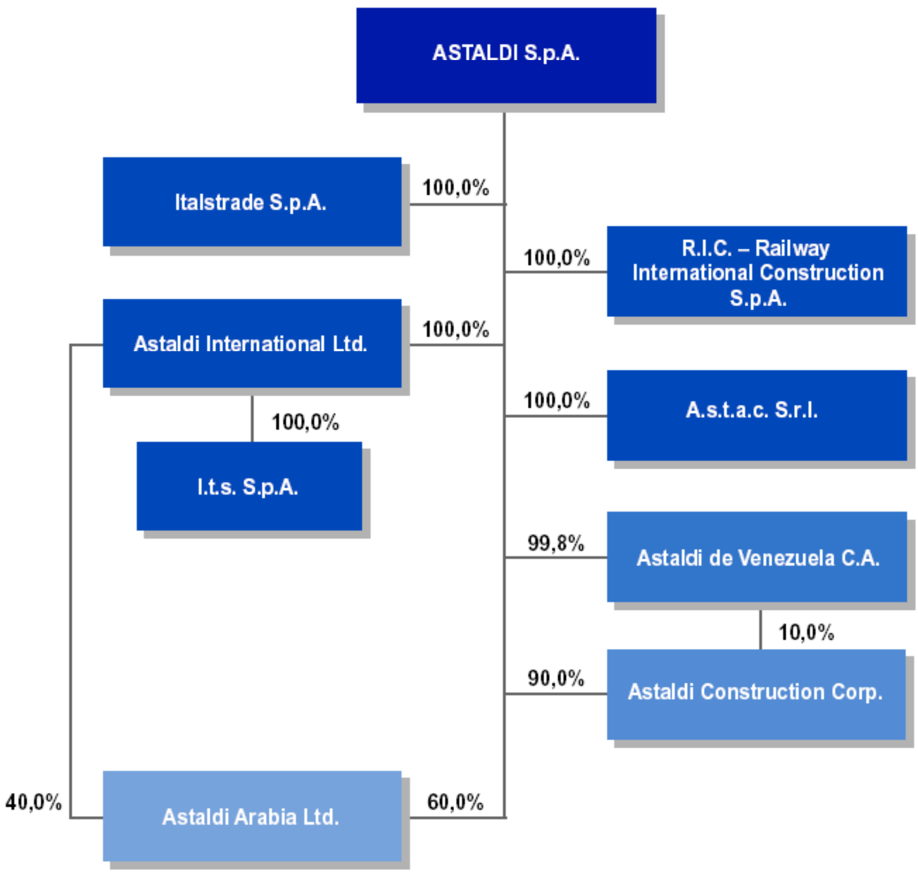
ASTALDI

CONSOLIDATED FIRST QUARTER REPORT AS AT 31 MARCH 2004

CONTENTS

GROUP STRUCTURE

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



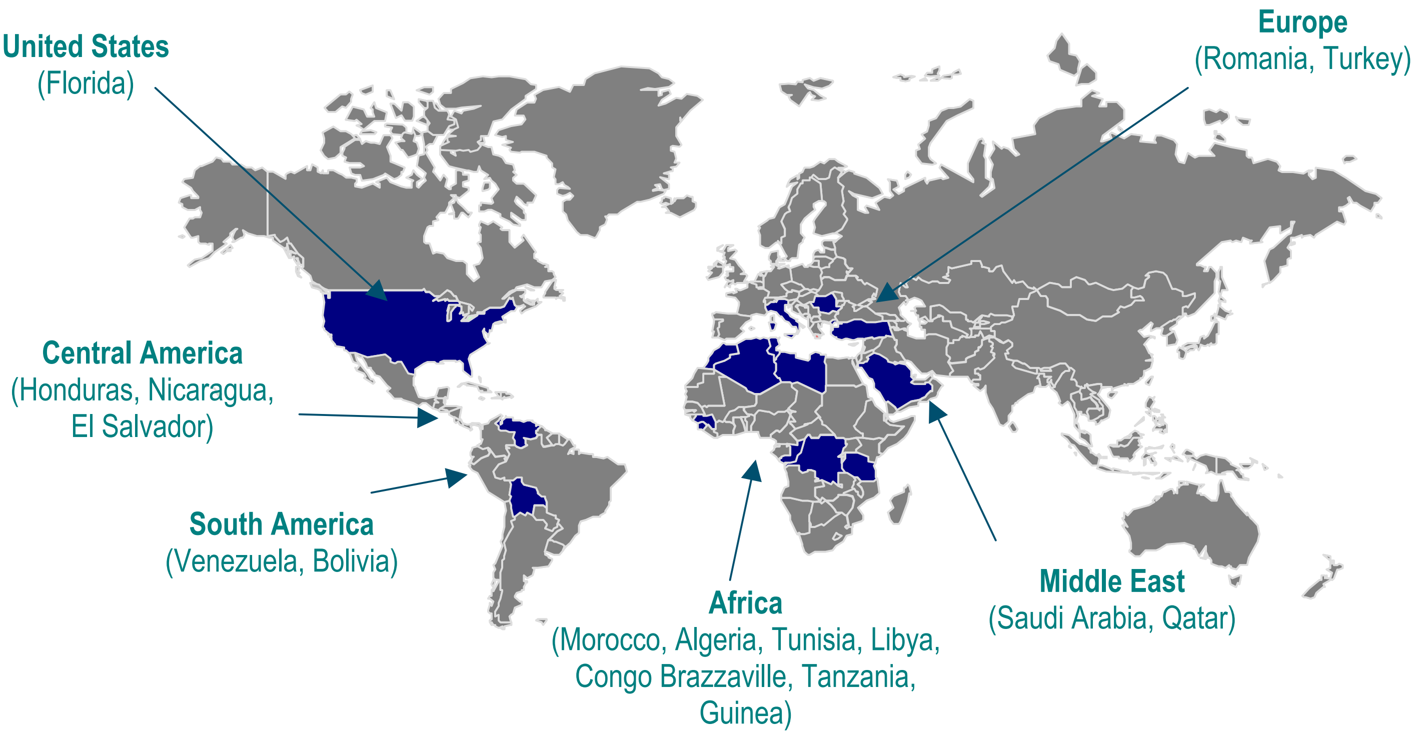
Group operations include 71 associate and consortium companies and 4 special purpose companies for licensed operations.

The Group has been implementing a program to streamline its operations and contain operating costs. As part of this program, on 30 July 2003 the Board of Directors deliberated the merger of R.I.C. - Railway International Construction S.p.A., a railway equipment company, and Italstrade S.p.A.. Following this deliberation, the Shareholders' Meeting of the two companies on 15 April

2004 approved actions and deliberations accordingly. As a result, the final signing of the merger deed is scheduled for June 2004.

The merger will allow Italstrade to strengthen its operations in the construction and maintenance of medium-sized transport infrastructures (specializing in both road and railway infrastructure).

GEOGRAPHICAL AREAS



COMPANY OFFICERS

Board of Directors *

Chairman of the Board	Ernesto Monti
Deputy Chairman	Paolo Astaldi
Executive Deputy Chairman and Chief Executive Officer	Vittorio Di Paola
Board Members	Caterina Astaldi
	Pietro Astaldi
	Luigi Guidobono Cavalchini
	Stefano Cerri
	Franco A. Grassini
	Bruno Lecchi
	Mario Lupo
	Vittorio Mele
	Maurizio Poloni

Board of Statutory Auditors

Chairman	Eugenio Pinto
Acting Members	Pierpaolo Singer
	Pierumberto Spanò
Alternate Members	Maurizio Lauri
	Antonio Sisca
	Marco Zampano*

General Management

General Manager for International Activities	Giuseppe Cafiero
General Manager Finance – Chief Financial Officer	Stefano Cerri
General Manager for Domestic Activities	Nicola Oliva

Deputy General Manager

Deputy General Manager Finance	Paolo Citterio

Audit Company

	Reconta Ernst & Young S.p.A.

* Nominated by the Ordinary Shareholders' Meeting of 30 April 2004.

