered Office in Cesena (FC) - Via Larga 201 -
Capital Stock: Euro 32,000,000 fully paid
Forlì – Cesena Chamber of Commerce Business Register Nr.201.271
Tax Code, VAT and Member of the Companies Register of Forlì – Cesena Nr. 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

Enrico Bocchini

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.

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The Quarterly Report is not audited.

KEY FINANCIAL INFORMATIONS

(In Thousands of Euro)

12.31.2003		09.30.2004	09.30.2003	Changes	III Quarter 2004	III Quarter 2003
368,728	Production value	261,058	275,678	-5.3%	87,379	92,191
366,643	Total revenues	253,673	274,857	-7.7%	85,927	91,862
127,118	Added value	85,405	97,670	-12.6%	28,628	30,909
34.7%	<i>% on total revenues</i>	33.7%	35.5%		33.3%	33.6%
41,311	E.B.I.T.D.A.	25,574	33,403	-23.4%	7,561	9,976
11.27%	<i>% on total revenues</i>	10.08%	12.15%		8.80%	10.86%
16,716	E.B.I.T.	10,560	14,139	-25.3%	3,299	3,070
4.56%	<i>E.B.I.T./total revenues</i>	4.16%	5.14%		3.84%	3.34%
1,102 (1)	Net result before taxation and minority interests	5,382	4,473	20.3%	983	1,114
19,563	Gross technical investments	14,486	14,060	3.0%		
183,665	Net invested capital	199,594	207,355	-3.7%		
(113,427)	Net financial position	(125,963)	(129,169)	-2.5%		
70,238	Total stockholders' equity	73,631	78,186	-5.8%		
66,760	Group's net equity	70,396	74,554	-5.6%		
3,478	Minority interests	3,235	3,632	-10.9%		
2,911	Nr. of employees	3,269	2,959			
296,195	Works' portfolio	357,423	332,491	7.5%		
9.10%	EBIT/Net invested capital (R.O.I.)	(2) 7.05%	9.09%			
1.57%	Net income/Net stockholders' equity (R.O.E.)	(2) 9.75%	7.63%			
4.56%	EBIT/Total revenues (R.O.S.)	4.16%	5.14%			
1.61	Net financial position / Total net stockholders' equity (Debt/equity)	1.71	1.65			

(1) The result as at 12/31/2003 also includes taxes and the result belonging to third parties

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

QUARTERLY MANAGEMENT REPORT

Group's Profile and Activity

TREVI - Finanziaria Industriale S.p.A. and its controlled companies (following referred to as "TREVI Group" or "the Group") carries out its activity in the following sectors: foundation engineering services for civil works and infrastructures, oil drilling services and construction of rigs and equipments for special foundations, tunnel excavation and wells' drilling for hydrocarbons' extraction and water research. Activity sectors are coordinated by the two main companies of the Group: Trevi S.p.A., leading the division operating in the field of underground engineering ("Trevi Division"), and Soilmec S.p.A., leading the division involved with the manufacture and marketing of rigs and equipments for underground engineering and for wells' drilling – in view of hydrocarbons' extraction and water research ("Soilmec Division").

Since 1st January 2004, Soilmec S.p.A. has transferred its own "drilling" company branch to Drillmec S.p.A., which is directly controlled by Trevi - Finanziaria Industriale S.p.A.

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

Accounting Principles and Evaluation Criteria

The Quarterly Report is drafted on a consolidated basis since the Company is bound to draft the consolidated report.

The Group's Consolidated Financial Statements for the third quarter 2004 has been drafted by using the same accounting principles, consolidation methods and foreign exchange conversion criteria adopted to prepare the Consolidated Financial Statements as at 31st December 2003, but with all necessary adjustments in order to reflect the peculiarity of an infra-annual situation that is limited to a nine-month period.

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

The quarterly report is not audited.

The consolidation area hasn't undergone changes compared to that of the Consolidated Financial Statements as at 31st December 2003.

Quarterly Performance

During the first nine months of the fiscal year, the Result before Taxation and other interests amounted to € 5.38 millions against € 4.47 millions of the same period in the previous year (+20.3%). The Net Financial Position is decreased from € -129.17 to -125.96 millions, with a 2.5% improvement. The recovery of the Orders' Portfolio has to be highlighted: it increased from € 332 millions as at 30th September 2003 to € 357 millions as at 30th September 2004 (+7.5%).

Total Revenues decreased from €274.86 to €253.67 millions, compared to the same period of the previous fiscal year (-7.7%). This is due to the decision of limiting the presence of the Group only to some regional markets of North America, in order to better control the company's risks. Also a domestic market stagnation phase has to be taken into account, considering that the effects involved by the implementation of the "Obiettivo Law" will be evident only in 2006 and 2007.

