



> Annual Report  
and Consolidated  
Financial Statements  
as of 31 December 2002

the future now

Our evidence shows that environmental protection  
can be reconciled with economic development.

At EnerTAD we deal with renewable energy,  
water treatment and waste management.

We can therefore exploit alternative sources of energy,  
and reduce damages due to pollution.



> *EnerTAD is at the heart of today's most demanding challenges,  
combining development with environmental protection.*

## > EnerTAD SpA > the future now

*EnerTAD SpA - a company belonging to the TAD Group lead by the Agarini family - is the first Italian SE listed holding in the environmental protection sector, including companies providing services and industrial activities for waste management, water treatment integrated cycle and energy generation from renewable sources.*

- > EnerTAD SpA's principles regulating all its activities are a sustainable development, the ability of jointly promoting economic and corporate growth and environmental protection.
- > EnerTAD SpA was established last February 2002 as a spin-off of the former CMI SpA with the acquisition of CMI SpA's majority stake.
- > In August 2002, EnerTAD SpA **diversified its activities** by extending its core business to include a group of companies under EnerTAD France SA (former Charron SA) and operating in the sector of stainless steel semi-finished product transformation and distribution through a transfer operation carried out by TAD Metals SpA (a company belonging to the TAD Group).
- > Through **TAD Energia Ambiente SpA**, EnerTAD SpA controls and manages an integrated group of companies specialized in **two major sectors: energy generation from renewable sources and environmental services**.
- > **Energy generation from renewable sources** include development, design, construction, project management and management of those plants generating **energy from waste, biomass and wind**. Companies responsible for this specific sector are **Eall Srl, Terni En.A SpA and Eolo Srl**.
- > **Environmental services** comprise development, construction and management of all the **activities pertaining to residential and industrial solid waste (noxious and not) collection, treatment and management as well as water treatment integrated cycle management**. Companies responsible for the specific sector of waste management (collection, transportation and disposal of residential and industrial (noxious and not) solid waste) are **Sao SpA and Interpark Srl**. Companies responsible for the specific sector of water treatment, including water purification are **Omnia Srl** through its subsidiary **Amatrice Servizi**.
- > In addition, the following companies belong to the Group: **Tad Ambiente Srl, Ergo En.A. Srl, Combuoro Srl** and the affiliated companies **Sao SpA, Volsca Ambiente SpA** and relative to **Omnia Srl, Umbriadue Scarl**.
- > The following subsidiaries are also part of the Group, being controlled by **EnerTAD France SA** and operating in the **stainless steel semi-finished product transformation and distribution: Metalli Marchelli Srl, Presco Sas, Sapim Sas, Charron-Inox Sas, TCT Stainless Steel Inc., TCT Stainless Steel of Nashville Inc., Tad Inox Service Bv and Tad Inox Service GmbH**.



> We think there's no alternative to alternative energy.

This is why we produce it.

> Our core business > Energy generation from renewable sources

Energy can be generated through residential solid waste combustion - specifically of its dry portion - CDR (waste-derived fuel) resulting from undifferentiated RSW selection and also from agricultural waste and wood processing waste (biomass), as well as from waste generated by the textile industry and paper milling. In addition, EnerTAD SpA is also operating in the sector of wind energy generation.

> **"Waste to energy"** is an **environmentally low-impacting process** which contributes to limiting the use of traditional fuels by **exploiting resources which would otherwise be unused**. In fact, locally available fuels are used which, in turn, reduce the quantity of waste to be disposed of in a landfill. Through Tad Energia Ambiente SpA's subsidiaries - **Eall Srl and Terni En. A. SpA** - EnerTAD SpA has constructed the two plants located in San Vittore del Lazio (FR) and Terni.

These two initiatives were made possible also thanks to the enforcement of Law N. 9 and N. 10 of 1991 and the subsequent Law Decree CIP 6/1992 regulating the participation of private enterprises in the construction of plants powered through renewable (or assimilated) sources and destined to transfer the entire amount of energy generated to the Italian national electric network at competitive conditions and prices. In addition,



these plants are in line with the Kyoto protocol in relation to greenhouse gas emissions; are developed according to the most advanced combustion technology and comply with EU regulations. Each plant generates up to **10 MW of power** from renewable sources on 8,000 h/year of operation.

> EnerTAD SpA also operates in the wind power generation sector; which means clean energy.

> In June 2002, EnerTAD SpA acquired a 51% interest in **Eolo Srl**, a company operating in the wind power generation sector; which, in compliance with the Italian **Law Decree CIP 6**, has already **constructed two 1,2 megawatt wind power plants** and has obtained authorization from the competent authorities to **extend its wind farm** including the municipalities of Viticuso, Cervaro and Valle Rotonda (FR) with 23 additional 13.8-MW (out of the 30 MW totally scheduled) windmills in compliance with the **Green Certificates** provided for by the Italian "Bersani" Law.

> **The investment allocated in EnerTAD's 2003-2007 business plan** is mainly destined to the sector of energy generation from renewable sources through the development of new "waste to energy" plants and new windmills with a total capacity of approximately 200 MW.





## > Water treatment

*Omnia Srl is a company belonging to the EnerTAD Group, established in 1989 and mainly operating in the regions of Central Italy in the sector of water treatment integrated cycle including aqueduct, sewage network and civil and industrial water treatment plant management as well as collection, transportation and disposal of waste water and biological sludge.*

> **Omnia Srl** manages a total of **37 water treatment plants** which serve 16 municipalities, 3 ASLs (Local Health Units) and various private businesses in the regions of Lazio, Umbria and Marche as well as several water pumping stations in other three municipalities.

> Omnia Srl also provides services for **drinking water provision; waste collection and transportation** and other environmental services in partnership with other companies.

> For the accomplishment of its activities, Omnia Srl applies the **Integrated System Certificate for Corporate Quality management** (in compliance with UNI EN ISO 9000:2000); **Environmental Management** (in compliance with UNI EN ISO 14001:1996) and

> At EnerTAD we work in order to keep water - our most important resource - clean.



**Safety Management** (in compliance with OHSAS regulations 18001:1999), thus working on a single structure based upon procedures which allow for the attainment of quality excellence in service provision, systematic management of environmental and safety issues associated with its performance.

> Omnia Srl has developed a **service charter** clearly defining users' rights. This tool guarantees this company's commitment to continue to improve its standards of performance, since its efficiency can be directly measured by the users themselves.

> Omnia Srl aims at becoming a **privileged partner** in the public (municipalities and provinces) as well as in the private sector; thus leading the market also in other geographical areas and significantly extending its activities beyond the regions in which it is already considered a privileged partner.



- 
- > We develop alternative models of waste management by promoting a “virtuous cycle” that transforms waste into resources.

## > Waste management, treatment and disposal

Waste treatment currently represents one of the most complex environmental challenges which can have a direct impact on the unstable environmental balance of industrialized countries. Residential and industrial waste disposal is, in fact, one of the first items on the agenda of several governments, local authorities and private businesses, particularly in Italy, where 70% of waste produced still *primarily ends up in landfills*.

- > In addition to the fact that the development of **alternative models for waste management** - both solid and liquid - has been included as a condition provided for in the currently enforced European and Italian national legislation, it has also emerged as a priority, given the unsustainability of the current situation.

- > In particular, **effective treatment procedures** must be provided, which can minimize the impact on our environment. In other words, this means overcoming the problem of excessive exploitation of landfills by promoting a “**virtuous cycle**” of waste through the implementation of differentiated waste collection; separation and treatment of wet and dry waste; waste recycling and waste combustion.

- > **EnerTAD SpA** actively operates in this delicate and critical sector and it has introduced an **innovative vision**, that is, turning **waste into a resource**. This is the foundation upon which all the activities of EnerTAD SpA are based: **to transform all potentially noxious residues into resources for sustainable development**.

- > Through **Sao SpA**, a company established in 1989 and operating in the regions of Lazio, Umbria and Marche, and **Interpark Srl**, the EnerTAD Group also operates in the sector of **residential and industrial** (both hazardous and not) **waste collection, transportation and treatment**, partnering with both public agencies and private businesses. In particular, Sao SpA is in charge of one waste separation and composting plant as well as a landfill in Orvieto, one waste separation and composting plant in San Biagio di Fermo (AP), two waste transportation stations in Terni and Contigliano (RI) and



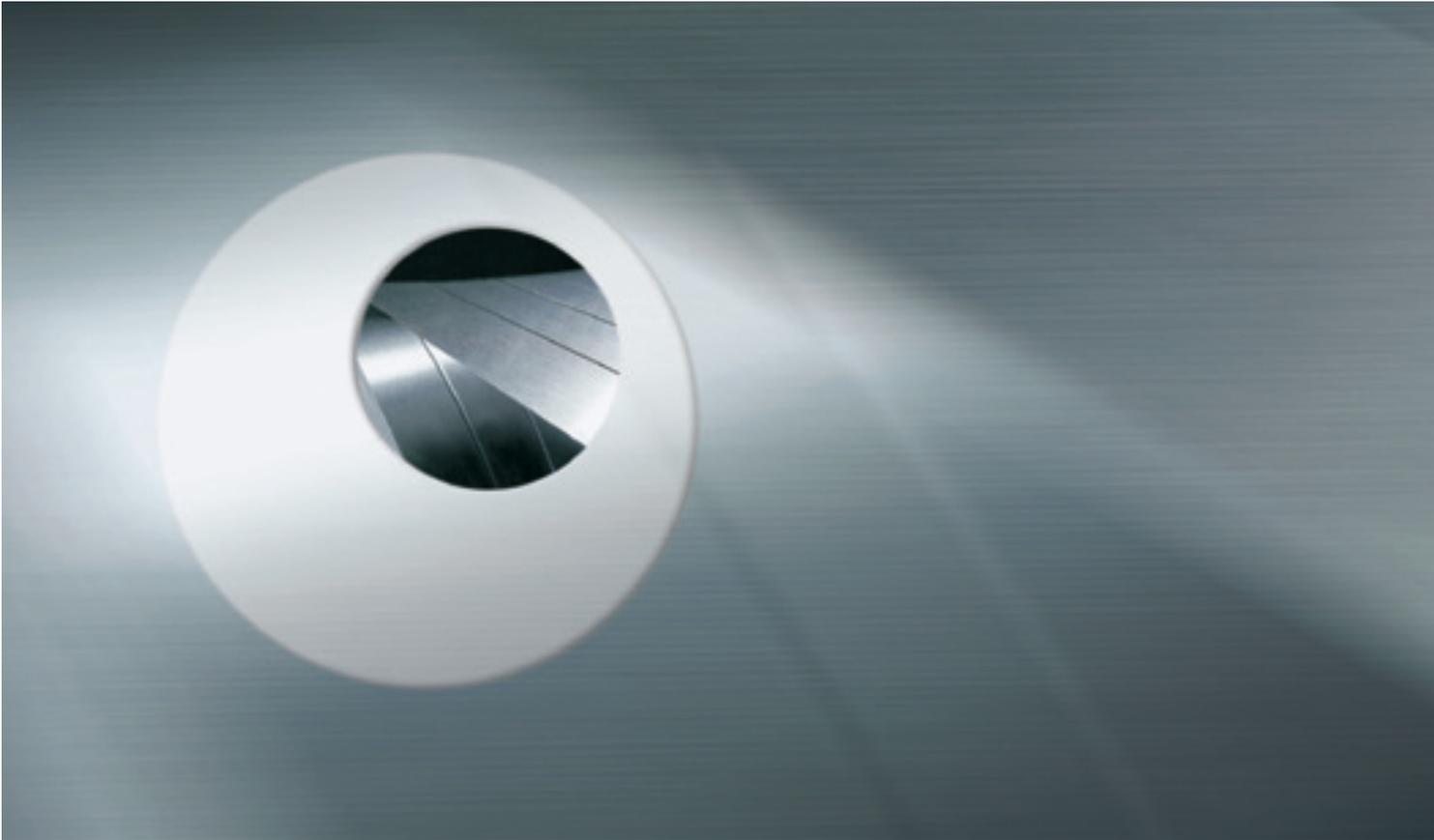
city cleaning services for some municipalities of the Orvieto area and in the provinces of Rieti and Viterbo. Sao SpA has a waste treatment capacity of up to approximately 113,000 tons/year at the Orvieto plant; more than 50,000 tons/year at the Fermo plant and with regard to waste management, it covers a surface with approximately 220,000 inhabitants of the Province of Terni for specifically waste treatment services and approximately 180,000 inhabitants for waste transportation services. In addition, with regard to residential solid waste collection, Sao SpA covers a surface with approximately 150,000 inhabitants and about 80,000 inhabitants for specifically differentiated waste.

> **Significant implementation investments** are currently being made at the Orvieto plant and, specifically, these pertain to the construction of a Category I° type B waste landfill, a plant for the production of presorted municipal waste and a modification of the composting plant for the production of quality compost. All this will enable the Company to expand and consolidate its activities in the Italian region of Umbria.

Sao SpA applies the **Integrated System Certificate for Corporate Quality management** (in compliance with UNI EN ISO 9000:2000); **Environmental Management** (in compliance with UNI EN ISO 14001:1996) and **Safety Management** (in compliance with OHSAS regulations).

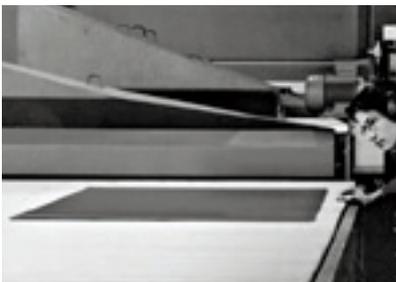
Sao SpA's mission is the consolidation and expansion of its leadership in the provision of environmental services - waste collection and treatment - on behalf of public bodies and private enterprises in Central Italy.





## > Stainless steel distribution

*In August 2002, in the context of corporate activity diversification and development program, EnerTAD acquired a majority stake in businesses belonging to EnerTAd France SA (former Charron SA), operating in the sector of stainless steel semi-finished product transformation and distribution.*



> EnerTAD France: diversification and further development of our activities.



> The integration with **EnerTAD France SA** was motivated by the intention to **combine the “energy and environment” business**, which is capital-intensive and characterized by long investment/return cycles, **with a less capital-intensive business which could generate consistent and steadier cash flows** in less time - being essentially a retail activity - according to a **logic of cash flow optimization**.