SCOPE OF CONSOLIDATION

	Subsidiaries	%	Other equity investments	%
■	1 R.I.C. - Railway International Construction S.p.A.	100.00%	16 Consorcio Metro Los Teques	30.00%
■	2 A.S.T.A.C. S.r.l.	100.00%		
■	3 Italstrade S.p.A. (Ex Place Moulin S.p.A.)	100.00%		
■	4 Astaldi International Ltd	100.00%		
■	5 Astaldi de Venezuela C.A.	99.80%		
■	6 Astaldi Construction Corp.Of Florida	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 Sugt s.a. Calarasi	50.53%		
■	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%		

Changes in the scope of consolidation

Equity investments excluded from the scope of consolidation	%	Equity inbvestments included in the scope of consolidation	%
1 Comet JV	15.00% *		

NB: **Companies marked with ■ Are consolidated according to the line-by-linemethod; the other companies are consolidated sccording to the proportional method**
Companies marked with * have undergone changes in the previous quarter

ACCOUNTING PRINCIPLES AND EVALUATION CRITERIA

The Group quarterly report as at 31 March 2004 has been drawn up in accordance with CONSOB ruling no. 11971 of 14 May 1999, art. 82.

The first quarter financial statements are presented in a reclassified form consistent with the contents of the financial statements as at 31 December 2003. They have been drawn up on the basis of the accounting ledgers as at the same date prepared by the Parent Company and the companies included in the scope of consolidation.

The income statement data shown are attributable to the period under examination, i.e. the period from the beginning of the financial year to the close of the first quarter. The data are likewise shown in comparison with those for the same period in the previous financial year and for the entire financial year 2003.

The most important accounting principles adopted by the Group are summarized below.

Intangible fixed assets

Intangible fixed assets represent costs and expenses having multi-year application. They have been recorded and entered on the basis of effective cost, including directly-attributable accessory charges.

The amounts shown in the financial statements are net of amortization, calculated on the basis of the potential residual value of the assets.

Charges in connection with the listing procedure have been capitalized and are amortized over a five-year period.

Tangible fixed assets

Tangible fixed assets, including those acquired through leasing, consist of real estate assets, plant, and machinery and equipment. They are shown on the basis of acquisition price and construction costs, including directly-attributable accessory charges.

Depreciation is calculated at a constant rate based on potential residual use, within the limits of the allowable rates considered representative of the estimated useful life of the assets.

Both tangible and intangible fixed assets originally denominated in a currency other than the euro are shown at the exchange rate prevailing at the time of acquisition or at a lower rate as at the period-ending date if the difference is deemed permanent.

Equity investments

Equity investments in subsidiary and affiliated companies outside the scope of consolidation are valued according to the net equity method, if relevant.

The other equity investments are valued according to the cost method, including directly-attributable accessory charges, written down to reflect any permanent losses in value.

Companies in liquidation are valued at cost, written down to take liquidation charges into account.

Losses on equity investments exceeding book value and for which there is a balancing commitment are recorded in the equity investment risk reserve (after having annulled the book value).

Receivables, payables and other assets and liabilities in foreign currency

Receivables, payables and other assets and liabilities originally denominated in currencies other than the unit of account are shown at the spot exchange rate as at the end of the reporting period. Any exchange rate gains or losses are ascribed to the income statement and any net gains are allocated to a non-distributable reserve set up for the purpose until they are realized.

Currency translation of foreign company and foreign stable organization financial statements

The financial statements of the foreign companies and foreign stable organizations (the accounts are held according to the multi-currency accounting system) are translated according to the following criteria: assets and liabilities at the exchange rate prevailing at the end of the reporting period; income statement items, applying the average exchange rate for the financial period; net equity items are linked to the exchange rate prevailing at the time of formation.

Work-in-progress on order

The valuation of work-in-progress on order is determined with specific reference to the actual physical progress of work not yet audited as at the period-ending date (according to the physical measurement method), but identified with reasonable certainty and through the application of contractually agreed compensation.

Income statement

The revenue and expense components of the income statement are shown according to the accrual accounting method.

Revenues from the sale of goods are recorded upon delivery of the good, while revenues from services are recorded upon effective performance of the service and in accordance with the corresponding contracts.

It is pointed out that in order to provide a better representation of the income statement data, the use of the contract risks reserve is shown among the self-financing components (depreciation and amortization, provisions and draw-downs); amounts for previous periods have been reclassified accordingly.

