ASTALDI GROUP

FOURTH QUARTER REPORT AS AT 31 DECEMBER 2003

CONTENTS

General Information

Group structure

International positioning

Company officers

Consolidated Statements and Notes

Scope of consolidation

Accounting principles and evaluation criteria

Consolidated Balance Sheet

Reclassified Consolidated Income Statement

Orders portfolio by line of business and geographical area

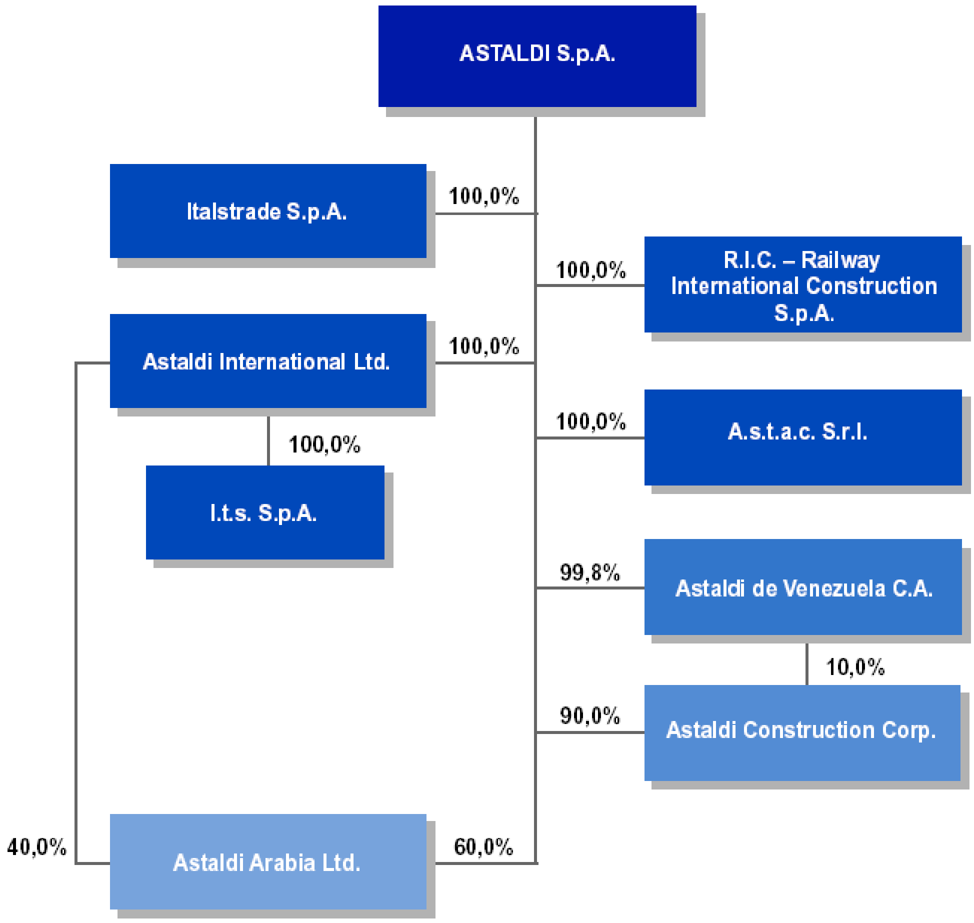
Information on Operations

Comments on the first quarter operating performance

Subsequent events

GROUP STRUCTURE

The table below shows the Group corporate structure in relation to its main operating companies.

