



® ASTALDI

2004 *f i r s t h a l f r e s u l t s*



2004 f i r s t h a l f r e s u l t s



FROM LEFT TO RIGHT:

- ITALY
North-west Rome Road link
- MOROCCO
Sidi Said Dam
- RUMANIA
Bucharest-Costanza Motorway
- ITALY
New Milan Expo Fair
- TURKEY
Anatolian Motorway

summary



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group profile

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The Group

The Group's activity, which is mainly oriented towards the execution of large works, comprises all fields of civil, hydraulic, transport, electro-mechanics, infrastructures and environmental and territory engineering.

Aiming to become a leader in the role of General Contractor also in Italy, Astaldi's activity is not only limited to the construction phases of a work, but also includes taking an active role in the organisation of finance for its execution and subsequent management, also utilising the project financing instrument.

In such context, during the first half of 2004 Astaldi has been appointed promoter of significant projects as the realisation of the Line 5 of the Milan Underground and the Underpass of Appia Antica Park in Rome. Additional proposals in project financing recently presented by Astaldi refer to the fulfilment of the Salerno-Reggio Calabria motorway and the realisation and management of the Line 4 of the Milan Underground. It is also worthy to remark the proposal of its candidature for the construction of the Bridge on the Strait of Messina, for which Astaldi has gathered, as leader, a grouping of qualified foreign and Italian companies.



The most significant business segment is represented by *transport infrastructure*, in which Astaldi is engaged in the construction of important railways (as the stretch Rome-Naples of the High-Speed railway in Italy and the most important railway line in Venezuela), undergrounds (Brescia, Genoa, Naples, Bucharest, Copenhagen), roads and motorways (among which the North-West link in Rome and the Anatolian motorway in Turkey), harbours and airports (as Porto Torres and the Otopeni International Airport in Bucarest).

Aqueducts and dams under construction in Honduras, Algeria, Morocco form parts of the segment of *hydraulic works and power production plants*, as the largest hydro-electric plant in Europe which Astaldi has yet completed in Pont Ventoux in Piedmont.

The New Expo Fair Centre in Milan, the New Hospital in Mestre and a new Hospital in Naples (the so called "Ospedale del Mare") are on the other hand instances of the large works in which Astaldi is currently engaged in the segment of *civil and industrial building*.

Moreover, the Group has also acquired *concessions* in the mobility and utilities sector (four car parks located in Bologna and Turin, and a network of technological tunnels in Cologno Monzese).

As of June 30, 2004, the Group is involved in the execution of works in 17 different countries, employing over 7,000 people on projects which, in the first half, have generated a value of production amounting to over Euro 525 million.

FROM LEFT TO RIGHT:

ITALY
University of Pavia
ITALY
Po River at Occhiobello
ITALY
Cimiege Hydro-electric
Power Plant

Corporate Bodies

Board of Directors ⁽¹⁾

Chairman of the Board	Ernesto Monti
Deputy Chairman	Paolo Astaldi
Chief Executive Officer and Executive Deputy Chairman	Vittorio Di Paola
Directors	Caterina Astaldi
	Pietro Astaldi
	Giuseppe Cafiero ⁽²⁾
	Luigi Guidobono Cavalchini
	Stefano Cerri
	Enrico De Cecco
	Franco Alfredo Grassini
	Mario Lupo
	Vittorio Mele
	Maurizio Poloni

General Managers

International activities	Giuseppe Cafiero
Administration and Finance	Stefano Cerri
Domestic activities	Nicola Oliva

¹ Named by the Ordinary Shareholders Meeting on April 30, 2004.

² Ing. Giuseppe Cafiero has been coopted as new member of the Board of Directors, replacing Dott. Bruno Lecchi, during the course of the Board Meeting of July 30, 2004.

Deputy General Manager

Administration and Finance _____ Paolo Citterio

Board of Statutory Auditors

Chairman _____ Eugenio Pinto

Auditors _____ Pierpaolo Singer
_____ Pierumberto Spanò

Substitute Auditors _____ Maurizio Lauri
_____ Antonio Sisca
_____ Marco Zampano³

Independent Auditors

_____ Reconta Ernst & Young S.p.A.

³ Named by the Ordinary Shareholders Meeting on April 30, 2004.

Geographic areas

United States

Florida

Central America

Honduras
Nicaragua
El Salvador

South America

Venezuela
Bolivia





Europe

Italy

Eastern Europe

Rumania

Turkey

Maghreb

Morocco

Algeria

Middle East

Saudi Arabia

Qatar

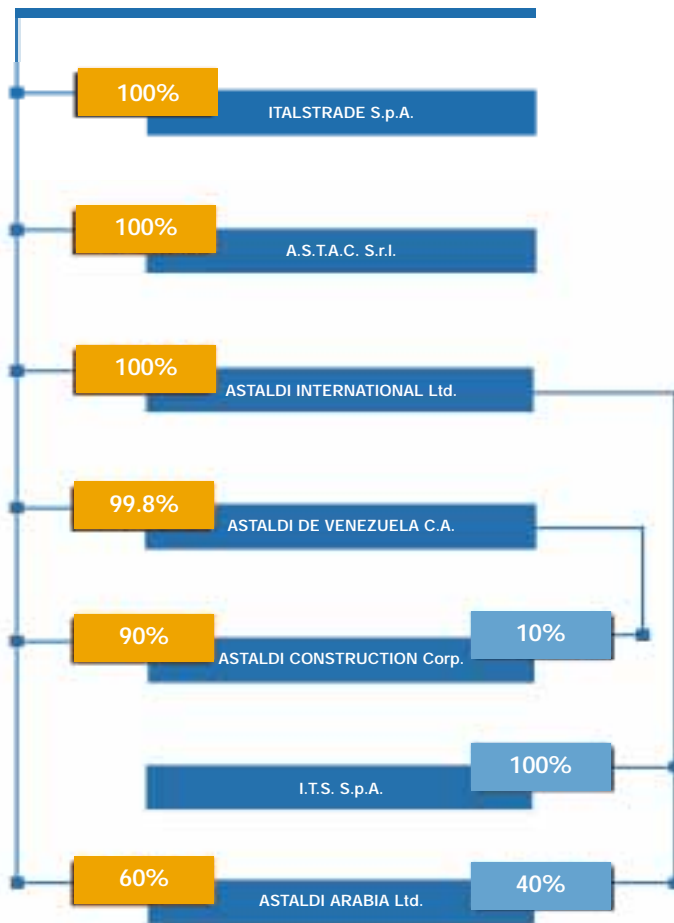
Africa

Tanzania

Guinea

Congo

Group structure



The operating activities, carried out in 17 countries, also include 67 consortia and consortium companies operating mainly in Italy and 4 purpose companies for concessionary activities.

In the context of the rationalization program promoted by the Group and its Company management cost containment plan, the merger by incorporation of R.I.C. - Railway International Construction S.p.A. into Italstrade S.p.A. has now been completed. The Shareholders Meetings of the two companies on 15 April 2004 proceeded with the necessary actions and deliberations and the merger contract was signed on 21 June 2004. This operation will allow Italstrade to strengthen its operational framework in the construction and maintenance of medium size transport infrastructure (roads and railways).

Astaldi and the Stock Exchange



Source: Bloomberg, June 30, 2004

main data		historical price	
<i>trading market</i>	mi	<i>6-months low</i>	2,515
<i>currency</i>	eur		26/01/2004
<i>economic sector</i>	building	<i>6-months high</i>	3,18
<i>type of share</i>	common stock		15/04/2004
<i>trading segment</i>	mibstar	<i>01/01/2004</i>	2,56
<i>index</i>	mibtel	<i>6-months change</i>	15%
<i>minimum size</i>	1		
<i>no. of shares</i>	98.424.900		
<i>isin</i>	IT0003261069		
<i>reuters code</i>	AST.MI		
<i>bloomberg code</i>	AST.IM		
<i>nominal value per share</i>	1 euro		

Information on operations



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Comments on the trend of operations

During the first-half of 2004 the contract revenues amount to approx. Euro 496 million, with a 24.2% increase compared to the same period of 2003, an increase due to the continuation of construction activity for the New Milan Expo Fair Centre in Milan, as far as domestic activities are concerned, and the positive performance of activities abroad (particularly in Venezuela, United States and Central America).

During the period in question the installation activities for the contracts relating to the execution of the Brescia Underground and the High-Speed Railway Station in Bologna have begun, contracts awarded at the end of 2002 and at the end of 2003 respectively.

The total value of production for these six months amounts to over Euro 525 million, with an increase of 22.9% compared to the first six months of the previous financial year.

The gross operating margin totals Euro 80.1 million, equal to 15.3% of the value of production, an increase of 9% compared to the Euro 73.5 million for the corresponding period of 2003.

The EBIT, equal to approx. Euro 40.1 million (7.6% of value of production), is equivalent to an increase of 25.8% compared to Euro 31.9 million for the first six months of 2003.



FROM LEFT TO RIGHT:

VENEZUELA

Los Teques Underground

ITALY

New Milan Expo Fair

ITALY

Rome-Naples High-Speed Railway

The consolidated net income, amounting to 17.7 million, has increased of 12.2% compared to Euro 15.8 million for the first six months of 2003.

The net indebtedness at 30 June 2004 stands at Euro 153.7 million, down compared to the Euro 161 million recorded in the first-half of 2003 despite an increase in business volume of approx. 23%, thanks to the attention paid to the control of capital invested in contracts.

During the course of the first six months of 2004 new works have been secured for a total amount of Euro 409 million, which bring the overall value of the Group's order backlog up to Euro 4,318 million.

With relation to the project financing initiatives undertaken for the realization and management of the Zagreb-Gorican Motorway in Croatia, under construction during the '97-'99 period and subsequently interrupted due to financial problems connected with the Country's economic situation, arbitration proceedings were instituted at the Vienna Chamber of Commerce. On the 18 June the Arbitration Board emitted a verdict regarding the arbitration proceedings that acknowledges Astaldi right for compensation for the work and the activities carried out, the loss of revenue and accrued interests.

Furthermore, the arbitration ruling also nullifies any possible effects of the action taken by the Croatian Tax Authorities regarding the payment of a presumed V.A.T.

debt; the risk connected with this dispute was considered minimal, and for this reason no provision had been made regarding it.

In the accounts statement at 30 June 2004 the effects of the arbitration ruling have been cautiously allocated to the "Provisions for doubtful debtors" and to the "Reserve for delayed payment interest devaluation" while awaiting the acknowledgment of the arbitration ruling on behalf of the Croatian Courts and the possible forced execution of the verdict itself, bearing in mind the size of the amounts involved and the economic situation of the Country.

Reclassified consolidated balance sheet

reclassified consolidated balance sheet			
(thousands of euro)	June 30, 2004	December 31, 2003	June 30, 2003
net intangible assets	50,875	52,191	48,996
net tangible assets	106,634	106,318	101,918
equity investments	28,622	28,361	31,841
other net fixed assets	15,525	16,296	18,284
total net fixed assets (a)	201,656	203,166	201,039
inventories	33,437	41,316	41,576
contracts in progress	223,142	187,373	224,125
trade debtors	253,501	217,355	249,959
other assets	223,720	207,542	218,609
advances	(93,690)	(84,919)	(124,789)
subtotal	640,110	568,667	609,480
trade creditors	(215,981)	(196,399)	(209,116)
other liabilities	(130,638)	(142,832)	(136,061)
subtotal	(346,619)	(339,231)	(345,177)
working capital (b)	293,491	229,436	264,303
employees severance indemnity	(12,483)	(12,189)	(11,745)
contractual risks provision	(63,034)	(51,599)	(55,498)
other provisions	(29,575)	(13,220)	(16,034)
total provisions (c)	(105,092)	(77,008)	(83,277)
net invested capital (d)=(a)+(b)+(c)	390,055	355,594	382,065
cash and current financial receivables	125,908	149,983	156,165
long term financial receivables	85,662	73,021	42,293
medium to long-term financial debts	(83,187)	(96,099)	(121,781)
short-term financial debts	(140,755)	(105,219)	(87,282)
debenture loans (eurobond)	(150,000)	(150,000)	(150,000)
owns debenture loans	8,715	-	-
net financial debts (e)	(153,657)	(128,314)	(160,605)
consolidated group net equity	235,672	227,122	221,466
minority interests	726	158	(6)
net equity (g)=(d)-(e)	236,398	227,280	221,460
personal guarantees	1,592,067	1,695,806	1,651,819
factor for risk regression	92,337	86,168	128,584
other off-balance sheet accounts	29,660	29,660	27,452
real guarantees	-	-	43,969
third party guarantees in our favour	25,170	22,189	42,219
total off-balance sheet accounts	1,739,234	1,833,823	1,894,043

The final account information at 30 June 2004 shows how the Company development plan, that foresees a considerable growth for the current period and for those following, has a point of strength in the solid asset and financial structure of the Group.

From the analysis of the main items referred to the period the net assets are essentially stable compared to the result at 31 December 2003. In line with what had been established in terms of industrial planning, the Group is in fact consolidating its rationalization and its strengthening activities in the foreign geographical areas. In particular, a series of technical-operating investments are now underway for a total of Euro 20 million, mainly in the American area and in Romania, connected to the development of the order backlog that in these area has grown significantly, while the liquidation of the operations currently active in Sub-Saharan Africa, no longer considered of strategic importance, are drawing to conclusion.



FROM LEFT TO RIGHT:

RUMANIA

Bucharest-Costanza Motorway

ITALY

"Ospedale del Mare" in Naples

ITALY

City of the Science

As far as domestic activity is concerned, it is important to point out that equity holdings and intangible fixed assets include the initial investments in project financing activities, such as the setting up of the project company for the construction and management of the new Mestre Hospital and the initial investments for the realization of the infrastructures connected to the Cologno Monzese project. With reference to the new Mestre Hospital, it is pointed out that the financial closing activities are at an advanced stage, and should reach completion by the end of 2004. In particular, definition of the due diligence has been reached (legal, technical, insurance and fiscal) and the financial structure has been agreed with the financing banks and the European Investment Bank (B.E.I.).

In general, the consolidated asset and financial balance shows the cyclical increase in net invested capital compared to 31 December 2003, connected with a considerable increase in business volume as well as to the standard work certification process, followed by invoicing and collection. From the tendential result for the period it is worth noting how a slight increase in net invested capital (+2.1%) is linked to a significant increase in the value of production (+23%). This state of affairs confirms the remarkable results achieved by the Group in terms of asset and finance control, a consequence of the very attentive programming policy adopted.

With reference to the improved flow dynamics, it is worthwhile recalling the fi-

financial stabilization that has been achieved in the management of important contracts currently in progress in Turkey and Venezuela.

In relation to the Group's activities in Turkey, it should be remembered that following the coming into force of the export financing measures during the month of December 2003, that has guaranteed the Turkish Government complete availability of the financial resources needed to complete the work, Astaldi has reached a significant degree of efficiency in its production cycle, stabilizing the work certification process and its related collection activities.

The financing operation, managed by MCC and West LB, envisages an export credit in favour of the Turkish client, managed by S.A.C.E., of USD 217 million and a commercial loan of USD 88 million.

Furthermore, thanks to the reopening of credit lines for Venezuela by S.A.C.E., that took place at the end of 2003, the relative financing contract relating to commercial and export credit was signed at the end of 2003, managed by Société Générale and Banca Intesa, in favour of the Puerto Cabello-La Encrucijada railway contract currently under construction in Venezuela. This contract, that has been awarded final insurance coverage approval in order to guarantee the work by the S.A.C.E. Executive Committee, will ensure a regular progress of the work and of the relative financial flows.



FROM LEFT TO RIGHT:

QATAR
Acetic Acid Plant in Yanbu
TURKEY
Anatolian Motorway
ITALY
New Milan Expo Fair

The other item "Other activities" includes, among other things, the credits towards N.P.F. - Nuovo Polo Fieristico S.c.r.l., the company that is currently involved in the construction of the New Milan Expo Fair Centre at Rho-Pero and in which Astaldi is leader with a 50% share. These credits refer to the sums deriving from the revenue net of the turnover costs incurred by the associated company seeing as the revenue is invoiced directly by the consortium companies and deposited directly into the associated company's availability. It is important to underline that the associated company has a considerable liquidity at its disposal generated by the project's positive economic cycle that is already more than 65% complete. The shareholders decision to maintain the liquidity in the consortium company's availability is connected to the tight deadline for the delivery of the work, forecast for April 2005; consequently, if this temporary liquidity, totalling Euro 45 million, were proportionally consolidated on a pro-quota basis, the net financial position of the Astaldi Group would improve by a similar amount.

As far as the net financial position is concerned the breakdown of the main data is given below.

n e t f i n a n c i a l p o s i t i o n			
(thousands of euro)	June 30, 2004	December 31, 2003	June 30, 2003
short-term financial debt	(136,026)	(100,347)	(84,309)
medium to long-term financial debt	(63,668)	(75,072)	(98,526)
cash and cash equivalents	125,908	149,983	156,165
Long-term financial receivables	85,662	73,021	42,294
total ordinary finance	11,876	47,585	15,624
– eurobond	(150,000)	(150,000)	(150,000)
– own debenture loans	8,715	–	–
net debenture loans	(141,285)	(150,000)	(150,000)
Leasing	(24,248)	(25,898)	(26,229)
total net financial position	(153,657)	(128,313)	(160,605)

As previously illustrated with regard to the dynamics of the invested capital, the financial position, despite the drawbacks due to the cyclical support afforded to the production activities during the first-half, typical of the seasonal performance connected with the economic cycle, is a faithful indication of the Group's strong financial structure, confirmed by a Debt/Equity ratio well below one. The figure is particularly significant for the Group is at a stage in which both the production and commercial efforts connected to the development of new initiatives are particularly relevant, especially with regard to project financing, as well as the investments in quality growth of resources.

It is worthwhile pointing out that the net indebtedness includes financing relevant to four car parks managed in Italy and other project financing initiatives for a total of Euro 22 million overall. The repayment of these investments is assured by the future flows resulting from the management services provided.

As far as the overall debt structure is concerned, it is worthwhile noting that, in relation to the debenture bond of Euro 150 million due in February 2005, the Group has already re-acquired a share equal to Euro 9.0 million. In line with the objectives established in the Industrial Plan, the Group has begun to determine its new financial policy that envisages a repositioning of the medium-to-long-term debt following the reimbursement of the Eurobond in February 2005; to this end the Group has signed a bank financing contract for the sum of Euro 100 million over 5 years, reimbursable in six-monthly instalments that represents the first step towards achieving the established objectives.

The financial credits and shares include own shares for a total amount of Euro 3.0 million, purchased under the buy-back plan approved by the Shareholders Meeting on 5 March 2003, for a period of 18 months. The average purchase value of the 1,441,786 shares in portfolio is Euro 2.08.

The net equity of approx. Euro 236 million, record a change over the period mainly due to profits for the year and the distribution of dividends for Euro 6.3 million approved by the Shareholders Meeting on 30 April 2004.

