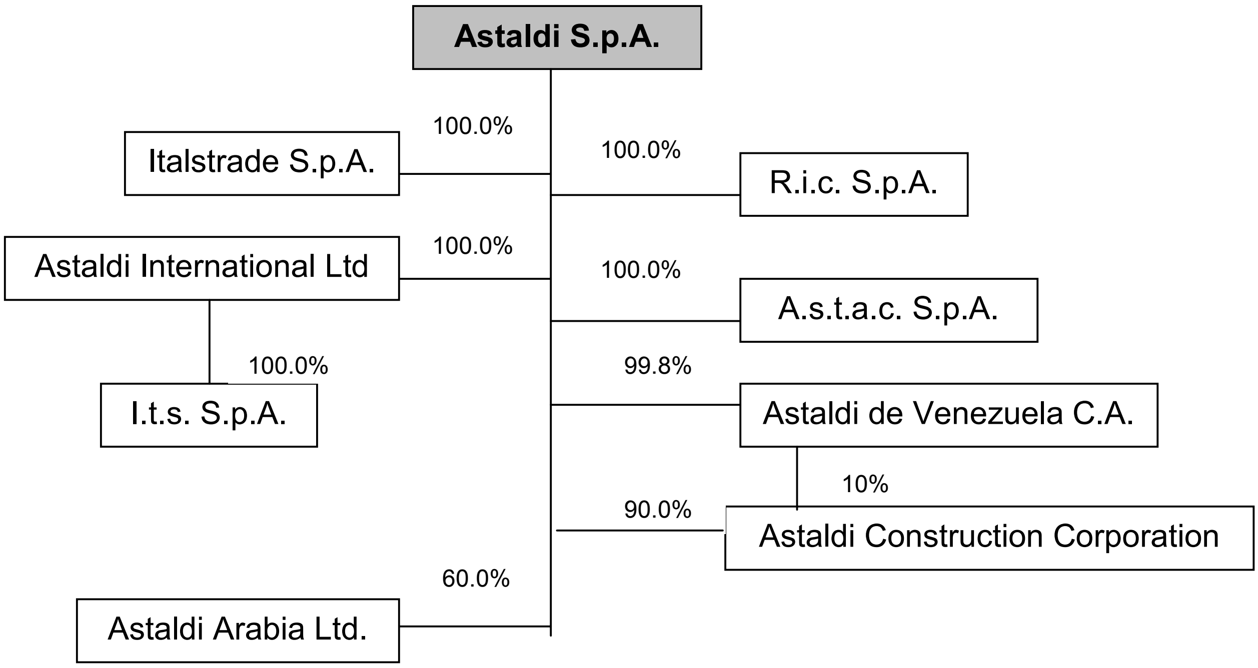
ASTALDI GROUP

REPORT FOR THE THREE MONTHS AS AT SEPTEMBER 2002

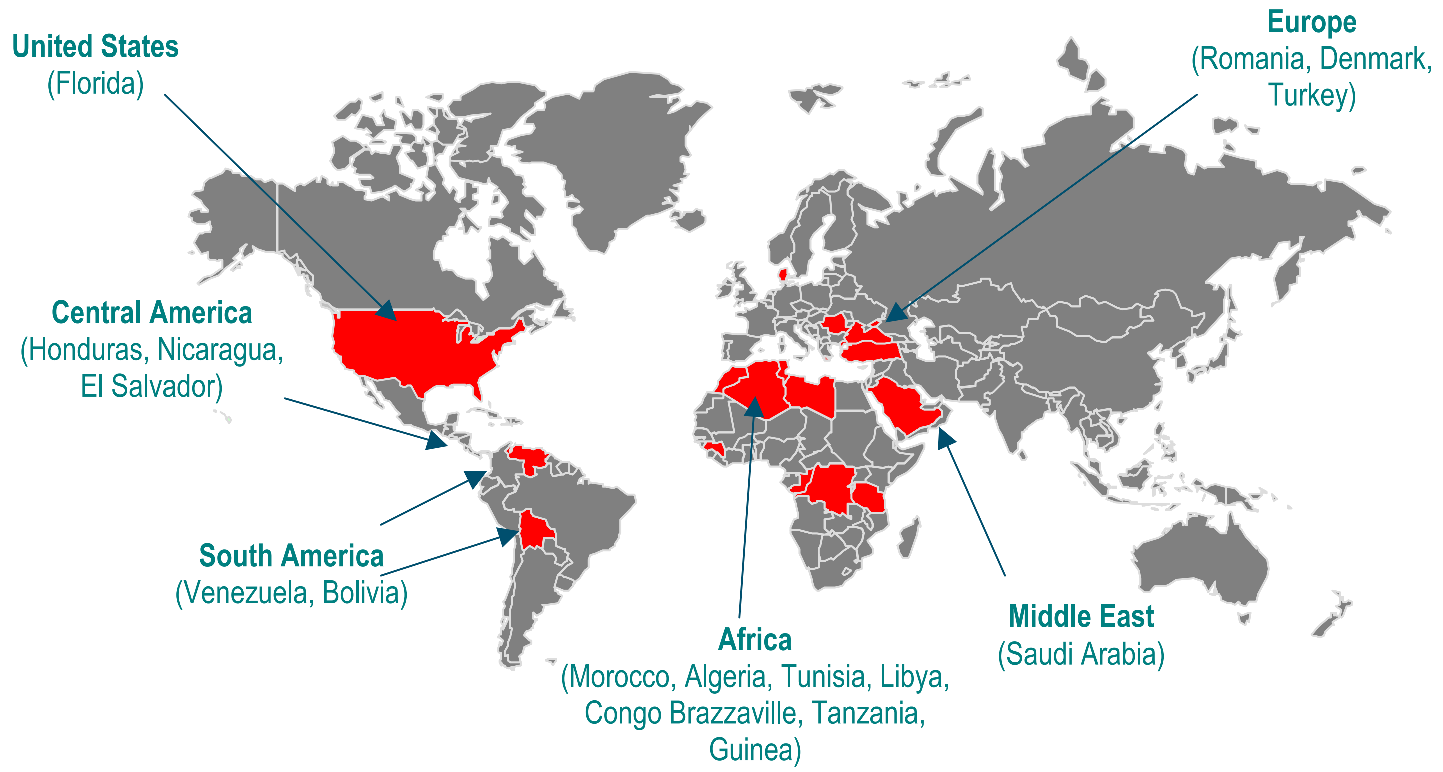
CONTENTS

STRUCTURE OF THE GROUP

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



GEOGRAPHICAL AREAS



DIRECTORS, SENIOR MANAGERS AND AUDITORS

Board of Directors

Ernesto Monti	Chairman
Paolo Astaldi	Deputy Chairman
Vittorio Di Paola	Managing Director
Pietro Astaldi	Director
Caterina Astaldi	Director
Stefano Cerri	Director
Enrico De Cecco	Director
Franco Grassini	Director
Bruno Lecchi	Director
Ermanno La Marca (*)	Director
Lucio Mariani	Director
Giuseppe Marino	Director
Roberto Marraffa	Director
Vittorio Mele	Director
Nicoletta Mincato	Director

Audit Committee

Eugenio Pinto	Chairman
Aldo Ramondelli	Statutory auditor
Pierpaolo Singer	Statutory auditor
Domenico Nalin	Alternate
Antonio Sisca	Alternate

General Managers

Nicola Oliva
Giuseppe Cafiero
