Net profit shows 18% growth over the first half of 2004

ASTALDI: THE BOARD OF DIRECTORS APPROVES THE RESULTS AS OF 30 JUNE 2005

- **Total revenues: € 527 million (+2%)**
- **Gross operating income: € 90.7 million (+34%)**
- **Ebit: € 40.1 million (+2.5%)**
- **Net profit: € 17.1 million (+18%)**
- **New contracts won for € 700 million**

Rome, 22 September 2005 – Meeting today, the Board of Directors of Astaldi S.p.A., chaired by Prof. Ernesto Monti, examined and approved the Group's consolidated results as of 30 June 2005, which confirm the positive achievements made in 2004 in terms of volume of business, and record improved margins.

The half-year report as of 30 June 2005, as required by art. 81 of Consob regulation no. 11971/1999, was prepared in accordance with IAS/IFRS international accounting principles. The attached statements show 2004 in accordance with IAS/IFRS accounting principles, for the sake of comparison with 2005 data. Therefore, the percentage comparisons made in the following paragraph refer to the financial statements as of 30 June 2004, modified in that manner. The data have been submitted for audit by Reconta Ernst & Young S.p.A.

Consolidated results, first half of 2005

In the first half of 2005, revenue from services and contracts amounted to € 486.2 million, in line with the same period in 2004, thereby raising T**otal revenues** by approximately 2% to top € 527 million. The transport infrastructure sector contributed 72% to the Group's activity (as against 61% in the first half of 2004), confirming its leading role in terms of production value.

The profit and loss account for the half shows the **Gross operating income** increasing considerably, to € 90.7 million – 34% higher than the € 67.5 million recorded in the same period in 2004 – with an incidence on total revenues rising to 17.2% (as against 13.1% in 2004).

Also improving is the **Ebit**, which equalled € 40.1 million as compared with € 39.1 million in the first half of 2004 (+2.5%), with an ebit margin corresponding to 7.6% of total revenues.

The **Net profit** achieved by the Group in the first half of the year came to € 17.1 million – an 18% leap over the € 14.5 million in the first half of 2004 – with a 3.3% incidence on total revenues (2.8% in 2004).

Net financial indebtedness, affected by the cyclical support granted to the production activities in the half and typical of the seasonal trend, rose from December 2004's figure of € 226.3 million to € 235.8 million as of 30 June 2005. The average term of the debt has been tending to lengthen, with medium/long-term debts representing 63% of the total financial debts, as against 21% at the close of 2004.

Orders backlog

The first half of 2005 saw new contracts acquired for about € 700 million, thus bringing the overall value of the Group's orders backlog to over € 5.2 billion – a 4.1% rise compared with the start of the year. As for geographic distribution, 82% of the new contracts are in Italy – in particular in the transport infrastructure sector - and 18% abroad, mainly in America, Rumania, Turkey, and Algeria. The additional increase of the orders backlog in comparison with the excellent levels already achieved in 2004 confirms the industrial plan's expectations based on a new contracts acquisition policy privileging profitability.

Works awarded in the half include those for doubling the Parma-La Spezia railway line for € 165 million and, in joint venture at 70%, the € 442 million contract for the completion of the Turin railway junction.
Commercial successes abroad include the Group's raised standing in Algeria after winning the tender for the works on a lot of the motorway linking Tunisia and Morocco, and the construction of the water system in the area to the east of Algiers, thus increasing the overall portfolio in that area to € 157 million.
Lastly, with regards to project finance activities in Italy, the Council of State, overturning the earlier decision of Tuscany's regional administrative court (TAR), confirmed the Astaldi-led grouping's qualification as Sponsor to build and manage four hospitals in Tuscany, thereby allowing the operation – valuing € 330 million for the construction portion and € 1.5 billion for the concession – to be started.

Events of note following the close of the half include the acquisition of new contracts in Algeria; the resolution of the dispute with AEM Torino regarding the Pont Ventoux hydroelectric plant; and the financing guarantee issued by SACE to fund three major projects that Astaldi is carrying out in Venezuela.

