

Operations and financial position of the Parent Company Astaldi S.p.A.

The examination of the data for 2001 shows a significant increase in the value of production (35%), with respect to the prior year, due to the resumption of the works in Turkey, suspended in the prior year for the earthquake of the end of 1999, in addition to the merger of your subsidiary Italstrade S.p.A. effected in July 2001, with fiscal and civil effects from January 1, 2001.

The principal data are the following (Euro million):

	2001	2000
• value of production	743	552
• fixed assets	144	143
• net indebtedness	52	110
• convertible debenture loan	36	36
• result before taxes	28	15
• current taxes	5	(9)
• net profit	33	6
• self-financing	117	25
(profit + depreciation and amortization + accruals)		

The production from works was realized for approximately 60% in Italy and for the remaining 40% abroad. The operating margin is of approximately Euro 68 million, with an increase of profitability of sales from 7.6% at December 31, 2000 to approximately 9% of 2001.

The provision for contractual risks are substantially due to prudent accruals in connection the High Speed work, Rome-Naples line; viceversa, the provision for bad debts relates to those receivables showing risk of collection.

The result for the year includes the negative effect, for Euro 17 million, deriving from – for Euro 3.4 million – the forgiveness of receivables from the subsidiary Alosa Immobiliare S.p.A. in liquidation following the financial intervention of the Company, as guarantor in favor of financial institutions, as well as from the valuation at realizable value of the investments pertaining to the African and Pakistan initiatives, substantially completed. As far as these last initiatives are concerned, the result is partially offset by the recognition of extra-contractual proceeds, due to war damages incurred in Democratic Congo, for which

favorable appraisals have already been issued by the technical experts engaged by the Court of Rome, prudently valued at Euro 14 million. Net financial charges amount to Euro 18 million compared to Euro 9 million of 2000. It is worth noting that the data for the prior year was affected for approximately Euro 3.7 million by interest on the Venezuelan bonds.

The financial cycle of works in progress during 2001 caused, in some cases, a temporary working capital need, which required a higher bank indebtedness, particularly in connection with the works in Turkey and Venezuela. In fact, in respect to the former, the export financing for approximately \$ 30 million became operational only in the month of October, whereas the working capital relating to the works in Venezuela was substantially financed for the entire year.

For the purpose of equilibrium of the net financial position, the following operations were entered into, which regarded receivables connected to the Venezuelan initiatives:

- sale with recourse to financial institutions of receivables from the Venezuelan customer for Euro 74 million, in the average anticipated at 85% of the nominal value. As of today, such receivables were collected for Euro 36 million, while the remaining amount will be collected within the month of April, period within which the related export financing will be operational;
- acquisition of Venezuelan state bonds as payment of receivables for Euro 37 million. It is worth noting that the nominal value of the bonds mentioned above – guaranteed by a contractual clause by the customer – is presently reduced by Euro 8.25 million, as a result of sales in the first two months of the current year on the Venezuelan market.

In addition, in December 2001, a sale with recourse was concluded of extra contractual proceeds to LeasingRoma for a nominal value of approximately Euro 70 million, advanced for Euro 58 million. The transaction is guaranteed by pledge which will be cancelled at the time the subject to condition connected to the lack of objection by the debtors sold, already occurred, and following the issuance from a pool of financial institutions, already identified, of a guarantee in favor of LeasinRoma.

In order to monitor the exchange and interest

rates fluctuation risk, the Company uses appropriate hedging instruments. These transactions do not have a speculative nature, rather they are aimed at reducing the economic effects of fluctuations of the extra Euro zone currencies.

The ratio between financing and own funds

shows a significant improvement in respect of the prior year, at 0.36% compared to 1.07% of the prior year.

The financial structure of the Company is the following (Euro million):

	2001	2000
- short term indebtedness	(147)	(116)
- medium/long term indebtedness	(91)	(136)
- liquidity, securities and current financial receivables	162	134
- non current financial receivables	24	8
Total	(52)	(110)
- convertible debenture loan	(36)	(36)

It should be noted that on August 1, 2001, as a result of a transaction, the non convertible debenture loan of Euro 3.6 million, classified as short term indebtedness, was paid off, with a gain of Euro 1 million.



