

In the domestic context

In the last months of the year positive signs were seen which allow to foresee the desirable recovery of the sector.

The first positive sign derives from the different government orientation, which considers the relaunching of the infrastructure works as a presupposition for the recovery of the national economy; such opinion, in addition to the initiatives for strategic works referred to above in the chapters of the Legge Obiettivo, made many sectors in the Public Administration, effective from the last months of the prior year, to issue many bids for amounts also greater than Euro 100/150 million, taking the inevitable interests of the entrepreneurial world.

Also in the field of project financing, thanks to the greater consciousness and knowledge of procedures by the financial institutions, a greater attention for this innovative formula of investors and the Public Administration was noted, identified as an instrument aimed at the realization of works of public utility, also in the case of limited financial resources of the customer.

The most significant example is the current bid for the awarding of the construction and the three year management of the new motorway Bergamo-Brescia-Milan, recently issued by ANAS, which estimates a financial commitment of Euro 1,300 million, for which Your Company already formed, as primary contractor, a Temporary Association of Companies with Vianini Lavori S.p.A. and the Spanish group Dragados, with the aim to participate to the bid.

For the future, also thanks to the provisions of the CIPE resolution 21/2001, a significant impulse for this type of initiatives is expected, in consideration of the fact that important derogations to the current provisions of law 109/94 are announced, such as the increase of the public contribution to the costs also in excess of 50%, and a greater duration of the concession. As a consequence the rules regarding the role of promoter, regarded as excessively rigid, would be modified more favorably.

For these reasons, Your Company conveniently adjusted its technical and commercial structure, with the purpose to face the next competitions, promoting the necessary alliances when the size of the initiative or its particular characteristics would suggest to do so.

And thanks to these perspectives Your Company successfully acted as commercial leader, for the formation of the consortium for the Bridge over the Straights, together with three of the most important international constructions groups and precisely the French VINCI, the German HOCHTIEF and the Swedish SKANSKA.

On the other hand, a clear sign is long being awaited for by the Public Administration, aimed at discouraging many operators with the policy of "salvage" reductions, considered one of the main causes of discomfort of our sector, as well as of a number of damages to the collectivity due to so many uncompleted works.

As concerns the routine management of works in progress, we note the acquisition of the works for the railway of Milan and of the bypass road of Vicenza, the prosecution according to the plan of the railway works for the high speed line Rome-Naples and of the hydro-electric plant of Pont Ventoux, for which the results of the technical opinion induce to optimistic forecasts as to the significant contentious in course, and the appointment of promoter for the construction of the new Hospital in Mestre, for Euro 167 million.

A separate note deserves the dam on the river Melito in Calabria, for which the negotiations with the customer were resumed, aimed at the recovery of the works interrupted for over nine years, due to contrasts and administrative problems, connected to environment issues, and the offer submitted last month of October to ASM Brescia, together with Ansaldo Trasporti and Breda Costruzioni Ferroviarie, for the construction of the Brescia subway, for a total value of Euro 565 million, currently assigned temporarily to Your Company.

The most significant works in progress are illustrated below, by type of work.

Turin railway hub

Susa Dora Quattro S.C.r.l., to which Your Company participates at 90%, during 2001 continued the works relating to the interventions of a first phase for the enlargement of the railway Corso Vittorio Emanuele II - Corso Grosseto, in the context of the enlargement of the Turin hub Corso Vittorio Emanuele - Fiume Dora Riapria, the amount of which is Euro 168.37 million.

During 2001 the works regarding the deviation of interfering services were started, facing all significant issues typical of the realization of infrastructures in urban territory and the so called " West phase" was also started, which refers to the execution of diaphragms at the station of Porta Susa and the ex station of Valdocco and the consolidation of the ground.

In the meantime, the works for the temporary deviation of the railway Turin-Milan were started and for the realization of the variance of a large sewer collector interfering with the new line.

The production performed during the year is of Euro 12.4 million.

At present, the feasibility of a variance for the modification of the final portion of the railway layout, requested by the City of Turing in the last months, is being verified; such modification relates to the crossing of river Dora, with a significantly lower environmental impact.





Italy - Turin railway hub

North-West passage of Rome

In the month of January 2001 the works relating to the realization of a connecting way between Foro italoico (Farnesina) and via della Pineta Sacchetti (Policlinico Gemelli), awarded to Your Company following a bid by the Municipality of Rome, were consigned.

Two lanes for each direction are envisaged, inserted in different and side-by-side tunnels, connected by passages every 200 meters, to utilize in case of emergency for rescue and escape. The way of approximately 1,250 meters underneath Monte Mario consists of two natural tunnels that are subsequently artificially realized up to 1,600 meters. The conditioning and illuminating plants are used to guarantee the better conditions of use of the tunnels, in addition to, in case of fire, to assure the correct flow of smoke.

In May Your Company presented to the Municipality of Rome the execution project,

approved in September with integration variances, for a contractual amount of Euro 77 million for a duration of 1,030 days.

The works started in May 2001, having utilized the time devoted to the planning for the installation of the site logistics and machinery. In the initial phase, until October, was nevertheless only possible to start some minor interventions with a limited production of Euro 3.7 million, due to the existence of sub-services and the partial availability of the working areas,

During the works it will be necessary to activate complex phases for the canalization of the city traffic to via Trionfale, to reposition the public services interfering with the lay-out of the works; as such interventions on a number of pipe lines (gas, water) will be needed, which will be included in a service underground passage so that to facilitate the inspection and maintenance operations and to guarantee a higher security for the residents.



Italy - North-West passage of Rome



Italy - South Passage Vicenza

Salerno-Reggio Calabria motorway Construction of the third lane

In connection with the second lot, in progress during 2001 all problems relating to the unexpected presence of numerous sub-services and of the important gas line coming from Algeria, which interfering with the motorway lay-out did not allow a regular production, were solved. As a consequence, the works speeded-up and is now possible to forecast the completion of the contractual works in March 2002.

In addition, the customer ANAS approved a variance opinion which rises the contractual amount to Euro 26.9 million and that recognizes some requests of the Company. Moreover, the negotiations with the customer for the solution of the reserves posted in the accounting records are at a final stage.

Also for the works of the third lot the problems connected to interferences and to the adequacy of the project were solved, allowing the almost completion of the works excluding the only part relating to the exit of

Cosenza North, where a suspension of approximately 2 km. is still under way.

It is believed that the variance and additional opinion, which will contain the technical solutions to resume the works, may be approved within February 2002, so that allowing the completion of all works by the end of 2002.