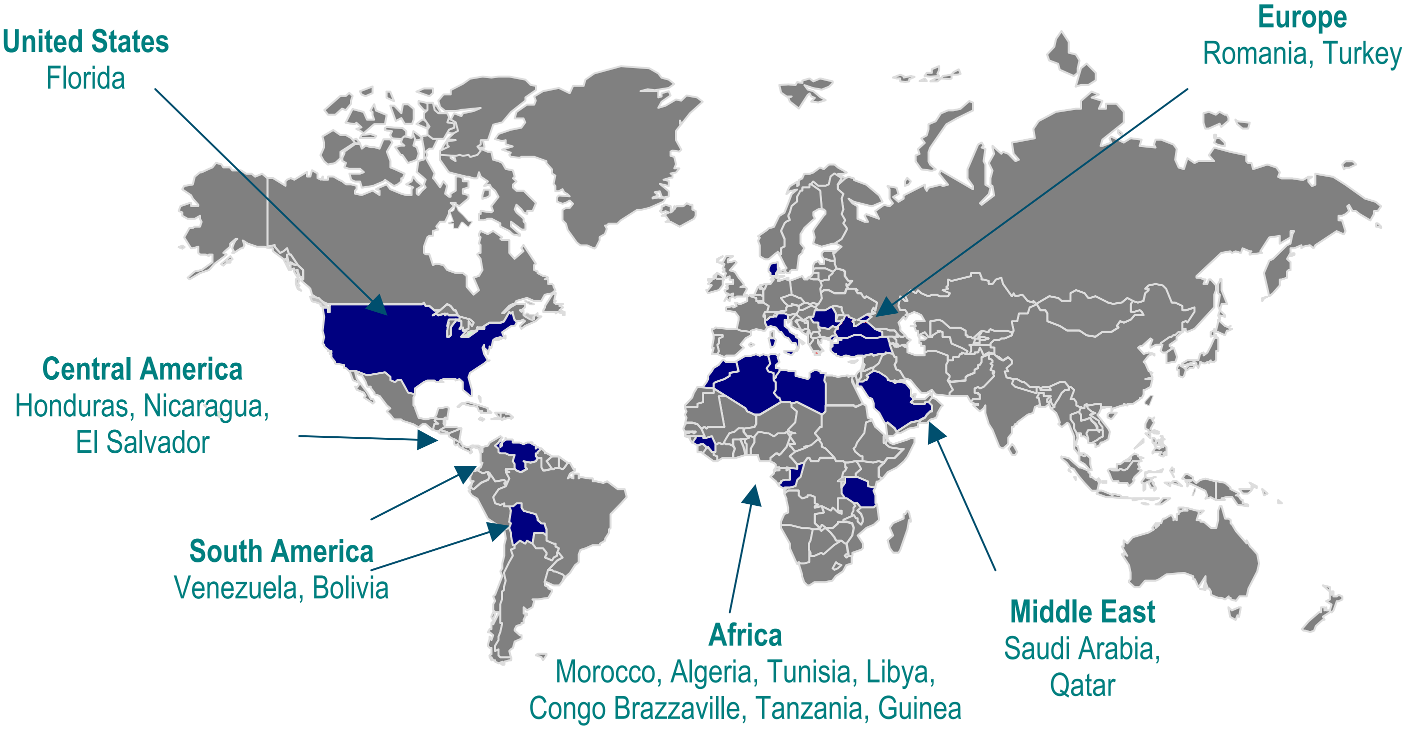


Group operations include more than 76 associate and consortium companies and 4 special purpose companies for licensed operations.

As part of the process of rationalization and reduction of operating costs, the Board of Directors of 30 July, 2003 has resolved to merge R.I.C. Railway International Construction S.p.A, operating in the railway sector, into Italstrade S.p.A..

This operation enables the concentration on the activity of the subsidiary Italstrade S.p.A. working within the area of construction and maintenance of transport infrastructure (both road and railways) of medium size.

INTERNATIONAL POSITIONING



COMPANY OFFICERS

Board of Directors

Ernesto Monti	Chairman
Paolo Astaldi	Deputy Chairman
Vittorio Di Paola	Chief Executive Officer
Pietro Astaldi	Board Member
Caterina Astaldi	Board Member
Stefano Cerri	Board Member
Enrico De Cecco	Board Member
Franco A. Grassini	Board Member
Luigi Guidobono Cavalchini	Board Member
Bruno Lecchi	Board Member
Lucio Mariani	Board Member
Giuseppe Marino	Board Member
Roberto Marraffa	Board Member
Vittorio Mele	Board Member
Nicoletta Mincato	Board Member

Board of Statutory Auditors

Eugenio Pinto	Chairman
Pierpaolo Singer	Acting member
Pierumberto Spanò	Acting member
Antonio Sisca	Alternate member
Maurizio Lauri	Alternate member

General Managers

Nicola Oliva	Domestic Activities
Giuseppe Cafiero	International Activites
Stefano Cerri	Administration and Finance

Vice General Manager

Paolo Citterio	Administration and Finance

Auditing Company

Reconta Ernst & Young S.p.A.

SCOPE OF CONSOLIDATION

		Subsidiaries	%
	1	R.I.C. - Railway International Construction S.p.A.	100.00%
	2	A.S.T.A.C. S.r.l.	100.00%
	3	Italstrade S.p.A.	100.00%
	4	Astaldi International Ltd	100.00%
	5	Astaldi de Venezuela C.A.	99.80%
	6	Astaldi Construction Corporation	99.80%
	7	SC Italstrade - CCCF JV Romis S.r.l.	51.00%
	8	Romstrade S.r.l.	51.00%
	9	I.T.S. S.p.A.	100.00%
	10	Italstrade Somet JV Rometro S.r.l.	55.00%
	11	S.u.g.t. s.a. Calarasi	50.37%
	12	Astaldi Arabia ltd	100.00%
	13	Astaldi Finance S.A.	99.96%
	14	Legnami Pasotti Italia I.C. S.r.l.	80.00%
	15	Romairport S.r.l.	63.89% *

	Other equity investments	%
16	Consorcio Metro Los Teques	30.00%
17	Comet JV	15.00%

Changes in the scope of consolidation

Equity investments excluded from the scope of consolidation		Equity investments included in the scope of consolidation	
Consorcio Astaldi-Columbus (Nicaragua)	98.00%*	Romairport S.r.l.	63.89% *

NB: Companies marked with are consolidated according to the line-by-line method; the other companies are consolidated according to the proportional method.

