


BALDASSINI TOGNOZZI PONTELLO
Costruzioni Generali S.p.A.

BTP04

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04 LETTER FROM THE CHAIRMAN
06 MANAGEMENT STRUCTURE
08 A NEW COMPANY FOR LARGE-SCALE NATIONAL WORKS
10 BALDASSINI ADOLFO e F. SAS
10 GIOVANNI TOGNOZZI SPA
12 BALDASSINI TOGNOZZI COSTRUZIONI GENERALI SPA
14 GRUPPO PONTELLO
18 BTP AND THE CONSORZIO OPERAE
20 BTP AND PROJECT FINANCING
22 BTP AND PRIVATE PROJECTS
24 BTP: WORKING FOR FLORENCE
28 BTP: WORKING FOR ITALY
30 BTP AND THE ARTS

SELECTED WORKS

INFRASTRUCTURES
CIVIL WORKS
HOUSING AND HOTELS

CONSOLIDATED FINANCIAL STATEMENTS 2004

MAIN SIGNIFICANT DATA
MANAGEMENT REPORT
EXPLANATORY NOTES
EXTERNAL AUDITOR'S REPORT
BOARD OF AUDITOR'S REPORT
BALANCE SHEET

LETTER FROM THE CHAIRMAN

Dear Shareholders,

With production revenues topping 268 million euros in 2004, up 5.7% on the previous year, an operating margin of over 15 million euros and pre-tax profits of about 10 million euros, the company has maintained the growth trend of the last few years.

The recent acquisition of Pontello, a long-established construction firm that has played a leading role in the history of the building industry in Italy, and further afield as well, is just the most recent example confirming the development and growth strategy that has always distinguished the Gruppo Baldassini-Tognozzi, now called Baldassini-Tognozzi-Pontello.

However, this is not the only significant and noteworthy aspect regarding the company. In recent years we have invested in equipment, personnel and organization, but above all in the "aggregation of expertise and professional skills from various fields".

Our main objective has not just been growth, but to achieve an evolution of the company's structure, transforming a general construction firm into a dynamic group with top-class equipment and personnel but above all with the know-how and specialist skills required to provide concrete responses to new market requirements.

We were one of the first companies to pioneer new approaches such as project financing, forming stable alliances with prominent business partners in a range of service sectors. This has enabled us to make specific project financing proposals regarding the design, construction and management of given works.

The tangible economic results of this innovative financial tool have not been slow in coming.

However, we also had another objective: to enhance the company's profile as a general contractor, bidding for large-scale contracts with highly stringent selection criteria, and hence to enhance the company's capacity to take on projects that are increasingly technological and complex (also from a financial point of view).

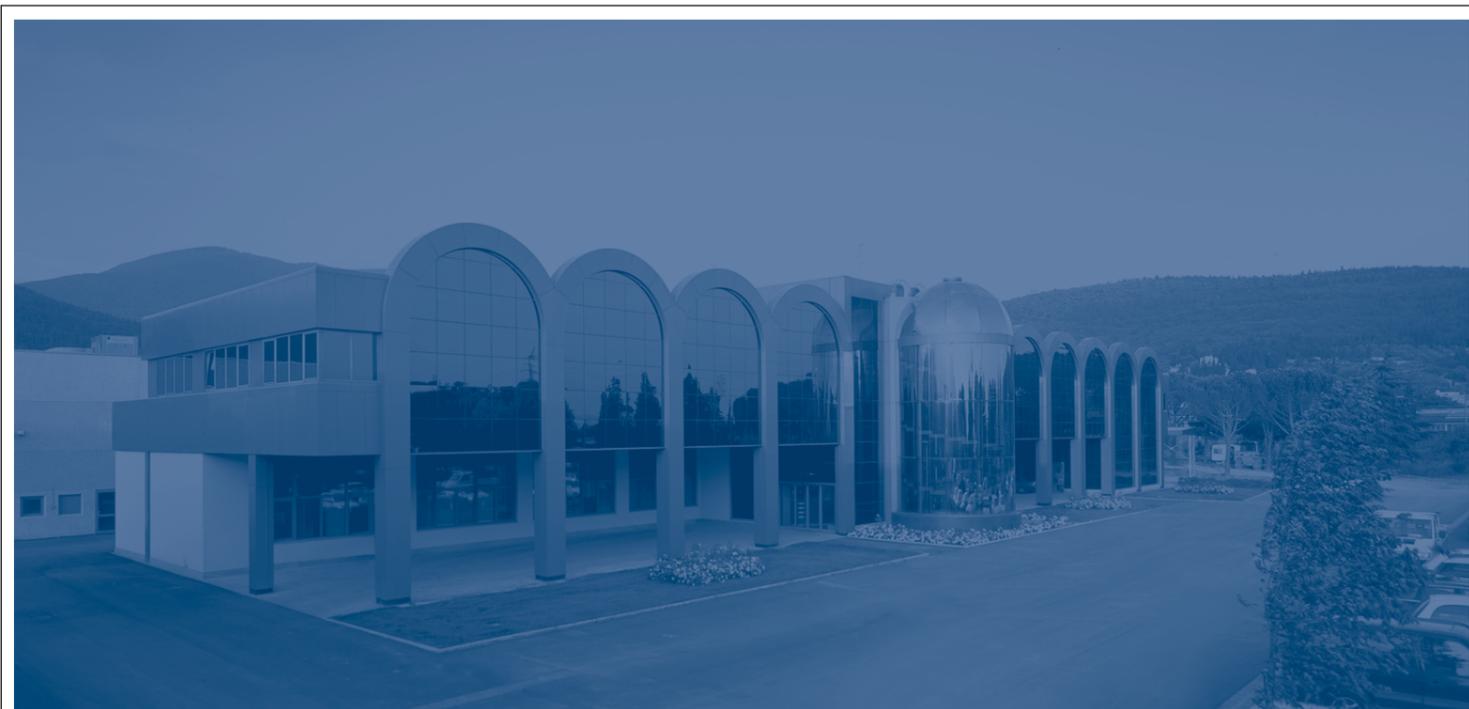
The establishment of the permanent Operae consortium opens up important new perspectives in this regard. Founded in November 2004 and consisting of a number of prominent partners, the objective is to compete in the market for the programme of major public works established by the Legge Obiettivo ('Objective Law'). This has already led, in the first few months of the year 2005, to the assignation of major projects and pre-qualification for works of primary national importance. The first invitations to bid for these are due to be made by next June.

We therefore feel confident that we have all the necessary requisites to respond to the future opportunities offered by the market for large infrastructural and public building works.

We would particularly like to thank everyone who works in the company's various offices and many building sites, to everyone who has contributed, and continues to do so every day, to the success of the company. We owe them our heartfelt praise and gratitude.

Riccardo Fusi





MANAGEMENT STRUCTURE

CHAIRMANSHIP



PRODUCTION	BUSINESS	ADMINISTRATION	VARIOUS SERVICES
Rod. Bartolomei Executive Director	F. Clemente Executive Director Public Business Div.	G. Tedeschi Executive Director Financial Affairs	V. Bellincioni Planning and Design
S. D. Lazzarini Executive Director	V. Di Nardo Executive Director Private Business and Project Financing Div.	P. Brusaschetto Comptrolling and Budgeting	G. Berardi Logistics
A. Monaco Executive Director Tech. Div. Private Sector		M. Gori Wages Office	R. Degl'Innocenti Health and Safety
A. Anello Tech. Div. Public Sector Building Contracts		S. Reali Industrial Accounts	G. Marullo Quality Assurance and Information Technology
L. D'Onofrio Tech. Div. Project Financing		R. Tegliai Administration and Financial Statements	F. Vella Legal Office
G. Formigli Technical Manager			
G. L. Menchini Tech. Div. Public Sector Infrastructure Contracts			

Executive Directors

CERTIFICATION

ICIC Certificato n. **145/SGQ/EA28 - 01/E**
 Istituto Italiano per la Certificazione Qualità
 Via del Colle, 95 - 50041 Calenzano (FI)

Si certifica che il Sistema di Gestione Qualità dell'Organizzazione
 We hereby certify that the Quality System operated by
BALDASSINI - TOGNOZZI - PONTELLO Costruzioni Generali S.p.A.
 Via del Colle, 95 - 50041 Calenzano (FI)

è conforme alla norma **UNI EN ISO 9001:2000** per i seguenti tipi di processi-servizi relativi al settore **EA 28** nell'ambito della
 It is in compliance with the UNI EN ISO standard 9001:2000 for the following kinds of processes - services relating to EA 28 concerning
PROGETTAZIONE, COSTRUZIONE, MANUTENZIONE, RISTRUTTURAZIONE E RESTAURO DI
 design, construction, maintenance and restoration of

EDIFICI CIVILI E INDUSTRIALI, BENI IMMOBILI SOTTOPOSTI A TUTELA, INFRASTRUTTURE STRADALI, FERROVIARIE E AEROPORTUALI, OPERE D'ARTE NEL SOTTOSUOLO, SERVIZI E SOTTOSERVIZI, IMPIANTI TECNOLOGICI, FINITURE DI OPERE GENERALI IN MATERIALI LIGNEI, PLASTICI, METALLICI E VETROSI, OPERE STRUTTURALI SPECIALI

La presente certificazione si intende riferita agli aspetti gestionali dell'impresa nel suo complesso ed è utilizzabile ai fini della qualificazione delle imprese di costruzione ai sensi dell'articolo 8 della legge 11 febbraio 1984 e successive modifiche e del D.P.M. 25 gennaio 2006, n.34
 The Quality System compliance has been verified on the following sites with reference to Smart documents RT 06

Il Sistema di Gestione è stato valutato, secondo le prescrizioni del documento Smart RT 06, nei seguenti siti
 The Quality System compliance has been verified on the following sites with reference to Smart documents RT 06

SEDE SOCIETARIA: Via del Colle, 95 - 50041 Calenzano (FI)
CANTIERI SUL TERRITORIO NAZIONALE: a campione

Il presente certificato è soggetto al rispetto del Regolamento ICIC (Doc. 02) per la certificazione dei Sistemi di Gestione Aziendale e la sua validità è subordinata a visite di sorveglianza periodiche
 This certificate is subject to the respect of the ICIC Regulation (Doc.02) for the certification of the management systems and its duration is dependent on periodic surveillance visits

16.06.2005 DATA DI EMISSIONE
16.06.2005 DATA DI CERTIFICAZIONE
31.12.2005 DATA DI SCADENZA

SINCERT
ICIC
 Via del Colle, 23 - 50041 ROMA

Sovim Icq
 ORGANISMO DI ATTESTAZIONE
 Via del Colle, 23 - 50041 ROMA

ATTESTAZIONE DI QUALIFICAZIONE ALLA ENECUIZIONE DI LAVORI PUBBLICI
 Attestazione alla impresa: **BALDASSINI - TOGNOZZI - PONTELLO Costruzioni Generali S.p.A.**
 CALENZANO (FI) - C.A.P. 50041 - Prov. FI

Indirizzo: **VIA DEL COLLE, 95**
 Istituto alla C.C.I.A.A. di **TIREZZE** n. 6 - 50041 CALENZANO (FI) - C.A.P. 50041 - Prov. FI

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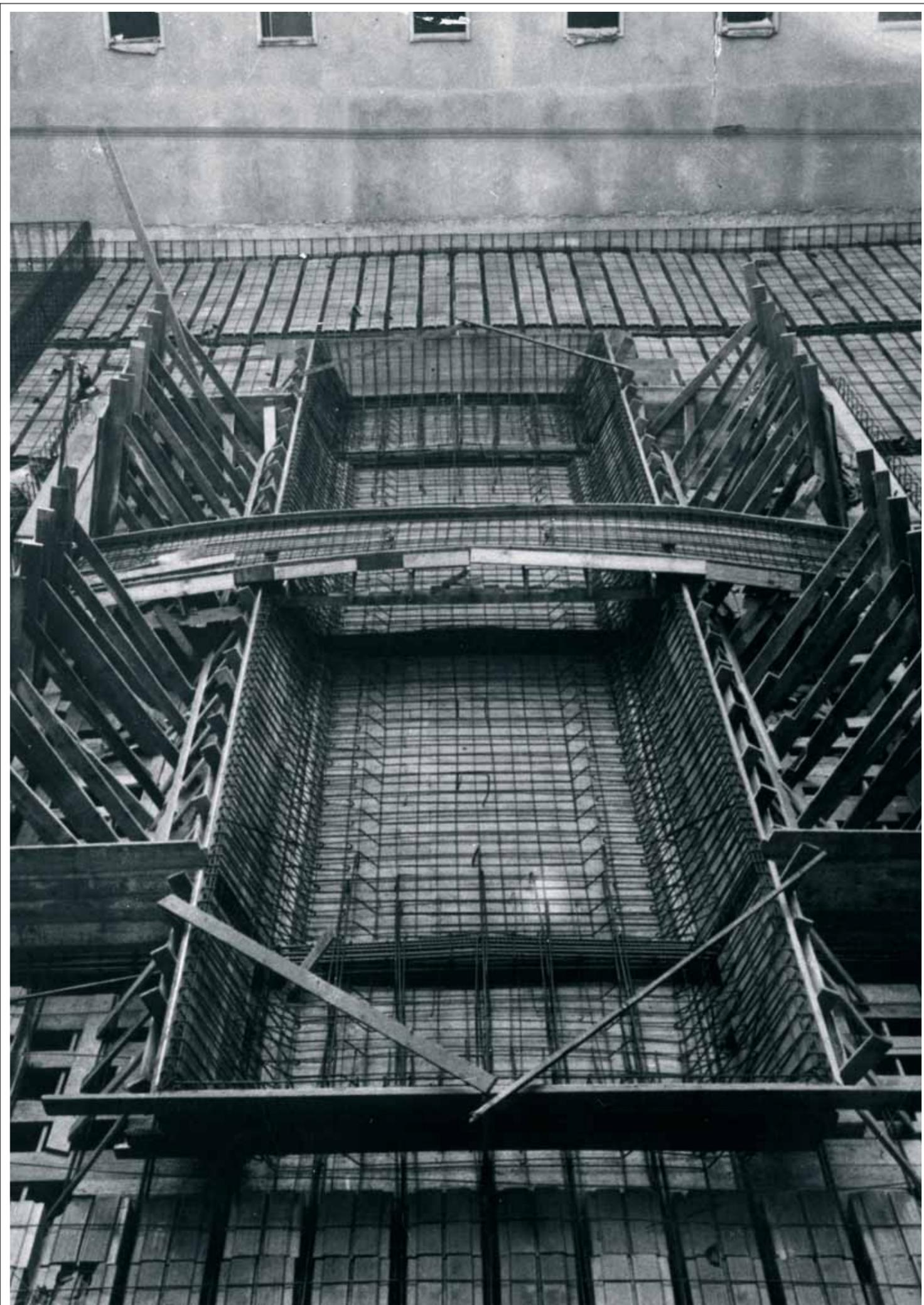
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A NEW COMPANY FOR LARGE-SCALE NATIONAL WORKS

WITH THE ESTABLISHMENT OF BALDASSINI-TOGNOZZI-PONTELLO COSTRUZIONI GENERALI S.p.A. (BTP FOR SHORT), A NEW PLAYER HAS EMERGED ON THE ITALIAN BUILDING MARKET. COMBINING THE FINEST TRADITIONS AND SKILLS OF TUSCANY'S MOST IMPORTANT CONSTRUCTION FIRMS, IT IS IN A POSITION TO PRESENT ITSELF AS A GENERAL CONTRACTOR FOR LARGE-SCALE NATIONAL WORKS.

BTP IS THE RESULT OF THE DECISION BY TWO BUSINESSMEN, RICCARDO FUSI AND ROBERTO BARTOLOMEI, TO JOIN FORCES IN ORDER TO TAKE ON THE NATIONAL MARKET. IN 1988 FUSI BRUNO S.p.A. (FOUNDED BY RICCARDO'S FATHER IN 1955) AND BARTOLOMEI & MANETTI S.p.A. (SET UP BY ROBERTO'S FATHER IN 1948) GRADUALLY BEGAN TO BE INTEGRATED.



1928

BALDASSINI ADOLFO e F. SAS

THE COMPANY'S ORIGINS date back to 1926, the year Baldassini Adolfo e F. S.a.s. was founded. Starting in 1928, the firm undertook many building projects, including the new premises for the University of Florence's Faculty of Economic and Business Sciences. The company experienced strong growth in the period between 1935 and 1945, during which it did work for the mining company Mineraria Valdarno, building tunnels, industrial plants, hospitals, warehouses, roads and an entire village. In the post-war years the company worked increasingly for local councils, both on urban reconstruction programmes in areas that had suffered war damage and on urbanization and development projects in rural areas. In the 1960s, thanks also to the economic boom and the profound transformation of Italian society, Baldassini began to focus on major public works and urban infrastructure projects; the firm enrolled in the National Register of Building Contractors, with clearance for maximum sums in many categories). In the 1970s it extended its sphere of operations not only to Europe but also to Saudi Arabia and Libya, where the company constructed buildings, offices, schools and above all roads.

1945

GIOVANNI TOGNOZZI SPA

THE ENGINEERING firm Giovanni Tognozzi S.p.A. was founded in 1945, immediately after the end of the war, and undertook major projects in various regions of Italy. From the outset the company worked principally on public, municipal and community works. In the 30-year period from 1958 to 1988 it successfully competed for important national building contracts, constructing prestigious buildings, industrial plants, hospitals, schools, banks and hotels.



1993

BALDASSINI TOGNOZZI COSTRUZIONI GENERALI SPA

In 1993 BALDASSINI acquired, by contribution in kind, the construction branch of Tognozzi SPA, giving rise to Baldassini-Tognozzi Costruzioni Generali S.p.A. The rapid expansion of Baldassini Tognozzi S.p.A. began in 1995, under the current ownership, with investment in human resources and state-of-the-art equipment, and the acquisition of specialist firms. This enabled the company to undertake large-scale building projects and to participate increasingly in the realization of public works throughout Italy, especially in the hospital sector (with as many as 25 such projects in the last 10 years Baldassini Tognozzi can boast an almost unrivalled level of experience) and in infrastructure (with the construction of airports, roads, motorways, stations and railway lines, underground and urban projects). As a result of this growth, Baldassini Tognozzi S.p.A. is currently one of the top ten firms in the Italian construction industry.

The year 2004 was marked by the acquisition of the trademark and one branch of Pontello S.p.A.

Right:
A 18 – Siracusa-Gela motorway - Lots 4 and 5



GRUPPO PONTELLO

The Gruppo Pontello was established over a century ago, in the final years of the Austro-Hungarian Empire. The company began to work over a fairly wide area, operating in regions of Austria close to Italy, where it made a name for itself by introducing the reinforced concrete technique, virtually unknown at the time in that area of Europe. After the First World War, the firm moved to Florence and quickly established itself as one of Tuscany's leading construction firms.

However, it was only after the Second World War that Costruzioni Callisto Pontello S.p.A. became the largest Tuscan construction firm and one of the leading Italian companies in the building and road construction sector. The firm played a leading role in post-war building programmes in Florence and at the same time built up its organization and personnel in order to be in a position to compete for contracts when work commenced on the Italian motorway network; between the end of the 1950s and the early 1960s the company was responsible for the construction of a number of important lots of the Autostrada del Sole and the Naples-Bari motorway.

Following the tragic 1966 flood, the firm moved equipment and personnel, which at the time were dotted around various building sites in Italy, back to Florence, in

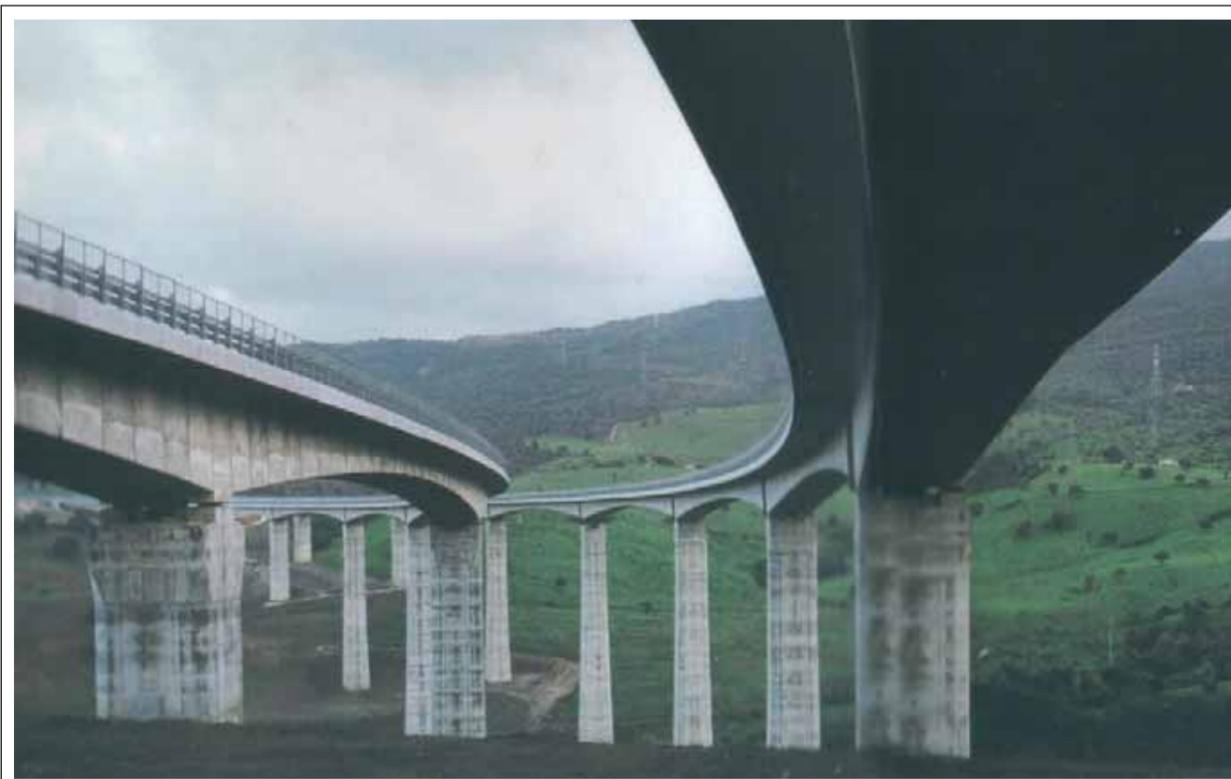
order to help the city, and Tuscany, to get back to normal. This difficult period also offered the firm an opportunity to assess its organizational capacity and to develop the entrepreneurial drive that led to Costruzioni Callisto Pontello S.p.A. becoming one of the top twenty general construction firms in Italy in the years that immediately followed, with projects both at home and abroad.

While the company was engaged in major public building works, it was also developing special technology to construct tunnels and wide-span viaducts (Viadotto del Rio, Viadotto Zeri, Viadotto all'Indiano, Viadotto sul Sente). The same technical expertise was also used in the company's first major foreign projects: the civil engineering works for the electric power station at Tarong in Queensland, Australia, and the viaducts for the Jeddah-Medina expressway in Saudi Arabia.

In the middle of the 1980s Costruzioni Callisto Pontello S.p.A. played a prominent role in the modernization of the Italian rail network, winning the contract to build the new freight distribution depot of Maddaloni-Marcianise, the largest plant of its kind in southern Italy. Since then the company's reputation as a railway construction specialist has grown steadily, resulting in contracts for the following works: the Arezzo-Stia-Sinalunga



Lot 6 of the Genoa-Savona motorway (Lupara viaduct and tunnel) (1971-75)
Viaducts for lots 26,28 and 32 of the Fornovo-Pontremoli motorway (1969-73)
Jeddah-Medina expressway (a 15km viaduct constructed with precast shell elements for the Ministry of Communications of Saudi Arabia - 1977-83)
Florence - Viadotto all'Indiano (metal cable-stayed bridge) (1968-70)



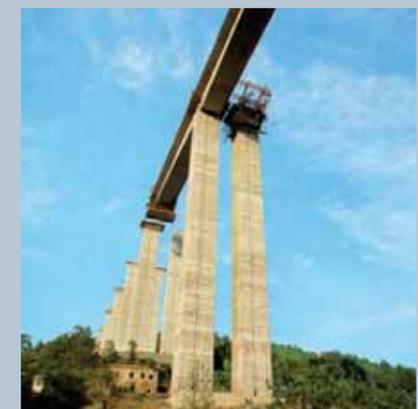
line, the Staaken-Berlin line, the Sadurano and Raticosa rail tunnels in the Apennines, the Dynamic Multifunctional plant in Naples for the complete maintenance of the Eurostar fleet of trains (currently underway), the work to double the Milan-Bologna high-speed rail link and to quadruple the Padova-Mestre high-capacity rail link (currently underway).

The firm has been able to extensively apply its special expertise in wide-span viaducts, starting in 1995 with the building of the viaducts on the Messina-Palermo (the viaducts of the Caronia, Buzza, S. Stefano, Periano and Pollina lots), making a significant contribution to the completion of a motorway network that is of fundamental importance for Sicily.

In the late 1990s Costruzioni Callisto Pontello S.p.A. undertook major projects in East Europe, financed by the European Investment Bank: the upgrading of the road network in Romania and the above-mentioned contract for the German Railways.

The company was gradually restructured in 2000-01, a necessary requisite for public works contracts; this resulted in the establishment of a new company, Pontello S.p.A., which took over all the operational activities of the original firm. With this new company structure, Pontello S.p.A. obtained the ISO 9001 quality standard certification and concentrated increasingly on the railway contracts mentioned above. At the beginning of 2004 the reshaping of the company reached a natural conclusion with the acquisition of Pontello S.p.A. by Baldassini Tognozzi S.p.A. This has given rise to a large Tuscan group to whose general development the long-established Florentine company has contributed over a hundred years of experience.

Top:
Messina-Palermo motorway (1995-98))



Florence - Giovanni da Verrazzano Bridge over the Arno (1968-70)
Florence - Bridge over the Arno at Varlungo (1968-70)
Viadotto del Sente on the SS 86 state road (Bel Monte del Sannio) (1974-77)
Viaducts for lots 26, 28 and 32 of the Fornovo-Pontremoli motorway (1969-73)

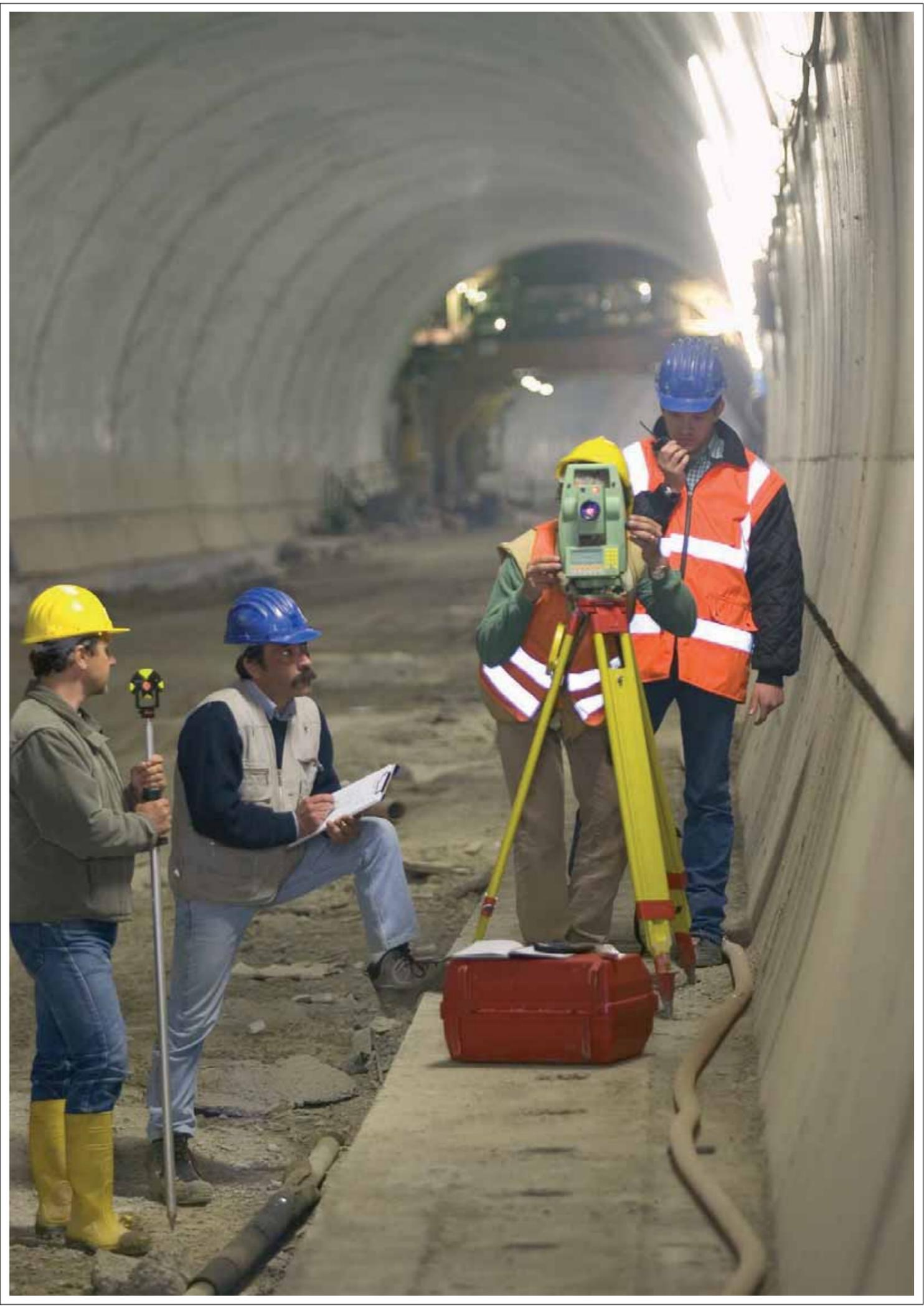
BTP AND THE CONSORZIO OPERAE : WORKING TOGETHER FOR PUBLIC WORKS

THE NEW GROUP, which combines the finest traditions of the Tuscan business world, is well placed to participate in large-scale projects to reinforce the nation's infrastructure, for instance the modernization of some sections of the Salerno-Reggio Calabria motorway, the construction of two sections of the new Siracusa-Gela motorway and the addition of a third lane to the A1 Milan-Naples motorway between Florence South and Florence North. Railway projects include the building of a second track on the Crevalcore-Nogara-Poggio Rusco line in Emilia Romagna and the Pellaro-Capo D'Armi line in Calabria.

In line with its strategy of expansion and aggregation, in 2004 BTP set up a permanent consortium named Operae, which also includes other construction firms. The objective is to be able to compete for major public commissions.

The Consorzio Operae's qualification for an unlimited sum has enabled it, just a few months after it was set up, to pass the preliminary assessment phase for projects of primary importance, such as the construction of lot Dg 48 of the Salerno-Reggio Calabria motorway (for a total of 789 million euros) and the building of a new line (Line C) of the Rome Underground (2,500 million euros).

Baldassini-Tognozzi-Pontello has thus firmly established itself as one of the leading groups in the Italian construction sector, enhancing its profile as a general contractor by bidding for some of the nation's most important contracts, which have extremely rigid selection criteria.



BTP AND PROJECT FINANCING: A NEW TOOL FOR PLANNING, CONSTRUCTION AND MANAGEMENT

The firm has sought to devote particular attention to anticipating, identifying and stimulating market needs, pioneering new approaches such as project financing.

Project financing is the most innovative funding tool introduced by legislators in recent years. The central government is no longer in a position to finance all the projects that need to be implemented in the sector of the public services, which need to be efficient, effective and competitive. Structural works of significant importance for the community, identified on the basis of a list of priorities defined by the public authorities, can become feasible by drawing on private resources; these are required for the realization of the project and are compensated by the cash flow generated by tariffs resulting from the provision of the services that these works are capable of supplying. Moving for the first time beyond the rationale of a conglomerate of similar groups, for instance temporary associations of building contractors, in 1999 Baldassini Tognozzi S.p.A. joined forces with a number of leading business partners from various fields of the service sector. This was essential in order to provide in-house solutions, formulating project financing proposals covering the design, realization and operational phases.

In 2000, in its capacity as the leader of this group, Baldassini Tognozzi S.p.A. submitted a project financing proposal called Firenze Mobilità to the Municipality of Florence. The project envisaged the design, construction and running of underground and surface-level car parks for a total of over 1,500 parking slots in central areas of the city; the building of an underpass with a pedestrianized piazza of about 2,400 m² in front of the Fortezza da Basso; the building of a park covering some 77,500 m²; and other projects in Florence. The importance of this initiative, and the interest it attracted, subsequently led to new partners joining Firenze Mobilità S.p.A., for instance the Florence Chamber of Commerce, the Aeroporto di Firenze SpA and Firenze Parcheggi SpA.