Stefano Cerri

Deputy Managing Director

Paolo Citterio

Statutory Auditors

Reconta Ernst & Young S.P.A.

(*) Mr Ermanno La Marca resigned from the Board on 4th November 2002.

SCOPE OF CONSOLIDATION

Scope of Consolidation

		Subsidiaries	%		Associates	%
V	1	R.I.C. - Railway International Construction S.p.A.	100.00%	16	Comet JV	15.00%
V	2	A.S.T.A.C. S.r.l.	100.00%			
V	3	Italstrade S.p.A. (Ex Place Moulin SpA)	100.00%			
V	4	Astaldi International Ltd	100.00%			
V	5	Astaldi de Venezuela C.A.	99.80%			
V	6	Astaldi Construction Corp.Of Florida	90.00%			
V	7	Consorcio Astaldi-Columbus - Nicaragua	98.00%			
V	8	SC Italstrade - CCCF JV Romis S.r.l.	51.00%			
V	9	Romstrade S.r.l.	51.00%			
V	10	I.T.S. S.p.A.	100.00%			
V	11	Italstrade Somet JV Rometro Srl	55.00%			
V	12	Sugt s.a. Calarasi	50.37%			
V	13	Astaldi Arabia ltd	60.00%			
V	14	Astaldi Finance SA	99.96%			
V	15	Legnami Pasotti Italia I.C.srl	80.00%			