Impact of the transition to the new international accounting principles

The Astaldi Group has adopted the IFRS starting with these financial statements, with a 01 January 2004 transition date. Therefore, the final yearly consolidated financial statements prepared in accordance with Italian accounting principles are for the business year closing on 31 December 2004.
For the first application of IAS/IFRS, the Group adopted the provisions of IFRS 1, and the attachments to the half-year report will provide diagrams for reconciling the shareholders' equity as of 01 January 2004, 31 December 2004, and 01 January 2005 – as well as the 2004 economic result – as obtained by applying the Italian accounting principles, with the respective values found in compliance with the IAS/IFRS.
The adoption of the IAS/IFRS accounting principles has had the following impacts on the consolidated shareholders' equity and on the consolidated result:

- Reduction of the group's shareholder's equity as of 01 January 2004 by € 5.684 million (equal to 2.5%);
- Increase the result as of 31 December 2004 by € 424 thousand (equal to 1.5%);
- Reduction the group's shareholder's equity as of 31 December 2004 by 5.579 million (equal to 2.3%);
- Reduction the group's shareholder's equity as of 01 January 2005 by € 853 thousand (equal to 0.3%) by virtue of the fair value assessment of derivatives (first release IAS 32 and 39).

For more details and information on the main differences between Italian accounting principles and IAS/IFRS principles that have affected the Astaldi Group, please refer to the comments note in the document “Transition to international accounting principles (IAS/IFRS)” attached to the half-year report.

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Quoted on the Star segment of Italy’s stock exchange, the Astaldi Group has been active for more than 75 years, in Italy and abroad, in designing and constructing large-scale civil engineering works.

The Group operates in the following areas of activity:
- *transport infrastructures (railways, undergrounds, roads, motorways, ports, and airports);*
- *hydraulic works and power production plants (dams, hydroelectric plants, water systems, oil pipelines, gas pipelines, and treatment plants);*
- *civil and industrial construction (hospitals, universities, airports, law courts, construction works for electrical and nuclear plants, car parks);*
- *management under concession of such works as car parks, environmental remediation systems, etc.*

The Group is currently a General Contractor capable of promoting the financial aspects and coordinating all the resources and skills for the optimal development and management of complex and highly important public works.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

Euro/000	1H 2005	%	1H2004	%
Contract revenues	486,195	92.3%	483,313	93.4%
Other revenues	40,842	7.7%	34,340	6.6%
Value of production	**527,037**	**100.0%**	**517,653**	**100.0%**
Costs of production	(363,035)	(68.9%)	(377,602)	(72.9%)
Added value	**164,002**	**31.1%**	**140,051**	**27.1%**
Labour costs	(73,270)	(13.9%)	(72,485)	(14.0%)
EBITDA	**90,732**	**17.2%**	**67,566**	**13.1%**
Amortisation, depreciation and write-down	(23,333)	(4.4%)	(13,621)	(2.6%)
Other oprtating costs	(27,406)	(5.2%)	(15,048)	(2.9%)
Capitalisation of internal construction costs	69	0.0%	174	0.0%
EBIT	**40,062**	**7.6%**	**39,072**	**7.5%**
Net financial income and charges	(12,180)	(2.3%)	(16,681)	(3.2%)
Impact of measurement of investments at equity method	(116)	(0.0%)	(676)	(0.1%)
Profit before taxes	**27,766**	**5.3%**	**21,715**	**4.2%**
Taxes	(10,763)	(2.0%)	(6,697)	(1.3%)
Net income for the period	**17,003**	**3.2%**	**15,018**	**2.9%**
Minority interests	136	0.0%	(492)	(0.1%)
Group net income	**17,139**	**3.3%**	**14,526**	**2.8%**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	30/06/2005	31/12/2004	30/06/2004
ASSETS			
Non current assets			
Property, plant and machinery	124,424	125,257	130,225
Investment properties	204	204	204
Intangible assets	6,194	5,174	6,203
Equity investments evalueted under equity method	27,355	28,277	28,187
Non current investments at cost	4,427	4,053	4,107
Non current financial assets at fair value	--	--	--
Other non current financial assets	15,838	16,135	17,660
Other non current assets	46,210	54,783	55,811
Deferred tax assets	17,933	26,044	19,825
Total non current assets	**242,584**	**259,926**	**262,222**
Current assets			
Inventories	44,872	44,746	35,075
Contracts in progress	245,466	142,823	135,561
Trade receivables	392,632	405,609	432,359
Current investments at cost	--	--	--
Current investments at fair value	11,326	--	--
Receivables from tax authorities	49,474	47,861	58,680
Current financial assets	--	29,595	17,500
Other current assets	140,343	117,278	95,067
Cash at bank and in hand	135,621	185,022	134,811
Total current assets	**1,019,734**	**972,933**	**909,053**
Non current assets held for sale			
TOTAL ASSETS	**1,262,318**	**1,232,860**	**1,171,274**
NET EQUITY			
Subscribed capital	-98,136	-98,425	-98,425
Reserves			
- Legal reserve	-9,383	-7,819	-7,819
- Extraordinary reserve	-49,294	-26,741	-26,741
- Share premium reserve	-67,836	-67,836	-67,836
- Profit (loss) carried forward	234	-2,378	-4,914
- Other reserves	-7,624	-6,881	-9,128
Total reserves	**-133,903**	**-111,656**	**-116,438**
Profit (loss) for the financial period	-17,139	-28,031	-14,527
Group net equity	**-249,178**	**-238,111**	**-229,390**
Reserves	1,869	2,609	3,045
Profit (loss) for the financial period	136	165	-492
Minority interests	**2,005**	**2,774**	**2,554**
NET EQUITY	**-247,172**	**-235,337**	**-226,836**
LIABILITIES			
Non current liabilities			
Non current financial liabilities	-285,624	-90,620	-87,964
Other non current liabilities	-2,718	-7,645	-7,164
Employees benefits	-14,153	-13,773	-13,432
Non current provisions for risks	--	--	--
Deferred taxes liabilities	-39	-7,693	-7,655
Total non current liabilities	**-302,533**	**-119,731**	**-116,214**
Current liabilities			
Advances from customers	-46,263	-75,718	-62,877
Trade payables	-400,267	-390,058	-366,135
Current financial liabilities	-163,845	-308,374	-298,634
Payables to tax administration	-11,453	-17,937	-19,492
Current provisions for risks	-39,746	-37,007	-38,462
Other current liabilities	-51,038	-48,697	-42,625
Total current liabilities	**-712,613**	**-877,791**	**-828,224**
Liabilities directly related to non current assets held for sale			
Total liabilities	**-1,015,146**	**-997,522**	**-944,438**
TOTAL NET EQUITY AND LIABILITIES	**-1,262,318**	**-1,232,860**	**-1,171,274**