The production of the year amounts to Euro 15.8 million

It is also worth noting that Your Company is waiting for the awarding of the works relating to the fifth lot, very close to the two lots in progress, for Euro 24.2 million; this event will permit to better manage the removal of the sites in progress coordinating these operations with those for the start of the new lot.

South Passage Vicenza

During 2001 the works, started timely following the partial consignment in April 2000, continued with discontinuance due to a num-

ber of situations regarding the presence of interferences on the lay-out and to the unavailability of work areas as a result of delays in the definition of expropriations by the customer.

This situation caused a series of unexpected charges supported by reserves at the time of the agreement of the Stage of Completion certificates.

At the end of August 2001, the customer Autostrada Br-Vr-Vi-Pd consigned the remaining portion of the works (~30%) thus permitting to operate with regularity in the last period of the year.

The total stage of completion of the works, contractually for Euro 50.03 million, is at 15% while the production for the year is of approximately Euro 7 million, of which 80% pertaining to Your Company.

Milan Naples motorway

During the year under review, the enlargement works for the third lane of the motorway Milan Naples, in the section Orte-Fiano Romano, in the section awarded to Your Company, continued very quickly.

In fact, in spite of the suspension of all works on the motorway ordered by the customer in connection with traffic problems during two Summer months, in December 2001 the entire section was opened to the traffic on three lanes in each direction.

At present, some works relating to the passages Raiolo and Baucche are still to be executed, for which the customer is preparing a new execution project.

The production of the year is for approximately Euro 13.5 million.



Italy - Rome-Naples high speed railway

Hydraulic works and electricity plants

Hydro-electric plant of Pont Ventoux

The works for the construction of the hydro-electric plant in Pont Ventoux in Piedmont, the biggest being built in Europe, continued, reaching a substantial level of progress in the overall work.

In particular, during the year some important works were substantially completed, such as the basin of Clarea, the work of taking and induced conductivity, while the other works are in an advanced stage of realization and in particular the underground central with the positioning of the main electro-mechanic components (pump - turbines - generators).

The realization of the works continues according to the plans except for the derivation tunnel, already subject in the past to serious realization difficulties, the completion of which affects the start of functioning

of the plant. During the year, following the signature of a specific agreement, the activities for the complete definition of the project, economics, timing and completion methods of this work were started with the customer AEM Turin.

The production in 2001 amounts to approximately Euro 40 million (of which the portion pertaining to Your Company amounts to Euro 21 million).

As concerns the significant contentious with customer AEM Turin, for which a complex arbitration has been in progress for approximately four years, the technical consultancy performed during the year substantially accepted the arguments maintained by Your Company as to the unpredictability of geological surprises encountered in the initial phase of the works and which implied important project and realization modifications, such as variances in the lay-out of some tunnels and the change of the



Italy - Pont Ventoux Hydroelectric Power Plant: Susa dam

location of the central.

The technical activities are undergoing with the quantification of the economic amount of the claim.

The continuance of the arbitration during the works at such a stage of realization of the plant, also caused by the suspension by the customer AEM Turin to postpone the solution of the subject issues to the final outcome of the arbitration, required, also in the prior year, a high sense of responsibility on the part of Your Company and of the principal Eiffage Construction S.A. for having never interrupted the activity and the onerous executions, respecting the commitments undertaken and with the interest of a quick completion of the plant.

Arcichiaro dam

The works were completed in August 2001 within the contractual timing and tested on November 27, 2001.

As a consequence of increased interventions requested by the Administration, the net amount of the works reached Euro 24.97 million with an increase in respect of the original amount of Euro 4.41 million.

The works carried out during the year substantially relate the waterproofing of the dam, the around the basin road, the waterproofing of the drain and of the path of Quirino river, as well as the assembling of all plants and instruments for a total amount of approximately Euro 10 million.



Italy - Arcichiaro Dam

In the foreign context

The plan for the structural reorganization of the Foreign Department, which had been started in 2000, was concluded and began giving its results in terms of synergy of resources which allowed a significant betterment of results.

The trimming of management was accompanied by a policy of identification of the foreign areas of non doubtful strategic interest for Your Company and therefore to focus the significant available resources on the primary objectives to pursue, reducing the activity in those areas where the political and economic situation did not permit to forecast in the medium term solid developments sized to the

investment required (Sub-Saharan Africa).

The industrial plan for the three year term 2002-2004 demonstrates the firm will of a strengthening of the presence in countries with a high rate of development (USA, Turkey and Venezuela) and of new initiatives in countries with solid perspectives of investments in infrastructures in the period (Mediterranean area, Eastern Europe and Saudi Arabia).

In the following paragraphs, the activity performed in the countries where Your Company is present is illustrated, along with the methods to enter in the new markets.

The most significant works in progress, by type and geographical area, are illustrated below.



Venezuela - Caracas-Tuy Railway

AMERICA

Transportation infrastructures

Venezuela

The works for the realization of the Railway Caracas-Tuy continued in 2001 at a good pace of production as to digging and casting of tunnels and in the execution of the foundations, piles and steel bolster of bridges.

The production reached in 2001 is Euro 130 million.

The promotional activities during the year resulted in the signature of a Commercial Agreement with "Consortio Grupo Contuy", to which your Company participates at 32.33% together with the Autonomous Institute of the State Railways of Venezuela, the amount of which is over Euro 1.400 million, for the construction of civil works for a rail of 108 km. The contract will start within 2002 and will develop in consecutive lots until 2008.

At the end of 2001 your Company started the definition of the agreements with Consortio Metro Los Teques, for the realization of civil works relating to a light underground of approximately 9 km., which connects Caracas with the city of Los Teques, the value of which ranges to Euro 230 million.



Venezuela - Caracas-Tuy Railway

United States

During 2001 the construction activities in the United States were resumed with the acquisition of new contracts.

The first contract signed in April 2001 consists in the restructuring and doubling of a railway 11 km. long, already existing, with the construction of two bridges, the restructuring of an existing bridge and five passages and breast walls. The original amount of the contract of \$ 8 million, reached at December 31, 2001 the amount of \$ 9.6 million following the variances issued by the customer.

Always at December 31, 2001 the stage of completion of the works was 42%, in line with the initial budget. The second contract, signed in July, consists in the construction of a motorway turn-off formed by four bridges (three in concrete and 1 in iron), with relating draining and paving works. The amount of the contract is \$ 33 million. The start of the works was postponed to January 7, 2001 due to internal problems of the customer.