Reclassified consolidated profit and loss accounts

consolidated profit and loss accounts				
(thousands of euro)	June 30, 2004	%	June 30, 2003	%
contract revenues	495,913	94.4%	399,400	93.5%
other revenue and income	29,189	5.6%	27,899	6.5%
value of production	525,102	100.0%	427,299	100.0%
costs of production	(378,952)	(72.2%)	(294,570)	(68.9%)
added value	146,150	27.8%	132,729	31.1%
labour costs	(66,018)	(12.6%)	(59,193)	(13.9%)
gross operating margin	80,132	15.3%	73,536	17.2%
other charges	(9,186)	(1.7%)	(8,067)	(1.9%)
ebitda	70,946	13.5%	65,469	15.3%
amortizations and depreciations	(19,359)	(3.7%)	(25,652)	(6.0%)
provisions	(11,501)	(2.2%)	(7,948)	(1.9%)
operating result	40,086	7.6%	31,869	7.5%
net financial income (charges)	(12,698)	(2.4%)	(11,377)	(2.7%)
revaluation (write-down) of equity	(2,362)	(0.4%)	(1,491)	(0.3%)
net extraordinary income (charges)	(1,289)	(0.2%)	(1,807)	(0.4%)
profit before taxes	23,737	4.5%	17,194	4.0%
income taxes	(4,105)	(0.8%)	(2,274)	(0.5%)
current (deferred) taxes	(1,141)	(0.2%)	490	0.1%
net profit for the period	18,491	3.5%	15,410	3.6%
minority interests profit (loss) for the period	(809)	(0.2%)	352	0.1%
group net profit for the financial year	17,682	3.4%	15,762	3.7%

At 30 June 2004, the Group is engaged in the execution of works in 17 countries, mainly in the sector of railway transport infrastructures.

The performance of the activities in the first part of 2004 confirms the possibility of reaching the objectives established in the Industrial Plan. Particular attention paid over the years to finding contracts with a greater value and more complex technical, legal and management content has been a crucial factor that has led to the significant increase in business volume.

The value of production related to the half-year is of over Euro 525 million. As far as the contract revenues, the production amounts to approx. Euro 496 million, of which 49% is related to the activity performed in Italy and the remaining 51% to the activity performed abroad.

The following table outlines the contribution of the various work categories to the Group's overall business volume during the first-half of 2004.

contract revenues by line of business				
(million of euro)	June 30, 2004	%	June 30, 2003	%
transport infrastructures	311	62.7%	299	74.9%
hydraulic and hydro-electric power plants	66	13.3%	49	12.3%
civil and industrial building	119	24.0%	51	12.8%
total	496	100.0%	399	100.0%

As is clear from the data presented, the transport infrastructures continue to represent the activity sector of reference for Astaldi, both in terms of business volume as in terms of sector specialization.

A large increase is shown by the civil and industrial building sector thanks to the considerable contribution provided by the New Milan Expo Fair Centre project which, started in October 2002, at 30 June 2004 is already more than 65% complete. In this first part of the year work has also begun on the construction activities relating to the new Mestre Hospital for the part relating to civil engineering works.

The geographical distribution of production is as follows.

contract revenues by line geographical area				
(million of euro)	June 30, 2004	%	June 30, 2003	%
italy	243	49.0%	194	48.6%
abroad	253	51.0%	205	51.4%
– europe	87	17.5%	24	6.0%
– america	111	22.4%	144	36.1%
– asia	15	3.0%	2	0.5%
– africa	40	8.1%	35	8.8%
total	496	100.0%	399	100.0%

In relation to the geographical distribution, the production activities in Europe show a considerable increase compared to the same period of the previous year due to the resumption of full activity in Turkey and the activity in Romania; the Eastern European country proves to be one of the areas with the highest growth rate in terms of production and results, lending confirmation to the commercial efforts made by the Group during the last years that has witnessed a gradual strengthening of the management and technical structures present in the area.

In Turkey the works advance regularly, confirming the renewed normalisation of contractual elements influencing the technical, operative and financial situation. The importance of the project carried out by Astaldi is further proven by the upward review of the expense budget that the Turkish Government is about to allocate for 2004. This will allow of an increase of activity for Astaldi in this country which should lead to the conclusion of the work in 2006.

In the American continent there is confirmation of the excellent results in terms of value of production achieved by the Group, with particular reference to Venezuela. The contracts in progress in the Miami area should provide added momentum especially in view of the important acquisitions made during the first-half. To this end, it is worthwhile pointing out how the activities in progress in the United States in the transport and utilities infrastructure sector, are supported by a far reaching program that aims to strengthen management and control structures.

As expected there has been a slowing of activities in Central America. In this region, after all, the important road contract "Paquete III" is almost completed, while we are awaiting the start of equally important initiatives for which the Group is in the process of formalizing tender procedure guidelines with the client. This will allow of a return to full productivity in the Area already in the first part of 2005.

A mention, finally, to the Asian area where Astaldi has been present in the last two years in Saudi Arabia and Qatar. In the latter country the Group is carrying out civil engineering work for the gas liquefaction plant "SASOL GTL Plant" on behalf of one of the most important international companies operating in the oil plant construction field. The work, that for 2004 is expected to provide activities for over USD 30 million, represents the first step into the area with the support of a top level management structure, well entrenched and specialized in work relating to the large petroleum plant sector.



Moving on to the analysis of the intermediate industrial margins, the attention placed on general cost containment has meant that the incidence of labour costs has dropped in relation to the value of production compared to the same six-month period in 2003.

From the income point of view, the positive economic performance shows a considerable increase, in terms of absolute value, for both the gross operating margin value and the EBITDA, compared to the same figures of the previous accounting period; particular attention should be paid to the operating result for the period, amounting to 7.6% of the overall value of production, an increase of 25.8% compared to the figures for the first-half of 2003. The net operating income for the first-half of Euro 17.7 million, has shown a strong increase (12.2%) compared to the figure for 2003 (Euro 15.8 million), while the income before taxes records an increase of 38% compared to the same period of 2003.

Finally, the 2004 result is even more appreciable if one takes into account the incidence of taxes that turn out to be greater compared to the same period of the previous year.

FROM LEFT TO RIGHT:

QATAR
SASOL GTL Plant
ALGERIA
Kramis Dam
MOROCCO
Sidi Said Dam

It is worthwhile noting, that during the first-half under consideration action was taken to settle the effects due to the fiscal consolidation of the subsidiary Italstrade, in accordance with the provisions of the Tax Consolidation Act as amended by the recent reform, and for the partial settlement of prepaid taxes, still on behalf of Italstrade, relating to fiscal losses cumulated in relation to the 2003 taxation period.

Order backlog by line of business and geographic areas

During the first-half of the 2004 accounting period new orders have been secured for an overall sum of over Euro 400 million which at 30 June 2004 bring the Group's overall order backlog value to Euro 4.3 billion, stable therefore compared to the beginning of the year. The geographical distribution shows 69% of activities located in Italy, mainly in the railway infrastructures sector and 31% abroad, mainly in the American continent as well as in Rumania and Turkey. It is important to underline that the objective of stabilizing the portfolio on the exceptional levels of 2003, a year in which a considerable increase was recorded, appears to have been achieved, and it means that the growth expectations included in the current three-year Industrial Plan, based on an acquisition policy that favours the income objective, can be confirmed. It should be born in mind that the criteria adopted by the Company envisages the inclusion of projects in portfolio only once the contract is signed and the relative financial support has been found, therefore the order backlog at 30 June 2004 does not take into account neither projects for which the appointment as promoter has been formalized in accordance with art. 37 bis of the Merloni Law, nor projects in Venezuela for which the relative financial support has not yet been approved. To this end it should be underlined that the Group has been appointed



FROM LEFT TO RIGHT:

ITALY

Turin Rail link

ITALY

"Ospedale del Mare" in Naples

RUMANIA

Bucharest-Costanza Motorway

as promoter for the project financing initiative for the realization of the New Line 5 of the Milan Underground and the realization of the Appia Antica Underpass.

The value of the project related to the New Line 5 of the Milan Underground is of approx. Euro 504 million, of which Euro 193 million charged to the Concessionaire and the Financing Institutions, while public finance will cover the remaining share of Euro 311 million.

The concession contract will presumably be signed by the end of 2004, after completion of the tender and the negotiated procedure in which the promoter

Astaldi will enjoy the right of pre-emption. The duration of the works, including planning stages, is five years, followed by 27 years of management.

On the contrary, as regards the project for the construction and management of the four hospitals in Tuscany we are waiting to know the motivations that induced the T.A.R. (Regional Administrative Court) of Tuscany to revoke the appointment as promoter of the group of company comprising Astaldi (mandator), Techint and Pizzarotti. The Group reserves the right to appeal to the State Council.

In June 2004, the Municipality of Rome has formalized the appointment of Astaldi as promoter of the project financing project for the Appia Antica Underpass. The overall value of the project is of approx. Euro 390 million, of which Euro 190 million will be charged to the Concessionaire, while the remaining share shall be funded by the Municipality. The proposal presented envisages a thirty year license period for the management of the work that shall grant the purchaser a revenue of more than Euro 800 million inclusive of management costs. The concession contract will be signed after completion of the tender and the negotiation procedure in which the promoter Astaldi will enjoy the right of pre-emption. The completion of the work and the subsequent delivery are expected by the end of 2009. The preliminary project presented by Astaldi envisages the realization of a road with double lanes in both directions that connects the southern part of the city to the eastern one, with a length of 8.9 kilometres of which 6.9 kilometres in tunnels. This is the first urban transport project that shall be realized in Rome through the project finance, a sector in which Astaldi is a leader in Italy.

On the other hand, the Municipality of Rome has voted that there is no public interest in relation to the proposal for project financing realization of Line C of the Rome Underground. Its realization will be entrusted to a General Contractor by means of an offer for tenders.

The table below shows the performance of the order backlog by line of business in 2004. These figures do not take into account the above mentioned initiatives in which Astaldi is acting as promoter.

order backlog by line of business				
(million of euro)	01.01.04	new orders	production	06.30.04
railways and subways	2,013	99	(128)	1,983
roads and motorways	723	237	(173)	787
airports and seaports	89	23	(10)	102
hydraulic works and hydroelectric power plants	313	36	(66)	283
civil and industrial buildings	399	15	(119)	295
concessions	870	0	0	870
total portfolio	4,407	409	(496)	4,320

order backlog by geographic area				
(million of euro)	01.01.04	%	06.30.04	%
italy	3,200	72.6%	2,957	69.0%
abroad	1,207	27.4%	954	31.0%
total portfolio	4,407	100.0%	3,911	100.0%

As far as the commercial activities in progress in the transportation infrastructures sector using the project financing instrument are concerned, it should be recalled that Astaldi has presented further project financing proposals for the completion and management of the Salerno-Reggio Calabria Motorway stretch and the realization and management of the New Line 4 of the Milan Underground.

The commercial activity in Italy is also continuing with regard to General Contracting and traditional work; during the first-half of 2004 offers have been presented, relating to large transportation infrastructures foreseen by the so-called Legge Obiettivo (Objectives Law), for which the procedures for prequalification, verification and awarding are still underway.

In June 2004, the group of companies was defined with which Astaldi, leading company of the consortium, will take part in the tender for the realization of the Bridge over the Straits of Messina. The concert party expects that most Italian construction companies will be taking part. In addition to Astaldi, the consortium leader, the other companies included in the group are Pizzarotti, Vianini, Consorzio Cooperative Costruzioni di Bologna, Grandi Lavori Fincosit, Maire Engineering and Ghella. In addition to these companies it must add the Spanish companies Ferrovial Agroman S.A. and Necso Entrecanales Cubiertas and the Japanese Nippon Steel Corporation (NSC). The project, that involves estimated investments of approx. Euro 4.4 billion, requires a pre-financing share on behalf of the General Contractor that may vary between 10 and 20%.



FROM LEFT TO RIGHT:
ITALY
 North-west Rome Road link
ITALY
 Bridge on the Messina Strait
VENEZUELA
 Los Teques Underground

With regard to the activities carried out abroad we should underline the financing from the Venezuelan Government for the third stage of the project for the realization of the Puerto Cabello-La Encrucijada railway, that has led to an increase in the share of work attributed to Astaldi by approx. Euro 47 million, compared to a signed contract that envisages a not yet financed share amount of a further Euro 135 million approximately that will be included in the portfolio during the next accounting periods.

The positive acquisition performance of the Group in Romania and the United States should be noted. In the Eastern European Country a mention must be given to the awarding of work for the construction of the Pitesti ring-road worth over Euro 66 million, while in the USA the Group, through its subsidiary Astaldi Construction Corporation, has acquired new projects for approx. USD 100 million, among which it is worth pointing out the work for the construction of the SR9 Motorway in the Miami area for an amount of USD 60 million approximately.

Subsequent events

During the month of July, Astaldi, as leader of a company consortium, won the tender to establish the concessionaire for the realization and subsequent management of a new hospital in Naples (the so-called "Ospedale del Mare").

The construction work totals Euro 187 million, of which approx. 64% charged to the Local Health Authority, that commissioned the work, and the rest charged to the licensee, who shall be entrusted with a 25-year management period of the non sanitary services for an overall retribution of more than Euro 660 million.

In addition to the health structure with 500 beds, the project includes a 100 bed hotel and a commercial centre of approx. 3,500 square metres. The Astaldi offer was awarded the tender thanks to the superior technical and aesthetic value of its project and its better service management proposal. The works are expected to last 42 months at the end of which the concession period shall begin.

It should be pointed out that still in the month of July, USD 21.5 million were collected following the production carried out for the entire month of May relative to the contract in progress in Turkey.

As far as the contracts in progress in Venezuela, it seems important to point out that the result of the referendum, held during the month of August and relating to a confirmation of the mandate of the current President of the Republic, lent confirmation to the previous political set up. This event had not in any case had any repercussions or in any way affected the performance of the work nor revenue collection that continue as normal.

Management forecast

The performance of the first part of the 2004 appears in line with the objectives that the Group had laid out in its strategic planning. The competitive position in Italy and abroad appears to be certainly strengthened both thanks to the improved revenue structure and to the commercial ability shown, in Italy in the project financing sector and abroad in the large transport infrastructures sector.

A great deal of importance must therefore be attributed both to the quality of the order backlog, that includes single contracts of considerable value, and to a strong financial structure and a suitable planning and control system.

The prospects for the entire 2004 accounting period are therefore based on these positive premises, in the second-half a number of commercial and operational initiatives that Astaldi has been working on over the last few months should take shape and help increase the current levels of the order and production portfolio.

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financial statements

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Consolidated financial statements

CONSOLIDATED BALANCE SHEET

ASSETS

(thousands of euro)

06.30.2004

12.31.2003

06.30.2003

A) subscribed capital unpaid			
B) fixed assets			
I intangible assets			
1) formation and start-up	4,460	5,654	6,837
3) patents and rights to use patents of others	1,154	1,286	501
4) concessions, licenses, trademarks and similar rights	29	29	29
5) goodwill	-	160	170
7) other			
a) construction site installation costs	13,064	10,868	7,947
b) cost of preparing tenders	834	379	1,549
c) other	31,334	33,816	31,963
total other	45,232	45,063	41,459
total I - intangible assets	50,875	52,192	48,996
II tangible assets			
1) land and buildings	24,415	24,909	25,297
2) plant and machinery			
a) specific plants	28,074	27,725	25,155
b) general plants	11,343	11,328	7,319
c) crafts	-	-	3
total plant and machinery	39,417	39,053	32,478
3) other fixtures and fittings, tools and equipment			
a) excavators, power shovels, heavy vehicles	26,632	28,383	28,881
b) light vehicles, ships, planes	3,362	3,427	3,036
c) various small equipment	1,256	1,446	2,355
d) light constructions	2,118	2,054	1,574
e) metal sheet pile and shuttering	2,076	1,706	1,596
total tools, fittings, fixtures and other equipment	35,444	37,016	37,442
4) other			
a) electronic office equipment	1,199	1,233	1,178
b) furniture, fittings and office equipment	1,473	1,478	1,403
c) freely transferable assets	2,685	2,352	2,390
total other	5,357	5,063	4,977
5) tangible assets in course of construction and payments on account	2,001	278	1,730
total II - tangible assets	106,634	106,319	101,918
III financial assets			
1) equity investments in			
a) subsidiaries	8,906	8,658	12,504
b) associated companies	17,144	17,092	16,971
c) other companies	2,571	2,612	2,366
total - investments	28,621	28,362	31,841
2) loans and long-term receivables from			
a) subsidiaries	1,883	2,311	1,876
b) associated companies	9,031	9,890	11,876
c) other equity investments	4,611	1,710	1,577
d) other entities			
within the next financial year	25,400	16,283	33,538
beyond the next financial year	36,086	53,571	5,471
total loans	61,486	69,854	39,009
total loans and long-term receivables	77,011	83,765	54,338
4) own shares	-	2,385	2,955
total III - financial assets	105,632	114,512	89,134
total fixed assets B)	263,141	273,023	240,048
C current assets			
I inventories			
1) raw materials and consumables	31,872	39,190	36,027
2) work in progress and components	61	-	30
3) contracts in progress	250,126	187,373	224,125
4) finished goods and goods for resale	404	659	918
6) assets and materials in transit	1,100	1,467	4,601
total I - inventories	283,563	228,689	265,701
II debtors			
1) trade debtors			
within the next financial year	299,177	276,245	247,762
beyond the next financial year	36	3,500	2,197
total trade debtors	299,213	279,745	249,959
2) subsidiaries	32,376	31,631	37,802
3) associated companies	34,311	37,563	26,373
4) parent companies	27	20	14
5) other debtors			
a) tax authorities			
within the next financial year	62,565	47,074	54,776
beyond the next financial year	13,943	18,478	12,188
total	76,508	65,552	66,964
b) personnel	1,118	954	1,010
c) social security institutions	1,287	783	1,711
d) deposits			
within the next financial year	57	71	51
beyond the next financial year	874	937	987
total deposits	931	1,008	1,038
e) amounts due to equity investments	324	330	2,018
f) other receivables	67,276	60,609	76,245
total other debtors	147,444	129,236	148,985
total II - debtors	513,371	478,195	463,133
III investments which are not permanent			
5) own shares (total nominal value Euro 1,420,204)	3,076	-	-
6) other investments	14,055	3,167	3,284
total III - investments which are not permanent	17,131	3,167	3,284
IV cash at bank and in hand			
1) bank and postal current account	125,511	149,623	155,764
3) cash on hand	397	360	401
total IV - cash at bank and in hand	125,908	149,983	156,165
total current assets C)	939,973	860,034	888,283
D prepayments and accrued income			
1) issue premium	293	544	795
2) prepayments and accrued income	9,270	8,545	4,640
total prepayments and accrued income D)	9,563	9,089	5,435
TOTAL ASSETS	1,212,677	1,142,146	1,133,766