Companies marked with * have undergone changes in the previous quarters

ACCOUNT PRINCIPLES AND VALUATION CRITERIA

The Group quarterly report as at 31 December 2003 has been drawn up in accordance with CONSOB regulation no. 11971 of 14 May 1999, art. 82.

The third quarter balance sheet and income statement are presented in a reclassified form consistent with the contents of the financial statements as at 31 December 2002 and drawn up on the basis of the financial statements as at the same date prepared by the Parent Company and the companies included in the scope of consolidation.

The operating performance data refer to the third quarter and to the period between the beginning of the year and the period-ending date. The statements also show comparisons with the corresponding date for the same periods in the previous financial year.

In this context, it should be pointed out that the fourth quarter 2002 income statement reflects the changes made at the time of the issue of the 2002 annual report.

The most important consolidated accounting principles adopted are summarized below.

Intangible fixed assets

Intangible fixed assets represent costs and expenses with multi-year use shown according to the effective cost incurred, including directly-assessable accessory charges.

The amounts are shown in the balance sheet net of amortization, determined according to the remaining useful life of the assets.

Charges for the listing are capitalized and amortized over five years.

Tangible fixed assets

Tangible fixed assets, including leased assets, include real estate, plant, machinery and equipment. These assets are shown according to purchase price and construction cost, including directly-assessable accessory charges.

Depreciation is calculated on a straight-line basis according to the remaining useful life of the asset up to the tax allowable limit considered representative of the estimated useful life.

Equity investments

Equity investments in subsidiary and affiliated companies not included in the scope of consolidation are shown according to the net equity method if significant.

The other equity investments are shown according to the cost method, including directly-assessable accessory charges and any write-downs to reflect permanent losses in value.
Companies up for liquidation are shown at original cost and written down to take liquidation costs into account.
Losses on equity investments exceeding book value and for which there is a commitment to balance are shown in the reserve for risks on equity investments after the book value has been written-off.

Receivables and payables in foreign currency

Receivables and payables denominated in currencies other than the euro are shown at the exchange rate prevailing on entry date.

Translation of the financial statements of foreign companies and stable foreign organizations

The financial statements of foreign companies and stable foreign organizations (accounting is done according to a multi-currency accounting system) are translated according to the following criteria: assets and liabilities at the exchange rate prevailing at the period-ending date; income statement items at the average exchange rate for the period; balance sheet items at the exchange rate at the time of formation.

Orders in progress

Orders in progress are valued with specific reference to the non-certified physical progress made on work to date (the so-called physical measure method), but identified with reasonable certainty and through the application of contractually agreed payments.

Income statement

Income and expense items are shown on an accrual accounting basis.
Revenues from the sale of goods are booked upon delivery, revenues from services at the time the service is performed, in accordance with respective contracts signed.
To provide a better representation of the operating performance data, we have shown drawdowns from the contract risk reserve among the self-financing items (i.e. depreciation and amortization, provisions, and uses), likewise reclassifying them for the previous periods.

The following major exchange rates have been used to convert financial statements expressed in foreign currency.