> This integration has enabled the EnerTAD Group to access international markets and, more specifically, the European and US markets, which represent the regions in which EnerTAD France SA mainly operate.

> The possibility of a partnership with an existing business already operating in the foreign market, such as EnerTAD France SA, which, in fact, has strong contacts with operators that require large amounts of energy (steel mills and service centers), represents an interesting development and growth opportunity for the EnerTAD Group.



 **EnerTAD France**

Charron-Inox (F)

Sapim (F)

Presco (F)

Metalli Marchelli (I)

Tad Inox Service (NL)

Tad Inox Service (D)

TCT Stainless Steel (USA)

TCT Stainless Steel of Nashville (USA)



**TAD Energia Ambiente**

*energy generation from renewable sources*

- > **Eall Srl**
- > **Terni En.A SpA**
- > **Eolo Srl**
- > **Ergo En.A Srl**
- > **Combuoro Srl**
- > **Tad Ambiente Srl**

*water treatment*

- > **Omnia Srl**
- > Amatrice Servizi Scarl
- > Umbriadue Scarl

*waste management, treatment and disposal*

- > **Interpark Srl**
- > **Sao Spa**
- > Volsca Ambiente SpA

**EnerTAD France**

*stainless steel distribution*

- > **Charron-Inox Sas (F)**
- > **Sapim Sas (F)**
- > **Presco Sas (F)**
- > **Metalli Marchelli Srl (I)**
- > **Tad Inox Service Bv (NL)**
- > Tad Inox Service GmbH (D)
- > **TCT Stainless Stell of Nashville Inc (USA)**
- > **TCT Stainless Stell Inc (USA)**



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**EnerTAD SpA**

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Share capital Euro 50,093,544 fully paid-in  
Reg. N. at the Tribunal of Milan: 1078902  
Fiscal Code 00276450632  
VAT N. 09077420157



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## > 2. Company Officers

### **Board of Directors**

Luigi Agarini	<i>Chairman</i>
Sante Agarini	<i>Deputy Chairman Director</i>
Angelo Caloia	<i>Director</i>
Mario Garraffo	<i>Director</i>
Marco Nicolini	<i>Director</i>
Tiziano Riboldi	<i>Director</i>
Maurizio Rota	<i>Director</i>

### **Board of Statutory Auditors**

Giorgio Bianchini Scudellari	<i>Chairman</i>
Alessandro della Fontana	<i>Statutory Auditor</i>
Marco de Ruvo	<i>Statutory Auditor</i>
Bruno Capitta	<i>Alternate Auditor</i>
Gioacchino Messina	<i>Alternate Auditor</i>

### **Board Secretary**

Danilo Lodola

### **Independent Auditing Firm**

Deloitte & Touche Italia SpA



> 3. Annual Report EnerTAD  
Consolidated Financial Statements

as of 31 December 2002



### 3. Annual Report

Dear Shareholders,

This document that we submit to you was drawn up in compliance with the provisions set forth in the Italian Civil Code and according to Consob recommendations (the Italian National Commission of Listed Companies and the Stock Exchange) and includes

- > the Board of Directors' report;
- > the Consolidated Financial Statements:
  - > Balance Sheet
  - > Statement of Income
  - > Notes to the Consolidated Financial Statements
- > Supplementary tables (consolidated).

This annual report was drawn up in compliance with Art. 2428 of the Italian Civil Code and according to Consob criteria. In addition, it includes all the information required in the Consob recommendations provided through Consob's own communications and a specification of powers assigned to its Directors. Chapter 2 shows the Company Board of Directors' composition and corresponding title.

The Group's Consolidated Financial Statements as of 31 December 2002 were drawn up in compliance with the provisions included in Art. 24-46 of the Italian Law Decree 127/91 with specific reference to the drawing up of the consolidated balance sheet and statement of income and Art. 32 of the same Italian Law Decree 127/91 with regard to the consolidation area; the notes were drawn up in compliance with Art. 28 of the afore-mentioned Law Decree.

EnerTAD Group consolidation area follows the provisions set forth in the Italian Law Decree 127/91 and the exclusion of subsidiaries from the consolidation area was determined according to the requirements provided for in Art. 28 of the afore-mentioned Law

### 3.1 EnerTAD Group's New Profile

In the 2002 fiscal year, EnerTAD Group continued its strategic activity, already implemented in the preceding fiscal years, aiming to the attainment of the corporate mission included in the Group's industrial plan that is, to make EnerTAD Group become Italy's leader in the environmental service provision sector.

The Group's mission principles relate to the ability of combining economic growth with social progress and environmental protection.

EnerTAD Group develops technologically advanced industrial projects in line with the principles of environmental protection and eco-sustainable development established by both Italian and EU regulations.

EnerTAD SpA directly controls and manages a group of enterprises specialized in the sector of waste collection, separation and disposal as well as in the sector of waste water treatment. As an integration to the waste cycle, EnerTAD SpA has also developed plants for energy recovery from renewable sources.

In this framework and thanks to its corporate vision based on the long period, EnerTAD SpA has developed and constructed "waste to energy" plants specialized in the generation of energy from waste and biomass combustion as well as plants specialized in energy generation from renewable sources at a time in which landfill management for waste disposal still primarily represented the dominating entrepreneurial formula.

All the environmental services provided, that is, waste collection, treatment and disposal, as well as waste water treatment are managed by two companies: Sao SpA and Omnia Srl.

Energy generation from renewable sources is derived from the thermo-electrical plants of Eall Srl and Terni En.A. SpA, two companies operating in the sector of energy generation deriving from the combustion of waste resulting from residential solid waste treatment and separation, and the windmills of Eolo Srl, a company operating in the wind energy generation sector.

Plants are equipped with the most advanced combustion technologies and comply with the standards set forth by EU environmental regulations.

With regard to the scheduled activity diversification and development program, EnerTAD SpA stipulated an agreement with Tad Metals SpA relative to the transfer of a group of companies belonging to Charron SA (currently EnerTAD France SA) and operating in the sector of stainless steel semi-finished product transformation and distribution.

The Charron Group (currently EnerTAD France SA) is composed of a distribution network operating in France, The Netherlands, Germany, Italy and the United States. The network purchases products from external suppliers and re-sells them directly to customers (mainly small and medium enterprises).

The reasons behind this integration are:

- > a possibility of combining the "energy and environment" sector with a less capital-intensive one, which can generate immediate, consistent and steadier cash flows.
- > a possibility of accessing international markets and, more specifically the European and the US markets, that is, the regions in which the companies belonging to the Charron Group (currently EnerTAD France SA) operate.
- > a possibility of increasing size and growth opportunity for the company, by also increasing the number of freely-negotiable shares and, thus, transforming its current "small cap" characteristics.

With specific reference to corporate operations, the Group has continued to focus on those activities included in the corresponding corporate industrial plans and specifically characterizing EnerTAD SpA sectors of operation:

- > energy and environment;
- > steel.

From the organization viewpoint, the integration process within the EnerTAD Group was continued following the company re-organization carried out through a partial and proportional spin-off of CMI SpA (currently EnerTAD SpA) in favor of the recently established new company, Actelios SpA, and the acquisition of Charron SA (currently EnerTAD France SA) and its subsidiaries. The entire group organization was then re-defined, so as to clearly allocate roles and responsibilities, provide a rationalization of overhead costs, governance rules and activity efficiency and effectiveness maximization.

## 3.2 EnerTAD Group's Financial Position and Results of Operations

### 3.2.1 Results

Here below is a breakdown of the Group's consolidated financial results:

	(€/000)	
	31 December 2002	31 December 2001
Income from sales and services	83,950	20,547
Value added	24,759	12,304
Personnel costs	(14,553)	(7,562)
<b>Gross operating margin</b>	<b>10,206</b>	<b>4,742</b>
Depreciation and allowance on the reserve for bad and doubtful accounts	(5,740)	(2,176)
<b>Operating income</b>	<b>4,466</b>	<b>2,566</b>
<b>Group's net income</b>	<b>4,043</b>	<b>155</b>
Net invested capital	244,582	167,607
Group's net equity and third party interest	81,813	73,371
<b>Financial position + / (-)</b>	<b>(162,769)</b>	<b>(94,236)</b>
<b>Investments</b>	<b>28,688</b>	<b>40,570</b>
N. of employees as of year end	(n.) 701	206
N. of employees working in the companies included in the consolidation area	(n.) 696	195
Ordinary shares	(n.) 50,093,544	51,000,000

The comparison with the preceding fiscal year is affected by the changes applied to the consolidation area following to the acquisitions described above. The data relative to the revenues and the corresponding financial result of the steel-sector companies were entered only for the time span September– December 2002.

**Revenues from sales** and services, entirely generated by the Group's operating companies, increased. **Value added**, too, rose as a result of the changes applied to the consolidation area.

	(€/000)		
	31 December 2002	31 December 2001	Difference
Environmental services	13,715	15,180	(1,465)
Energy generation	7,303		7,303
Waste water management	4,269	2,947	1,322
Other revenues	1,281	2,420	(1,139)
<b>Total energy and environment sector</b>	<b>26,568</b>	<b>20,547</b>	<b>6,021</b>
Stainless steel flat products	34,748		34,748
Stainless steel long products	11,820		11,820
Other stainless steel products	7,594		7,594
Other metal products	2,118		2,118
Other revenues	1,102		1,102
<b>Total steel sector</b>	<b>57,382</b>		<b>57,382</b>
<b>TOTAL</b>	<b>83,950</b>	<b>20,547</b>	<b>63,403</b>

Geographically, revenues from sales and services are broken down as follows:

	(€/000)			
	Steel	Energy and environment	Total	%
			31 December 2002	
Italy	4,773	26,568	31,341	37.3%
France	25,306		25,306	30.1%
The Netherlands / Germany	17,166		17,166	20.5%
United States	9,415		9,415	11.2%
Other countries	722		722	0.9%
<b>TOTAL</b>	<b>57,382</b>	<b>26,568</b>	<b>83,950</b>	<b>100.0%</b>

Obviously, also the Group's **gross operating margin** reflects the changes applied to the consolidation area.

The **Group's net income** shows a Euro 3,888 thousand increase against the preceding fiscal year:

The **Group's financial position - positive (negative)** - is a direct result of the investments relative to the plants currently under construction and the registration of the values regarding the newly acquired companies in the steel sector.

A detailed breakdown of tangible assets investments is provided under the "Tangible Assets" item regarding purchases made during the fiscal year of reference, while the use of the financial resources relative to the afore-mentioned investments is included into the "Supplementary Tables" (point 5.5).

**Investments** of the period, amounting to Euro 27,073 thousand, represent the financial exposure resulting from the plants specialized in energy generation from waste combustion and the operations carried out in the steel sector.

The **Group's net equity and third party interest** increased as a consequence of the year's result and third party shareholding.

As a result of the changes applied to the consolidation area, the number of **employees** increased 495 units

	31 December 2002	31 December 2001	(number) Difference
Managers	40	8	32
Employees	272	59	213
Workers	389	139	250
<b>Total personnel</b>	<b>701</b>	<b>206</b>	<b>495</b>

Employees of the energy and environment sector amount to 278, while employees of the steel sector are 423.

### 3.2.2 Subsidiary Financial Position and Results of Operations

#### ENERGY AND ENVIRONMENT SECTOR:

##### Tad Energia Ambiente SpA

The company mainly deals with the development of environmental services through the identification of possible new orientations and strategies to support subsidiaries.

Its 2002 registered net income amounts to Euro 2,201 thousand.

##### Sao SpA and subsidiaries

Operating since 1989, the company is active in the Italian regions of Lazio, Umbria and Marche in the residential solid waste and industrial waste collection, transportation, treatment and disposal sector. Its Orvieto plant has a waste treatment capacity of more than 300 tons/day and a waste collection capacity of approximately 2,000,000 m<sup>3</sup>. In the Marche region, the company also manages an additional plant specialized in waste separation and composting with a capacity of up to approximately 200 tons/day.

2002 revenues amount to Euro 10,683 thousand and net income to Euro 361 thousand.

Its non operating subsidiaries - Cerveteri Ambiente Srl and Socram Ecologia Srl - are still under liquidation.

##### Omnia Srl and subsidiaries

Established in 1989, the company operates in the waste water integrated cycle sector by designing and directly managing aqueducts, sewerage networks and water treatment plants as well as in the sector of waste water and biological sludge collection, transportation and disposal.

2002 revenues amount to Euro 5,208 thousand and net income to Euro 82 thousand.

Omnia Srl operates in the waste water integrated cycle sector through its subsidiary, Amatrice Servizi Scarl, showing a 2002 net income of Euro 2 thousand.

##### Interpark Srl

The company operates in the sector of residential solid waste collection, storage, transportation and "waste to energy".

The company's 2002 financial statements shows a Euro 174 thousand loss against Euro 1,876 thousand in revenues.

##### Eall Srl

The company owns a "waste to energy" plant located in San Vittore del Lazio, Frosinone, which started its operating activity in August 2002

The plant, under steady operation conditions, can generate up to 96,000 tons of fuel deriving from presorted municipal waste.

2002 revenues amount to Euro 553 thousand and net income to Euro 8,903 thousand.

#### Terni En.A. SpA

The company owns a biomass "waste to energy" plant located in Terni which started its operating activity in May 2002. 2002 revenues amount to Euro 961 thousand and net income to Euro 8,504 thousand.

#### Eolo Srl

The company was acquired at the end of June 2002 and operates in the sector of energy generation from renewable sources, in particular wind energy generation. Its statement of income for the time span July-December 2002 shows a Euro 34 thousand net income.

#### Tad Ambiente Srl

The company was established in June 2002 and will focus on maintenance and management services for directly owned companies belonging to the Group as well as third party companies operating in the specific sector of environmental service provision and energy provision. Its 2002 financial statements shows a Euro 51 thousand loss.

#### Combuoro Srl

The company was established in November 2002 for the design of a 10 MW "waste to energy" plant. Its first financial statements closed on 31 December 2002 but no operations were undertaken during the period.

#### Ergo En.A. Srl

The company was established in November 2002 with a specific focus on the construction of an "integrated environmental pool", composed of a plant for energy generation from renewable sources, a treatment plant for water not in pipelines, a "waste to energy" plant, a plant for durable goods treatment and recovery and a plant for plastic material treatment derived from waste differentiation. In December 2002, the company acquired an industrial complex in the municipality of Pagliano, Frosinone. Since this company will close its first financial statements next 12.31.2003; it only provided its financial statements as of end 2002 for consolidation purposes.