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) equity			
I subscribed capital	98,425	98,425	98,425
II share premium reserve	67,836	67,836	67,836
III revaluation reserves	236	236	236
IV legal reserve	7,819	7,218	7,218
V reserve for own shares	3,076	2,385	2,955
VI statutory reserves	-	-	-
VII other reserves			
1) reserve for currency translation adjustment	(20,079)	(18,594)	(18,458)
2) extraordinary reserve	26,741	21,675	21,675
3) reserve for specific risks	798	798	798
4) reserve for own shares purchasing	21,524	22,215	21,645
5) euro conversion difference	(2)	(2)	(2)
<i>total other reserves</i>	28,982	26,092	25,658
VIII profit (loss) carried forward	11,617	2,535	3,376
XI profit (loss) for the financial period	17,681	22,395	15,762
<i>total consolidated group equity</i>	235,672	227,122	221,466
minority interests	(83)	376	347
minority interests profit (loss) for the financial period	809	(217)	(352)
total equity A)	236,398	227,281	221,460
B) provisions for risks and charges			
2) for taxes	1,199	1,435	3,259
3) other			
a) for contractual risk	63,034	51,599	55,498
b) for losses on equity investments	28,248	11,748	12,686
c) art 27 company's statutory reserve	128	37	89
<i>total other provisions</i>	91,410	63,384	68,273
total provisions for risks and charges B)	92,609	64,819	71,532
C) employee severance indemnity	12,483	12,189	11,745
D) creditors			
1) debenture loans			
within the next financial year	150,000	-	-
beyond the next financial year	-	150,000	150,000
<i>total debenture loans</i>	150,000	150,000	150,000
3) amounts due to banks			
within the next financial year	136,026	100,347	84,309
beyond the next financial year	63,668	75,072	98,526
<i>total amounts due to banks</i>	199,694	175,419	182,835
4) amounts due to other financiers			
within the next financial year	4,729	4,871	2,973
beyond the next financial year	19,519	21,027	23,255
<i>total amounts due to other financiers</i>	24,248	25,898	26,229
5) advances received			
within the next financial year	43,164	48,047	79,791
beyond the next financial year	107,461	99,262	44,998
<i>total advances received</i>	150,625	147,309	124,789
6) trade payables			
within the next financial year	205,945	188,214	194,939
beyond the next financial year	10,036	8,185	14,177
<i>total amounts to suppliers</i>	215,981	196,399	209,116
8) amounts due to subsidiaries	21,321	19,471	23,234
9) amounts due to associated companies	54,129	60,670	54,995
11) amounts due to tax administrations	17,938	21,670	12,598
12) amounts due to social security institutions	5,269	4,684	5,292
13) other creditors			
a) other entity interests	5,064	4,995	7,301
b) deposits and cautions			
beyond the next financial year	21	22	23
c) personnel	7,185	4,506	6,374
d) other	11,274	15,970	19,318
<i>total other creditors</i>	23,544	25,493	33,015
total creditors D)	862,749	827,013	822,102
E) accruals and deferred income	8,438	10,844	6,925
TOTAL LIABILITIES AND EQUITY	1,212,677	1,142,146	1,133,766

MEMORANDUM ACCOUNTS

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) personal guarantees			
1) guarantees for credit lines			
a) for subsidiaries	42,666	52,551	63,403
b) for associated companies	57,215	60,252	89,135
c) for third parties	17,607	20,686	22,309
<i>total guarantees for credit lines</i>	117,488	133,489	174,846
2) guarantees for works			
a) for subsidiaries	328,111	369,607	268,658
b) for associated companies	649,974	641,354	651,021
c) for third parties	397,445	431,526	440,071
<i>total guarantees for works</i>	1,375,530	1,442,487	1,359,749
3) other guarantees	99,049	119,830	117,223
total personal guarantees A)	1,592,067	1,695,806	1,651,819
B) other off-balance sheet accounts			
1) risk of recourse from factors	92,337	86,168	128,584
2) other	29,660	29,660	27,452
total other off-balance sheet accounts B)	121,997	115,828	156,037
D) third party guarantees in our favour	25,170	22,189	42,219
TOTAL MEMORANDUM ACCOUNTS	1,739,234	1,833,823	1,894,043

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) value of production			
1) net turnover from sales and services			
a) from contracts	349,908	778,560	333,081
2) Variation in stocks of finished goods and in work in progress	61	-	30
3) variation in contracts in progress	145,943	91,585	66,289
4) work performed for own purposes and capitalised	3,750	8,021	1,786
5) other revenues	25,439	44,619	26,113
total value of production A)	525,101	922,785	427,299
B) cost of production			
6) for raw materials, consumables and other goods	78,812	160,700	75,343
7) for services	282,758	502,102	217,152
8) for use of assets owned by others	9,213	12,874	4,897
9) for personnel			
a) wages and salaries	48,051	87,887	41,799
b) social security charges	10,291	18,898	9,061
c) provision for severance indemnities	2,384	4,765	1,970
e) other costs relating to staff	5,292	11,315	6,363
<i>total personnel</i>	<i>66,018</i>	<i>122,865</i>	<i>59,193</i>
10) amortisation, depreciation and write-down			
a) amortisation of intangible assets	9,720	26,937	17,275
b) depreciation of tangible assets	9,639	18,756	8,377
d) allowance for doubtful debtors included in current assets and other accounts included in cash at bank and in hand	75	200	2,787
<i>total cost for amortisation, depreciation and write-down</i>	<i>19,434</i>	<i>45,893</i>	<i>28,439</i>
11) variations in inventories of raw materials, consumables and goods for resale	8,169	(5,524)	(2,821)
12) risk allowances			
a) provision for risks	42,352	32,985	16,993
b) utilizations for risks	(30,926)	(32,011)	(11,832)
<i>total provision for risks (utilizations)</i>	<i>11,426</i>	<i>974</i>	<i>5,161</i>
14) other operating charges	9,186	16,457	8,067
total cost of production B)	485,016	856,341	395,429
difference between value and cost of production (A-B)	40,085	66,444	31,870
C) financial income and charges			
15) income from equity investments			
a) from subsidiaries	114	2,878	1,296
b) from associated companies	-	1	-
c) from other equity investments	-	8	-
<i>total income from equity investments</i>	<i>114</i>	<i>2,887</i>	<i>1,296</i>
16) other financial income			
d) other income not included above			
1) from others	35,009	22,341	10,559
17) interest charges and similar charges			
1) from others for other financial charges	28,598	51,168	23,232
total (15+16-17)	6,525	(25,940)	(11,377)
D) value adjustments in respect of investments			
18) revaluation			
a) of equity investments	2,380	2,682	2,397
b) of securities non equities	-	190	-
19) write-down			
a) of equity investments	4,743	7,840	3,888
d) of interest on delayed payment	19,224	1,518	-
total adjustments (18 - 19)	(21,587)	(6,486)	(1,491)
E) extraordinary income and charges			
20) income			
a) other income	7,286	8,158	3,185
21) charges			
a) capital losses on disposal of assets	-	-	2
b) taxation of previous years	987	1,869	144
c) other charges	7,586	11,271	4,845
<i>total extraordinary charges</i>	<i>8,573</i>	<i>13,140</i>	<i>4,992</i>
total extraordinary charges (20-21)	(1,287)	(4,982)	(1,807)
profit (loss) before income taxes (A-B+C+D+E)	23,736	29,036	17,194
22) income taxes on the income of the period			
a) current taxes	4,105	14,994	2,274
b) deferred taxes	1,141	(8,136)	(489)
<i>total taxes</i>	<i>5,246</i>	<i>6,858</i>	<i>1,784</i>
23) profit or loss of the period			
a) consolidated	18,490	22,178	15,410
b) minority interests profit/loss for the period			
profit	(809)	217	352
26) group profit (loss) of the period	17,681	22,395	15,762

Notes to the consolidated financial statements

Basis of presentation

Astaldi S.p.A. prepares the consolidated financial statements in accordance with the principles governing statutory and consolidated financial statements, pursuant to art. 81, par. 3 of CONSOB resolution no. 11971 of 14 May, 1999, subsequently modified by resolution no. 12475 of 6 April, 2000.

For each item of the balance sheet and income statement, the corresponding amounts from 2003 annual consolidated financial statements and from 2003 half-yearly consolidated financial statements are reported. Balance sheet items are compared to December 31, 2003, income statement items are compared to June 30, 2003.

The financial statements are accompanied by:

- the consolidation area;
- the list of unconsolidated investments;
- the statement of changes in consolidated equity accounts;
- the reconciliation of the stockholders' equity and result as resulting from the financial statements holding company to those per the consolidated financial statements;
- the statement of cash flows;
- the table of the exchange rates adopted.

In addition, pursuant to art. 81, par. 2, lett. b) of Consob resolution no. 11971, the financial statements of the holding company Astaldi S.p.A. are also presented.

The consolidated financial statements include the financial statements of Astaldi S.p.A and those of the Italian and foreign entities comprised in the consolidation area.

The principles to determine the consolidation area were not changed with respect to those of the prior year.

In the preparation of the consolidated financial statements as of 30 June, 2004, the same consolidation and accounting principles adopted and described in the financial statements as of 31 December, 2003 were adopted; reference thereto is therefore made.

The consolidated financial statements as of 30 June, 2004 was subject to limited audit procedures by Reconta Ernst & Young S.p.A., in compliance with Consob resolution no. 10867 of 31 July 1997.

All the following amounts are expressed in euro thousands, unless otherwise stated.

Comments on the main items of the balance sheet and the income statement

Balance Sheet

Assets

B - Fixed assets: Euro 263,141

B.I - Intangible fixed assets: Euro 50,875

The changes in intangible fixed assets are the following.

c h a n g e s i n i n t a n g i b l e a s s e t s									
(thousands of euro)	balance at 12.31.2003	increase (P&L)	decrease (BS)	decrease (BS)	transfer to other category	amortisation for the year	change in consolidation area	exchange rate effect	balance at 06.30.2004
formation and start-up	5,654	-	-	-	-	(1,181)	(13)	-	4,460
patents	1,286	-	106	-	-	(238)	-	-	1,154
concessions, licenses, trademarks and similar rights	29	-	-	-	-	-	-	-	29
goodwill	160	-	-	-	-	-	(160)	-	-
other	-	-	-	-	-	-	-	-	-
- construction site installation costs	10,868	2,959	130	-	2,238	(3,131)	-	-	13,064
- costs of preparing tenders	379	555	-	(36)	-	(64)	-	-	834
- other minor costs	33,816	236	5,748	(1,119)	(2,238)	(5,106)	(6)	3	31,334
total	52,192	3,750	5,984	(1,155)	-	(9,720)	(179)	3	50,875

Among the other more significant variations of the single items of the accounting period we would like to highlight the following:

1. increases of:

- Euro 3,089 relating to capitalization of costs incurred for site plant, located mainly in Italy and referring almost exclusively to the new Metro-Bus plant in Brescia and the one for the High Speed Station in Bologna;
- Euro 555 relative to the capitalization of costs for preparation of tenders in Italy, for which there is reasonable certainty in relation to contract award;
- Euro 5,984 relative to capitalization of costs to be spread over many years of which the majority is attributable to the permanent organization in Turkey set up to acquire the contractual rights relating to a cooperation agreement with a local partner for Euro 5,032 and the permanent organization in Venezuela for the acquisition from Impregilo of the contractual rights involved in carrying out a share of the railway equipment contract relating to the Caracas-Cua stretch for Euro 627;

2. decreases of:

- Euro 3,131 for amortisation of site costs amortised on the basis of the contract progress;
- Euro 5,106 for amortisation predominantly attributed to costs capitalized in previous financial years both in Italy and abroad the most significant sums being those attributable to the permanent organizations set up in Turkey (Euro 2,973) and Guinea Conakry (Euro 875);

- Euro 1,181 for amortisation of plant and expansion costs, this item essentially refers to the amortisation, performed by the Parent Company, of the costs incurred for finalizing the stock market listing process that took place during the 2002 accounting period.

B.II - Tangible fixed assets: Euro 106,634

The variations that have taken place among the tangible fixed assets are the following.

changes in tangible fixed assets						
(thousands of euro)						
	value at 12.31.2003	purchases	disposal	changes in consolidation area	exchange rate difference	value at 06.30.2004
<i>a) tangible assets</i>						
land and buildings	30,089	-	(144)	-	17	29,962
specific plant	53,966	3,223	(826)	(109)	(8)	56,246
general plant	16,730	1,402	(468)	(55)	22	17,631
crafts	790	-	-	-	(3)	787
excavators, power shovels and heavy vehicles	53,903	3,134	(1,202)	(110)	105	55,830
light vehicles, ships and planes	12,161	822	(324)	(67)	-	12,592
other small equipments	5,043	392	(34)	(35)	-	5,366
light constructions	4,245	334	(25)	(42)	-	4,512
metal sheet pile and shuttering	3,792	757	-	-	-	4,549
furniture, fittings and office machines	3,570	181	(31)	(9)	-	3,711
electronic machines and office systems	4,138	229	(126)	(24)	2	4,219
assets without charge	2,542	377	-	-	-	2,919
tangible assets in course of construction and payments on account	278	1,920	(196)	-	-	2,002
total a)	191,247	12,771	(3,376)	(451)	135	200,326
<i>b) amortisation reserves</i>						
land and buildings	5,179	353	-	-	14	5,546
specific plant	26,243	2,259	(241)	(33)	(56)	28,172
general plant	5,403	918	(32)	(9)	5	6,285
Crafts	790	-	-	-	-	790
excavators, power shovels and heavy vehicles	25,519	4,068	(413)	(33)	58	29,199
light vehicles, ships and planes	8,733	683	(172)	(25)	11	9,230
other small equipments	3,595	570	(61)	(19)	25	4,110
light constructions	2,191	224	(13)	(8)	-	2,394
metal sheet pile and shuttering	2,086	362	(25)	-	50	2,473
furniture, fittings and office machines	2,092	183	(10)	(2)	(25)	2,238
electronic machines and office systems	2,906	225	(107)	(8)	4	3,020
assets without charge	191	44	-	-	-	235
total b)	84,928	9,889	(1,074)	(137)	86	93,692
total net fixed assets (a-b)	106,319					106,634

The most significant net variations relate to new investments and to the normal process of renewal of assets that have mainly involved the classes of "Specific plant" and "Excavators and front loaders" used for carrying out the road and railway projects in the USA, Rumania, Turkey and Venezuela.

Under the item "Assets in course of construction and payments on account" the increase is dictated by the reclassification of the item "Surveys and project develop-

ment" of the intangible fixed assets, and refers to the project finance activities undertaken for the realization of the technological underground shafts in Cologno Monzese (Euro 1,119).

B.III - Financial assets: Euro 105,632

Amounts due from subsidiaries, associates, other affiliated companies and third parties, detailed in the accounts for total value of Euro 77,011, have suffered an overall decrease of Euro 6,754.

These receivables are the result of the financial transactions made by the Company essentially to support works in progress, mainly abroad, as well as financing granted to companies in liquidation.

For an analysis of the composition of credits of a financial nature, you are referred to the report detailed at the end of these notes relative to transactions with related companies. It should be noted that a total amount of 56,931 Euro reported under the item "Other debtors", relates to the difference between the nominal value of receivables transferred and the advance payment received from the relevant financial institutions, as well as the credit due from the Regione Emilia Romagna (as per law Tognoli) of Euro 4,555.

C - Current assets

C.I - Inventories: Euro 283,563

The increase compared to the previous financial year is of Euro 54,874.

The most significant elements, which go to make up the overall net variation, are attributable to:

- decreases in "Raw materials and consumables" of Euro 7,318, associated mainly with the production of semi-finished goods relating to the railway contract currently under construction in that country;
- increases relating to production of in process goods and semi-finished products amounting to Euro 61, this item was not present in the previous financial statements;
- increases in contracts in progress of Euro 62,753. It is worthwhile pointing out that the contracts in progress total Euro 250,126. This amount is expressed net of reserves transferred with recourse for a total of Euro 82,572, for which the risk of recourse has been represented in the off-balance sheet accounts as amounting to Euro 49,262, while the residual sum of Euro 33,310 is classified among the financial credits included among the net fixed financial assets. The increase in contracts in progress can be traced back to the normal production phases that over the period under scrutiny are characterized by an extension of the administrative process required to obtain certification of the works performed. It should also be underlined that the increase must also be attributed to the execution of the work involved in the construction of the New Milan Expo Fair Centre which, having begun in October 2002, at 30 June 2004 is already more than 65% complete. This entry was also affected by a negative movement of the consolidation basis of Euro 229;
- decrease in the item "Finished goods and goods for resale" of Euro 255;
- decrease in the item "Assets and materials in transit" of Euro 367.

C.II - Debtors: Euro 513,371

The total increase of Euro 35,176, compared to the previous financial year is attributable to the variations analyzed below.

C.II.1 - Trade debtors: Euro 299,213

Trade debtors are expressed net of the provision for doubtful debtors and delayed payment interest of Euro 4,648 and Euro 23,426 respectively.

With respect to 2003, the item records a positive change equal to Euro 19,468.

In addition to the abovementioned, during the course of the accounting period, in line with actions taken during the previous years, receivables have been transferred with recourse – which are summarized below – to financial institutions, which have enabled part of the working capital to be converted into liquid funds.

receivables transferred with recourse			
(thousands of euro)	initial credit	amounts advanced	remaining receivables
turkey - motorway construction work	11,549	8,000	3,549
venezuela - railway works	13,072	11,111	1,961
work carried out in Italy	53,524	35,413	18,111
total	78,145	54,524	23,621

It is also noted that the remaining receivables to factors of Euro 23,621, relating to credits, have been classified among net financial assets.

The table that follows summarizes the trend in the receivable transfers entered into in 2004.

trend in receivables transfer				
(thousands of euro)	total transfers 2003	changes 2004		total transfers 2004
		collections	transfers	
turkey	–	–	11,549	11,549
venezuela	–	–	13,072	13,072
work carried out in Italy	76,863	(76,863)	53,524	53,524
total	76,863	(76,863)	78,145	78,145

Outlined below are the movements in reserves relative to the write-down of the credit described below, underlining that, following the resolution of the arbitration proceedings relating to the construction of the Zagreb-Gorican Motorway in Croatia, in which, on the 18 June last, the arbitration board awarded the Parent Company the right to compensation for the work and activities performed, lost revenue and accrued interest, the credit risk originally estimated and allocated in the special risk fund of Euro 5,000 is now removed. Furthermore, while awaiting completion of the procedures required for the execution of the arbitration award, the relative interest has been allocated to the specific fund for a total of Euro 11,991. Further allocation of accrued interest for Euro 6,289 has been effected on the sums relating to the liquidation of the indemnities, on behalf of the Treasury, of war damages suffered by Italstrade S.p.A. during the course of work performed in Ethiopia.

provision for doubtful debtors

(thousands of euro)

value at 12.31.2003	9,573
increases for the financial period	75
economic uses for the financial period	(5,000)
value at 06.30.2004	4,648

reserve for delayed payment interest

(thousands of euro)

value at 12.31.2003	4,239
increases for the financial period	19,224
balance statement decreases for the financial period	(37)
value at 06.30.2004	23,426

C.II.2 - Receivable from subsidiaries: Euro 32,376

Compared to the previous financial statements an increase is recorded of Euro 745. For an analysis of the composition of debtors, you are referred to the schedule detailed at the end of these notes relative to transactions with related companies.

C.II.3 - Receivable from associated companies: Euro 34,311

A decrease of Euro 3,252 with respect to the previous financial year was recorded. For an analysis of the composition of debtors, you are referred to the schedule detailed at the end of these notes relative to transactions with related companies.

C.II.4 - Receivable from parent companies: Euro 27

This relates to relationships of a commercial nature entered into with Fin.Ast. S.p.A..

C.II.5 - Other receivable: Euro 147,444

This item, which has recorded an increase of Euro 18,208, is itemized as follows:

- amounts due to the Tax authorities, Euro 76,508, increased by Euro 10,956 for the period in question and can be summarized as follows.

amounts due to the tax authorities

(thousands of euro)

	italy	abroad	total
a) indirect taxes			
v.a.t. credit < 12 months	6,720	13,687	20,407
v.a.t. credit > 12 months	207	6,647	6,854
total indirect taxes	6,927	20,334	27,261
b) direct taxes			
direct taxes credit < 12 months	28,632	2,190	30,822
direct taxes credit > 12 months	6,892	–	6,892
total direct taxes	35,524	2,190	37,714
c) credits owed for prepaid tax	6,433	5,100	11,533
total amounts owed by inland revenue	48,884	27,624	76,508

Amounts owed by Inland revenue as direct taxes is expressed net of a delayed payment interest reserve of Euro 198, which has remained unchanged; It should be pointed out that the Parent Company has filed for a refund of its direct tax credits

amounting to Euro 5,000 enclosing its tax returns relating to 2002, while we are in the process of claiming a further reimbursement of a significant amount relating to the tax returns for the year 2003, for credits relating to the taxes paid abroad and accrued in relation to the tax credit provision envisaged by the Consolidated Tax Act.