Changes in scope of consolidation during 2002

	Subsidiaries deconsolidated	Shareholding		Subsidiaries newly consolidated	Shareholding
1	Consorzio Astaldi-Columbus Honduras	98.00%	1	Astaldi Arabia ltd	60.00%
2	Italstrade CCCF JV Bucaresti Srl	55.00%	2	Astaldi Finance SA	99.96%
3	Astaldi Rwanda Ass. Moment.	100.00%	3	Legnami Pasotti Italia I.C. srl	80.00% (*)
4	Astaldi-Socofran JV	60.00% (*)			

	Companies marqued with a	V	Are fully consolidated. Other companies are consolidated by the proportional method.
NB:	Companies marqued with a	(*)	Have seen a change during the last quarter.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

The Astaldi Group's accounts for the three months as at 30 September 2002 have been drawn up in accordance with Article 82 of Consob Regulation No. 11971 of 14 May 1999.
The Balance sheet and the profit and loss accounts for the third quarter have been presented in a reclassified form so as to make them comparable with the accounts as at 31 December 2001, and have been drawn up on the basis of figures prepared by the parent company and by companies included in the scope of consolidation. Comparable figures were not given as at 30 September 2001 since quarter reporting was not mandatory at that date. However, to allow a better understanding of the balance sheet and income statement situation, comparative figures are shown for the year lending 31 December 2001 and for the six months to June30th, 2002.
There has been no change in the accounting principles since the last reporting. The group's main accounting principles are set out below. They have not changed.
There have been no derogations from the obligation to give a true and fair view of the company's situation as provided under Articles 2423 and 2423 (2) of Italy's Code of Civil Law.

Intangible assets

Intangible assets represent costs and expenses whose value stretches over a number of years. They have been accounted for and entered in the company's books on the basis of the costs actually incurred, including related costs directly attributable to them.
Their amount is shown in the balance sheet net of amortisation calculated with reference to their residual use value.
Costs relating to the process of obtaining a listing for the group's shares have been capitalised and are being written off over five years.

Tangible assets

Tangible assets, including those acquired under finance leases, consist of property and plant, machinery and equipment, and are recorded on the basis of purchase, price and construction construction cost, including related costs directly attributable to them.
Depreciation is charged on a straight line basis at rates that reflect the estimated useful life of the related assets and that agree with the tax authorities' scale of standard amortisation rates.

Equity interests

Where significant, equity investments in subsidiaries and associates excluded from the scope of consolidation have been valued using the net equity method.
Other equity investments have been valued at cost, including related costs directly attributable to them, and their value has been corrected where necessary to reflect permanent loss of value.

Companies in the course of liquidation are valued at cost, adjusted to take account of the costs of liquidation.

Where losses arise on equity investments in excess of the book value and there is a commitment to make good the deficit, such losses are charged to the reserve for losses on equity investments after the book value has been eliminated.

Foreign currency debtors and creditors

Debits and credits originating in currencies other than the accounting currency are recorded at the exchange rate ruling at the date they were booked.

Conversion of the accounts of foreign companies and of permanent foreign entities

The accounts of foreign companies and permanent foreign entities (the books are kept on a multi-currency system) are converted in accordance with the following criteria: assets and liabilities at the end year exchange rate, profit and loss items at the average exchange rate for the year, and the components of net equity at the exchange rates ruling when they were generated.

Work in progress

The valuation of work in progress takes account of the physical state of progress of work that has not yet been certified at the accounting date (the so-called physical measurement method) but that has been ascertained with reasonable certainty using the terms of the contract.

Income statement

Income and expenditure are recorded on an accruals basis.

Proceeds from the sale of goods are booked at the date of consignment, while income from services is recorded on the basis of services delivered in accordance with the relevant contracts.

The principal currencies used in the conversion of foreign currency accounts are shown below.

COUNTRY	CURRENCY		EXCHANGE RATE SEPTEMBER 2002	AVERAGE EXCHANGE RATE
Algeria	Algerian dinar	DZD	75.9477	71.7396
Bolivia	Boliviano	BOB	7.1321	6.5449
Central African Republic	CFA franc	XAF	655.9570	655.9570
Denmark	Danish crown	DKK	7.4271	7.4313
El Salvador	Salvadorean colon	SVC	8.5820	8.1060
Honduras	Lempira	HNL	16.4051	15.1727
Morocco	Moroccan dirham	MAD	10.4784	10.3312
Nicaragua	Gold crown	NIO	14.1248	13.1453
United Kingdom	Pound sterling	GBP	0.6306	0.6262
Romania	Leu	ROL	32,472.9000	30,503.3111
USA	US dollar	USD	0.9808	0.9265
Tanzania	Tanzanian shilling	TZS	950.7980	887.9697
Turkey	Turkish lira	TRL	1,620,238.0000	1,375.950.6667
European Monetary Union	Euro	EUR	1.0000	1.0000
Venezuela	Bolivar	VEB	1,426.0500	1,020.7078