2001

The reclassified income statement and balance sheet, as well as the cash flow statement are given below (Euro million):

INCOME STATEMENT	2001	2000
- Revenues from services and contracts	638	483
- Other revenues	105	69
VALUE OF PRODUCTION	743	552
- Costs of production	(493)	(406)
- Labor costs	(71)	(58)
COST OF PRODUCTION	(564)	(464)
GROSS OPERATING MARGIN	179	88
- Depreciation, amortization and adjustments	(42)	(15)
- Provisions	(42)	(4)
- Net other revenues (expense)	(27)	(27)
OPERATING RESULT	68	42
- Net financial income (expense)	(18)	(9)
- Cover of losses of equity investments	(17)	(15)
- Extraordinary income (expense)	(5)	(3)
PROFIT BEFORE TAXES	28	15
- Current income taxes	(16)	(9)
- Prepaid taxes	21	-
NET PROFIT FOR THE YEAR	33	6
BALANCE SHEET	2001	2000
- Net immaterial fixed assets	36	21
- Net material fixed assets	29	35
- Equity interest	49	50
- Other net fixed assets	29	37
Total net fixed assets	144	143
- Inventories	28	50
- Works in progress	196	140
- Trade receivables	131	126
- Other assets	239	148
- Advances	(64)	(41)
- Suppliers' payables	(123)	(89)
- Other liabilities	(217)	(181)
Working capital	190	153
- Employees' severance indemnity	(8)	(8)
- Contractual risks fund	(80)	(38)
- Other funds	(13)	(1)
Total funds	(101)	(47)
NET INVESTED CAPITAL	233	249
- Medium/long term indebtedness	(91)	(136)
- Short term indebtedness	(147)	(116)
- Liquidity and current financial receivables	162	134
- Non current financial receivables	24	8
NET INDEBTEDNESS	(52)	(110)
- Convertible debenture loan	(36)	(36)
NET EQUITY	145	103

INVESTMENTS

As can be seen from the above statement of cash flows, the investments made during the year amount to Euro 58 million, divided as follows:

• intangible fixed assets (capitalized costs for new ventures)	15
• tangible fixed assets	14
• equity interests	29

As indicated in the explanatory notes, intangible fixed assets refer to the capitalization of costs for new initiatives and works in progress.

Tangible fixed assets are part of the normal operations.



2001

Statement of cash flows

(Euro million)