### STEEL SECTOR:

#### EnerTAD France SA (former Charron SA)

As a result of the operation described below this company represents the holding for all the Group's activities in the steel sector. This company is in charge of the Group's economic and financial strategies; promotes and manages the investments in subsidiaries and affiliated companies, by developing action plans and identifying the corresponding financial sources. Its statement of income as of September-December 2002 shows a Euro 381 thousand net income.

#### Charron Inox Sas (former Satinox Sas)

Following the above described re-organization operation of the Charron Group (currently EnerTAD France SA) carried out in December 2002, this company has acquired Charron SA's operating activities and has changed its corporate name. It currently carries out its retail activity over the entire French territory through 8 external stainless steel long product warehouse facilities. Its statement of income for the period September - December 2002 shows a Euro 26 thousand net income.

#### Metalli Marchelli Srl

The company operates in the distribution of a wide range of metal products with a particular focus on stainless steel long products. Its retailing activity is mainly concentrated in the North of Italy. Its statement of income for the period September - December 2002 shows a Euro 72 thousand net income.

#### Presco Sas

Acquired in 1999, the company has consolidated and increased the Group's market share in France, particularly in the North. Its stainless steel retailing activity is carried out through 7 external warehouse facilities. Its statement of income for the period September - December 2002 shows a Euro 291 thousand net income.

#### Sapim Sas

The company sells both flat as well as long stainless steel products. It operates throughout France through 8 warehouse facilities distributed over the entire French territory. Its September-December 2002 statement of income shows a Euro 933 thousand net income.

#### Tad Inox Service BV and subsidiaries

This company based in Herleen (The Netherlands) is close to the major industrial areas of Central Europe. It is a modern and well-organized service

hub, exclusively focused on stainless steel flat product processing. The company sells stainless steel flat products in the Netherlands and in the German market through its subsidiary Tad Inox Service GmbH. Its September-December 2002 statement of income shows a Euro 23 thousand net income.

#### TCT Stainless Steel Inc

The company is located in Sterling Heights (Michigan - Usa) and is a modern service hub for highly specialized and value added processing of stainless steel flat products. Its September-December 2002 statement of income shows break-even.

#### TCT Stainless Steel of Nashville Inc

The company located in Lebanon (Tennessee - Usa) processes and retails stainless steel flat products. Its September-December 2002 statement of income shows a Euro 210 thousand net income.

### 3.2.3 Research & Development

EnerTAD Group has not carried out research and development activity during the fiscal year of reference.

## 3.3 EnerTAD SpA's Financial Position and Results of Operations

### 3.3.1 Summary overview of data

	(€/000)	
	31 December 2002	31 December 2001
<b>Value of production</b>	<b>1,845</b>	<b>2,227</b>
Cost of production:		
- Personnel	(341)	(1,202)
- Other	(2,428)	(3,802)
<b>Cost of production</b>	<b>(2,769)</b>	<b>(5,004)</b>
<b>Operating result</b>	<b>(924)</b>	<b>(2,777)</b>
- Non-operating charges	(37)	(13)
- Financial revenues	1,236	3,272
<b>Pre-tax result</b>	<b>275</b>	<b>482</b>
- Income tax	(167)	(120)
<b>Year's net income</b>	<b>108</b>	<b>362</b>
<i>Investments</i>	26,536	5,766
<i>Cash flow after financial charges and taxes</i>	(31,588)	19,822
<i>Net invested capital</i>	60,934	52,367
<i>Financial result + / (-)</i>	16,248	24,972
<i>Employees (n.)</i>	5	11

In compliance with the Consob circular of 23 February 1994, a re-classified statement of income was drawn up according to the requirements established in the Italian Law Decree 127/91 provided for a better understanding and construction of statement of income data.

### 3.3.2 Financial Position and Results of Operations

As of 31 December 2002, EnerTAD SpA shows a Euro 108 thousand net income against a Euro 362 thousand net income of the preceding fiscal year.

This result mainly derives from revenues from services provided to subsidiaries, financial items and costs borne by the holding.

Its net financial position as of 31 December 2002 decreased Euro 8,724 thousand against the preceding year. This difference is due to variations applied in intercompany financial operations.

### 3.3.3 Personnel

As of 31 December 2002, Company's personnel includes 1 manager and 4 employees.

As already mentioned in section 4.1, during the fiscal year of reference, the Company has continued to strengthen its co-ordination role with specific emphasis on the Group's administrative functions and management control efficiency.

### 3.3.4 Corporate Supervision

On 25 February 2002, the Company's Board of Directors has resolved upon the assignment of the ordinary administration powers to its President and Managing Director.

### 3.3.5 Information on Shareholdings owned by Directors, Statutory Auditors and Managing Directors

	Subsidiary	N. of shares owned as of end of the preceding fiscal year	N. of shares acquired	N. of shares transferred	N. of shares owned as of end of the fiscal year of reference
Collalto Cecilia in Falck	EnerTAD SpA	52,571		17,525	35,046
Collalto Cecilia in Falck through trust company	EnerTAD SpA	8,923		2,975	5,948
Agarini Luigi through Fintad International SA	EnerTAD SpA	1,755,000	26,539,335	2,000,000	26,294,335
Agarini Luigi through Tad Metals SpA	EnerTAD SpA		16,093,544	2,188,176	13,905,368

### 3.3.6 Relations with Parent Companies, Subsidiaries and Affiliated Companies

EnerTAD SpA develops commercial and financial relationships with its parent companies, subsidiaries and affiliated companies according to usual market rules. These relationships allow for the attainment of advantages deriving from the use of common services and skills, opportunities resulting from the Group's synergies and the application of shared standard financial policies.

In particular, these relationships relate to the activities listed here below. Corresponding details are contained in the Notes to these Financial Statements:

- > financial management, loans and guarantees;
- > administrative services;
- > property lease;
- > management of common services;
- > purchase and re-billing of services.

### 3.3.7 Own Shares and Shareholdings Owned by Parent Companies

In compliance with Art. 2428 of the Italian Civil Code, section 2, point 3, it is hereby specified that the Company did not own any treasury shares or shareholdings of its parent companies as of 31 December 2002.

### 3.3.8 Treasury Shares and Shares or Shareholdings of Parent Companies Acquired or Transferred by the Company During the Fiscal Year of Reference

In compliance with Art. 2428 of the Italian Civil Code, section 2, point 4, it is hereby specified that the Company did not acquire or transfer any treasury shares or shareholdings of its parent companies as of 31 December 2002.

### 3.3.9 Most Significant Events Occurred During the Fiscal Year

During the 2002 fiscal year the following noteworthy events have occurred.

On 22 February 2002, CMI SpA (currently EnerTAD SpA) spin-off was completed with the establishment of a new company called Actelios SpA, into which Ecosesto SpA, ETR SpA, TTR Srl, Gsa Scarl, Ambiente 2000 Srl, Prima Srl, Seconda Srl, Montalto Ambiente SpA, Frullo Energia Ambiente Srl, Riesfactoring SpA and all their activities have merged.

Following this spin-off, the TAD Group has acquired CMI SpA's shares equal to 78% of the company's capital from Falck and has transferred to Falck SpA its entire interest owned in Actelios SpA, corresponding to 3.441% of the company's stock capital.

Upon completion of this operation, also the legal offices of the Company were transferred from Corso Venezia 16, Milan to Corso di Porta Nuova 13/15 Milan.

On 27 February 2002, the "CMI SpA Euro Performance Linked 2000/2005" bonded loan was almost entirely repaid.

In May, the "waste to energy" plant owned by Terni En.A. SpA and located in Terni started its operating activity.

On 3 June 2002, Tad Ambiente Srl was established with a Share Capital of Euro 90,000 entirely paid in by Tad Energia Ambiente SpA. Tad Ambiente Srl's core business is maintenance and management service provision for operations and plants in the environment and energy sectors both on behalf of the Group and third parties.

On 14 June 2002, the transfer of the entire interest owned in Mobilservice Srl was completed with the attainment of a significant capital gain. This company owned a "waste to energy" plant in Colleferro (Roma).

On 14 June 2002, the residual third party interest, equal to 49% of Interpark Srl's share capital was acquired.

On 27 June 2002, 51% of Eolo Srl's share capital was acquired. This company operates in the sector of energy generation from renewable sources and, in particular, wind energy generation. This company has already constructed two 1,2 Megawatt wind energy plants in the municipality of Viticuso (Frosinone) in compliance with CIP 6 and has already obtained authorization from the competent authorities to extend its wind farm to the municipalities of Viticuso, Cervaro and Valle Rotonda (Fr) to include 23 additional windmills with a comprehensive capacity of approximately 13.8 Mw in line with the so-called "Green Certificates" provided for in the Italian "Bersani" Law.

In August 2002, the "waste to energy" plant owned by Eall Srl located in the municipality of San Vittore del Lazio started its operating activity. The amount paid for the "waste to energy" plant of San Vittore del Lazio was finally ascertained as consistent.

The Italian Council of State, petitioned by some claimants, confirmed all the ordinances rejecting suspension already issued by TAR Lazio (Regional Administrative Tribunal) with regard to some appeals presented against the so-called "Piano Stralcio" relative to the "waste to energy" plant of the S.Vittore del Lazio plant and also confirmed the Authorization, released by the Province of Frosinone last April 2002, regarding the construction and management of the same plant. A hearing before TAR Lazio is still pending determination.

During the same month of August, the Company has submitted an unbinding preliminary quotation for the tender promoted by Trenitalia SpA in the context of management outsourcing of some activities relative to waste water treatment and disposal deriving from the rolling equipment shops of Trenitalia SpA. itself. In December 2002, the Group received a communication stating that it had been selected among the companies required to submit a binding quotation by 20 January 2003.

On 30 August 2002, CMI SpA's Shareholders' Extraordinary Meeting resolved upon the modification of the company corporate name into EnerTAD SpA. In addition, the same Assembly approved a Euro 16,093,544 capital increase by issuing an equal number of shares with a nominal value of Euro 1.00 at the price of Euro 1.60 each for a total amount of Euro 25,749,670.40 to be reserved, with exclusion of the option right in compliance with Art. 2441, section 5 of the Italian Civil Code, to Tad Metals SpA, which would have underwritten the capital increase by transferring 99.999% of Charron SA's capital (currently EnerTAD France SA).

On 11 September 2002, upon completion of the corresponding deed drawn up in Milan on September 9th, 2002 by the Notary Public Piergaetano Marchetti (Reg.N.17230), n. 16,093,544 fully paid-up shares of EnerTAD SpA, were issued in favor of Tad Metals SpA.

On 4 November 2002, Tad Energia Ambiente SpA transferred to its parent company EnerTAD SpA a 2% interest of its subsidiary Terni E.n.A. SpA.

On 25 and 26 November 2002, Tad Energia Ambiente SpA established the companies listed here below:

> Ergo En.A. Srl	Share Capital Euro 50,000	interest owned	70%;
> Comburo Srl	Share Capital Euro 10,000	interest owned	100%.

These companies will close their first fiscal year as of 31 December 2003.

On 11 December 2002, Omnia Srl acquired a 34% interest of Umbriadue Servizi Idrici scarl. This company will deal with the management of water provision services in compliance with ATO 2 of the Italian region of Umbria, including the province of Terni, as a private partner of the consortium composed of an association of local public bodies.

On 30 December 2002, in the context of a Charron Group's internal re-organization plan, Charron SA entirely transferred its commercial activity to Satinox Sas, so as to better identify Charron SA as a true parent company of the wider EnerTAD Group with specific reference to steel sector activities. Later, it also changed its corporate name into EnerTAD France SA. At the same time, Satinox Sas acquired the new corporate name of Charron Inox Sas and increased its share capital to Euro 1,500,000.

### 3.3.10 Environment, Health and Safety

Consistently with the Company's environmental mission, during the 2002 fiscal year, the Group's site (equipment) and activity certification program was completed. In particular, these activities refer to the certification of the integrated system in compliance with UNI EN ISO 9001/2000 (quality) and 14001 (environment), OHSAS 18001 (safety) and EMAS 761/01 (environment).

In the context of these specific activities, the following should be noted:

- > implementation of the regulations EMAS 761/01 at Terni En.A. SpA;
- > implementation of the regulations OHSAS 18001 and UNI EN ISO 14001 at Interpark Srl;
- > implementation of the regulations UNI EN ISO 14001 at Eall Srl;
- > maintenance of a certified integrated management system for quality, environment and safety in compliance with UNI EN ISO 9001, UNI EN ISO 14001 and OHSAS 18001, respectively, for Sao SpA and Omnia Srl;
- > maintenance of a quality management system in compliance with UNI EN ISO 9001 for Interpark Srl;
- > implementation of a safety management system for the compliance with the standards set forth by the law in force with regard to health and safety on the work-place for Eolo Srl.

### 3.3.11 Events Occurred After the End of the Fiscal Year

On 20 January 2003, a binding quotation in collaboration with Enel Hydro SpA was presented for the assignment of the tender promoted by Trenitalia SpA. Lazard & C Srl, Trenitalia SpA's advisor, informed the parties that their quotation had resulted the most competitive one and by means of a letter dated 29 January 2002, it also specified that the assignment of the contract depended on the presentation of a better quotation. The group of enterprises submitted a reviewed quotation on 13 February 2003 and is still waiting for the outcome.

On 31 January 2003, Sao SpA stipulated an agreement with ASM SpA of Rieti with respect to a newco to be established - by end of February 2003 as follows: 49% Sao SpA and 51% ASM SpA. This newco would be in charge of the construction and management of waste treatment plants located in Rieti.

In January 2003, the Italian Railways assigned the construction of a treatment plant for "Milano smistamento" to Omnia Srl.

In January 2003, in compliance with the Italian "Merloni" Law, a pre-emption right was acquired for the tender relative to the construction and 20-year management of a waste treatment - separation and composting - plant in the province of Grosseto in joint venture and in project financing with other operators.

In order to keep up with the scheduled investment plan, the Company's Board of Directors will ask the next Shareholders' Extraordinary Meeting to resolve upon issuing a Convertible Debenture Loan with exclusion of option right for a total amount up to Euro 79,500,000. This option right exclusion will immediately provide the possibility of resorting to a larger number of possible underwriters, so as to attain more visibility and, subsequently, also a larger number of shareholders. With regard to this debenture loan, also minority shareholders shall nevertheless be granted a pre-emption right proportionally to the number of shares owned.