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET RECLASSIFIED Euro 000	30 Sep 02	30 Jun 02	30 Dec 01
Net intangible fixed assets	44,172	43,228	36,210
Tangible fixed assets	85,718	85,013	67,200
Equity investments	26,130	26,557	33,684
Other net fixed assets	25,493	25,006	11,623
Total net fixed assets (A)	**181,513**	**179,804**	**148,717**
Stocks	35,612	30,765	34,675
Work in progress	286,065	279,714	206,991
Trade receivables	180,585	158,698	193,331
Other current assets	198,919	235,699	231,333
Advances	(107,276)	(104,241)	(77,450)
Sub-total	593,905	600,635	588,880
Trade payables	(170,912)	(147,295)	(153,792)
Other current liabilities	(150,668)	(191,258)	(203,414)
Sub-total	(321,580)	(338,553)	(357,206)
Working capital (B)	**272,325**	**262,082**	**231,674**
Employees severance indemnity	(11,844)	(10,355)	(8,628)
Fund for contractual risks	(50,680)	(61,059)	(80,868)
Funds	(20,067)	(17,177)	(33,764)
Total funds(C)	**(82,591)**	**(88,591)**	**(123,260)**
Net invested capital (D)=(A)+(B)+(C)	**371,247**	**353,295**	**257,131**
Cash and current financial receivables	136,346	167,760	176,442
Non-current financial receivables	25,545	12,438	23,718
Medium and long term debt	(211,420)	(215.789)	(115,406)
Short term borrowings	(97,854)	(88,515)	(157,645)
Net financial position (E)	**(147,383)**	**(124,106)**	**(72,890)**
Convertible loan stock (F)	0	0	(36,152)
Group net equity	223,071	228,630	148,083
Minority interests	793	559	6
Shareholders' equity (G)=(D)-(E)-(F)	**223,864**	**229,189**	**148,089**
Personal guarantees	1,494,176	1,494,176	1,518,183
Other memorandum accounts	123,453	88,790	148,929
Mortgage guarantees	0	0	0
Third party guarantees in favour of group	17,772	17,772	21,520
Total commitments and guarantees	1,635,401	1,600,738	1,688,632

An analysis of the balance sheet shows an increase in net invested capital of some Euro 18m compared with 30 June 2002, with net fixed assets virtually unchanged over the quarter.

The increase during 2002 in investments classified as intangible fixed asset is due to the costs (around Euro 6m) of completing the process of obtaining a stock market listing for the company's shares, and also to investment mainly for the study of strategic projects such as the build and operate contracts for the Brescia-Bergamo-Milan motorway, the Brescia underground railway, and the new hospital at Mestre as well as the construction of a new trade and exhibition centre in Milan. The latter two contracts were won in the course of the third quarter, and are worth some Euro 718m for Astaldi.

The increase in commercial debts is due to the temporary financial support granted to the contract being executed in Turkey. It is important to note that the Turkish treasury minister has formalised the mandate to the banks to organise financing for the contract for app. $300m. However, there has been a delay — due to the administrative standstill caused by the rt political elections— in the receipt of the payments for repairs to the damage caused by the earthquake at the end of 1999 and for work done during the current year. This has led to a slow-down in the production process, reducing the expected value of production for the year 2002.

However, as regards changes in the working capital requirement during the three months period, it is important to note the receipt via an export credit of some Euro 7m in respect of our Venezuelan customer IAFE, and the receipt of further sums totalling some Euro 12m during October and November.

Provisions for contractual liabilities decreased by Euro 10.4m during the quarter as the result of the application of the "cost to cost" methodology, while the other provisions increased as a result of the accounting on an accrual basis of the costs pertaining to companies consolidated by the net equity method.

Changes in the company's net financial position during 2002 are set out below.