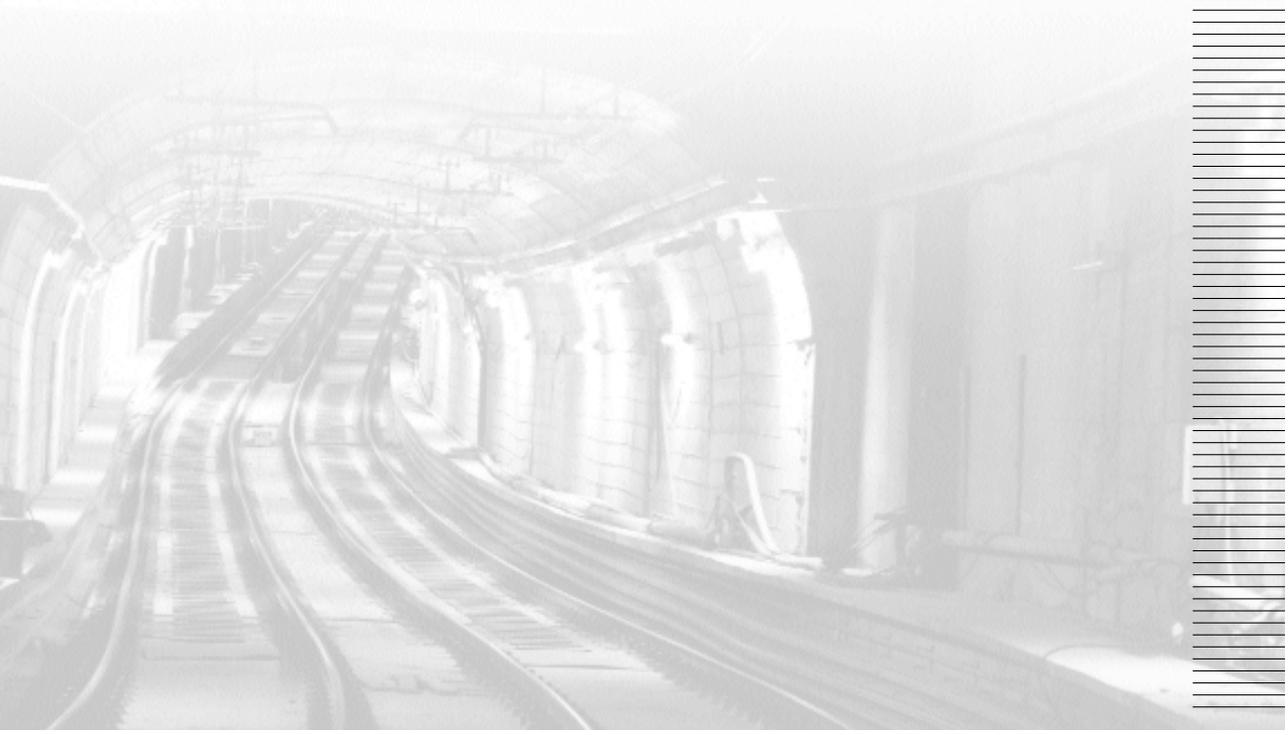
	2001	2000
OPERATING ACTIVITIES		
Profit for the year	33	6
Prepaid taxes	(21)	-
Depreciation	6	5
Amortization	24	10
Provisions for risks and charges	42	5
Provision for severance indemnity	3	2
Provision for bad debts	10	0
Losses on disposals of fixed assets	1	1
Gains on disposals of fixed assets	(22)	(6)
	76	23
Utilization of the provision for risks and charges	(25)	(31)
Employee severance indemnity paid	(6)	(2)
Decrease (increase) in receivables	(82)	16
Decrease (increase) in inventory	42	(10)
Decrease (increase) in accrued income and prepayments	2	-
(Decrease) increase in suppliers	10	9
(Decrease) increase in other liabilities and advances	27	(53)
(Decrease) increase in deferred income and accruals	(6)	3
Net effect of split	(15)	-
Net effect of merger	28	-
Net effect of transfer	4	-
	55	(45)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(14)	(5)
Increase in intangible fixed assets	(15)	(10)
Profits from sale of tangible fixed assets	35	10
Purchase of investments	(1)	(9)
Elimination of investment in Italstrade S.p.A. merged into Astaldi S.p.A.	12	-
New investment in Italstrade S.p.A. (ex Place Moulin S.p.A.)	(21)	-
Net change of financial receivables	(16)	(11)
Disposal of investments	2	3
Net effect of split	15	-
Net effect of merger	(16)	-
Net effect of transfer	4	-
Change in conversion reserve	(1)	9
	(16)	(13)
FINANCIAL ACTIVITIES		
Increase (decrease) in short-term debt	15	15
Net balance of financing obtained and repaid during the year	(45)	49
Payment of dividends	(5)	(7)
Change of balances with subsidiaries and affiliates	11	(11)
Issuance of convertible debenture loan	-	36
Repayment of debenture loan	(4)	-
Capital increases	-	15
Net effect of merger	6	-
Net effect of transfer	9	-
	(13)	97
FLOWS OF LIQUID FUNDS IN THE YEAR		
	26	39
Liquid funds at beginning of year	134	95
Liquid funds from merger	2	-
Liquid funds and securities at end of year	162	134
Flows of liquid funds in the year	26	39

Proposal for the allocation of the profit

for the year 2001

In conclusion of the ample and detailed illustration made and on the basis of the considerations deriving from the activities performed and the announced perspectives, we believe that the profit for 2001 of Euro 33,237,407.00 allows a dividend distribution of Euro 1.50 per share.