In 2003 the company, together with other business groups including RATP International, Alstom and Ansaldo-Breda, was part of the group that presented a project financing proposal, involving an overall investment of over 250 million euros, to the Municipality of Florence to design and construct new tram lines in the city and operate them for 35 years.

After being awarded this contract, a project company called Tram di Firenze S.p.A. was set up, comprising the partners in the group and the local transport company, A.T.A.F. SpA, in which the Municipality has a stake. In the same year, the company also participated in the group, which included Autostrade per l'Italia SpA, the Florence and Prato Chambers of Commerce and various banks, that presented a project financing proposal to the Region of Tuscany to design, construct and run (for 40.5 years) the Lastra a Signa-Prato motorway link road. The proposal, involving a total investment of approximately 250 million euros, has been declared to be in the public interest.

Various other project financing proposals are currently being drawn up, including proposals for the design, construction and management of a new civic centre and a high-speed tram station in Scandicci, and for the design, construction and management of student accommodation at the Technology Park in Sesto Fiorentino.

Following an initial phase during which the "business prototype" was developed,

Baldassini-Tognozzi-Pontello S.p.A. is now fully organized to offer a comprehensive response through the use of project financing and so-called innovative finance. The goal is to satisfy the various requirements of those local councils that are turning to private business for help in the task of implementing local area development and infrastructural programmes regarding the design, construction and management of works of public utility.

BTP AND PRIVATE PROJECTS: MAJOR REDEVELOPMENT SCHEMES

Conscious of the need to move into new sectors and types of work in order to create new opportunities and capture new segments of the market, and abandoning the traditional role of the simple building contractor for that of a fully fledged developer, Baldassini-Tognozzi-Pontello S.p.A. is now engaged in the redevelopment of a number of large areas of derelict land. This follows the successful completion of complex projects such as the San Bartolo a Cintoia Redevelopment Plan, which concerned an area of some 25 hectares and involved the construction of a 220-room hotel; an 11-screen multiplex cinema seating a total of 2,498 people; a 10,000 m² shopping centre; 251 residential units; underground and surface-level parking; and related urbanization works. The group is currently working on the following projects:

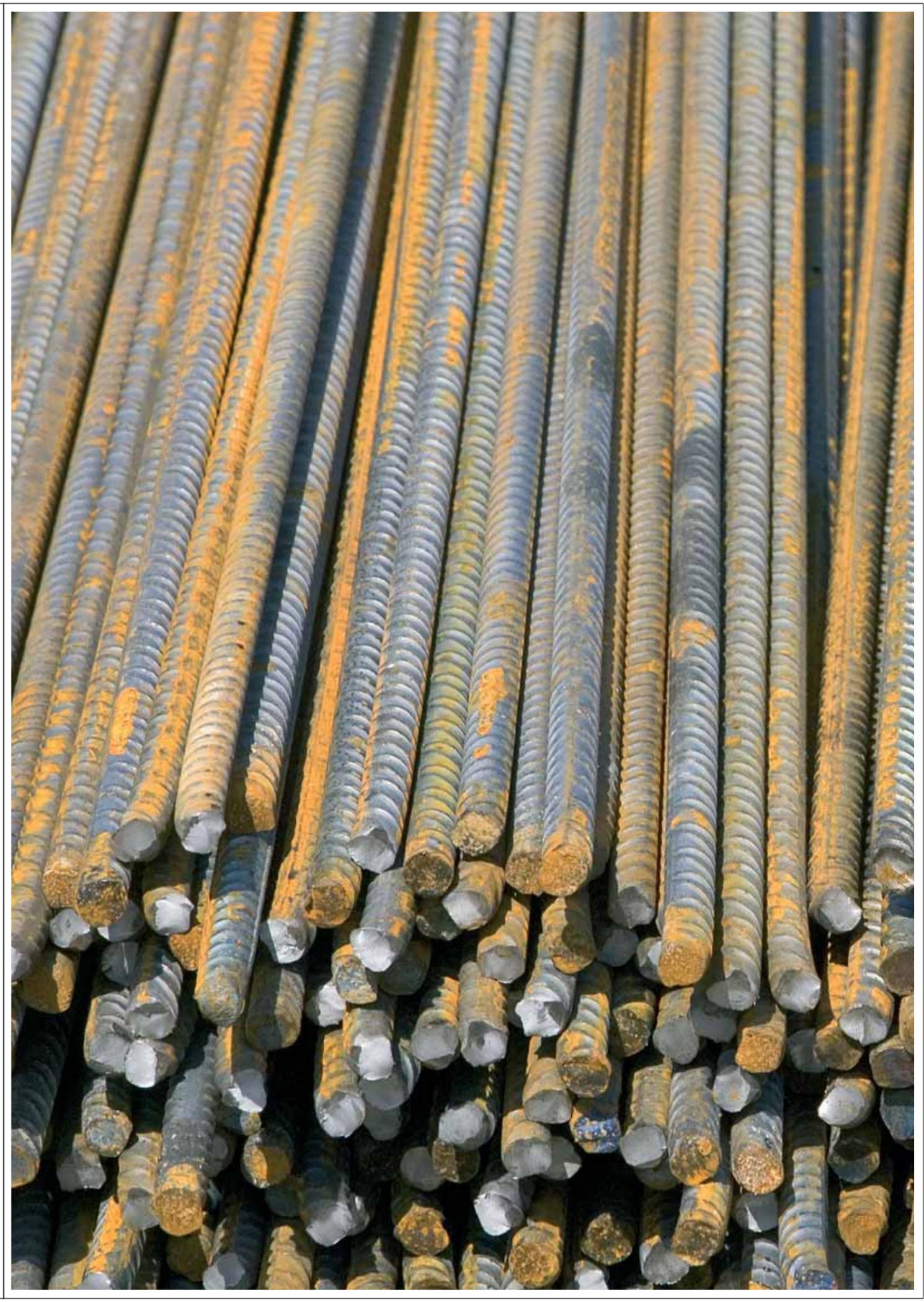
OSMANNORO REDEVELOPMENT PLAN: construction of the IKEA Shopping Centre on a 60,770 m² plot, comprising a gross usable space of 26,400 m² distributed on two floors (of which 13,950 m² is retail space), and a 22,650 m² underground car park.

FORMER SIME AREA: the construction, on a plot of approximately 25,000 m², of 410 residential units plus 2 underground levels with garages, parking slots and cellars.

FORMER FIAT VIALE BELFIORE AREA: an area of about 3 hectares, on which it is planned to build a 205-room hotel, a conference centre, retail units, a wellness centre, underground parking and 104 apartments.

FORMER FLORENCE MILITARY BAKERY: redevelopment of an area of about 17,000 m² with the construction of a civic centre, residential units and offices.

These projects draw on the services of architects of international standing, such as Adolfo Natalini, Jean Nouvel and Rafael Moneo, because the group is keenly aware that the new challenge for redevelopment projects is the achievement of qualitative excellence.



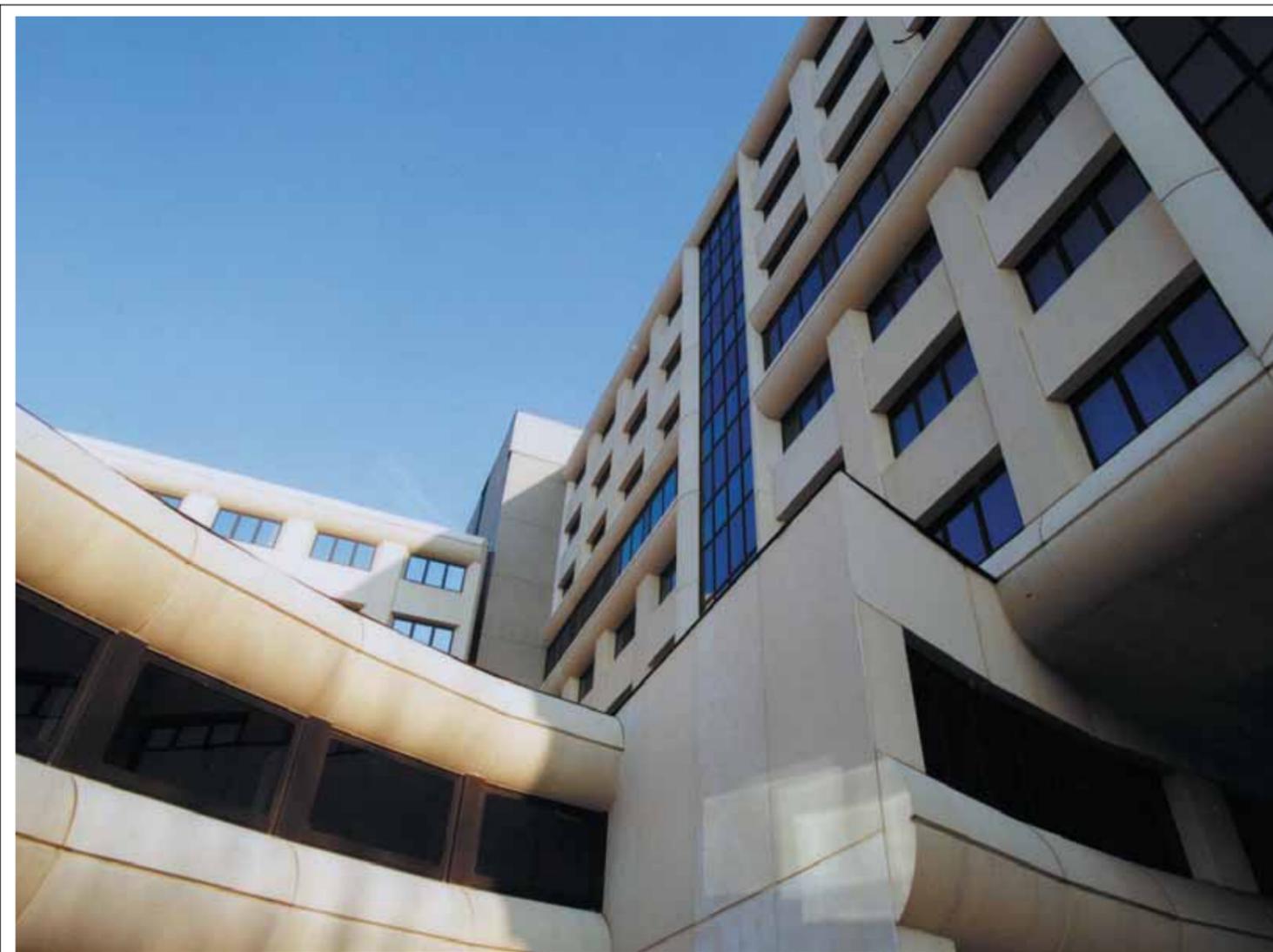
BTP: WORKING FOR FLORENCE

Civil works

- Construction of the **Florence National Library** in Lungarno della Zecca Vecchia, one of the first major public buildings erected in Italy after the First World War, 1919-20.
- Reconstruction of buildings in **Borgo San Iacopo** facing onto the Arno, 1949-54.
- Construction of the **Palazzo dei Congressi**, the **State Archives**, the **Post Office** in Via Verdi, the **Municipal Swimming Pool of Campo Marte**.
- Construction of the **Florence Fruit and Vegetable Market**; the large construction slabs were one of the first applications of prestressed reinforced concrete.
- Building of the premises for the newspaper **La Nazione**, the industrial buildings and offices of **Nuovo Pignone** and the **Rari Nantes** municipal swimming pool on Lungarno Ferrucci.
- Construction of the **Hospital S. Giovanni di Dio**.
- Extension of the hospital complex of the **Tuscan Orthopaedic Institute** in Florence.
- Building of a new **infectious diseases** ward for Careggi Hospital.
- Upgrading of the **sewer system** in Florence.
- Building of the **Esselunga shopping centres** in **Via di Novoli** and **Via Canova**.
- Building of the **IKEA** and **CARREFOUR** shopping centres.
- Building of the **Warner Village** multiplex cinema.
- Building of the **Metropole** hotel in San Bartolo a Cintoia and the **Palace Hotel** in Novoli.



National Library (1919-20)
Ponte alle Grazie (1946)
State Archives



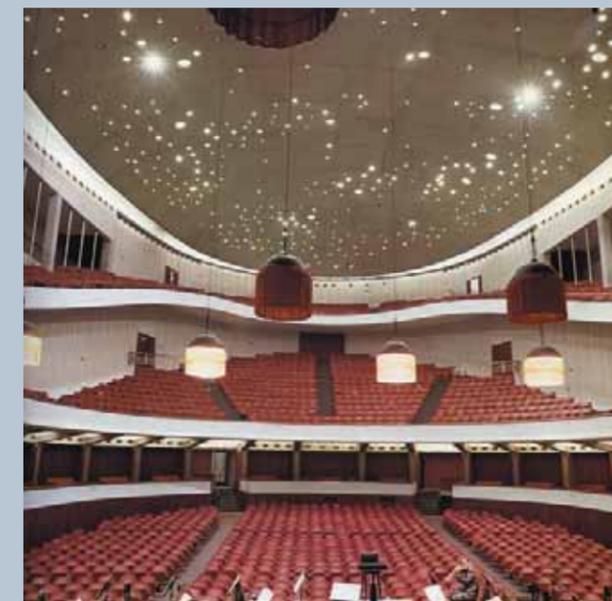
Il Magnifico - Offices for the police force
Offices and accommodation for the police force.



Infrastructures

- Rebuilding of **Ponte alle Grazie**.
- Construction of the **Viadotto all'Indiano**, a metal cable-stayed bridge.
- Construction of the **Giovanni da Verrazzano** bridge over the Arno and the **Varlungo** bridge.
- Construction of an underground car park for 1,000 cars in **Piazza della Libertà**.
- Quadrupling of the railway tracks at **Firenze Castello**.
- Building of the **Meeting Point at Peretola**.
- Building of the **Autostrade d'Italia Headquarters** (Section 4).
- Construction of an underground car park in **Piazza Ghiberti**.
- Building of a two-level underground car park with slots for 557 cars and 80 scooters in the **Piazzale Caduti nei Lager** area, plus landscaping of the surface of the piazza.
- Construction of an underground car park with slots for 205 cars and 23 scooters in the State Archives area in **Piazza Beccaria**.
- Construction of the **Viale Strozzi underpass**, consisting of a 4-lane artificial tunnel covered by a pedestrianized piazza of about 2,400 m² in front of the Mastio (main tower) of the Fortezza da Basso, thereby linking the fort to the Palazzo dei Congressi and the city centre.

Florence - Viadotto all'Indiano (metal cable-stayed bridge) (1968-70)

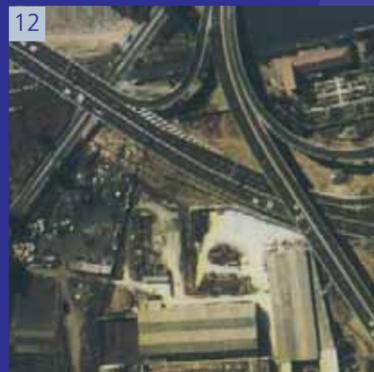
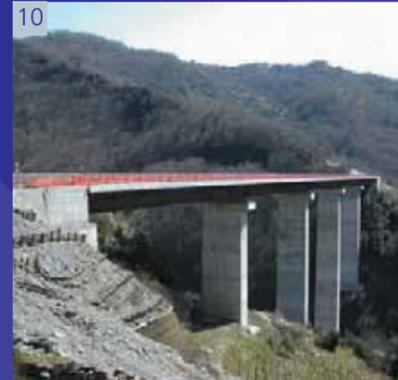
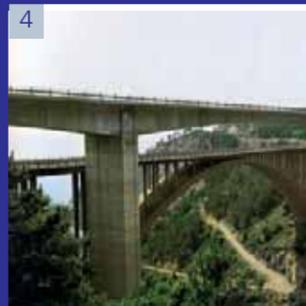


Restorations

- Architectural renovation of the entire premises of the central office of **La Fondiaria Assicurazioni Generali** in Piazza della Libertà and the static consolidation of the structure.
- Renovation of the **Teatro Comunale**. Renovation and total structural and architectural reconstruction of the **Banca Nazionale del Lavoro** in Via Cerretani.
- Architectural renovation and static consolidation of the whole of the state-owned former **Luporini complex**.
- Restoration and conversion of the former premises of the daily newspaper **La Nazione**.
- Redevelopment of the **Badia Fiesolana** in San Domenico di Fiesole for use as a new university complex.
- Renovation of the **Teatro della Pergola**.
- Renovation of the **Museo Bardini**, the **Convitto della Calza**, **Palazzo Giandonati Canacci**, the **Le Murate complex**, **Villa Strozzi** and **Villa Vittoria**.
- The premises of the **Mostra dell'Artigianato** (Craft Fair) in the Fortezza da Basso and restoration of some of the former military buildings such as the powder house, which dates to the Napoleonic era.



Fondriaria Central Office – Piazza della Libertà (architectural renovation of the whole premises and static consolidation of the weak structures) (1958)
 Restoration of the Teatro Comunale (1959)
 Construction of additional premises for the Florence Law Courts in the former Murate complex (1995)
 Premises of the Mostra dell'Artigianato (1975-78)



BTP: WORKING FOR ITALY

Selected works around Italy

- 1 Agenzia Torino 2006 - State road S.S. 23 ("del Sestriere") – Porte bypass (Pinerolo)
- 2 Montichiari Airport
- 3 New university buildings - University of Pavia
- 4 Lot 6 of the Genoa-Savona motorway (Lupara viaduct and tunnel) (1971-75)
- 5 Modernization of the Arezzo-Stia-Sinalunga railway line (1994-99)
- 6 New offices for the Region of Emilia Romagna at the Fiera di Bologna
- 7 UNA Hotel - Bologna
- 8 Silvestrini Hospital, Perugia
- 9 Civic Hospital, Sassari
- 10 Construction work on the Medio Savuto-Piano Lago link road 9 - Lot 1
- 11 Faculty of Political Sciences - University of Teramo
- 12 Service road between the port of Catania and Pantano d'Arce (1980-86)
- 13 A 18 – Siracusa-Gela motorway - Lots 4 and 5
- 14 ASR/86 of the Salerno-Reggio Calabria motorway between Rosarno and Gioia Tauro
- 15 RFI / Italferr – Naples Dynamic Multifunctional Plant (Idp2) and the new railway station of Napoli – Barra

BTP AND THE ARTS: AN ONGOING COMMITMENT

Conscious of the important role that a company should play in the development of its native city and region, Baldassini-Tognozzi-Pontello has promoted a series of significant cultural activities:

- In September 2001 the company became a founding member of the Foundation of the Teatro del Maggio Musicale Fiorentino, one of Italy's most prestigious theatres for opera and symphonic music.
- The group has sponsored the art gallery La Corte Arte Contemporanea, founded and directed by Rosanna Tempestini Frizzi. The gallery, which opened in 1996, promotes young Italian and foreign artists working in various media (photography, video, installations, performance).
- In March 2001 La Corte Arte Contemporanea organized an exhibition, curated by Giandomenico Semeraro, entitled Area di Transito ('Area of Transit'). The exhibition was mounted in large industrial warehouses owned by the company, which were due to be razed to the ground the day after the end of the show to make way for a new branch of IKEA.
- Together with iGuzzini, the group sponsored an exhibition of the recent works of Arturo Carmassi in Palazzo Vecchio's Sala d'Arme.
- In June 2001, G.S.T. Global Service Toscana, a consortium headed by Baldassini-Tognozzi-Pontello, sponsored BOOM - Manifattura Tabacchi Manifattura d'Arte, an exhibition cum event conceived by Sergio Risaliti. This ushered in the new trend to mount exhibitions in sites of great industrial archaeological interest, stimulating a fruitful interaction between contemporary art and social history.

- In May 2002 the group also decided to contribute to the restoration of the frieze depicting Apollo and the Muses at the entrance to the Teatro Comunale di Firenze. The newly restored work was unveiled on the occasion of I Troiani, the inaugural opera of the 2002-03 Festival Season.
- Baldassini-Tognozzi-Pontello has contributed to the publication of Toscana Contemporanea 1980-2000, a contemporary art archive volume edited by Sergio Risaliti.
- Since 2004, Firenze Mobilità S.p.A., a consortium led by Baldassini-Tognozzi-Pontello, has organized exhibitions with the logo 'Firenze mobilita l'arte' ('Florence mobilizes art'). This is in line with the conviction that it is essential to promote young contemporary artists and to be willing to contribute to the process of cultural growth if a historic city like Florence is also to be a dynamic and contemporary one.



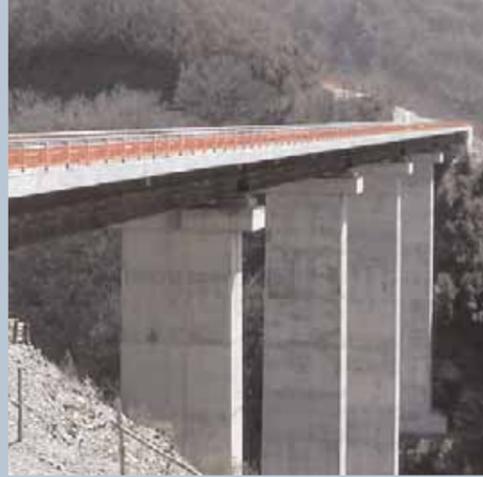
INFRASTRUCTURES

TUNNELS



Large photo:
Agenzia Torino 2006 – State road S.S. 23 ("del Sestriere") –
Porte bypass (Pinerolo)
Top to bottom:
Artificial gallery on the Salerno-Reggio Calabria motorway between
Rosarno and Gioia Tauro
Doubling of the Rometta railway line (Messina)
A 18 – Siracusa-Gela motorway - Lots 4 and 5

VIADUCTS



Above: Viadotto del Sente on the SS 86 (Bel Monte del Sannio): 1.2 km-long steel viaduct; when it was built, the central 200m metal span and the longitudi-

nally prestressed pier (140m) were the longest of their kind in Italy (1974-77).

Opposite page:

Top: Construction work on the road linking Medio Savuto and Piano Lago - Lot 1

Centre:

A 18 - Siracusa Gela motorway - Lots 4 and 5

Messina-Palermo motorway - Lot 27 (1997-2001)



AIRPORTS



Completion and upgrading of infrastructure so the airport of Brescia Montichiari could be opened to civilian traffic. This regarded part of the military airport of Montichiari (one of the runways and related plant) that had been taken over by a flying club but which was virtually derelict and not authorized for night-time or controlled flying.

Speed of intervention and efficiency of equipment and personnel

30/10/1998 Contract signed.

15/02/1999 Completed air side works handed over.

26/02/1999 Completed land side works handed over.

30 planes landed and took off on 3 March 1999, including the plane carrying the Italian Premier for the inauguration.

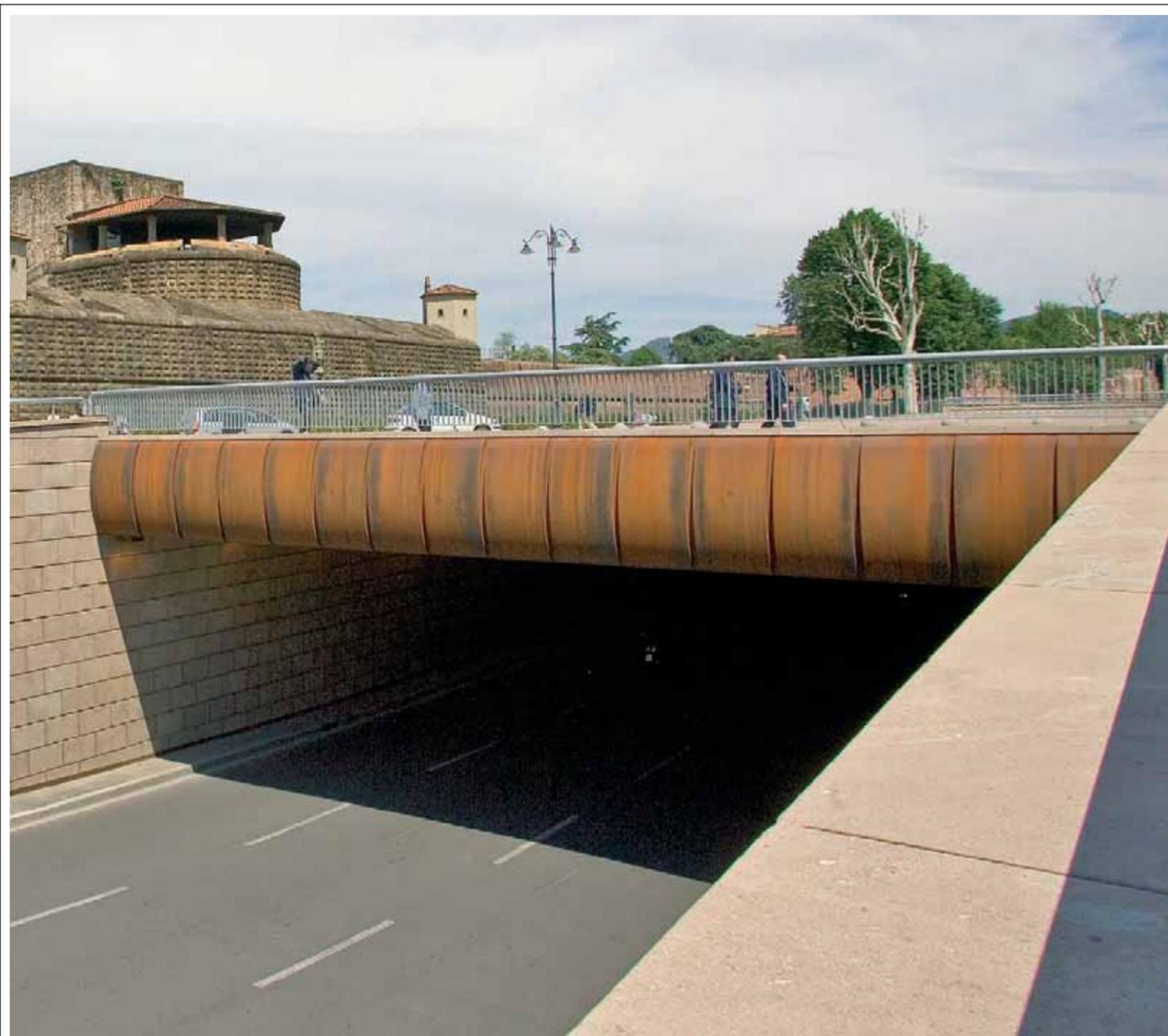
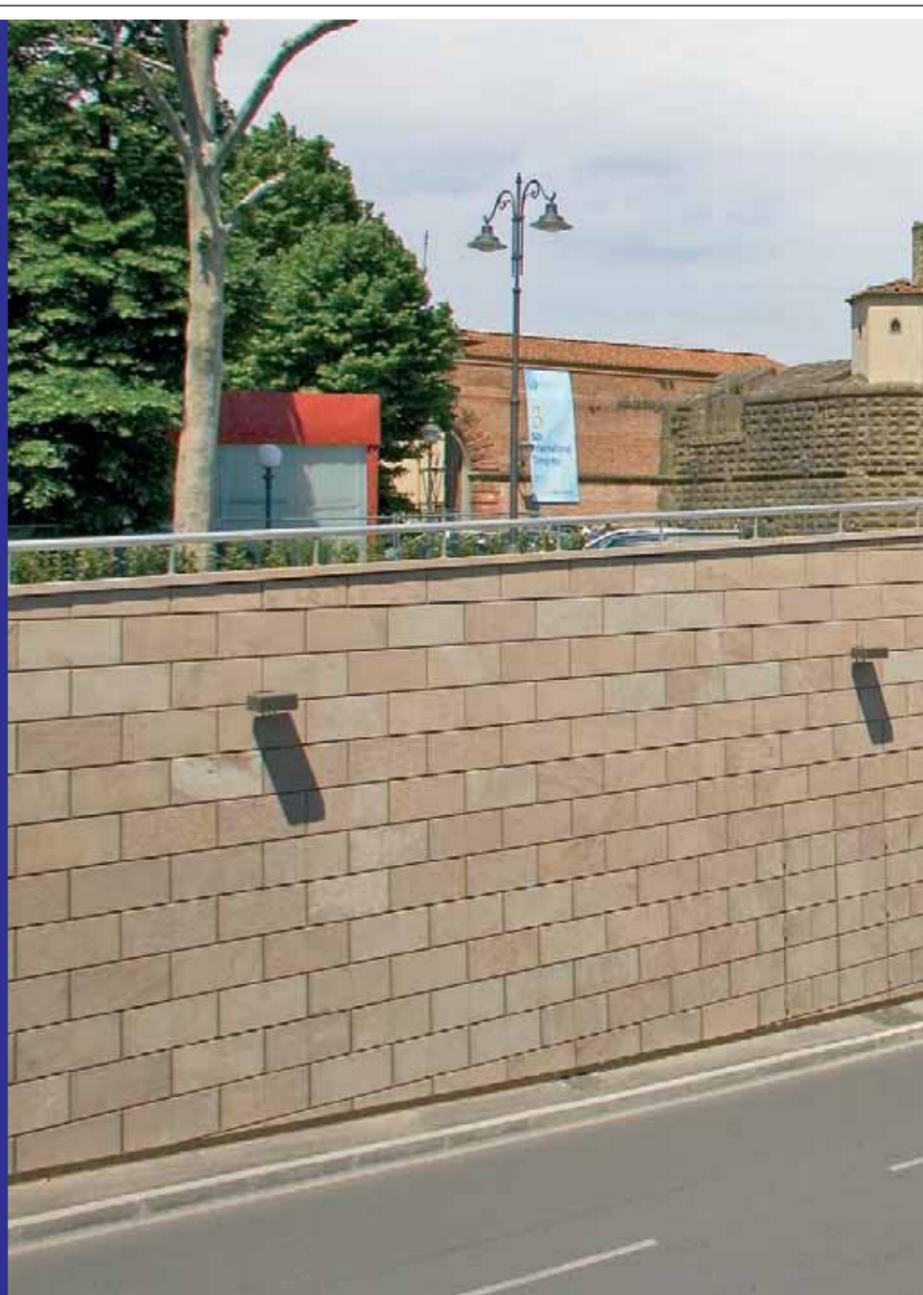
In the following 75 days further works requested by the client were completed, for instance the installation of new fencing around the airport. The work was in full compliance with ISO 9001 quality standards, which at the time were not obligatory for construction firms. The work consisted of:

Construction of all the air side infrastructure:

- * Upgrading of the existing runway, including the reconstruction and extension of the runway heads
- * Improvement and widening of the taxiways
- * Enlargement of the parking apron
- * Installation of an ICAO Category One flight guidance system

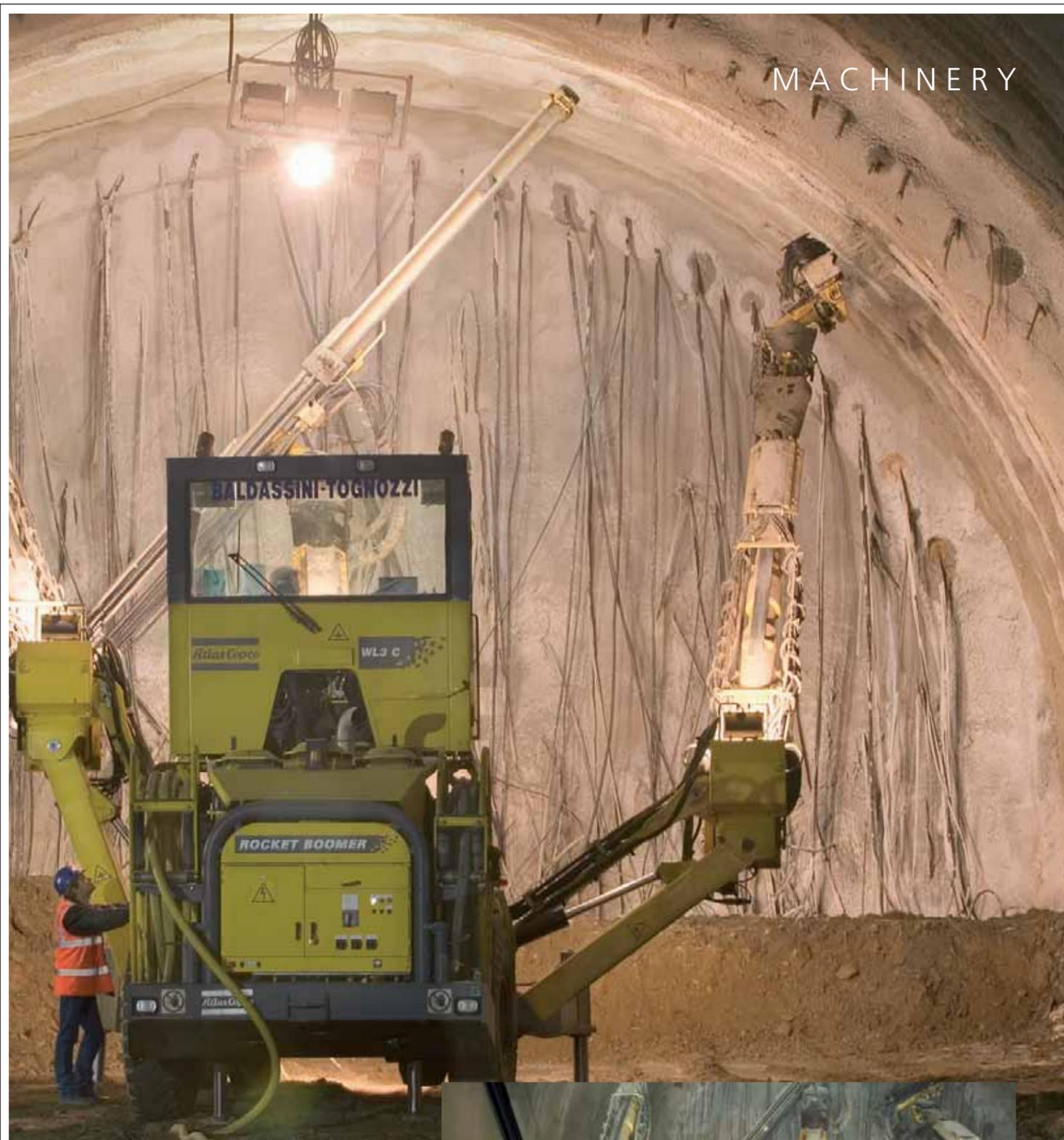
Construction of all the land side infrastructure:

- * Building of the passenger terminal and related plant (Air terminal)
- * Construction of buildings to house the fire brigade and emergency department (Fire Station)
- * Construction of technology plant building
- * Roads, car parks and related works
- * Fencing of the whole area used by the civilian airport



PIAZZA STROZZI

The Viale Strozzi underpass in front of the Mastio (main tower) of the Fortezza da Basso in Florence, underground works in an urban setting and in an area with a significant historic monument.