Euro 000	30/09/2002	30/06/2002	31/03/2002	31/12/2001
Short-term borrowings	(93,874)	(84,569)	(134,902)	(154,180)
Medium and long-term borrowings	(44,469)	(49,094)	(72,121)	(98,638)
Cash, securities and short-term loans	136,346	167,760	181,900	176,441
Loans recorded under fixed assets	25,545	12,438	8,170	23,718
Total ordinary financing	**23,548**	**46,535**	**(16,953)**	**(52,659)**
Eurobond	(150,000)	(150,000)	(150,000)	0
Finance leases	(20,931)	(20,641)	(20,547)	(20,231)
Total net financial position	**(147,383)**	**(124,106)**	**(187,500)**	**(72,890)**

The net financial position includes proceeds from the IPO (some Euro 59m net of commissions), by the dividend payments totalling approximately Euro 13m, and by the effect of the significant investments made in technical fixed assets in Central America as well as the support granted, as already mentioned, to some foreign contracts, in particular the motorway contracts in Turkey. The latter factor contributed, although only slightly, to the increase in short-term borrowing.

The change in net equity over the first nine months of the year reflected, in addition to the capital increase following the IPO in June (net of dividends paid), a significant change in the currency conversion reserve, to the value of approximately Euro 27m, due to changes in exchange rates over the period, particularly for the US dollar and the Venezuelan Bolivar.

The currency conversion reserve reflects fluctuations in exchange rates at the date the accounts were closed with respect to previous periods. Such changes are regarded as temporary and ordinary in relation to the very nature of the reserve, and are recorded in the balance sheet as indicated under the relevant accounting principles. .

CONSOLIDATED BALANCE RECLASSIFIED SHEET

Euro 000	30 Sep 02	%	Q3	%	30 Jun 02	%	31 Dec 01	%
Revenues from services and contracts	550,492	86.2	190,318	83.9	360,174	87.4	733,922	87.1
Other revenues and receipts	88,367	13.8	36,617	16.1	51,750	12.6	109,107	12.9
Value of production	638,859	100.0	226,935	100.0	411,924	100.0	843,029	100.0
Costs of production	(447,547)	(70.1)	(155,841)	(68.7)	(291,706)	(70.8)	(538,821)	(63.9)
Added value	191,312	29.9	71,094	31.3	120,218	29.2	304,208	36.1
Personnel costs	(77,702)	(12.2)	(29,598)	(13.0)	(48,104)	(11.7)	(93,472)	(11.1)
Gross operating margin	113,610	17.8	41,496	18.3	72,114	17.5	210,736	25.0
Other operating costs	(21,759)	(3.4)	(8,123)	(3.6)	(13,636)	(3.3)	(33,198)	(3.9)
Ebitda	91,851	14.4	33,373	14.7	58,478	14.2	177,538	21.1
Amortisation and depreciation	(24,958)	(3.9)	(14,515)	(6.4)	(10,443)	(2.5)	(36,220)	(4.3)
Provisions and adjustments	(22,427)	(3.5)	(3,791)	(1.7)	(18,636)	(4.5)	(56,235)	(6.7)
Operating result	44,466	7.0	15,067	6.6	29,399	7.1	85,083	10.1
Net financial income (expense)	(17,920)	(2.8)	(6,039)	(2.7)	(11,881)	(2.9)	(26,038)	(3.1)
Revaluation of equity investm.	(7,232)	(1.1)	(5,664)	(2.5)	(1,568)	(0.4)	(21,835)	(2.6)
Extraordinary income (loss)	(2,940)	(0.5)	(972)	(0.4)	(1,968)	(0.5)	(6,265)	(0.7)
Minority interests	120	0.0	(248)	(0.1)	368	0.1	(417)	(0,0)
Pre-tax profit	16,494	2.6	2,144	1.1	14,350	3.4	30,528	3.7

Reporting to profit before tax reflects the need to achieve a correct presentation of the tax charge for the period following rule changes introduced by the present government which are still being debated in parliament.

In addition, the probable benefits from the recovery of tax credits on foreign contracts could lead to an overall reduction in the group's average rate of tax compared with its previous levels.

As at 30 September 2002, the Astaldi Group and its more than 6,000 employees were engaged in the execution of works in 18 countries. Production in the third quarter was worth around Euro 227m. As regards revenues from services and work under contract, 46% arose in Italy and the remaining 54% in other countries.

Production was worth approximately Euro 550m over the first nine months of the year, of which 47% in Italy and 53% abroad.

The table below shows a breakdown of revenues from services and contracts among the group's various activities in the year to 31 December 2001, in the first half of 2002 and in the third quarter.