This debenture loan shall be convertible into EnerTAD ordinary shares according to a 1 share per each converted bond ratio. Its nominal value shall be determined by the same Board of Directors at the moment of its issuance, considering also the effects deriving from the cash capital increase - whose details are provided in this document - and shall nevertheless not be lower than net equity by share.

In addition, the Board of Directors also invited its Chairman to call an Extraordinary Meeting to resolve thereupon as well as on a capital increase specific for bond conversion.

In the context of a global financial strategy, the Board of Directors shall partially exert its power - assigned by the Board last 30 August 2002 - with regard to the resolution relative to a capital increase to be submitted as an option to the shareholders according to specific, interesting conditions to be defined. Both Fintad International SA and Tad Metals Spa, majority shareholders with 79.82% as well as IBI Corporate Finance BV (3.99%) have already confirmed their intention, to be formalized, to exert their option right in relation to their share.

### 3.3.12 Expected Evolution of Activities

The 2003 fiscal year will bring in the results relative to the consolidation and development of the two specific sectors in which the Group operates (energy & environment and steel) in accordance with the directives provided by its Shareholders consistently with the industrial mission.

In particular, the S.Vittore del Lazio and Terni "waste to energy" plants as well as some plants operating in the water cycle will reach full operating capacity.

With reference to steel, a significant sales increase is expected in 2003 as a result of the consolidation of the market areas in which the Group already operates.

The 2003 fiscal year will be characterized by significant investments necessary to complete the initiatives under way and continue the Group's strategy development in its two specific sectors of activity.

### **3.3.13 Code of Conduct**

The Company has adopted a Code of Conduct as recommended by Borsa Italiana SpA and has also updated its own Code of Ethics. A copy of the above mentioned Codes is available upon request at the Company offices as well as on the Company website [www.enertad.it](http://www.enertad.it). In addition, at the same offices also a copy of the Corporate Governance Annual Report is available including notice terms set forth for the Company Financial Statements.

### **3.3.14 Proposal of Year's Income Allocation**

Dear Shareholders,

the Financial Statements closed as of 31 December 2002 of Your Company shows a net income of Euro 108,022. We would suggest to bring forward a total amount of Euro 102,600, and allocate Euro 5,422 to the legal reserve as provided by the law in force.

If You accept, please kindly approve this Annual Report and its Financial Statements including the Company's Balance Sheet, Statement of Income and the Notes.

### **3.3.15 Auditing Assignment of Corporate Financial Statements and Group's Consolidated Financial Statements**

Dear Shareholders,

Arthur Andersen SpA's assignment (currently Deloitte & Touche Italia SpA) has expired last 20 April 2002 upon provision of the auditing certification regarding EnerTAD SpA 's Corporate Financial Statements and the Group's Consolidated Financial Statements. Following examination of the quotations submitted by PricewaterhouseCoopers SpA (Euro 79,500 for each fiscal year) and Deloitte & Touche Italia SpA (Euro 71,000 for each fiscal year), we would recommend to assign auditing and certification to the latter with specific reference to the 2003, 2004 and 2005 fiscal years.

Therefore, we kindly invite You to resolve thereupon.

On behalf of the Board of Directors  
The Chairman  
Mr. **Luigi Agarini**

*Milan, 25 February 2003*

## > 4. EnerTAD Group's Consolidated Financial Statements

as of 31 December 2002

## > 4.1 Consolidated Balance Sheet

				as of 31 December 2002		
ASSETS		Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro		
<b>A)</b>	<b>RECEIVABLES DUE FROM SHAREHOLDERS FOR OUTSTANDING PAYMENTS</b>					
<b>B)</b>	<b>FIXED ASSETS</b>					
<b>I.</b>	<b>Intangible assets:</b>					
	1 Start-up and expansion costs					760,917
	2 Research, development and advertising costs					515,365
	3 Industrial patent and intellectual property rights					205,470
	4 Concessions, licences, trademarks and similar rights					2,822,787
	5 Goodwill					61,104,998
	6 Assets under construction and advances					824,120
	7 Other					2,049,903
	<b>Total intangible assets</b>					<b>68,283,560</b>
<b>II.</b>	<b>Tangible assets:</b>					
	1 Land and buildings					33,191,404
	2 Plant and machinery					85,820,519
	3 Industrial and commercial equipment					1,547,722
	4 Other assets					3,146,789
	5 Assets under construction and advances					5,727,930
	<b>Total tangible assets</b>					<b>129,434,364</b>
<b>III.</b>	<b>Financial assets:</b>					
	1 Investments in:					
	a Subsidiaries					180,431
	b Affiliated companies					246,611
	c Other companies					456,165
	<b>Total investments</b>					<b>883,207</b>
	2 Receivables:					
	a subsidiaries					
	b affiliated companies					
	c parent companies					
	d others			248,416		248,416
	e Group's enterprises					
	f securities	136,473	39,155			175,628
	<b>Total receivables</b>	<b>136,473</b>	<b>287,571</b>			<b>424,044</b>
	3 Other securities	664,930				664,930
	4 Treasury shares					
	<b>Total financial assets</b>					<b>1,972,181</b>
	<b>TOTAL ASSETS</b>					<b>199,690,105</b>

as of 31 December 2001			DIFFERENCE		
Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro	Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro
		42,656			(42,656)
		375,786			385,131
		11,477			503,888
		394,389			(188,919)
		2,847,984			(25,197)
		34,039,124			27,065,874
		145,618			678,502
		373,084			1,676,819
		<b>38,187,462</b>			<b>30,096,098</b>
		8,652,300			24,539,104
		3,111,855			82,708,664
		692,539			855,183
		1,914,874			1,231,915
		99,006,610			(93,278,680)
		<b>113,378,178</b>			<b>16,056,186</b>
		170,431			10,000
		212,611			34,000
		449,973			6,192
		<b>833,015</b>			<b>50,192</b>
	34,853	34,853		(213,563)	(213,563)
731,483	52,123	783,606	(595,010)	(12,968)	(607,978)
<b>731,483</b>	<b>86,976</b>	<b>818,459</b>	<b>(595,010)</b>	<b>(200,595)</b>	<b>(394,415)</b>
			664,930		664,930
		1.651.474			320,707
		<b>153.217.114</b>			<b>46,472,991</b>

		as of 31 December 2002		
ASSETS (continued)		Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro
<b>C) CURRENT ASSETS</b>				
<b>I. Inventory:</b>				
1	Raw materials and consumables			20,374,706
2	Work in progress and semi-finished products			1,903,351
3	Work in progress on order			
4	Finished products and goods			21,044,949
5	Advances			
	<b>Total inventory</b>			<b>43,323,006</b>
<b>II. Receivables:</b>				
1	Customers	53,703,872	9,743	53,713,615
2	Subsidiaries			
a	Trade receivables			
b	Financial activities	265,441		265,441
c	Other	2,000		2,000
	<b>Total subsidiaries</b>	<b>267,441</b>		<b>267,441</b>
3	Affiliated companies			
a	Trade receivables	649,752		649,752
b	Financial activities			
c	Other			
	<b>Total affiliated companies</b>	<b>649,752</b>		<b>649,752</b>
4	Parent companies			
a	Trade receivables	114,412		114,412
b	Financial activities	14,672,553		14,672,553
c	Other	1,841,142		1,841,142
	<b>Total parent companies</b>	<b>16,628,107</b>		<b>16,628,107</b>
5	Others			
a	Financial activities			
b	Advances	842,685		842,685
c	Deferred tax assets	7,534,816		7,534,816
d	Prepaid taxation	1,621,458	1,276,265	2,897,723
e	Other	847,429	31,435	878,864
	<b>Total others</b>	<b>10,846,388</b>	<b>1,307,700</b>	<b>12,154,088</b>
6	Group's enterprises			
a	Trade receivables	4,837		4,837
b	Financial activities			
c	Other			
	<b>Total Group's enterprises</b>	<b>4,837</b>		<b>4,837</b>
	<b>Total receivables</b>	<b>82,100,397</b>	<b>1,317,443</b>	<b>83,417,840</b>
<b>III. Short-term investments:</b>				
1	Investments in subsidiaries			
2	Investments in affiliated companies			
3	Investments in other companies			
4	Treasury shares			
5	Other securities			
6	Bills receivable			
	<b>Total short-term investments</b>			
<b>IV. Cash and banks</b>				
1	Bank and postal deposits			4,306,096
2	Cheques			
3	Cash on hand			53,043
	<b>Total cash and banks</b>			<b>4,359,139</b>
	<b>TOTAL CURRENT ASSETS</b>			<b>131,099,985</b>
D)	PREPAYMENTS AND ACCRUED INCOME	99,030	1,962,375	2,061,405
	<b>TOTAL ASSETS</b>			<b>332,851,495</b>

as of 31 December 2001			DIFFERENCE		
Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro	Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro
		162,223			20,212,483 1,903,351 21,044,949
		<b>162,223</b>			<b>43,160,783</b>
9,759,355		9,759,355	43,944,517	9,743	43,954,260
46,032		46,032			(46,032)
14,048,931		14,048,931	(13,783,490)		(13,783,490)
4,662		4,662	(2,662)		(2,662)
<b>14,099,625</b>		<b>14,099,625</b>	<b>(13,786,152)</b>		<b>(13,832,184)</b>
186,721		186,721	463,031		463,031
640		640			(640)
<b>187,361</b>		<b>187,361</b>	<b>463,031</b>		<b>462,391</b>
62,368		62,368	52,044		52,044
334,737		334,737	14,672,553		14,672,553
<b>397,105</b>		<b>397,105</b>	<b>1,506,405</b>		<b>1,506,405</b>
			<b>16,231,002</b>		<b>16,231,002</b>
255,176		255,176	587,509		587,509
			7,534,816		7,534,816
			1,621,458	1,276,265	2,897,723
4,246,337	15	4,246,352	(3,398,908)	31,420	(3,367,488)
<b>4,501,513</b>	<b>15</b>	<b>4,501,528</b>	<b>6,344,875</b>	<b>1,307,685</b>	<b>7,652,560</b>
1,253		1,253	3,584		3,584
<b>1,253</b>		<b>1,253</b>	<b>3,584</b>		<b>3,584</b>
<b>28,946,212</b>	<b>15</b>	<b>28,946,227</b>	<b>53,200,857</b>	<b>1,317,428</b>	<b>54,471,613</b>
		13,113,136			(13,113,136)
		9,032,178			(9,032,178)
		4,076			(4,076)
		<b>22,149,390</b>			<b>(22,149,390)</b>
		2,090,568			2,215,528
		44,260			(44,260)
		15,269			37,774
		<b>2,150,097</b>			<b>2,209,042</b>
		<b>53,407,937</b>			<b>77,692,048</b>
		1,404,067	99,030	1,962,375	657,338
		<b>208,071,774</b>			<b>124,779,721</b>

		as of 31 December 2002		
LIABILITIES		Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro
<b>A)</b>	<b>NET EQUITY</b>			
<b>I.</b>	<b>Share capital</b>			<b>50,093,544</b>
<b>II.</b>	<b>Additional paid in capital</b>			<b>14,959,055</b>
<b>III.</b>	<b>Revaluation reserve</b>			
	1 Reserve ex lege 72/83			1,965,285
	2 Reserve ex lege 413/91			
	<b>Total revaluation reserve</b>			<b>1,965,285</b>
<b>IV.</b>	<b>Legal reserve</b>			<b>1,382,203</b>
<b>V.</b>	<b>Treasury shares reserve</b>			
<b>VI.</b>	<b>Statutory reserve</b>			
<b>VII.</b>	<b>Other reserves</b>			
	1 Extraordinary reserve			345,087
	2 Tax reserve			
	3 Profit re-investment reserve (South of Italy) ex Art. 102			
	4 Fund provision ex art. 54 Italian D.P.R. 597/73			6,706,260
	5 Fund provision ex art. 55 Italian D.P.R. 597/73			1,278,189
	6 Energy consumption fund provision Italian Law. 308/82			
	7 Reserve ex art. 33 C. 7 Italian Law. 413/91			
	8 Shareholders' payments			
	9 Fund provision ex Italian Law Decree 361/87			
	10 Currency conversion reserve			(751,643)
	11 Consolidation reserve			(2,990,086)
	<b>Total other reserves</b>			<b>4,587,807</b>
<b>VIII.</b>	<b>Income (loss) brought forward</b>			<b>344,303</b>
<b>IX.</b>	<b>Year's income (loss)</b>			<b>4,043,612</b>
	<b>TOTAL GROUP'S NET EQUITY</b>			<b>77,375,809</b>
	Third party reserve			4,416,065
	Third party income			21,051
	<b>Third party interest</b>			<b>4,437,116</b>
	<b>TOTAL NET EQUITY</b>			<b>81,812,925</b>
<b>B)</b>	<b>FUND FOR RISKS AND CHARGES</b>			
	1 Staff leaving indemnity and similar contributions			13,200
	2 Taxes:			
	a current			
	b deferred			2,779,481
	<b>total taxes</b>			<b>2,779,481</b>
	3 Other:			
	a Risk fund provision on pending litigations			369,885
	b Risk fund provision on investments			1,170,431
	c Exchange rate risk fund provision			
	d Environmental improvement risk fund			
	e Re-organization and liquidation risk fund			
	f Fund provision for other risks			45,568
	<b>total other</b>			<b>1,585,884</b>
	<b>TOTAL FUND FOR RISKS AND CHARGES</b>			<b>4,378,565</b>

as of 31 December 2001			DIFFERENCE			
Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro	Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro	
		51,000,000			(906,456)	
		8,279,749			6,679,306	
		2,968,530			(1,003,245)	
		2,968,530			(1,003,245)	
		2,129,815			(747,612)	
		538,803			(193,716)	
		10,129,690			(3,423,430)	
		1,930,682			(652,493)	
		(3,764,383)			(751,643)	
		8,834,792			774,297	
					(4,246,985)	
					344,303	
		154,911			3,888,701	
		73,367,797			4,008,012	
		165,000			4,251,065	
		(162,000)			183,051	
		3,000			4,434,116	
		73,370,797			8,442,128	
					13,200	
		3,795			2,775,686	
		3,795			2,775,686	
		1.170.431			369,885	
		2,234			43,334	
		1,172,665			413,219	
		1,176,460			3,202,105	