MACHINERY







HOSPITALS

Opposite page:
New Civic Hospital of Sassari with roof heliport
Silvestrini Hospital, Perugia

Bottom:
New hospital pavilion for the Department of Infectious
Diseases - Parma
San Giovanni di Dio Hospital - Torregalli - Florence





Bottom:
Esselunga shopping centre - Lido di Camaiore (LU)
CARREFOUR shopping centre - Calenzano (FI)

SHOPPING CENTRES



Top:
IKEA shopping centre -
Sesto Fiorentino (FI)

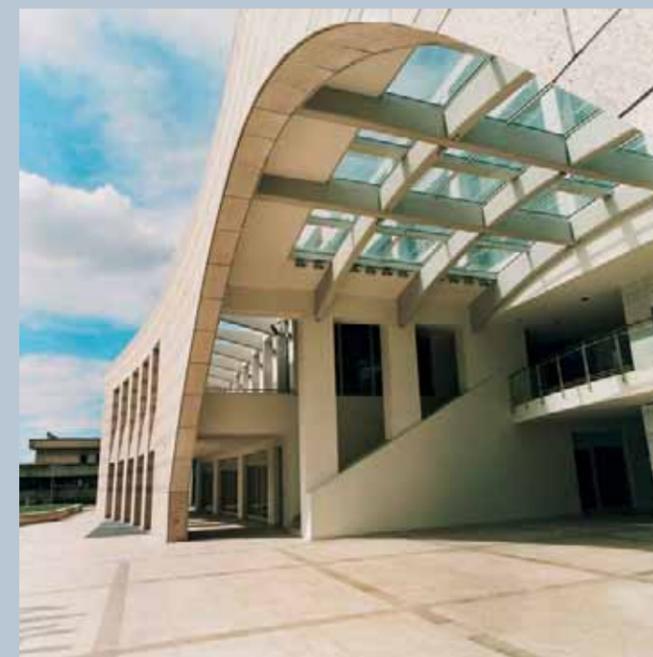
Right and bottom:
Warner Village multiplex
cinema - San Bartolo a
Cintoia (FI)





OFFICES AND INDUSTRIAL BUILDINGS

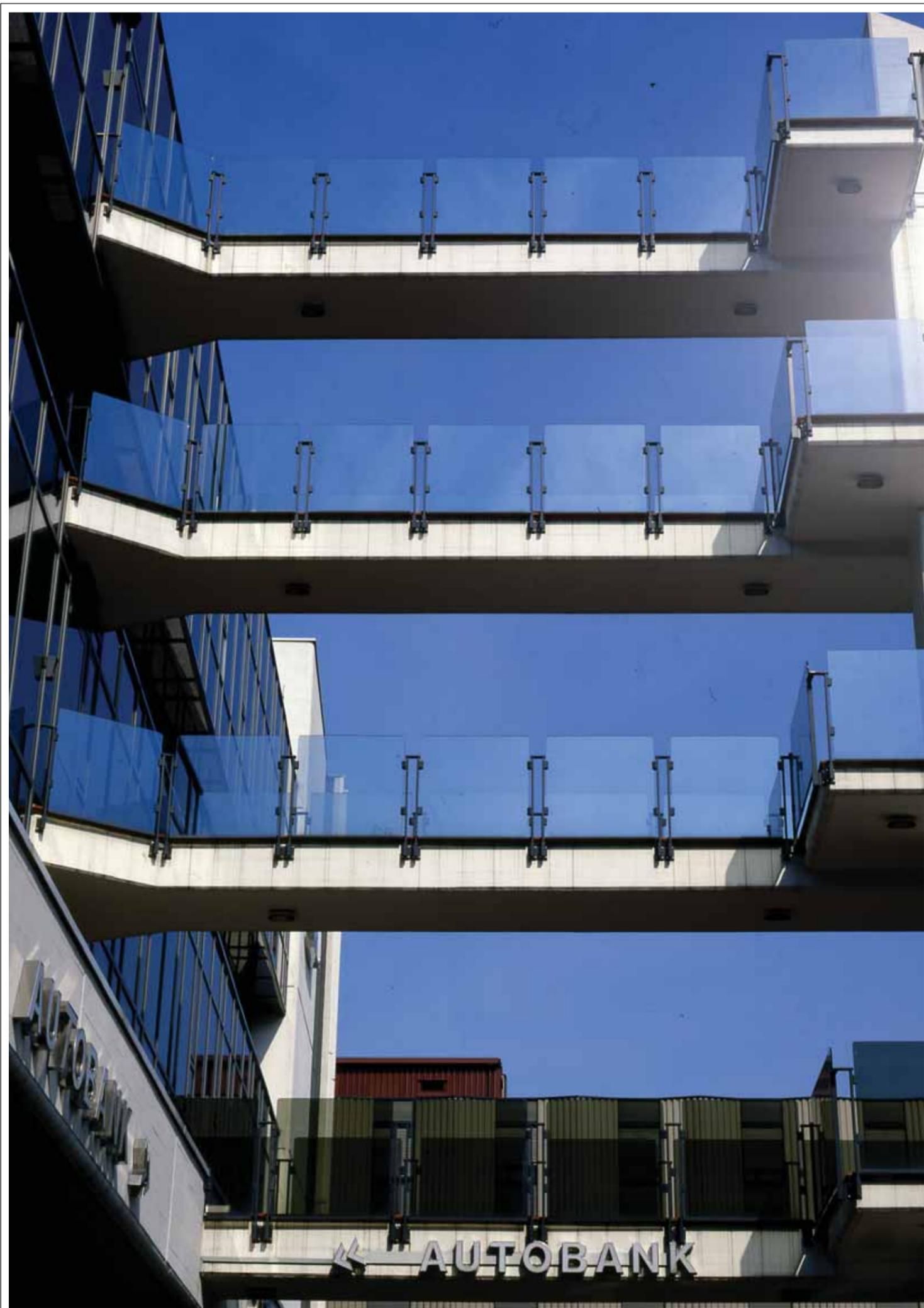
Headquarters of Autostrade d'Italia (Section IV)



Galleria Vasari office block - Sesto Fiorentino (FI)



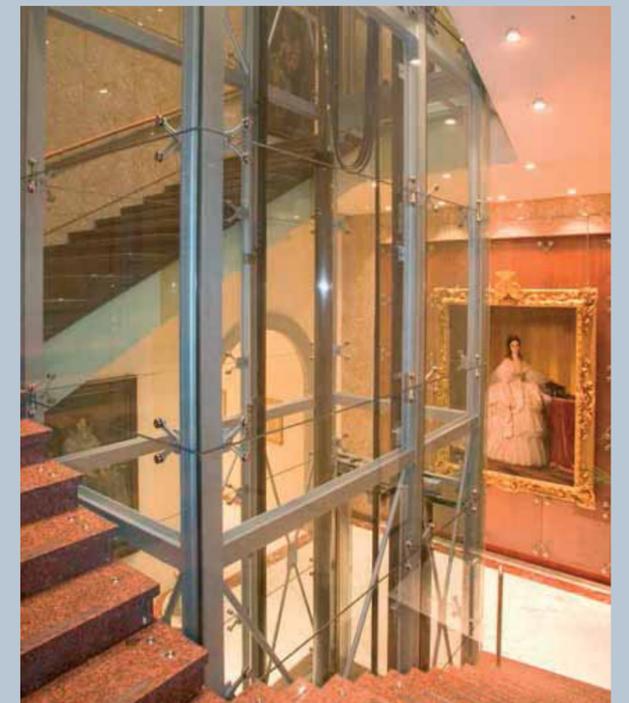
Verde Bosco office block
Finance Police Office in Prato and the Prato-Pistoia area
offices of the Cassa di Risparmio di Firenze



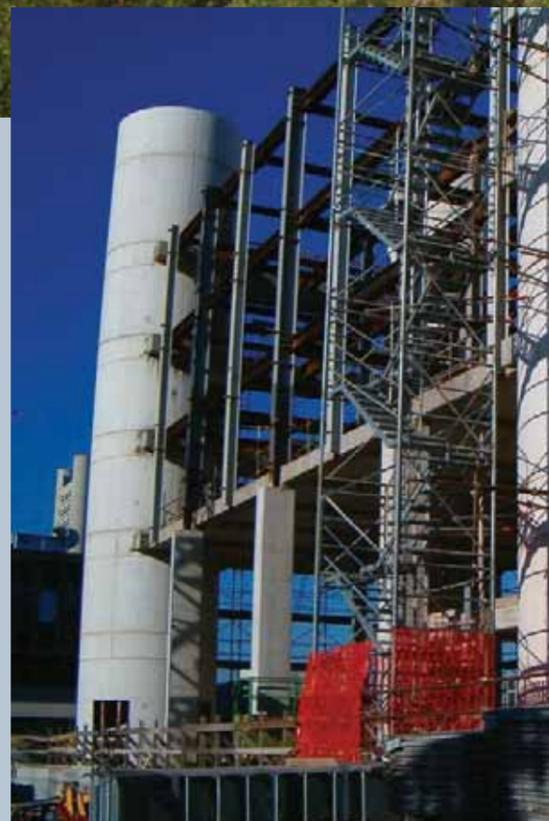
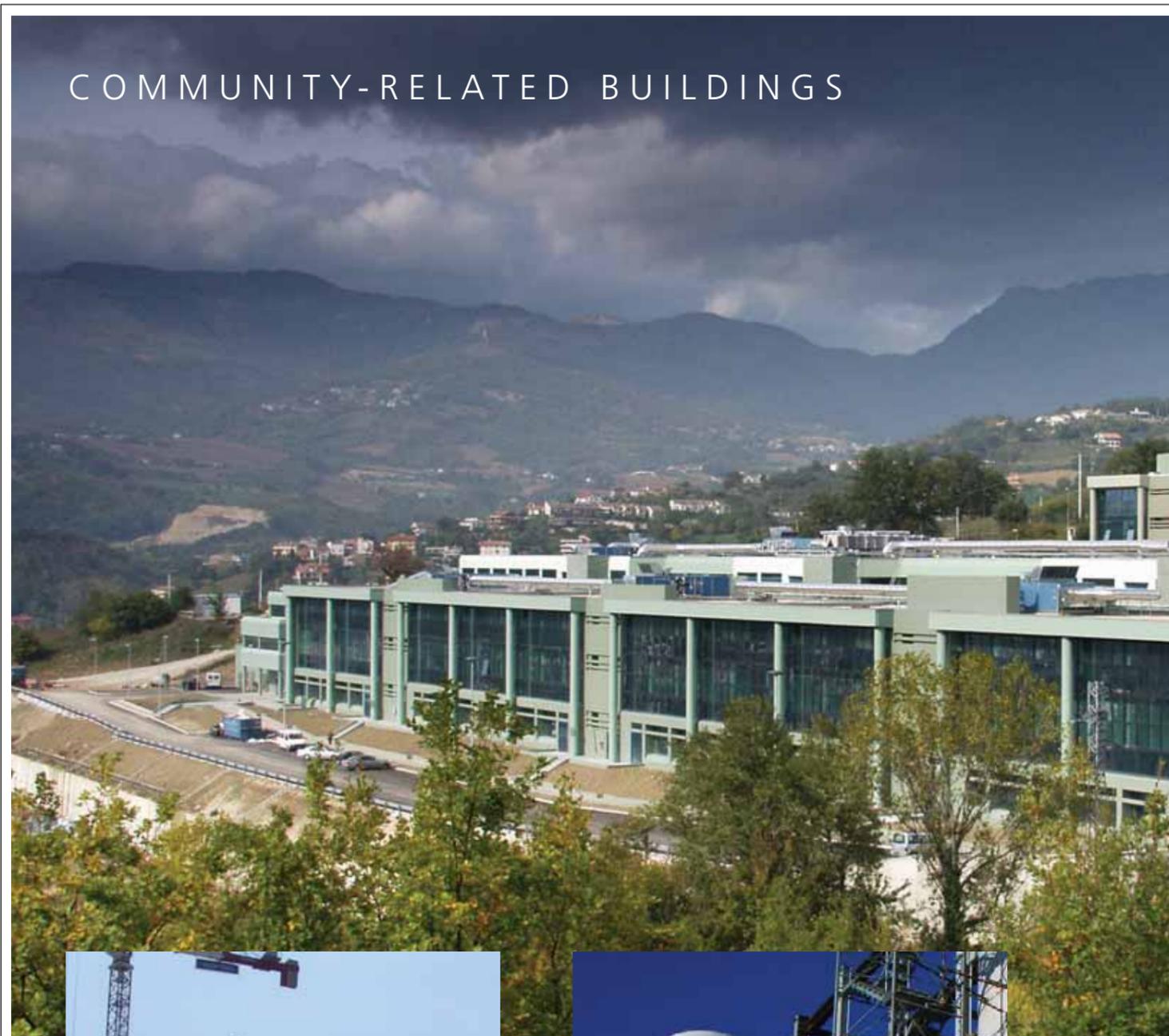
Various building complexes for tertiary activities - Prato



Bottom:
Renovation of the building complex used as the head office
and central branch of CARIPRATO



COMMUNITY-RELATED BUILDINGS



Top:
Faculty of Political Sciences – University of Teramo

Opposite page:
Offices for the Region of Emilia Romagna - Bologna



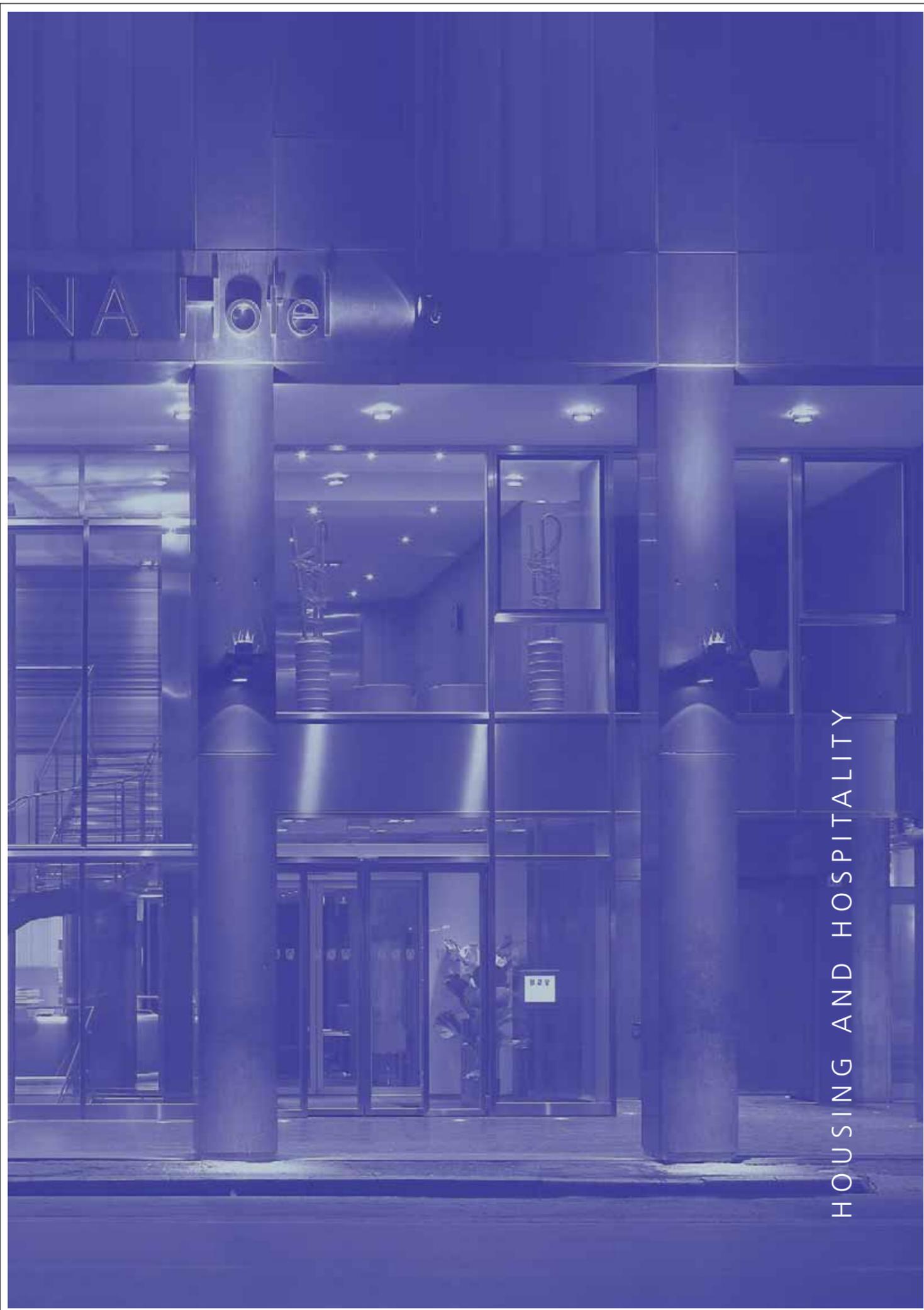
New university buildings - University of Pavia

Luigi Pecci Museum of Contemporary Art - Prato



Underground car park in Piazza Ghiberti - Florence





HOUSING AND HOSPITALITY

HOUSING



Top:
I Lecci residential units - Prato

Right:
Residential units - Sorgane - Florence

Bottom:
Residential units - San Bartolo a Cintoia - Florence

Bottom right:
Parco delle Cascine residential units - Florence



Right:
Chiosina residential units – Calenzano - Florence

Bottom:
Residential buildings - Impruneta - Florence
Residential and retail units - Via Catani, Prato





HOSPITALITY

Top: Renovation of buildings on the estate of Santo Stefano in Montaione (FI)

Situated in the centre of Tuscany (about 50 km from Florence and a similar distance from Pisa and Siena), the tiny rural settlement of S. Stefano (part of the municipality of Montaione) dates back to the 11th century. The owners are gradually renovating the buildings and converting the old rural dwellings into holiday accommodation. Given the setting and the way they are appointed these are prevalently aimed at the top end of the tourist market.

Above: Construction of a hotel building in the multipurpose complex in Campi Bisenzio (FI)

Right: Restoration of a building in front of the central railway station in Bologna for use as a hotel. The building, which has a total surface of about 4,600 m² and consists of 8 floors plus an underground garage, has been totally restored.



Metropole – San Bartolo a Cintoia (FI)

The ground floor consists of the hall, offices, lounges, a bar and the reception area, plus the lifts and stairs to the underground car park and the rooms and restaurants above. The first floor is occupied by the restaurant dining rooms, breakfast room, kitchens and a 500-seat conference room. The hotel's 208 bedrooms with ensuite bathrooms are situated from the second to the fourteenth floor, together with

the service rooms on each floor. The fifteenth floor houses 4 suites and a panoramic reception room with a terrace. The sixteenth floor is occupied entirely by technical services, some of which are also located at the underground level together with the car park.



Above:
Work to increase the accommodation and reception facilities of the Convitto della Calza (Florence), a building erected by Bindo di Lapo Pennini some time before 1362. Dedicated to St John the Baptist, it served as a hospital.

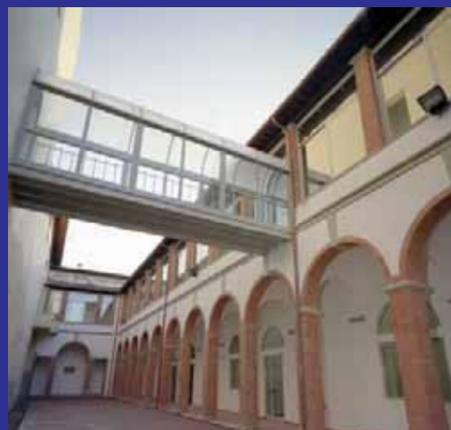
Opposite page, left:
Restoration of the façades of Villa Vittoria (Florence), built between 1886 and 1891 to a design by Giuseppe Poggi, who had been commissioned by the Strozzi family of Mantua. In 1964 it was converted into an international conference centre to a design by the architect Pierluigi Spadolini.

Above:
The Badia was the cathedral of Fiesole from the early Middle Ages through to 1026. At Cosimo il Vecchio's wishes, work started in 1456 to enlarge the Badia considerably. According to Vasari, the design was by Brunelleschi. The front of the church, which remained incomplete and in a rough state following the death of Cosimo I, has a small 12th-century green and white Romanesque façade reminiscent of the architectural motifs of the façade of S. Miniato and of the Baptistery of Florence. The Brunelleschian interior, which has a nave but no side aisles, was built in 1461-64.

Opposite page, right:
Construction of new buildings for the Florence Law Courts in the former Murate complex (Florence). In 1424 the complex was occupied by nuns living in seclusion, who were known as 'murate' (literally 'walled-in'). The convent was renovated and extended some time before 1471, following a fire, and again in 1571, after a flood. In 1845 it was renovated once again and used until quite recently as a prison.

Bottom:
Renovation and restoration of Villa Gamberana – Settignano (FI).

RESTORATIONS





The complex is situated in Barberino del Mugello at Maschere, on a secluded hill overlooking the lake of Bilancino. It includes the main building, Villa delle Maschere, a four-storey structure of some 7,000 m²; the smaller Casa del Giardiniere ('The Gardener's House'), a two-storey building of about 800 m²; and a park, which covers an area of about 19 hectares. The first iconographic material featuring the Villa dates back to 1585, and the importance, beauty and splendour of the villa and its park have been extolled by many writers and travellers.

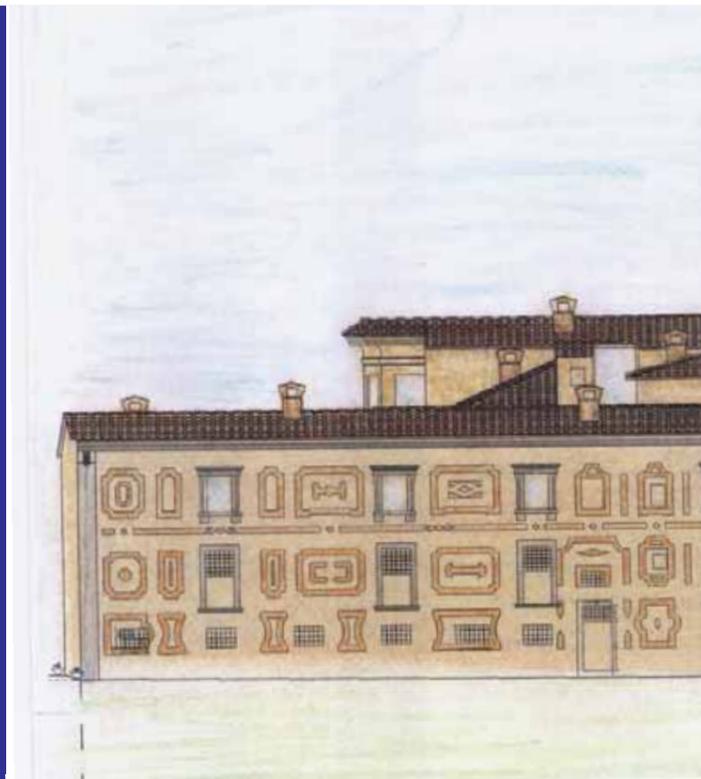
Currently there are two distinct, albeit linked structures. The first probably dates to the second half of the 16th century, while the second was built to a design by the Grand Duke's architect, Giovanni Battista Foggini, at the end of the 17th century. In 1913 the Ministry of the Cultural and Environmental Heritage decreed the villa and the other buildings in the complex to be of historical, architectural and landscape interest.

Abandoned and in an extremely dilapidated state, the entire complex was acquired by the current owners in the year 2000. Plans were drawn up to convert it into a luxury hotel with 65 old-style bedrooms, 52 in the villa itself and 13 in the Casa del Giardiniere.

Work began the same year; the whole complex was cleared up and a network of metal props installed to make the buildings safe. A large temporary metal roof was laid onto vertical, load-bearing structures in order to prevent further weather-related deterioration of the complex.

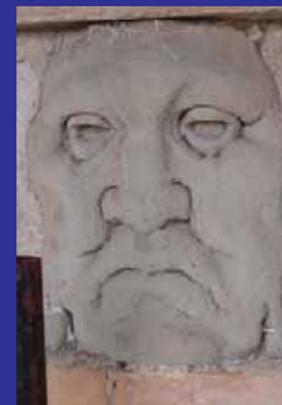
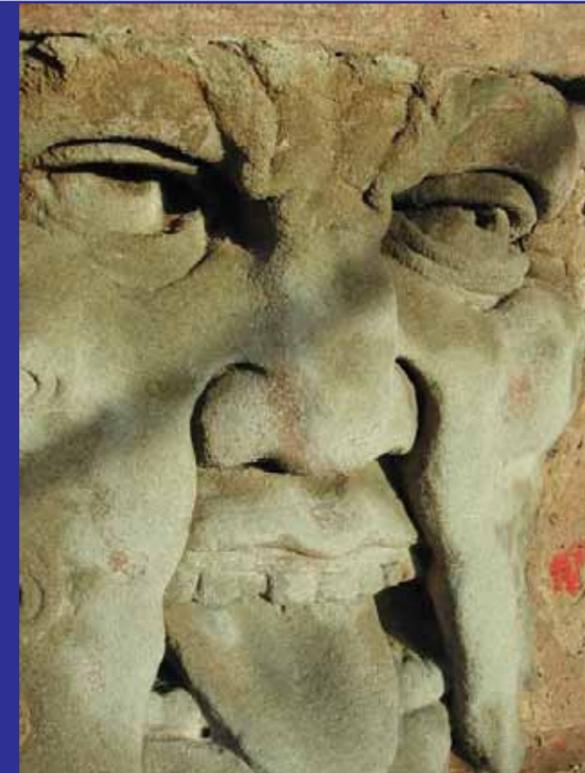
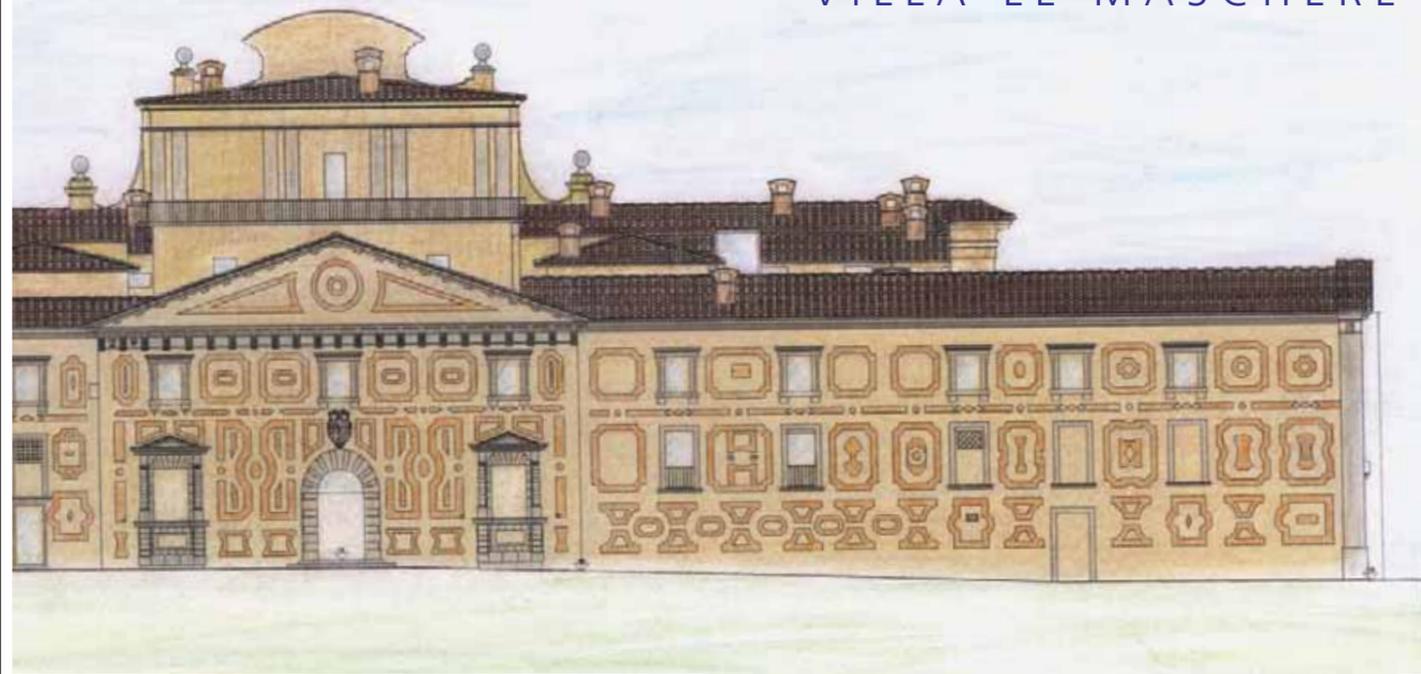
Top right:

View by Giuseppe Zocchi, produced in 1774, and the state of decay before restoration work began.



The renovation project includes the building of the rooms, connecting corridors, staircases, access and communal areas, and full restoration of the stone and plasterwork, the aim being to return the villa to its original splendour. The same process will take place in the park; the old paths will be cleared up and restored, and a splendid swimming pool will also be installed near the east side of the villa on a level with the surrounding garden. The old rainwater collection channels, built in stone and brick-vaulted, will be cleaned and repaired, so they can again be used for rainwater runoff. The goal is to restore everything, without making distinctions as to importance or historical period. A major preliminary programme is already underway to consolidate the paintings, frescos and stonework and, under the guidance and management of the Monuments and Fine Arts Superintendency, work is being carried out to clean, protect, fill and pin everything that is most exposed to the risk of being damaged by the renovation work. Full restoration will begin when the condition of the works has been stabilized and the authorities have approved a specific restoration project.