The Board of Directors



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	2,153,249	2,876,507
3) Patents and rights to use patents of others	744,262	974,355
4) Concessions, licenses, trademarks and similar rights	568,321	---
6) Goodwill	316,009	---
7) Other		
a) construction site installation costs	8,578,232	3,654,732
b) cost of preparing tenders	1,349,138	641,980
c) other	22,172,205	12,936,853
Total Other minor	32,099,575	17,233,565
Total I - Intangible fixed assets	35,881,416	21,084,427
II - Tangible fixed assets		
1) Land and buildings	5,335,610	20,313,710
2) Plant and machinery		
a) specific facilities	6,716,946	4,627,836
b) generic facilities	3,922,910	3,476,963
c) crafts	14,896	---
Total plant and machinery	10,654,752	8,104,799
3) Tools, fittings, fixtures and other equipment		
a) excavators, power shovels, heavy vehicles	4,732,139	2,881,236
b) light vehicles, ships, planes	1,553,492	589,014
c) sundry small equipment	351,443	258,566
d) light constructions	782,038	662,690
e) metal sheet pile and shuttering	418,569	247,899
Total tools, fittings, fixtures and other equipment	7,837,681	4,639,405
4) Other		
a) furniture, fittings and office machines	796,958	761,052
b) electronic machines and office systems	926,432	545,655
c) assets without charge	2,504,257	---
Total Other	4,227,647	1,306,707
5) Tangible fixed assets under construction and payments on account	1,079,098	577,318
Total II - Tangible fixed assets	29,134,788	34,941,939
III - Investments		
1) Equity interests in		
a) subsidiary companies	36,819,937	24,517,068
b) associated companies	9,992,483	22,909,131
c) other companies	2,105,913	2,351,390
Total Investments	48,918,333	49,777,589
2) Loans		
a) subsidiary companies	20,580,281	25,775,481
b) associated companies	8,091,522	7,810,405
d) other equity interests	23,718,010	7,875,281
e) other loans	979,481	3,204,463
Total Loans	53,369,294	44,665,630
4) Treasury stock (total par value in Euro)	361,437	361,437
Total III - Investments	102,649,064	94,804,656
Total Fixed assets B)	167,665,268	150,831,022
C) Current assets		
I - Inventory		
1) Raw materials and consumables	14,015,900	10,218,781
2) Work in progress and components	---	17,349,407
3) Contracts in progress	195,622,793	140,379,244
4) Finished products and goods for resale	11,313,197	22,122,416
6) Assets and materials in transit	2,827,143	348,468
Total I - Inventory	223,779,033	190,418,316
II - Accounts receivable		
1) Trade receivables		
Within the next financial year	126,338,648	124,957,443
Beyond the next financial year	4,484,255	885,074
Total Trade receivables	130,822,903	125,842,517
2) Amounts owed by subsidiary companies	81,352,463	64,164,200
3) Amounts owed by associated companies	32,911,099	25,739,463
4) Amounts owed by parent companies	4,694	---
5) Other amounts receivable		
a) tax authorities	56,939,606	27,561,362
b) personnel	835,314	530,882
c) social security institutions	1,546,165	554,591
d) caution money		
Beyond the next financial year	696,400	340,400
e) amounts owed by other equity interests	1,401,096	1,757,165
f) sundry receivables	61,074,843	24,213,740
Total other receivables	122,493,424	54,958,140
Total II - Accounts receivable	367,584,583	270,704,320
III - Investments which are not permanent		
6) Other investments	40,829,562	86,561,779
IV - Cash at bank and in hand		
1) Bank and postal accounts	120,864,148	47,406,620
3) Cash on hand	153,216	122,575
Total IV - Cash at bank and in hand	121,017,364	47,529,195
Total Current assets C)	753,210,542	595,213,610
D) Prepayments and accrued income	1,742,872	3,374,472
TOTAL ASSETS	922,618,682	749,419,104

LIABILITIES	2001	2000
A) Stockholders' equity		
I - Share capital	58,421,010	58,382,225
II - Share premium reserve	8,757,495	8,757,495
III - Revaluation reserves	---	---
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 association	---	---
VII - Other reserves		
1) Conversion reserve (loss)	19,879,615	21,371,552
2) Reserve for special risks	798,334	798,334
3) Extraordinary reserve	3,711,221	2,876,113
4) Reserve for merger difference	14,929,668	---
5) Euro Conversion difference	(2,271)	---
Total Other reserves	39,316,567	25,045,999
VIII - Retained earnings	---	---
IX - Profit (loss) for the year	33,237,407	5,886,298
Total Stockholders' equity A)	145,056,060	103,101,283
B) Provisions for contingencies and charges		
3) Other		
a) for contractual liabilities	79,720,965	38,197,480
b) for equity interest liabilities	13,378,342	896,427
Total for contingencies and charges B)	93,099,307	39,093,907
C) Employee severance indemnity	7,803,532	8,003,278
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
3) Amounts owed to banks		
<i>Within the next financial year</i>	146,692,541	112,471,873
<i>Beyond the next financial year</i>	90,940,688	136,295,680
Total amounts owed to banks	237,633,229	248,767,553
5) Advances received		
<i>Within the next financial year</i>	26,939,632	26,481,101
<i>Beyond the next financial year</i>	36,599,563	14,836,478
Total advanced received	63,539,195	41,317,579
6) Amounts owed to suppliers		
<i>Within the next financial year</i>	119,498,718	87,420,614
<i>Beyond the next financial year</i>	3,307,757	1,862,342
Total amounts owed to suppliers	122,806,475	89,282,956
8) Amounts owed to subsidiary companies	120,542,342	85,756,777
9) Amounts owed to associated companies	46,421,032	55,999,165
10) Amounts owed to parent companies	---	139,124
11) Amounts owed to tax authorities	19,859,822	7,696,835
12) Amounts owed to social security institutions	3,941,205	2,464,400
13) Other amounts payable		
a) other equity interests	4,486,530	4,316,786
b) deposits and caution money		
<i>Beyond the next financial year</i>	35,654	7,008
c) personnel	7,718,948	3,900,467
d) sundry	11,525,288	11,945,491
Total Other amounts payable	23,766,420	20,169,752
Total Amounts payable D)	674,662,211	591,361,830
E) Accruals and deferred income	1,997,572	7,858,806
TOTALE LIABILITIES	922,618,682	749,419,104