The depreciation of the US Dollar average exchange compared to Euro over the two nine-month periods was of 10,28%. If consolidation operations had been performed at fixed exchange rates, Total Revenues would have amounted, in real terms, to €266.99 millions (-2.86%).

Main quarterly financial data

During the third quarter of the fiscal year 2004, the Net Result (before taxation and other interests) amounted to €983 thousands, that is, virtually unchanged compared to the same quarter of the previous year. Consolidated Total Revenues for the third quarter 2004 amount to €85,927 thousands, on the decrease compared to the corresponding period of the fiscal year 2003. The EBITDA of this quarter amounts to €7,561 thousands (8.8% of total revenues). The Operating Income is €3,299 thousands (3.84% of total revenues); said Result is net of amortizations and allocations for €4,262 thousands. Net financial charges are €1,847 thousands and show a percentual decrease of about 12% compared to the same quarter in 2003. Thanks to the effective defence policy against the exchange risk, positive exchange differences amounting to €219 thousands have been entered during the quarter.

Notes to Main Assets and Liabilities

As at 30th September 2004, the net invested capital, equal to €199,594 thousands, decreases by €7,761 thousands compared to as at 30th September 2003.

Particularly, during the above-mentioned nine-month period, gross investments in tangible assets were equal to €14,486 thousands and refer to investments in rigs and equipments for job orders started during the period of reference; on the other hand, there are amortizations for €12,511 thousands.

The warehouse as at 30th September 2004 amounts to €92,477 thousands, that is, on the up compared to as at 31st December 2003, when it amounted to €11,095 thousands.

The net passive financial position of the Trevi Group, which is highlighted in the special accounting profile, showed – as at 30th September 2004 – an amount equal to €125,963 thousands (€129,169 thousands the one entered as at 30th September 2003). The short-term borrowing decreased by about €1.8 millions compared to the same period of the previous year; in the same period, the medium to long-term borrowing decreased by €1.3 millions.

Geographic Area

The following table, which aims at highlighting the Group's internationalisation, reports the distribution of total revenues per geographic area:

(In Thousand of €)

AREA	III Quarter 2004	%	III Quarter 2003	%	Changes
Italy	11,377	13.2%	15,600	17.0%	(4,223)
Europe (excluding Italy)	11,751	13.7%	8,685	9.5%	3,066
U.S.A. and Canada	10,379	12.1%	16,573	18.0%	(6,194)
South American countries	13,768	16.0%	5,996	6.5%	7,772
Africa	15,100	17.6%	22,023	24.0%	(6,923)
Middle East	23,342	27.2%	21,262	23.1%	2,080
Far East	201	0.2%	1,691	1.8%	(1,490)
Rest of the world	9	0.0%	32	0.0%	(23)
TOTAL	85,927	100%	91,862	100%	(5,935)

As for the distribution of revenues per geographic area, and compared to the third quarter 2003, we would like to point out the recovery in the activity relevant to the areas of Latin America and Middle East. The decrease in the remaining areas is mainly due to cyclical phenomena and to the conclusion of some important contracts.

Product lines

The distribution of revenues among the main activity sectors of the Group, during the third quarter 2004, is the following:

(In Thousands of €)

MANUFACTURING SECTOR	III Quarter 2004	%	III Quarter 2003	%	Changes
Manufacture of machines for special foundation work	20,244	23.6%	23,246	25.3%	(3,002)
Manufacture of machinery for oil, gas and water drilling	6,298	7.3%	4,786	5.2%	1,512
Oil drilling	3,325	3.9%	3,146	3.4%	179
Special foundation works	55,480	64.6%	59,806	65.1%	(4,326)
Parking facilities	580	0.7%	878	1.0%	(298)
TOTAL	85,927	100%	91,862	100%	(5,935)

Main after-date events

Recently, the Trevi Group has acquired three important job orders in Italy: the first two (for a total amount of €15.7 millions and a contract's period of about twelve months) concern special consolidation works for two new tunnels, within a widening scheme for the Great Annular Ring in Rome, where three-lanes are to be carried out; the third job order (for a contract amount of €4 millions) refers to the execution of foundations for a large-scope building complex in Florence.