VILLA LE MASCHERE





MAIN SIGNIFICANT DATA
CONSOLIDATED BALANCE SHEET 2004

87 88 89 90 91 92 93 94 95 96 97 98 99 100 101

102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200

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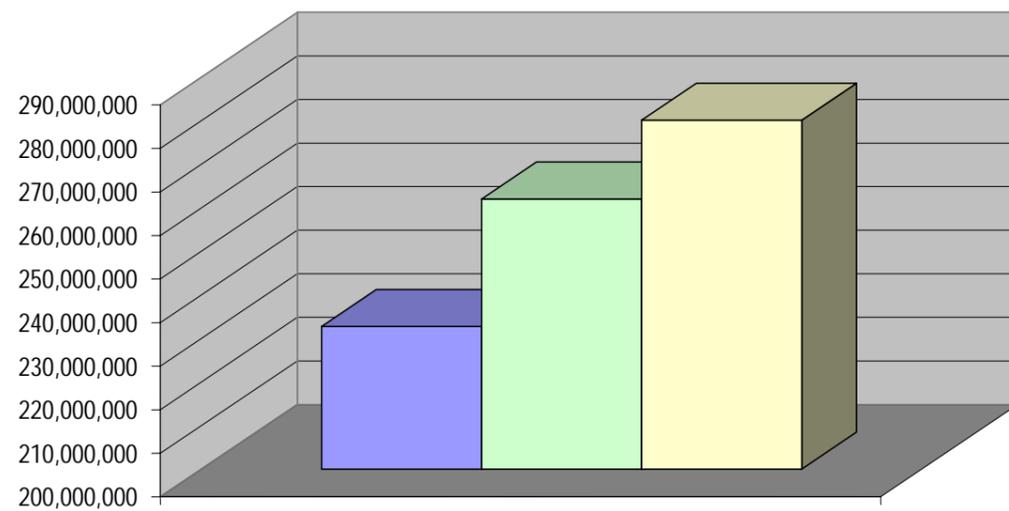
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MAIN SIGNIFICANT DATA

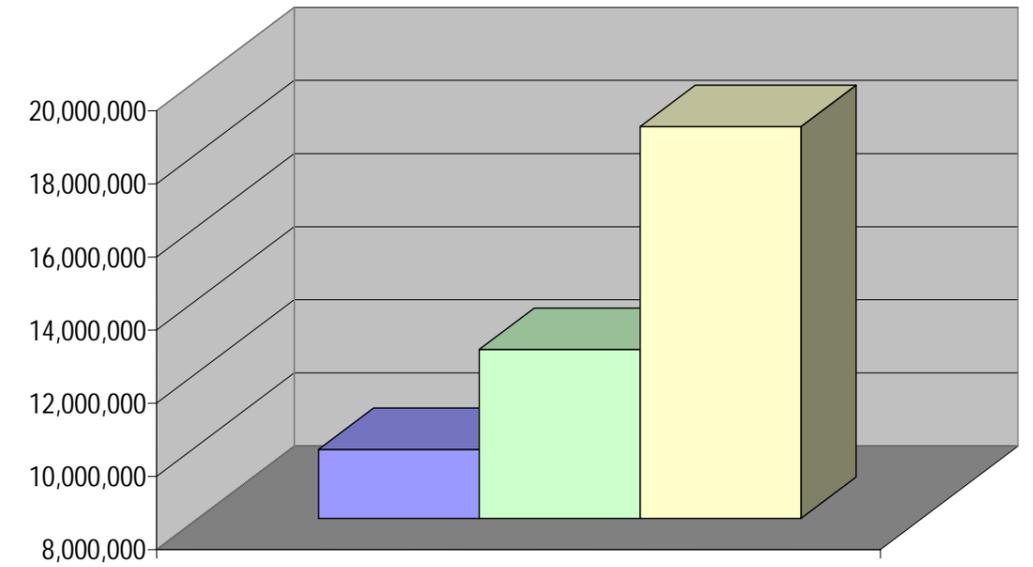
Data of Baldassini-Tognozzi (in Euros)	2004	2003	2002
Total revenues	268,784,486	254,304,185	225,443,566
Operating result	15,274,825	9,536,643	9,200,877
Pre-tax profit	9,920,833	1,560,668	11,212,723
Net profit	4,559,087	2,901,042	9,362,750
Net equity	31,715,595	27,156,508	24,255,468

Data of the Gruppo Baldassini-Tognozzi (in Euros)	2004	2003	2002
Total revenues	280,098,930	262,018,729	232,728,891
Operating result	18,718,106	12,623,985	9,893,456
Pre-tax profit	12,877,440	6,622,010	9,174,155
Net profit	6,478,666	6,801,769	7,271,877
Net equity	31,132,227	28,691,826	21,523,359

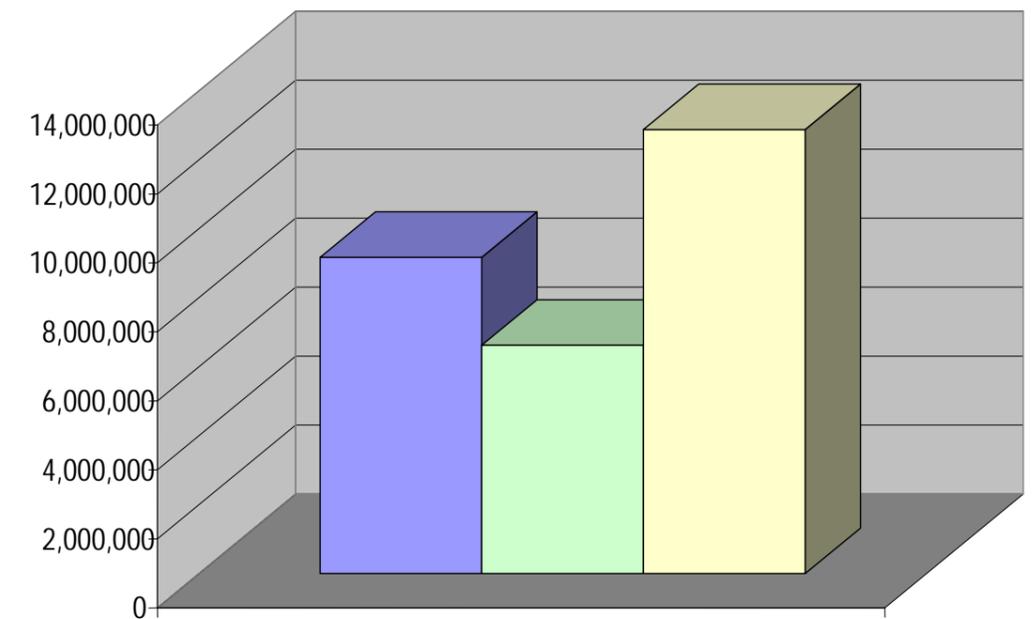
(in Euros)	Order backlog at 31 December 2003	Acquired 2004	Production 2004	Order backlog at 31 December 2004
Shift in order backlog	1,138,754,709	430,334,130	257,131,966	1,311,956,873



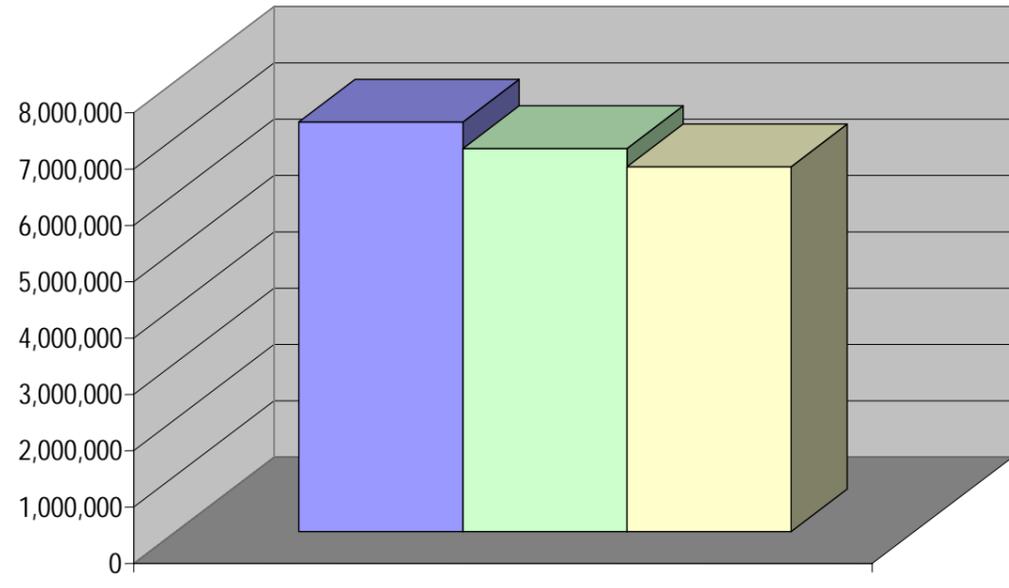
Total revenues



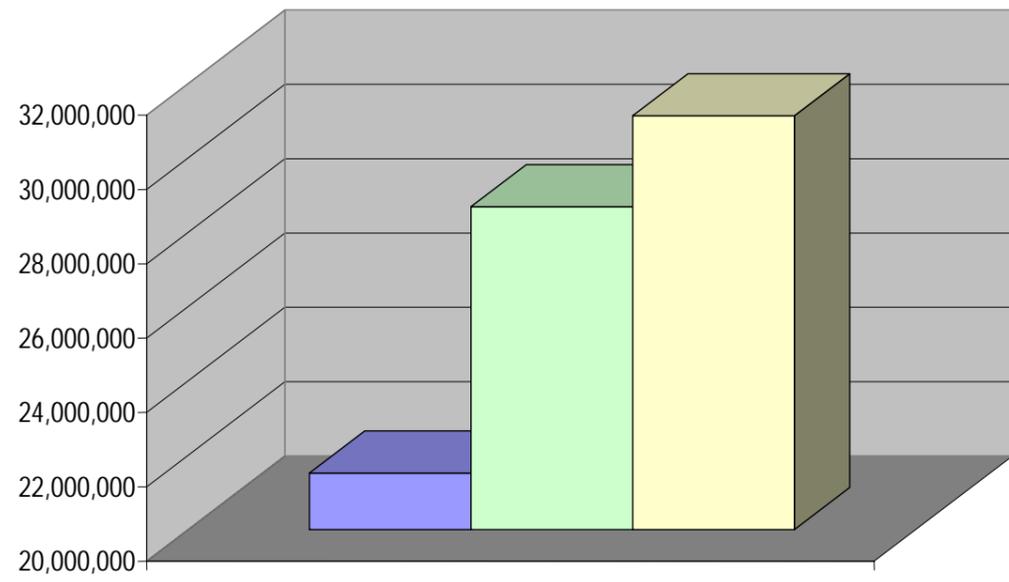
Operating result



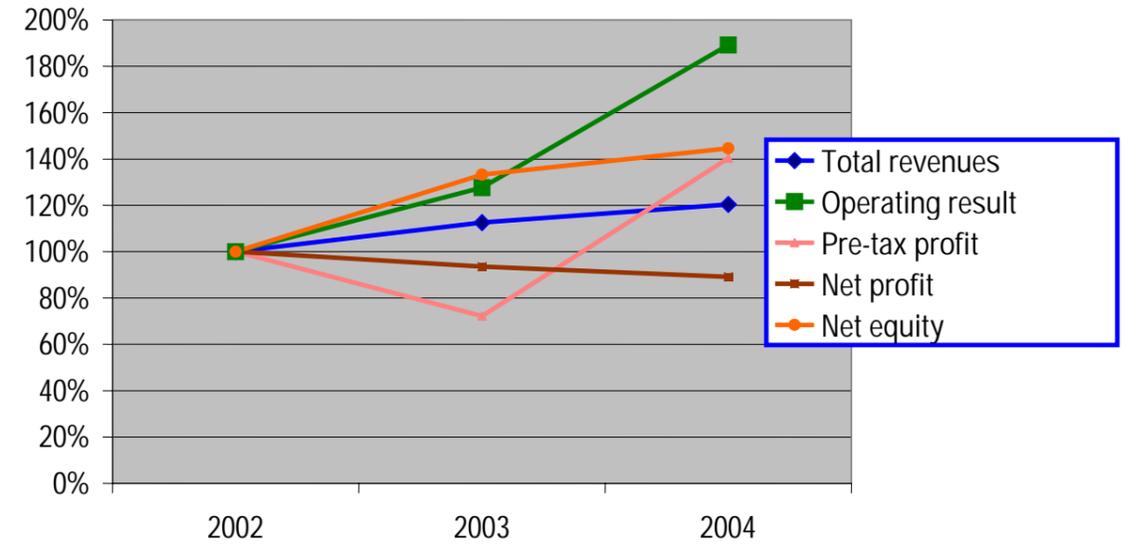
Pre-tax profit



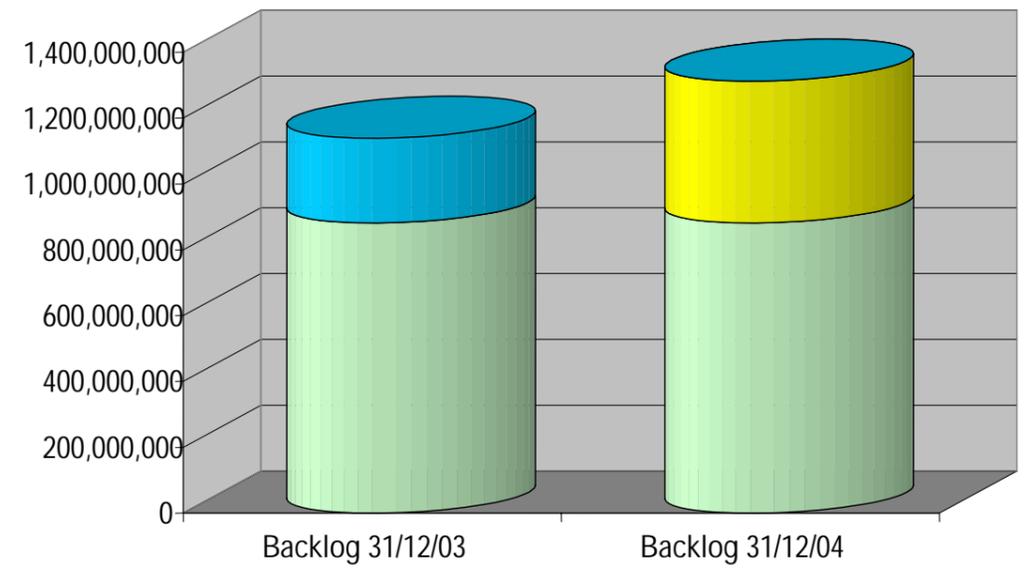
Net profit



Net equity



Variation in main significant data (base 2002)



Shift in order backlog



MANAGEMENT REPORT
CONSOLIDATED BALANCE SHEET 2004

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2004

MANAGEMENT REPORT

Dear shareholder,

This company management report on the consolidated balance sheet is in accordance with the requirements of the Civil Code, and the consolidated balance sheet has been prepared, as usual, in conformity with the requirements of Legislative Decree N° 127/91.

Financial 2004 confirms the growth trend which the group has followed in recent years.

It can be noted that:

- **total revenues** have reached 280 million Euros, against the 262 million of the previous financial year;
- the **operational earnings** were 18.7 million Euros, against the 12.6 million of 2003;
- the **net result** was a profit of 6.5 million Euros, substantially equal to the consolidated profit of financial 2003;
- **group net consolidated equity** at 31 December 2004 amounts to 31.1 million Euros.

THE ITALIAN MARKET

For a number of years, building has been one of the most significant driving forces behind the country's economic growth.

Construction industry growth indicators for recent years show how it has been of support to the economy and has contributed to national growth.

The "Legge Obiettivo [Objective Law]" (Law 443/2001) that raised the criteria for selecting bidders to the most important contracts at national level favoured companies with a solid asset base, a high level of know-how in project management and a strong capability for obtaining credit.

In previous financial years, the group has invested heavily in staff, means and organisation, increasing its capital, which, at 31 December 2004 stood at 31.1 million Euros, in order to develop the opportunities this scenario offered and to further affirm and consolidate its standing both as general contractor and in project financing.

Indeed, the need of both central government and local administrations to dampen the impact on borrowing of public works expenditure has increased the market's resorting to project financing as envisaged by the Finance Law.

PROJECT FINANCING

After achieving the priority strategic objective of leadership among Italian construction companies while creating and strengthening an organization capable of responding to market challenges, the Gruppo Baldassini-Tognozzi has sought mainly to focus on forecasting, identifying and stimulating market demands, and to pioneer new paths including that of project financing.

After a first move away from such formats of peer aggregation as temporary associations among building companies, in 1999 Baldassini-Tognozzi S.p.A. forged an alliance with major entrepreneurial partners from different market sectors working in service industries whose contribution would be necessary for formulating in-house *project financing* proposals consisting of planning, development and management.

In 2000, as the leading company in this consortium, the parent company presented the municipality of Florence with the project financing proposal called "Firenze Mobilità". After concluding the due process required by the so-called "Third Merloni Law", on 1 October, 2001 it signed an operations contract, successively amended on 6 August 2003, providing for the planning, development and management of the following works.

- "Piazzale caduti nei lager" area: development of a two-storey, underground car park for a total of 557 cars and 80 motorcycles, and redevelopment of the ground-floor square on top.
- "Archivio di Stato Piazza Beccaria" area: development of an underground car park for a total of 205 cars and 23 motorcycles.
- "Piazza Alberti" area: development of an above- and underground car park for a total of 760 cars, a pedestrian precinct, partly green and partly paved, retail store buildings on two floors, with underground warehousing for a total of 2,200 m², student residence buildings (to accommodate approx. 80 people), and a square sloping downhill to the multi-storey car park.

- "Sottopasso Viale Strozzi" area: construction of an underpass facing the Mastio consisting of a four-lane artificial tunnel roofed by a pedestrian square of some 2,400 m² to provide access to the Fortezza da Basso, the Congress Centre and the city centre.
- "Parco del Mensola" area: development of a park of some 77,500 m² with a system of illuminated pedestrian walkways, with two entrances, north and south, and 910 m² of parking area.
- "Sosta e ricarica bus elettrici" area: development of approx. 40 spaces for parking and the battery charging service and maintenance of Ataf municipal electric buses.
- "Sosta Peretola" area: development of a 40-metre long pedestrian flyover directly linking the airport to the parking area which accesses ground level by four elevators and stairways.

The importance of this operation and the interest it aroused enticed additional, new partners to join the Firenze Mobilità S.p.A. project. These are:

- Florence Chamber of Commerce
- Aeroporto di Firenze SpA
- Firenze Parcheggi SpA.

Works are at an advanced stage and the concluding phases began in September 2004.

The stake of the group in the consortium (named Project Costruzioni S.c.r.l.), which has overall responsibility for developing the works, is 48.32%, equal to some € 20,800,000.00 (of which € 12,152,337.28 concluded at 31/12/2004).

Within this project financing initiative, the parent company established Alberti s.r.l. together with other partners in the operation with the objective of selling car and garage spaces in the Piazza Alberti project. Here, too, Baldassini-Tognozzi has a 48.32% stake.

In 2003, together with other entrepreneurs including RATP International, Alstom, Ansaldo-Breda, it took part in the consortium presenting the project financing proposal to the municipality of Florence for the planning and development of lines 2 and 3, and the management for 35 years of lines 1, 2 and 3 of the tram system, for a total investment of € 252,000,000.00.

The proposal was declared of "public interest" status by the municipality of Florence and the procedure launched for an open bid which concluded with the consortium being awarded its operation.

Thus, the planning company "Tram di Firenze S.p.a." was established with the partners in the consortium and the public transport company A.T.A.F. SpA, of which the municipality of Florence is a stakeholder. The parent company Baldassini-Tognozzi S.p.A. will have a 13.902% stake for which it shall carry out works for some € 61,000,000.00. At present, negotiations on defining the operation and funding contracts with MPS Banca per l'Impresa, Calyon and I.S.P.A. are at an advanced stage and are expected to be signed by June 2005.

Again in 2003, the parent company Baldassini-Tognozzi S.p.A. participated with other partners, including Autostrade per l'Italia SpA, the Florence Chamber of Commerce, the Prato Chamber of Commerce and the banks M.P.S. Merchant SpA, CA.RI.PRATO SpA and the Cassa di Risparmio di Firenze SpA, in the consortium to present the Tuscany Region with the project financing proposal for the planning, construction and management for 40.5 years of the motorway junction road called "Bretella Lastra a Signa/Prato" for an total investment of some € 243,000,000.00.

The proposal has been declared of "public interest" status.

Baldassini-Tognozzi S.p.A.'s stake in the planning company being established is 5%, for which it will carry out 50% of all the works envisaged.

In June 2004 the parent company Baldassini-Tognozzi S.p.A. took on the role of agent in the project financing offer for the planning, construction and management of the New Civic Centre of Scandicci and the high-speed tram station. Its stake in the future planning company is 20.63% (for which Baldassini-Tognozzi S.p.A. will carry out 40% of the works).

The project consists in developing 6,880 m² of habitation, 2,360 m² of office space, 1,570 m² of retail space, 3,285 m² of a rehabilitation and diagnostic health centre, 1,817 m² of multi-use hall/auditorium and parking for 403 cars.

The overall investment is € 32.808.000,00.

In December 2004, Baldassini - Tognozzi S.p.A. and Unica Cooperativa di Abitanti, presented the project financing offer for the planning, construction and management of student residences inside the Technology Park at Sesto Fiorentino. Baldassini-Tognozzi S.p.A.'s stake in the future planning company is 50.00% (for which it will carry out 100% of the works).

The project envisages the development of some 19,200 m² for apartments (to accommodate 520), retail space (1,170 m²), a hostel for researchers (to accommodate 48) and a semi-underground car park (for 150 cars) for an total investment of € 20.672.000,00.

Many other offers are in the process of being drawn up and finalised. Hence, after a first stage of creating an "entrepreneurial prototype" the parent company Baldassini-Tognozzi S.p.A. is now well organised for providing all-round responses using the tool of project financing and so-called "innovatory funding" to the many demands of public administration which call for the planning, development and management of public works and works of public utility,

and which acknowledge private enterprise as a partner with which to proceed together in implementing public initiatives for territorial and infrastructural development.

The parent company Baldassini-Tognozzi S.p.A., aware of the need to meet the challenges of ever-changing issues and emerging sectors, and with the objective of creating new opportunities and new market segments, again towards the end of 1997 began to reap success in a new, alternative form of involvement in real estate beyond the classic role of mere operator, by becoming a developer.

After having successfully concluded such complex operations as the San Bartolo a Cintoia Redevelopment Project (involving some 25 hectares for a hotel with 220 rooms, a multi-screen cinema with 11 theatres seating 2,498, a 10,000 m² shopping centre below, 251 apartments and an under- and above-ground car-park and the relative urbanization, Baldassini-Tognozzi S.p.A. is now involved in the redevelopment of the following key areas which are presently derelict:

- Former Sime area (development of some 25,000 m² of land into 410 apartments plus 2 storeys underground for garages, car spaces and cellars)
- Former Fiat area Viale Belfiore (some 3 hectares of land for the development of a 205-room hotel, a conference centre, retail stores and a fitness centre, with underground parking and a residential complex of 104 apartments)
- Former Florence Military Bakery (renovation of some 17,000 m² with a civic centre, homes and offices)

All this involving professionals of such international renown as Adolfo Natalini, Jean Nouvel and Rafael Moneo, in the knowledge that the new challenge is to provide quality.

In addition, we were also in the partnership to acquire 50% of the real estate complex of the Former Tobacco Factory of Florence of some 102,000 m² of gross useable surface area. The parent company Baldassini-Tognozzi Spa's stake in the consortium is 42.90%.

GENERAL CONTRACTOR AND PUBLIC WORKS

Public contracts obtained through the parent company Baldassini-Tognozzi S.p.A., are the most important activity of the group both at present in terms of turnover and in future by the increasing demand for building, leading to a substantive and qualitative increase in orders.

Besides, the enormous amount of promotion carried out, especially over the last 10 years, investing in human resources, avant-garde plant and equipment and the acquisition of specialised companies (the latest of which is the long-established firm of Pontello of Florence), and a skilful and continually developing coordination of company functions was sure to bring success. The results achieved highlight an entrepreneurial reality which, in the major challenges it has faced, has always shown its ever-increasing potential to be more than equal to the occasion.

This has been the case for major public works in constructing schools, barracks, university buildings and more recently hospital complexes of which with no fewer than 25 in the last 10 years, all built to the highest standards, in which the parent company Baldassini-Tognozzi S.p.A. has accumulated an almost unique know-how.

In infrastructure, the group has taken on an increasing number of commitments achieving success in productivity and profits, constructing airports, roads, motorways, railway stations and railway lines, underground works and works in urban areas.

Today, the parent company Baldassini-Tognozzi S.p.A., listed among the top 10 Italian companies, takes part in the most significant projects of infrastructural development of Italy such as the modernisation of a number of sections of the Salerno-Reggio Calabria motorway, the construction of two new stretches of the new Siracusa-Gela motorway and the broadening to three lanes of the A1 Milan-Naples motorway in the stretch between Florence south and Florence north. Railway development has seen the doubling of the Crevalcore-Nogara-Poggio Rusco line in Emilia Romagna and the Pellarò-Capo D'Armi line in Calabria.

In 2004 public works contracts were of particular importance, with the company planning and developing a series of bids which were won during the year for a total of 180 million Euros. In addition, the first quarter of 2005 saw the awarding of three contracts, namely ANAS (the Paiesco tunnel in Piedmont), Italferr (the Fiumetorto-Cefalù railway line) and Autostrade (Sections 4-5-6 of Florence Certosa) respectively. All this represents a total of no less than 350 million Euros of new contracts with short take-up dates.

Of special importance as General Contractor was the bid launched by Italferr for the Palermo-Messina railway line confirming the group's capability of tackling initiatives requiring increasingly advanced technology and complex financing.

As regards large-scale future projects, a Permanent Consortium (called "Operae") involving top-level partners was established in November 2004 in order to meet the terms of the "Legge Obiettivo" for major works.

Operae Consortium's possession of the qualification requirement for unlimited amounts have, in these first few months, led to prequalification for contracts of primary importance, bidding for which is envisaged by end June 2005, namely:

ANAS – DG 48 Salerno Reggio Calabria	Amount	789 mil./€
Quadrilatero Umbria – Marche ML 2	Amount	716 mil./€
Rome Underground Line C	Amount	2,500 mil./€

The policy of establishing a permanent group of high-level companies has already produced the important result of confirming the Gruppo Baldassini-Tognozzi as a leading Italian construction company and enhancing its status of General Contractor in bidding for the most important contracts with the most stringent selection criteria.

Consequent to these initiatives as well as many others presently in the study process, it can be reasonably expected that the group will continue to develop and strengthen its role in the field of major public works, also as a general contractor through the increasing operativeness of the "Operae" permanent consortium, the establishment of which was decided specifically as a move towards creating a major construction organisation in Tuscany able to compete with the largest groups at national level.

INVESTMENTS

The group's policy of bidding for major works required constantly focusing on investments both in staff and in machinery and computerization.

To the continual, rapid growth in turnover (increased ten-fold in the last ten years) under the present chairmanship, there were corresponding and even more substantial investments in staff and machinery (in 1995, the parent company's investment was some 9% of turnover while in 2004 it reached 14%).

Initiatives aimed at attracting and developing excellent professional staff continued in 2004 partly by investing in researching and acquiring highly-skilled, specific human resources and partly by managing and developing the skills which has brought success in recent years.

10.7 million Euros of investments were made in 2004 of which over 8 million by the parent company in machinery to prepare for the new contracts in infrastructure.

As regards investing in company shareholding, the "Montevalori Srl" company was acquired in the course of the financial year with an overall investment of some 55 million Euros. The stake in Montevalori S.r.l. is not included in the area of consolidation since it is earmarked for sale.

In recent years, much attention has been focused on the company computing system aiming to move from an individualistic approach to information management which inevitably causes duplication and errors, to an integrated, company-wide system making all information a company asset. By automating and simplifying existing manual processes, blending applications, and reducing the costs of inserting data and the times between event occurrence and manifestation, we aimed at enabling all users to access knowledge and collaborate in real time, and the management to identify the most significant data and using the results to create efficient strategies.

In 2004, special attention was turned to the world of Internet, and to set up private virtual networks between the sites and peripheral offices and the head office in Calenzano, and also to allow the exchange of information between sites and their respective works management. Parallel to this, security levels, today ever more important, were also raised in order to ensure continuity in operativeness and to protect against attacks from the outside. In addition, adopting suitable security measures for computer-managed data is an obligation laid down by the coming into force of the "Code regarding the protection of personal data".

QUALITY - SECURITY - ENVIRONMENT

Quality

During 2004, application of the company quality system was strengthened in order to maintain the levels defined by company quality policies set by top management, and to maintain the ISO 9001:2000 certification which is subject to verification and inspection by the ICIC certification body.

The organisational changes to the quality system carried out consequent to the continual improvement in models of company management as required by ISO 9001:2000, have affected not only head-office but also sites. The latter has been adjusted to cope with the increasing size of single contracts and also to respond to the growing demands of clients.

In operational terms, the quality office has provided intensive specialist technical assistance to all areas of the company in order that the changes made to the company system be transferred to them and strengthened. At the same time, the usual monitoring was carried out on the main company processes through systematic internal auditing with the primary objective of achieving continual improvement in services and/or product.

Contemporarily, by the rules which oversee the granting of certification, the certifying body carried out periodic audits in order to verify the on-going existence of the prerequisites for continuing to grant certification.

The positive results of these audits, which involved both the head office in Calenzano as well as the various sites, led to the issuance of reports attesting to the validity of the certification granted.

In particular, during the latest visit by ICIC inspectors an audit was carried out at the site of the doubling of the Bologna-Verona railway line. The RFI / Italferr contract, worth over 268 million Euros is handled with the temporary association of companies acting as consortium leader. The audit focused especially on how the relationship between the parent company and the temporary association of companies had been devised and organized, and how the planning had been managed.

Safety

The Prevention and Protection Service has identified the main professional figures for new contracts (Employer, Safety Manager, Person in charge of Safety, Person responsible for Prevention and Protection, Workers' Representative for Safety) each duly appointed and authorized, and the relative Risk Assessment Documents prepared with the Specific Operational Measures for Safety, Emergency Measures, First Aid and Evacuation.

Training and information programmes have been launched for workers on new contracts while control and updating has continued for workers on other contracts.

Centralised gathering of accident indices for the whole of 2004 has continued. The partial data available show no change to the trend of the preceding 12 months and continue to show an improvement over national levels for the industry.

Revised health protocols were drawn up for new contracts in accord with the doctor responsible, in order to ensure best check on workers' health considering the new work typology.

The Prevention and Protection Service is continually involved in training and keeping all company employees updated, as well as keeping check on subcontractors observing their obligations in this regard.

Environment

With an eye to developing an integrated Quality-Safety-Environment system, the quality department has produced the first drafts of the Company Environment System documents and the parts of the order documents concerning the system, in particular for the Italferr contracts for Pellaro and Crevalcore. This was done together with the Prevention and Protection Service who specifically attend to the more operational aspects having to do with the development of the site. Each single activity is taken and analysed from the standpoint of both safety and environment, and entrusted to the site manager who has also received training in environmentalism.

In the early months of 2005, cooperation agreements were launched with specialised experts and laboratories in order to set up monitoring systems for gathering the basic data which, in turn, will enable periodic checks to be carried out on the effectiveness of the mitigation initiatives undertaken.

MAIN COMPANY OPERATIONS AND SIGNIFICANT EVENTS

Constitution of the "OPERAE Permanent Consortium"

In order to enhance its competitive potential in the field of major public works, on 22 November, 2004 the group took part through the parent company in the establishment of the "Operae Permanent Consortium – Integrated Construction Technology and Systems" (in short "Operae Permanent Consortium") underwriting a quota of 40% of the consortium fund. On December 22, 2004, the quota rose from 40% to 47.06%.

The Consortium began its activity immediately on its establishment, with the founding companies taking a fully active part.

The partners are leading companies in the field of construction and plant engineering who, by means of the framework of Permanent Consortium, resolved to combine their skills, requisites and know-how towards constructing a mutual, highly-qualified organisation able to compete at the highest levels in the field of works as required by the *Legge Obiettivo*.

Further to this, on establishing the consortium, a number of feasibility studies for obtaining SOA Certification were finalized in order to take part in bids.