The plans for 2002 include the acquisition of additional motorway and utilities works.



United States - Railway of Southern Florida

2001

Nicaragua

The works for the road S.Benito-Yalaguina continued satisfactorily, the production of the year was approximately \$ 26 million.

Lot No. 2 was consigned prior to the contractual date while lots 1 and 3 will be consigned in the Spring of 2002 significantly in advance.

At the end of the year the contract for the reconstruction of the road Izapa-Nagarote was signed for \$ 5.7 million, and the works will start during the first quarter of 2002.

The first days of 2002 the two contracts for the reconstruction of the road Muhan-El Rama were awarded to us, for \$ 12 million. Also in this case, the works will start in the first half of 2002.

El Salvador

The works for the roads of Cojutepeque and El Espino were completed within the contractual due dates, with better results than expected.

During the year the contract for the paving CA-1 La Libertad was obtained, for \$ 3.5 million, and is currently in progress.

The Company was awarded the bid for the realization of the road Montanona in Chalatenago, for \$ 4.2 million, financed by BID.

The works will start the first months of 2002.



Italy - Pont Ventoux hydroelectric power plant: intake works

Hydraulic works and electricity plants

Bolivia

The Consortium Astaldi-Cbi, to which your Company participates at 60%, continued the works of the hydro-electric project in the Rio Taquesi Valley. The works of the two hydro-electric centrals of Chojlla and Yanacachi of approximately 40 mw each, relating to the project, were performed with a higher production than forecasted. The customer recognized the reserves requested as a result of the numerous project modifications. 2001 closes with positive economic results above expectations. The com-

pletion of the works is forecasted in April 2002. The same Consortium, started during 2001 the contract for the realization of the road tunnel of San Rafael. The participation of your Company in this project is 30%. The stage of completion of the works at the end of 2001 is in compliance with the forecasts.

Your Company continues its promotional activity for new acquisitions among which the bid for the construction of the road Oruro-Pisiga is notable, which will consist of a lot financed exclusively by Cooperazione Italiana (Toledo-Ankaravi).

EUROPE

Transportation infrastructures

Turkey

During 2001 your Company, that in its quality of principal, jointly participated with the local Bayindir to the Joint Venture that had been awarded since August 1, 1998 the execution of lot No. 2 of the motorway Gumusova-Gerede, had to face important and difficult emergencies. Due to problems not connected to our work, the participation of the partner Byinidir was put into liquidation and your Company was engaged by the Customer to continue the works. As a consequence, your Company, effective from September 1, 2001, has the exclusivity of the entire work.

The negotiations with Generali, for the recognition of the damages caused by the 1999 earthquake, were concluded positively on October 31, 2001 with the recognition to the co-insured parties of damages for \$ 110 million, sufficient to cover the costs of repairs. The customer KMG decided a variance of the layout of the tunnel and ordered the start of the repair project of the passage. At the same time, the procedure for the additional financing of approximately \$ 300 million was started, necessary to complete the work, the offer for the new financing of which was submitted to

the customer on December 26, 2001, the mandate to the interested banks followed.

The remaining funds need for the completion of the project, estimated at \$ 405 million, will come from the insurance damages. It is expected that the formal proposal for the new financing will be submitted to the Treasury within the first half of February 2002 and the execution in Autumn 2002.

Your Company billed in 2001, as its portion, Euro 29 million, including Euro 14.7 million relating to the final activities of lots 1 and 3, consigned long ago.

In spite of the unpredictable events and problems, also of a project nature, your Company believes to be able to complete and consign to the customer lot No. 2, for the opening to the traffic, within the end of 2004.

Romania

Your subsidiary Italstrade S.p.A., through the subsidiaries Romairport, Romis and JV Italstrade CCCf, continued the works for the construction of the Bucarest airport, of a section of the motorway Costanza-Bucarest and the restructuring of a number of motorway lots. In addition, during 2001, always through

the subsidiary Rometro, started the restructuring of the Bucarest subway, lot of the Grigorescu station.

Moreover, the works relating to the construction of the road section of Satumare are being completed, by your Romanian branch. In total, the production in the Romanian area during the year was approximately Euro 40 million.



Romania - Bucharest Otopeni airport



Romania - Bucharest Otopeni airport



Romania - Satumare road section



Romania - Costanza-Bucharest motorway section

Denmark

The consortium COMET, to which your Company participates at 15% during the year continued the construction of the Copenhagen subway, with a total production in the year of Euro 145 million (Astaldi portion Euro 21.8 million) bringing the stage of completion of the works through December 31, 2001 to 96% of the contractual amount.

The contractual amount has been more the

once subject to modifications, due for the great majority to technical events not imputable to the Consortium.

As a consequence, the customer recognized the reasons for the claims of the Consortium, accepting reserves for a total amount of Euro 286 million.

In addition, during 2001, following the recommendations by the Dispute Review Board, additional reserves for Euro 17 million were introduced, with the reasonable certainty that they will be accepted.

AFRICA

Transportation infrastructures

Morocco

During 2001 the branch in Morocco of your subsidiary Italstrade S.p.A. continued the works for the realization of the railway Sidi Kacem-Meknes on behalf of Office National des Chemins de Fer, acquired in 1998 as association of companies.

The contractual amount of the two lots pertaining to Italstrade is divided as follows:

- lot No. 1 Dhs 117,579,000 payable for 68% in Dhs and for 32% in Euro;
- lot No. 3 Dhs 81,577,000 payable for 62% in Dhs and for 38% in Euro.

In 2001 the total production was Dhs 53,494,334 plus Dhs 17,128,502 for reserves and Dhs 1,444,345 for price revisions.

Tunisia

The company SEP, to which your Company participates at 40%, continued the construction of lot No. 1 of the motorway Tunis-Biserta of a value of Tunisian \$ 54.6 million.

The stage of completion at year end is at 70% of the value of the work and is in line with the work plan.

Having completed the excavations, and of the posing of the first layer of bitumen, during 2002, the completion of the second layer of bitumen, of the usage pavement and road signals will be completed.

The consignment of the work is expected in Autumn 2002.



Morocco - Sidi Kacem-Meknès railway section

2001

Congo

The project for the new bridge on river Loémé is one month late in respect to the plan, due to unforeseen geological problems, in correspondence with the foundations of the central column, which required a project revision.

In order to recover the delay, in any case not attributable to your Company, the necessary steps were taken and no adjustments of the margins are expected.

The second project under way was, the road passage near the airport, is in advance and the operating margins are higher than expected.