				as of 31 December 2002		
LIABILITIES (continued)	Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro			
<b>C) STAFF LEAVING INDEMNITY</b>			<b>1,584,728</b>			
<b>D) PAYABLES</b>						
1 Bonds		41,721	41,721			
2 Convertible bonds						
3 Bank loans	93,813,698	67,265,501	161,079,199			
4 Other financing payables	11,297,576	7,707,778	19,005,354			
5 Advances	4,421,924		4,421,924			
6 Trade payables	39,771,591		39,771,591			
7 Payables represented by credit instruments						
8 Payables to subsidiaries						
a Trade						
b Financial						
c Other						
<b>total payables to subsidiaries</b>						
9 Payables to affiliated companies						
a Trade	113,745		113,745			
b Financial						
c Other	23,800		23,800			
<b>total payables to affiliated companies</b>	<b>137,545</b>		<b>137,545</b>			
10 Payables towards parent companies						
a trade	636,934		636,934			
b Financial						
c Other						
<b>total payables to parent companies</b>	<b>636,934</b>		<b>636,934</b>			
11 Tax obligations	6,739,828		6,739,828			
12 Social Security	1,372,575		1,372,575			
13 Other payables	4,207,567	264,564	4,472,131			
14 Payables to Group's enterprises						
a Trade	24,379		24,379			
b Financial	2,852,579		2,852,579			
c Other	1,580,947		1,580,947			
<b>total payables to Group's enterprises</b>	<b>4,457,905</b>		<b>4,457,905</b>			
<b>TOTAL PAYABLES</b>	<b>166,857,143</b>	<b>75,279,564</b>	<b>242,136,707</b>			
<b>E) ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>2,359,218</b>	<b>579,352</b>	<b>2,938,570</b>			
<b>TOTAL LIABILITIES</b>			<b>332,851,495</b>			

as of 31 December 2001			DIFFERENCE		
Amounts in Euro within 12 months	Amounts in Euro over 12 months	Amounts in Euro	Amounts in Euro within 12 months	Amounts in Euro within 12 months	Amounts in Euro
		1,129,072			455,656
	51,000,000	51,000,000		(50,958,279)	(50,958,279)
2,013,186	33,402,589	35,415,775	91,800,512	33,862,912	125,663,424
136,069		136,069	11,161,507	7,707,778	18,869,285
104,950		104,950	4,316,974		4,316,974
12,761,387		12,761,387	27,010,204		27,010,204
42,922		42,922	(42,922)		(42,922)
<b>42,922</b>		<b>42,922</b>	<b>(42,922)</b>		<b>(42,922)</b>
68,546		68,546	45,199		45,199
3,700,748		3,700,748	(3,676,948)		(3,676,948)
<b>3,769,294</b>		<b>3,769,294</b>	<b>(3,631,749)</b>		<b>(3,631,749)</b>
358,801		358,801	278,133		278,133
16,429,493	7,488,625	23,918,118	(16,429,493)	(7,488,625)	(23,918,118)
92,076		92,076			(92,076)
<b>16,880,370</b>	<b>7,488,625</b>	<b>24,368,995</b>	<b>(16,151,360)</b>	<b>(7,488,625)</b>	<b>(23,732,061)</b>
1,900,753		1,900,753	4,839,075		4,839,075
340,508		340,508	1,032,067		1,032,067
1,090,205		1,090,205	3,117,362	264,564	3,381,926
81,388		81,388	(57,009)		(57,009)
			2,852,579		2,852,579
			1,580,947		1,580,947
<b>81,388</b>		<b>81,388</b>	<b>4,376,517</b>		<b>4,376,517</b>
<b>39,121,032</b>	<b>91,891,214</b>	<b>131,012,246</b>	<b>127,828,187</b>	<b>(16,611,650)</b>	<b>111,124,461</b>
		1,383,199	2,359,218	579,352	1,555,371
		<b>208,071,774</b>			<b>124,779,721</b>

## > 4.2 Memorandum Accounts - Consolidated

(€/000)

	31 December 2002			31 December 2001		
	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total	Amounts included in the balance sheet	Amounts not included in the balance sheet	Total
<b>I Guarantees issued</b>						
- Personal guarantees issued						
1 Sureties						
- parent company		29,114	29,114			
- subsidiaries				23,529		23,529
- affiliated companies		1,496	1,496	649		649
- parent companies						
- other Group's enterprises		1,085	1,085	3,881		3,881
- third party						
2 Endorsements						
- Parent Company						
- subsidiaries						
- affiliated companies						
- parent companies						
- other Group's enterprises						
- third party						
3 Other personal guarantees						
- Parent Company						
- subsidiaries						
- affiliated companies						
- parent companies						
- other Group's enterprises						
- third party						
- Real guarantees issued						
1 Pledges						
- Parent Company						
- subsidiaries						
- affiliated companies						
- parent companies						
- other Group's enterprises						
- third party						
2 Mortgages						
- Parent Company						
- subsidiaries						
- affiliated companies						
- parent companies						
- other Group's enterprises						
- third party	2,045		2,045			
<b>II Other memorandum accounts</b>						
- Guarantees received						
- sureties (from parent companies )	3,000		3,000			
- sureties (from third party )		3,918	3,918	4,219		4,219
- other personal guarantees		310	310	310		310
- real guarantees						
- Third party securities and assets						
- Risks						
- Commitments						
- Leases		154	154	205		205
- Securities and assets by third parties	50		50			

## > 4.3 Statement of Income - Consolidated

(Amounts in Euro)

	31.12.2002	31.12.2001	Difference
<b>A) Value of production</b>			
1 Revenues from sales and services	82,875,637	20,312,114	62,563,523
2 Variation of work in progress and finished and semi-finished goods	837,201		837,201
3 Variation of work in progress on order			
4 Assets increases for in-house improvements			
a production and stocks	481,395	399,746	81,649
b interests of the period	1,505,261	3,960,465	(2,455,204)
<b>Total assets increases for in-house improvements</b>	<b>1,986,656</b>	<b>4,360,211</b>	<b>(2,373,555)</b>
5 Other revenues and proceeds			
a contributions for operating expenses	105,167	58,134	47,033
b other operating revenues	1,074,135	235,398	838,737
c expenses charges	328,791	352,866	(24,075)
d sundry proceeds	105,463	61,766	43,697
e proceeds from property	622	829	(207)
f gain from ordinary management activities	28,711	5,023	23,688
g extraordinary income	615,550	316,999	298,551
<b>Total other revenues and proceeds</b>	<b>2,258,439</b>	<b>1,031,015</b>	<b>1,227,424</b>
<b>Total value of production</b>	<b>87,957,933</b>	<b>25,703,340</b>	<b>62,254,593</b>
<b>B) Cost of production</b>			
6 Raw materials, consumables and other goods	(42,731,928)	(2,187,596)	(40,544,332)
7 Services			
a services	(11,805,558)	(6,787,894)	(5,017,664)
b utility bills	(1,178,062)	(133,301)	(1,044,761)
c other costs	(2,056,209)	(3,287,134)	1,230,925
<b>Total services</b>	<b>(15,039,829)</b>	<b>(10,208,329)</b>	<b>(4,831,500)</b>
8 Third party assets utilization	(1,425,871)	(302,718)	(1,123,153)
9 Personnel			
a wages and salaries	(10,271,298)	(5,290,568)	(4,980,730)
b social contribution	(3,235,891)	(1,744,478)	(1,491,413)
c personnel leaving indemnity	(411,711)	(333,521)	(78,190)
d severance indemnity and other similar obligations	(94,998)		(94,998)
e other costs	(538,924)	(193,036)	(345,888)
<b>Total personnel</b>	<b>(14,552,822)</b>	<b>(7,561,603)</b>	<b>(6,991,219)</b>
10 Amortization, depreciation and write-downs			
a Amortization of intangible assets	(1,727,835)	(710,813)	(1,017,022)
b Depreciation of tangible assets	(3,823,489)	(1,435,999)	(2,387,490)
c other write-downs of assets	(106,293)		(106,293)
d Write-down of receivables listed under current assets and liquidity items	(189,491)	(29,372)	(160,119)
e Utilization of the depreciation fund for receivables listed under current assets and liquidity items	419,634	25,697	393,937
f Bad debt	(261,857)	(28,070)	(233,787)
<b>Total amortization, depreciation and write-downs</b>	<b>(5,689,331)</b>	<b>(2,178,557)</b>	<b>(3,510,774)</b>

<b>Statement of Income</b> <i>(continued)</i>		(Amounts in Euro)		
	<b>31.12.2002</b>	<b>31.12.2001</b>	<b>Difference</b>	
11	Variation of raw materials, consumables and other goods stock	(2,498,557)	38,684	(2,537,241)
12	Risk provision			
a	Risk provision for pending litigations			
b	Utilization of the risk provision for pending litigations	60,312		60,312
	<b>Total risk provision</b>	<b>60,312</b>		<b>60,312</b>
13	Other risk provisions			
14	Sundry charges			
a	taxation excluding income tax	(378,883)	(267,582)	(111,301)
b	property charges	(11,208)	(444)	(10,764)
c	loss from ordinary management activities		(1,693)	1,693
d	extraordinary loss	(183,546)	(349,671)	166,125
e	other	(476,941)	(147,529)	(329,412)
	<b>Total sundry charges</b>	<b>(1,050,578)</b>	<b>(766,919)</b>	<b>(283,659)</b>
	<b>Total cost of production</b>	<b>(82,928,604)</b>	<b>(23,167,038)</b>	<b>(59,761,566)</b>
	<b>Difference between value and cost of production</b>	<b>5,029,329</b>	<b>2,536,302</b>	<b>2,493,027</b>
<b>C) Financial revenues and charges</b>				
15	Revenues from investments			
a	subsidiaries			
b	affiliated companies		37,000	(37,000)
c	other enterprises	320		320
d	tax credit on dividends			
e	gain on transfer of investments	9,876,122	10,497	9,865,625
	<b>Total financial revenues</b>	<b>9,876,442</b>	<b>47,497</b>	<b>9,828,945</b>
16	Other financial proceeds			
a	receivables listed under fixed assets			
a.1	subsidiaries			
a.2	affiliated companies			
a.3	parent companies			
a.4	other Group's enterprises			
a.5	other	687	166	521
	<b>total receivables listed under fixed assets</b>	<b>687</b>	<b>166</b>	<b>521</b>
b	securities listed under fixed assets which do not constitute investments			
c	securities listed under current assets which do not constitute investments			
c.1	interest income on securities		34	(34)
c.2	gain on transfer of securities			
	<b>total securities listed under current assets which do not constitute investments</b>		<b>34</b>	<b>(34)</b>
d	Other proceeds			
d.1	interests and commissions from subsidiaries	17,461	419,826	(402,365)
d.2	interests and commissions from affiliated companies			
d.3	interests and commissions from parent companies	552,878		552,878
d.4	interests and commissions from other Group's enterprises	4,342	(4,342)	
d.5	interests and commissions from banks	77,452	45,429	32,023
d.6	interests and commissions from others and sundry proceeds	667,941	264,776	403,165
d.7	Profit on exchange rates	6,648	940	5,708
d.8	Exchange rate risk fund utilization			
	<b>total other proceeds</b>	<b>1,322,380</b>	<b>735,313</b>	<b>587,067</b>
	<b>Total other financial revenues</b>	<b>1,323,067</b>	<b>735,513</b>	<b>587,554</b>

**Statement of Income** *(continued)*

(Amounts in Euro)

	31.12.2002	31.12.2001	Difference
17 Interests due and other financial charges			
a subsidiaries		(155,758)	155,758
b affiliated companies			
c parent companies	(566,503)	(897,204)	330,701
d Group's enterprises			
e others	(5,260,008)	(2,181,826)	(3,078,182)
f Loss on exchange rates		(347)	347
g Exchange rate fund provision			
h Loss on transfer of investments			
i Loss on transfer of securities			
<b>Total interests due and other financial charges</b>	<b>(5,826,511)</b>	<b>(3,235,135)</b>	<b>(2,591,376)</b>
<b>Total financial revenues and charges</b>	<b>5,372,998</b>	<b>(2,452,125)</b>	<b>7,825,123</b>
<b>D) Value adjustments of financial activities</b>			
18 Revaluations			
a investments		1,813,000	(1,813,000)
b financial assets which do not constitute investments			
c securities listed under current assets which do not constitute investments			
<b>Total revaluations</b>		<b>1,813,000</b>	<b>(1,813,000)</b>
19 Devaluations			
a Investments			
a.1 losses deriving from balance sheet evaluations	(43,334)	(1,592,192)	1,548,858
a.2 risk fund provision on investments		(1,154,593)	1,154,593
a.3 utilization of the risk fund provision on investments			
<b>total devaluations of investments</b>	<b>(43,334)</b>	<b>(2,746,785)</b>	<b>2,703,451</b>
b financial assets which do not constitute investments			
c securities listed under current assets which do not constitute investments			
<b>Total devaluations</b>	<b>(43,334)</b>	<b>(2,746,785)</b>	<b>2,703,451</b>
<b>Total value adjustments of financial activities</b>	<b>(43,334)</b>	<b>(933,785)</b>	<b>890,451</b>
<b>E) Extraordinary proceeds and charges</b>			
20 Proceeds			
a gain on extraordinary management transfers	54,639	36,750	17,889
b other	100,781	2,362,020	(2,261,239)
c utilization of the re-organization and liquidation fund			
<b>Total proceeds</b>	<b>155,420</b>	<b>2,398,770</b>	<b>(2,243,350)</b>
21 Charges			
a loss on extraordinary management transfers	(25,912)	(26,208)	296
b taxation relative to preceding fiscal years	(46,173)	(873)	(45,300)
c other charges and sundry risk provisions	(3,521,698)	(10,303)	(3,511,395)
d charges for re-organization and liquidation			
<b>Total charges</b>	<b>(3,593,783)</b>	<b>(37,384)</b>	<b>(3,556,399)</b>
<b>Total extraordinary items</b>	<b>(3,438,363)</b>	<b>2,361,386</b>	<b>(5,799,749)</b>
<b>Pre-tax result</b>	<b>6,920,630</b>	<b>1,511,778</b>	<b>5,408,852</b>
22 Income tax	(2,855,967)	(1,518,867)	(1,337,100)
<b>23 Year's net income (loss)</b>	<b>4,064,663</b>	<b>(7,089)</b>	<b>4,071,752</b>
Third party interest	(21,051)	162,000	(183,051)
<b>Group's net income (loss)</b>	<b>4,043,612</b>	<b>154,911</b>	<b>3,888,701</b>

## > 4.4 Notes to the Consolidated Financial Statements of EnerTAD Group

as of 31 December 2002

### 4.4.1 Consolidation Area

EnerTAD Group comprises 25 companies, 20 of which are included into the consolidation area according to the line-by-line method and 5 evaluated at cost.