CONSOLIDATED CASH FLOW STATEMENT

	1° semestre 2005	1° semestre 2004
A - CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	**17,003**	**15,018**
Reconciliation of net profit referred to cash flow from operating activities		
Taxes	10,763	6,697
Depreciation, amortisation and write-downs	23,333	13,621
Provisions for risks and charges	15,294	-
Costs of defined benefit plans	2,918	2,384
Employee benefit costs	691	1,350
Gains on disposals of non current assets	(2,076)	(391)
Loss on disposal of non current assets	1,035	186
Impact of measurement at equity methods	116	677
Subtotal	***52,074***	***24,524***
Change in working capital		
Trade receivables	90,432	(65,861)
Inventories and contract in progress	(71,887)	(5,802)
Trade payables	10,209	68,592
Provisions for risks and charges	(14,823)	23,536
Advances from customers	(25,721)	(45,447)
Other assets	(10,108)	(9,031)
Other liabilities	(16,724)	6,510
Defined benefit plans payment	(2,939)	2,064
Interest payments	(6,029)	(9,666)
Interest receiots	3,320	4,394
Income tax paid	(9,739)	(8,950)
Subtotal	***(54,009)***	***(39,661)***
Change in consolidation area		
Cash flow of the disposal group as doscontinued operation		
	15,068	**(119)**
B - CASH FLOW FROM INVESTMENTS ACTIVITIES		
Purchase investment property	-	-
Investments in intangible assets	(2,883)	(12,820)
Purchase of property, plant and equipment	(14,880)	(8,582)
Acquisition of subsidiaries net of cash acquired	-	(2,520)
Proceeds from sale of non current assets	7,179	2,507
Cash flow of the disposal group as doscontinued operation		
	(10,584)	**(21,415)**
C - CASH FLOW FROM FINANCING ACTIVITIES		
Issue of loan capital	-	-
Dividends paid	(7,375)	(6,306)
Long term borrowings	197,037	43,326
Change in other short-term borrowings (leasing included)	(58,115)	(29,551)
Repayment of bond	(150,000)	-
Change in financial assets	(31,251)	-
Change in consolidation area		
Cash flow of the disposal group as doscontinued operation	-	-
	(49,704)	**7,469**
D – Effect of exchange rate changes	**(4,181)**	**(857)**
Net increase (decrfease) in cash and cash equivalents	**(49,401)**	**(14,922)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**185,022**	**149,733**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**135,621**	**134,811**