Euro m	30 Sep 02	%	Q3 2002	%	H1 2002	%	2001	%
Transport infrastructure	466.08	84.67%	159.71	44.34%	306.37	85.10%	621.80	84.70%
Hydraulic works and energy production plants	39.54	7.18%	8.09	2.25%	31.45	8.70%	82.02	11.20%
Civil and industrial building	44.87	8.15%	22.52	6.25%	22.35	6.20%	30.10	4.10%
Total	**550.49**	100.00%	**190.32**	100.00%	**360.17**	100.00%	**733.92**	100.00%

Breakdown of revenues from services and contracts by geographical region:

Euro m	30 Sep 02	%	Q3 2002	%	H1 2002	%	2001	%
Italy	**257.7**	46.81%	**88.17**	46.33%	**169.53**	47.07%	**386.16**	52.60%
Abroad	**292.79**	53.19%	**102.15**	53.67%	**190.64**	52.93%	**347.76**	47.40%
Europe	102.97	18.71%	30.99	16.28%	71.98	19.98%	91.31	12.40%
Americas	129.65	23.55%	44.22	23.23%	85.43	23.72%	190.04	25.90%
Asia		0.00%	0	0.00%		0.00%	0	0.00%
Africa	60.17	10.93%	26.93	14.15%	33.24	9.23%	66.41	9.10%
Total	**550.49**	100.00%	**190.32**	100.00%	**360.17**	100.00%	**733.92**	100.00%

It is important to note that production showed an increase of 5.5% in the third quarter compared with the average for the first half. This was partly due to seasonal factors and partly to the start of important new initiatives like the Milan trade and exhibition centre, which should offset the downturn in other orders expected in the fourth quarter. As already mentioned, the third quarter saw a contraction in revenues from the Turkish motorway contract, and this could extend through the final quarter of the year.

EBIT declined in the third quarter compared with the first half, to 6.6%, both as a result of the problems with motorway work in Turkey which affected profitability, and because of non-recurrent costs connected with the IPO were charged to the third quarter's results.

ORDER BOOK BY SECTOR AND GEOGRAPHICAL AREA

Law No. 443 of 21 December 2001, Italy's so-called Target Law concerned with strategic infrastructure and productive installations of national importance, came into force with its publication in the Official Bulletin on 26 August 2002. This reinforces the main assumptions that are at the basis of the Industrial Plan and therefore confirm the positive growth outlook for the group.

Although the works provided for in the Target Law and its annex have not yet been allocated in the market by the responsible bodies, we would draw attention to the Astaldi Group's conspicuous success in winning new contracts worth some Euro 1.5bn in the first nine months of the year, far ahead of our target for the whole of 2002.

In particular, in the third quarter we would like to mention contracts won that were important both in size and in the technical challenges posed such as the Milan trade and exhibition centre (Astaldi's share Euro 275m), the Mestre hospital Astaldi's share (Euro 65m for construction and Euro 378m for operations, on top of the other important orders won in the first half such as the Brescia underground railway system (worth Euro 278m to Astaldi) and the first phase of the MOSE project.

The table below shows the changes in the order book over the first nine months in our main areas of activity.

Euro m	Order book at 1 Jan 2002	New orders	Production	Order book at 30 Sep 2002
Railway & underground	745	489	(217)	1,017
Roads & motorways	904	211	(243)	872
Airports & ports	40	54	(7)	87
Hydraulic works and hydroelectric plants	362	0	(40)	322
Civil and industrial construction	238	356	(45)	549
Concessions	377	378	0	755
TOTAL ORDER BOOK	**2,666**	**1,488**	**(550)**	**3,604**

The breakdown of the order book by geographical region is shown below.

Euro m	Order book at 1 Jan 2002	New orders	Production	Order book at 30 Sep 2002
ITALY	1,465	1,074	(258)	2,282
ABROAD	1,201	414	(293)	1,322
TOTAL	**2,666**	**1,488**	**(550)**	**3,604**

MANAGEMENT REPORT: BUSINESS DEVELOPMENTS IN THE THIRD QUARTER

The results achieved in the third quarter confirm a generally even performance of the group's activities, which is all the more satisfactory given the widespread crisis in the international economy and the impact on the overall result of non-recurrent costs connected with the IPO.

In addition to continuing work on important contracts in our order book, the quarter saw the launch of preliminary work on Venezuela's most important railway line linking La Encrucijada and Puerto Cabello and involving the civil engineering work for 108 kilometres of line.

The quarter also saw the start of the work on Milan's new trade and exhibition centre in which Astaldi will act as lead manager of the construction consortium.