The companies included into the consolidation area as of 31 December 2002 are listed in the Supplementary Tables (point 5.1).

The Group's Consolidated Financial Statements include EnerTAD SpA financial statements - the Parent Company -, and the financial statements of all the companies in which the Parent Company directly or indirectly owns a majority share.

The companies excluded from the consolidation area were identified in compliance with Art. 28 of the Italian Law Decree.

### 4.4.2 Variations of the Consolidation Area

On 30 August 2002, CMI SpA's Shareholders' Extraordinary Meeting resolved upon the change of the corporate name into EnerTAD SpA. In addition, the same Meeting also approved the proposal for a capital increase for a total amount of Euro 16,093,544 by issuing an equal number of shares with a nominal value of Euro 1.00 at the price of Euro 1.60 each for a corresponding countervalue of Euro 25,749,670.40 to be reserved, with exclusion of the option right in accordance with Art. 2441, section 5, of the Italian Civil Code, to Tad Metals SpA, which has underwritten it by transferring 99.999% of Charron SA's capital (currently EnerTAD France SA).

On 11 September 2002, by means of a deed drawn up in Milan on 9 September 2002, by the Notary Public Prof. Piergaetano Marchetti (Reg.N. 17230), n. 16,093,544 shares of EnerTAD SpA were issued, entirely underwritten by Tad Metals SpA. Following this operation, the companies listed below and operating in the steel sector were included into the consolidation area.

In addition, during the fiscal year of reference, the following companies were included into the consolidation area: Eolo Srl, Tad Ambiente Srl and Ergo En.A. Srl. Mobilservice Srl was instead excluded from the consolidation area.

The companies listed here below were included into the consolidation area according to the line-by-line method:

#### ENERGY AND ENVIRONMENT SECTOR:

Amatrice Servizi Scarl	owned at 99.42% by Omnia Srl
Eall Srl	owned at 100% by Tad Energia Ambiente SpA
Eolo Srl	owned at 51% by Tad Energia Ambiente SpA
Ergo En.A. Srl	owned at 70% by Tad Energia Ambiente SpA
Interpark Srl	owned at 100% by Tad Energia Ambiente SpA
Omnia Srl	owned at 100% by Tad Energia Ambiente SpA
Sao SpA	owned at 100% by Tad Energia Ambiente SpA
Tad Ambiente Srl	owned at 100% by Tad Energia Ambiente SpA
Tad Energia Ambiente SpA	owned at 100% by EnerTAD SpA
Temi En.A. SpA	owned at 98% by Tad Energia Ambiente SpA
	owned at 2% by EnerTAD SpA

#### STEEL SECTOR:

EnerTAD France SA - France	owned at 99.99% by EnerTAD SpA
Charron Inox Sas - France	owned at 100% by EnerTAD France SA
Metalli Marchelli Srl	owned at 99.99% by EnerTAD France SA
Presco Sas - France	owned at 100% by EnerTAD France SA
Sapim Sas - France	owned at 100% by EnerTAD France SA
Tad Inox Service BV - The Netherlands	owned at 70% by EnerTAD France SA
Tad Inox Service Gmbh - Germany	owned at 100% by Tad Inox Service BV
TCT Stainless Steel Inc - United States	owned at 100% by EnerTAD France SA
TCT Stainless Steel of Nashville Inc - United States	owned at 100% by EnerTAD France SA

#### 4.4.3 Exceptions to the application of the principles provided for in the Italian Law Decree 127/91

During the fiscal year of reference, no exceptional events have occurred as a result of which the application of the principles set forth for the drawing up of the consolidated financial statements in compliance with the provisions contained in the Italian Law Decree 127/91 would become incompatible with a true and fair view of the Group's financial position and the consolidated result of operations. Therefore, no exclusions were necessary as provided for in section 4 of Art. 29 of the Italian Law Decree 127/91.

#### 4.4.4 Consolidation principles and methods

The layout of the Consolidated balance sheet and statement of income complies with the requirements established in Art. 32 of the Italian Law Decree 127 of 9 April 1991. Supplementary tables are also included for the cash-flow statement as well as a re-classification of the statement of income according to the value added scheme and of the balance sheet according to the invested capital and financial resources scheme.

The financial statements of the companies included into the consolidation area refer to those already approved by the corresponding Board of Directors including amendments, where necessary, so as to eliminate tax related items and standardize all the accounting principles used within the Group framework consistently with the regulations provided for the drawing up of the consolidated financial statements.

Any intercompany profits and losses as well as all significant operations among the companies included into the consolidation area were eliminated. Outstanding income deriving from operations regarding companies included into the consolidation area or evaluated according to the net equity method and listed under year-end assets, is eliminated if significant.

Consolidated investments are eliminated against the corresponding net equity values.

Minority interests in consolidated subsidiaries are reported under Net equity.

Differences between cost of acquisition and net equity at current values as of the date of acquisition of the corresponding subsidiaries are directly entered according to the equity method. If these refer to balance sheet assets, they are entered as increases of the same item and if these represent a higher value paid for start-up and expansion, they are entered under Intangible assets.

Shareholdings of companies included into the consolidation area according to the line-by line method or pro rata method, correspond to those entered in the corresponding statutory financial statements and also include their indirect shareholdings.

Dividends paid by the Parent Company and the consolidated companies are eliminated from the consolidated statement of income against investments included into the consolidation area.

To translate financial statements items of foreign subsidiaries included into the consolidation area into Euros, the company adopted 2002 average exchange rates for the statement of income and the year-end exchange rates for the balance sheet. The "Currency translation reserve" listed under Net equity shows both the effects of fluctuations in exchange rates occurred during the period and at year end and the effects of the difference

originating from the conversion of the year's result at the exchange rate of the year in the statement of income and at year-end in the balance sheet, respectively.

#### 4.4.5 Consolidation difference and reconciliation between net equity and year's income as of 31 December 2002

The Consolidation reserve includes the differences deriving from the elimination of subsidiary consolidated balance sheet values against their corresponding net equity.

In addition, such reserve includes differences resulting from the elimination of tax related items and income deriving from operations accomplished by the companies included into the consolidation area.

As a result, the other items relative to Net equity correspond to those entered in the Parent Company's Statutory Financial Statements.

The reconciliation of net equity as of 31 December 2002 can be summarized as follows:

	Capital and reserves	2002 income	(€/000) Total Group's net equity
<b>As per EnerTAD SpA financial statements</b>	<b>77,074</b>	<b>108</b>	<b>77,182</b>
- Difference between adjusted net equity values of consolidated companies and book values of investments	(3,460)	3,833	373
- Elimination of profits on intercompany assets transfers net of the corresponding depreciation and other minority interests	(281)	102	(179)
<b>Group's net income and net equity</b>	<b>73,333</b>	<b>4,043</b>	<b>77,376</b>

#### 4.4.6 Accounting principles and evaluation criteria

These financial statements were drawn up in compliance with the provisions set forth in the Italian Civil Code and the accounting principles established by the Italian National Register of Certified Accountants and, where missing, by the International Accounting Standards Board (IASB). The accounting principles as well as the evaluation criteria applied are in line with those adopted for the drawing up of last year's consolidated financial statements and are detailed here below.

The most significant accounting principles and evaluation criteria adopted for the drawing up of these consolidated financial statements are:

##### Intangible assets

In compliance with Art. 2426, section 5 of the Italian Civil Code, intangible assets are entered at cost including accessory charges and are amortized within their expected period of use.

Start-up and expansion costs as well as research and development costs - attributable to more than one year - are entered under Assets with the Board of Auditors' approval and are amortized over a period of 5 years.

Goodwill, entered under Assets upon the Board of Auditors' approval, represents the higher value paid against net equity interests acquired and is amortized over a period of maximum 20 years.

The remaining intangible assets mainly include costs borne for the implementation of IT upgrade systems, accessory charges to obtain long-term loans, charges due for capital increases and other minor items. These are amortized over a period of 5 years or on the basis of the term of the relevant loan.

##### Tangible assets

Tangible assets are entered at cost as adjusted by the revaluations carried out in compliance with the law in force and the provisions set forth in Art. 2425 of the Italian Civil Code, last section.

The amounts emerging from revaluation are allocated to the revaluation reserve item included under Net equity and have been partially used during the preceding years to cover capital increases or losses.

The applied depreciation rates are those considered to reflect the economic life cycle of the corresponding assets and prudently correspond to ordinary depreciation allowances.

The rates applied are broken down here below according to assets category:

	(%)
Industrial building and constructions	3 - 4 - 5 - 10
General and specific plant and machinery	7 - 12 - 15
Large equipment and operating machinery	10 - 17,5
Equipment	10 - 25
Office furniture and machines	12 - 18 - 20
Vehicles and in-house transportation means	20 - 25

In the first year of operation, assets depreciation is reduced by 50%.

Ordinary maintenance costs are entered in the year in which they have been borne.

Maintenance costs for in-house improvements are entered according to the assets they refer to and are depreciated according to their residual expected period of use.

## Financial assets

### Investments

Investments in affiliated companies, in which EnerTAD Group owns an interest higher than 20% - or 10% in case of listed companies -, are evaluated at net equity.

Investments in subsidiaries have been entered at cost, if not relevant or not yet operating, and a corresponding list is provided in attachment.

Other investments are valued at their acquisition cost.

Their value is reduced when subsidiaries have borne losses and these losses are of permanent nature and profits are not expected to be achieved in the short run; their original value is recovered in subsequent fiscal years, if the reasons for the preceding write-downs no longer exist.

Investments which are intended to be transferred in the upcoming 12 months are entered under Short-term investments and are valued according to the net equity method.

A specific "Provision for risks on investments " is allocated to cover possible devaluation risks.

## Inventory

### Stocks

Stocks are entered based on the lowest value between the average weighted cost and the corresponding market value.

Work in progress and finished products are valued at their production cost.

Obsolete or slow moving stocks are written down to reflect their residual benefit or recoverable amount.

### Work in progress on order

Work in progress on order referring to a multi-year contract is entered based on the accrued progress amount reasonably achieved and determined according to the costs borne against the total expected cost for its completion. Work in progress based on a 1-year contract is entered at cost.

## Receivables

Receivables are entered at their expected break-up value and include a specific bad debt provision fund.

## Short-term investments

### Securities

Securities are entered based on the lowest value between the cost and its expected break-up value, considering the market value of negotiable securities.

## Fund for risks and charges

These are set up against liabilities which might emerge in the future and which require a specific provision fund according to correct accounting principles. These provisions reflect the best possible estimate based on the data available. They are broken down as follows:

#### **Staff leaving indemnity and similar contributions**

This fund includes the provisions relative to employee indemnities or similar contributions due.

#### **Provision fund for risks on investments**

This fund was set up in order to cover possible permanent value losses of investments.

#### **Provision fund for other risks**

This fund includes charges, different from those described above, which are reasonably quantifiable, but whose occurrence is not yet certain.

#### **Employee severance indemnity**

This fund is calculated to cover the actual burden sustained by the companies of the Group towards their employees in compliance with the Italian national law and labor contracts as well as special corporate labor agreements. As provided by the law in force, this liability item is subject to indexed revaluation.

#### **Payables**

Payables are entered at par value.

#### **Tax payables**

These are entered based on the expected tax liability for the period relative to each individual company.

#### **Prepayments, accruals and deferrals**

These are accounted for on an accrual basis.

#### **Risks and guarantees**

Memorandum accounts show the amounts relative to actual risks, commitments and guarantees as of the date of the financial statements.

The total amount of risks, commitments and guarantees is separately specified in the supplementary tables with a detailed description of those included in the balance sheet and those which have not been included.

#### **Revenues**

Revenues are entered net of returns, discounts, rebates and premiums as well as taxes directly associated with the sales of products and the provision of services.

Revenues from sales are entered upon their property transfer, which is usually identified with the delivery or the shipment of goods.

Revenues from financial activities are entered on an accrual basis.

#### **Costs**

Costs are entered net of returns, discounts, rebates and premiums as well as taxes directly associated with the purchase of goods and the provision of services.

#### **Dividends**

Dividends paid by companies not included into the consolidation area are entered at the moment of their collection and in the same year of reference a corresponding tax interest is registered.

#### **Taxes**

Income taxes are calculated and accrued in relation to the tax liability assessed for the period in compliance with the laws in force.

As provided by the accounting principle n. 25, deferred taxes are also registered on the basis of temporary differences between taxable income and gross profit derived from statutory financial statements. If in performing the above calculation deferred taxes emerge, these are listed under "Receivables" to the extent to which their recovery is expected as possible also in consideration of the start-up stages of some plants of the Group.

#### 4.4.7 Balance sheet contents and variations

##### B Fixed assets

##### B I Intangible assets

Intangible assets can be broken down as follows:

	(€/000)						
	Balance as of 31.12.01	Purchases	Capitaliz. & re-classif.	Changes in the consolid. area	Other movem.	Transfers	Amortiz - Balance as 31.12.02
BI1 Start-up and expansion costs	376	685		11		(57)	761
BI2 Research, development and advertising	11	475		159			515
BI3 Industrial patent and intellectual property rights	394	48		13		(178)	205
BI4 Concessions, licenses, trademarks and similar rights	2,848	70		96		(191)	2,823
BI5 Goodwill	34,039			28,981	(922)		61,105
BI6 Work in progress and advances							
- work in progress	146	772	(110)				808
- advances			16				16
<b>Total work in progress and advances</b>	<b>146</b>	<b>772</b>	<b>(94)</b>				<b>824</b>
BI7 Other	373	1,630	110	48	(2)	(21)	2,050
<b>Total</b>	<b>38,187</b>	<b>3,680</b>	<b>16</b>	<b>29,308</b>	<b>(924)</b>	<b>(256)</b>	<b>68,283</b>

During the period, no financial charges were accounted for as increases in the value of assets.