source: Ufficio Italiano Cambi

COUNTRY	CURRENCY		Exchange rate 31/12/2003	Average exchange rate 2003	Exchange rate 31/12/2002	Average exchange rate 2002
Albania	Lek	ALL	133.548	136.715	136.946	131.683
Algeria	Algerian Dinar	DZD	83.006	85.480	79.116	73.277
Angola	Readjustado Kwarza	AOA	95.605	83.517	57.026	38.979
Saudi Arabia	Saudi Riyal	SAR	4.601	4.236	3.813	3.542
Bolivia	Boliviano	BOB	9.537	8.649	7.555	6.763
Burundi	Burundi Franc	BIF	1,304.090	1,188.000	1,052.680	861.814
The Caribbean	Caribbean Dollar	XCD	3.317	3,050	2.740	15.282
Central African Republic C.F.A	CFA Franc	XAF	655.957	655.957	655.957	655.957
Chile	Chilean Peso	CLP	739.119	779.566	715.892	652.850
Colombia	Colombian Peso	COP	3,509.040	3,283.570	2,847.300	2,371.570
Congo Democratic Republic	Congolese Franc	CDF	450.864	448.503	379.717	325.957
Croatia	Kuna	HRK	7.670	7.557	7.410	7.395
Denmark	Danish Krone	DKK	7.442	7.431	7.426	7.431
Dominican Republic	Dominican Peso	DOP	45.094	32.744	19,882	16.465
El Salvador	El Salvador Colon	SVC	10.750	9.898	8.910	8.273
Japan	Japanese Yen	JPY	132.431	130.971	124.198	118.063
Djibouti	Djibouti Franc	DJF	217.392	200.951	180.964	168.047
Guinea	Guinea Franc	GNF	2,450.980	2,240.710	2,006.980	1,853.200
Honduras	Lempira	HNL	22.042	19.752	17.189	15.606
Indonesia	Indonesian Rupiah	IDR	10,421.700	9,679.260	9,079.340	8,775.550
Kenya	Kenyan shilling	KES	93.279	85,778	80.813	74.404
Libya	Libyan Dinar	LYD	1.651	1.437	1.249	1.156
Malawi	Malawi Kwacha	MWK	129.261	108.462	85.721	71.749
Morocco	Moroccan Dirham	MAD	11.012	10.812	10.577	10.382
Mozambique	Metical	MZM	28,296.600	26,004.000	23,598.900	21,782.200
Nicaragua	Cordoba Oro	NIO	18.952	17.025	14.934	13.515
Norvegia	Norwegian Kroner	NOK	8.242	8.003	7.295	7.509
Pakistan	Pakistan Rupee	PKR	70.473	65.277	59.476	56.331
Qatar	Qatari Riyal	QAR	4.472	4.117	3.706	3.442
United Kingdom	Britsh Pound Sterling	GBP	0.702	0.692	0.642	0.629
Romania	Leu	ROL	40,572.600	37,550.600	34,251.400	31,269.700
Rwanda	Rwandan Franc	RWF	684.282	596.179	505.879	443.268
Singapore	Singapore Dollar	SGD	2.102	1.970	1.786	1.691
United States	US dollar	USD	1.229	1.131	1.018	0.946
South Africa	South African Rand	ZAR	7.993	8.532	9.104	9.907
Switzerland	Swiss Franc	CHF	1.554	1.521	1.468	1.467
Taiwan	Taiwan Dollar	TWD	41.780	38.852	35.434	32.380
Tanzania	Tanzanian Schilling	TZS	1,287.430	1,169.160	993.248	910.868
Thailand	Baht	THB	48.796	46.898	44.086	40.615
Tunisia	Tunisian Dinar	TND	1.512	1.453	1.384	1.339
Turkey	Turkish Lira	TRL	1,761,551.000	1,694,851.000	1,619,050.000	1,439,680.000
European Monetary Union	Euro	EUR	1.000	1.000	1.000	1.000
Venezuela	Bolivar	VEB	1,960.780	1,829.430	1,342.650	1,112.710
Zambia	Zambian Kwacha	ZMK	5,749.130	5,411.830	4,842.130	4,153.380

N.B. The exchange rate shown expresses the quantity of foreign currency needed to buy 1 euro.

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

Euro/000	31/12/2003	30/09/2003	31/12/2002	30/09/2002
Net intangible fixed assets	52,191	51,059	58,292	44,172
Net tangible fixed assets	106,318	106,902	93,725	85,718
Equity investments	27,723	31,831	33,909	26,130
Other net assets	16,296	16,837	14,398	25,493
Total net fixed assets (A)	**202,528**	**206,629**	**200,324**	**181,513**
Inventories	41,316	43,367	40,620	35,612
Work-in-progress	191,640	251,005	198,343	286,065
Trade receivables	249,837	256,995	236,738	180,585
Other assets	202,445	204,727	224,869	198,919
Advance payments	(120,555)	(116,320)	(133,362)	(107,276)
Subtotal	**564,683**	**639,774**	**567,208**	**593,905**
Due to suppliers	(195,878)	(221,653)	(195,154)	(170,912)
Other liabilities	(140,169)	(153,923)	(144,453)	(157,352)
Subtotal	**(336,047)**	**(375,576)**	**(339,607)**	**(328,264)**
Working capital (B)	**228,636**	**264,198**	**227,601**	**265,641**
Employees' indemnity fund	(12,189)	(12,101)	(11,970)	(11,844)
Contractual risks reserve	(50,286)	(53,796)	(50,650)	(50,680)
Other reserves	(13,036)	(14,258)	(23,855)	(20,067)
Total reserves (C)	**(75,511)**	**(80,155)**	**(86,475)**	**(82,591)**
Net invested capital (D) = (A) + (B) + (C)	**355,653**	**390,672**	**341,450**	**364,563**
Cash and short-term financial receivables	149,983	133,713	155,261	116,576
Financial receivables and securities	73,025	105,531	56,399	45,315
Medium/long-term financial debt	(246,099)	(261,851)	(212,594)	(211,420)
Short-term financial debt	(105,219)	(142,539)	(118,205)	(97,854)
Net financial assets/liabilities (E)	**(128,310)**	**(165,146)**	**(119,139)**	**(147,383)**
Consolidated net equity	**227,185**	**224,718**	**222,004**	**216,387**
Minority interest	158	808	307	793
Net equity (G)=(D)-(E)	**227,343**	**225,526**	**222,311**	**217,180**
Personal guarantees	1,711,172	1,743,078	1,653,148	1,494,176
Factoring companies for risk of withdrawal	86,168	84,244	164,806	123,453
Other memorandum accounts	29,660	27,452	27,452	0
Real guarantees	0	43,969	0	0
Third-party bank guarantees in our favour	22,189	22,226	21,932	17,772
Total commitments and guarantees	**1,849,189**	**1,920,969**	**1,867,338**	**1,635,401**

During the quarter under review, the Group's consolidated balance sheet and financial position reported a reduction in invested capital, despite the significant rise undergone by production. Such circumstances enabled Astaldi to wrap 2003 with notable results from both an economic and financial perspective.