In December 2001 a contract was signed for the restructuring of the state road between Bouansa and Moukoulou (75 km.) for a value of Euro 18.3 million, with particularly advantageous general conditions.

The works will start in the Spring of 2002.

Guinea

During 2001 your Company acquired the following works:

- construction of a bridge on river Fatala for approximately Euro 32 million, project totally financed by the European Union.

The order for the start of the works was given in October 2001 and the installation and production phases are in compliance with the work plan. The contractual construction time is 32 months. The contract provides:

- the construction of a bridge 325 ml long, consisting of a central span of 160 ml and two lateral span of 82.5 ml each;
- the construction of a second bridge on river Tibola 105 ml long, composed of three spans of 35 ml each;
- the realization of a road 18 km. long, connecting the two bridges;

- construction and reconstruction of the first lot of 84 km. of the state road between Kankan and Djelbakoro, with draining works for 10,500 mc of concrete, all for the amount of Euro 25 million also in this case totally financed by FED.

The order for the start of the works was given in January 2002 and the contractual execution time is 24 months.

Tanzania

The project for the restructuring of the road network of the city of Mwanza, after a difficult start due to public servitudes on the lay-out to be removed by the public authorities, is continuing in accordance with the plan. Unfortunately, the initial difficulties caused a negative result at the end of 2001 which we believe we can recover, also in consideration of the probable recognition by the customer of contractual reserves. It is believed that the acquisition of new lots should proceed for similar road restructuring, for Euro 50 million, financed by the European Union and near the area where your Company is currently operating, and which will be subject to bid at the end of April 2002, taking into consideration that the presence of plant and machinery would allow an advantage on the costs and construction time.



Tanzania - Road network in Mwanza



Congo - Bridge over the Loémé

Hydraulic works and electricity plants

Algeria

During 2001 the Consortium Astaldi-Federici-Todini, to which your Company participates at 33.33%, completed the works for the realization of the Taksebt Dam.

During the year, the finishing activities were completed, completing the rock finishing of the dam.

The activities for the assembling and testing of electromechanic machinery were also completed as well as the training of the customer's personnel.

In October 2001 the work was consigned to the customer, with no reserves.

Immediately after, the disassembly of machinery started.

In November 2001 the activities for the installation of the new construction site for the Kramis Dam began, assigned in August to the Consortium Astaldi-Federici-Todini, where your

Company increased its participation to 50%.

The start of the works, in spite the official order was received in August, was delayed due to the fact that the customer did not consign the execution project, still being elaborated, and due to the consequences of the flood of river Kramis in November.

Morocco

At the end of 2000 - Italstrade (85%) in association of companies was awarded the bid for the construction of the Sidi Said Dam, launched by the Ministère de l'Équipement - Direction Generale de l'Hydraulique for Dhs 397,619,710 in addition to Euro 17,867,136.89.

The relating contract, signed by the customer, was given to Italstrade on April 6, 2001.

The works executed in 2001 amount to Dhs 44,349,485, corresponding to 9% of the contractual amount.

Own shares

Financial fixed assets include the cost of own shares for Euro 361,437, representing 108,000 shares, of a par value of Euro

6.46 each, for a total par value of Euro 697,680, representing 1.194% of the total share capital.

Shares of the Holding Company held by subsidiaries

No shares of the Holding Company are held by subsidiaries.

Related party transactions

Transaction of Astaldi with related parties substantially relate to trade of goods, services, source and application of funds with subsidiaries and affiliates. These transactions are part of the normal operations and are at market conditions, or at conditions that would have been adopted between independent parties.

All transactions were entered into in the interest of your Company.

The amounts of commercial and other nature and of financial nature with related parties and the description of the most significant types of transaction are indicated in the explanatory notes.



Bolivia - San Rafael tunnel

Entities in which the Company has a significant influence

AITALSTRADE S.p.A.

As a result of the reorganization and qualification of the group belonging to your Company – on June 18, 2001 the extraordinary shareholders' meeting of Place Moulin S.p.A. resolved the capital increase from Lire 408,000,000 to Lire 42,597,940,000 and at the same time redetermined the share capital in the new European currency for a total amount of Euro 22,000,000.

Such increase has been made in part by transfer from the sole shareholder Italstrade S.p.A. of the business segment representing the contracting activity of public and private works in specific foreign areas (Romania, Bulgaria, Poland, Albania, Morocco, Algeria, Libya and China), and in part by allocation to share capital of retained earnings of prior years. The same shareholders' meeting also resolved on the change of the company name from Place

Moulin S.p.A. to Italstrade S.p.A., effective from July 10, 2002; this permitted to maintain, especially abroad, the name of one of the most renowned and credited national companies for history and tradition which – after the above transfer operation of a portion of its institutional business to a wholly owned company with effect from July 1, 2001 – has subsequently lost its juridical identity as a result of the merger into your Company.

Italstrade S.p.A. is currently only operating on the foreign market, directly through three foreign branches which manage contracts in their respective area of competence, and indirectly through the participation into companies and consortia acquiring their own works.

The foreign branches are located in the following countries:

- **Morocco**
- **Albania**
- **Romania**



Morocco - Sidi Said Dam

The consolidated reclassified income statement and balance sheet follow in Euro thousand:

RECLASSIFIED CONSOLIDATED INCOME STATEMENT		2001
VALUE OF PRODUCTION		40,543
- Cost of production		(32,433)
- Cost of labor		(3,935)
GROSS OPERATING MARGIN		4,175
OPERATING RESULT		(285)
- Financial income (charges)		590
- Revaluation (write down) of investments		(6)
- Extraordinary income (charges)		284
PROFIT BEFORE TAXES		583
- Income taxes		(96)
NET PROFIT FOR THE YEAR		487
- Net profit (loss) of minority interests		377
NET PROFIT OF THE GROUP		110
RECLASSIFIED CONSOLIDATED BALANCE SHEET		2001
Total net fixed assets (A)		8,796
Working capital (B)		9,086
Total funds (C)		(3,549)
NET INVESTED CAPITAL (D)=(A)+(B)+(C)		14,333
- Net available funds (E)		8,335
GROUP NET EQUITY		22,748
- Minority interests		(80)
NET EQUITY (F)=(D)+(E)		22,668

A.S.T.A.C. S.r.l. – Assistenza Sviluppo e Tecnologie Ausiliarie alle Costruzioni

The company, currently a subsidiary of Astaldi S.p.A. at 100%, closed the financial year with a profit of approximately Euro 71 thousand, net of taxes.