"Goodwill" represents the higher value paid against the corresponding net equity interests of the companies included into the consolidation area. Goodwill is amortized according to company-specific characteristics, expected development plans, implementation of projects and possible recovery of the company's economic capital value.

"Changes into the consolidation area": this item refers to the effects relative to the acquisition of the interests in Eolo Srl, Tad Ambiente Srl, Ergo En.A. Srl, the acquisitions in the steel sector and the transfer of the interest owned in Mobilservice Srl.

##### Details by sector of activity:

	(€/000)		
	Energy and environment	Steel	Balance as of 31 December 2002
BI1 Start-up and expansion costs	760	1	761
BI2 Research, development and advertising	433	82	515
BI3 Industrial patent and other patent rights	190	15	205
BI4 Concessions, licenses, trademarks and similar rights	2,744	79	2,823
BI5 Goodwill	34,282	26,823	61,105
BI6 Work in progress and advances			
- Work in progress			
- Advances	824		824
<b>Total work in progress and advances</b>	<b>824</b>		<b>824</b>
BI7 Other	2,004	46	2,050
<b>Total</b>	<b>41.237</b>	<b>27,046</b>	<b>68.283</b>

The "Start-up and expansion cost" item is broken down as follows:

	(€/000)	
	31 December 2002	31 December 2001
Expenses for capital increase	318	178
Expenses for company establishment and changes in corporate by-laws	11	5
Expenses for loan acquisition	341	
Other costs	91	193
<b>Total</b>	<b>761</b>	<b>376</b>

The "Research, development and advertising cost" item is detailed here below:

	(€/000)	
	31 December 2002	31 December 2001
Expenses for activity development	3	11
Expenses for software upgrade	83	
Expenses for promotional actions and institutional advertising campaigns	374	
Expenses for feasibility studies and surveys	55	
<b>Total</b>	<b>515</b>	<b>11</b>

## B II Tangible assets

This item's movements are detailed here below:

	(€/000)								
	Balance as of 31.12.01	Invest- ments (A)	Capitaliz. & re-classif.	Changes to consolid. area (B)	Other variations	Deval.	Transfers (C)	Depre- ciation	Balance as of 31.12.02
<b>Gross values</b>									
BI1 Land and buildings	9,410	3,195	13,218	13,232		(106)	(1,052)		37,897
BI2 Plant and machinery	4,766	1,038	76,691	13,112	(357)		(97)		95,153
BI3 Industrial and commercial equipment	1,161	426	41	2,025	(1)		(15)		3,637
BI4 Other assets	3,953	573	21	4,298	(26)		(587)		8,232
BI5 Work in progress and advances									
- work in progress	98,661	16,059	(88,273)	(23,020)					3,427
- advances	346	2,102	(147)						2,301
<b>Total work in progress and advances</b>	<b>99,007</b>	<b>18,161</b>	<b>(88,420)</b>	<b>(23,020)</b>					<b>5,728</b>
<b>Total gross values</b>	<b>118,297</b>	<b>23,393</b>	<b>1,551</b>	<b>9,647</b>	<b>(384)</b>	<b>(106)</b>	<b>(1,751)</b>		<b>150,647</b>
<b>Accumulated depreciation</b>									
BI1 Land and buildings	(758)		(2)	(3,450)			210	(706)	(4,706)
BI2 Plant and machinery	(1,654)			(5,810)	86		54	(2,009)	(9,333)
BI3 Industrial and commercial equipment	(469)			(1,248)			3	(375)	(2,089)
BI4 Other assets	(2,038)			(2,654)	12		328	(733)	(5,085)
<b>Total accumulated depreciation</b>	<b>(4,919)</b>		<b>(2)</b>	<b>(13,162)</b>	<b>98</b>		<b>595</b>	<b>(3,823)</b>	<b>(21,213)</b>
<b>Net values</b>									
BI1 Land and buildings	8,652	3,195	13,216	9,782		(106)	(842)	(706)	33,191
BI2 Plant and machinery	3,112	1,038	76,691	7,315	(271)		(43)	(2,022)	85,820
BI3 Industrial and commercial equipment	692	426	41	777	(1)		(12)	(375)	1,548
BI4 Other assets	1,915	573	21	1,644	(14)		(259)	(733)	3,147
BI5 Work in progress and advances									
- work in progress	98,661	16,059	(88,273)	(23,020)					3,427
- advances	346	2,102	(147)						2,301
<b>Total work in progress and advances</b>	<b>99,007</b>	<b>18,161</b>	<b>(88,420)</b>	<b>(23,020)</b>					<b>5,728</b>
<b>Total net values</b>	<b>113,378</b>	<b>23,393</b>	<b>1,549</b>	<b>(3,515)</b>	<b>(286)</b>	<b>(106)</b>	<b>(1,156)</b>	<b>(3,823)</b>	<b>129,434</b>

During the fiscal year of reference, financial charges for a total amount of Euro 1,505 were accounted for as increases in the value of assets.

A) *Purchases* - This item is composed as follows:

	(€/000)
Investments made for the "Waste to Energy" project of San Vittore del Lazio	6,378
Investments made for the "Waste to Energy" project of Terni	7,578
Plant in Valmontone	251
Plant in Frosinone	106
Advanced payment for the property purchased in Terni	1,599
Projects under way at Sao SpA and Interpark Srl	1,124
Land and buildings Sao SpA and Interpark Srl	1,649
Wind energy generation station	607
Industrial complex of Pagliano (Fr)	1,992
Investments for a new warehouse facility at Presco Sas	291
New plant expansion at Tad Inox Service BV	503
Other investments	1,315
<b>Total</b>	<b>23,393</b>

B) *"Changes into the consolidation area"*: this item refers to the effects relative to the acquisition of the interests in Eolo Srl, Tad Ambiente Srl, Ergo En.A. Srl, the acquisitions in the steel sector and the transfer of the interest owned in Mobilservice Srl.

C) *"Sales"* - This item's balance is mainly due to the termination of the right of common owned on the land located at Le Crete which was compensated against the purchase of the entire property.

**Details by sector of activity:**

	Energy & environment	Steel	Balance as of 31 December 2002
(€/000)			
<b>Gross values</b>			
BII1 Land and buildings	22,574	15,323	37,897
BII2 Plant and machinery	81,855	13,298	95,153
BII3 Industrial and commercial equipment	1,513	2,124	3,637
BII4 Other assets	3,949	4,283	8,232
BII5 Work in progress and advances			
- work in progress	3,410	17	3,427
- advances	2,251	50	2,301
<b>Total work in progress and advances</b>	<b>5,661</b>	<b>67</b>	<b>5,728</b>
<b>Total gross values</b>	<b>115,552</b>	<b>35,095</b>	<b>150,647</b>
<b>Accumulated depreciation</b>			
BII1 Land and buildings	(1,228)	(3,478)	(4,706)
BII2 Plant and machinery	(3,141)	(6,192)	(9,333)
BII3 Industrial and commercial equipment	(731)	(1,358)	(2,089)
BII4 Other assets	(2,322)	(2,763)	(5,085)
<b>Total accumulated depreciation</b>	<b>(7,422)</b>	<b>(13,791)</b>	<b>(21,213)</b>
<b>Net values</b>			
BII1 Land and buildings	21,346	11,845	33,191
BII2 Plant and machinery	78,714	7,106	85,820
BII3 Industrial and commercial equipment	782	766	1,548
BII4 Other assets	1,627	1,520	3,147
BII5 Work in progress and advances			
- work in progress	3,410	17	3,427
- advances	2,251	50	2,301
<b>Total work in progress and advances</b>	<b>5,661</b>	<b>67</b>	<b>5,728</b>
<b>Total net values</b>	<b>108,130</b>	<b>21,304</b>	<b>129,434</b>

### B III Financial assets

#### B III I Investments

Subsidiaries not included into the consolidation area

	(€/000)		
	31 December 2002	31 December 2001	Difference
Cerveteri Ambiente Srl in liquidation	77	77	
Combuoro Srl	10		10
Socram Ecologia Srl in liquidation	93	93	
<b>Total</b>	<b>180</b>	<b>170</b>	<b>10</b>

Affiliated companies valued at cost

	(€/000)		
	31 December 2002	31 December 2001	Difference
Umbriadue Servizi Idrici Scarl	34		34
Volasca SpA	213	213	
<b>Total</b>	<b>247</b>	<b>213</b>	<b>34</b>

Other enterprises valued at cost

	(€/000)		
	31 December 2002	31 December 2001	Difference
Banca di Credito Coop. di Terni SpA	5	5	
Banca Popolare di Spoleto SpA	9	9	
Galileo Scarl	3	3	
Medianova Scarl	23	23	
Ala Scarl	6		6
Agesa Srl	21	21	
Reclas SpA	389	389	
<b>Total</b>	<b>456</b>	<b>450</b>	<b>6</b>

#### B III 2d Other receivables

This item refers to deferred taxes paid on employee severance in compliance with the enforced Italian regulations.

#### B III 2f Guarantee deposits

This item's decrease is mainly due to the reimbursement of the fixed-term deposit applied for in 2001 against the completion of the spin-off operation.

#### B III 3 Other securities

This item's increase is due to the changes applied to the consolidation area and refers to a fixed-term deposit applied for a leasing contract.

## C Current assets

### C I Inventory

This item increased Euro 43,161 thousand as a result of the changes applied to the consolidation area.

	(€/000)				
	Balance as of 31.12.01	Changes to consolid. area	Other variations	Inventory changes	Balance as of 31.12.02
Raw materials, accessory and consumables	162	20,558	(369)	24	20,375
Work in progress and semi-finished products		1,538	(17)	382	1,903
Finished products and goods		23,105	(49)	(2,011)	21,045
<b>Total</b>	<b>162</b>	<b>45,201</b>	<b>(435)</b>	<b>(1,605)</b>	<b>43,323</b>

## C II Receivables

This item rose Euro 54,472 thousand as a result of the changes applied to the consolidation area.

The composition of the "Other receivables - others" item is detailed here below.

	31 December 2002	31 December 2001	Difference
			(€/000)
Tax interest		177	(177)
Receivables from treasury for VAT	177	230	(53)
Irpeg and Irap advances		156	(156)
Deferred tax assets		2,236	(2,236)
Receivables from Public Administrations	13	63	(50)
With-holdings on interest income and dividends	83	16	67
Inail on premiums	99		99
Receivables for reparations	55		55
Other receivables	452	1,369	(917)
<b>Total</b>	<b>879</b>	<b>4,247</b>	<b>(3,368)</b>

## C III Short-term investments

Following the spin-off completed in the period of reference, all interests held as of end 2001 have been broken down as follows:

### C III 1 Investments in subsidiaries

	31 December 2002	31 December 2001	Difference
			(€/000)
Ecosesto SpA		6,764	(6,764)
Etr SpA		6,349	(6,349)
<b>Total</b>		<b>13,113</b>	<b>(13,113)</b>

### C III 2 Investments in affiliated companies

	31 December 2002	31 December 2001	Difference
			(€/000)
Frullo En.A. Srl		9,032	(9,032)
<b>Total</b>		<b>9,032</b>	<b>(9,032)</b>

### C III 3 Investments in other enterprises

	31 December 2002	31 December 2001	Difference
			(€/000)
Riesfactoring SpA		4	(4)
<b>Total</b>		<b>4</b>	<b>(4)</b>

## C IV Cash and bank

This item shows positive balances of the company's current accounts with a Euro 2,209 thousand increase against the preceding year.

## D Prepayments and accrued income

These increased Euro 658 thousand and mainly refer to prepayments on accrued income relative to insurance expenses for a total amount of Euro 249 thousand; leases for Euro 136 thousand, environmental management and recovery charges for Euro 873 thousand, contract-related charges for Euro 281 thousand and others for a total amount of Euro 523 thousand.

## A Net equity of the Group

### A I Share capital

Share capital is composed of n. 50,093,544 fully paid-in ordinary shares with a nominal value of Euro 1.00 each.

Below is a breakdown of all changes to net equity accounts relative to the period of reference:

	Capital	Add. paid-in capital reserve	Revaluat. reserve	Legal reserve	Fund prov. ex Art.54 of It.PR.D. 597/73	Fund prov. ex Art.55 of It.PR.D. 597/73	Extraord. reserve	Consolid. reserve	Currency transl. reserve	Income brought forward	Year's net income	Group's Net equity	Third party interest	Balance
Balance as of 31 December 2001	51,000	8,280	2,968	2,130	10,130	1,930	539	(3,764)			155	73,368	3	73,371
Appropriation of 2001 profit				18				(207)		344	(155)			
Income (Loss) brought forward														
Changes after spin-off	(17,000)	(2,977)	(1,003)	(766)	(3,424)	(652)	(194)	982				(25,034)		(25,034)
Changes in the consolidation area									(751)			(751)	4,413	3,662
Share capital increase	16,094	9,656										25,750		25,750
Year's net income											4,043	4,043	21	4,064
Balance as of 31 December 2002	50,094	14,959	1,965	1,382	6,706	1,278	345	(2,989)	(751)	344	4,043	77,376	4,437	81,813

### B Fund for risks and charges

	Balance as of 31.12.2001	Changes in the cons. area	Provisions	Utilization	Other variations	Balance as of 31.12.2002
B1 Staff leaving indemnity and similar obligations			13			13
B2 Taxes						
- Current taxes						
- Deferred taxes	4	2,118	1,003	(255)	(91)	2,779
<b>Total taxes</b>	<b>4</b>	<b>2,118</b>	<b>1,003</b>	<b>(255)</b>	<b>(91)</b>	<b>2,779</b>
B3 Other						
- Provision for risks on pending litigations		408	15	(53)		370
- Provision for risks on investments	1,170					1,170
- Provision for other risks	2		44			46
<b>Total other</b>	<b>1,172</b>	<b>408</b>	<b>59</b>	<b>(53)</b>		<b>1,586</b>
<b>Total</b>	<b>1,176</b>	<b>2,526</b>	<b>1,075</b>	<b>(308)</b>	<b>(91)</b>	<b>4,378</b>

"Changes into the consolidation area": this item refers to the effects relative to the acquisition of the interests in Eolo Srl, Tad Ambiente Srl, Ergo En.A. Srl, the acquisitions in the steel sector and the transfer of the interest owned in Mobilservice Srl.