During the period under review, the increases undergone by fixed assets were not particularly significant, since the previous year saw the company go ahead with the investments foreseen by the industrial plan (which accompanied the company's IPO on the Stock Exchange during 2002).

The main variations registered during 2003 were those undergone by the investments of the subsidiary company Astaldi Construction Corporation, effected in order to boost operations in the USA. This policy, which was defined following the sound results attained during the year, in terms of increase of both the order's portfolio and the company's profit , provided concrete evidence of Astaldi's interest in operating on a regional scale across the State of Florida.

The decrease undergone by equity investments was due to the Group's rationalisation process that, as planned, involved closing a number of areas no longer considered strategic, such as Sub-Saharan Africa, as well as simplifying the Group's operations around Central America.

Long-term investments include Astaldi's own shares (2.385 million euro) acquired as part of the buy-back plan approved by the shareholders' meeting held on 5 March last, for a period of 18 months. The average acquisition value of the 1,255,900 shares held in treasury was around 1.9 euro.

It is also worthwhile noting that included as part of equity investments and loans are initial project-finance investments, such as those for the start-up phase of the project company being established for the realisation and operation of the new Mestre Hospital, and other loans granted in connection with the construction and operation of parking facilities in the cities of Bologna and Turin.

Considered collectively, the trends followed by the Group's balance sheet and financial position over the period were even more impressive if regarded in relation to the increase in contract revenues (up 19% on a quarterly basis and up 15% on an annual basis compared with 2002).

Working capital from operations was lower than in September, thanks to the sizeable payments collected during the quarter - especially those arising from contracts being realised in Venezuela and Turkey.

Also worthy of mention is the fact that during the final part of 2003, SACE (Italy's export credit agency) restored credit facilities, towards Venezuela enabling Astaldi to stipulate in December an export credit agreement (managed by Société Générale and Banca Intesa) for the Puerto Cabello-La Encrucijada railway contract, in the process of being executed in that country.

As regards instead the Group's activities in Turkey, 31 December saw Astaldi receive a further payment in connection with receivables accrued under the Istanbul–Ankara motorway project. The amount collected by Astaldi – approximately 50 million US dollars - represents the balance payable by the General Management of the Turkish Motorways for work carried out by Astaldi during 2001, 2002 and 2003, and brings total proceeds for 2003 to 118 million US dollars.
The export credit agreement signed on 29 September 2003 actually came into effect at the end of December 2003, thereby guaranteeing the Turkish Government the full availability of the financial resources needed to complete the project in question. Indeed, one may recall that the loan facility, managed by MCC and West LB, involves a US$ 217 million *export credit facility* and a US$ 88 million *commercial loan*.

The net financial position as at the period-ending date is analysed in the following statement:

(Euro/000)	**31/12/2003**	**30/09/2003**	**31/12/2002**
Short-term financial indebtedness	(100,347)	(137,406)	(114,251)
Medium/long-term financial indebtedness	(75,073)	(87,962)	(39,675)
Cash and short-term financial receivables	149,983	133,713	155,261
Financial receivables and securities	73,025	105,531	56,399
Total ordinary financial position	**47,588**	**13,876**	**57,734**
Eurobond	(150,000)	(150,000)	(150,000)
Leasing	(25,899)	(29,022)	(26,873)
Total net financial position	**(128,310)**	**(165,146)**	**(119,139)**

The Group's balance-sheet structure and financial position as at 31 December 2003 reflect a balanced situation that is able to guarantee sustainable growth, in line with the financial commitments that Astaldi has entered into.
Indeed, the Group's financial structure, geared to support operating activities through dedicated finance focused on individual projects and the stabilisation of financial flows related to foreign activities, enables the Group to plan productive activities without causing invested capital to increase significantly.

In this context, the Group's target to keep its Debt/Equity ratio below 1:1 has been easily met, even during a period when the commercial efforts made by the company when developing new projects (especially project finance deals) and the investments made to boost the quality of resources have both been particularly sizeable.

It is also worthwhile pointing out that net indebtedness includes loans for the three parking facilities operated in Italy and project finance deals totalling 20 million euro. Repayment of these investments is guaranteed by the financial flows coming from the operation of these facilities, meaning that no guarantee from the parent company needs to be called upon.