Certification for 11 categories (8 general and 3 specialised for an unlimited amount) was granted on 20 December last by Protos SOA and hence in time for take part in the bidding for 2 important major bids, namely:

- ANAS SA/RC DG 40/04 basic bidding amount 789 million €
- Quadrilatero Umbria-Marche ML2 basic bidding amount 716 million €

In addition, promotion was carried out encouraging entrepreneurs to come together in a Temporary Association for future bids valued over a milliard Euros. For this, exclusive reciprocal agreements are also presently being negotiated with leading contractors worldwide for technology and pure engineering who will necessarily have to join the consortium for contracts of larger bid amounts and complexity.

In short, the ground has been prepared for 2005 and onwards, with an eye also to the enormous growth planned for the whole Italian infrastructure network.

Acquisition of the PONTELLO company

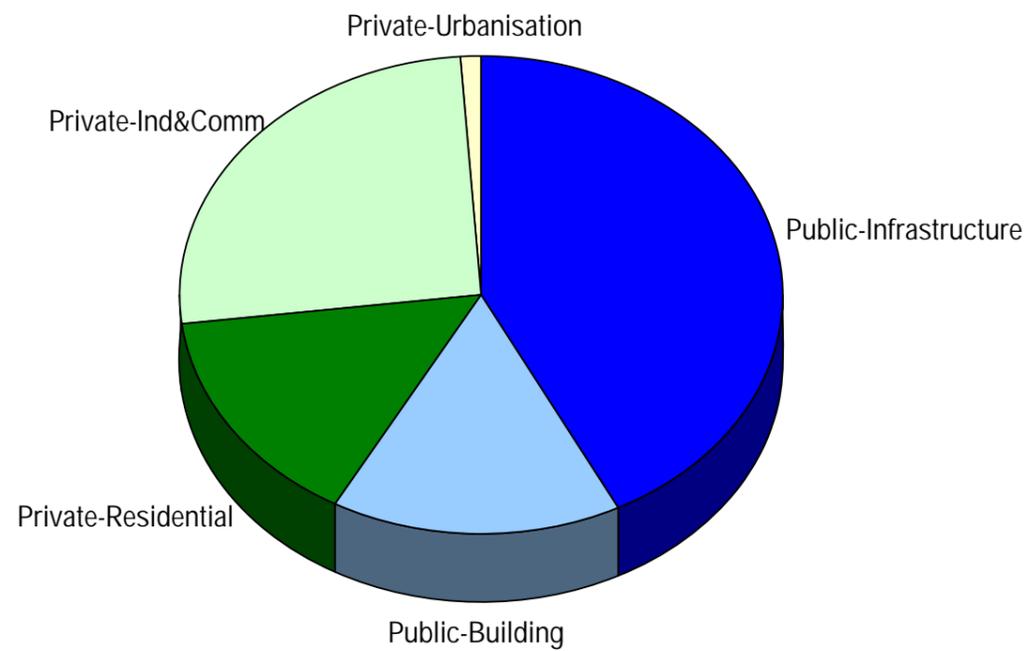
In the course of financial 2004 the group formalised its commitment through the parent company for the acquisition of Pontello, the long-established Florence company. The acquisition was finalised during the financial year 2005 with an investment of some 2 million Euros and the acquisition of important contracts for over 163 million Euros.

The purchase of the company and its historical brand not only falls within the strategy of development and growth which has always been a feature of our group in order for it to better compete with major groups nationwide, but also and mainly, with the creation of a significant Tuscan construction company, to acquire skills and professionalism in which the centuries-long experience of this famed Florence company will make a major contribution to the overall growth of the group.

MAIN ACTIVITIES CARRIED OUT

The main activities carried out by the parent company during the 2004 financial year for work sectors and orders are analysed and listed hereunder:

	31/12/2004	Percent	Percent
PUBLIC SECTOR	150,975,867	100%	59%
INFRASTRUCTURE	110,495,053	73%	
BUILDING, REDEVELOPMENT, RENOVATION	40,480,813	27%	
PRIVATE SECTOR	106,156,099	100%	41%
RESIDENTIAL	39,212,187	37%	
INDUSTRIAL, COMMERCIAL, OFFICES	63,901,316	60%	
INFRASTRUCTURE AND URBANIZATION	3,042,596	3%	
SUM TOTAL	257,131,966		100%

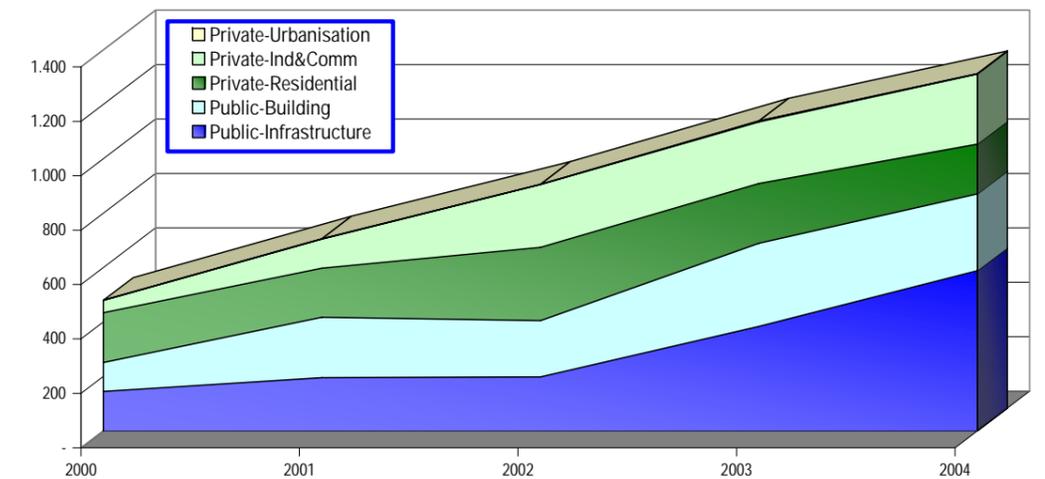


Subdivision of production in 2004

ORDER BACKLOG

The positive trend in the parent company's order backlog is analysed in the following table:

	Order backlog at 31/12/2003	Acquisition orders at 31/12/2004	Production in 2004	Order backlog at 31/12/2004	%
PUBLIC SECTOR	689,231,530	332,295,612	150,975,867	870,551,275	66%
infrastructure	383,678,056	314,980,065	110,495,055	588,163,066	
Building, redevelopment, renovation	305,553,474	17,315,547	40,480,812	282,388,209	
PRIVATE SECTOR	449,523,179	98,038,518	106,156,099	441,405,598	34%
residential	219,569,995	2,647,647	39,212,187	183,005,455	
industrial, commercial, offices	226,347,178	94,728,180	63,901,316	257,174,042	
infrastructure and urbanisation	3,606,006	662,691	3,042,596	1,226,101	
SUM TOTAL	1,138,754,709	430,334,130	257,131,966	1,311,956,873	100%



Growth of the Order backlog over the years

MAIN ORDERS IN EXECUTION AT 31 DECEMBER 2004.

Hereunder are listed the main projects in the parent company Baldassini-Tognozzi S.p.A.'s book of orders being executed, divided into the following typologies:

- Infrastructure
- Hospitals
- Shopping centres
- Public works
- Underground car-parks
- Hospitality
- Residential

Infrastructure

RFI / Italferr – doubling of the Bologna-Verona railway line between Crevalcore –Nogara (sections 3.0, 4.1 and 4.2) and the San Bologna-Verona Felice sul Panaro – Poggio Rusco line (section 3.2)

The bids have already been secured by the Baldassini-Tognozzi (parent company) Temporary Association of Companies, and by Locatelli (sponsor) for a total contract amount of over 268 million Euros. The Baldassini-Tognozzi quota is 70%.

The work for the first section was assigned on 29/04/2004, for a duration of 1403 consecutive calendar days, thus with an envisaged delivery date of 02/03/08. The works for the last section have not yet been assigned, the contractual duration is 1224 consecutive calendar days; since assignation is expected in May 2005, delivery date should be in September 2008.

The works consist in doubling the present single-track railway for a stretch of some 60 kms. Doubling 35% of the track involved will take place by widening the existing bed, and hence in proximity of running trains, while the remaining 65% will be on track variants requiring the construction of a new bed separate from the existing one. The most significant works are the three "Panaro", "Canal Bianco" and "Tramuschio", bridges lengths 3,077 1,652 and 3,347 metres respectively, with a total of 315 spans each 25 metres wide, with pile foundations, decking in pre-stressed reinforced concrete beams as well as a number of special, broader, steel spans across rivers.

Soc. Autostrade – Third motorway lane between Florence South - Florence Certosa (sections 7 and 8)

The bid was acquired for a contractual amount of 92,896,000 Euros. The works were assigned on 15.07.04, and delivery is envisaged on 20 November, 2008.

The works consist in widening each carriageway of the stretch of the A1 motorway between the Florence South and Florence Certosa turnoffs to three lanes – some 5 kms. For approximately 2.5 kms, the widening is asymmetrical to the present motorway and the remaining 2.5 kms will be a variant built entirely through a natural tunnel. This tunnel named "Pozzolatico" has clays and low cover and so delays are likely because of the probable continual need to ground consolidate the mass to be excavated.

RFI / Italferr – Doubling of the railway line between Pellaro (Reggio Calabria) - Capo d'Armi

The bid was acquired for an initial contract amount of 54,791,000 Euros. This is a so-called integrated planning and construction bid – one of the first in Italy providing for a substantial premium for acceleration, in this case 11,500,000 Euros if the works are delivered in 740 days instead of the 1170 envisaged.

Performance of the contract was assigned on 11.03.2004. The plans were delivered on time to the principal Italferr on 6 September, 2004. They were extensively reviewed by Italferr and approved in November 2004. The convention was signed on 24/03/2004.

Immediately after assignation, the opportunity arose to close the existing line for approximately one year, while initially the whole operation had been planned as taking place alongside a line in constant use. In March 2004 RFI (Rete Ferroviaria Italiana) formally agreed to suspend use of the line from June '05 to September '06, and the working plans were significantly amended with changes to the typology of works to be carried out, in particular the

elimination of everything having to do with the line being in use and hence no longer necessary (support walls, provisional sheet piles, deep foundations etc.).

On assignation of the works Baldassini-Tognozzi submitted its own accelerated programme to the principal so as to obtain the acceleration premium by delivering the works on 31.08.06. and is organizing its operations on this basis. The closure of the railway line and the ensuing constructional simplification have enhanced the chances of obtaining the acceleration premium.

The works consist in widening the existing single track to build a new railway line, and extending the walkways and the other existing works. In addition, some 20 new road and pedestrian underpasses will be built to do away with the many level crossings. The works are characterised by the particular operational handicap of having little room to work in since all the works are located in heavily urbanized areas with villas, apartment blocks and hotels hard by the railway line and the sea.

RFI / Italferr – Quadruplication of the Florence-Bologna direct rail-link

The combination of the railway works for "Florence Rifredi" for over 55 million Euros began in 1999 and is still being carried out by a series of consecutive, functionally-linked projects which began with the quadruplication of the Florence-Bologna direct rail-link, and is continuing with works pertaining to the functionality of the station, and preparatory to the construction of the new underground station for the high-speed link.

Among the most significant works are the "Panciaticchi" road underpass, three pedestrian underpasses (Station, Granchio and at 3+065 km), and the widening of the existing railway bridges over the Terzolle river and Via Mariti.

RFI / Italferr - Dynamic Multifunction Plant (Idp2), Naples and the new Naples-Barra railway station.

The bids, for a contractual amount of over 72.5 million Euros, were acquired by the Temporary Association as consortium head for the IDP2 part. Baldassini-Tognozzi's share of the works will be over 48.5 million Euros.

The IDP2 contract consists in developing the ordinary and extraordinary maintenance plant for "fixed-array" high- and low-speed trains in use in the south of Italy It comprises a series of tracks and sidings, both covered and open-air where trains are placed for work to be done on them (repair, cleaning, revision etc.). The area involved is the Naples marshalling yard station presently in disuse, and the most significant work is the depot where twelve complete trains can be housed in a covered area of 25,000 m².

The other work, adjacent to that described above consists in developing the Naples Barra railway station complete with benches and metal shelters, passenger buildings, railway underpass, fully equipping the station and car park. The area involved is a secondary yard of the Naples Central railway station where two nearby tracks of the Rome-Naples railway line call for particular care in carrying out the work. The most significant task is the major underpass in reinforced concrete connecting all the station platforms.

RFI / Italferr – Quadruplication of the Padova-Mestre rail link

The bid, acquired by the Temporary Association of Companies, is for the contractual amount of 114,974,000 Euros.

Therefore Baldassini-Tognozzi Spa, through Pontello, the consortium head, will carry out works for a total of 68,412,000 Euros. The duration is envisaged as 1,200 consecutive calendar days, with the delivery date on 30 April, 2006.

The works consist in broadening the present double-track bed, constructing a new line and extending the walkways and other existing works. In addition, many new road and/or pedestrian underpasses are planned as well as road flyovers in order to do away with the many level crossings. The most significant works are the new railway bridge over the river Brenta and the reinforced concrete culvert taking the new railway line under the A4 motorway.

Agenzia Torino 2006– State road 23 "del Sestriere" - Porte bypass (Pinerolo)

The bid with a contractual amount of 42,599,000 Euros was for a "most economically advantageous offer", in which the bidder was able to achieve lower prices also by technical measures which reduced the cost of the works. In addition, the offer also envisaged shortening the duration set by the principal of 810 consecutive calendar days by 185 days.

The works were assigned on 08/08/2003, for a contractual duration of 625 consecutive calendar days and thus with a due date of 25/04/2005. The principal has already granted two successive extensions to this expiry date hence, as of now, the new contractual expiry date is August 31, 2005.

The works consist in building a new roadway for state road 23 linking Turin to the colle del Sestriere, for a stretch of some 9 km. This new piece of road detours from the existing one at the western outskirts of Pinerolo and joins it again just after the built-up area of San Secondo di Pinerolo, in practice creating a bypass round the built-up area of Porte. The works were conceived within those being done for the winter Olympic games being held in Piedmont in February 2006.

The main features of the works are the 1060 metre-long "Craviale" natural tunnel and the "Turina" tunnel 650 metres long, as well as three viaducts, the complexity of which derives from their standing in the bed of the river Chisone. As of now, the Craviale tunnel has been completed and the other works are at an advanced stage.

Anas – Widening of the Salerno – Reggio Calabria motorway, SA-RC 3rd trunk-2nd stretch-Section 4

The bid was acquired for a contractual amount of 34,898,000 Euros. The works were assigned on 14/07/2003.

The bid is part of the project for broadening the entire 450 km. length of the Salerno-Reggio Calabria motorway, one of the top priorities of the "Legge Obiettivo" and indispensable for a rational use of the future bridge over the Straits of Messina.

The works consist in broadening the roadway between the turnoff for Rosarno (excluded) and Gioia Tauro (included), for some 10 kms. 70% of the works will be carried out alongside the present roadway and therefore in the presence of traffic, while 30% in a completely new setting, a variant of the existing motorway. The most significant work is the new "Seppia" artificial two-bore tunnel, with each bore 250 metres long. In addition, some 20 flyovers will be built over the motorway.

As of now, the substantial changes required by the principal with works underway have put the date of delivery back to the end of 2006.

Anas – Works relating to construction of the state road 125 "Orientale Sarda" 2nd section-3rd stretch and 3rd section 1st and 2nd stretches

The bids, for a contractual amount of over 22.5 million Euros, are part of the Anas development programme for the new 125 state road, which involves many contractors. The new road will create a rapid link between Cagliari and Olbia and thus a support for all the activities of the eastern coast of Sardinia.

The works for the 2nd section – 3rd stretch consist in building a new roadbed for some 3.5 kms. Essentially it involves creating trenches and back fillings as well as viaducts with decking in pre-stressed reinforced concrete. The most significant work is the new "Cardedu" turnoff with a viaduct of some twenty-five spans. The 1st and 2nd stretches of section 3 envisage building some 4.5 kms. partly in natural tunnels (for 1.7 km through granite rock) and partly in backfilling (for 2.8 km).

In the course of the works for the 2nd section, an improvement was introduced for the turnoffs, which brought about a substantial revision of the project and a final envisaged delivery date for the end of 2005.

The principal called a halt to the works of section 3 after only 40 days after their assignation when a ruling was handed down by the Regional Administrative Tribunal (following an application submitted by a competing company). The works were subsequently reassigned to us on 11/10/2004. As of now, they have been restarted and delivery is set for the end of 2006.

Road underpass in viale Strozzi – Florence

The Viale Strozzi underpass facing the Mastio of the Fortezza da Basso in Florence, assigned to Project Costruzioni s.c. a r.l., was given for work in April 2003 for an amount of 6.8 million Euros, and was completed for operativeness and delivered to the Traffic Mobility Direction of the Municipality of Florence for immediate opening to traffic at the beginning of June 2004.

The works continued with the external fitting out of the whole area between Via Valfonda and Via Ridolfi creating a secondary over-ground traffic system, remodelling the Mastio wall of the Fortezza da Basso and developing the new "Piazzale bambine e bambini di Beslan" to provide pedestrian continuity between the congress and exhibition areas.

These latter works were completed in February 2005.

The road underpass has four 310-metre-long lanes and the net width between the service walkways is 15.80 metres wholly coated in stone in accordance with the instructions of the Superintendency for monuments which had also given the architectural instructions for finishing the square above.

Hospitals

San Giovanni di Dio Hospital, Gorizia

Development of a 5-storey building linked to an existing building by a 9-storey block, and new technological, mechanical and electrical stations for servicing the whole hospital complex, including the pre-existing part, for a contractual amount including the additional act of 18,123,142.42 Euros.

The works were assigned on 14 February, 2002 and delivery date is envisaged for 31 October, 2005.

In particular, the project provides for warehouses, pharmaceutical store-room, dressing rooms and staff services underground, and on the ground floor the emergency room, examination rooms and radiology department. The operating theatres, intensive care unit and day surgery are located on the first floor, the wards on the second floor and the air treatment centre, the cooling and heating generators, the medical gas centre, the water centre and the electricity transformation and distribution centre are all on the third floor.

Silvestrini Hospital, Perugia

The bid provides for which works began in 2002 and will end in 2005 has a total contractual amount, including number one survey, of € 54,303,115.94, as follows:

- Completion of the existing 9-floor building including all civil works and utilities not including curtain walls and external fixtures and fittings.
- Redevelopment of the present hospital and conforming to specification the emergency room, the warm room, the emergency call room, the entrance hallways, the sample-taking rooms, the 13 operating theatres on two floors and the intensive care unit, including complete renovation of all the technology installations, to be carried out with the hospital in function.
- Construction of new 9-storey buildings parallel to the present ones and the connecting slab between the new building and the existing ones
- Metal pedestrian walkway walled with insulated façade panelling, between the buildings in use, those in completion and the new ones.
- Completion of the existing utility station and creation of new ones to satisfy the requirements for the entire hospital complex including the part already in use.

The part still to be completed and the new construction comprises an entire floor earmarked for 11 new operating theatres and intensive care units, and high specialisation departments such as, for example, haematology/ bone marrow transplant, microbiology laboratory, spinal unit, nuclear medicine department, radiology department with CAT-scan, PET and Magnetic Resonance, maternity and neonatal intensive care.

Shopping Centres

Esselunga Arezzo

Construction of a building for commercial use and relative urbanization, upgrading the crossroads with a roundabout and access roads and reduction of the risk of flooding in Arezzo – Via Santa Maria delle Grazie for a works total amount of € 16,787,000.

The building has two main floors - one underground for a car-park and the other a sales area. A third, very small area is set aside for staff services. The total covered area of the building is 6865 m² of which 4690 is retail space, in addition to the car-park which, between covered and open-air totals some 19,270 m². The constructed volume is some 29,440 m³. The 345-space car-park is linked to the upper floor by 5 elevators all located in the two entrance hallways. Contemporarily with the shopping centre, the risk of flooding from the Vintone river of Arezzo was reduced by creating banks in some stretches, road crossings and building overflow basins.

The works were terminated in the course of 2004.

Outlet at Barberino

Development of a "Factory Outlet" shopping centre, buildings and pedestrian precincts in Barberino di Mugello (Florence) for a net works total of € 35,405,031.

The new shopping centre will be built on the banks of the river Sieve, near the "Barberino di Mugello" tollbooth of the A1 Florence-Bologna motorway.

The plot is a 500 metre long, 200 metre wide irregular strip on both banks of the river where there is an existing shopping centre comprising 8 buildings with a covered surface of 23,500 m² and a volume of some 12,100 m³.

These buildings recreate the idea of urban blocks, with front views showing building materials and styles typical of rural Tuscany and the Mugello area in particular, lining the pedestrian pathways and squares in a unbroken sinuosity following the meanders of the river.

The shopping centre has 49,900 m² of parking space for 2,000 cars in 6 zones adjacent to the ring road outside the pedestrian areas.

A new road routing is planned from the motorway tollbooth to the shopping centre to cope with the increased traffic, with two new roundabouts, one of which right at the motorway exit, as well as new and modified road routings.

Civil Works

Carabinieri Marescialli Academy at Florence-Castello

The construction commissioned by the "Ministry of Infrastructure and Transport – direction general for building and special initiatives" for a total amount of over 190 million Euros includes the development of four complexes:

Complex 1 – Sports complex – comprising a soccer and athletics stadium, a swimming pool and four multipurpose gymnasiums all to be constructed in compliance with the regulations laid down by the Italian national Olympic commission and the relative national sports federation.

Complex 2 – Student accommodation – comprising a number of buildings containing 170 rooms grouped two by two with six beds each and with a double set of service facilities, and 340 rooms grouped two by two with three beds each and with a single service facility.

Complex 3 – Logistics building – comprising the academy command and offices, accommodation for cadets and upper-echelon staff laid out like a small hotel with a total of 400 beds, the guest-house building, the teaching area with 4 classrooms with 250 places, 28 classrooms with 50 places, two classrooms, each with 100 places, 12 language laboratories and archives and facilities, an auditorium with 1500 places, a stage for conferences and live performances as well as a screen for showing films, a library and a music room, a students' refectory seating 1000, a course attendee refectory seating 100 and the refectory for permanent upper echelon staff seating 200, the recreational area, the car pool and garage.

Complex 4 – Service residence – comprising 100 apartments of 120 m², 16 apartments of 140 m², 4 flats of 160 m² and one apartment of 200 m².

Centrale del latte - Firenze

Construction of a new headquarters and new dairy production facilities, via Allende in Florence on behalf of CENTRALE DEL LATTE FI-PT-LI SPA for a NET WORKS AMOUNT of € 18,800,000

The building is erected on a 28,600 m² plot. There is a covered area of 12,750 m², canopies and roofings for 1,200 m² and a total useable surface area of some 20,000 m², the remaining area being taken up by yards and green spaces.

The solution that emerged compatible with the requirements of the modes and functioning of the production cycle was a single unit comprising 5 factory bodies set alongside each other but separate. Block 1: Office building with a store for hoisting equipment. The building has four floors above ground and one underground. Blocks 2 and 3: single storey industrial buildings with a useable height of 8 mt. for production. Block 4: Two-storey industrial building with one floor below ground, and with a above-ground height of 8 metres for semi-worked products and empties. Block 5: Three-storey industrial building with one floor below ground and with an above-ground height of 8 metres for the utility station.

A purification plant for production water was built separate from the main group of buildings and a number of external buildings completes the functionality of the complex: a warehouse adjacent to the car park, a roofed area for washing the trucks, a gatehouse by the main entrance and a large 10,000 m² parking area with the ports covered by a metal roofing.

The works are well advanced. The external areas still have to be completed as do the smaller factory buildings, the gatehouse and the warehouse.

Montopoli

Execution of all the works necessary for the construction of a goods warehouse in the municipality of Montopoli in Val D'Arno on behalf of S.T.I.C.E.A. for a total of €18,020,884.50

The objective of the project is the construction of a goods warehouse.

The works consist mainly in excavating to the depth specified in the project, exclusively for the foundations. 2,750 foundation piles in precast reinforced centrifuged concrete will be driven to a depth of 26 lin mts. on which the foundations of the entire building will rest. The foundations will be done with precast concrete piles, seven of which to underpin the floor which is made in prefabricated beams with an average span of 10 lin mts.

In elevation, the building consists of precast monolithic pillars with special bases, supporting the "H"-shaped floor beams used for the roofing. The outside perimeter curtain walls are in reinforced vibrated concrete slabs anchored to the prefabricated load-bearing structure by hooks. The industrial flooring stretches over the whole covered surface of approximately 50,000 m². The building's roof is in 20 lin mt-wide shed-type beams spaced to take the semicircular insulated steel plates which compose the roofing.

In addition to the utility station inside the building, there are offices housed in a separate building which is also prefabricated.

Underground car parks

Piazza Ghiberti car park

The bid for the underground car park in Piazza Ghiberti in Florence was assigned in June 2000 for 13.7 million Euros, and after a period during which extensive changes were made to the original project when progress was slow, the works were carried out continuously from June 2003, and the service was opened to the public on 23 December, 2004.

Contemporarily to the construction of the car park, the architectural renovation of the new square above also took place and was concluded in April 2005.

The car park, built in the presence of an aquifer, has two floors underground of some 5,250 m² surface area for 371 cars parked in rotation, with special conditions for the area residents.

Piazza Beccaria car park

The works for the underground car park in Piazza Beccaria in Florence, for an amount of 6.75 million Euros were assigned in May 2003. Operational completion with inauguration of the service and opening to the public took place on 23 December, 2004 and the finishings in the square above were completed in April 2005.

The structure, built in the presence of an aquifer, has three floors underground of some 2,450 m² with spaces for 207 cars parked in rotation.

Hospitality

Hotel in Novoli

Development of the "Palace Hotel" in Viale Guidoni in the Novoli district of Florence, for a net works amount of € 10,600,000.00

The complex consists of a building with 4 floors above ground for a total of 6,100 m² and two underground floors exclusively for parking of some 3,600.00 m² as well as areas for utility stations, dressing rooms, and facilities for staff.

The ground floor consists of the hall, offices, lounges, the bar, the reception, the restaurant and a meeting room seating 180, as well as the vertical means of access to the parking area below, and the rooms in the floors above and the elevators to them. From the first floor (the second above ground) to the third floor (the fourth above ground) there are 119 rooms all en-suite and 2 suites as well as the facilities on each floor. The attic (fifth floor above ground) of the complex contains the air treatment and conditioning machinery.

The works envisaged in the original plan were concluded in October 2004 but in the course of the year the principal reviewed the finishings of the rooms, the hall and the façade and increased the works by some € 1,230,000.00 and extended the deadline to April 2005.

Hotel in Catania

Restoration of the Central Palace hotel in Catania – Via Etna for a total net works amount of € 6,197,500.00

Restoration of the “HOTEL CENTRAL PALACE” takes place in one of the most fascinating sites in Catania. Set in the heart of the city, it is one of the most important and characteristic buildings of the area.

The work of conservative restoration of the building mostly involved the flooring, which was consolidated, and the main façade, on Via Etna, which was completely restored conserving the original features and colours. Despite having used innovative materials in their restoration, the internal finishings maintain the typical majolica and natural stone settings of the area.

The main entrance to the hotel gives directly on to via Etna through a characteristic gallery which opens out to an internal piazza designed as a typical Catania square. The two floors above are occupied by common utilities, the restaurant and convention halls. The 89 rooms and 7 suites take up the remaining upper floors topped by a Roof-Garden on the 7th floor.

The works, which are already well advanced, will be concluded within the first half of 2005.

Villa and Park of Le Maschere

The complex is set in the Maschere locality by Barberino del Mugello on a isolated hill overlooking the lake of Bilancino. It comprises the main building, Villa delle Maschere, with its four floors for some 7000 m², a smaller building, the gardener’s dwelling on two floors of some 800 m², and the park which stretches over some 19 hectares. The earliest pictorial evidence of the villa dates back to 1585, and the importance, beauty and splendour of Villa le Maschere and its park are mentioned by many writers and travellers.

At present, there are two buildings which are very different despite being linked together. The first probably dates back to the second half of the sixteenth century while the second was built to a plan by the grand duke’s architect; Giovanni Battista Foggini at the end of the seventeenth century. In 1913 the Ministry of Cultural and Environmental Heritage decreed the historical, architectural and landscape interest of the villa and of all the real estate belonging to the complex.

The whole complex, which was purchased by the present owner in 2000 in an state of abandonment and advanced dilapidation, is planned to be made into a de-luxe hotel with 65 historical rooms of which 52 in the “Villa” and 13 in the “Gardener’s House”.

Work began in 2000 with the clean-up of all the buildings and rendering them safe by means of a network of metallic props. In addition, and again with the objective of halting the degradation caused by atmospheric agents, a sturdy provisional roofing in metal plating was put into place underpinned by a vertical load-bearing structure.

Recovery includes restoring the rooms, corridors, stairways, boxrooms and public rooms to their ancient splendour, as well as the stone- and plasterwork. The park, too, will be brought back to its original beauty thanks to the rediscovery of the historical pathways and, nearby, the villa façade will be enriched with a splendid swimming pool level with the surrounding garden. The old original canals in stone for gathering rainwater, vaulted in brickwork, will be cleared out and brought to future use for disposal use.

The objective of the restoration is to renovate all the buildings with no distinction of importance or age. A far-reaching operation of consolidation has already begun on the pictorial elements, frescoes and stonework and under the guidance and direction of the Superintendency, work has begun on cleaning, protecting, plastering, filling and pinning everything that could risk being damaged by the restoration work on the building. Once the renovation work is complete, and the Monuments and Fine arts Superintendency has given its approval for the specific programme of restoration, the real restoration work will begin.

Residential

Cascine Park

Construction of a residential complex of 410 apartments in Via Toscanini, Florence in the former Sims site for a total net works amount of € 34,000,000.00

The works will be divided over 4 buildings all standing on a single block that also serves as a two-storey underground car-park. The complex has eight storeys of which six above ground, corresponding to five floors plus the roof, for a total covered area of 25,250 m² and a volume of 79,500.00 m³ while the car-park has a total of 25,500.00 m² and a volume of 152,500.00 m³.

The depth of the excavation, the presence of the nearby Mugnone river and other significant adjacent buildings made the use of containing walls over the whole perimeter necessary in digging the foundations.

San Casciano

Urban reconstruction involving demolishing factories and reconstructing an apartment building with 16 dwellings and 8 shops, construction of 8 buildings for 135 apartments and 1 shop, multi-storey parking and primary and secondary urbanization of the area of the former ‘Stianti’ workshops in San Casciano Val di Pesa (FI) for a total amount of over 21 million Euros.

The renovation works on the former ‘Stianti’ area involves reconverting or demolishing the existing industrial buildings and then constructing 9 new buildings of 3 and 4 floors above ground plus 1 attic, for a total of 152 apartments, 9 shops and public parking. The use of local, traditional materials creates a type of urban texture which is the natural extension of the buildings of the old town centre.

The semi underground multi-storey car-park has 81 private parking areas, 205 public areas and a fully integrated bus terminal. Within the covered parking area there will be a public plaza with a hanging garden which is linked by pedestrian walkways to the new complex and to the old town centre of San Casciano.

ACCOUNTS OF THE GROUP AND ITS ASSETS AND LIABILITIES

Financial 2004 ended with a net profit for the Group of 6,478,666 Euros

Consolidated assets at 31 December 2004 Consolidated assets in net invested capital were valued at 140,802,568 Euros

Group net assets at financial year-end were 31,132,227 Euros.

The main economic and financial items in the balance sheet at 31 December 2004, including those already mentioned are shown in the tables below:

Summary consolidated profit & loss statement

	(in Euros)	31/12/2004	% on revenue	31/12/2003	% on revenue
Total revenues		272,232,392	97.19%	255,441,504	97.49%
Other revenues and income		7,866,538	2.81%	6,577,225	2.51%
Total net revenues		280,098,930	100%	262,018,729	100%
Operating costs		(254,144,759)	(90.73%)	(242,564,171)	(92.58%)
Gross operating margin		25,954,171	9.27%	19,454,558	7.42%
Depreciation and allocations		(7,236,065)	(2.58%)	(6,830,573)	(2.61%)
Operating profit		18,718,106	6.68%	12,623,985	4.81%
(Charges) net financial revenues		(8,063,608)	(2.88%)	(9,534,657)	(3.64%)
Adjustments to financial asset values		(75,236)	(0.03%)	(8,894,680)	(3.39%)
(Charges) extraordinary net revenues		2,298,178	0.82%	12,427,362	4.74%
Pre-tax profit		12,877,440	4.60%	6,622,010	2.52%

Business tax	(6,386,260)	(2.28%)	176,147	0.07%
Consolidated profit (loss)	6,491,180	2.31%	6,798,157	2.59%
Of which group profit (loss)	6,478,666	2.31%	6,801,769	2.60%
Of which third parties profit (loss)	12,514	-	(3,612)	-
Cash flow (profit plus depreciation)	13,727,245	4.90%	13,628,730	5.20%

Total revenue (value of production) has risen from 262,018,729 Euros in financial 2003 to 280,098,930 Euros in financial 2004, an increase of 6.9%.