The major exchange rates used in translating financial statements drawn up in foreign currencies are listed in the following table.

Countries	***Currency***		***March 04***	**1Q 04**	***December 03***	**Average exchange rate 2003**
Algeria	Algerian Dinar	DZD	85.740	86.483	83.006	85.480
Saudi Arabia	Saudi Riyal	SAR	4.591	4.684	4.601	4.236
Bolivia	Boliviano	BOB	9.669	9.835	9.537	8.649
Central African Republic, C.F.A	CFA Franc	XAF	655.957	655.957	655.957	655.957
Croatia	Kuna	HRK	7.475	7.600	7.670	7.557
Denmark	Danish Krone	DKK	7.449	7.450	7.442	7.431
El Salvador	El Salvador Colon	SVC	10.727	10.943	10.750	9.898
Japan	Japanese Yen	JPY	133.125	134.012	132.431	130.971
Guinea	Guinea Franc	GNF	2,451.850	2,497.890	2,450.980	2,240.710
Honduras	Lempira	HNL	21.930	22.298	22.042	19.752
Libya	Libyan Dinar	LYD	1.648	1.681	1.651	1.437
Morocco	Moroccam Dirham	MAD	10.976	11.029	11.012	10.812
Nicaragua	Cordoba Oro	NIO	19.171	19.453	18.952	17.025
Qatar	Qatari Riyal	QAR	4.462	4.552	4.472	4.117
United Kingdom	British Pound Sterling	GBP	0.671	0.680	0.702	0.692
Romania	Leu	ROL	40,029.400	40,566.267	40,572.600	37,550.600
USA	US dollar	USD	1.226	1.251	1.229	1.131
Tanzania	Tanzanian Schilling	TZS	1,335.100	1,353.677	1,287.430	1,169.160
Tunisia	Tunisian Dinar	TND	1.526	1.528	1.512	1.453
Turkey	Turkish Lira	TRL	1,620,374.000	1,667,098.000	1,761,551.000	1,694,851.000
European Monetary Union	Euro	EUR	1.000	1.000	1.000	1.000
Venezuela	Bolivar	VEB	2,347.890	2,207.350	1,960.780	1,829.430

The exchange rate shown expresses the quantity of foreign needed to buy 1 euro

CONSOLIDATED BALANCE SHEET

Euro/000	March 31, 2004	March 31, 2003	December 31, 2003
Net intangible fixed assets	54,259	52,483	52,191
Net tangible fixed assets	104,941	94,737	106,318
Equity investments	28,356	31,688	28,361
Other net assets	15,616	15,030	16,296
Total net fixed assets (A)	**203,172**	**193,938**	**203,166**
Inventories	37,158	40,188	41,316
Work-in-progress	208,671	214,179	187,373
Trade receivables	242,045	271,037	217,355
Other assets	225,891	203,395	207,542
Advance payments	(97,912)	(118,682)	(84,919)
Subtotal	**615,853**	**610,117**	**568,667**
Due to suppliers	(203,476)	(195,301)	(196,399)
Other liabilities	(126,599)	(143,502)	(142,832)
Subtotal	**(330,075)**	**(338,803)**	**(339,231)**
Working capital (B)	**285,778**	**271,314**	**229,436**
Employees' indemnity fund	(12,699)	(11,619)	(12,189)
Contractual risks reserve	(50,516)	(48,397)	(51,599)
Other reserves	(26,665)	(22,640)	(13,220)
Totale reserves (C)	**(89,880)**	**(82,656)**	**(77,008)**
Net invested capital (D)=(A)+(B)+(C)	**399,070**	**382,596**	**355,594**
Cash and short-term financial receivables	117,240	140,652	149,983
Financial receivables and securities	73,843	43,989	73,021
Medium/long term financial debt	(239,815)	(214,001)	(246,099)
Short-term financial debt	(119,077)	(137,857)	(105,219)
Net financial assets/liabilities (E)	**(167,809)**	**(167,217)**	**(128,314)**
Consolidated net equity	**231,239**	**215,233**	**227,122**
Minority interest	22	146	158
Net equity (G)=(D)+(E)	**231,261**	**215,379**	**227,280**
Personal guarantees	1,632,083	1,574,397	1,695,806
Factoring companies for risk of withdrawal	69,320	158,087	86,168
Other memorandum accounts	29,660	27,452	29,660
Real guarantees	0	0	0
Third-party bank guarantees in our favour	22,918	42,408	22,189
Total commitments and guarantees	**1,753,981**	**1,802,344**	**1,833,823**

The Group business plan calls for a sharp rate of growth in the year 2004 and the following years. The financial statements for the period ending 31 March 2004 show that the Group has a solid capital and financial structure, one of its strong points in pursuing the growth targets.