- credits towards employees of Euro 1,118, have increased by Euro 164 compared to the previous financial period;
- receivables from Social Security of Euro 1,287, have increased by Euro 504 net of the negative variation in the consolidation basis of Euro 3;
- prudential deposits of Euro 931, this item shows a net decrease of Euro 77, including a negative variation of the consolidation basis amounting to Euro 44;
- receivables from other shareholding companies of Euro 324: this item has decreased by Euro 6;
- other receivables for Euro 67,276, are increased, net of the negative variation in the consolidation basis of Euro 1,556 by Euro 6,667. Debtors are expressed net of a delayed payment interest reserve of Euro 7, which has not changed during the financial year. Some of the most significant entries are summarized below:
 - amounts due from other debtors, for the sale of assets and services (services to sub contractors, sales of equipment and assets, sale of property assets), for a total amount of 18,143;
 - amounts owed by sub-contractors and suppliers, for contractual advances on services and supplies to be returned, of Euro 26,267;
 - other sundry credits relating to transactions not directly connected with production activity, but in any case associated with it of Euro 22,866.

C.III - Investments which are not permanent

The entry that totals an overall amount of Euro 17,131 has seen a net increase compared to the previous financial year of Euro 13,964 that is detailed as follows

C.III.5 - Own shares

This entry, that totals an overall amount of Euro 3,076 was recorded in the previous year's accounts among the company's fixed financial assets under the item B.III.4 - Own shares for Euro 2,385. This variation in exposure was introduced during the period in question seeing as the deadline for the acquisition plan of owned shares was drawing near.

C.III.6 - Other investments: Euro 14,055

The entry in question refers to shares of various sorts, acquired as a temporary use of liquidity. The overall increase of Euro 10,888 is primarily due to the re-acquisition of a part of a debenture loan issued by Astaldi Finance for Euro 8,715. This operation, which was carried out on average "below par" at the price of 0.991, is part of the financing source revision program that was instituted following the repayment of the eurobond in February 2005.

C.IV - Cash at bank and in hand: Euro 125,908

Cash at bank and in hand includes bank deposits for Euro 125,511 and currency and cash values of Euro 397. Compared to the previous financial year, the items have seen a decrease of Euro 24,112 and an increase of Euro 37 respectively.

The variation in the consolidation basis has produced a negative variation of Euro 289.

D - Prepayments and accrued income: Euro 9,563

This account, which has seen an increase of Euro 474, concerns mainly deferred charges for Euro 9,270 relative to insurance costs, commissions on bonds, and other components of residual value and to the issue of premiums relative to the debenture loan of Euro 293.

Liabilities

A - Net Equity

For an analysis of the individual items of Net equity see the attached statement of movements in the net consolidated equity occurring in the period.

The Shareholders General Meeting, in approving the financial statements at 31 December 2004, have agreed to the distribution of a per share dividend in the month of April amounting to a unit value of Euro 0.065 for an overall total sum of Euro 6,306 (net of the value of the dividend referred to owned shares).

The conversion reserve seems to be essentially in line with the figure for 2003. The great attention paid to the control of the currency exchange risk has meant that the negative variations connected with the US dollar for the half-year period have been successfully neutralized. In this regard it is worth pointing out that over the period the US currency recorded moments of considerable weakness, regaining the ground lost against the 31 December 2003 valuation only towards the end of the period. One should also bear in mind that the conversion reserve reflects the exchange rate fluctuations at the date of closing compared to the previous periods. These variations are considered temporary and recurrent with respect to the specific nature of the reserve and do not imply permanent effects.

At 30 June 2004, in accordance with the entries in the Shareholders Register, supplemented by the notices received in accordance with art. 120 of Law Decree no. 58 of 24 February 1998 and other available information, the direct shareholders involved in an investment greater than 2% of the Company share capital fully paid up and represented by shares with voting rights were as follows:

- Fin.Ast. S.r.l. owns no. 39,578,033 shares equivalent to 40.211%;
- Finetupar International S.A. (formerly Finetupar S.A.) owns no. 12,327,967 shares equivalent to 12.525%;
- Gartmore Investment Management PLC owns no. 5,236,246 shares equivalent to 5.320%;
- Famifin S.A. (Luxembourg) owns no. 2.000.000 shares equivalent to 2.032%.

B - Provisions for risks and charges: Euro 92,609

At 30 June 2004 provisions for risks and charges amounted to Euro 92,609, against Euro 64,819 for the previous year. These include:

- provision against contractual risk, established to cover the progress and final contract results;
- the equity investments liabilities reserve established for the purpose of providing for losses, attributable to equity investments, of a specific nature and the likelihood of which is either certain or probable, but for which the amount and the date in which such a liability might occur cannot be established at the end of the period;
- the provision for taxes amounting to Euro 1,199, has experienced a net decrease of Euro 236, attributable to charges still to be established that could derive from the statement for automatic definition, according to Law no. 289 of the 27 December 2002 as amended, for the fiscal period 2002. It is also worth noting that the residual amount may be exclusively attributed to the probable charges resulting from an amicable settlement of the dispute arisen with the Tax and Excise offices, in relation to the presumed tax omission of the so called contractors reserve for the tax periods from 1997 to 1999;
- the reserve recorded in accordance with art. 27 of the By-laws was established following the decision taken at the shareholders meeting of the 30 April 2003, has, over the course of the period in question, experienced a net increase of Euro 90 following the allocation of a part of the 2003 profits in the 0.75% share.

The variations in these items are indicated in the following schedule.

changes in provisions for risks and charges								
(thousands of euro)	balance at 12.31.03	Increase		decrease		change in consolidated area	balance at 06.30.2004	
		p&l	bs	p&l	bs			
provision for contractual liabilities	51,599	42,352	16	(30,926)	(7)	-	63,034	
provision for equity interest liabilities	11,748	4,691	12,306	(126)	(371)	-	28,248	
provision for tax liabilities	1,435	-	-	-	(236)	-	1,199	
art 27 company's statutory reserve	38	-	90	-	-	-	128	
Total	64,820	47,043	12,412	(31,052)	(614)	-	92,609	

Among the most relevant increases of the reserve against contractual liabilities one should note the provision established to safeguard the sums due to the Parent Company in relation to the outcome of the complex judicial arbitration relating to the construction work for the Zagreb-Gorican motorway in Croatia, amounting to Euro 19,590.

The decrease in the contractual liabilities reserve, was made possible by the results achieved during the period in relation to Italian and foreign contracts, the economic effects of which have already been provided for in previous financial statements.

The provision for risks on equity holdings underwent a net increase of Euro 16,500 referred essentially to the valuation of our equity in the Copenhagen Construction Group JV established using the equity method and previously consolidated using the proportional method. This variation, that does not imply any kind of repercussion neither on the returns nor on the Group's net assets, is to be attributed essentially to having reached the final stages of the work and the concomitant beginning of the settlement stage.

C - Employee severance indemnity: Euro 12,483

The changes during the year are the following.

c h a n g e s i n e m p l o y e e s e v e r a n c e i n d e m n i t y						
(thousands of euro)	balance at 12.31.2003	increase during the year	decrease during the year	exchange rate effect	change in consolidated area	balance at 06.30.2004
provision for employee severance	12,189	2,384	(2,064)	(1)	(25)	12,483

D - Debts: Euro 862,749

The creditors are listed under the following items:

- debenture loan, amounting to Euro 150,000 issued by Astaldi Finance S.A. on 11 February 2002, with the following characteristics:
 - *duration*: 11/2/2002-11/2/2005;
 - *repayment* with interest calculated on the basis of a fixed annual rate of 6,5%
 - *annual interest* on 11 February each year.
- debts towards banks, Euro 199,694; the item has increased by Euro 24,275, and is related to the customary use of credit lines in the execution of individual contracts. For greater clarity, the single credit lines are summarized below, underlining their utilizations at 30 June 2004.

c r e d i t l i n e s a n d t h e i r u t i l i z a t i o n s		
(thousands of euro)	lines	utilizations
cash overdraft, hot money and commitment on contracts	340,726	103,145
short-term due financing	34,665	30,004
medium-term due financing	210,989	59,309
loans	7,236	7,236
overall total	593,616	199,694

The main debts and payables included in the balance and backed by guarantees are detailed by type, as follows:

- *MUTUO CARISBO*: Euro 6,259 secured by mortgage of Euro 18,076 on the building connected to the Bologna car park for which a concession must be provided
- *MUTUO CARIPRPC*: Euro 211 secured by mortgage of Euro 866 on the building connected to the Turin car park for which a concession must be provided;
- amounts owed to other financial institutions of Euro 24,248, compared with Euro 25,898 for the 2003 financial year; this item mainly reflects the capital shares of the residual canons relating to goods acquired through leasing agreements and accounted for in accordance with standard accounting practice;
- advances received of Euro 150,625; the item, relative to advances paid by clients for the execution of works, shows a net increase of Euro 3,316 ascribable to payments made by the clients on the basis of the stages of advancement of the contracts and the new advances granted both in Italy and abroad;
- amounts owed to suppliers, Euro 215,981; the item shows a net increase of Euro 19,582 connected to the strong increase of the production activities over the

semester; the variation of the consolidation basis has produced a negative variation of Euro 4,588;

- debts owed to subsidiaries, of Euro 21,321, with an increase compared to the previous accounting period of Euro 1,850. For analysis of the composition of debts owed to subsidiaries, please refer to the schedule included at the end of these notes;
- amounts owed to subsidiaries of Euro 54,129, with a decrease compared to the previous financial year of Euro 6,541. For analysis of the composition of creditors, please refer to the schedule included at the end of these notes;
- amounts owed to the tax and excise office of Euro 17,938: this item shows a decrease of Euro 3,732 including a negative variation in the consolidation basis of Euro 370;
- amounts owed to Social Security Institutions, Euro 5,269; the item shows an increase of Euro 585, including a negative variation of the consolidation basis of Euro 9;
- other creditors for a total amount of Euro 23,544 show a decrease of Euro 1,949 compared to the previous year. The breakdown of the most significant items is as follows:
 - amounts owed to other shareholding companies total Euro 5,064. The items shows an increase of Euro 69;
 - deposits and guarantees, Euro 21, with a decrease compared to 2003 of Euro 1;
 - amounts due to employees for Euro 7,185, with an increase of Euro 2,679; the negative variation of the consolidation basis amounted to Euro 18;
 - other payables for Euro 11,274, show an increase compared to 2003 of Euro 4,696. The negative variation of the consolidation basis has contributed for Euro 2,633. The most significant items are summarized below:
 - advances from customers, for Euro 1,284;
 - amounts due to commissioning companies, within the scope of work carried out through the establishment of consortia, for collections made in their name and on their behalf, equal to Euro 4,417;
 - other items relevant to transactions not directly deriving from the production activity, but in any case connected with it, for Euro 5,573.

E - Accruals and deferred income: Euro 8,438

This account, which shows a decrease of Euro 2,406, mainly relates to accrued liabilities due to fourteenth month salary payments, interest on mortgages and interest on debenture bonds.

Memorandum accounts

A) Personal guarantees

The total amount recorded in the accounts is Euro 1,592,067 and refers to the following subjects:

1. guarantees for credit lines, intended to ensure a regular cash-flow for the individual contracts, issued in the interests of subsidiaries, associated companies and

- other non-consolidated shareholding companies, established for the purpose in accordance with current tax legislation for a total amount of Euro 117,488;
2. guarantees for contracts issued, in the interests of the Company, by Banking Institutions and/or Insurance Companies, in favor of clients for various purposes on behalf of subsidiaries, associates and other shareholding companies, for a total amount of Euro 1,375,530;
 3. other guarantees, issued for various purposes for a total amount of Euro 99,049.

B) Other off-balance sheet accounts

The item, which amounts overall to Euro 121,997, represents the risk of loss of Euro 92,337 resulting from the transfer with recourse of receivable to Factors, commented on previously, whilst Euro 29,660 is attributable to extra-contractual works, paid as a provisional item, pertaining to construction works on the Pont Ventoux Dam in Val di Susa, on behalf of Aem Torino.

D) Third party guarantees in our favor

Euro 25,170, representing the guarantees supplied by credit Institutions and insurance companies, in the interest of Italian and foreign suppliers and sub-contractors, in relation to the contractual obligations assumed by them in towards our company.

Profit and loss accounts

A - Value of production: Euro 525,101

Revenues from works amount to Euro 495,912. The subdivision by categories of work, including the variation in contracts in progress of Euro 145,943, compared with the figures at 30 June 2003, is detailed in the following table.

contract revenues by lines of business				
(thousands of euro)	06.30.2004	%	06.30.2003	%
transportation infrastructures	308,253	62.2	299,910	75.0
hydraulic works and energy production plants	67,704	13.7	48,982	12.3
civil and industrial building	119,955	24.2	50,508	12.7
Total	495,912	100.0	399,400	100.0

The distribution by geographic area is the following.

contract revenues by geographic area				
(thousands of euro)	06.30.2004	%	06.30.2003	%
italy	242,583	48.9	194,343	48.7
europe	86,960	17.5	23,808	6.0
america	111,261	22.4	143,933	36.0
africa	39,939	8.1	35,568	8.9
asia	15,169	3.1	1,748	0.4
total	495,912	100.0	399,400	100.0

The increases due to work performed for internal purposes, that represent capitalized costs, are detailed under item *B.I - Intangible assets* and amount to 3,750 (Euro 1,786 at 30 June 2003). The most significant value adjustments are the following:

- the capitalization of plant and work site costs for Euro 2,959 exclusively referred to costs sustained for the new initiatives in Italy of which the most significant are the Metro-Bus Brescia amounting to Euro 1,635 and the High Speed Station in Bologna amounting to Euro 1,027;
- the capitalization of costs incurred for the presentation of tenders of Euro 555 referred to the capitalization of costs incurred for tenders in Italy for which, at the close of the financial period, there is reasonable certainty in relation to contract award;

Other revenues, equal to Euro 25,439, are largely represented by items not directly related to the production activity related to Group works, but are nevertheless of a continuous nature.

The breakdown of the items is as follows.

o t h e r r e v e n u e s			
(thousands of euro)	06.30.2004	06.30.2003	variation
services performed for third parties	6,173	7,514	(1,341)
use of risk funds	5,141	190	4,951
extraordinary income and non-existent liabilities	3,597	7,421	(3,824)
other revenues	3,153	2,392	761
sponsorship	2,302	1,440	862
revenue from goods sales	1,482	2,607	(1,125)
revenue on rentals	914	592	322
insurance indemnities	852	2,030	(1,178)
gains on acquisition and transfer of credits	797	18	779
gains on fixed asset transfers	391	589	(198)
hiring charges	343	1,069	(726)
discount and abatement revenue	294	251	43
total	25,439	26,113	(674)

As far as the extraordinary income and non-existent liabilities are concerned it should be noted that these are primarily made up of differences in estimates on the overturning of the previous year's costs on behalf of the companies involved.

B - Production costs: Euro 485,016

- The cost of raw materials and consumables, net of remainder stock variation amount to Euro 78,812 overall (in 2003 Euro 75,343) and have shown an increase compared to the previous financial year of Euro 3,469.
- The costs for services total Euro 282,758 (at 30 June 2003 Euro 217,152) and have shown a positive variation compared to the previous financial year of Euro 65,606, ascribable to the strong increase in realization activities involved in the New Milan Expo Fair Centre that over the semester has recorded production values worth 89 million Euro.

The breakdown of costs for service is as follows.

costs for services

(thousands of euro)	06.30.2004	06.30.2003	variation
consortium costs	139,286	94,831	44,455
sub-contracts	89,576	66,588	22,988
works and services	13,662	16,167	(2,505)
technical and commercial consultancies	11,895	7,518	4,377
materials in use	11,239	8,023	3,216
other costs and sundry services	2,445	12,451	(10,006)
legal, tax and administrative services	5,392	4,182	1,210
consumption (gas, electricity, etc.)	2,675	2,262	413
insurance	3,787	2,420	1,367
travel expenses	1,149	1,587	(438)
maintenance and repairs	1,130	705	425
administrator and auditor fees	522	418	104
total	282,758	217,152	65,606

- The costs for use of assets owned by third parties of Euro 9,213 (Euro 4,897 at 30 June 2003), summarize the costs incurred for the rent of machinery and equipment, operating leases, in addition to accrued maintenance costs.
- The provision for risks (availments) is the result of the difference between the provisions made in the year, equal to Euro 42,352 (Euro 16,993 at 30 June 2003) and availments of Euro 30,926 (Euro 11,832 at 30 June 2003).
The Company prudential accounting policy, in relation to risk provision, means that the economic performance and accounting entries of each individual contract may be shown together with the expected result estimated for the same in compliance with the accounting principles adopted.
- Other charges amount to Euro 9,186 and are shown under the following headings.

other charges

(thousands of euro)	06.30.2004	06.30.2003	variation
other administrative and sundry costs	3,427	2,749	678
extraordinary profits and nonexistent liabilities			
due to valuation adjustments	3,369	431	2,938
tax charges	1,954	3,802	(1,848)
public relations costs	250	893	(643)
losses on goods disposals	186	192	(6)
total	9,186	8,067	1,119

For the purposes of further clarification it is stated that other tax charges relate mainly to indirect taxes including stamp duty, ICI, government concessions and registration taxes incurred in Italy and abroad.

Also, regarding adjustment extraordinary items and nonexistence of assets, the entry mainly includes the differences in estimates on the overturning of costs for the previous year of the specific companies.

C15 / C16 - Financial income: Euro 35,123

This item recorded a net increase during the course of the 2004 financial year of Euro 23,268. Its composition is shown in the following table.

financial income

(thousands of euro)	06.30.2004	06.30.2003	variation
income from subsidiary companies	114	1,296	(1,182)
financial income other than the above			
– receivable interest from others	20,045	3,869	16,176
– exchange rate fluctuation profits	11,596	2,395	9,201
– income from risk hedging operations	2,291	2,044	247
– receivable income on \ bank accounts	716	1,830	(1,114)
– commissions on bonds	199	275	(76)
– interest on third party financing	162	146	16
total	35,123	11,855	23,268

The increase in the receivable interest from third parties was a result, as has already been pointed out previously, of the definition of the arbitration proceedings relating to the construction of the Zagreb-Gorizan Motorway in Croatia in which the Parent Company was awarded interest compensation for Euro 11,991, and to the interest relating to the definition of the dispute concerning war damages in Ethiopia that amounted to Euro 6,289. The profits due to exchange rate fluctuation compensate the costs of the same nature and show how the very strict currency control policy employed has to all intents and purposes managed to neutralise the effects of the exchange rate performance of the Venezuelan currency (Bolivares) that has been subject to controlled devaluation by the country's authorities.

C.17 - Interest payable and similar charges: Euro 28,598

Interest payments and other financial charges showed an increase of Euro 5,366; a breakdown of these charges is detailed in the table below.

other charges

(thousands of euro)	06.30.2004	06.30.2003	variation
losses due to exchange rate fluctuations	9,181	2,699	6,482
interest on debenture bond	4,875	4,689	186
commission on bonds	4,036	3,171	865
bank interest on long term debts	2,681	3,495	(814)
costs and payable interest on factoring	1,788	2,475	(687)
hedging operation costs	1,663	832	831
bank interest on short term debts	1,646	1,924	(278)
discounts and other financial charges	1,660	3,027	(1,367)
bank commissions and costs	684	480	204
premium issue amortisation	251	251	–
payable loan interest	133	189	(56)
total	28,598	23,232	5,366

The planned increase of the costs relating to commissions on bonds may be attributed to the considerable increase in the works on hand and the beginning of the ensuing activities. This new state of affairs requires a greater recourse to the issue of guarantees in the form of insurance policies and bank guarantees, both in the tender stage and, subsequently, for the performance of the works themselves.