Net equity, amounting to around 227 million euro, underwent a change during the year, due to the period's income, the distribution of dividends and the variation registered by the conversion reserve, the value for which nevertheless remained in line with that reported on 30 September 2003, notwithstanding the US dollar's growing weakness. This was made possible, thanks to the Group's prudent exchange-rate risk hedging policy. Indeed, we should also underline that the currency translation procedure adopted includes converting amounts by using the exchange rate recorded as at the reporting date of the accounts, which means that figures are thus affected by the US dollar's current weakness. This policy, geared to manage exchange rates as a variable, is also effective in consideration of the fact that around one-third of the Group's business is realised in US dollars or in dollar-pegged currencies.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Euro/000	31/12/2003	%	31/12/2002	%	4th Quarter 2003	%	4th Quarter 2002	%
Revenues from services and contracts	870,20	94.2	757,41	92.8	246,32	96.7	206,92	97.8
Other revenues	53,25	5.8	59,09	7.2	8,37	3.3	4,73	2.2
Total revenues	**923,46**	**100.0**	**816,51**	**100.0**	**254,69**	**100.0**	**211,65**	**100.0**
Production costs	(671,24	(72.7%	(601,93	(73.7%	(193,72	(76.1%	(145,10	(68.6%
Added value	**252,22**	**27.3**	**214,58**	**26.3**	**60,96**	**23.9**	**66,55**	**31.4**
Payroll expenses	(122,86	(13.3%	(108,20	(13.3%	(33,618	(13.2%	(30,499	(14.4%
Gross operating margin	**129,35**	**14.0**	**106,38**	**13.0**	**27,35**	**10.7**	**36,05**	**17.0**
Other operating expenses	(16,639	(1.8%	(17,099	(2.1%	(2,098	(0.8%	(4,622	(2.2%
Ebitda	**112,71**	**12.2**	**89,28**	**10.9**	**25,25**	**9.9**	**31,43**	**14.9**
Depreciation and amortization	(46,195	(5.0%	(36,080	(4.4%	(12,207	(4.8%	(11,122	(5.3%
Provisions, write-downs and use of risk reserve	(108	(0.0%	10,84	1.3	5,87	2.3	(735	(0.3%
Ebit	**66,41**	**7.2**	**64,04**	**7.8**	**18,91**	**7.4**	**19,57**	**9.2**
Net financial income (charges)	(27,590	(3.0%	(25,072	(3.1%	(9,648	(3.8%	(7,152	(3.4%
Write-ups (write-downs) on equity investments	(5,176	(0.6%	(6,610	(0.8%	(3,274	(1.3%	622	0.3
Extraordinary gains (charges)	(4,564	(0.5%	(6,149	(0.8%	(1,763	(0.7%	(3,209	(1.5%
Income before taxes	**29,08**	**3.1**	**26,21**	**3.2**	**4,23**	**1.7**	**9,83**	**4.6**
Income taxes	(10,223	(1.1%	(8,861	(1.1%	(1,236	(0.5%	(2,177	(1.0%
Prepaid taxes	3,28	0.4	(1,839	(0.2%	(446	(0.2%	(1,839	(0.9%
Net income for the period	**22,14**	**2.4**	**15,51**	**1.9**	**2,54**	**1.0**	**5,82**	**2.8**
Minority interest	217	0.0	(442	(0.1%	632	0.2	(562	(0.3%
Consolidated net income	**22,36**	**2.4**	**15,06**	**1.8**	**3,18**	**1.2**	**5,25**	**2.5**

As at 31 December 2003, the Astaldi Group was committed to executing projects in 18 different countries, mainly involving railway transport infrastructures.

Total revenues in the fourth quarter 2003 amounted to around 255 million euro. Revenues from services and contracts amounted to around 246 million euro including 52.4% for operations in Italy and the remaining 47.6% abroad.

The table below shows the contribution of the various business sectors to consolidated turnover for 2003.

(millions of euro)	31/12/03	%	31/12/02	%	4th Quarter 2003	%	4th Quarter 2002	%
Transport infrastructure	608	69.9%	643	84.9%	156	63.4%	177	85.8%
Hydraulic works and electric plants	115	13.2%	50	6.6%	37	15.0%	10	5.0%
Civil and industrial buildings	147	16.9%	64	8.5%	53	21.5%	19	9.2%
Total	**870**	100.0%	**757**	100.0%	**246**	100.0%	**207**	100.0%

As revealed by the data, transportation infrastructure continues to be Astaldi's leading sector both in terms of turnover and in terms of sector specialization. In this regard it is important to emphasize that many of the scheduled projects in connection with the so-called "Legge Obiettivo" are in this sector.

Civil and industrial buildings account for an increasing share, lifted by the Nuovo Polo Fieristico di Milano contract. Work began in October 2002 and as at 31 December 2003 more than 38% of the job has been completed.