A breakdown of the main items in the reporting period shows that net fixed assets remained mostly unchanged from year-end 2003. In fact, in accordance with the business plan, the Group is continuing to implement its program aimed at streamlining and strengthening its operations abroad. In detail, the Group has expanded its operations in the Americas and in Romania where it has technical operating investments in progress in connection with the development of its orders backlog that has grown to significant size in these regions. On the other hand, however, the Group is finalizing the procedures to shut down its operating units in Sub-Saharan Africa, a region no longer considered strategic.

Addressing the impact of operations in Italy, it is important to point out that start-up investments in project financing operations are included among equity investments and intangible fixed assets: e.g. the set-up of a SPV for the construction and operation of the new Hospital of Mestre and start-up investments for the construction of infrastructure for utilities operations in Cologno Monzese. Concerning the new Hospital of Mestre project, we point out that the financial closing procedures are drawing to a conclusion, with the definitive closure expected in June 2004. In detail, the parties involved have agreed the due diligence definitions (legal, technical, insurance, and tax), and they likewise agreed on the financial structure with the financing banks and the EIB.

In general, the Group's consolidated capital structure and financial standing reflects the cyclical increase in net invested capital during the first quarter of the year in connection with the increase in business volume, boosted by the typical work certification process, their invoicing, and the settlement of contractually agreed compensation. The yoy performance, on the other hand, shows a noticeable improvement since, as a comparative analysis of the year-ago results reveals, while net invested capital remained mostly unchanged, total revenues increased a significant 17.5%. This improvement confirms the appreciable results achieved by the Astaldi Group in terms of capital and financial discipline, a consequence of the careful budgeting policies adopted.

It is also important to point out that the improved performance was likewise attributable to the cash-flows stabilization achieved in the management of some major work-in-progress being executed in Turkey and Venezuela.

In fact, concerning Astaldi Group operations in Turkey, we remind that during 2003, the Company normalized the receivables situation with the Turkish client, assisted by the coming into effect of export financing in December 2003, making fully available the financial resources necessary for

completing the work. The financing operation, managed by MCC and West LB, calls for a 217 million dollar export credit guaranteed by SACE and an 88 million dollar commercial loan.
In addition, after SACE re-opened the credit line to Venezuela in the latter part of 2003, at the end of the year the parties signed an export credit financing contract managed by Société Générale and Banca Intesa for the Puerto Cabello-La Encrucijada railway project under construction in Venezuela. This contract, coming into effect in mid-2004, will guarantee the regular progress of the work and the flow of financing to back it up.

The item “other assets” includes amounts due from the company N.P.F. S.c.r.l. that is carrying out the New Milan Expo Fair Centre in which Astaldi has the leading stake with 50%. The total receivable, amounting to 28 million euro (including an 11 million euro increase in the first quarter), is attributable to cash issued by the consortium partners and booked in the accounts of the consortium company which is not included in the scope of consolidation. The amounts due will be made available to Astaldi starting from the second half of 2004 as the project handing over, scheduled for the first half of 2005, draws near.

The table below provides a detailed summary of the net financial position.

(Euro/000)	March 31, 2004	March 31, 2003	December 31, 2003
Short-term financial indebtedness	(114,894)	(134,884)	(100,347)
Medium/Long-term financial indebtedness	(70,360)	(40,858)	(75,072)
Cash and short-term financial receivables	117,240	140,652	149,983
Financial receivables and securities	73,843	43,989	73,021
Total ordinary financial position	**5,829**	**8,899**	**47,585**
Eurobond	(150,000)	(150,000)	(150,000)
Leasing	(23,638)	(26,116)	(25,898)
Total net financial position	**(167,809)**	**(167,217)**	**(128,313)**

As illustrated above concerning the performance in invested capital, the net financial position is affected by the temporary support to first quarter operations, typical of the business cycle this time of the year. In any case, the Group financial structure remains strong, as reflected in the debt/equity ratio which is well below unity. This result is particularly significant since the Group is going through a period of intense productive and commercial effort in support of new initiatives, especially in project financing, and investment into improving the quality of human resources.