Revenues were realized through intermediation technical and commercial activity, for the purchase of goods and services and managing of production tools, mainly addressed to group companies.

Your subsidiary during 2001 issued on behalf of principal companies purchase orders for materials and machinery for approximately Euro 53 million, of which approximately 48%

relating Italian works and 52% relating to foreign orders.

R.I.C. Railway International Construction S.p.A.

The company in 2001 continued in the realization of the railway structure from km. 24.3 to km. 105.1 of the High Speed line Rome–Naples, with a production of approximately Euro 5 million.

In addition, also thanks to the activity performed through its Venezuelan branch, for the realization of railway works of Contuy Medo, shows a net profit for the year of approximately Euro 8.2 million.

Astaldi Construction Corporation

The company, with legal offices in Miami, Florida, recently recapitalized resumed operating in the US market and acquired the realization of a railway restructuring and a motor-

way turn-off and is competing for other important works always in the sector of transportation infrastructures and that of public utilities.

Operational network

The Group operational network, thanks to which in 2001 the indicated results were achieved, developed through the activity of 23 foreign establishments (secondary offices) listed in the attachment of this report, 73 companies, both in Italy and abroad, on which your Company has a significant influence and other 147 companies in Italy and abroad.

Your Company and the autonomous operational units entered a number of financial and economic transactions which characterize the significant influence.

Where these transactions have by nature or particular size, they are punctually indicated in the explanatory notes and frequently commented in this report.

Post balance sheet events

During the first two months of 2002 the issuance by the subsidiary Astaldi Finance of a three year debenture loan was completed, totally guaranteed by Astaldi, with an annual bond at fixed interest rate of 6.5% and that was listed on the Luxembourg Stock Exchange, for Euro 150 million.

As to the acquisition of new contracts, the activities for the financing of the Venezuelan works continue, relating to the construction of the railway section from Puerto Cabello to La

Encruijada 108 km. long, for Euro 1,400 million, of which 32.33% pertaining to your Company; this order is not included in the orders portfolio at December 31, 2001. It is expected that the start of the financing will occur within the first half of 2002; the contractual plan provides for the completion of the work within 70 months from its beginning.

During 2002 a work for the realization in Venezuela of the subway of Los Teques was acquired for \$ 62.5 million.

Expected trend of operations

It appears obvious that from the description of the international market the most effective strategy for your Company must direct to a serious and prudent selection of foreign markets and towards the search for significant financing on the domestic market, directions which thanks to the strengthening of the financial and organizational structure allow the objectives of the continuance of profitability to be achievable.

If we go back to what was said in connection with the size and dynamics of the domestic market, it is worth noting once again that the realization of strategic great infrastructures for an additional annual amount of Euro 10 -13 billion (both public and private capitals) can only be possible with the intervention of important international General Contractors: a type of organization that in Italy sees your Company in a prestigious leadership position, together with very few other operators; this constitutes a historic opportunity of development.

These circumstances are the basis of the development project of the Group in 2002, year in

which we intend to take additional opportunities for growth both on the revenues side and the profitability, with an additional increase in the medium term.

In this context the strengthening of financial structure of the Group is located, obtained also through the research of sources of funds on the Euro Bond market.

However, it is worth noting that the concurrence of this favorable situation of the domestic market with the decision to list your Company on the Italian Stock Exchange represents a mechanism which will procure benefits on the competition side, on the acquisitions and on the overall results.

As you are aware of, the listing of the Company's shares has been long one of the main objectives of the Company, which, during 2001 and the first months of the current year, performed all steps connected to the listing operation, the project of which you are called to approve in the same meeting that will resolve on the financial statements closed at December 31, 2001.



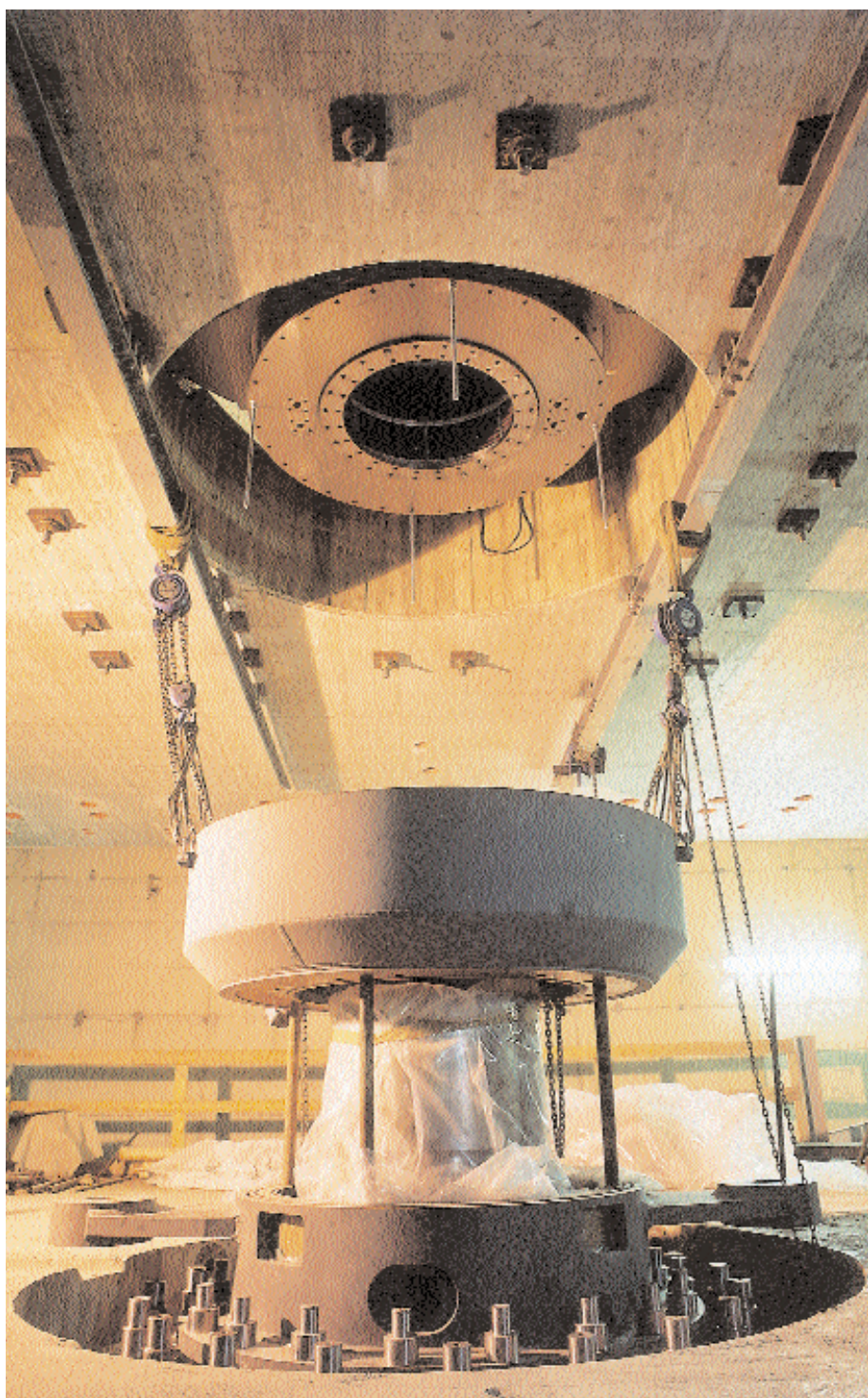
Italy - Milan-Naples motorway - Section Orte-Fiano