The breakdown of revenues by geographical area is shown in the following table:

(millions of euro)	31/12/03	%	31/12/02	%	4th Quarter 2003	%	4th Quarter 2002	%
Italy	**425**	48.9%	**339**	44.8%	**129**	52.4%	**81**	39.2%
Abroad	**445**	51.1%	**418**	55.2%	**117**	47.6%	**126**	60.8%
Europe	92	10.6%	131	17.3%	35	14.2%	28	13.7%
Americas	268	30.8%	209	27.6%	53	21.5%	79	38.4%
Asia	11	1.3%	0	0.0%	8	3.3%	0	0.0%
Africa	74	8.5%	78	10.3%	21	8.5%	18	8.7%
Total	**870**	100.0%	**757**	100.0%	**246**	100.0%	**207**	100.0%

During the last quarter of 2003, revenues from services and contracts were up by around 19% on the fourth quarter of 2002, thus confirming the firm upward trend recorded on an annual basis for 2003.
As reported previously, the year 2003 did indeed stand out for the positive outcome of projects for the construction of the Nuovo Polo Fieristico in Milan, which - in keeping with what was formulated when the industrial plan was being drawn up – significantly helped to increase the incidence of civil and industrial building activities within general contracting business.

Excellent results were achieved by activities in the Americas, specifically in Venezuela, as well as in Salvador and the USA, where an extremely strong uptrend was recorded, in terms of productivity (surpassing the budget set for 2003) as well as from a financial perspective.

In particular, the projects being carried out in Venezuela to realise the Caracas-Tuy Medio and Puerto Cabello-La Encrucjiada railway lines are advancing without any particular problems, while the work being carried out on the Los Teques Underground System is recording high production levels and satisfactory profitability.

In 2003, the Group's presence in the United States, via the subsidiary company Astaldi Construction Corporation, saw a number of important production and sales targets attained. In a nutshell, these include the acquisition of new orders worth around 120 million US dollars and giving rise to revenues of approximately 73 million US dollars. Activities being carried out to boost the US structure's human resources, production facilities and financial strength also continued to make positive progress.

What is more, as reflected in the geographical breakdown, productive activities in Europe were, on an annual basis, slightly down on the previous year, due essentially to a temporary decline in activities in Turkey, where production is now back up and running at the usual pace. Romania again proved to be one of the most stable countries in terms of production and results, while the main contracts underway in Africa are now approaching completion and confirm the loss of importance held by the Sub-Saharan area for the Group.

The good operating performance included a significant increase in gross operating margin and EBITDA as compared to the same period a year before; the EBIT margin – equal to 7.2% of total revenues - enabled the Group to achieve a net income of 22.3 million euro, which compares with 15.1 million euro in 2002.

ORDERS BACKLOG BY OPERATING SECTOR AND GEOGRAPHICAL AREA

The year 2003 saw Astaldi win new orders totalling 1.838 billion euro, bringing the total value of the Group's orders backlog as at 31 December 2003 to 4.4 billion euro, up 28% on 1 January 2003.

The following table shows changes in the portfolio by operating sector in 2003:

millions of euro	Beginning of period 01/01/2003	Acquisitions	Production	End of period 31/12/2003
Railways and underground train systems	905	1,429	(322)	2.013
Roads and highways	808	180	(265)	723
Airports and ports	82	29	(22)	89
Hydraulic works and hydro-electric plants	346	82	(115)	313
Civil and industrial buildings	543	3	(147)	399
Operations	755	115	0	870
PORTFOLIO TOTAL	**3,439**	**1,838**	**(870)**	**4,407**

The following table shows the breakdown of the portfolio by geographical area:

millions of euro	Beginning of period 01/01/2003	Acquisitions	Production	End of period 30/09/2003
Italy	*2,218*	*1,407*	*(425)*	*3,200*
Abroad	*1,221*	*431*	*(445)*	*1,207*
Portfolio Total	**3,439**	**1,838**	**(870)**	**4,407**

The total value and quality of the Group's orders backlog (roughly 4.4 billion euro, with 73% of jobs in Italy and mainly involving railway infrastructures) means that the target stated in the strategic plan for the end of 2005 has been achieved ahead of time. This result does not take into account those projects in respect of which the Group has been appointed "sponsor", pursuant to the provisions of Clause 37 (ii) of the "Merloni Law".

With regard to events characterizing the last quarter of 2003, on 4 November 2003, the Municipality of Milan formalised our appointment as Sponsor of the group of companies led by Astaldi for the realisation, by way of project finance, of the Milan Underground system's new Line 5. The construction part of the project is worth about 504 million euro, with 193 million euro of this to be met by the Licensee and lending banks, and the remaining 311 million euro coming from public grants.

The licensing agreement is expected to be finalized by the end of the year 2004, after the completion of the tender and negotiated procedures, in which Astaldi will enjoy pre-emption rights. The project itself, including the design stage of procedures, is expected to span five years, which will be followed by a 27-year operation period.