D - Value adjustments in respect of investments: Euro (21,587)

The aggregate in question shows a negative balance of Euro 21,587 (in 2003 Euro -1,491), as detailed below.

Equity holding revaluations: Euro 2,380

This item, which at 30 June 2003 amounted to Euro 2,397, shows a decrease of Euro 17 and is exclusively referred to the revaluation of the equity holdings valued using the net equity method.

These revaluations have concerned the companies listed below:

- among subsidiaries:
 - Astaldi Malawi J.V., Euro 281;
 - ASTALDI-RWANDA Association Momentanée, Euro 2,008;
- among associated companies:
 - S.E.I.S. S.p.A., Euro 91.

Devaluation of equity investments: Euro 4,743

This item, that at 30 June 2003 was recorded in the accounts for an amount equal to Euro 3,888, has shown a net increase of Euro 855 and refers to losses due to shareholding companies, settled for a total of Euro 14, as well as the devaluation of equity holdings for an overall total of Euro 4,729, of which Euro 4,691 through allocation to the equity investments liabilities reserve. For greater clarity and comparison of the data, also with reference to the previous year, the same detailed breakdown prepared for 30 June 2004 is provided.

a) Settled losses have been subdivided as follows.

settled losses			
(thousands of euro)	06.30.2004	06.30.2003	variation
by subsidiaries	7	1.084	(1.077)
by associated companies	7	6	1
total	14	1,090	(1,076)

b) The devaluations of the equity holdings have been subdivided as follows.

devaluations of the equity holdings			
(thousands of euro)	06.30.2004	06.30.2003	variation
by subsidiaries	20	102	(82)
by associated companies	14	35	(21)
by other shareholding companies	4	-	4
total	38	137	(99)

The write-downs equal to Euro 38 refer to the joint effect of the devaluation of equity investments in companies in liquidation, and the capital transactions in other non-consolidated shareholding companies.

c) The allocations to the equity investments liabilities reserve of Euro 4,691 is itemized as follows.

allocation to the equity investments liabilities reserve			
(thousands of euro)	06.30.2004	06.30.2003	variation
by subsidiaries	3,336	2,180	1,156
by associated companies	472	481	(9)
by other companies	883	–	883
total	4,691	2,661	2,030

The item in question, that during the previous accounting period stood at Euro 2,661, refers to the setting aside of the share of asset deficit with particular reference to companies in liquidation or that have essentially completed their operating activities. The main allocations of note are those referring to the Subsidiary companies Astaldi-Sénégal Association en Participation (Euro 523), Legnami Pasotti Italia I.C. S.r.l. (Euro 2,055), TE.CRO. S.c.r.l. in liquidation (Euro 97), I.F.C. Due S.c.r.l. in liquidation (Euro 92), the associated companies Astaldi-Ferrocemento J.V. Pakistan (Euro 65), Alosa Immobiliare S.p.A. in liquidation (Euro 228), Piceno S.c.r.l. in liquidation (Euro 104) and Avola S.c.r.l. in liquidation (Euro 100), as well as other shareholding companies Copenhagen Metro Construction Group J.V. (COMET) (Euro 662) and Imprese riunite Genova Seconda S.c.r.l. in liquidation (Euro 180). As far as the particular effects ensuing from the Subsidiary company Legnami Pasotti Italia I.C. S.r.l., it is worthwhile noting that during the current financial year the Group, in its ongoing rationalization of the geographical areas, has established the lack of commercial potential in the North African country (Libya), deciding therefore to leave the area, cautiously allowing for all the expenses for residual investments and commercial transactions for which there might have been any credit recovery risk.

E - Extraordinary income (charges): Euro (1,287)

- Extraordinary income is composed almost entirely of extraordinary assets and nonexistent liabilities for Euro 7,286 (Euro 3,185 at 30 June 2003). Among the most significant the following are highlighted:
 - extraordinary income resulting from the use, in the statement of the direct taxes of the Parent Company, of the limited tax credit pertaining to R.I.C. - Railway International Construction S.p.A. amounting to Euro 319;
 - extraordinary income deriving from the adjustment of the tax credits of the foreign branches by Euro 398;
 - extraordinary income resulting from the credit adjustment for prepaid tax of Euro 241;
 - the extraordinary income resulting from the buy-out of tax credit on dividends distributed during the course of the accounting period by the associated company S.E.I.S. S.p.A. for Euro 164;
 - the extraordinary income, relating to taxation of previous accounting periods, to be ascribed to the permanent organizations in Venezuela for Euro 1,765 and to the Subsidiary Astaldi de Venezuela C.A. for Euro 877;
 - the extraordinary income resulting from increased costs previously set aside in the Parent Company and relating to subcontracting services for Euro 796.
- Extraordinary charges include, for a total of Euro 8,573 (Euro 4,992 at 30 June

2003), damages, extraordinary costs and non-existent liabilities, transactions, contractual penalties and other residual value charges.

Among the most significant items, the following are highlighted:

- Euro 1,232 for the lesser costs set aside in the previous accounting period by the Parent Company for subcontracting services;
- Euro 1,367 for charges incurred by the Subsidiary company Italstrade S.p.A. relating to the adjustment of the balance of assets currently existing with the Rumanian branch of Romairport;
- Euro 2,542 for lesser costs set aside by the permanent organization in Venezuela relating to consulting and other services;
- Euro 3,432, resulting from the aggregate of extraordinary items, nonexistence of assets, damage and accidents, transactions, fines and other charges of residual value, mostly due to non-ascertainment of third party services, financial charges and insurance.

22 - Income taxes: Euro (5,246)

The overall tax total relating to the period, referred to the Parent Company and to the other companies included in the consolidation basis is Euro 5,246 (Euro 1,784 at 30 June 2003). The significant increase compared to the period closed on 30 June 2003, is attributable to the inclusion of considerable tax-free sums in the accounts of the year 2003.

1. Current taxation amounts to Euro 4,105 and has been ascertained on the basis of objective elements measured on the date of reference. This valuation, despite being representative of the overall expected tax rate, is nevertheless provisional considering the particular sector in which the Group operates, and the new regulations that have come into force during the current tax period.
2. The charges deriving from the calculation of the Group's deferred taxes total Euro 1,141 and have been established as follows:
 - Euro 7,089 as overall charge - *connected to the turnover of provisional differences due to previous accounting periods, as well as deferred tax liabilities for the relative accounting period* - attributable to the Parent Company;
 - Euro 6,133 as overall recorded revenue from the Subsidiary Italstrade S.p.A. and referring to:
 - Euro 3,383 of tax revenue ensuing from the tax consolidation (in accordance with articles 117 and following of the Consolidated Tax Act), accrued towards the Parent Company;
 - Euro 2,750 attributable to prepaid taxes. These last sums were recorded in accordance with the principle of prudence, as there is reasonable certainty, backed by objective supporting information including multi-year forecasts, of the existence in future years of sufficient levels of taxable income;
 - Euro 185 of charges - ensuing from the turnover of provisional differences relating to previous accounting periods - pertaining to the Subsidiary operating in the United States, Astaldi Construction Corporation.

The Group's residual credit for prepaid taxes, amounting to Euro 11,533, to be recovered in future years, is substantially attributable to the combination of residual fiscal losses (Astaldi Construction Corporation - Italstrade), funds of a civil and tax law nature not deducted and not utilized for tax purposes in the respective forma-

tion years as well as other provisional taxation differences of residual value. With reference to the information given in the explanatory notes to the accounts for the financial year ended at 31 December 2003, relating to the objections raised by the Financial Police, with regard to the P.V.C. issued in 2001, the following is pointed out:

1. objections relating to the presumed tax omission for the so-called contractors reserves:
 - for the years '97 and '98 the objections are essentially settled due to the judicial arbitration procedure entered into with the Tax Authorities of Roma 1, following the appeal against the relative assessment notices. This action essentially confirmed the principles already agreed with the Tax Administration during the settlement of the same objection raised with regard to the 1995 and 1996 fiscal years. It is pointed out however that the relative charges also remain allocated in the specific provision against risks;
 - with regard to the remaining disputes (Gruppo Dipenta and fiscal period 1999 for Astaldi) no objection has been raised to date. It is pointed out that in this case once more the relative charges remain allocated in the specific provision against risks;
2. objection relating to the presumed non-deductibility of the losses suffered by some joint ventures – situated in non-EU countries and settled by the Parent Company during the tax years 1997, 1998 and 1999, in application of art. 61, sub-sec. 5, of the Consolidated Tax Act:
 - for the years '97 and '98 the objections are essentially settled due to the judicial arbitration procedure entered into with the Tax Authorities of Roma 1, following the appeal against the relative assessment notices. During the settlement procedure the Tax Authorities – *in agreement with the stance taken by the Regional Tax and Excise Head Office of Lazio* – embraced the Company's defensive case, with particular reference to the impossibility of application to the particular case of art. 61 paragraph 3 bis, confirming thereby that this same case falls within the domain of paragraph 5 of said art. 61. The outcome of the settlement has meant that the initial case involving a total of Euro 22,749, was settled in terms of greater taxable income for a sum of Euro 158;
 - with reference to the remaining disputes (tax period 1999 for Astaldi) the Roma 4 office involved has yet to deliver the possible Assessment Notice. It is believed however, that the problem of interpretation is resolved and the actual settlement will be postponed to the moment when the Office of competence shall present the possible objection.

Transactions with related parties

According to the provisions of the CONSOB (Securities and Exchange Commission) communications no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998, the most significant amounts resulting from transactions of a financial and commercial nature with the non-consolidated shareholding companies are given below.

It must be pointed out however, that the relationships entered into with consortia and consortium companies (*so-called Purpose Companies*), considering the particular sector in which the Company operates, must be correlated with the rights of receivables due from third party bodies – *entered in the item Trade receivables (C.II.1)* – not summarized in the following table.

related party transactions

(thousands of euro)

	trade receivables	long term financial receivables	total receivables	trade payables	net trade receivables
non consolidated subsidiaries					
Astaldi-Burundi Association Momentanée	680	-	680	708	-
Astaldi Guinee Association en Participation	-	-	-	2	-
Astaldi International Inc.	-	-	-	388	-
Astaldi International JV Mozambique	3,723	-	3,723	2,079	1,644
Astaldi-Malawi, Astaldi-Astaldi International	1,523	-	1,523	1,419	104
Astaldi-Rwanda Association Momentanée	6	-	6	2,543	-
Astaldi Sénégal Association en Participation	3,197	-	3,197	-	3,197
Astaldi Thailand Co. Ltd.	760	-	760	860	-
Astur Construction and Trade A.S.	248	-	248	830	-
Bussentina S.c.r.l. in liquidation	830	-	830	70	760
C.O.MES. S.c.r.l.	179	-	179	988	-
CO.ME.NA. S.c.r.l.	127	-	127	764	-
CO.NO.CO. S.c.r.l.	880	-	880	1,240	-
Colli Albani S.c.r.l. in liquidation	819	2	821	355	464
Cons. A.R.Z. Ast. - R.I.C. Zaire in liquidation	480	-	480	191	289
Consorzio Astaldi C.B.I.	4,351	584	4,935	636	3,716
Consorzio Astaldi-C.M.B.Due in liquidation	2,191	-	2,191	7	2,184
CONSORZIO IRSA	2	-	2	-	2
Consorzio Olbia Mare in liquidation	145	2	147	-	145
Cospe S.c.r.l.	698	-	698	-	698
Diga di Arcichiaro S.c.r.l. in liquidation	303	-	303	189	113
DIP.A. S.c.r.l. in liquidation	83	-	83	130	-
DP 2M S.c.r.l. in liquidation	1	44	45	25	-
Eco Po Quattro S.c.r.l.	891	-	891	524	366
Euroast S.r.l. in liquidation	171	369	540	1	170
Forum S.c.r.l.	1,020	-	1,020	1,906	-
I.F.C. Due S.c.r.l. in liquidation	1,806	-	1,806	97	1,709
I.F.C. S.c.r.l. in liquidation	1,205	-	1,205	67	1,137
Legnami Pasotti Italia I.C. S.r.l. in liquidation	2,557	-	2,557	-	2,557
Linea A S.c.r.l. in liquidation	6	-	6	260	-
Montedil-Astaldi S.p.A. (MONTAST) in liquidation	136	20	156	24	113
Mormanno S.c.r.l. in liquidation	18	64	82	2	16
Palese Park S.r.l.	-	-	-	709	-
Portovesme S.c.r.l.	909	-	909	2,333	-
Quattro Venti S.c.r.l.	1,455	-	1,455	1,177	277
Redo Association Momentanée	952	-	952	45	907
S. Filippo S.c.r.l. in liquidation	1,678	-	1,678	89	1,589
S. Leonardo S.c.r.l. in liquidation	2,630	-	2,630	808	1,822
Seac S.p.a.r.l.	7,775	-	7,775	306	7,469
Silva S.r.l. in liquidation	28	21	49	-	28
Susa Dora Quattro S.c.r.l.	2,730	-	2,730	13,831	-
TE.CRO. S.c.r.l. in liquidation	147	776	923	-	147
Todaro S.r.l. in liquidation	1	-	1	3	-
Toledo S.c.r.l.	947	-	947	2,364	-
Tri.Ace. S.c.r.l. in liquidation	561	-	561	409	153
Viadotti di Courmayeur S.c.r.l.	568	-	568	14	554
Viadotto Fadalto S.c.r.l. in liquidation	42	-	42	-	42
others	6	1	7	11	6
total non consolidated subsidiaries	49,461	1,883	51,344	38,407	32,376
non consolidated associated companies					
Adduttore Ponte Barca S.c.r.l.	-	-	-	254	-
Alosa Immobiliare S.p.A. in liquidation	5	1,145	1,150	11	-
Astaldi - Ferrocemento JV	781	251	1,032	34	747
Astaldi Bayindir JV - Turkey	6,459	-	6,459	211	6,247

net trade payables	revenues from services	costs of production	financial charges	financial income	extraordinary charges	extraordinary income
28	-	-	-	-	-	-
2	-	-	-	-	-	-
388	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,537	-	-	-	-	-	-
-	-	-	-	-	-	-
100	-	-	-	-	-	-
581	-	2,358	-	-	-	-
-	3	7	-	-	-	-
810	54	1,981	-	-	8	28
637	31	1,911	-	-	4	114
360	107	1,860	-	6	-	20
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	24	136	-	-	5	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	47	556	-	-	-	6
-	-	-	-	-	-	-
47	-	9	-	-	-	-
23	-	-	-	-	-	-
-	-	18	-	10	-	7
-	-	-	-	1	-	-
887	41	260	-	-	-	-
-	-	-	-	30	-	-
-	19	-	-	1	-	-
-	-	-	-	37	-	-
254	-	6	-	-	-	8
-	-	-	-	-	-	-
-	-	-	-	-	-	-
709	-	-	-	-	-	-
1,424	135	2,333	-	5	-	-
-	111	1,880	-	11	15	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,101	284	9,392	-	15	-	-
-	-	-	-	-	-	-
2	-	-	-	-	-	-
1,418	32	3,070	-	-	2	-
-	-	-	-	-	-	4
-	-	23	-	-	-	-
-	-	-	-	-	-	-
11	-	-	-	-	-	-
21,321	888	25,800		116	34	187
254	-	48	-	-	-	-
6	3	-	-	-	-	-
-	3	-	-	-	-	-
-	-	-	-	-	-	-

(table follows)

related party transactions

(thousands of euro)

	trade receivables	long term financial receivables	total receivables	trade payables	net trade receivables
Astaldi-Maroc S.A.	-	-	-	3	-
Avola S.c.r.l. in liquidation	684	-	684	175	509
Blufi 1 S.c.r.l. in liquidation	48	-	48	-	48
C.F.M. S.c.r.l. in liquidation	14	-	14	207	-
Cogital S.p.A. in liquidation	147	-	147	3	144
Consorzio DEI	23	-	23	3	20
Consorzio Ghella Astaldi & Asociados	-	-	-	-	-
Consorzio Ghella Astaldi WTC	-	-	-	-	-
Consorzio Grupo Contuy	446	-	446	1,987	-
Consorzio A.F.T. (Algerian branch)	2,588	-	2,588	442	2,147
Consorzio A.F.T Kramis (Algerian branch)	24,964	-	24,964	23,121	1,843
Consorzio A.F.T.	155	-	155	-	155
Consorzio Astaldi-ICE	416	-	416	-	416
Consorzio C.I.R.C.	11	-	11	620	-
Consorzio Carnia S.c.r.l.	434	-	434	5	428
Consorzio C.E.A.A.V.	1,720	-	1,720	505	1,215
Consorzio Co.Fe.Sar.	264	-	264	417	-
Consorzio Cogitau S.c.n.c. in liquidation	457	-	457	1	457
Consorzio Consarno	103	227	330	-	103
Consorzio Consavia S.c.n.c. in liquidation	62	-	62	4	59
Consorzio Contuy medio	217	117	334	1,149	-
Consorzio Ferrofir	42	-	42	5,982	-
Consorzio Gi.It. in liquidation	-	-	-	194	-
Consorzio Inau in liquidation	-	-	-	10	-
Consorzio Iricav Due	80	-	80	2,680	-
Consorzio Iricav Uno	8,295	-	8,295	17,770	-
Consorzio Ital.Co.Cer.	5	-	5	45	-
Consorzio Italvenezia	-	-	-	81	-
Consorzio L.A.R. in liquidation	181	946	1,127	-	181
Consorzio Novocen	-	-	-	-	-
Consorzio Qalat	5	-	5	1,137	-
Consorzio Recchi S.p.A. - Astaldi S.p.A.	68	610	678	1,408	-
Derivazione Adda S.c.r.l. in liquidation	14	-	14	-	14
Diga di Blufi S.c.r.l.	6,534	-	6,534	3,887	2,647
Ecosarno S.c.r.l.	-	52	52	479	-
Fosso Canna S.c.r.l. in liquidation	176	204	380	117	60
Groupement Cir S.p.A.	18	-	18	-	18
Groupement Eurolep	-	-	-	9	-
Groupement Italgisas	940	-	940	19	921
HECA S.p.A.	246	15	261	-	246
Hydro Honduras S.A.	-	-	-	105	-
Infraclegrea S.c.r.l.	8	-	8	462	-
Isclero S.c.r.l. in liquidation	108	1,518	1,626	1,592	-
Italsagi Sp. Zo. O.	358	-	358	-	358
M.N. Metropolitana di Napoli S.p.A.	110	-	110	-	110
Marsico Nuovo S.c.r.l. in liquidation	-	29	-	-	-
Me.SA. S.c.r.l. in liquidation	-	-	-	-	-
Messina Stadio S.c.r.l.	3,064	2,508	5,572	1,727	1,337
MetroVeneta S.c.r.l.	1,296	19	1,315	6,083	-
Monte Vesuvio S.c.r.l.	633	-	633	4	629
Mose-Treponti S.c.r.l.	70	-	70	-	70
Nova Metro S.c.r.l.	-	-	-	72	-
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	9,771	-	9,771	340	9,431
Parking Puccini S.c.r.l. in liquidation	-	-	-	48	-
Pegaso S.c.r.l.	2,838	-	2,838	3,241	-
Piana di Licata S.c.r.l. in liquidation	475	-	475	139	336

net trade payables	revenues from services	costs of production	financial charges	financial income	extraordinary charges	extraordinary income
3	-	-	-	-	-	-
-	-	1	-	-	-	-
-	-	-	-	-	-	-
193	1	24	-	3	28	-
-	-	-	-	-	-	6
-	-	-	-	-	-	11
-	3	-	-	-	-	-
-	279	163	-	-	-	25
1,541	-	-	-	-	-	-
-	246	-	-	-	-	-
-	8,679	6,914	-	40	8	41
-	8	-	-	-	-	-
-	-	-	-	-	-	-
609	-	1	-	-	-	-
-	-	-	-	-	-	247
-	512	477	-	-	1	-
153	-	40	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	13	-	72
-	-	-	-	-	-	-
933	-	-	-	-	-	-
5,940	11	417	-	-	4	-
194	-	29	-	-	-	-
10	-	10	-	-	-	-
2,600	31	80	-	-	-	-
9,475	458	10,304	-	-	272	-
40	-	12	1	-	1	-
81	-	7	-	-	-	-
-	-	-	-	-	-	-
-	-	15	-	-	16	-
1,131	-	-	-	-	-	-
1,340	-	10	-	-	-	52
-	-	-	-	-	-	-
-	-	-	-	1	-	86
479	-	219	-	-	-	-
-	-	-	-	5	-	37
-	-	-	-	-	-	-
9	-	-	-	-	1	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
105	-	-	-	-	-	-
454	8	386	-	-	-	2
1,484	17	-	-	-	-	-
-	-	-	-	-	-	-
-	1	-	28	-	-	12
-	-	-	-	-	-	8
-	-	2	-	-	-	-
-	-	41	-	3	-	-
4,787	107	3,011	-	18	1	-
-	12	176	-	-	-	20
-	26	87	-	-	-	-
72	-	-	-	-	-	-
-	1,604	81,144	-	-	3	-
48	-	-	-	-	-	-
403	2,511	4,966	-	-	32	44
-	-	-	-	-	-	-