At international level, the main job order acquired concerns the execution of soil consolidation works for the rehabilitation of "Massingir Dam", in Mozambique. The total amount involved by the execution of the works –

which will be performed together with South African partners, is equal to €7.5 millions, one third of which is up to Trevi's competence. In Algeria, the Trevi Group will be involved on behalf of Agence National des Barrage in the execution of a impermeable shield for the "Ben Haroun Dam". The job order amounts to €4.9 millions and will last 8 months. The "Gulf" area market confirms its positive trend with the acquisition of new job orders in the United Arab Emirates, for a total amount of €6 millions. The total of these job orders that have been acquired both in Italy and abroad is €33 millions.

Drillmec S.p.A., in Piacenza, has participated in the acquisition of an important supply relevant to four oil-drilling rigs from the Algerian Company ENTP (belonging to the Sonatrach Group). The share belonging to Drillmec S.p.A. amounts to a total of US\$ 46.75 millions. The supply will take place jointly with the German companies Bentec and Wirth, with which – already in 2001- a Joint Venture called Edra S.r.L. was established in order to promote European technologies in the field of oil drilling. The opening of the letter of credit is being awaited, as a payment warranty.

At the end of July, Trevi S.p.A. rented a company branch from the Official Receiver of "Ing. Giovanni Rodio & C. – Impresa Costruzioni Speciali S.p.A.", which includes some Italian job orders amounting to about €27 millions. The lease cost is about €1 million.

Rodio has been an historical name in the world of geotechnics, both in Italy and abroad. By means of this operation Trevi, the Italian leader and fourth worldwide leader in the field, aims at not spreading such a technological wealth, and is willing to supplement its own specializations with those commonly used by Rodio, in order to offer both Italian and International Customers a complete range of specializations in the field of underground engineering.

For the Board of Directors

The Chairman

Davide Trevisani

Abbreviated Consolidated Financial Statement of the Group

TREVI GROUP **Quartely Report** **Consolidate Profit and Loss Account**

(In Thousands of €)

12.31.2003		01.01.2004- 09.30.2004	01.01.2003- 09.30.2003	III Quarter 2004	III Quarter 2003
366,643	TOTAL REVENUES	253,673	274,857	85,927	91,862
(1,727)	Changes in inventories of work in progress, semifinished and finished products	5,427	(1,309)	288	(612)
3,812	Additions to fixed assets by internal production	1,958	2,130	1,164	941
368,728	VALUE OF PRODUCTION	261,058	275,678	87,379	92,191
237,224	Use of raw materials and outside services	173,642	175,428	58,028	60,449
4,386	Other operating expenses	2,011	2,580	723	833
127,118	VALUE ADDED	85,405	97,670	28,628	30,909
85,807	Payroll and related contributions	59,831	64,267	21,067	20,933
41,311	E.B.I.T.D.A.	25,574	33,403	7,561	9,976
20,090	Amortization, depreciation	12,511	15,679	3,913	5,273
4,505	Writedowns and provisions	2,503	3,585	349	1,633
16,716	E.B.I.T.	10,560	14,139	3,299	3,070
(7,587)	Financial Income (expenses)	(5,368)	(6,202)	(1,847)	(2,089)
(2,498)	Net difference from exchange	905	(2,373)	219	(26)
(93)	Adjustments to financial assets	(84)	(46)	0	8
(2,182)	Extraordinary income (expenses)	(631)	(1,045)	(688)	151
4,356	RESULT BEFORE TAXATION AND MINORITY INTERESTS	5,382	4,473	983	1,114

TREVI GROUP

Summary consolidated balance sheet

(In Thousands of €)

12.31.2003		09.30.2004	09.30.2003	Changes
	A) Fixed assets			
3,137	- Intangible fixed assets	2,441	2,895	(454)
126,695	- Property, plant and equipment	129,231	130,455	(1,224)
4,118	- Financial fixed assets	4,223	3,965	258
133,950		135,895	137,315	(1,420)
	B) Net working capital			
81,382	- Inventories	92,477	96,998	(4,521)
95,660	- Trade receivables	98,650	100,602	(1,952)
(87,060)	- Trade payables (-)	(95,221)	(91,212)	(4,009)
(19,587)	- Advances (-)	(19,326)	(21,149)	1,823
(11,084)	- Others assets (liabilities)	(2,761)	(5,821)	3,060
59,311		73,819	79,418	(5,599)
193,261	C) Invested capital minus current liabilities (A+B)	209,714	216,733	(7,019)
(9,596)	D) Employee termination indemnities (-)	(10,120)	(9,378)	(742)
183,665	E) NET INVESTED CAPITAL (C+D)	199,594	207,355	(7,761)
	Financed by:			
66,760	F) Stockholders' equity (1)	70,396	74,554	(4,158)
3,478	G) Minority interests in capital and reserves	3,235	3,632	(397)
113,427	H) Net financial position	125,963	129,169	(3,206)
183,665	I) TOTAL SOURCES OF FUNDS (F+G+H)	199,594	207,355	(7,761)

(1) The Stockholders' equity as at 09/30/04 and 09/30/03 also takes into account the result gross of taxes and minority result.