It should be pointed out that net indebtedness includes financing for three parking lot operations in

Italy and other project-finance initiatives for a total of around 20 million euro. Resources for the repayment of these loans will be generated by future operating cash flows.
As for the overall debt structure, it is useful to point out that the Company has to date bought back 6.7 million euro of the 150 million euro bond coming due in February 2005.
In accordance with the business plan, the Group has defined its financial policy for the coming three years, identifying the best sources of financing in the framework of the Company’s long-term objectives.

Cash and cash equivalents include treasury shares amounting to 2.812 million euro acquired as part of the buy-back plan approved by the Shareholders’ Meeting of 5 March 2003 for a period of eighteen months. The average price of the 1,406,446 shares bought back is around 2.00 euro.

Net equity amounted to around 231 million euro. The increase is mostly attributable to earnings for the period.

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

Euro/000	March 31 2004	%	March 31 2003	%	December 31 2003	%
Revenues from services and contracts	227,194	94.6%	189,151	92.6%	870,145	94.3%
Other revenues	12,977	5.4%	15,192	7.4%	52,640	5.7%
Total revenues	**240,171**	**100.0%**	**204,343**	**100.0%**	**922,785**	**100.0%**
Costs of production	(177,599)	(73.9%)	(146,728)	(71.8%)	(670,152)	(72.6%)
Added value	**62,572**	**26.1%**	**57,615**	**28.2%**	**252,633**	**27.4%**
Labour costs	(32,490)	(13.5%)	(29,761)	(14.6%)	(122,865)	(13.3%)
Gross operating margin	**30,082**	**12.5%**	**27,854**	**13.6%**	**129,768**	**14.1%**
Other operating charges	(4,297)	(1.8%)	(5,262)	(2.6%)	(16,457)	(1.8%)
Ebitda	**25,785**	**10.7%**	**22,592**	**11.1%**	**113,311**	**12.3%**
Depreciation and amortization	(9,142)	(3.8%)	(9,722)	(4.8%)	(45,693)	(5.0%)
Provisions, write-downs and use of risk reserve	(178)	(0.1%)	2,101	1.0%	(1,174)	(0.1%)
Ebit	**16,465**	**6.9%**	**14,971**	**7.3%**	**66,444**	**7.2%**
Net financial income (charges)	(5,022)	(2.1%)	(5,674)	(2.8%)	(27,458)	(3.0%)
Write-ups (Write-downs) on equity investments	(600)	(0.2%)	874	0.4%	(4,967)	(0.5%)
Extraordinary gains (charges)	(739)	(0.3%)	(2,639)	(1.3%)	(4,982)	(0.5%)
Income before taxes	**10,104**	**4.2%**	**7,532**	**3.7%**	**29,037**	**3.1%**
Income taxes	(3,739)	(1.6%)	(2,693)	(1.3%)	(14,994)	(1.6%)
Prepaid taxes	275	0.1%	0	0.0%	8,136	0.9%
Net income for the period	**6,640**	**2.8%**	**4,839**	**2.4%**	**22,179**	**2.4%**
Minority interest	32	0.0%	208	0.1%	217	0.0%
Consolidated net income	**6,672**	**2.8%**	**5,047**	**2.5%**	**22,396**	**2.4%**

As at 31 March 2004, the Group has work-in-progress in 18 countries, mainly in the railway transport infrastructure sector.

Total revenues amounted to around 240 million euro in the first quarter 2004. Contract revenues reached 227 million euro; operations in Italy contributed 52.9% of this total and foreign operations the remaining 47.1%.

The table below summarizes the contribution of the various operating sectors to the contract revenues at Group level in the first quarter 2004.