Directors' Report

The Board of Directors



Italy - Turin railway hub



Italy - Pont Ventoux hydroelectric power plant: turbine floor group 1

Net cash flow

and gross self-financing margin

(Euro thousand)

	1999	2000	2001
Profit for the year	11,018	11,499	30,027
Depreciation amortization and provisions	71,614	50,073	92,454
Dividends	(6,522)	(4,615)	(13,403)
Gross Self-Financing margin	76,110	56,957	109,078

Turnover ratios



	1999	2000	2001
Assets turnover (Sales/Total assets)	0.76	0.67	0.70
Inventory turnover (Sales/Inventory)	3.02	2.51	2.74

Consolidated balance sheet

as of 31 December, 2001

(Euro)

ASSETS	2001	2000
A) Subscribed capital unpaid	---	---
B) Fixed assets		
I - Intangible fixed assets		
1) Formation and start-up	2,153,692	2,883,386
3) Patents and rights to use patents of others	744,262	1,257,087
4) Concessions, licenses, trademarks and similar rights	568,321	---
5) Goodwill	---	217,233
6) Fixed assets in progress and payments on account	316,009	---
7) Other		
a) construction site installation costs	8,907,229	9,102,075
b) cost of preparing tenders	1,434,808	1,088,904
c) other	22,085,450	31,137,046
Total Other minor	32,427,487	41,328,025
Total I - Intangible fixed assets	36,209,771	45,685,731
II - Tangible fixed assets		
1) Land and buildings	26,213,897	45,436,899
2) Plant and machinery		
a) specific facilities	14,377,274	19,859,337
b) generic facilities	4,246,870	6,371,396
c) crafts	14,896	---
Total plant and machinery	18,639,040	26,230,733
3) Tools, fittings, fixtures and other equipment		
a) excavators, power shovels, heavy vehicles	11,692,372	15,891,460
b) light vehicles, ships, planes	2,445,170	1,993,841
c) sundry small equipment	577,126	558,856
d) light constructions	1,171,644	2,014,617
e) metal sheet pile and shuttering	298,567	757,462
Total tools, fittings, fixtures and other equipment	16,184,879	21,216,236
4) Other		
a) furniture, fittings and office machines	1,591,678	1,627,112
b) electronic machines and office systems	975,760	1,108,918
c) assets without charge	2,515,585	---
Total Other	5,083,023	2,736,030
5) Tangible fixed assets under construction and payments on account	1,079,098	628,823
Totale II - Tangible fixed assets	67,199,937	96,248,721
III - Investments		
1) Equity interests in		
a) subsidiary companies	20,412,162	4,303,313
b) associated companies	10,130,398	23,622,676
d) other companies	3,141,087	2,403,747
2) Loans		
a) subsidiary companies	2,185,982	608,178
b) associated companies	8,091,522	2,221,422
d) other equity interests	23,723,224	7,875,281
e) other loans	979,481	379,817
3) Other investments	---	---
4) Treasury stock (global nominal value Euro 697,680)	361,437	361,437
Totale III - Investments	69,025,293	41,775,871
Total Fixed assets B)	172,435,001	183,710,323
C) Current assets		
I - Inventory		
1) Raw materials and consumables	19,271,650	23,029,078
2) Work in progress and components	---	17,349,407
3) Contracts in progress	206,990,547	222,077,571
4) Finished products and goods for resale	11,313,197	22,814,134
5) Advances to suppliers	---	3,223,649
6) Assets and materials in transit	4,090,006	642,460
Totale I - Inventory	241,665,400	289,136,299
II - Accounts receivable		
1) Trade receivables		
Within the next financial year	187,140,806	214,415,628
Beyond the next financial year	6,190,347	5,386,637
Total Trade receivables	193,331,153	219,802,265
2) Amounts owed by subsidiary companies	61,557,587	54,125,889
3) Amounts owed by associated companies	32,952,379	53,324,650
4) Amounts owed by parent companies	4,694	---
5) Other amounts receivable		
a) tax authorities		
Within the next financial year	59,754,089	33,058,355
Beyond the next financial year	52,048	1,694,062
Total Amounts receivable from tax authorities	59,806,137	34,752,417
b) personnel	934,760	1,188,051
c) social security institutions	1,571,294	2,317,073
d) caution money		
Within the next financial year	5,393	---
Beyond the next financial year	1,285,055	785,614
Total caution money	1,290,448	785,614
e) amounts owed by other equity interests	2,051,032	1,758,474
f) sundry receivables	68,827,590	54,316,491
Total other receivables	134,481,261	95,118,120
Totale II - Accounts receivable	422,327,074	422,370,924
III - Investments which are not permanent		
6) Other investments	40,861,470	86,563,313
IV - Cash at bank and in hand		
1) Bank and postal accounts	135,106,456	68,072,008
3) Cash on hand	474,133	424,291
Totale IV - Cash at bank and in hand	135,580,589	68,496,299
Total Current assets C)	840,434,533	866,566,835
D) Prepayments and accrued income	2,337,019	4,300,280
TOTAL ASSETS	1,015,206,553	1,054,577,438