TREVI GROUP

Net Consolidated Financial Position

(In Thousands of €)

12.31.2003		09.30.2004	09.30.2003	Changes
(45,029)	Short-term bank loans	(75,431)	(80,750)	5,319
(12,584)	Other short-term borrowing	(13,315)	(10,333)	(2,982)
47,146	Short-term liquid assets	28,454	28,911	(457)
(10,467)	Total short-term portion	(60,292)	(62,172)	1,880
(73,537)	Medium- to long-term bank loans	(41,559)	(40,880)	(679)
(29,423)	Other medium- and long-term borrowing	(24,112)	(26,117)	2,005
(102,960)	Total medium- and long-term portion	(65,671)	(66,997)	1,326
(113,427)	Net financial position	(125,963)	(129,169)	3,206

TREVI DIVISION

Key figures of the Group

(In thousands of €)

	09.30.2004	09.30.2003	Changes
TOTAL REVENUES	174,661	194,402	(19,741)
Changes in inventories of work in progress, semifinished and finished products	(158)	(53)	(105)
Additions to fixed assets by internal production	1,550	1,303	247
VALUE OF PRODUCTION	176,053	195,652	(19,599)
Use of raw materials and outside services	112,480	116,929	(4,449)
Other operating expenses	1,580	2,086	(506)
VALUE ADDED	61,993	76,637	(14,644)
Payroll and related contributions	41,594	46,823	(5,229)
E.B.I.T.D.A.	20,399	29,814	(9,415)
Amortization, depreciation	9,169	10,939	(1,770)
Writedowns and provisions	2,310	3,157	(847)
E.B.I.T.	8,920	15,718	(6,798)

SOILMEC DIVISION

Key figures of the Group

(In thousands of €)

	09.30.2004	09.30.2003	Changes
TOTAL REVENUES	84,764	85,814	(1,050)
Changes in inventories of work in progress, semifinished and finished products	5,585	(1,257)	6,842
Additions to fixed assets by internal production	408	828	(420)
VALUE OF PRODUCTION	90,757	85,385	5,372
Use of raw materials and outside services	70,664	64,210	6,454
Other operating expenses	376	454	(78)
VALUE ADDED	19,717	20,721	(1,004)
Payroll and related contributions	17,043	16,503	540
E.B.I.T.D.A.	2,674	4,218	(1,544)
Amortization, depreciation	1,834	3,828	(1,994)
Writedowns and provisions	193	427	(234)
E.B.I.T.	647	(37)	684

STATEMENT OF CONSOLIDATED CASH FLOWS

(In thousands of €)

09.30.2004 **2003**

	09.30.2004	2003	
Net Financial Position (Opening amount)	(113,427)	(118,726)	
Net income before taxation and minority interests of the Group	5,382	1,102	(I)
Depreciation and amortization	12,510	20,090	
Gains (Losses) on disposal of intangible - tangible fixed assets	345	(201)	
Gains (Losses) or revaluations -writedowns of financial fixed assets	84	93	
Provision to the reserve for employees termination indemnities, pension funds and similar commitments	2,458	3,202	
Change in minority interests in capital and reserves	(244)	(1,287)	
A Cash generated from operations before changes in working capital	20,535	22,999	
B Changes in working capital:			
Inventories	(11,095)	11,686	
Commercial receivables	(2,990)	(2,382)	
Other activities	(10,149)	4,703	
Commercial payables	7,900	(7,990)	
Other liabilities	740	(1,177)	
Reserves for risks and charges	99	(1,950)	
Total	(15,495)	2,890	
C Net cash flows for operating activities:			
Intangible fixed assets	871	(1,037)	
Tangible fixed assets	(15,567)	(10,726)	
Financial fixed assets	(190)	445	
Other changes (including changes in the scope of consolidation)	(806)	(8,100)	
Total	(15,692)	(19,418)	
D Cash flows from (used in) financing activities:			
Dividends distributed	(940)		
Changes in the reserve for employee termination indemnities	(944)	(1,172)	
Total	(1,884)	(1,172)	
Net change in Cash flows (A+B+C+D)	(12,536)	5,299	
NET FINANCIAL POSITION AS OF SEPTEMBER 30, 2004	(125,963)	(113,427)	

(I) The net income as at December 31, 2003 refers to net income of the Group.