(Millions of euro)	31 mar 04	%	31 mar 03	%	31 dec 03	%
Transport infrastructures	131	57.7%	146	77.2%	608	69.9%
Hydraulic work and hydroelectric power plants	34	15.0%	24	12.7%	115	13.2%
Civil and industrial buildings	62	27.3%	19	10.1%	147	16.9%
Total	**227**	**100.0%**	**189**	**100.0%**	**870**	**100.0%**

As the figures set out in the table above , transport infrastructure continues to be Astaldi's leading sector of operations, both in terms of business volume and in terms of sector specialization.
The contribution from civil and industrial buildings increased visibly, boosted by the New Milan Expo Fair Centre project; begun in October 2002, as at 31 March 2004 already in excess of 52% of the work-in-progress has been completed. In addition, in the first quarter of the year the Company began construction work on the civil building for the new Hospital of Mestre.

The table below shows the geographical breakdown of contract revenues.

(Millions of euro)		31 mar 04	%	31 mar 03	%	31 dec 03	%
Italy		**120**	**52.9%**	**93**	**49.2%**	**425**	**48.9%**
Abroad		**107**	**47.1%**	**96**	**50.8%**	**445**	**51.1%**
	Europe	25	11.0%	9	4.8%	92	10.6%
	Americas	55	24.2%	71	37.6%	268	30.8%
	Asia	8	3.5%	1	0.5%	11	1.3%
	Africa	19	8.4%	15	7.9%	74	8.5%
Total		**227**	**100.0%**	**189**	**100.0%**	**870**	**100.0%**

An analysis of the data set out in the table above shows that in the first quarter 2004 contract revenues increased by more than 20% as compared to the same period in the previous year.

As shown in the breakdown by geographical area, contract revenues in Europe increased noticeably as compared to the first quarter 2003, attributable to both the resumption of operations at full pace in Turkey and the operations in Romania; in fact, this eastern European country has proven to be one of the fastest growing areas in terms of revenues and operating results, vindicating the Group's commitment to the region over the past several years in which its managerial organization and technical capabilities have been steadily strengthened.

In Turkey, work-in-progress has been advancing at full speed as both the technical operating and financial aspects of the contract have once again been normalized in anticipation of an increase in the expenditure budget expected from the Turkish government for the financial year 2004, potentially leading to an upward revision of the projected production and income targets for the region.

In the Americas, the Group operations continue to achieve excellent results, especially in Venezuela, but also in El Salvador and the United States. Orders in the process of being executed in the Miami area should receive a further boost from the major contracts awarded in the first quarter.

Another further positive note was sounded by the return to full speed of the operations in Honduras, now backed by financing from "*Cooperazione Italiana*" to the country; in this area the Group is committed to build a water distribution plant downstream from the Nacaome dam which Astaldi itself constructed in the 1990s.

Finally, mention should be made of Astaldi's operations in Asia where for around two years the Group has been present in Saudi Arabia and Qatar. In this latter country, the Company is constructing the SASOL GTL Plant on behalf of a major international company operating in the petroleum plant industry. Revenues from this project are expected to surpass 30 million dollars in 2004; it is a major step forward in the region, backed by the support of a high-level managerial structure with deep roots and specialized in large petroleum-industry plant construction.

Turning now to the operating performance, the income statement shows a significant increase in gross operating margin and EBITDA in absolute terms as compared to the first quarter 2003. Operating income amounted to 6.9% of total revenues, as net income increased from 5.1 million euro in the year-ago period to 6.7 million euro.

The effort dedicated to the general cost-containment policy is reflected in the year-on-year decrease in the item “other charges”.

It should be pointed out that the amount shown for taxes does not yet take into account the possible positive effects of the advance taxation at the subsidiary Italstrade S.p.A.

ORDERS BACKLOG BY OPERATING SECTOR AND GEOGRAPHICAL AREA

During the first quarter 2004, the Company acquired new orders worth a combined 246 million euro, bringing the value of the total orders backlog to 4.4 billion euro as at 31 March 2004, mostly unchanged from the beginning of the year. Italy accounts for 70% of the orders backlog, mainly in the railway infrastructure sector, while foreign countries account for the remaining 30%, mainly in the Americas, plus Romania and Turkey. We point out that according to Company policy, new projects are included in the orders backlog only when there is a signed contract and financial coverage for it. Consequently, the orders backlog as at 31 March 2004 does not take into account projects for which the Group has been nominated sponsor pursuant to art. 37 bis of the Italian Merloni Law. In this connection, we point out that the Group has been nominated sponsor for the project-financing construction project for Line 5 of the Milan underground system and for the construction and later operation of four hospitals in the region of Tuscany (Prato, Pistoia, Lucca, and Massa).