(table follows)

related party transactions

(thousands of euro)

	trade receivables	long term financial receivables	total receivables	trade payables	net trade receivables
Piceno S.c.r.l. in liquidation	988	335	1,323	995	-
Pont Ventoux S.c.r.l.	8,345	-	8,345	24,077	-
Principe Amedeo S.c.r.l. in liquidation	533	24	557	238	295
Priolo Siracusa S.c.r.l.	-	-	-	168	-
Raggruppamento Astaldi-Vianini in liquidation	80	-	80	-	80
S.A.A.L.P. S.n.c. in liquidation	11	458	469	-	11
S.A.C.E.S. S.r.l. in liquidation	-	-	-	3,012	-
S.E.I.S. S.p.A.	-	125	125	-	-
S.E.P. Association en Participation	-	-	-	26	-
Sa.Di.Pe. S.c.r.l. in liquidation	15	-	15	-	15
S.A.C.E.S. S.r.l. (Somalia branch)	1,314	-	1,314	-	1,314
Salgit S.r.l.	10	-	10	-	10
Santangelo S.c.r.l. in liquidation	9	120	129	-	9
SO.GE.DEP. S.r.l. in liquidation	266	192	458	207	59
So.Gr.Es. S.c.p.a. in liquidation	50	-	50	-	50
Tangenziale Seconda S.c.r.l. in liquidation	116	-	116	7	108
Transeuropaska Autocesta d.o.o	12	-	12	-	12
Truncu Reale S.c.r.l.	192	-	192	-	192
V.A.S.CO. Imprese Riunite	487	-	487	-	487
Val Pola S.c.r.l. in liquidation	22	-	22	-	22
Valle Caudina S.c.r.l.	246	119	365	520	-
Veneta Sanitaria Finanza di Progetto S.p.A.	7	-	7	2,542	-
Vesuviana Strade S.c.r.l.	764	-	764	13	751
others	1	17	18	29	3
total non consolidated associated companies	88,797	9,031	97,799	108,615	34,311
other non consolidated equity investments					
Bocca di Malamocco S.c.r.l.	-	-	-	185	-
C.F.C. S.c.r.l.	-	-	-	-	-
Copenhagen Metro Construction Group J.V. (COMET)	-	2,669	2,669	-	-
Consorzio Centro Uno	52	-	52	-	52
Consorzio Team	28	-	28	72	-
Consorzio TRA.DE.CI.V.	31	-	31	219	-
Fusaro S.c.r.l.	37	-	37	58	-
Imprese Riunite Genova S.c.r.l.	-	-	-	227	-
Metrogenova S.c.r.l.	862	-	862	2,998	-
Napoli Porto S.c.r.l. in liquidation	-	-	-	-	-
Pantano S.c.r.l.	-	-	-	1,280	-
Plus S.r.l.	-	1,304	1,304	-	-
Roma Lido S.c.r.l.	-	637	637	889	-
Salini Italstrade JV	2	-	2	-	2
Yellow River Contractors	92	-	92	1	90
others	50	1	51	43	101
total other non consolidated equity investments	1,155	4,611	5,766	5,972	245
GRAND TOTAL	139,412	15,525	154,908	152,994	66,932

net trade payables	revenues from services	costs of production	financial charges	financial income	extraordinary charges	extraordinary income
6	-	-	-	-	-	-
15,733	352	6,732	-	49	6	47
-	13	-	-	-	-	-
168	-	162	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,012	-	-	-	-	-	-
-	-	-	-	-	-	-
26	-	6	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3	-	-
-	1	-	-	-	-	-
-	-	1	-	1	-	-
-	-	-	-	-	-	-
-	34	3	-	1	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
274	-	13	-	16	13	-
2,535	6	102	-	-	-	-
-	56	304	-	4	2	23
31	-	-	-	-	-	-
54,129	14,982	115,907	29	157	388	735
185	-	-	-	-	-	-
-	-	-	-	-	65	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44	-	-	-	-	9	-
188	8	36	-	-	-	-
20	25	-	-	-	-	-
227	-	5	-	-	11	-
2,136	233	2,699	-	-	-	-
-	-	9	-	-	-	-
1,280	-	348	-	-	-	-
-	-	-	-	-	-	-
889	-	284	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
94	-	-	-	-	-	-
5,063	266	3,381	-	-	85	-
80,513	16,136	145,088	29	273	507	922

As further clarification with regard to debtors, the most significant amounts relate to the support provided to organizations established for the execution of specific contracts, both in Italy and abroad, in terms of provision of assets and services (for instance we would particularly single out industrial equipment, construction means, support of specialized personnel etc.), as well as financial support. The latter, however, are deemed to be of a commercial nature, considering their specific connection with the activity sector in which the Group operates, and also the particular legal structure of the organizations in question, which requires associates to share profits, assets and financial assets of individual ventures on a pro-rata basis.

With regard to creditors, it is pointed out that the nature of these is attributable, mainly, to the allocation of joint venture costs by project specific companies, established for the sole purpose of execution of the specific contracts.

The schedule that follows summarizes the net variations that have taken place with respect to 31 December 2003 in debtor and creditor transactions in existence with subsidiary and associate companies.

change in debtor and creditor transactions with subsidiary and associate companies						
(thousands of euro)						
	12.31.03	debtors 06.30.04	change	12.31.03	creditors 06.30.04	change
subsidiary companies	31,631	32,376	(745)	19,471	21,321	(1,850)
associated companies	37,563	34,311	3,252	60,670	54,129	6,541
total	69,194	66,687	2,507	80,141	75,450	4,691

As a further comment on the variations shown in the previous schedule, these are the result of more careful control of commercial transactions between group companies, which may appear significant in numerical terms, but are nevertheless to be considered typical for the sector in which the Company operates.

Average number of employees

The average number of employees for the reference period, divided up by category, is as follows.

average number of employees by category	
managers	99
executives	31
clerical workers	1,346
blue collar workers	5,668

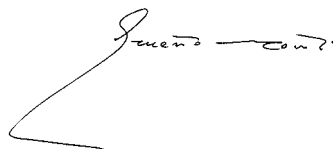
Exchange rates used for the conversion of balances in foreign currency

exchange rates used for the conversion of balances in foreign currency (source: ufficio italiano cambi)

country	currency		rate of exchange at 06.30.2004	average of 1H 2004	rate of exchange at 12.31.2003	average of 1H 2003
Albania	lek	ALL	124.507	129.320	133.548	139.211
Algeria	dinar	DZD	85.473	85.637	83.006	85.862
Angola	kwanza	AOA	100.822	99.272	95.605	74.767
Saudi Arabia	riyal	SAR	4.546	4.597	4.601	4.138
Bolivia	boliviano	BOB	9.651	9.693	9.537	8.372
Burundi	franc	BIF	1,305.070	1,313.243	1,304.090	1,154.718
Carribeans	dollar	XCD	3.277	3.313	3.317	2.975
Central African Republic	franc	XAF	655.957	655.957	655.957	655.957
Chile	peso	CLP	779.800	745.801	739.119	799.002
Colombia	peso	COP	3,300.480	3,340.730	3,509.040	3,201.900
Republic of Congo	franc	CDF	460.042	460.305	450.864	447.688
Croatia	kuna	HRK	7.373	7.514	7.670	7.557
Denmark	krone	DKK	7.434	7.444	7.442	7.428
Dominican Republic	peso	DOP	56.604	56.129	45.094	28.613
El Salvador	colon	SVC	10.621	10.741	10.750	9.668
Japan	yen	JPY	132.861	133.076	132.431	131.145
Djibouti	franc	DJF	215.722	218.043	217.392	196.361
Guatemala	quetzal	GTQ	9.980	10.008	10.088	8.707
Guinea	franc	GNF	2,433.730	2,455.035	2,450.980	2,177.617
Honduras	lempira	HNL	22.038	22.029	22.042	18.987
Indonesia	rupiah	IDR	11,386.300	10,710.617	10,421.700	9,586.853
Kenya	shilling	KES	96.093	95.288	93.279	83.086
Libya	dinar	LYD	1.602	1.644	1.651	1.330
Malawi	kwacha	MWK	129.894	130.672	129.261	98.122
Morocco	dirham	MAD	10.965	10.988	11.012	10.761
Mozambique	metical	MZM	27,668.600	28,246.583	28,296.600	25,389.983
Nicaragua	gold cordoba	NIO	19.298	19.248	18.952	16.445
Norway	krone	NOK	8.286	8.450	8.242	7.764
Pakistan	rupee	PKR	70.257	70.565	70.473	63.951
Qatar	riyal	QAR	4.418	4.468	4.472	4.022
United Kingdom	pound	GBP	0.664	0.674	0.702	0.686
Romania	leu	ROL	40,752.700	40,614.700	40,572.600	36,505.667
Rwanda	franc	RWF	685.072	686.860	684.282	567.017
Singapore	dollar	SGD	2.079	2.085	2.102	1.930
United States of America	dollar	USD	1.214	1.228	1.229	1.105
South Africa	rand	ZAR	7.811	8.218	7.993	8.884
Switzerland	franc	CHF	1.519	1.553	1.554	1.492
Taiwan	new dollar	TWD	40.793	40.935	41.780	38.291
Tanzania	shilling	TZS	1,343.810	1,334.168	1,287.430	1,131.112
Thailand	baht	THB	49.499	48.737	48.796	46.944
Tunisia	dinar	TND	1.532	1.527	1.512	1.435
Turkey	lira	TRL	1,814,266.000	1,711,911.667	1,761,551.000	1,747,609.167
EMU	euro	EUR	1.000	1.000	1.000	1.000
Venezuela	bolivar	VEB	2,324.720	2,256.972	1,960.780	1,812.870
Zambia	kwacha	ZMK	5,958.720	5,849.740	5,749.130	5,359.377

It is stated that the exchange rate expresses the quantity of foreign currency required to purchase 1 Euro.

For the Board of Directors
The Chairman of the Board
(Ernesto Monti)



Attachments

Scope of consolidation

consolidation area at 30 june 2004

subsidiary companies

■ 1	A.S.T.A.C. S.r.l.	100.00%
■ 2	Italstrade S.p.A. (Ex Place Moulin S.p.A.)	100.00%
■ 3	Astaldi International Ltd	100.00%
■ 4	Astaldi de Venezuela C.A.	99.80%
■ 5	Astaldi Construction Corp.Of Florida	99.80%
■ 6	SC Italstrade - CCCF JV Romis S.r.l.	51.00%
■ 7	Romstrade S.r.l.	51.00%
■ 8	I.T.S. S.p.A.	100.00%
■ 9	Italstrade Somet JV Rometro S.r.l.	55.00%
■ 10	Sugt s.a. Calarasi	50.53%
■ 11	Astaldi Arabia Ltd	100.00%
■ 12	Astaldi Finance S.A.	99.96%
■ 13	Romairport S.r.l.	99.26%
■ 14	Astaldi-Max Bogl-CCCF JV Srl	50.00%
other equity investments		
■ 15	Consorcio Metro Los Teques	30.00%

changes in the consolidation area 2003

equity interests leaving the consolidation area

1	Comet JV	15.00%
2	R.I.C. - Railway International Construction S.p.A.	100.00% *
3	Legnami Pasotti Italia I.C. S.r.l.	80.00% *

equity interests entering the consolidation area

1	Astaldi-Max Bogl-CCCF JV Srl	50.00% *
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N.B.: The companies marked ■ are aggregated with the line by line method. the others with the proportional method

The companies marked * are changing in the financial year

Romairport: changed percentage held in the quarter.

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A - companies consolidated line by line

Assistenza Sviluppo e Tecnologie Ausiliarie alle Costruzioni (A.S.T.A.C.) S.r.l.	Via G.V. Bona, 65 - Rome - Italy
Astaldi Arabia Ltd.	P.O. Box 58139 - Riad - Saudi Arabia
Astaldi Construction Corporation	8220 State Road 85 Davie - Florida - U.S.A.
Astaldi de Venezuela C.A.	C.C. C.T. 1ra Etapa Piso 6 Of. 620 - Caracas - Venezuela
Astaldi Finance S.A.	Boulevard du Prince Henri 19-21 - Luxemburg
Astaldi International Ltd.	34-36 Gray's Inn Road - London - United Kingdom
Astaldi-Max Bogli-CCCF JV S.r.l.	Str.Carol Davilla n°70 - Bucarest - Romania
Italstrade CCCF JV Romis S.r.l.	Piata Pache Protopopescu, 9 - Bucarest - Romania
Italstrade S.p.A.	Via Agrigento, 5 - Rome - Italy
Italstrade Somet JV Rometro S.r.l.	Str. Cap. Av. A. Serbanescu, 49 Sector 1 - Bucarest - Romania
Romairport S.r.l.	Via G.V. Bona, 65 - Rome - Italy
Romstrade S.r.l.	Piata Pache Protopopescu, 9 - Bucarest - Romania
S.U.G.C.T. S.A. Calarasi	Varianta Nord, 1 - Calarasi - Romania
Servizi Tecnici Internazionali - I.T.S. S.p.A.	Via G.V. Bona, 65 - Rome- Italy

B - companies consolidated with the proportional method

Consorcio Metro Los Teques	Caracas - Venezuela
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C - companies consolidated with the net equity method

Astaldi (Thailand) Company Ltd.	21/125 Fl.17 Unit A, Thai Wah Tower II SathornTai Road- Sathorn - Bangkok - Tahiland
Astaldi International Inc.	Bank of Liberia Building P.O. Box 660 - Monrovia - Liberia
Astaldi-Astaldi International J.V.	R. Armando Tivane, 466 - Matola Maputo - Mozambique
Astaldi-Burundi Association Momentanee	Avenue de l'O.U.A. B.P. 325 - Bujumbura - Burundi
Astaldi-Ferrocemento J.V.	10-Ha Khayaban-E-Shujat - Karachi - Pakistan
Astaldi-Malawi, Astaldi - Astaldi International J.V.	Private Bag 148 - Blantyre - Malawi
Astaldi-Rwanda Association Momentanee	Rue de la Douane - Kigali - Rwanda
Astaldi-Sénégal Association en participation	Avenue Roume Dakar, 16 4ème G. S. - Dakar - Senegal
Astur Construction and Trade A.S.	Aydinpinar Cad. Kucukmehmetler Koyu - Ankara - Turkey
Copenhagen Metro Construction Group J.V. (COMET)	Refshaleoen, 147 P.O. Box 1920 - Copenhagen - Denmark
Euroast S.r.l. In liquidation	Via G.V. Bona, 65 - Rome - Italy
Legnami Pasotti Italia I.C. S.r.l. in liquidation	Via Agrigento, 5 - Rome - Italy
Redo-Association Momentanee	B.P. 8734 - Congo
S.E.I.S. S.p.A.	Via Monte Santo, 1 - Rome - Italy
Seac S.p.a.r.l. in liquidation	Avenue des Fleurs - Kinshasa/Gombe - Congo
Yellow River Contractors	P.O. Box 073 - Luoyang - China