LIABILITIES	2001	2000
A) Stockholders' equity		
I - Share capital	58,421,010	58,382,225
II - Share premium account	8,757,495	8,757,495
III - Revaluation reserves		
1) Revaluation reserve as per L. 19.03.83 n. 72	13,773	10,167
IV - Legal reserve	4,962,144	4,667,829
V - Reserve for treasury stock owned	361,437	361,437
VI - Reserves provided for by the articles of incorporation	---	---
VII - Other reserves	---	---
1) Conversion reserve or loss	20,413,363	25,324,894
2) Extraordinary reserve	6,506,634	5,573,063
3) Reserve for special liabilities	798,334	798,334
4) Euro conversion difference	(2,270)	---
Total Other reserves	27,716,061	31,696,291
VIII - Retained earnings	17,824,879	12,638,453
IX - Profit (loss) for the year	30,026,685	11,499,677
Total consolidated Group stockholders' equity	148,083,484	128,013,574
Minority interest stockholders' equity	(411,610)	1,339,309
Minority interest profit/loss for the year	417,148	(125,363)
Total Stockholders' equity A)	148,089,022	129,227,520
B) Provisions for contingencies and charges		
3) Other		
a) for contractual liabilities	80,868,255	80,318,616
b) for equity interest liabilities	33,764,267	14,723,190
Total for contingencies and charges B)	114,632,522	95,041,806
C) Employee severance indemnity	8,627,677	12,711,408
D) Debts and other amounts payable		
1) Debenture loans		
<i>Beyond the next financial year</i>	---	3,615,198
2) Convertible debenture loans		
<i>Beyond the next financial year</i>	36,152,491	36,152,491
Total convertible debenture loans	36,152,491	36,152,491
3) Amounts owed to banks		
<i>Within the next financial year</i>	154,180,195	138,219,771
<i>Beyond the next financial year</i>	98,637,724	140,291,097
Total amounts owed to banks	252,817,919	278,510,868
4) Amounts owed to other financiers		
<i>Within the next financial year</i>	3,463,520	16,459,781
<i>Beyond the next financial year</i>	16,767,797	18,504,263
Total amounts owed to other financiers	20,231,317	34,964,044
5) Advances received		
<i>Within the next financial year</i>	37,540,768	60,576,701
<i>Beyond the next financial year</i>	39,909,340	36,510,673
Total advances received	77,450,108	97,087,374
6) Amounts owed to suppliers		
<i>Within the next financial year</i>	149,877,959	148,581,927
<i>Beyond the next financial year</i>	3,914,380	3,901,275
Totale debiti verso fornitori	153,792,339	152,483,202
8) Amounts owed to subsidiary companies	90,332,920	65,716,211
9) Amounts owed to associated companies	48,778,188	74,799,533
10) Amounts owed to parent companies	---	139,124
11) Amounts owed to tax authorities		
<i>Within the next financial year</i>	26,123,443	11,739,695
<i>Beyond the next financial year</i>	121,517	---
Total amounts owed to tax authorities	26,244,960	11,739,695
12) Amounts owed to social security institutions	4,330,089	4,848,019
13) Other amounts payable		
a) other equity interests	5,048,351	4,314,105
b) deposits and caution money		
<i>Beyond the next financial year</i>	49,837	18,696
c) personnel	8,093,230	6,046,239
d) sundry	17,884,444	38,969,842
Total Other amounts payable	31,075,862	49,348,882
Total Amounts payable D)	741,206,193	809,404,641
E) Accruals and deferred income	2,651,139	8,192,063
TOTALE LIABILITIES	1,015,206,553	1,054,577,438

MEMORANDUM ITEMS

A) Personal guarantees		
1) Guarantees for credit lines		
a) for subsidiary companies	43,108,535	56,511,707
b) for associated companies	81,542,433	106,342,366
c) for third parties	9,806,634	3,853,543
Total guarantees for credit lines	134,457,602	166,707,616
2) Guarantees for works		
a) for subsidiary companies	144,169,335	193,851,532
b) for associated companies	708,222,833	645,926,877
c) for third parties	391,444,844	406,559,532
Total guarantees for works	1,243,837,012	1,246,337,941
3) Other guarantees	139,888,312	205,798,411
Total A)	1,518,182,926	1,618,843,968
B) Other memorandum items		
Risk of recourse from factors	148,928,611	40,956,136
C) Collateral security	---	82,633,104
D) Third party guarantees in our favor	21,520,090	30,164,106
TOTAL MEMORANDUM ITEMS	1,688,631,627	1,772,597,314

Consolidated income statement

for the year ended 31 December, 2001

(Euro)

	2001	2000
A) Value of production		
1) Revenues from services		
a) from tenders	726,138,903	685,223,444
2) Change in finished goods and work in progress inventory	(17,351,407)	8,264,100
3) Variation in contracts in progress	25,133,750	25,833,524
4) Work performed for own purposes and capitalized	13,752,686	19,143,912
5) Other revenues and income	95,353,675	93,624,890
Total A)	843,027,607	832,089,870
B) Cost of production		
6) For raw materials and consumables	90,767,374	107,052,421
7) For services	439,181,272	460,863,686
8) For use of assets owned by others	9,904,655	13,348,794
9) For personnel		
a) wages and salaries	64,570,578	64,265,066
b) social security costs	18,119,493	20,806,090
c) provision for severance indemnity	3,441,183	4,142,635
e) other personnel costs	7,340,513	9,034,713
Total personnel costs	93,471,767	98,248,504
10) Value adjustments		
a) amortization of intangible fixed assets	24,370,877	16,033,059
b) depreciation of tangible fixed assets	11,848,855	19,126,905
d) allowance for doubtful accounts receivable balances	10,350,066	3,004,486
Total cost of value adjustments	46,569,798	38,164,450
11) Change in raw materials, consumables and goods for sale inventory	(1,031,939)	5,061,248
12) Amounts provided for contingencies	45,884,662	11,500,971
13) Other accruals	---	407,272
14) Other operating costs	33,198,299	37,063,368
Total B)	757,945,888	771,710,714
Difference between value and cost of production (A-B)	85,081,719	60,379,156
C) Financial income and charges		
15) Income from equity interests		
a) from subsidiary companies	144,498	---
b) from associated companies	9,245	5,657,349
c) from other equity interests	54,346	9,996
16) Other financial income		
c) from other investments classified as current assets	---	3,674,398
d) other income not included above		
1) from subsidiary companies	82,168	434,805
2) from associated companies	358,492	2,522,075
3) from others	15,813,550	5,418,535
17) Interest payable and similar charges		
a) to subsidiary companies	---	(77,928)
b) associated companies	---	(165,256)
c) to others for charges on investments	---	(3,979,433)
d) to others for other financial charges	(42,500,597)	(32,117,839)
Total (15+16-17)	(26,038,298)	(18,623,298)
D) Value adjustments in respect of investments		
18) Revaluations		
a) of equity interests	15,256	---
19) Devaluations		
a) of equity interests	(21,850,802)	(17,495,962)
b) of other investments classified as current assets	(2,074,839)	---
Total value adjustments (18+19)	(23,910,385)	(17,495,962)
E) Extraordinary income and charges		
20) Income		
a) sundry income	8,054,308	9,109,626
21) Charges		
a) sundry charges	(14,319,685)	(10,933,734)
b) extraordinary losses	---	(993)
Total of the extraordinary items (20-21)	(6,265,377)	(1,825,101)
Pre-tax profit (loss) (A-B+C+D+E)	28,867,659	22,434,795
22) Taxation		
a) current income taxes	(19,078,572)	(11,060,481)
b) prepaid income taxes	20,654,746	---
23) Profit (loss) for the year		
a) consolidated	30,443,833	11,374,314
b) minority interest profit/loss for the year		
profit	(417,148)	---
loss	---	125,363
26) Group profit (loss) for the year	30,026,685	11,499,677