MEMORANDUM ITEMS

A) Personal guarantees		
1) Guarantees for credit lines		
a) For subsidiary companies	58,602,487	90,016,626
b) For associated companies	81,542,433	87,041,634
c) For third parties	19,812,496	11,772,427
Total guarantees for credit lines	159,957,416	188,830,687
2) Guarantees for works		
a) For subsidiary companies	144,169,335	229,423,634
b) For associated companies	706,357,390	346,925,189
c) For third parties	375,550,846	231,367,824
Total guarantees for works	1,226,077,571	807,716,647
3) Other guarantees	139,888,312	141,844,622
Total A)	1,525,923,299	1,138,391,956
B) Other memorandum items		
1) Leased assets of others	21,324,728	22,238,634
2) Risk of recourse from factors	148,928,611	28,675,307
Total B)	170,253,339	50,913,941
C) Collateral security	---	82,633,104
D) Third party guarantees in our favor	17,772,423	5,624,843
TOTAL MEMORANDUM ITEMS	1,713,949,061	1,277,563,844

2001

Income statement

for the year ended 31 December, 2001

(Euro)

	2001	2000
A) Value of production		
1) Revenues from services		473,887,068
a) from tenders	627,281,153	
2) Change in finished goods and work in progress inventory	(17,351,407)	8,264,100
3) Variation in contracts in progress	28,234,116	1,114,030
4) Work performed for own purposes and capitalized	10,234,321	10,054,211
5) Other revenues and income	94,430,282	58,355,481
Total A)	742,828,465	551,674,890
B) Cost of production		
6) For raw materials and consumables	63,368,446	54,177,494
7) For services	420,203,887	338,626,557
8) For use of assets owned by others	11,460,725	12,522,580
9) For personnel		
a) wages and salaries	44,983,677	37,042,388
b) social security costs	16,072,901	13,576,705
c) provision for severance indemnity	2,772,135	2,432,120
e) other personnel costs	6,730,695	4,700,121
Total personnel costs	70,559,408	57,751,334
10) Value adjustments		
a) amortization of intangible fixed assets	23,315,441	9,668,817
b) depreciation of tangible fixed assets	6,364,619	5,131,880
d) allowance for doubtful accounts receivable balances	10,186,418	668,477
Total cost of value adjustments	39,866,478	15,469,174
11) Change in raw materials, consumables and goods for sale inventory	(2,156,112)	(26,925)
12) Amounts provided for contingencies	42,257,753	3,770,135
13) Other accruals	-	407,272
14) Other operating costs	27,181,351	26,638,792
Total B)	672,741,936	509,336,413
Difference between value and cost of production (A-B)	70,086,529	42,338,477
C) Financial income and charges		
15) Income from equity interests		
a) from subsidiary companies	7,755,842	8,715,162
b) from associated companies	373,566	2,166,612
c) from other equity interests	1,042,580	-
Total income from equity interests	9,171,988	10,881,774
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	-	957,850
2) from associated companies	-	2,559,050
3) from others	13,899,653	3,358,210
Total other financial income	13,899,653	10,549,508
17) Interest payable and similar charges		
a) to subsidiary companies	-	(1,392,258)
b) associated companies	-	(165,171)
c) to others for charges on investments	-	(3,979,433)
d) others for other financial charges	(41,098,351)	(25,391,229)
Total interest payable and similar charges	(41,098,351)	(30,928,091)
Total (15+16-17)	(18,026,710)	(9,496,809)
D) Value adjustments in respect of investments		
19) Devaluations		
a) of equity interests	(17,204,646)	(14,597,109)
b) of other investments classified as current assets	(2,055,960)	-
E) Extraordinary income and charges		
20) Income		
a) sundry income	7,785,100	6,257,835
21) Charges		
a) sundry charges	(7,107,276)	(9,045,517)
b) income taxes previous years	(4,989,237)	-
c) extraordinary losses	(253,453)	-
Total of the extraordinary items (20-21)	(4,564,866)	(2,787,682)
Pre-tax profit (loss) (A-B+C+D+E)	28,234,347	15,456,877
22) Taxation		
a) current income taxes	(15,651,686)	(9,570,579)
b) prepaid income taxes	20,654,746	-
26) Group profit (loss) for the year	33,237,407	5,886,298