D - companies carried at cost

A.M.P. S.c.r.l. in liquidation	Viale Caduti di tutte le guerre, 7 - Bari - Italy
Adduttore Ponte Barca S.c.r.l.	Via di Pietralata, 140 - Rome - Italy
Aguas de San Pedro S.A. de C.V.	Departamento de Cortes - San Pedro Sula - Honduras
Almo S.c.r.l. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy
Alosa Immobiliare S.p.A. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Asociacion Accidental Astaldi S.p.A. - C.B.I. s.r.l.	Località "El Portillo" - Tarija - Bolivia
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia
Astaldi Africa S.p.A. in liquidation	Addis Abeba - Ethiopia
Astaldi Bayindir J.V.	Ilkadam Sokak, 19 Gaziomanpasa- Ankara - Turkey
Astaldi-Caldart AS.CAL. S.c.r.l. in liquidation	Via Giovanni Pacini, 12 - Palermo - Italy
Astaldi-Sarantopulos J.V.	Athens - Greece
Avola S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Bocca di Malamocco S.c.r.l.	Via Salaria,1039 - Rome - Italy
Bussentina S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
C.F.C. S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy
C.F.M. S.c.r.l. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy
C.O.MES. S.C.r.l.	Via G.V.Bona, 65 - Rome - Italy
Carnia S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
CO.ME.NA. S.c.r.l.	Via Morghen, 36 - Naples - Italy
CO.NO.CO. S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Co.Sa.Vi.D. S.c.r.l.	Carini - Contrada Foresta Z.I. - Palermo - Italy
Cogital S.c.r.l. in liquidation	Viale Italia, 1 - Milan - Italy
Colli Albani S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome- Italy
Consorcio Astaldi - C.B.I.	Av. Iturralde 1308 Esquina San Salvador - La Paz - Bolivia
Consorcio Astaldi-ICE	Av. Libertador Bolivar, 1842 - Cochabamba - Bolivia
Consorcio Contuy Medio	Avida Andres Bello, Ed. Atlantic Piso 7, Of. 1-7 - Venezuela

currency	per value for share capital	% owned directly	% owned indirectly	entity holding indirect investment
EUR	46,800.00	100.000%	0.000%	
SAR	5,000,000.00	60.000%	40.000%	Astaldi International Ltd.
US\$	4,290,000.00	90.000%	10.000%	Astaldi de Venezuela
VEB	110,300,000.00	99.804%	0.000%	
EUR	250,000.00	99.960%	0.000%	
GBP	2,000,000.00	100.000%	0.000%	
EUR	10,000.00	50.000%	0.000%	
LEI	5,400,000,000.00	0.000%	51.000%	Italstrade S.p.A.
EUR	22,000,000.00	100.000%	0.000%	
LEI	22,000,000.00	0.000%	51.000%	Italstrade S.p.A.
EUR	10,200.00	0.000%	99.260%	Italstrade S.p.A.
LEI	10,000,000,000.00	0.000%	51.000%	Italstrade S.p.A.
LEI	13,618,975,000.00	0.000%	50.367%	Italstrade S.p.A.
EUR	232,200.00	0.000%	100.000%	Astaldi International Ltd.
VEB		30.000%	0.000%	
BHT	10,000,000.00	25.000%	24.000%	Astaldi International Ltd.
US\$	3,000,000.00	0.000%	100.000%	Astaldi International Ltd.
US\$	10,000.00	0.000%	100.000%	Astaldi International Ltd.
US\$	50,000.00	0.000%	100.000%	Astaldi International Ltd.
US\$	50,000.00	50.000%	0.000%	
US\$	10,000.00	0.000%	100.000%	Astaldi International Ltd.
US\$	50,000.00	60.000%	40.000%	Astaldi International Ltd.
XOF	50,000,000.00	0.000%	100.000%	Astaldi International Ltd.
TRL	23,790,610,000.00	99.000%	0.000%	
DKK	-	0.000%	15.000%	Astaldi International Ltd.
EUR	15,300.00	100.000%	0.000%	
EUR	51,000.00	0.000%	80.000%	Italstrade S.p.A.
ZRZ	50,000.00	75.000%	25.000%	Astaldi International Ltd.
EUR	3,877,500.00	48.330%	0.000%	
ZRZ	200,000,000.00	0.000%	100.000%	Astaldi International Ltd.
US\$	999,336.00	0.000%	14.000%	Italstrade S.p.A.
EUR	25,822.00	0.010%	0.000%	
EUR	45,900.00	24.330%	0.000%	
HNL	98,000,000.00	15.000%	0.000%	
EUR	46,481.00	35.000%	0.000%	
EUR	10,320,000.00	50.000%	0.000%	
-	-	70.000%	0.000%	
TND	-	40.000%	0.000%	
EUR	1,033.00	100.000%	0.000%	
-	-	50.000%	0.000%	
EUR	46,800.00	60.000%	0.000%	
-	-	14.000%	0.000%	
EUR	10,200.00	50.000%	0.000%	
EUR	30,987.00	0.010%	0.000%	
EUR	25,500.00	78.800%	0.000%	
EUR	45,900.00	0.010%	0.000%	
EUR	41,317.00	50.000%	0.000%	
EUR	20,000.00	55.000%	0.000%	
EUR	45,900.00	33.000%	0.000%	
EUR	20,658.00	70.432%	0.000%	
EUR	25,500.00	80.000%	0.000%	
EUR	25,500.00	0.010%	0.000%	
EUR	60,044.00	50.000%	0.000%	
EUR	25,500.00	60.000%	0.000%	
US\$	100,000.00	60.000%	0.000%	
-	-	50.000%	0.000%	
US\$	40,000.00	28.300%	0.000%	

(table follows)

(at 30 June 2004)

Consorzio DEI	Via San Nazaro, 19 - Genoa - Italy
Consorzio Grupo Contuy - Proyectos y Obras de Ferrocarriles	CCC T. 1ra Etapa Piso 6 Of. 620 Chuao - Caracas - Venezuela
Consorzio A.F.T.	Via G.V. Bona, 65 - Rome - Italy
Consorzio A.F.T. Kramis	Via G.V. Bona, 65 - Rome - Italy
Consorzio A.R.Z. - Astaldi-R.I.C. - ZAIRE in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio Asse Sangro in liquidation	Via della Fonte di Fauno, 2/A bis - Rome - Italy
Consorzio Astaldi-C.M.B. Due in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio Bonifica Lunghezza - C.B.L.	Via Calderon de la Barca, 87 - Rome - Italy
Consorzio Brundisium	Via Caboto n°1 - Corsico - Milan - Italy
Consorzio C.I.R.C.	Via G.V. Bona, 65 - Rome - Italy
Consorzio Carnia in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio Centro Uno	C.so Vittorio Emanuele, 130 - Naples - Italy
Consorzio Co.Fe.Sar.	Viale Liegi, 26 - Rome - Italy
Consorzio Cogitau S.c.n.c. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio CONC.I.L. in liquidation	Via Passeggiata di Ripetta, 35 - Rome - Italy
Consorzio Consarno	Via Napoli, 329 - Castellammare di Stabia (NA) - Italy
Consorzio Consavia S.c.n.c. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	Via Chiatamone, 57 - Naples - Italy
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	Via G.V. Bona, 65 - Rome - Italy
Consorzio Ferrofir in liquidation	Via Ombrone, 2/g - Rome - Italy
Consorzio Ferroviario Vesuviano	Via Argine, 425 - Naples - Italy
Consorzio Gi.It. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy
Consorzio Groupement Lesi-Dipenta	Via Indonesia, 100 - Rome - Italy
Consorzio Inau in liquidation	Viale Cesare Pavese, 205 - Rome - Italy
Consorzio Iricav Due	Via F. Tovaglieri, 413 - Rome - Italy
Consorzio Iricav Uno	Via F. Tovaglieri, 413 - Rome - Italy
Consorzio Ital.Co.Cer.	Piazza Buenos Aires, 5 - Rome - Italy
Consorzio Italvenezia	Via Salaria, 1039 - Rome - Italy
Consorzio L.A.R. in liquidation	Via Palestro, 30 - Rome - Italy
Consorzio Metrofer	Viale Liegi, 26 - Rome - Italy
Consorzio Novocen	Via Oraz, 143 - Naples - Italy
Consorzio Olbia Mare in liquidation	Via G.V. Bona, 65 - Rome - Italy
Consorzio Qalat	Corso Carlo Marx, 19 - Misterbianco (CT) - Italy
Consorzio Recchi S.p.A. - Astaldi S.p.A.	Via Salaria, 1039 - Rome - Italy
Consorzio Tagliamento	Via G.V. Bona, 101/C - Rome - Italy
Consorzio Team	Viale Sarca, 336 - Milan - Italy
Consorzio TRA.DE.CI.V.	Via G. Verdi, 35 - Naples - Italy
Consorzio Tre Fontane Nord in liquidation	Via G.V. Bona, 65 - Rome - Italy
Cospe S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Costruttori Romani Riuniti Grandi Opere S.p.A. in liquidation	Via P. Stanislao Mancini, 2 - Rome - Italy
Diga di Arcichiaro S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Diga di Blufi S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
DIP.A. S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
DP 2M S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Eco Po Quattro S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Ecosarno S.c.r.l.	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy
Fiorbis S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy
Fondazione Accademia Nazionale di S. Cecilia	Via Vittoria, 6 - Rome - Italy
Forum S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Fosso Cana S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Fusaro S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy
G.G.O. S.c.r.l. in liquidation	Zona Industriale - Agrigento - Italy
Groupement Astaldi SpA - Astaldi International Ltd.	B.P. 4230 - Gibuti
Groupement Cir S.p.A.	Via Agrigento, 5 - Rome - Italy
Groupement Eurolep	Shifflandestrasse, 35 - Aaran 5000 - Switzerland
Groupement Italgisas	Angle Boulevard de la Resistance et Rue de Puissesaux - Casablanca - Morocco
Holding Eléctrica Centroamericana S.p.A. - (Heca S.p.A.) in liquidation	Via G.V. Bona, 65 - Rome - Italy
Hydro Honduras S.A. (Hydro West y Asociados S.A.)	Ap.3199, Salida Norte Blvd. Fuerzas Armadas - El Carrizal - Tegucigalpa - Honduras
I.F.C. Due S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy
I.F.C. S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy
Imprese Riunite Genoa S.c.r.l. in liquidation	Via A. Gramsci, 20 - Genoa - Italy
Imprese Riunite Genoa Seconda S.c.r.l. in liquidation	Via Serra, 2/9 - Genoa - Italy
Infralegrea S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy
Irimuse S.c.r.l.	Via Salaria, 1039 - Rome - Italy
Isclero S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Italsagi Sp. Zo. O.	Ul. Powstancow - Katowice - Poland
Italstrade CCCF JV Bucuresti S.r.l.	Gheorghe Manu, 20 Sector 1 - Bucarest - Romania
Linea A S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy

currency	per value for share capital	% owned directly	% owned indirectly	entity holding indirect investment
EUR	26,000.00	0.000%	35.000%	I.T.S. S.p.A.
VEB	-	32.330%	0.000%	
EUR	46,481.00	33.330%	0.000%	
EUR	100,000.00	49.995%	0.000%	
EUR	25,823.00	1.000%	99.000%	Italstrade S.p.A.
EUR	464,811.00	4.762%	0.000%	
EUR	10,329.00	99.995%	0.000%	
EUR	10,000.00	49.000%	0.000%	
EUR	12,000.00	33.333%	0.000%	
EUR	51,000.00	25.000%	0.000%	
EUR	51,646.00	33.000%	0.000%	
EUR	154,937.00	2.000%	0.000%	
EUR	51,646.00	30.000%	0.000%	
EUR	61,975.00	38.100%	0.000%	
EUR	10,329.00	0.000%	50.000%	I.T.S. S.p.A.
EUR	20,658.00	25.000%	0.000%	
EUR	20,658.00	25.000%	0.000%	
EUR	2,582.00	50.000%	0.000%	
EUR	206,583.00	0.000%	25.000%	Italstrade S.p.A.
EUR	30,987.00	66.666%	0.000%	
EUR	154,937.00	0.004%	0.000%	
EUR	2,582.00	50.000%	0.000%	
EUR	258,228.00	0.010%	0.000%	
EUR	77,469.00	40.630%	0.000%	
EUR	510,000.00	32.990%	0.000%	
EUR	520,000.00	27.910%	0.000%	
EUR	51,600.00	30.000%	0.000%	
EUR	77,450.00	25.000%	0.000%	
EUR	206,583.00	29.410%	0.000%	
EUR	25,823.00	33.320%	0.000%	
EUR	51,640.00	40.760%	0.000%	
EUR	15,494.00	72.500%	0.000%	
EUR	10,327.00	40.000%	0.000%	
EUR	51,646.00	50.000%	0.000%	
EUR	154,937.00	15.000%	0.000%	
EUR	45,900.00	11.111%	0.000%	
EUR	154,937.00	17.727%	0.000%	
EUR	15,494.00	33.333%	0.000%	
EUR	10,200.00	100.000%	0.000%	
EUR	5,164,568.00	1.000%	0.000%	
EUR	35,700.00	100.000%	0.000%	
EUR	45,900.00	50.000%	0.000%	
EUR	10,200.00	100.000%	0.000%	
EUR	10,200.00	72.000%	0.000%	
EUR	25,500.00	80.000%	0.000%	
EUR	50,490.00	33.334%	0.000%	
EUR	46,481.00	99.980%	0.000%	
EUR	-	0.000%	0.000%	
EUR	51,000.00	59.990%	0.000%	
EUR	25,500.00	32.000%	0.000%	
EUR	10,200.00	0.010%	0.000%	
EUR	25,500.00	10.000%	0.000%	
US\$	-	60.000%	40.000%	Astaldi International Ltd.
EUR	156,000.00	0.000%	33.330%	Italstrade S.p.A.
CHF	100,000.00	22.000%	0.000%	
MAD	207,014,000.00	0.000%	40.000%	Italstrade S.p.A.
EUR	100,000.00	50.000%	0.000%	
HNL	35,440,000.00	20.293%	0.000%	
EUR	45,900.00	99.990%	0.000%	
EUR	45,900.00	66.660%	0.000%	
EUR	25,500.00	16.100%	0.000%	
EUR	25,000.00	16.100%	0.000%	
EUR	46,600.00	50.000%	0.000%	
EUR	619,745.00	0.100%	0.000%	
EUR	12,000.00	31.170%	0.000%	
PLN	100,000,000.00	0.000%	34.000%	Italstrade S.p.A.
LEI	2,000,000.00	0.000%	1.000%	Italstrade S.p.A.
EUR	25,500.00	100.000%	0.000%	

(table follows)

(at 30 June 2004)

M.N. Metropolitana di Napoli S.p.A.	Via Galileo Ferraris, 101 - Naples - Italy
M.N.6 S.C.r.l.	Via G.Ferraris n.101 - Naples - Italy
Marsico Nuovo S.c.r.l. in liquidation	Via Dora, 2 - Rome- Italy
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	Blv.Eroi Sanitar,49 - Bucarest - Romania
ME.SA. S.c.r.l. in liquidation	Via della Cooperazione, 30 - Bologna - Italy
Messina Stadio S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
MetroGenoa S.c.r.l.	Via IV Novembre snc -Spianata Acquasola - 16121 Genoa - Italy
Metroveneta S.c.r.l.	Piazza Castello, 16 - Padova - Italy
Monte Vesuvio S.c.r.l. in liquidation	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy
Montedil-Astaldi S.p.A. (MONTAST) in liquidation	Via G.V. Bona, 65 - Rome- Italy
Mormanno S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome- Italy
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Napoli Porto S.c.r.l. in liquidation	Via G. Verdi, 35 - Naples - Italy
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	Riviera di Chiaia, 72 - Naples - Italy
Nova Metro S.c.r.l.	Via Montello, 10 - Rome - Italy
Palese Park S.r.l.	Via G.V. Bona, 65 - Rome - Italy
Pantano S.c.r.l.	Via Montello, 10 - Rome - Italy
Parking Puccini S.c.r.l. in liquidation	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy
Pavimental S.p.A.	Piazza Ferdinando De Lucia, 15 - Rome - Italy
Pegaso S.c.r.l.	Via F. Tovaglieri, 17 - Rome - Italy
Piana di Licata S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome- Italy
Piceno S.c.r.l. in liquidation	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy
Platamonas Sarantopulos J.V.	Athens - Greece
Plus S.r.l.	Via del Tritone, 53 - Rome - Italy
Pont Ventoux S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Portovesme S.c.r.l.	Via G.V. Bona, 65 - Rome- Italy
Principe Amedeo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Priolo Siracusa S.c.r.l.	Piazza Velasca, 4 - Milan- Italy
Quattro Venti S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Raggruppamento Astaldi-Vianini in liquidation	S.P. per Fisciano Km.1 - Fisciano (SA) - Italy
Roma Lido S.c.r.l.	Via Carlo Pesenti, 121/123 - Rome - Italy
S. Filippo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
S. Leonardo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
S.A.A.L.P. S.n.c. in liquidation	Via Boncompagni, 47 - Rome - Italy
S.A.C.E.S. S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Sa.Di.Pe. S.c.r.l. in liquidation	Via della Dataria, 22 - Rome - Italy
Salgit S.r.l.	Via della Dataria, 22 - Rome - Italy
Santangelo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy
Silva S.r.l. in liquidation	Via Monte Santo, 1 - Rome - Italy
SO.GE.DEP. S.r.l. in liquidation	Via dell'Astronomia, 9 - Rome - Italy
So.Gr.Es. S.c.p.a. in liquidation	Via Molise, 11 - Rome- Italy
Sociedad Concesionaria BAS S.A.	Santiago del Chile - Chile
Spluga Domani S.p.A.	Via del Crotto, 52 - Campodolcino - Italy
Susa Dora Quattro S.c.r.l.	Via G.V. Bona, 65 - Rome- Italy
Tangenziale Seconda S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome- Italy
TE.CRO. S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome- Italy
Todaro S.r.l. in liquidation	Via Giovanni Pacini, 12 - Palermo - Italy
Toledo S.c.r.l.	Via Morghen, 36 - Naples - Italy
Transeuropaska Autocesta d.o.o	Maksimirska 120/III 10000 - Zagreb - Croatia
Tri.Ace S.c.a.r.l. in liquidation	Via G.V. Bona, 65 - Rome- Italy
Truncu Reale S.c.r.l.	Via G.V. Bona, 65 - Rome- Italy
V.A.S.CO. Imprese Riunite	Via Montello, 10 - Rome - Italy
Val Pola S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy
Valle Caudina S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A.	Via Cesare Battisti, 2 - Mestre - Venice
Vesuviana Strade S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Viadotti di Courmayeur S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy
Viadotto Fadalto S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy

currency	per value for share capital	% owned directly	% owned indirectly	entity holding indirect investment
EUR	3,655,397.00	22.620%	0.000%	
EUR	51,000.00	1.000%	0.000%	
EUR	10,200.00	25.000%	0.000%	
EUR	10,000.00	25.000%	0.000%	
EUR	40,800.00	25.000%	0.000%	
EUR	45,900.00	33.330%	0.000%	
EUR	25,500.00	18.290%	0.000%	
EUR	25,500.00	50.000%	0.000%	
EUR	45,900.00	50.000%	0.000%	
EUR	408,000.00	100.000%	0.000%	
EUR	10,200.00	74.990%	0.000%	
EUR	40,000.00	50.000%	0.000%	
EUR	10,328.00	15.000%	0.000%	
EUR	10,329.00	0.010%	0.000%	
EUR	40,800.00	20.000%	0.000%	
EUR	1,020,000.00	99.000%	0.000%	
EUR	40,800.00	10.000%	0.000%	
EUR	45,900.00	50.000%	0.000%	
EUR	4,669,132.00	1.303%	0.000%	
EUR	260,000.00	43.750%	0.000%	
EUR	10,200.00	43.750%	0.000%	
EUR	10,200.00	50.000%	0.000%	
-	-	14.450%	0.000%	
EUR	765,000.00	11.640%	0.000%	
EUR	51,000.00	56.250%	0.000%	
EUR	25,500.00	80.000%	0.000%	
EUR	10,200.00	50.000%	0.000%	
EUR	11,000.00	20.000%	0.000%	
EUR	51,000.00	60.000%	0.000%	
EUR	25,823.00	50.000%	0.000%	
EUR	10,200.00	19.115%	0.000%	
EUR	10,200.00	80.000%	0.000%	
EUR	10,200.00	51.000%	0.000%	
EUR	51,646.00	30.000%	0.000%	
EUR	26,000.00	37.000%	0.000%	
EUR	40,800.00	49.950%	0.000%	
EUR	10,200.00	0.000%	33.000%	Italstrade S.p.A.
EUR	51,000.00	45.000%	0.000%	
EUR	15,300.00	99.000%	0.000%	
EUR	20,400.00	22.840%	0.000%	
EUR	129,000.00	25.000%	0.000%	
CHP	8,876,340,000.00	0.100%	0.000%	
EUR	7,419,680.00	0.710%	0.000%	
EUR	51,000.00	90.000%	0.000%	
EUR	45,900.00	42.730%	0.000%	
EUR	10,200.00	100.000%	0.000%	
EUR	233,580.00	0.000%	100.000%	Italstrade S.p.A.
EUR	50,000.00	90.394%	0.000%	
HRK	49,019,600.00	49.000%	0.000%	
EUR	45,900.00	80.000%	0.000%	
EUR	30,600.00	34.000%	0.000%	
EUR	51,646.00	29.000%	0.000%	
EUR	46,481.00	35.000%	0.000%	
EUR	50,000.00	52.240%	0.000%	
EUR	20,500,000.00	31.000%	0.000%	
EUR	45,900.00	30.000%	0.000%	
EUR	10,200.00	66.670%	0.000%	
EUR	51,129.00	80.000%	0.000%	