2001

Financial ratios

(Euro million)



ASSETS	2000	2001
Net fixed assets	176	172
Long-Term amounts receivable	8	8
Working values	67	35
Realizable values	649	624
Disposable values	155	176
Total	1,055	1,015

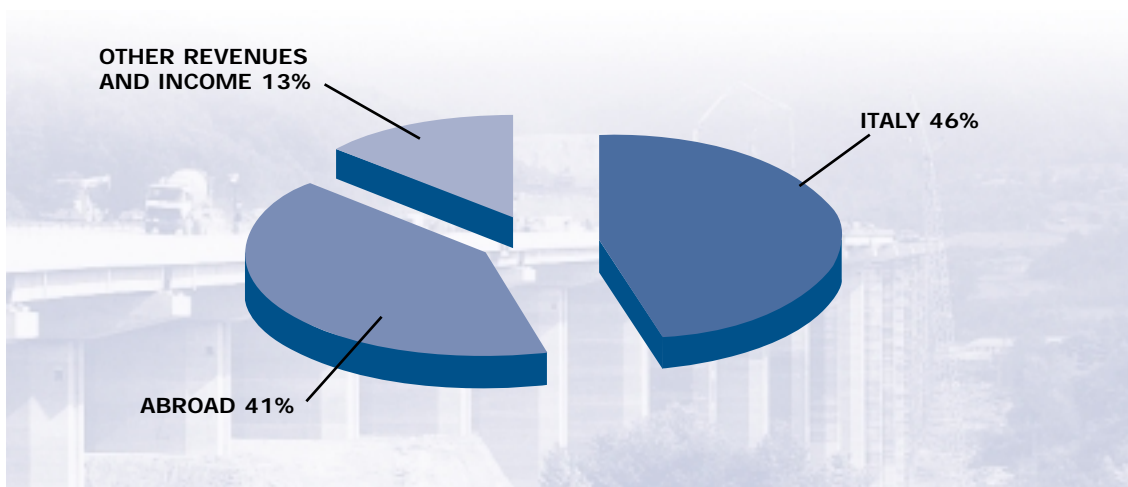
LIABILITIES	2000	2001
Shareholders' equity	128	148
Provision for contingencies	95	115
Long-Term amounts payable	253	204
Short-Term amounts payable	579	548
Total	1,055	1,015

RATIOS	1999	2000	2001
Total available funds (realizable values+disposable values)/short-term amounts payable	1.24	1.39	1.46
Ready cash disposable values/short-term amounts payable	0.18	0.27	0.32
Cash at banks and on hand (working values+realizable values+disposable values)/short-term amounts payable	1.35	1.51	1.52
Fixed assets backing (equity+provision for contingencies+long-term amounts payable)/net fixed assets+long-term amounts receivable	2.29	2.59	2.59
Self-financing ratio (equity+provision for contingencies)/(short-term amounts payable+long-term amounts payable)	0.27	0.27	0.35

2001

Total revenues by geographics area

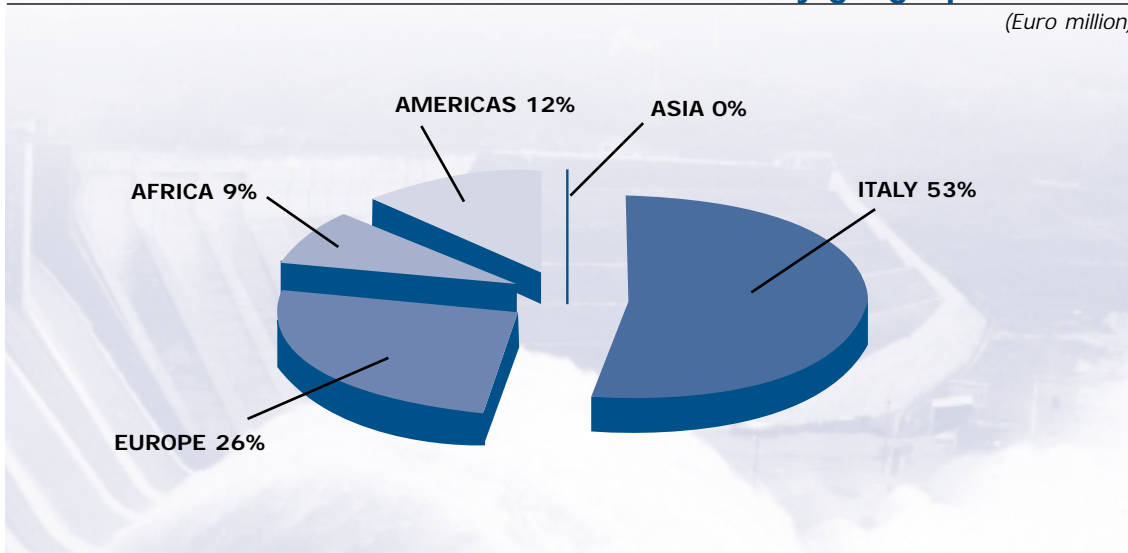
(Euro million)



Paese	2001
ITALY	386.16
ABROAD	347.76
OTHER REVENUES AND INCOME	109.11
TOTAL OTHER REVENUES	843.03

Total revenues from services and contracts by geographic area

(Euro million)



Paese	2001
ITALY	386.16
EUROPE	190.04
AFRICA	66.40
AMERICAS	91.31
ASIA	0.00
TOTAL REVENUES	733.92