Gross operating margin has risen from 19,454,558 Euros in financial 2003 to 25,954,171 Euros in financial 2004, an increase of 33%.

Operating profit has risen from 12,623,985 Euros in financial 2003 to 18,718,106 Euros in financial 2004, an increase of 48%.

Depreciation and allocations have risen from 6,830,573 Euros in financial 2003 to 7,236,065 Euros in financial 2004.

Cash flow (profit plus depreciation) has risen from 13,628,730 Euros of last financial to 13,727,245 Euros of this one.

Net financial costs have fallen from (9,534,657) Euros of last financial to (8,063,608) Euros of this one, an improvement of 1,471,049 Euros.

The general trend of Group management is positive as can be seen in the above summary consolidated profit and loss statement.

A summary of the Group asset balance at 31 December can be seen in the following table:

Summary assets and liabilities

(in Euros)	31/12/2004	31/12/2003
Total fixed assets	46,618,303	60,357,601
Net current assets	105,984,159	139,774,587
Contingency funds and leaving entitlement	(11,799,894)	(8,396,225)
Total invested capital	140,802,568	191,735,963
Short-term net indebtedness	(69,567,802)	(135,909,953)
Mid- long-term net indebtedness	(40,065,612)	(27,123,182)
Net indebtedness	(109,633,414)	(163,033,135)
Shareholders' equity	31,169,154	28,702,828
Of which:		
Group net assets	31,132,227	28,691,826
Third party net assets	36,927	11,002

The decrease in net fixed assets is mainly due to having ceded to third parties the "Pietramellara" real estate in Bologna earmarked for hotel development.

The decrease in net current assets is analyzed in the "Financial position" section.

The increase in "financial assets not of a fixed nature" is due to having acquired 100% of Montevalori S.r.l., a subsidiary company not included in the consolidated accounts area of consolidation since it is earmarked for sale.

Short-term net indebtedness is mainly sums due within the next financial year for loans and mortgages, sums due to banks, sums due to factoring companies and sums due to leasing companies.

Short-term net indebtedness has fallen from 135,909,953 Euros of financial 2003 to 69,567,802 Euros of financial 2004 – a decrease of 66.342.151 Euros.

Mid- long-term net indebtedness is mainly sums due beyond the next financial year for loans and mortgages and sums due to leasing companies.

Mid- long-term net indebtedness has risen from 27.123.182 Euros of financial 2003 to 40.065.612 Euros of financial 2004 – an increase of 12.942.430 Euros of which 4.024.858 Euros comes from the redemption prices of leased assets not considered in the reconstruction of the residual amounts of capital due at 31 December 2003, as illustrated in the supplementary note to "Evaluation criteria – " to which the reader is referred.

GROUP FINANCIAL STANDING

The consolidated balance sheet at 31 December 2004 provides a complete analysis of the group financial structure and the variations of each individual item; hereunder we show only the most marked tendencies.

The group financial standing can be summarised in the following amounts (expressed in Euros):

	31/12/2004	31/12/2003	Variation
Share capital proceeds due from shareholders	2.314	2.314	-
Liquid funds	19.170.591	5.076.685	14.093.906
Financial assets not of a fixed nature	16.655.986	3.932.045	12.723.941
Sums due to banks within 12 months	(124.502.175)	(115.494.420)	(9.007.755)
Sums due to other financial within 12 months	(42.104.415)	(40.929.577)	(1.174.838)
Financial standing towards third parties	(130.777.699)	(147.412.953)	16.635.254
Amounts receivable from subsidiary companies within 12 months net	61.513.237	-	61.513.237
Amounts receivable from affiliated companies within 12 months net	(3.624)	-	(3.624)
Amounts receivable from parent companies within 12 months	750.840	13.000.000	(12.249.160)
Amounts payable to parent companies	(1.050.556)	(1.497.000)	446.444
Total net short-term financial standing	(69.567.802)	(135.909.953)	66.342.151

Total net short-term financial standing has fallen from 135.909.953 Euros of financial 2003 to 69.567.802 Euros of financial 2004 – a decrease of 66.342.151 Euros

The short term position has improved thanks to the increase in amounts receivable from subsidiary companies and to the increase in financial assets and liquid funds at 31 December 2004 compared 31 December 2003.

The development of the components of working capital was as follows (in Euros):

	31/12/2004	31/12/2003	Variation
Stock	593.398.209	547.051.066	46.347.143
Net trade receivables	121.478.418	124.175.170	(2.696.752)
Receivables from affiliated companies entered under shareholders' equity	382.126	2.118.655	(1.736.529)
Receivables from subsidiary companies	6.321.626	-	6.321.626
Receivables from parent companies	-	214.066	(214.066)
Receivables from taxation authorities	3.870.954	3.456.457	414.497
Prepaid taxes	2.827.522	1.940.722	886.800
Receivables – other	13.309.637	86.683.879	(73.374.242)
Payments on account for contractual work in progress	(515.779.687)	(497.163.424)	(18.616.263)
Accounts payable to creditors	(119.307.369)	(107.281.349)	(12.026.020)
Amounts payable to subsidiaries	(8.930)	-	(8.930)
Amounts due to parent companies	-	(71.587)	71.587
Amounts due to affiliated companies entered under shareholders' equity	(3.960.061)	(3.197.106)	(762.955)
Sums payable to taxation authorities	(3.331.025)	(6.562.462)	3.231.437
Social security charges payable	(1.153.037)	(983.700)	(169.337)
Other payables	(7.867.750)	(23.177.265)	15.309.515
Net deferred and accrued expenses and income	15.803.526	12.571.465	3.232.061
Net current assets	105.984.159	139.774.587	(33.790.428)

RESEARCH AND DEVELOPMENT

The group invests in product innovation and development, and in improving the quality of service and operating systems.

It does not, by contrast, carry out any activities qualifying as technological research.

OWN SHARES

At 31 December 2004 neither the parent company nor the other companies included in the consolidated grouping possessed their own shares or shares of the parent companies, nor had they taken steps to purchase or to sell any such shares during the financial year.

RELATIONSHIPS WITH PARENT, SUBSIDIARY AND AFFILIATED COMPANIES

EQUITY HOLDINGS

At financial year-end the following are the relationships with parent companies, subsidiary companies non-consolidated subsidiary companies and affiliated companies:

(in Euros)

Company	Nature of the relationship		
	Amounts receivable Entered under fixed assets	Amounts and other receivables Entered under current assets	Other payables
Equity holders:			
Holding BRM S.p.A.	-	-	700,000
Edil-Invest S.r.l.	-	-	188,275
	-	-	888,275
Parent companies:			
Holding BRM S.p.A.	-	54,263	67,044
Edil-Invest S.r.l.	-	696,577	95,237
	-	750,840	162,281
Non-consolidated subsidiaries:			
Montevalori S.r.l.	-	67,834,863	8,930
	-	67,834,863	8,930
Affiliated:			
Sunto S.r.l.	59,528	-	2,900
Ed.In.Tre S.r.l. in liquid.	414,036	-	-
Consorzio Colle Futura	-	1,299	48,640
Travel 15 Scarl in liquid.	-	-	97,405
Parterre Scarl in liquid.	34,430	32,966	32,444
La Fonderia S.r.l.	-	3,333	-
Sideco Sro	-	-	-
Fiorenza Quattro S.r.l.	-	-	67,936
Nuova Emilia Scarl	-	-	35,052
Consorzio Nuova Badia	-	-	228,748
Villa Magli S.r.l.	125,000	10,027	-
Villa Fossi S.r.l.	-	23,358	-
Project Costruzioni Scarl	1,808,512	149,546	1,629,959
Mugello Outlet Scarl	57,500	-	1,232,507
Affitto Firenze S.p.A.	75,600	-	-

Company	Nature of the relationship		
	Amounts receivable Entered under fixed assets	Amounts and other receivables Entered under current assets	Other payables
Consorzio Affitto Firenze	50,400	-	18,603
Mediat San Casciano Scarl Alberti Srl	-	161,597	554,583
Consorzio Stabile Operae	-	-	3,624
	2,625,006	382,126	11,284
Total	2,625,006	68,967,829	3,963,685

The financial relationship vis-à-vis the affiliated companies is consequent to the financial coordination carried out by the parent company. The usage of available resources within the group takes the form of short-term loans generally remunerated at market rates paid up annually.

Other sums due are substantially made up of shares due for services, interest and to recover expenses.

EQUITY HOLDINGS

(in Euros)

Company	Nature of the relationship				
	Financial revenues	Financial charges	Provision of services/ Cession of assets	Extraordinary revenues	Costs
Parent companies:					
Holding BRM S.p.A.	54,263	66,591	-	-	-
Edil-Invest S.r.l.	126,536	-	-	-	-
	180,799	66,591	-	-	-
Non-consolidated subsidiaries:					
Montevalori S.r.l.	2,913,874	-	-	-	-
	2,913,874	-	-	-	-
Affiliated companies:					
Sunto S.r.l.	-	-	2,900	-	-
Ed.In.Tre S.r.l. in liquid.	-	-	-	-	-
Consorzio Colle Futura	-	-	10,264	-	-
Travel 15 Scarl in liquid.	-	-	-	-	-
Parterre Scarl in liquid.	-	-	-	-	-
La Fonderia S.r.l.	-	-	-	-	-
Sideco Sro	-	-	-	-	-
Fiorenza Quattro S.r.l.	-	-	-	-	-
Nuova Emilia Scarl	-	-	-	-	-
Consorzio Nuova Badia	-	-	173,482	-	-
Villa Magli S.r.l.	10,027	-	-	-	-
Villa Fossi S.r.l.	-	-	-	-	-
Project Costruzioni Scarl	-	-	1,268,497	-	-
Mugello Outlet Scarl	-	-	1,212,519	-	-
Affitto Firenze S.p.A.	-	-	-	-	-
Consorzio Affitto Firenze	-	-	18,603	-	-
Mediat San Casciano Scarl	-	-	554,583	-	-
Alberti S.r.l.	-	-	-	-	-
Consorzio Stabile Operae	-	-	4,224	-	-
	10,027	-	3,245,072	-	-
Total	3,104,700	66,591	3,245,072	-	-

SIGNIFICANT EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

At the beginning of the current financial year, the group ceded its entire stake in Montevalori S.r.l., as well as the financial credits granted to it including the interest which had accrued in the meantime for a total amount of 95 million Euros, received in full on cession.

In the early months of 2005 the group finalized the purchase of the division of the company and the trademark of Pontello as is better illustrated in "Main company operations and significant events".

At the beginning of 2005 three acquisitions matured for a total amount of over 335 million Euros:

- Integrated bid for the construction of the Paiesco tunnel in Valdossola (TO 08/04) for ANAS, for the assignment amount of 23,520,044.07 Euros plus VAT. The time assigned is 730 consecutive calendar days including 100 days for delivery of the working plan.
- Construction bid alone for broadening the third lane of sections 4, 5 and 6 of the A1 - Milan-Naples motorway between Firenze Signa and Firenze Certosa for Autostrade per l'Italia SpA, net assignment amount 220,867,216.71 Euros plus VAT. The assigned time is 1,583 consecutive calendar days.
- General Contractor for Rete Ferroviaria Italiana in preparing the working plan and carrying out the works of doubling the stretch of railway line between Fiumetorto and Cefalù Ogliastrillo, with the net amount for the temporary association of companies of 278,190,013.62 Euros plus VAT. Our share is 94,584,604.63 Euros + VAT. Time assigned 1,590 consecutive calendar days including 180 days for the preparation and delivery of the working plan.

It is to be stressed how the assignment of the third General Contractor bid mentioned above confirms the capacity of the parent company, together with other enterprises, to tackle projects demanding ever higher technology and complex financing.

FORESEEABLE DEVELOPMENT OF MANAGEMENT

An increase in production is forecast for financial 2005 over financial 2004. This forecast is based on the production revenues generated in the early months of 2005 and the substantial and dynamic order backlog for works in progress.

The "Operae" permanent consortium, established to take on the job of General Contractor in major works as provided by the Legge Obiettivo is expected to create substantial prospects for the future.

On the basis of the trend described above regarding all areas of the group's activity, positive results are expected both in terms of operating profit and financial results.

For THE BOARD OF DIRECTORS

The Chairman

Geom. Riccardo Fusi



EXPLANATORY NOTES
CONSOLIDATED BALANCE SHEET 2004

FINANCIAL STATEMENTS AT 31 DECEMBER 2004

EXPLANATORY NOTES

INTRODUCTION

The Consolidated Financial Statements consist of the Asset and Liability Statement, the Profit and Loss Statement and the Explanatory Notes. In order to provide fuller information the Combining Financial Statement is also presented. Information regarding the nature of the Group's activities, significant post-balance sheet events and dealings with subsidiary, affiliated and parent companies can be found in the Management Report.

BASIS OF PRESENTATION

The consolidated financial statements as at 31 December 2004, prepared by the Board of Directors of Baldassini-Tognozzi S.p.A., were drawn up in accordance with the Italian Civil Code.

The balance sheet entries are in euro. Differences resulting from the rounding of values expressed in euro are posted in the specific reserve under Shareholders' Equity.

The purpose of the explanatory notes is to illustrate, analyze and, in some cases, to supplement the balance sheet data. The notes contain all the information required by Art. 38 of Legislative Decree no. 127/1991.

The values indicated in the explanatory notes are indicated in euro unless otherwise indicated.

Baldassini-Tognozzi S.p.A. operates in the construction industry, undertaking public and private contracts for civil, business and industrial building works, offices, hospitals, airports, road networks, infrastructures. Through its subsidiary and affiliated companies, the group also engages, though not prevalently, in trading activities and the independent construction of residential, commercial and office buildings for subsequent resale or for leasing to third parties. Furthermore, in an entirely subsidiary and instrumental manner, the Gruppo Baldassini-Tognozzi is also active in the advertising and real estate sectors.

Comparability with the previous financial year

In compliance with Art. 2423 ter of the Civil Code, for each entry in the Asset and Liability Statement and the Profit and Loss Statement the sum for the corresponding entry in the previous year has been indicated.

In order to compare the balance sheets, for sums posted in entries introduced and/or modified by D. Lgs. 6/2003 the corresponding sums in the balance sheet as at 31 December 2003 have been reclassified appropriately.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Art. 26 of D.Lgs. 127/1991, the consolidated financial statements include the balance sheets of Baldassini-Tognozzi S.p.A, the parent, and of the subsidiary companies (the "Baldassini-Tognozzi Group" or the "Group") in which Baldassini-Tognozzi S.p.A. directly or indirectly holds the majority of the voting rights.

The consolidated companies and the percentage of the Group's holdings are listed in the Attachments.

The consolidation has made use of the balance sheets of the subsidiary companies prepared by the respective administrative bodies and submitted to the respective controlling bodies for approval.

The reconciliation between the Shareholders' Equity and the net profit of the parent company and the corresponding values in the consolidated balance sheet of the Group is presented in the note on Shareholders' Equity.

With respect to the consolidated balance sheet as at 31 December 2003, the consolidation perimeter for the year ended excludes the subsidiary company Sirio S.r.l., which was sold to third parties on 4 October 2004.

CONSOLIDATION PRINCIPLES

The consolidation principles that have been adopted are as follows:

- The book value of investments in consolidated companies and the corresponding net equity portions were eliminated against the recording in full of assets and liabilities according to the line-by-line method.
- The difference between the acquisition cost of investments and the relative net equity at the date of purchase is attributed to the asset items up to the current value of the assets themselves at the same date. Any unattributed positive difference is booked in the assets column under *Consolidation differences* and amortized in relation to the residual useful life.
- Elimination of payables and receivables, costs and revenues, together with all other significant transactions between the companies included within the scope of consolidation. Unrealized profits and gains and losses deriving from transactions between the companies in the Group have also been eliminated.

- Leased assets are booked according to the financial method and are entered at their contractual value, with the debt amounting to the residual capital due. The interest due in the financial year is entered in the Profit and Loss Statement under *Interest and other charges*. The cost of the asset is amortized using the same criteria applied to owned assets.

Non-consolidated holdings over which the Group exercises a significant influence (generally with a holding ranging from 20% to 50%) have been valued using the equity method and are posted in the relevant attachment.

The other minority holdings, which have been valued according to the cost method, are indicated in the relevant attachment.

EVALUATION CRITERIA

The criteria used in drawing up the statements as at 31 December 2004 are the same as those used for the previous year's statements, plus the new criteria introduced by D.Lgs. no. 6 of 17 January 2003 and subsequent modifications.

The most significant evaluation criteria adopted for the preparation of the financial statements as at 31 December 2004, in compliance with Art. 2426 C.C., are as follows:

Foreign currency transactions

Assets and liabilities in currency, with the exception of fixed assets, are posted at the spot exchange rate as at 31 December 2004, and the relative profits and losses on exchange rates are posted in the Profit and Loss Statement; any net profit is placed in a special reserve that is non-distributable until realized. The fixed assets in currency are listed at the exchange rate at the moment of purchase or the lower rate at year end, if such a reduction is judged to be long-term.

Intangible fixed assets

Intangible fixed assets represent costs and expenses of long-term utility and are entered in the asset column at their purchase cost, including directly attributable accessory expenses. They are posted net of the relative amortization, which is calculated in relation to the residual useful life of the assets.

The amortization periods are as follows:

Start-up and capital costs	5 years
Research, development and advertising costs	5 years
Industrial patents and similar rights	5 years
Concessions, licenses, trademarks and similar rights	5 years
Goodwill attributable to merger deficit	10 years
Other goodwill	5 years
Other (other long-term costs)	5 years

Tangible fixed assets

Tangible fixed assets, which consist of leased real estate and of plant, machinery and equipment used for production activities, have been calculated at their purchase or construction cost, including directly attributable accessory expenses.

Some of these assets have been revalued as per Law 342/2000.

Costs for modernization and improvements that extend the useful life of the assets are added to the value of the same. Ordinary maintenance and repair costs are debited in the profit and loss statement for the year in which they were incurred.

The depreciation is calculated with the straight line method in relation to the residual useful life of the assets, within the limits of the tax rates considered representative of the estimated useful life of the assets. More specifically:

Buildings	3%
<u>Plant and machinery</u>	
- Operating machinery and specific plant	15%
- General plant	10%
- Excavators and power shovels	20%
- Light constructions	12.50%
- Transport vehicles	20%
<u>Other fixtures and fittings, tools and equipment</u>	
- Formwork and metal planking	25%
- Various equipment and wooden scaffolding	40%
<u>Other assets:</u>	
- Ordinary office furniture and machinery	12%
- Electric and electromechanical machinery	20%
- Motor vehicles and motorbikes	25%
- Car radios and mobile phones	20%
- Pagers and highway toll fast-pay devices	20%

The depreciation period commences when the asset begins to be used.

If, irrespective of the previously entered depreciation, there is a prolonged loss of value, the asset is written-down accordingly; if the conditions for the write-down no longer apply in subsequent years, the original value of the assets is restored.

Financial assets

Investments

The holdings in affiliated companies are calculated with the equity method, with the exception of the shareholding in Sideco SRO, which was calculated at cost because it was economically irrelevant.

The holdings in other companies are calculated at cost, written-down where appropriate to take account of the permanent loss of value.

Amounts receivable

Amounts receivable included under financial assets are entered at their nominal value and written down if there is a durable loss of value. If the conditions for the write-down no longer apply in subsequent years, the original value is restored.

Current assets

Stock

The warehouse materials purchased specifically for immediate use on the building sites are entered at their purchase price; warehouse stock (usable in the various building sites) is calculated according to the LIFO (last-in first-out) method.

As per Art. 92 DPR 917/86, the cost-specific criterion has been used to calculate own-property works and works lasting no more than one year. This is in compliance with Art. 2426 of the Civil Code.

For the calculation of long-term contractual work in progress at 31 December 2004, the criterion laid down in Art. 93 DPR 917/86 in compliance with Art. 2426 C.C. has been employed; these values have been reduced to take account of the contractual risk of the work in progress, determined in relation to the effective risk of the project.

Finished products and goods that are the result of building initiatives and have yet to be sold are entered at their construction cost, which is in any case inferior to their current market price.

Costs incurred in winning contracts, including those regarding the preparation of tender bids, are included in the Profit and Loss Statement for the year in which they were incurred if the contract or tender bid is unsuccessful. In the case of successful contract/tender bids, the expenses are attributed to the building site cost in relation to when they are incurred. The pre-operational costs (the cost of opening the site) are deferred until the commencement of work and then entered in the Profit and Loss Statement for the year in relation to the progress of the work.

Receivables

The receivables are stated at their presumed realizable value by means of adequate allocations booked in adjustment of nominal values.

The entry includes a receivable in USD, calculated according to the exchange rate applicable at year end. The difference with respect to the original figure entered has been listed under *Losses on exchange rates*, i.e. entry C. 17 bis of the Profit and Loss Statement.

Financial assets not of a fixed nature

Securities and other financial assets that are not of a fixed nature are entered at the lower of the specific purchase price, including accessory expenses, and the market value.

Liquid funds

Liquid funds consist of cash in hand and cash in bank accounts at year end.

Prepayments and accrued income

These items consist of prepayments and accrued income that are common to two or more years, and are booked on an accruals basis.

Provision for contingencies and other charges

Provisions for contingencies and other charges are allocated to cover losses or liabilities of certain or probable existence, for which, however; the exact sum or date of contingency cannot be determined at year end. The provisions reflect the most accurate estimation possible on the basis of available information. The contingencies for which there is only a possible liability are indicated in the note on the relevant provision, and a specific contingency and charges fund has not been set up.

Provisions for taxes also take account of deferred taxes calculated on the basis of the difference between the purchase cost of investments and the net equity of the consolidated companies valued with the line-by-line method. Only items due to be sold are booked.

Employees' leaving entitlement

The employees' leaving entitlement reserve is allocated to cover the total liability due to employees in compliance with current legislation, national collective labour contracts and company agreements. Utilization of the reserve occurs when employment is terminated and for payment of advances in accordance with Law 297/82.

Payables

The payables are entered at their nominal value.

Contingencies, commitments and guarantees

Third party assets used by the company are recorded in the memorandum accounts at the value stated in existing documentation.

Commitments are booked in the memorandum accounts at their contractual price and are described in the Explanatory Notes. Guarantees are recorded on the basis of the existing risk at year end.

Probable risks are described in the Explanatory Notes and funds are allocated in the provision for contingencies.

Risks for which a liability is only possible are described in the Explanatory Notes but no provisions are made.

Derivative products

The parent stipulates derivative contracts to manage exposure to fluctuations in interest rates.

The differential on IRS (Interest Rate Swap) contracts for hedging of obtained financing is recorded on an accruals basis under *Financial income and charges*.

Recognition of costs and revenue

Positive and negative income items are recorded on an accruals basis.

Revenue from the sale of assets is recognized on delivery of the said assets. Income for services is recognized when the services have been performed and in accordance with the relative contracts.

The revenue and income, costs and charges relating to currency transactions are calculated at the exchange rate applicable when the operation is carried out.

Income tax

Income tax is calculated by each consolidated company in accordance with current regulations. Pre-paid tax operations are recorded on a prudential basis, and only if there is reasonable certainty of recovering them. Appropriate adjustments are made if there is a change in the tax rate with respect to previous accounting periods, providing the relevant law sanctioning the tax rate variation has been enacted by the date on which the statements are approved. Deferred-tax payables and pre-paid tax receivables are recorded in the Asset and Liability Statement, respectively in the *Provision for risks and charges* and in *Others* under *Current Assets*. Tax payables are recorded in the appropriate Liability Statement item. Deferred taxes resulting from consolidation adjustments are also allocated. These provisions take account of the fiscal regulations applicable when the taxes are incurred, where known.

Leased assets

This administrative body started to account for leased assets using the financial method in the last accounting period. As of the 2003 consolidated statements, leased fixed assets are booked in the Asset Statement at their contractual value. The residual capital sum due to leasing companies is booked in the Liability Statement. With regard to the latter, it should be noted that in the reconstruction of the residual capital sum payable at 31 December 2003, the cost of redeeming the leased assets were not taken into account. In 2004 the residual capital sum due and the cost of redeeming the assets were integrated, giving rise to an adjustment of 4,024,858 euro in the consolidated shareholders' equity.

As of the previous accounting period, due to the accounting of leases with the financial method, the interest accruing in the year is booked in the Profit and Loss Statement under *Interest and other financial charges*, and the cost of the fixed asset is amortized according to the same criteria used for the company's own assets.

COMMENTS ON THE MAIN ASSET STATEMENT ITEMS

SUBSCRIBED CAPITAL UNPAID

Subscribed capital unpaid Euro 2,314

This item consists of share capital proceeds due from the subsidiary companies Sige Noto S.c.a r.l. and Sige Rosolini S.c.a r.l.

FIXED ASSETS

The composition and the variations in the fixed assets entry are reported below. The details of movements show the effect resulting from the different scope of consolidation compared to 31 December 2003.

Intangible fixed assets Euro 2,644,363

Listed below are the variations in the historical cost, in the amortizations and in the net value of the entries for the category in question.

Description	Initial situation			Variation in consolidation area	Movements in period			Balance 31.12.2004
	Cost	Amortization fund	Balance 1.1.2004		Increments	Decrements/Reclassifications	Amort. in period	
Start-up and capital costs	652,644	(590,209)	62,435	(934)	9,388	-	(31,221)	39,668
Research, development and advertising costs	62,067	(59,121)	2,946	-	-	-	(2,946)	-
Industrial patents	239,607	(174,938)	64,669	-	1,650	-	(53,764)	12,555
Concessions, licenses, trademarks and similar rights	5,914	(4,106)	1,808	-	-	-	(259)	1,549
Goodwill	22,053,577	(15,288,238)	6,765,339	(2,282,446)	-	-	(2,205,350)	2,277,543
Assets under dev. and payments on account	-	-	-	-	-	-	-	-
Other assets	1,040,340	(549,312)	491,028	-	7,334	-	(185,314)	313,048
Consolidation differences	-	-	-	-	-	-	-	-
Total	24,054,149	(16,665,924)	7,388,225	(2,283,380)	18,372	-	(2,478,854)	2,644,363

Start-up and capital costs

The items consists of costs for start up, capital increases, statutory modifications, expenses relating to the incorporation of entirely owned companies and charges associated with the acquisition of company divisions. The increase principally regards expenses incurred for the adoption of the new articles of association pursuant to Art 223 bis of Legislative Decree no. 6 dated 17 January 2003.

Research, development and advertising costs

These mainly include non-recurring institutional advertising and business organization expenses of long-term utility; as at 31 December 2004 they were completely amortized.

Patents

This item consists of the cost of purchasing software programmes.

Goodwill

This includes the residual value of merger deficits deriving from the incorporation of entirely owned companies booked in the entry and amortized according to the duration of the residual utilization of the activity; it also includes the residual value of goodwill paid to third parties for the acquisition of a company division (SAMA).

Other intangible fixed assets

This item consists mainly of expenses incurred for the issuing and renewal of the Quality Certificate and the long-term charges sustained for the acquisition of the SAMA business division.

Tangible fixed assets

Euro 38,430,794

The table below indicates movements in the year:

Description	Initial situation			Consolidation area variation	Movements in period			Balance 31.12.2004
	Costs	Amortization funds	Balance 1.1.2004		Increments	Decrements/reclassifications	Amort. in period	
Land and buildings	29,932,276	(1,318,058)	28,614,218	-	2,899,306	(12,871,766)	(591,990)	18,049,768
Plant and machinery	15,578,078	(6,677,938)	8,900,140	-	6,652,897	(349,424)	(2,072,739)	13,130,874
Equipment	1,559,132	(1,149,247)	409,885	-	1,155,435	(25,017)	(359,885)	1,180,418
Other assets	7,154,074	(3,415,466)	3,738,608	(7,806)	3,176,875	(160,900)	(1,319,043)	5,427,734
Assets under construction and payments on account	-	-	-	-	642,000	-	-	642,000
Total	54,223,560	(12,560,709)	41,662,851	(7,806)	14,526,513	(13,407,107)	(4,343,657)	38,430,794

The increase in the *Land and buildings* entry mainly consists of the enlargement of the leased property in Via San Morese 55-57, Sesto Fiorentino, and the incrementary expenses incurred for the leased property at Via del Colle 95, Calenzano (headquarters of the parent).

The increases in the *Plant and machinery*, *Equipment* and *Other assets* entries refer to acquisitions, either through purchase or leasing agreements, carried out in 2004, and leasing agreements with the subsidiary companies Sige Noto and Sige Rosolini. As from 2004 the latter have been booked according to the financial method at their historical cost net of amortizations at 31 December 2004.

Financial assets

Euro 5,543,146

Investments

Euro 2,476,707

This entry, which includes the figures posted in the previous year and the variation, is made up as follows.:

	31.12.2004	Variation	31.12.2003
Affiliated companies:			
Consorzio Colle Futura	129,852	-	129,852
Parterre S.c.a.r.l. in liquidation	3,615	-	3,615
Consorzio Bagnolo '91	-	(1,892)	1,892
Fiorenza 4 S.r.l.	-	(3,670)	3,670
Nuova Emilia S.c.a.r.l.	16,706	-	16,706
Sideco SRO	11,217	-	11,217
Sunto S.r.l.	13,899	(2,898)	16,797
Parco delle Cascine Srl	-	(63,720)	63,720
Euroalfa S.r.l.	-	(6,646)	6,646
Consorzio Nuova Badia	12,911	-	12,911
Fidia S.p.A.	-	(386,206)	386,206
Project Costuzioni Scarl	1,547,091	-	1,547,091
Villa Magli S.r.l.	133,733	47,237	86,496
Affitto Firenze S.p.A.	19,248	(421)	19,669
Consorzio Affitto Firenze	5,250	-	5,250
Mugello Outlet Scarl	5,000	-	5,000
Alberti S.r.l.	4,832	4,832	-
Mediat San Casciano Scarl	5,000	5,000	-
Consorzio Stabile OPERAE	47,060	47,060	-
	1,955,414	(361,324)	2,316,738
Other companies:			
Colle Promozione S.p.A.	12,395	-	12,395
Confipi Soc. Coop. a R.L.	1,528	-	1,528
Co.RIA. Soc. Coop. a R.L.	3,563	-	3,563
Socet S.p.A.	112	-	112
Conglobit S.r.l.	16,982	-	16,982
Consorzio Firenze Servizi	1,033	-	1,033
Global Service Toscana	3,099	-	3,099
Politeama Pratese S.p.A.	2,582	-	2,582
Credito Cooperativo Fiorentino	11,492	-	11,492
Fidindustria membership charge	15	-	15
Careggi S.c.a.r.l.	10	-	10
ISVEUR S.p.A.	5,222	-	5,222
Costr. Rom. Riuniti	12,911	-	12,911
RTC Scarl	1	-	1
Parco Verde Soc. Coop. a r.l.	37,157	-	37,157
Buy 2 Build S.p.A.	10,330	-	10,330
Consorzio Toscana Salute	1,486	-	1,486
Banca del Mugello	310	-	310
Sant'Antonio S.p.A.	40	-	40
Prato Invest Scarl	1,000	-	1,000
Imprunetina S.r.l.	-	(100)	100
Cooperativa Leonardo da Vinci	25	25	-
Reti Bancarie Holding S.p.A.	400,000	400,000	-
	521,293	399,925	121,368
Total	2,476,707	38,601	2,438,106

Amounts receivable Euro 3,066,439

Amounts receivable from affiliated companies Euro 2,625,006

The following table shows amounts receivable from affiliated companies, due within and after one year. They consist of financing of affiliated companies, as detailed below:

Description	31.12.2004	31.12.2004	31.12.2004	31.12.2003	31.12.2003	31.12.2003
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
<u>Amounts due from affiliated companies for financing:</u>						
Villa Magli S.r.l.	125,000	-	125,000	125,000	-	125,000
Sunto S.r.l.	-	59,528	59,528	-	59,528	59,528
Sideco Sro	-	-	-	-	494,171	494,171
Parterre S.c. a r.l. in liquid.	-	34,430	34,430	-	34,430	34,430
Ed.In.Tre S.r.l. in liquid.	-	414,036	414,036	-	414,036	414,036
Project Costruzioni Scarl	-	1,808,512	1,808,512	-	375,395	375,395
Mugello Outlet Scarl	57,500	-	57,500	-	-	-
Affitto Firenze S.p.A	75,600	-	75,600	-	-	-
Consorzio Affitto Firenze	50,400	-	50,400	-	-	-
Fidia S.p.A	-	-	-	1,244,221	-	1,244,221
Euroalfa Srl	-	-	-	2,540,000	-	2,540,000
Total	308,500	2,316,506	2,625,006	3,909,221	1,377,560	5,286,781

Description	31.12.2004	Consolidation area variation	Variation	31.12.2003
<u>Amounts due from affiliated companies for financing:</u>				
Villa Magli S.r.l.	125,000	-	-	125,000
Sunto S.r.l.	59,528	-	-	59,528
Sideco Sro	-	-	(494,171)	494,171
Parterre S.c. a r.l. in liquid.	34,430	-	-	34,430
Ed.In.Tre S.r.l. in liquid.	414,036	-	-	414,036
Project Costruzioni Scarl	1,808,512	-	1,433,117	375,395
Fidia S.p.A	-	(1,244,221)	-	1,244,221
Euroalfa S.r.l.	-	-	(2,540,000)	2,540,000
Mugello Outlet Scarl	57,500	-	57,500	-
Affitto Firenze S.p.A	75,600	-	75,600	-
Consorzio Affitto Firenze	50,400	-	50,400	-
Total	2,625,006	(1,244,221)	(1,417,554)	5,286,781

Other amounts receivable Euro 441,433

Description	31.12.2004	31.12.2004	31.12.2004	31.12.2003	31.12.2003	31.12.2003
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Due from others:						
caution money	1,902	217,189	219,091	5,784	424,240	430,024
other	155,046	67,296	222,342	86,797	64,817	151,614
Deposits for equity purchases						
Total	156,948	284,485	441,433	92,581	489,057	581,638

Description	31.12.2004	Variation in consolidation area	Variation	31.12.2003
Due from others:				
- caution money	219,091	(1,514)	(209,419)	430,024
- other	222,342	-	70,728	151,614
Total	441,433	(1,514)	(138,691)	581,638

CURRENT ASSETS

Stock Euro 593,398,209

The entry is made up as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Raw materials and consumables	2,388,662	-	440,501	1,948,161
Work in progress	18,738,946	(5,778,725)	(7,747,966)	32,265,637
Contractual work in progress	536,700,111	-	76,480,189	460,219,922
Finished goods	20,610,082	(1,056,605)	(4,113,672)	25,780,359
Payments on account	14,960,408	(5,767,820)	(6,108,759)	26,836,987
Total	593,398,209	(12,603,150)	58,950,293	547,051,066

The value of the orders in progress at 31 December 2004, determined on the basis of the agreed costs, is entered net of the sum of 553,211 euro, calculated to take account of the contractual risk (ascertained in relation to the effective project risk) regarding works in progress.