The table below sets out the changes in the orders backlog in the first quarter 2004 by major operating sector.

(Millions of Euro)	01/01/2004	Acquisitions	Production	31/03/2004
Railways and underground train systems	2,013	65	(55)	2,023
Roads and highways	723	125	(72)	776
Airports and ports	89	17	(4)	102
Hydraulic works and hydroelectric plants	313	36	(34)	315
Civil and industrial buildings	399	3	(62)	340
Concession	870	0	0	870
Total	**4,407**	**246**	**(227)**	**4,426**

The geographical breakdown of the portfolio is as follows:

(Millions of Euro)	01/01/2004	Acquisitions	Production	31/03/2004
italy	*3,200*	*0*	*(120)*	*3,080*
Abroad	*1,207*	*246*	*(107)*	*1,346*
Total	**4,407**	**246**	**(227)**	**4,426**

Focusing on current project-financing operations in the transport infrastructure sector, we point out that in 2003 Astaldi submitted project-financing proposals for the Appia Antica underpass in Rome, the completion and operation of a section of the Salerno-Reggio Calabria highway, and the construction and operation of Line C of the Rome underground system. The Company is still anticipating responses to these proposals.

Business operations in Italy also continue in the general contracting sector and in the traditional market; during the first quarter 2004 the Company submitted various proposals, including several in connection with large transport infrastructure works envisaged by the so-called Legge Obiettivo for which the prequalification, audit, and awarding processes are still ongoing.

As for operations abroad, we point out that the Venezuelan government has provided financial coverage for the third stage of the Puerto Cabello-La Encrucijada railway construction project, increasing the value of Astaldi's share of the work by around 47 million euro against a signed contract that calls for a further, not yet financed, amount of around 135 million euro that will be included in the orders backlog in future financial years.

Finally, we point to new contracts awarded to the Group in Romania and the United States. In Romania, the Company was awarded a contract for the construction of the Pitesti ring road, worth more than 66 million euro. Meanwhile in the US, the subsidiary Astaldi Construction Corporation was awarded new contracts worth a total of around 100 million dollars, including construction work for the SR9 highway in the Miami area, worth around 60 million dollars.

COMMENTS ON THE FIRST QUARTER OPERATING PERFORMANCE

In the first quarter 2004, contract revenues amounted to around 277 million euro, a 20.1% increase as compared to the same period in the previous year. The growth was attributable to, on the Italian market, the ongoing construction operations for the New Milan Expo Fair Centre, and also the good performance on foreign markets, led by Venezuela, the United States, and central America.

At Group level, total revenues in the first quarter amounted to 240 million euro, a 17.5% increase over the same period in the previous year.

Gross operating margin amounted to 30.1 million euro, an 8% increase from 27.9 million euro in the year-ago period. The ratio to total revenues was 12.5%.

EBIT amounted to around 16.5 million euro, a 10% increase from 15 million euro in the first quarter 2003. The ratio to total revenues was 6.9%.

Consolidated net income amounted to around 6.7 million euro, a 34% increase from 5 million euro recorded in the first quarter 2003.

Net indebtedness as at 31 March 2004 amounted to 167.8 million euro, basically unchanged from 167 million euro a year earlier. When viewed against the 20% increase in contract revenues, on the one hand, and the typical seasonal performance in connection with the production cycle on the other, this level reflects the Group's sound financial structure, with a debt/equity ratio of 0.73.

During the first quarter 2004, the Company was awarded new contracts worth a total of 246 million euro, lifting the total value of the Group orders backlog to 4,426 million euro.

EVENTS AFTER THE CLOSE OF THE PERIOD

As at the time of writing, the only significant event occurring worthy of note is the approval of the contract extension for the construction of the underground railway at Los Teques in Venezuela.