Prospect of changes in consolidated equity

prospect of changes in consolidated equity							
(thousands of euro)	subscribed capital	share premium reserve	revaluation reserves	legal reserve	reserve for own shares	reserve for own shares purchasing	conversion reserve (loss)
balance at 31 december 2003	98,425	67,836	236	7,218	2,385	22,215	(18,594)
constitution of the reserve for own shares							
allocation profit/loss				601			
payment of dividends							
change in conversion reserve							(1,485)
other changes					691	(691)	
result of the period							
balance at 30 june 2004	98,425	67,836	236	7,819	3,076	21,524	(20,079)

extraordinary reserve	reserve for special liabilities	euro conversion difference	profit(loss) carried forward	profit (loss) for the period	min. interest capital e reserves	total equity
21,675	798	(2)	2,535	22,395	159	227,281
5,020			10,468	(16,089)		
				(6,306)		(6,306)
					32	(1,453)
46			(1,386)		(274)	(1,614)
				17,681	809	18,490
26,741	798	(2)	11,617	17,681	726	236,398

Reconciliation between the equity and the profit for the period

reconciliation between the equity and the profit for the period

(thousands of euro)

	net equity 30.06.2004	profit (loss) for the year 30.06.2004
equity and profit/loss for the year as stated in the parent company's financial statements (net of the conversion reserve)	234,942	11,594
conversion reserve	(20,079)	
elimination of the carrying value of consolidated equity interests:		
– difference between carrying value and pro rata value of capital and reserves	5,926	
– pro rata profit/loss of the companies invested in	(3,131)	(3,131)
	–	
elimination of the effects of transactions between consolidated companies:		
– profits on related party disposals	(5,475)	–
– depreciation on related party sales	4,267	504
– provision for losses on consolidated companies	12,067	10,135
– coverage for losses of consolidated companies	–	–
– dividends from consolidated companies	–	(1,643)
leasing under the financial method	7,155	222
equity and profit/loss for the year pertaining to the group	235,672	17,681
minority interest	726	809
equity and profit/loss for the year as stated in the consolidated financial statements	236,398	18,490

net equity 31.12.2003	profit (loss) for the year 31.12.2003	net equity 30.06.2003	profit (loss) for the period 30.06.2003
229,665	12,017	227,879	10,153
(18,594)		(18,458)	
10,783		(3,617)	
4,020	4,020	6,368	6,368
-		-	
(5,475)	65	(5,482)	58
3,763	1,255	2,999	491
2,327	9,724	6,586	772
-	21,721	-	7,753
(6,300)	(27,934)	(736)	(10,359)
6,933	1,526	5,933	526
227,122	22,394	221,472	15,762
158	(217)	(6)	(352)
227,280	22,177	221,466	15,410

Consolidated cash-flow statement

consolidated cash flow statement as at 30th june 2004

euro/000

30-6-2004

31-12-2003

30-6-2003

operating activities

group net profit	17,681	22,395	15,762
deferred tax assets	(6,133)	(8,136)	(490)
depreciation of tangible assets	9,639	18,756	8,377
amortisation of intangible assets	9,720	26,937	17,275
provisions for risks and charges and write down of equity investments	47,043	33,990	17,728
provision for employee severance indemnity	2,382	4,421	1,955
provision for doubtful debtors	75	200	2,787
loss on disposals of fixed assets	186	236	194
gains on disposals of fixed assets	(391)	(705)	(596)
subtotal	80,202	98,094	62,992
utilization of provision for risks and charges	(31,052)	(32,251)	(12,153)
employee severance indemnity paid	(2,064)	(4,202)	(2,179)
decrease (increase) in inventory	7,711	(697)	(957)
decrease (increase) in contracts in progress	(62,814)	10,970	(25,783)
decrease (increase) in trade debtors	(21,285)	(43,007)	(16,007)
decrease (increase) in other assets	(574)	(11,101)	3,640
(decrease) increase in advances	3,331	13,947	(8,574)
(decrease) increase in trade creditors	24,169	1,245	13,962
(decrease) increase in other liabilities	(7,257)	(311)	(8,359)
net effect of change in consolidation areas	74	173	(313)
cash flow from operating activities a)	(9,559)	32,860	6,269
investment activities			
purchase of tangible assets (including leasing)	(12,820)	(40,186)	(19,797)
increase in intangible assets	(8,582)	(15,904)	(3,047)
proceeds from sale of tangible assets	2,507	9,284	3,769
(purchases) sales of equity investments	(1,564)	(3,803)	(6,215)
investments in project financing activities	(1,906)		
net effect of change in consolidation areas	(1)	(4,910)	(5,074)
cash flow from investment activities b)	(22,366)	(55,519)	(30,364)
financing activities			
increase (decrease) in short-term bank and other borrowings			
net balance of loans obtained (repaid) during the year	43,326	(12,986)	(30,921)
increase (decrease) of financial assets equities that are not fixed assets	(12,911)	33,505	59,188
payment of dividends	(5,249)	13,447	-
issuance of debenture loan	(8,715)	-	-
capital increase	(6,306)	(4,916)	(4,916)
cash flow from financing activity c)	10,145	29,050	23,351
effect of change in consolidation area			
change in minority interests equity	567	(148)	(312)
other changes	(1,386)	(175)	(160)
change in conversion reserve	(1,476)	(11,346)	(11,210)
variation in conversion and consolidation reserves d)	(2,295)	(11,669)	(11,682)
cash flow for the year a)+b)+c)+d)	(24,075)	(5,278)	(12,426)
cash and cash equivalents at beginning of year	149,983	155,261	171,875
cash and cash equivalents at end of year	125,908	149,983	159,449
cash flow for the year	(24,075)	(5,278)	(12,426)

Parent Company financial statements

PROFIT AND LOSS ACCOUNTS

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) value of production:			
1) net turnover from sales and services			
a) from contracts	268,214	594,795	261,275
2) variation in stocks of finished goods and in work in progress	61	-	30
3) variation in contracts in progress	135,322	79,182	56,671
4) work performed for own purposes and capitalized	3,750	4,521	1,786
5) other revenues	22,710	35,072	20,063
total value of production a)	430,057	713,570	339,825
B) costs of production			
6) for raw materials, consumables and other goods	55,195	112,915	55,892
7) for services	240,935	407,649	174,391
8) for use of assets owned by others	7,886	14,325	5,926
9) for personnel			
a) wages and salaries	32,092	59,357	30,026
b) social security charges	9,082	16,307	8,015
c) provisions for severance indemnities	2,252	4,138	1,650
e) other costs relating to staff	4,839	10,070	5,788
<i>total personnel</i>	<i>48,265</i>	<i>89,872</i>	<i>45,479</i>
10) amortisation, depreciation and write-down			
a) amortisation of intangible assets	8,074	25,765	17,093
b) depreciation of tangible assets	5,647	11,498	4,931
d) allowance for doubtful debtors included in current assets & other accounts included in cash at bank and on hand	-	-	2,787
<i>total cost for amortisation, depreciation and write-down</i>	<i>13,721</i>	<i>37,263</i>	<i>24,811</i>
11) variations in invent. of raw materials, consumables and goods for resale	7,028	(2,918)	43
12) risk allowances			
a) provisions	37,055	29,231	16,993
b) utilisations	(30,049)	(35,691)	(14,431)
<i>total provision for risks (utilisations)</i>	<i>7,006</i>	<i>(6,460)</i>	<i>2,562</i>
14) other operating charges	7,583	13,494	6,198
total costs of production b)	387,619	666,140	315,302
difference between value and cost of production (a-b)	42,438	47,430	24,523
C) financial income and charges			
15) income from equity investments			
a) from subsidiaries	114	25,004	11,718
b) from associated companies	-	5,144	319
c) from other equity investments	813	8	-
<i>total income from equity investments</i>	<i>927</i>	<i>30,156</i>	<i>12,037</i>
16) other financial income			
d) other income not included above			
1) from parent companies	498	1,189	-
2) from associated companies	12	4	-
3) from others	34,064	25,038	10,119
<i>total other financial income</i>	<i>34,574</i>	<i>26,231</i>	<i>10,119</i>
17) interest charges and similar charges			
1) from subsidiaries	-	10,993	-
2) from associated companies			
3) from others for other financial charges	26,869	33,759	21,693
<i>total interest payable and similar charges</i>	<i>26,869</i>	<i>44,752</i>	<i>21,693</i>
total (15+16-17)	8,632	11,635	463
D) value adjustments in respect of investments			
18) revaluation			
a) of equity investments	-	190	-
19) write-down			
a) of equity investments	9,495	22,007	10,435
b) of shares recorded under the current assets	19,224	1,518	-
total adjustments (18 - 19)	(28,719)	(23,335)	(10,435)
E) extraordinary income and charges			
20) income			
a) other income	6,066	7,007	2,637
21) charges			
a) capital losses on disposal of assets	-	-	2
b) taxation of previous years	730	1,806	144
c) other charges	6,035	23,894	4,669
<i>total extraordinary charges</i>	<i>6,765</i>	<i>25,700</i>	<i>4,815</i>
total extraordinary charges (20-21)	(699)	(18,693)	(2,178)
pre-tax result (a-b+c+d+e)	21,652	17,037	12,373
22) income taxes on the income of the period			
a) current taxes	2,969	9,869	899
b) deferred taxes	7,089	(4,849)	1,321
<i>total taxes</i>	<i>10,058</i>	<i>5,020</i>	<i>2,220</i>
26) profit (loss) of the period	11,594	12,017	10,153

(thousands of euro)

06.30.2004

12.31.2003

06.30.2003

	06.30.2004	12.31.2003	06.30.2003
A) subscribed capital unpaid			
B) fixed assets:			
I intangible assets:			
1) formation and start-up	4,450	5,626	6,802
3) patents and rights to use patents of others	1,152	1,283	498
4) concessions, licenses, trademarks and similar rights	29	29	29
7) other:			
a) construction site installation costs	10,724	9,556	7,908
b) costs of preparing tenders	834	379	1,538
c) other	27,289	27,422	26,537
<i>total other:</i>	<i>38,847</i>	<i>37,422</i>	<i>35,983</i>
total I intangible assets	44,478	44,360	43,312
II tangible assets:			
1) land and buildings	5,955	5,975	5,765
2) plant and machinery			
a) specific plants	18,257	19,072	16,597
b) general plants	7,125	7,467	5,049
c) crafts	-	-	3
<i>total plant and machinery</i>	<i>25,382</i>	<i>26,539</i>	<i>21,649</i>
3) other fixtures and fittings, tools and equipment			
a) excavators, power shovels, heavy vehicles	13,496	14,601	14,442
b) light vehicles, ships, planes	2,011	2,118	1,998
c) various small equipment	750	760	810
d) light constructions	973	749	714
e) metal sheet pile and shuttering	1,573	1,108	911
<i>total tools, fittings, fixtures and other equipment</i>	<i>18,803</i>	<i>19,336</i>	<i>18,875</i>
4) other			
a) electronic office equipment	908	884	830
b) furniture, fittings and office equipment	983	945	856
c) freely transferable assets	2,685	2,352	2,390
<i>total other</i>	<i>4,576</i>	<i>4,181</i>	<i>4,076</i>
5) tangible assets in course of construction and payments on account	1,924	278	1,730
total II - tangible assets	56,640	56,309	52,095
III financial assets			
1) equity investments in:			
a) subsidiaries	30,279	38,763	38,376
b) associated companies	16,582	16,594	16,572
c) other companies	2,187	2,191	1,870
<i>total - investments</i>	<i>49,048</i>	<i>57,548</i>	<i>56,818</i>
2) loans and long-term receivables from:			
a) subsidiaries	28,715	26,763	23,066
b) associated companies	9,031	8,948	11,876
c) other equity investments	4,611	3,854	3,722
d) other entities			
within the next financial year	25,216	16,283	33,411
beyond the next financial year	36,086	53,571	5,471
<i>total loans vs. others</i>	<i>67,302</i>	<i>69,854</i>	<i>38,882</i>
<i>total loans</i>	<i>103,659</i>	<i>109,419</i>	<i>77,546</i>
4) own shares	-	2,385	2,955
total III - financial assets	152,707	169,352	137,319
total fixed assets b)	253,825	270,021	232,726
C) current assets			
I inventories			
1) raw materials and consumables	27,572	33,835	30,407
2) work in progress and components	61	-	30
3) contracts in progress	215,586	163,377	202,624
4) finished goods and goods for resale	404	659	918
6) assets and material in transit	1,090	1,322	4,546
total I - inventories	244,713	199,193	238,525
II debtors			
within the next financial year	263,846	234,217	217,050
beyond the next financial year	24	2,662	6
<i>total trade debtors</i>	<i>263,870</i>	<i>236,879</i>	<i>217,056</i>
2) subsidiaries	36,953	38,653	47,585
3) associated companies	31,802	35,705	23,610
4) parent companies	27	20	14
5) other debtors			
a) tax authorities			
within the next financial year	44,414	34,444	42,938
beyond the next financial year	13,893	18,233	11,935
<i>total</i>	<i>58,307</i>	<i>52,677</i>	<i>54,873</i>
b) personnel	874	806	845
c) social security institutions	1,187	736	1,626
d) deposits			
within the next financial year	56	71	49
beyond the next financial year	748	778	742
<i>total deposits</i>	<i>804</i>	<i>849</i>	<i>797</i>
e) amounts due to equity investments	1,110	224	1,922
f) other receivables	48,966	43,635	56,411
<i>total other debtors</i>	<i>117,248</i>	<i>98,927</i>	<i>116,468</i>
total II - debtors	443,900	410,184	404,733
III investments which are not permanent			
5) own shares (total nominal value euro 1,420,204)	3,076	-	-
6) other investments	14,031	3,144	3,259
<i>total III - investments which are not permanent</i>	<i>17,107</i>	<i>3,144</i>	<i>3,259</i>
IV cash at bank and in hand			
1) bank and postal current accounts	101,744	127,857	133,325
3) cash on hand	273	204	276
total IV cash at bank and in hand	102,017	128,061	133,601
total current assets c)	807,737	740,582	780,118
d) prepayments and accrued income	7,457	6,343	3,392
TOTAL ASSETS	1,069,019	1,016,946	1,016,236

BALANCE SHEET

LIABILITIES

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) equity			
I subscribed capital	98,425	98,425	98,425
II share premium reserve	67,836	67,836	67,836
III revaluation reserve	-	-	-
IV legal reserve	7,819	7,218	7,218
V reserve for own shares	3,076	2,385	2,955
VI statutory reserves	-	-	-
VII other reserves	-	-	-
1) reserve for currency translation adjustment	(12,535)	(11,158)	(9,439)
2) extraordinary reserve	23,866	18,847	18,847
3) reserve for specific risks	798	798	798
4) reserve for own shares purchasing	21,524	22,215	21,645
6) euro conversion difference	(2)	(2)	(2)
<i>total other reserves</i>	<i>33,651</i>	<i>30,700</i>	<i>31,849</i>
VIII profit (loss) carried forward	5	5	5
XI profit (loss) for the financial period	11,594	12,017	10,153
total equity a)	222,406	218,586	218,441
B) provisions for risks and charges			
2) for taxation	1,199	1,435	3,259
3) other			
a) for contractual risks	54,990	47,984	57,006
b) for losses on equity investments	2,365	1,943	6,482
c) art. 27 company's statute reserve	128	37	89
total provisions for risks and charges b)	58,682	51,399	66,836
C) employee severance indemnity	11,815	11,497	11,006
D) creditors			
3) amounts due to banks			
within the next financial year	127,728	87,575	71,579
beyond the next financial year	58,648	71,510	90,336
<i>total amounts due to banks</i>	<i>186,376</i>	<i>159,085</i>	<i>161,915</i>
5) advances received			
within the next financial year	33,965	35,631	65,724
beyond the next financial year	103,997	99,073	44,796
total advances received	137,962	134,704	110,520
6) trade payables			
within the next financial year	154,288	136,032	148,341
beyond the next financial year	4,794	4,420	5,237
total amounts to suppliers	159,082	140,452	153,578
8) amounts due to subsidiaries	193,297	188,884	191,521
9) amounts due to associated companies	54,111	60,619	54,976
11) amounts due to tax administrations	12,920	14,920	8,834
12) amounts due to social security institutions	4,642	4,229	4,833
13) other creditors			
a) other entity interests	5,971	4,970	6,688
b) deposits and cautions			
beyond the next financial year	9	9	9
c) personnel	6,344	3,953	5,596
d) other	9,305	12,398	14,888
<i>total other creditors</i>	<i>21,629</i>	<i>21,330</i>	<i>27,181</i>
total creditors d)	770,019	724,223	713,358
E) accruals and deferred income	6,097	11,241	6,595
TOTAL LIABILITIES & EQUITY	1,069,019	1,016,946	1,016,236

MEMORANDUM ACCOUNTS

(thousands of euro)

	06.30.2004	12.31.2003	06.30.2003
A) personal guarantees			
a) for subsidiaries	50,910	60,622	69,471
b) for associated companies	57,215	60,252	89,135
c) for third parties	17,607	18,070	20,610
<i>total guarantees for credit lines</i>	<i>125,732</i>	<i>138,944</i>	<i>179,216</i>
2) guarantees for works			
a) for subsidiaries	320,487	361,328	268,658
b) for associated companies	646,912	637,800	648,499
c) for third parties	397,429	417,651	422,482
<i>total guarantees for works</i>	<i>1,364,828</i>	<i>1,416,779</i>	<i>1,339,639</i>
3) other guarantees	123,037	134,938	116,928
total personal guarantees a)	1,613,597	1,690,661	1,635,783
B) other off-balance sheet accounts			
1) third parties leased assets	25,033	25,496	26,052
2) risk of recourse from factors	91,704	86,168	128,584
3) other	29,660	29,660	27,452
total other off-balance sheet accounts b)	146,397	141,324	182,088
C) third party guarantees in our favour	25,170	22,189	42,171
TOTAL MEMORANDUM ACCOUNTS	1,785,164	1,854,174	1,860,042

i n d e p e n d e n t a u d i t o r s ' r e p o r t

Independent Auditors' Report



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AUDITORS' REPORT ON THE REVIEW OF THE MANAGEMENT REPORT FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2004 OF ASTALDI S.p.A. (Translation from the original Italian version)

To the Shareholders of
Astaldi S.p.A.

1. We have performed the review of the statements of Consolidated Balance Sheet and Consolidated Statement of Income (the "Statements") and related Notes included in the Management Report of Astaldi S.p.A. for the six months period ended June 30, 2004. The Management Report is the responsibility of the Astaldi S.p.A.'s management. Our responsibility is to issue the present report based on our review. We have also reviewed that part of the financial information presented by the Board of Directors in the Management Report with respect of their discussions and analyses of the consolidated operations of Astaldi S.p.A., solely for the purpose of evaluating its consistency with the remaining part of the Management Report.
2. Our review was conducted in accordance with auditing standards governing review of interim financial statements recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. A review consists mainly of obtaining information with respect to the accounts included in the Statements and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such Statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Management Report of Astaldi S.p.A. as of and for the six months period ended June 30, 2004, as we do in connection with reporting on our full scope audit of the annual consolidated financial statements of Astaldi S.p.A..

3. With respect to the consolidated comparative data as of and for the year ended December 31, 2003 and for the six months period ended June 30, 2003, reference should be made to our audit and review reports issued on April 8, 2004 and on September 19, 2003, respectively.
4. Based on our review, we did not become aware of any significant modifications that should be made to the Statements and related Notes, identified in paragraph 1. of this report, in order for them to be in conformity with the criteria for the presentation of the six months period Management Report, stated by CONSOB regulations as approved in its resolution No. 11971 of May 14, 1999 and subsequent modifications.

Rome, September 22, 2004

Reconta Ernst & Young S.p.A.
Signed by: Roberto Tabarrini, partner



Società per azioni
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