Receivables Euro 214,230,765

Trade receivables Euro 121,478,418

At 31 December 2004 this entry is as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Trade receivables due within one year	122,014,419	(85,279)	(2,374,322)	124,474,020
- Provision for bad and doubtful debts	(536,001)	15,620	(252,771)	(298,850)
Total	121,478,418	(69,659)	(2,627,093)	124,175,170

The movement of the provision for bad and doubtful debts was as follows:

	2004
Initial balance	298,850
Variation in consolidation area	(15,620)
Provision allocated in the profit and loss statement	413,554
Amounts used in the year	(160,783)
Final balance	536,001

Receivables due from subsidiary companies Euro 67,834,863

These receivables are due from the fully owned company, Montevalori S.r.l., entered under current assets in that the company is due to be sold and has not therefore been included in the area of consolidation; the receivables are the result of financial and business dealings with the company that had not yet been settled at 31 December 2004.

Receivables due from affiliated companies Euro 382,126

The receivables in question derive from financial and commercial dealings with affiliated companies that had not yet been settled at 31 December 2004.

	31.12.2004	Consolidation area variation	Variation	31.12.2003
- Commercial receivables	210,263	-	(1,603,480)	1,813,743
- Other receivables	171,863	-	(133,049)	304,912
Total	382,126	-	(1,736,529)	2,118,655

Receivables due from parent companies Euro 750,840

The receivables in question derive from financial and commercial transactions with parent companies that had not yet been settled at 31 December 2004.

Receivables due from taxation authorities Euro 3,873,699

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Within one year				
Receivables from tax authorities for IVA	3,103,981	(9,948)	358,977	2,754,952
Receivables from tax authorities for IRES	598,014	(67)	135,294	462,787
Receivables from tax authorities for IRAP	60,611	-	16,582	44,029
Other receivables from tax authorities	108,348	-	(86,341)	194,689
	3,870,954	(10,015)	424,512	3,456,457
After one year				
Receivables for IVA: closure Bagnolo	214	-	214	-
Receivables for reimbursement IRPEG	2,531	(349)	(1,687)	4,567
	2,745	(349)	(1,473)	4,567
Total	3,873,699	(10,364)	423,039	3,461,024

Prepaid taxes Euro 5,872,682

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Prepaid IRES tax	5,608,792	(328,602)	443,639	5,493,755
Prepaid IRAP tax	263,890	(39,210)	56,079	247,021
Total	5,872,682	(367,812)	499,718	5,740,776

At 31 December 2004 this entry consists of prepaid taxes totalling 3,930,304 euro from the balance sheets of the consolidated companies prepared in accordance with the Civil Code and prepaid taxes amounting to 1,942,378 euro stemming from temporary differences between the balance sheet prepared in accordance with the Civil Code and the consolidated financial statements. Prepaid taxes at year-end and after year-end amounted respectively to 2,827,522 euro and 3,045,160 euro.

Other receivables Euro 14,038,137

At 31 December 2004 this entry was made up as follow:

Description	31.12.2004		31.12.2003	31.12.2003		31.12.2003
	Within 1 year	After 1 year		Within 1 year	After 1 year	
Advances to suppliers	8,654,282	-	8,654,282	698,606	-	698,606
Credit slips	1,734,201	-	1,734,201	234,422	-	234,422
Other	2,921,154	728,500	3,649,654	85,750,851	149,967	85,900,818
Total	13,309,637	728,500	14,038,137	86,683,879	149,967	86,833,846

The variation compared to the previous period is as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
- Advances to suppliers	8,654,282	(5,616)	7,961,292	698,606
- Credit slips	1,734,201	(9,477)	1,509,256	234,422
- Other	3,649,654	(3,871)	(82,247,293)	85,900,818
Total	14,038,137	(18,964)	(72,776,745)	86,833,846

The *Other* entry mainly regards contractual advances to suppliers for the provision of services, totalling 8,367,391 euro, and credit slips receivable from suppliers.

The significant reduction on the previous period is due to:

- the inpayment of 54,000,000 euro due from Forte S.p.A as the balance of the sale price of 80% of Fusi S.p.A.;
- transferral to the current assets item, *Investments in subsidiary companies*, of deposits totalling 13,500,000 euro, paid to third parties for the acquisition of 100% of Montevalori S.r.l. following the stipulation of the final deed of purchase on 3 June 2004;
- transferral to the current assets entry, *Receivables due from subsidiary companies*, of the sum of 12,037,000 euro for the financing of the fully-owned company Montevalori S.r.l.

Financial assets not of a fixed nature Euro 16,655,986

These consist of the following:

Investments in subsidiary companies Euro 13,500,000

This concerns the shareholding in Montevalori S.r.l. (100%), entered under *Financial assets not of a fixed nature* in the balance sheet at 31 December 2004 as it was due to be sold; consequently it was not included in the consolidation area. The shareholding in Montevalori S.r.l. was disposed of to third parties on 14 March 2005.

Other investments Euro 6,900

This consists of an investment in the Cooperativa Lungobisenzo amounting to 103 euros, an investment in the Cooperativa Il Ciliegi totalling 6,771 euro and an investment in the Cooperativa Le Pleiadi of 26 euro.

Other securities Euro 3,149,086

This entry is made up as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Bonds	1,625,000	-	1,107,000	518,000
'Evoluzione Impresa CRF'	-	-	(2,934,236)	2,934,236
Certificates of deposit	361,520	-	-	361,520
Life policies	1,162,566	-	1,162,566	-
Total	3,149,086	-	(664,670)	3,813,756

Bonds totalling 1,058,000 euro and life policies amounting to 514,000 euro have been pledged to various financial institutions as a guarantee for financing.

Liquid funds Euro 19,170,591

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Bank and postal accounts	19,074,158	(206,710)	14,384,405	4,896,463
Cheques in hand	-	-	(33,000)	33,000
Cash-in-hand/cash equivalents	96,433	(53)	(50,736)	147,222
Total	19,170,591	(206,763)	14,300,669	5,076,685

The balance consists of liquid funds, including cash-in-hand and cash equivalents, at year-end.

PREPAYMENTS AND ACCRUED INCOME

As at 31 December this entry consists of the following:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Prepayments				
Other prepayments	89,333	-	(715)	90,048
Accrued income				
Services and rent	32,256	-	26,621	5,635
Building site start-up costs	15,404,020	-	4,292,101	11,111,919
Insurance policies	24,726	(3,196)	(9,524)	37,446
Leasing rent	4,161	-	(267,407)	271,568
Guaranty commissions	-	-	(20,937)	20,937
Other accrued income	2,513,965	(237)	616,608	1,897,594
	17,979,128	(3,433)	4,637,462	13,345,099
Total	18,068,461	(3,433)	4,636,747	13,435,147

The *Building site start-up costs* refer to deferred preoperational costs relative to various building sites, which will be debited to the Profit and Loss Statement in relation to the progress of work.

The *Other accrued income* consists principally of costs sustained in order to win contracts, which are entered under *Building site costs* in relation to the progress of work.

COMMENTS ON THE MAIN LIABILITY STATEMENT ITEMS

SHAREHOLDERS' EQUITY

The movement of the entries comprising the Net Shareholder Equity of the Group are as follows:

Description	Share capital	Legal reserve	Other reserves	Earnings (losses) carried forward	Net profit (loss) for accounting period	Total
Balances 1.1.2004	13,000,000	588,819	11,064,532	(2,763,294)	6,801,769	28,691,826
Disposition of net income 2003	-	145,053	2,755,989	3,900,727	(6,801,769)	-
IAS 17 adjustment	-	-	-	(4,024,858)	-	(4,024,858)
Accounting adjustments from previous periods	-	-	-	(13,408)	-	(13,408)
Euro rounding-off reserve	-	-	1	-	-	1
Profit for period	-	-	-	-	6,478,666	6,478,666
Balances 31.12.2004	13,000,000	733,872	13,820,522	(2,900,833)	6,478,666	31,132,227

The following notes regard the main items listed under Shareholders' Equity and the relative variations.

Share capital Euro 13,000,000

The share capital, as at 31 December 2004, was fully subscribed and paid up and consisted of 13,000,000 ordinary shares, each with a nominal value of 1 euro. The total value, unchanged from the previous period, is 13,000,000 euro.

Legal reserve Euro 733,872

This is the legal reserve resulting from the Civil Code format of the parent's balance sheet.

Other reserves Euro 13,820,522

These reserves consist of the following:

	31.12.2004	Increments	Decrements	31.12.2003
Consolidation reserve	397,884	-	-	397,884
Appropriated reserve	13,422,637	2,755,989	-	10,666,648
Euro rounding-off reserve	1	1	-	-
Total	13,820,522	2,755,990	-	11,064,532

The consolidation reserve is unchanged with respect to the previous period.

The appropriated reserve is from the parent, and has been increased with 95% of the parent's profit in 2003.

Retained earnings (losses) carried forward Euro (2,900,833)

This regards undivided losses at 31 December 2004. This entry has been adjusted by 4,024,858 euro, namely the sum of the debt towards leasing companies for redemptions not considered in the previous period, as illustrated in Evaluation criteria – Leased assets; and by the sum of 13,408 euro for accounting adjustments for previous periods.

Chart linking the results and the Shareholder Equity of the parent and the respective values resulting from the consolidated balance sheet at 31 December 2003 and at 31 December 2004

The consolidated net shareholder equity and the consolidated results at 31 December and at December 2004 are reconciled with those of the parent, as follows:

	31.12.2003		31.12.2004	
	Net shareholder equity 31.12.2003	Net rectified shareholder equity 31.12.2003	Operating results 2004	Net shareholder equity 31.12.2004
Shareholder equity and parent's operating results	27,156,508	27,156,508	4,559,087	31,715,595
Operating results and effects of consolidation of the companies in which the parent has a stake	(4,197,004)	(4,197,004)	458,808	(3,738,196)
Application of IAS 17	5,365,622	1,340,764	1,460,771	2,801,535
Consolidation reserve	397,668	397,668	-	397,668
Elimination consolidation reserve following the liquidation of Eggi S.c. a r.l.	(6,447)	(6,447)	-	(6,447)
Accounting adjustments from previous years	(24,521)	(37,929)	-	(37,929)
Euro rounding-off reserve	-	-	-	1
Net shareholder equity and group operating results	28,691,826	24,653,560	6,478,666	31,132,227

PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES

This concerns the following reserves, which are posted in the financial statements (Civil Code format) of the consolidated companies valued with the line-by-line method:

	31.12.2004	Increments	Decrements	31.12.2003
Reserve for currency exchange risks	-	-	7,978	7,978
Reserve for Borghini incorporation risks	516,457	-	-	516,457
Reserve for future contingencies and charges	584,946	584,946	-	-

of the negative investments evaluated with the equity method

Ed.In.Tre. S.r.l. in liquidation	487,941	4,729	-	483,212
La Fonderia S.r.l., in liquidation	8,335	2,018	-	6,317
Travel 15 S.c.a.r.l.	16,991	8,729	-	8,262
Villa Fossi S.r.l.	48,061	36,551	-	11,510
Fiorenza Quattro Scarl	2,302	2,302	-	-

and the following provisions for deferred taxes:

IRES deferred taxes provision	5,694,560	2,075,164	43,818	3,663,214
IRAP deferred taxes provision	733,391	267,256	4,722	470,857
Provisions for non-recurring INVIM	55,513	-	-	55,513
Total	8,148,497	2,981,695	56,518	5,223,320

The provision for taxation consists of the following:

- provision for non-recurring property-increment tax (INVIM) from the incorporated company Officine Grafiche Fratelli Sianti S.r.l.; this regards a dispute with the Florence Register of Deeds concerning a higher INVIM tax assessment in relation to the declaration made in 1991. As the assignors have contractually undertaken to reimburse the amount, the abovementioned sum has been entered as a receivable due from the Sianti family;

- provisions for deferred taxes, calculated with regard to:

a) - provisions for contractual risks and the rate of amortization of leased assets, effected exclusively in accordance with tax regulations by means of a reduction of the taxable income (section EC of the 'Modello Unico 2005' for income in 2004);

b) - the positive effect stemming from the accounting of leased assets as per IAS 17, plus deferred taxes relative to the fiscal effect arising from the allocation of the difference between the price paid and the accountable net equity of the subsidiaries to assets due to be sold.

The other provisions consist of a reserve for risks stemming from the arbitration ruling regarding the previous shareholders of Borghini Costruzioni S.r.l. following the merger by incorporation of the aforementioned company. The ruling was contested in the Florence Appeals Court and a decision is still pending.

EMPLOYEES' LEAVING ENTITLEMENT

The movement of the fund in the period was as follows:

	2004	2003
Initial balance	3,172,905	4,409,916
Variation in consolidation area	-	(1,589,631)
Sums accrued and allocated in the profit and loss statement	1,307,627	1,218,985
Severance allowances and advances paid in the year	(893,384)	(866,365)
E.L.E. fund for Pontello company	64,249	-
Final balance	3,651,397	3,172,905

The average staff figures in 2004, divided according to role and expressed in terms of the number of full time staff, are as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Managers	21	-	7	14
Middle managers	-	-	-	-
Office staff	228	-	16	212
Apprentices	-	-	(1)	1
Manual workers	495	-	21	474
Co.co.co.	4	-	1	3
Total	748	-	44	704

PAYABLES

Sums due to partners for financing Euro 888,275

This entry is made up as follows:

	31.12.2004	Variation	31.12.2003
Interest bearing loans at call from Edil - Invest S.r.l	188,275	(338,725)	527,000

Interest bearing loans at call from Holding B.R.M. S.p.A.	700,000	(270,000)	970,000
Total	888,275	(608,725)	1,497,000

The company has been financed by the partners with interest-bearing loans (7% per year) granted to both shareholders.

There is no explicit clause deferring such loans.

Sums due to banks Euro 135,776,254

This entry is made up as follows:

	31.12.2004	Consolidation area variation	Net variation	31.12.2003
Due within one year:				
- sums due to banks for current accounts and advances	118,866,845	(37,485)	20,493,437	98,410,893
- tranches of short-term financing and mortgages supported by collateral	5,635,330	-	(11,448,197)	17,083,527
	124,502,175	(37,485)	9,045,240	115,494,420
Due after one year:				
- financing and mortgages supported by collateral	11,274,079	-	(301,119)	11,575,198
	11,274,079	-	(301,119)	11,575,198
Total	135,776,254	(37,485)	8,744,121	127,069,618

Sums due to other financial institutions Euro 64,912,818

Sums due to other financial institutions rose from 52,433,353 euro in 2003 to 64,912,818 euro in 2004, an increase of 12,479,465 euro. This entry relates principally to advances received from factoring companies on receivables due from customers and on the cession of contracts, for a total of 36,350,878 euro, and sums totalling 28,455,751 euro due to leasing companies; the latter figure includes the debt relative to the price of redeeming leased assets not posted in the consolidated balance sheet for 2003, as specified in Evaluation criteria - Leased assets.

Sums due after 5 years amount to 8,280,467 euro.

Payments on account Euro 521,708,274

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Within 1 year				
Advances from clients in relation to progress of work.	475,612,809	-	43,613,714	431,999,095
Advances from clients for tender contracts	11,140,019	-	(2,116,146)	13,256,165
Advances and deposits on sale preliminaries from clients	29,026,859	(4,116,376)	(16,239,106)	49,382,341
Confirmatory deposits	-	(2,525,823)	-	2,525,823
	515,779,687	(6,642,199)	25,258,462	497,163,424

After one year				
Payments on account	5,928,587	-	1,349,015	4,579,572
Total	521,708,274	(6,642,199)	26,607,477	501,742,996

These consist principally of payments on account received from clients in relation to percentage of project completion. They can be divided into:

- payments on account received from clients for works to be carried out, including those amounting to 11,140,019 euro;
- payments on account received in the course of work in progress but which have not yet been completed, amounting to 475,612,809 euro;
- advances, deposits and advances regarding property sale preliminaries amounting to 34,955,446 euro.

Accounts payable to creditors Euro 120,059,158

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Accounts payable to suppliers within one year	119,307,369	(7,301,734)	19,327,754	107,281,349
Accounts payable to suppliers after one year	751,789	-	401,325	350,464
Total	120,059,158	(7,301,734)	19,729,079	107,631,813

The balance of 120,059,158 euro relates to accounts payable for the acquisition of goods and services. The increase in amounts payable to suppliers is the result of an increase in production. It should also be noted that the entry *Amounts receivable from others* (within one year) under current assets includes advances totalling 8,367,391 euro paid to suppliers for services.

Amounts payable to subsidiary companies Euro 8,930

This entry consists of the amount payable to the subsidiary company Montevalori S.r.l. This company is listed under current assets because it is due to be sold, and is not therefore included in the area of consolidation.

Amounts payable to affiliated companies Euro 3,963,685

The entry is made up as follows:

	31.12.2004	Consolidation area variation	Variation	31.12.2003
Within one year				
Commercial debts	3,953,001	-	775,236	3,177,765
Financial debts	10,684	-	10,684	-
Other debts	-	-	(19,341)	19,341
Total	3,963,685	-	766,579	3,197,106

These amounts payable are the result of commercial and financial dealings that had not been regulated at 31 December 2004.

Amounts payable to parent companies Euro 162.281

These debts stem from financial transactions with parent companies that had not yet been regulated as at 31 December 2004.

Sums payable to taxation authorities

Euro 3,336,773

The break-down of this item is as follows:

	31.12.2004	Consolidation area variation	Variations	31.12.2003
Due within 12 months:				
Withholding tax on the income of employees and self-employed workers	1,119,131	(2,566)	146,035	975,662
Income tax	1,243,166	(37,356)	1,023,487	257,035
Lieu tax on merger deficit	70	-	(373,518)	373,588
IVA (VAT)	968,658	-	743,594	225,064
Other taxes	-	(140,213)	(4,590,900)	4,731,113
Total sum due within 12 months	3,331,025	(180,135)	(3,051,302)	6,562,462
Due after 1 year:				
Other taxes	5,748	-	(181)	5,929
Total sum due after 1 year	5,748	-	(181)	5,929
Total sums payable to taxation authorities	3,336,773	(180,135)	(3,051,483)	6,568,391

Sums payable for income tax in the year are posted net of advance payments.

Social security charges payable

Euro 1,161,339

This item refers principally to social security charges for salaries in December 2004 and accumulated vacation and special leave not taken as at 31 December 2004.

The total amount of social security charges payable rose from 983,700 euro in 2003 to 1,161,339 euro in 2004, an increase of 177,639 euro. This was the result of an increase in the number of employees with respect to the previous year.

Other sums payable

Euro 10,932,859

This item is as follows:

	31.12.2004	Variation in consolidation area	Variation	31.12.2003
Wages due	1,142,498	-	161,284	981,214
Sums payable to staff	1,384,890	-	219,800	1,165,090
Credit slips to be issued	377,273	(23,879)	(436,165)	837,317
Sums due to others	4,963,089	(2,455,687)	(12,774,868)	20,193,644
Total sums payable within 12 months	7,867,750	(2,479,566)	(12,829,949)	23,177,265
Sums due to others	3,065,109	-	2,278	3,062,831
Total sums payable after 1 year	3,065,109	-	2,278	3,062,831
Total other sums payable	10,932,859	(2,479,566)	(12,827,671)	26,240,096

Other sums payable (within and after 12 months) fell from 23,256,475 euro in 2003 to 8,028,198 in 2004. This reduction is chiefly due to the return to third parties in the course of 2004 of sums regarding the cancellation of two sales preliminaries in 2003.

The total other sums due as at 31 December 2004 comprises, amongst other things, sums payable to staff, amounts payable to creditors, sums due for membership contributions, wages payable to staff employed on a 'co.co.co' basis and customers with credit notes to issue.

Amounts due after 5 years

Euro 8,280,467

These are made up as follows:

	Balance at 31.12.2004				Balance at 31.12.2003
	Total	Within 1	From 1 to 5	Over 5	
- amounts due to shareholders for financing	888,275	888,275	-	-	1,497,000
- amounts due to banks (current ac./advances)	118,866,845	118,866,845	-	-	98,410,893
- amounts due to banks for financing and mortgages	16,909,409	5,635,330	11,274,079	-	28,658,725
- amounts due to other financiers	64,912,818	42,104,415	14,527,936	8,280,467	52,433,353
- payments on account	521,708,274	515,779,687	5,928,587	-	501,742,996
- accounts payable to creditors	120,059,158	119,307,369	751,789	-	107,631,813
- amounts payable to subsidiary companies	8,930	8,930	-	-	-
- amounts payable to affiliated companies	3,963,685	3,963,685	-	-	3,197,106
- amounts payable to parent companies	162,281	162,281	-	-	71,587
- sums payable to taxation authorities	3,336,773	3,331,025	5,748	-	6,568,391
- social security charges payable	1,161,339	1,153,037	8,302	-	983,700
- other sums payable	10,932,859	7,867,750	3,065,109	-	26,240,096
Total	862,910,646	819,068,629	35,561,550	8,280,467	827,435,660

Sums payable in a period of over five years, totalling 8,280,467 euro, consist of property bonds due to leasing companies.

ACCRUED EXPENSES AND DEFERRED INCOME

At year end this entry is as follows:

	31.12.2004	Variation in consolidation area	Variation	31.12.2003
Accrued expenses	454,501	-	(127,341)	581,842
Deferred income	1,810,434	-	1,528,594	281,840
Total	2,264,935	-	1,401,253	863,682

The accrued expenses largely consist of financial charges, euroswap losses, condominium costs and commission charges on guarantees.

The deferred income consists mainly of prepaid rent.

Debts backed by collateral

Collateral (hypothecation) amounting to	Euro	41,405,064
for residual debts on mortgages amounting to	Euro	16,909,409

Capitalized financial charges

Description	31.12.2004	31.12.2003
B II 1) Land and buildings	47,806	214,907
C I) Stock	298,998	491,877

The variation in the items posted above is due to the decision to capitalize financial charges sustained during the year for the realization of public property. These charges have been booked in compliance with Art. 2426 no. 1 of the Civil Code and Art. 110 DPR917/86.

COMMITMENTS AND MEMORANDUM ACCOUNTS

The memorandum accounts consist of the following third party assets, commitments, risks and guarantees:

	31.12.2004	31.12.2003
Third party assets		
Third party assets	1,466,932	15,494

Assets belonging to the rented company Pontello comprise 1,451,439 euro of the total.

	31.12.2004	31.12.2003
Commitments		
Collateral provided for debts entered in third-party year-end accounts	-	6,600,000
Leasing fixed assets	-	7,268,089
Commitments on third-party acquisition preliminaries	21,248,082	44,301,119
Commitments on third-party sale preliminaries	50,666,069	75,459,521
Commitments to third parties	11,437,638	11,437,638

The requirement stated in Accounting Principle 22 to include in the memorandum accounts under commitments "the sum of fees still to pay in addition to those consisting of the cost of redeeming the asset" is booked in the Asset and Liability Statement under *Sums due to other financial institutions*. As a result, in order to avoid a pointless repetition, as of 2004 the specification is no longer included in the Memorandum Accounts.

	31.12.2004	31.12.2003
Risks		
Third-party current backlog	162,711	380,123
Various third-party risks	463,185	463,185

	31.12.2004	31.12.2003
Guarantees provided		
Bank sureties to affiliated companies	11,919,429	26,975,550
Bank sureties to clients	5,019,478	843,187
Insurance sureties to clients	153,338,988	155,609,380
Joint insurance debentures	4,848,613	7,408,135
Pledges given to third parties	1,549,504	1,549,504
Bank sureties to third parties	31,073,800	28,326,237
Guarantee notes to third parties	-	608,430

GUARANTEES RECEIVED

Listed below are the guarantees received by the Group:

	31.12.2004	31.12.2003
Guarantees received		
Bank sureties from suppliers	5,221,216	5,269,664
Bank sureties from parent companies	327,176,808	237,166,919
Bank sureties from clients	397,672	397,672
Pledges from parent companies	258,228	258,228
Bank sureties from third parties	5,532,044	6,032,731

NOTES ON THE MAIN ITEMS IN THE PROFIT AND LOSS STATEMENT

Production revenues Euro 280,098,930

	2004	2003
Turnover – goods and services	207,419,184	241,925,872
Variation in stock	1,150,145	2,303,635
Variation in contract work in progress	63,663,063	11,211,997
Other revenues and income	7,866,538	6,577,225
Total	280,098,930	262,018,729

Turnover – goods and services Euro 207,419,184

Revenues from the disposal of assets and from services are as follows:

	2004	2003
Revenues from services (orders)	189,614,500	198,675,047
Revenues from property sales	16,536,730	41,898,265
Revenues from rents	756,903	779,370
Brokerage on sales and leases	511,051	573,190
Total	207,419,184	241,925,872

The revenue trend in each sphere of operations is discussed in the Management Report.

Variation in stock Euro 1,150,145

Variation in contract work in progress Euro 63,663,063

Other revenues and income Euro 7,866,538

This entry is made up as follows:

	2004	2003
Property income	714,463	701,313
Other income	334,057	501,401
Contingent assets	750,047	274,525
Gains on sales of tangible fixed assets	218,227	3,522,243
Various recoupments and overturning of third party costs	5,270,271	671,465
Various reimbursements	364,555	689,523
Grants	214,918	216,755
Total	7,866,538	6,577,225

Production costs Euro 261,380,824

Raw materials Euro 60,428,173

This concerns the purchase of land and buildings for a total of 4,668,503 euro, the purchase of goods totalling 54,652,670 euro and the purchase of securities totalling 1,107,000 euro.

Services

Euro 156,682,362

The costs of services are listed below:

	2004	2003
Electricity bills	125,759	118,444
Construction costs (subcontracting and services from third parties)	137,235,166	127,136,362
Insurance	1,018,109	540,269
Fees for professional services	6,647,374	5,467,933
Various maintenance costs for own- and third-party assets	1,508,830	1,421,356
Advertising	189,360	110,028
Provision of various services	366,975	318,520
Water and gas	86,832	63,496
Postal expenses	46,479	25,882
Telephone bills	192,188	147,405
Costs incurred in preparing tender bids	741,756	595,720
10% INPS (national insurance contributions) charged to customer	34,761	14,214
Costs for closed building sites	9,424	11,921
Insurance, vehicle tax, petrol, motorway tolls	458,175	394,369
Noise tests-building site safety courses	497,359	426,374
Condominium service costs	6,199	27,269
Other service costs	6,157,272	6,030,804
Commission charges	19,849	444,824
Entertaining expenses	7,923	11,575
Provision of external services	13,762	65,294
Directors' emoluments	1,254,290	1,034,334
Auditors' fees	64,520	72,462
Total	156,682,362	144,478,855

Use of third party assets Euro 761,091

This principally regards rent and hire expenses for the use of third party assets. One of the costs in the period is a sum of 100,000 euro for the rental of the Pontello company.

Personnel expenses Euro 31,859,823

The breakdown of the personnel costs can be found in the Profit and Loss Statement in entry B 9), and covers all the expenses for employees, including the cost of untaken vacation and legally required and collective labour contract provisions.

Amortization, depreciation and write-downs Euro 7,236,065

The breakdown of the requested sub-entries can be found in the Profit and Loss Statement in entry B 10).

Variation in raw materials, supplies and consumables Euro 256,122

Provision for contingencies Euro 584,946

Other operating costs Euro 4,084,486

The breakdown of this item is as follows:

	2004	2003
Duties and non-income taxes	278,026	346,892
Publications	17,867	14,176
Capital losses	37,861	53,168
Contingent liabilities	1,582,223	539,352
Other	1,993,916	1,914,946
Fines and penalties	174,593	219,877
Total	4,084,486	3,088,411

The duties and taxes mainly consist of local and other taxes, council property tax and welfare contributions.

Net financial income and charges Euro (8,063,608)

Income from shareholdings Euro 610

This entry is as follows:

	2004	2003
Subsidiary companies	-	3,646,448
Other companies	610	1,436
Total	610	3,647,884

This regards the dividends of the Credito Cooperativo Fiorentino.

Other financial income Euro 6,591,223

The breakdown of this entry is as follows:

	2004	2003
- receivables classified as fixed assets		
Affiliated companies	10,027	7,726
Parent companies	180,799	769,366
Other companies	-	69,630
	190,826	846,722
- receivables from securities included under assets forming part of working capital		
Interest earned from securities	59,434	145,429
	59,434	145,429
- other income:		
Interest charged on financing of Montevalori S.r.l.	2,913,874	-
Income from parent companies		-
Exchange rate earnings		-
Interest from bank and postal accounts	35,369	8,464
Other interest earned	101,501	42,863
Interest charged to clients	3,276,157	364,980
Cash discounts	6,422	4,973
Interest earned on cautions	86	128
Other	7,554	1,116
	6,340,963	422,524
Total	6,591,223	1,414,675

Interest and other financial charges Euro 14,629,898

The breakdown of this entry is as follows:

	2004	2003
Interest paid to parent companies	66,591	42,024
	66,591	42,024
Leasing agreement charges	912,847	999,822
Interest paid for financing and mortgages	724,427	1,120,682
Interest paid to suppliers	228,216	622,131
Discount interest paid and subject to collection	1,460,655	1,536,214
Other charges	1,634,877	1,603,268
Other interest paid	4,953,556	4,782,176
Interest paid on bank and postal accounts	2,356,125	2,855,402
Interest paid on factoring advances	2,292,604	1,031,989
	14,563,307	14,551,684
Total	14,629,898	14,593,708

Profit and loss on exchange rates Euro (25,543)

The breakdown of this entry is as follows:

	2004	2003
Profits on exchange rates	-	-
Losses on exchange rates	(25,543)	(3,508)
Total	(25,543)	(3,508)

Adjustments to financial asset values Euro (75,236)

This item represents the positive and/or negative operating result in 2004 of the companies stated according to the equity method for the Group's stake.