The preliminary project submitted by Astaldi, as mandatee of an industrial group assuming the role of general contractor, involves realising a completely automated driverless underground line. This project will be based on the model already realised with the assistance of Astaldi in Denmark and opened last year, as well as that currently underway in Brescia. The Milan underground's new line will extend over more than five kilometres and will link Garibaldi Station to Via Bignami, moving towards the northern border of the Municipality of Milan.

The Milan Underground system Line 5 will be the first urban transport project to be realised in Italy by way of project finance, a sector in which the Astaldi Group – after being awarded the contract for the realisation and operation of the New Mestre Hospital - has become an ever stronger leader in Italy, evidence of the validity of the strategy adopted by the company with a view to making a serious commitment towards new ventures involving structured finance. Still in this area and with regard to the transport infrastructure sector, in December 2003 Astaldi, as leader of a consortium of companies, presented a project financing proposal to the Municipality of Rome for the construction and operation of "Line C" of the city's underground system.

Turning now to commercial activities underway within the transport infrastructure sector, we should add that in 2003 Astaldi presented offers in project finance (in respect of which the outcome is currently awaited) for the Appia Antica Underpass in Rome and for the completion and operation of a section of the Salerno-Reggio Calabria highway.
With regard to the latter highway project, last December, Astaldi submitted to ANAS (national agency for state highways) with its preliminary plan for the renovation and operation (via a project finance arrangement) of the Salerno-Autostrada A30 slip-road and a section of the Salerno-Reggio Calabria highway. This project, worth around 210 million euro in total, in respect of the construction portion, involves revamping the Salerno-Fisciano section of the Salerno-Avellino super-highway and carrying out further upgrading work on the Salerno-Sicignano degli Alburni section – a stretch of about 54 kilometres – of the same Salerno-Reggio Calabria highway.

Turning to the health building sector, in December the group of companies led by Astaldi was selected as “sponsor” for the construction and subsequent operation of four hospitals in Tuscany (situated in Prato, Pistoia, Lucca and Massa). This mandate is further proof of the recognition given to the value that the company is able to provide, based on a formula that - directly tested on the field through the company’s new Mestre Hospital project – has proved to be extremely effective.

The four hospitals in Tuscany, bearing a global value (solely in respect of the construction portion) of 330 million euro, including 88 million euro to be borne by private operators, will make more than 1,700 new beds available to the healthcare industry.

Moving on now to the entire year’s contract-winning activities, we should point out that the first part of 2003 saw the successful completion of arbitration proceedings regarding the Verona-Venice section of the high-speed railway line. The arbitration award was favourable to IRICAV DUE Consortium in which Astaldi has a 32.99% equity investment. IRICAV DUE will not only be compensated for the costs incurred, but it will be assigned the execution of the original section, i.e. Verona-Padua; in fact it should be borne in mind that TAV S.p.A had already put up the Padua-Venice section for ordinary tender. According to recent estimates, Astaldi's share of the work on the Verona-Padua line amounts to around 868 million euro, which could increase, should the Vicenza part be included in the project.

Returning to railway infrastructure activities, in August the company was awarded a contract to realise a high-speed railway hub for Bologna’s Central Station. The term of this contract, worth 289 million euro in total, will be 4.5 years. Being awarded this project is further evidence of Astaldi’s ability to operate as a general contractor, thanks in part to its extremely advanced technical/management skills and financial expertise.

On markets abroad, the Venezuelan government has granted financing for the second stage of the Puerto Cabello – La Encrucijada railway, increasing Astaldi's share of the order by 70 million euro as part of a contract signed which calls for a further, though not yet financed, amount of around 270 million euro, which will be included in Astaldi’s orders backlog in future years.

COMMENTS ON THE FOURTH QUARTER PERFORMANCE

Total revenues amounted to 254 million euro in the fourth quarter 2003, an above 20% increase as compared to the same period a year before. This was achieved despite the weakness of the US dollar and of dollar-pegged currencies, leading to a more than 50 million euro progressive reduction in revenues compared with the same figure calculated by using the exchange rate recorded at the start of the year.

Commercial activities saw the Group present a number of project finance-supported initiatives for both motorways (for the section of the Salerno-Reggio Calabria motorway) and underground systems (e.g. Line C of the Rome underground system).

The Group's net financial position showed an improvement on the situation reported as at 30 September, thanks to the payments received for current projects underway in Venezuela and Turkey.

EVENTS TAKING PLACE AFTER THE REPORTING PERIOD

In January 2004, the Astaldi Group was awarded an important road-infrastructures contract in the USA worth around 60 million US dollars. It also ranks number one in Romania for a motorway deal worth some 66 million euro.

As mentioned previously, during this early part of 2004, activities in Venezuela have continued to make sound progress, with a further 17.5 million US dollar payment being received and enabling Astaldi to minimise its financial exposure to said country.

During January, with a view to optimising the Group's financial management operations, the Group bought back 2.75 million bonds, originally issued in February 2002 by the subsidiary company Astaldi Finance and maturing on 11 February 2005.