Non-recurring income and charges Euro 2,298,178

The breakdown of this entry is as follows:

	2004	2003
Non-recurring income		
Utilization of provision for write-downs of equity investments	-	-
Non-taxable contingent assets resulting from the waivering of credits due to partners	-	13,000,000
Contingent assets	993,493	668,639
Use of contingency fund	-	170,508
Gains on sales of assets	1,358,798	-
	<u>2,352,291</u>	<u>13,839,147</u>
Non-recurring charges		
Other charges	-	-
Taxes relating to previous years	(15,921)	(1,085,594)
Contingent liabilities	(7,284)	(150)
Capital losses	(9,232)	(924)
Losses on sales of assets	(21,676)	(325,117)
	<u>(54,113)</u>	<u>(1,411,785)</u>
Total	2,298,178	12,427,362

Income tax Euro 6,386,260

This item consists of 95,505 euro for IRES (corporate tax), 1,762,109 euro for IRAP (regional tax on production) and 4,528,646 euro for deferred/pre-paid taxes.

EMOLUMENTS PAID TO DIRECTORS AND AUDITORS

Listed below are the overall figures for the salaries/fees paid to the directors and the members of the Board of Auditors of the consolidated companies.

	2004	2003
Directors	1,254,290	1,034,334
Board of auditors	64,520	72,462
Total	1,318,810	1,106,796

On behalf of the Board of Directors of Baldassini-Tognozzi S.p.A.

Chairman

Riccardo Fusi

Attachments to the Explanatory Notes

Attachment 1: COMPANIES CONSOLIDATED WITH THE LINE-BY-LINE METHOD

Name	Headquarters	Share capital	%	Partners
<u>Parent:</u>				
Baldassini-Tognozzi S.p.A.	via del Colle, 95 - Calenzano -	€ 13,000,000	- -	
<u>Subsidiary companies:</u>				
Leren S.r.l.	via del Colle, 95 - Calenzano -	€ 2,500,000	100%	Baldassini-Tognozzi S.p.A.
Immobiliare Ferrucci S.r.l.	V.Montegrappa,306 - Prato -	€ 99,500	100%	Baldassini-Tognozzi S.p.A.
Gruppo Bartolomei-Fusi S.r.l.	V.Montegrappa,302/O/P - Prato -	€ 46,800	100%	Baldassini-Tognozzi S.p.A.
Teramo 2000 S.c.a.r.l.	Via Memmingen - Teramo -	€ 10,300	100%	Baldassini-Tognozzi S.p.A.
Marsicana S.c.a.r.l., in liquidation	via del Colle, 95 - Calenzano -	€ 10,000	100%	Baldassini-Tognozzi S.p.A.
BF Servizi S.r.l.	via del Colle, 95 - Calenzano -	€ 45,000	100%	Baldassini-Tognozzi S.p.A.
Castello Scarl	via del Colle, 95 - Calenzano -	€ 10,000	100%	Baldassini-Tognozzi S.p.A.
Castello Lotto B Scarl, in liquidation	via del Colle, 95 - Calenzano -	€ 10,000	100%	Baldassini-Tognozzi S.p.A.
Gorizia Scarl	via del Colle, 95 - Calenzano -	€ 10,000	85%	Baldassini-Tognozzi S.p.A.
Sige Rosolini Scarl	strada poderale -Azzolini Noto (SR) -	€ 10,200	84%	Baldassini-Tognozzi S.p.A.
Sige Noto Scarl	strada poderale -Azzolini Noto (SR) -	€ 10,200	84%	Baldassini-Tognozzi S.p.A.
Prato Consorzio, in liquidation	via del Colle, 95 - Calenzano -	€ 10,000	70%	Baldassini-Tognozzi S.p.A.
Chiosina Scarl, in liquidation	via del Colle, 95 - Calenzano -	€ 10,000	70%	Baldassini-Tognozzi S.p.A.

Attachment 2: AFFILIATED COMPANIES VALUED ACCORDING TO THE COST METHOD

Name	Headquarters	Share capital	%	Partners
<u>Affiliated companies:</u>				
Sideco SRO	Bratislava (Slovakia)	€ 26,089.65	43.48%	Baldassini-Tognozzi S.p.A.

Attachment 3: AFFILIATED COMPANIES VALUED ACCORDING TO THE EQUITY METHOD

Name	Headquarters	Share capital	%	Partners
<u>Affiliated companies:</u>				
Ed.In.Tre S.r.l. in liquidaz.	Prato	€ 10,400	50%	Baldassini-Tognozzi S.p.A.
Consorzio Colle Futura	Colle Val d'Elsa	€ 274,554.30	47.296%	Baldassini-Tognozzi S.p.A.
Travel 15 S.c.a r.l. in liquidazione	Sesto Fiorentino	€ 10,200	35%	Baldassini-Tognozzi S.p.A.
Parterre S.c.a r.l. in liquid.	Calenzano	€ 10,500	33.33%	Baldassini-Tognozzi S.p.A.
Firenze Quattro S.r.l.	Florence	€ 91,000	30.76%	Baldassini-Tognozzi S.p.A.
Sunto S.r.l.	Colle Val d'Elsa	€ 11,000	30%	Baldassini-Tognozzi S.p.A.
Nuova Emilia Soc. Cons. a R.L.	Cesena	€ 52,000	30%	Baldassini-Tognozzi S.p.A.
La Fonderia S.r.l. in liquidazione	Campi Bisenzio	€ 10,710	20%	Baldassini-Tognozzi S.p.A.
Consorzio Nuova Badia	Scandicci	€ 25,822.84	50%	Baldassini-Tognozzi S.p.A.
Villa Fossi Srl	Calenzano	€ 90,000	50%	Baldassini-Tognozzi S.p.A.
Villa Magli Srl	Calenzano	€ 258,229	49%	Baldassini-Tognozzi S.p.A.
Project Costruzioni Scarl	Florence	€ 3,199,569.06	48.32%	Baldassini-Tognozzi S.p.A.
Consorzio Affitto Firenze	Florence	€ 25,000	21%	Baldassini-Tognozzi S.p.A.
Affitto Firenze Spa	Florence	€ 110,000	21%	Baldassini-Tognozzi S.p.A.
Mugello Outlet Scarl	Calenzano	€ 10,000	50%	Baldassini-Tognozzi S.p.A.
Mediat San Casciano Scarl	Montelupo Fiorentino	€ 10,000	50%	Baldassini-Tognozzi S.p.A.
Alberti S.r.l.	Florence	€ 10,000	48.32%	Baldassini-Tognozzi S.p.A.
Consorzio Stabile OPERAE	Rome	€ 100,000	47.06%	Baldassini-Tognozzi S.p.A.

Attachment 4: OTHER COMPANIES VALUED ACCORDING TO THE COST METHOD

Name	Headquarters	Share capital	%	Partners
<u>Other companies:</u>				
Confipi Soc.Coop. a R.L. in liquidaz.	Rome	€ 10,329.11	12.50%	Baldassini-Tognozzi S.p.A.
G.S.T. Global Service Toscana	Florence	€ 43,382.37	6.66%	Baldassini-Tognozzi S.p.A.
Colle Promozione S.p.A.	Colle Val d'Elsa	€ 103,200	12%	Baldassini-Tognozzi S.p.A.
CO.RI.A Soc.Coop. a R.L.	Massa	€ 46,481.12	10%	Baldassini-Tognozzi S.p.A.
Consorzio Firenze Servizi	Florence	€ 56,810	4.55%	Baldassini-Tognozzi S.p.A.
Consorzio Toscana Salute	Florence	€ 25,000	5.943%	Baldassini-Tognozzi S.p.A.
Buy 2 Build Spa	Rome	€ 516,500	2%	Baldassini-Tognozzi S.p.A.
Prato Invest Scarl	Prato	€ 145,000	0.69%	Baldassini-Tognozzi S.p.A.
Conglobit S.r.l.	Florence	€ 991,600	0.42%	Baldassini-Tognozzi S.p.A.
Careggi S.c.a r.l.	Sesto S.Giovanni	€ 11,000	0.1%	Baldassini-Tognozzi S.p.A.
Socet S.p.A.	Sesto Fiorentino	€ 350,752.90	0.007%	Baldassini-Tognozzi S.p.A.
ISVEUR S.p.A.	Rome	€ 562,000	0.40%	Baldassini-Tognozzi S.p.A.
Costruttori Romani Riuniti G.O. S.p.A.	Rome	€ 5,164,568	0.25%	Baldassini-Tognozzi S.p.A.
R.T.C. Scarl	Casapulla (CE)	€ 10,200	0.01%	Baldassini-Tognozzi S.p.A.
Sant'Antonio Spa	Signa	€ 400,000	0.01%	Baldassini-Tognozzi S.p.A.
Parco Verde Soc.Coop. a r.l.	Prato	€ 4,334,400	60 shares	Baldassini-Tognozzi S.p.A.

Cash flow statement

(in euro)

Operating activities	
Operating profit (A1)	6,491,180
Elimination of revenues (+) and costs (-) without monetary effect (A2):	-12,054,892
Pre-paid/deferred taxes	-4,528,646
Amortization of intangible assets	-2,478,854
Depreciation of tangible assets	-4,343,657
Provision for write-down of receivables	-413,554
Utilization of write-down provision	160,784
Provision for and payment of employees' leaving entitlement	-1,307,627
Provision for contingencies	-584,946
Utilization of provision for contingencies	7,978
Revaluation of holdings in affiliated companies	47,236
Devaluation of holdings in affiliated companies	-122,472
Gains on disposals of fixed assets	218,227
Losses on disposals of fixed assets	-47,093
Gains on the disposal of immobilized investments	1,358,798
Losses on disposal of immobilized investments	-21,676
Dividends received	610
A, Total cash flow from operating activities (A1)-(A2)	18,546,072
Cash flow from variations in working capital	
Variation in trade receivables	2,720,239
Variation in receivables from subsidiary/affiliated/commercial parent companies	-50,855,980
Variation in receivables from tax authorities	-605,208
Variation in receivables from others	72,858,361
Variation in investments and securities not of a fixed nature	-12,835,330
Variation in payables due to subsidiary/affiliated/parent/associated companies	1,057,579
Variation in stock	-63,972,110
Variation in payments on account	31,105,030
Variation in prepayments and accrued income	-5,011,766
Variation in accounts payable to creditors	19,701,405
Variation in sums payable to tax authorities and for social security charges	-2,873,845
Variation in other sums payable (including paper titles)	-12,827,671
Variation in accrued expenses and deferred income	1,401,253
B, Total cash flow from variations in working capital	-20,138,043
Investment activities	
Purchase of intangible assets	-18,371
Purchase of tangible assets	-10,751,644
Purchase of financial assets	-505,349
Sale of intangible assets (cost)	535,389
Sale of intangible assets (fund)	-535,389
Sale of intangible assets (break-up value)	0
Sale of tangible assets (cost)	13,610,898
Sale of tangible assets (fund)	-258,739
Sale of tangible assets (break-up value)	13,523,293
Sale of financial assets (break-up value)	970,000
Variation in immobilized receivables due from affiliated companies	1,417,554
Variation in immobilized receivables from others	3,138,691
Hedging of cost losses	-21,231
Break-up value from closure of investments	10,400
Dividends received	610
Variation in consolidation area	-206,763
C, Total cash flow from investment activities	7,557,190
D, Liabilities paid (Employees' Leaving Entitlement)	-829,134
Financing activities	
Increase (decrease) in sums due to banks	8,744,121
Increase (decrease) in sums due to other financial institutions	213,700
Payment of dividends	
Capital addition	
E, Total cash flow from financing activities	8,957,821
Overall cash flow A+B+C+D+E	14,093,906
Cash and cash equivalents at the beginning of the year	5,076,685
Cash and cash equivalents at the end of the year	19,170,591
Cash flow for the year	14,093,906



BOARD OF EDITOR

AUDITORS' REPORT
pursuant to article 2409-ter of Italian Civil Code
(Translation from the original Italian text)

To the Shareholders of
Baldassini Tognozzi Pontello Costruzioni Generali S.p.A.

1. We have audited the consolidated financial statements of Baldassini Tognozzi Pontello Costruzioni Generali S.p.A. as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Baldassini Tognozzi Pontello Costruzioni Generali S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was made in accordance with auditing standards. In accordance with such standards we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated June 28, 2004.
3. In our opinion, the consolidated financial statements of Baldassini Tognozzi Pontello Costruzioni Generali S.p.A. comply with the Italian regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Baldassini Tognozzi Pontello Costruzioni Generali S.p.A. as of December 31, 2004 and the consolidated results of its operations for the year then ended.

Florence, June 9, 2005

PKF Italia S.p.A.
Signed in the original by Massimo Innocenti (partner)

BALDASSINI – TOGNOZZI – PONTELLO

Costruzioni Generali S.p.A.

Head office in Calenzano Via del Colle, 95

Share capital €13.000.000 fully paid up

Florence Company Register and Tax Number 03908230489

BOARD OF AUDITORS REPORT ON THE RESULTS OF THE FINANCIAL YEAR TO

31 DECEMBER 2004

(Art. 2429 (2) Civil Code)

Dear shareholder,

Further to the entering into force of Legislative Decree N° 6 of 17 January 2003, which made fundamental changes to existing company law, the general meeting held during last financial year deliberated to attribute this body with powers of surveillance alone, while account auditing would, with our consent, be entrusted to the P.K.F. Italia S.p.A. auditing company.

First of all, since the company is obliged to submit its consolidated balance sheet, we inform you that it took advantage of the longer time of 180 days for the balance sheet to be approved as provided by Article 2364 (2) of the Civil Code, and other statutory provisions in force indicated by the board of directors in the opening remarks of the Management Report.

During the financial year, we carried out our duties as required by law.

We give notification of the following:

- We were present at general meetings and meetings of the board of directors which took place in accordance with the statutory provisions governing them, during which, in addition to the specific decisions arrived at, ample information was given on the trend, the prospects and the future plans of the company.

- We obtained information from the directors on the activities and on the most significant transactions carried out affecting the economic and financial status and the assets of the company, and we can reasonably certify that the transactions deliberated and acted on are in conformity with the law, the Articles of Association and the decisions of the board and the general meetings.
- We acquired knowledge and we supervised, insofar as possible, the adequacy of the organizational structure, and the observance of the principles of proper administration also by means of direct monitoring, collecting information from those responsible for company organization, and through meeting with the auditing company to ensure a reciprocal exchange of data and information, and in this respect we are able to confirm our positive judgment.
- We assessed and supervised the adequacy of the internal control and administrative-accounting systems as well as the trustworthiness of the latter in correctly representing the management events, also by means of information given by those responsible for each department, examining company documents and analyzing the results of the tasks carried out by the auditing company. In our view, we deem this system to be suitable to the company structure and the multiplicity and complexity of company relationships.
- In their Management Report, the directors give adequate indication and illustration of the main transactions, including those carried out with affiliated parties or intra-group parties, also as regards the characteristics of the transactions and their effect in economic terms. In these, we noted no atypical and/or unusual transactions.
- The Auditors Report on the balance sheet, drawn up in accordance with Article 2409 (ter) of the Civil Code, contains no criticisms or warnings of any kind.

In addition, we inform you that we supervised the overall drafting of the balance sheet, its conformity to law as regards formation and structure and, in this respect, we have no special remarks to make.

Furthermore, we verified that the rules governing the preparation of the Management Report were observed.

To the best of our knowledge, there being no cause, the directors did not resort to the derogation provided by Article 2423 (4) of the Civil Code in preparing the balance sheet.

In accordance with Article 2426 of the Civil Code, we expressed our consent, as we had done in previous years, to itemising the amounts for costs of plant and expansion net of write down costs to assets in the balance sheet. We also point out that in calculating the goodwill on the balance sheet, the portion of amortization previously established for ten years continues to be taken in accordance with this body, for which the Supplementary Note gives adequate explanation.

We verified the correspondence of the balance sheet to reality and to the information in our possession further to the carrying out of our duties, and we have no remarks to make.

In consideration of the above, and in view of the fact that no criticisms or reserves emerge from information received from the auditing company or its report on the balance sheet for the financial year, we declare no impediment to your approving the balance sheet at 31/12/2004 and to posting a profit of € 4.559.087 as proposed by the directors.

In conclusion, we notify that contemporarily with the year-end accounts the company has also prepared the consolidated balance sheet in accordance with Article 29 of Legislative Decree N° 127 of 9/4/1991, and has furnished it with a Supplementary Note

accompanied by the Management Report, as required by Articles 38 and 40 of the same Decree.

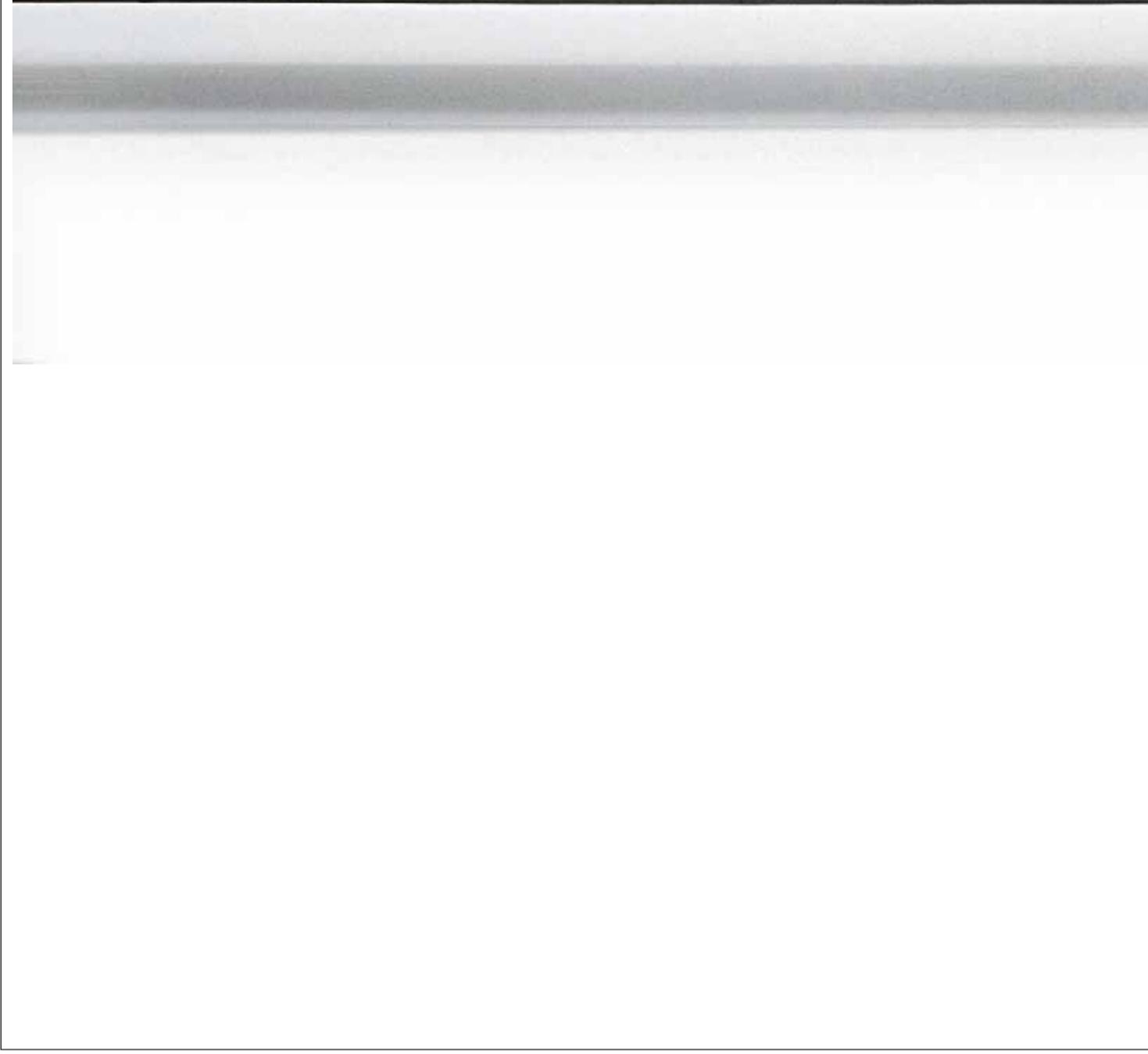
We declare that we have carried out our functions as regards the consolidated balance sheet pointing out the congruity of the information provided by the companies included in consolidation, and that of the Management Report, with the balance sheet with the Supplementary Report, on which the auditing company has duly issued its report.

Insofar as it is our responsibility, we believe that all these documents are exhaustive on the basis of the complete information provided by the directors both as regards the trend of the group and the components of its assets and revenue and thus release us from further remarks.

Florence, 10 June 2005

THE BOARD OF AUDITORS

**(Dr. Carlo Altini – President)
(Mr. Renzo Maragotto – auditor)
(Dr. Corrado Galli – auditor)**



BALANCE SHEET
CONSOLIDATED BALANCE SHEET 2004

ASSET AND LIABILITY STATEMENT: ASSETS	2004	2003
A) Subscribed capital unpaid	2.314	2.314
Fixed assets (B), with leased assets indicated separately		
I - Intangible assets		
1) Start-up and capital costs	39.668	62.435
2) Research, development and advertising costs		2.946
3) Industrial patents and similar rights	12.555	64.669
4) Concessions, licences, trademarks and similar rights	1.549	1.808
5) Goodwill	2.277.543	6.765.339
6) Assets under development and payments on account		
7) Other	313.048	491.028
8) Consolidation differences		
Total	2.644.363	7.388.225
II - Tangible assets		
1) Land and buildings	18.049.768	28.614.218
2) Plant and machinery	13.130.874	8.900.140
3) Other fixtures and fittings, tools and equipment	1.180.418	409.885
4) Other assets	5.427.734	3.738.608
5) Assets under construction and payments on account	642.000	
Total	38.430.794	41.662.851
III - Financial assets		
1) Investments in		
a) subsidiary companies		
b) affiliated companies	1.955.414	2.316.738
c) other companies	521.293	121.368
Total	2.476.707	2.438.106
2) Amounts receivable		
a) from subsidiary companies		
due within one year		
due after one year		
b) from affiliated companies	2.625.006	5.286.781
due within one year	308.500	3.909.221
due after one year	2.316.506	1.377.560
c) from parent companies		3.000.000
due within one year		3.000.000
due after one year		
d) other	441.433	581.638
due within one year	156.948	92.581
due after one year	284.485	489.057
Total	3.066.439	8.868.419
3) Other securities		
4) Own shares		
5) Payments on account for equity acquisition		
Total	5.543.146	11.306.525
Total fixed assets (B)	46.618.303	60.357.601
C) Current assets		
I - Stock		
1) Raw materials and consumables	2.388.662	1.948.161
2) Work in progress and semi-finished product	18.738.946	32.265.637
3) Contractual work in progress	536.700.111	460.219.922
4) Finished goods and goods for resale	20.610.082	25.780.359
5) Payments on account	14.960.408	26.836.987
Total	593.398.209	547.051.066
II - Receivables		
1) trade receivables	121.478.418	124.175.170
due within one year	121.478.418	124.175.170
due after one year		
2) from subsidiary companies	67.834.863	
due within one year	67.834.863	
due after one year		
3) from affiliated companies	382.126	2.118.655
due within one year	382.126	2.118.655
due after one year		
4) from parent companies	750.840	13.214.066
due within one year	750.840	13.214.066
due after one year		
4bis) Receivables from taxation authorities	3.873.699	3.461.024
due within one year	3.870.954	3.456.457
due after one year	2.745	4.567
4ter) Prepaid taxation	5.872.682	5.740.776
due within one year	2.827.522	1.940.722
due after one year	3.045.160	3.800.054
5) others	14.038.137	86.833.846
due within one year	13.309.637	86.683.879
due after one year	728.500	149.967
Total	214.230.765	235.543.537
III - Financial assets not of a permanent nature		
1) Investments in subsidiary companies	13.500.000	
2) Investments in affiliated companies		
3) Investments in parent companies		
4) Other investments	6.900	118.289
5) Own shares		
6) Other securities	3.149.086	3.813.756
Total	16.655.986	3.932.045
IV - Liquid funds		
1) Bank and postal accounts	19.074.158	4.896.463
2) Cheques in hand		33.000
3) Cash-in-hand and cash equivalents	96.433	147.222
Total	19.170.591	5.076.685
Total current assets (C)	843.455.551	791.603.333
D) Prepayments and accrued income		
Prepayments	89.333	90.048
Accrued income	17.979.128	13.345.099
Total	18.068.461	13.435.147
TOTAL ASSETS	908.144.629	865.398.395

ASSET AND LIABILITY STATEMENT: LIABILITIES	2004	2003
A) Shareholders' equity		
I - Share capital	13.000.000	13.000.000
II - Share premium reserve		
III - Revaluation reserve		
IV - Legal reserve	733.872	588.819
V - Statutory reserves		
VI - Reserve for purchase of own shares		
VII - Other reserves	13.820.522	11.064.532
Appropriated reserve	13.422.637	10.666.648
Consolidation reserve	397.884	397.884
Euro rounding-off reserve	1	
VIII - Retained earnings or losses carried forward	-2.900.833	-2.763.294
Retained earnings or losses carried forward	5.632.361	-2.617.494
Losses previous financial years	-8.533.194	-145.800
IX - Net profit (loss) for year	6.478.666	6.801.769
1) Net profit for year	6.478.666	6.801.769
2) Advance on dividend		
Group consolidated shareholders' equity	31.132.227	28.691.826
Proportion of net equity of third party shareholders	36.927	11.002
Total shareholders' equity A	31.169.154	28.702.828
B) Provisions for contingencies and other charges		
1) pension and other similar provisions		
2) taxation including deferred taxation	6.483.464	4.189.584
3) other	1.665.033	1.033.736
Total	8.148.497	5.223.320
C) Employees' leaving entitlement	3.651.397	3.172.905
D) Payables		
1) Debentures		
due within one year		
due after one year		
2) Convertible Debentures		
due within one year		
due after one year		
3) Sums due to partners for loans	888.275	1.497.000
due within one year	888.275	1.497.000
due after one year		
4) Sums due to banks	135.776.254	127.069.618
due within one year	124.502.175	115.494.420
due after one year	11.274.079	11.575.198
5) Sums due to other financial institutions	64.912.818	52.433.353
due within one year	42.104.415	40.929.577
due after one year	22.808.403	11.503.776
6) Payments on account	521.708.274	501.742.996
due within one year	515.779.687	497.163.424
due after one year	5.928.587	4.579.572
7) Accounts payable to creditors	120.059.158	107.631.813
due within one year	119.307.369	107.281.349
due after one year	751.789	350.464
8) Accounts payable on bills accepted and drawn		
due within one year		
due after one year		
9) Amounts payable to subsidiaries	8.930	
due within one year	8.930	
due after one year		
10) Amounts payable to affiliated companies	3.963.685	3.197.106
due within one year	3.963.685	3.197.106
due after one year		
11) Amounts payable to parent companies	162.281	71.587
due within one year	162.281	71.587
due after one year		
11bis) Amounts payable to associated companies		
due within one year		
due after one year		
12) Sums payable to taxation authorities	3.336.773	6.568.391
due within one year	3.331.025	6.562.462
due after one year	5.748	5.929
13) Social security charges payable	1.161.339	983.700
due within one year	1.153.037	983.700
due after one year	8.302	
14) Other sums payable	10.932.859	26.240.096
due within one year	7.867.750	23.177.265
due after one year	3.065.109	3.062.831
Total	862.910.646	827.435.660
E) Accrued expenses and deferred income		
Accrued expenses	454.501	581.842
Deferred income	1.810.434	281.840
Total	2.264.935	863.682
TOTAL LIABILITIES	908.144.629	865.398.395
MEMORANDUM ACCOUNTS	2004	2003
Third party assets	1.466.932	15.494
Third party assets	1.466.932	15.494
Commitments	83.351.789	145.066.367
Collateral provided for debts entered in third-party year-end accounts		6.600.000
Leasing fixed assets		7.268.089
Commitments on third-party acquisition preliminaries	21.248.082	44.301.119
Commitments on third-party sale preliminaries	50.666.069	75.459.521
Commitments to third parties	11.437.638	11.437.638
Risks	625.896	813.308
Third-party current backlog	162.711	380.123
Various third-party risks	463.185	463.185
Guarantees provided	207.749.812	221.320.423
Bank sureties to affiliated companies	11.919.429	26.975.550
Bank sureties to clients	5.019.478	843.187
Insurance sureties to clients	153.338.988	155.609.380
Joint insurance debentures	4.848.613	7.408.135
Bank sureties to third parties	31.073.800	28.326.237
Securities to third parties	1.549.504	1.549.504
Guarantee notes to third parties		608.430
TOTAL MEMORANDUM ACCOUNTS	293.194.429	367.245.592

PROFIT AND LOSS STATEMENT	2004	2003
A) Production revenues		
1) turnover - goods and services	207.419.184	241.925.872
2) variation in stock, work in progress, semi-finished product and finished goods	1.150.145	2.303.635
3) variation in contract work in progress	63.663.063	11.211.997
4) increase in internal work capitalized		
5) other revenues and income of which grants	7.866.538	6.577.225
Total	280.098.930	262.018.729
B) Production costs		
6) raw materials, supplies and consumables	60.428.173	68.871.389
7) services	156.682.362	144.478.855
8) use of third party assets	761.091	1.015.575
9) personnel expenses	31.859.823	24.150.658
a) Wages and salaries	21.556.213	16.876.040
b) Social security contributions	8.880.848	5.893.076
c) Employees' leaving entitlement	1.307.627	1.218.985
d) Pension and similar costs		5.946
e) Other costs	115.135	156.611
10) Amortization, depreciation and write-downs	7.236.065	6.830.573
a) Amortization of intangible assets	2.478.854	3.158.628
b) Depreciation of tangible assets	4.343.657	3.667.023
c) Other write-downs of fixed assets		
d) Write-downs of receivables and liquid assets forming part of working capital	413.554	4.922
11) variation in raw materials, supplies and consumables	-256.122	959.283
12) provision for contingencies	584.946	
13) other provisions		
14) other operating costs	4.084.486	3.088.411
Total	261.380.824	249.394.744
Difference between production revenues and costs (A-B)	18.718.106	12.623.985
C) Financial income and charges		
15) income from shareholdings	610	3.647.884
a) subsidiary companies		3.646.448
b) affiliated companies		
c) other companies	610	1.436
16) other financial income	6.591.223	1.414.675
a) receivables classified as fixed assets	190.826	846.722
subsidiary companies		
affiliated companies	10.027	7.726
parent companies	180.799	769.366
other companies		69.630
b) from securities/holdings included as fixed assets which are not shareholdings		
c) from securities included under assets forming part of working capital which are not shareholdings	59.434	145.429
d) other income	6.340.963	422.524
subsidiary companies		
affiliated companies	2.913.874	
parent companies		
other companies	3.427.089	422.524
17) interest and other financial charges	14.629.898	14.593.708
subsidiary companies		
affiliated companies		
parent companies	66.591	42.024
other companies	14.563.307	14.551.684
17)bis profit and loss on exchange rates	-25.543	-3.508
profits on exchange rates		
losses on exchange rates	25.543	3.508
Total (15+16-17)	-8.063.608	-9.534.657
D) Adjustments to financial asset values		
18) revaluations	47.236	692
a) shareholdings	47.236	692
b) financial fixed assets other than shareholdings		
c) securities/holdings included under assets forming part of working capital which are not shareholdings		
19) write-downs	122.472	8.895.372
a) shareholdings	122.472	8.895.372
b) financial fixed assets other than shareholdings		
c) securities/holdings included under assets forming part of working capital which are not shareholdings		
Total adjustments (18-19)	-75.236	-8.894.680
E) Non-recurring income and charges		
20) non-recurring income	2.352.291	13.839.147
a) gains on sales of assets	1.358.798	
b) other income	993.493	13.839.147
21) non-recurring charges	54.113	1.411.785
a) losses on sales of assets	30.908	326.041
b) taxes relating to prior years	15.921	1.085.594
c) other charges	7.284	150
Total non-recurring income (charges) (20-21)	2.298.178	12.427.362
Profit/(Loss) before taxation (A-B+C+D+E)	12.877.440	6.622.010
22) Current, deferred and prepaid operating income tax	6.386.260	-176.147
a) current taxation	1.857.614	2.036.620
b) deferred taxation	4.528.646	-2.212.767
23) Operating result	6.491.180	6.798.157
(Profit)/Loss operating result from third parties	-12.514	3.612
Operating profit (loss)	6.478.666	6.801.769