### C Employee severance indemnity

	Balance as of 31.12.2001	Provisions	Changes in the consol.area	Utilization and payments	Balance 31.12.2002
Managers	157	46	19	(111)	111
Employee, special category	271	125	207	(74)	529
Workers	701	250	79	(85)	945
<b>Total</b>	<b>1,129</b>	<b>421</b>	<b>305</b>	<b>(270)</b>	<b>1,585</b>

"Changes into the consolidation area": this item refers to the effects relative to the acquisition of the interests in Eolo Srl, Tad Ambiente Srl, Ergo En.A. Srl, the acquisitions in the steel sector and the transfer of the interest owned in Mobilservice Srl.

### D Payables

Payables reduced Euro 111,124 thousand mainly as a result of the changes applied into the consolidation area. Except for Euro 22,886 thousand payables to banks, no other payables are entered falling due over 5 years.

Here below is a breakdown of payables regarding real guarantees on corporate assets as of 31 December 2002:

	Without real guarantees (1)	Pledged (2)	Mortgaged (3)	Total real guarantees (4)=(2)+(3)	Total (5)=(1)+(4)
Debenture	42				42
Payables to banks	77,501	76,641	6,936	83,577	161,078
Other financing payables	16,821		2,185	2,185	19,006
<b>Total</b>	<b>94,364</b>	<b>76,641</b>	<b>9,121</b>	<b>85,762</b>	<b>180,126</b>

The "Other payables" item is detailed here below:

	31 December 2002	31 December 2001	Difference
Payables to personnel	2,103	251	1,852
Payables to Directors and Statutory Auditors	229	2	227
Payables to Public Administrations	301	156	145
Payables to employees for unused vacation time	956	143	813
Payables for guarantee deposits	253		253
Other payables	630	538	92
<b>Total</b>	<b>4,472</b>	<b>1,090</b>	<b>3,382</b>

#### E Accrued liabilities and deferred income

This item amounting to Euro 2,938 thousand is mainly composed of deferred income on plant contributions for a total amount of Euro 2,124 thousand and other accruals and deferrals for Euro 814 thousand.

#### Memorandum accounts

Memorandum accounts include amounts relative to actual risks, commitments and guarantees as of 31 December 2002. Point 4.2 of these Consolidated Financial Statements provides a detailed description of the "Commitments" sub-item.

#### Transactions with Group companies

	Trade		Financial		Other	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
<b>Parent companies</b>						
Fintad International SA	50		4,774		1,291	
Tad Metals SpA	38	69	9,898		550	
Tad Fin SpA	26	568				
<b>Total parent companies</b>	<b>114</b>	<b>637</b>	<b>14,672</b>		<b>1,841</b>	
<b>Subsidiaries</b>						
Cerveteri Ambiente Srl in liquidation			237			
Comburo Srl					2	
Socram Ecologia Srl in liquidation			28			
<b>Total subsidiaries</b>			<b>265</b>		<b>2</b>	
<b>Affiliated companies</b>						
Umbriadue Servizi Idrici Scarl						24
Volsca Ambiente SpA	649	114				
<b>Total affiliated companies</b>	<b>649</b>	<b>114</b>				<b>24</b>
<b>Other Group's enterprises</b>						
Tad Metals Inc				2,852		1,581
Steel Sider Srl	5	11				
Ideadrome III Srl		13				
<b>Total other Group's enterprises</b>	<b>5</b>	<b>24</b>		<b>2,852</b>		<b>1,581</b>

#### 4.4.8 Contents and changes in the statement of income

##### A Value of production

###### A1 Revenues from sales and services

This item's increase is mainly due to the changes applied in the consolidation area.

Revenues from sales, equal to Euro 82,876 thousand, refer to the sectors of activity listed here below:

	31 December 2002	31 December 2001	Difference
			(€/000)
Environmental services	13,715	15,180	(1,465)
Energy generation	7,303		7,303
Water cycle manament	4,269	2,947	1,322
Other revenues	862	2,185	(1,323)
<b>Total energy and environment sector</b>	<b>26,149</b>	<b>20,312</b>	<b>5,837</b>
Stainless steel flat products	34,748		34,748
Stainless steel long products	11,820		11,820
Other stainless steel products	7,594		7,594
Other metal products	2,117		2,117
Other revenues	448		448
<b>Total steel sector</b>	<b>56,727</b>		<b>56,727</b>
<b>TOTAL</b>	<b>82,876</b>	<b>20,312</b>	<b>62,564</b>

Geographically, revenues from sales are broken down as follows:

	Steel	Energy & environment	Total	%
			31 December 2002	
			(€/000)	
Italy	4,773	26,149	30,922	37.3%
France	25,201		25,201	30.4%
The Netherlands / Germany	16,616		16,616	20.0%
United States	9,415		9,415	11.4%
Other	722		722	0.9%
<b>TOTAL</b>	<b>56,727</b>	<b>26,149</b>	<b>82,876</b>	<b>100.0%</b>

##### B Cost of production

Cost of production, too, is affected by the changes applied in the consolidation area and increased Euro 59,761 thousand against the preceding year.

##### C Financial income and charges

###### C15 Revenues from investments

This item shows the capital gain relative to the transfer of the interest owned in Mobilservice Srl.

###### C17 Interests due and other financial charges

	Debenture loan	Banks	Other	Total
				(€/000)
a. Subsidiaries				
b. Affiliated companies				
c. Parent companies			567	567
d. Group's enterprises				
e. Other	3	5,149	108	5,260
f. Loss on exchange rates				
g. Exchange rate risk fund provision				
h. Loss on investments				
i. Loss on transfers of securities				
<b>Total</b>	<b>3</b>	<b>5,149</b>	<b>675</b>	<b>5,827</b>

This item increased Euro 2,591 thousand against the preceding year.

## D Adjustments to the value of financial operations

### D19 Write-downs of investments

	(€/000)		
	31 December 2002	31 December 2001	Difference
<b>a. Losses from balance sheet evaluations</b>			
Ecosesto SpA		(1,415)	1,415
Cerveteri Ambiente Srl in liquidation	(23)	(177)	154
Socram Ecologia Srl in liquidation	(20)		(20)
<b>Total losses from balance sheet evaluations</b>	<b>(43)</b>	<b>(1,592)</b>	<b>1,549</b>
<b>b. Provision for risks on investments</b>		<b>(1,155)</b>	<b>1,155</b>
<b>c. Utilization of the risk fund on investments</b>			
<b>Total write-downs of investments</b>	<b>(43)</b>	<b>(2,747)</b>	<b>2,704</b>

## E Extraordinary income and charges

### E20 Extraordinary income

This item is detailed here below:

	(€/000)		
	31 December 2002	31 December 2001	Difference
<b>a. Gain on transfers of extraordinary management</b>			
Gain on spin-off operations			
Gain on transfers of assets	54	37	17
Gain on transfers of investments			
<b>Total gain on transfers of extraordinary management</b>	<b>54</b>	<b>37</b>	<b>17</b>
<b>b. Other</b>			
Deferred taxes relative to preceding years	20	2,098	(2,078)
Indemnities on third party liability insurance	21	7	14
Compensation for damages	4	18	(14)
Other	56	239	(183)
<b>Total other</b>	<b>101</b>	<b>2,362</b>	<b>(2,261)</b>
<b>c. Utilization of the re-organization and liquidation fund</b>			
<b>Total extraordinary income</b>	<b>155</b>	<b>2,399</b>	<b>(2,244)</b>

### E21 Extraordinary charges

This item is composed as follows:

	(€/000)		
	31 December 2002	31 December 2001	Difference
<b>a. Loss on transfers of extraordinary management</b>			
Loss on transfers of investments			
Loss on transfers of assets	26	26	
<b>Total loss on transfers of extraordinary management</b>		<b>26</b>	<b>26</b>
<b>b. Taxes relative to preceding years</b>	<b>46</b>	<b>1</b>	<b>45</b>
<b>c. Other charges and provisions for sundry risks</b>			
Extraordinary loss	16		16
Other extraordinary charges	3,506	10	3,496
<b>Total other charges and provisions for sundry risks</b>	<b>3,522</b>	<b>10</b>	<b>3,512</b>
<b>d. Charges for re-organization and liquidation</b>			
<b>Total extraordinary charges</b>	<b>3,594</b>	<b>37</b>	<b>3,557</b>

"Sundry extraordinary charges" mainly refer to the cost borne against the anticipated reimbursement of the "CMI SpA Euro Performance Linked 2000/2005" debenture loan.

#### Transactions with Group companies

	(€/000)							
	Revenues from sales	Charges of expenses	Financial Investments proceeds	Provision of			Third party assets utilization	Financial charges
				Services	Utility bills	Other		
<b>Parent companies</b>								
Fintad International SA		42	289					566
Tad Metals SpA			264					
Tad Fin SpA		10		373		1		
<b>Total parent companies</b>		<b>52</b>	<b>553</b>	<b>373</b>		<b>1</b>		<b>566</b>
<b>Subsidiaries</b>								
Cerveteri Ambiente Srl in liquidation			16					
Socram Ecologia Srl in liquidation			1					
<b>Total subsidiaries</b>			<b>17</b>					
<b>Affiliated companies</b>								
Volsca Ambiente SpA	197	86		43				
<b>Total affiliated companies</b>	<b>197</b>	<b>86</b>		<b>43</b>				
<b>Other Group's enterprises</b>								
Ideadrome III Srl						11		
<b>Total other Group's enterprises</b>						<b>11</b>		

#### 4.4.9 Other information

##### Average number of employees

	(number)		
	31 December 2002	31 December 2001	Difference
Managers	40	8	32
Employees + special category	272	59	213
Workers	389	139	250
<b>Total average number of employees</b>	<b>701</b>	<b>206</b>	<b>495</b>

The significant increase of this item is mainly due to the changes applied in the consolidation area.

##### Data by sector of activity and geographical area

	(€/000)		
	Energy & environment	Steel	Total
Net revenues	26,149	56,727	82,876
Operating result	1,428	3,038	4,466
Direct assets	172,888	150,805	323,693
Indirect assets			9,158
Direct liabilities	64,149	119,967	184,116
Indirect liabilities			66,922
Investments in intangible and tangible assets	27,600	1,038	28,638
Amortization, depreciation and write-downs	4,177	1,512	5,689

	(€/000)				
	Italy	France	The Netherlands & Germany	United States	Total
Direct assets	184,478	66,054	38,803	34,358	323,693
Investments in intangible and tangible assets	27,616	446	575	1	28,638

These Consolidated Financial Statements give a fair and true view of the Group's consolidated financial position and results of operations and are consistent with the accounting entries.

> 5. Supplementary Tables to the  
Consolidated Financial Statements

## 5.1 List of investments in subsidiaries and affiliated companies

### Companies included in the consolidation area according to the line-by-line method

Offices	Currency	Capital	% of direct shareholding	Indirect shareholding	
				%	Subsidiary
EnerTAD SpA Milan	Euro	50,093,544			
<i>ENERGY and ENVIRONMENT</i>					
Amatrice Servizi Scarl Rieti	Euro	78,000		99.42	Omnia Srl
Eall Srl Orvieto (Tr)	Euro	5,164,000		100.00	Tad Energia Ambiente SpA
Eolo Srl Atina (Fr)	Euro	20,400		51.00	Tad Energia Ambiente SpA
Ergo En.A. Srl Frosinone	Euro	50,000		70.00	Tad Energia Ambiente SpA
Interpark Srl Terni	Euro	307,808		100.00	Tad Energia Ambiente SpA
Omnia Srl Rieti	Euro	516,000		100.00	Tad Energia Ambiente SpA
Sao SpA Orvieto (Tr)	Euro	7,524,400		100.00	Tad Energia Ambiente SpA
Tad Ambiente Srl Terni	Euro	90,000		100.00	Tad Energia Ambiente SpA
Tad Energia Ambiente SpA Milan	Euro	2,224,992	100.00		
Terni En.A. SpA Terni	Euro	6,546,492	2.00	98.00	Tad Energia Ambiente SpA

### STEEL

EnerTAD France SA Marseille - France	Euro	7,165,000	99.99		
Charron Inox Sas Marseille - France	Euro	1,500,000		100.00	EnerTAD France SA
Metalli Marchelli Srl Milan	Euro	1,040,000		99.99	EnerTAD France SA
Presco Sas Rognac - France	Euro	373,500		100.00	EnerTAD France SA
Sapim Sas Monfavet - France	Euro	1,994,100		100.00	EnerTAD France SA
Tad Inox Service BV Heerlen - The Netherlands	Euro	7,714,264		70.00	EnerTAD France SA
Tad Inox Service Gmbh Bad Schonborn - Germany	Euro	25,565		100.00	Tad Inox Service BV
TCT Stainless Steel Inc Delaware - USA	Usd	1,000		100.00	EnerTAD France SA
TCT Stainless Steel of Nashville Inc Delaware - USA	Usd	1,000		100.00	EnerTAD France SA

### Companies valued at cost

Offices	Currency	Capital	% of direct shareholding	Indirect shareholding	
				%	Subsidiary
Cerveteri Ambiente Srl in liquid. Orvieto	Euro	77,469		100.00	Sao SpA
Comburo Srl Roma	Euro	10,000		100.00	Tad Energia Ambiente SpA
Socram Ecologia Srl in liquid. Orvieto	Euro	51,645		100.00	Sao SpA
Umbriadue Servizi Idrici Scarl Desenzano del Garda (BS)	Euro	100,000		34.00	Omnia Srl
Volsca Ambiente SpA Velletri (Roma)	Euro	516,000		38.00	Sao SpA

## 5.2 Condensed Reclassified Statement of Income

	(€/000)		
	31 December 2002	31 December 2001	Difference
<b>Revenues and proceeds of industrial nature</b>			
Revenues from sales	83,950	20,547	63,403
Other proceeds	210	120	90
	<b>84,160</b>	<b>20,667</b>	<b>63,493</b>
Variation of stocks of finished products, semi-finished products and work in progress	837		837
<b>Value of industrial production</b>	<b>84,997</b>	<b>20,667</b>	<b>64,330</b>
In-house assets production	1,986	4,360	(2,374)
<b>Value of total production</b>	<b>86,983</b>	<b>25,027</b>	<b>61,956</b>
Purchases of raw materials and consumables	(42,732)	(2,188)	(40,544)
Variation of stocks of raw materials and consumables	(2,499)	39	(2,538)
Expenses borne for service provision	(11,806)	(6,788)	(5,018)
Utility bills and other expenses	(5,137)	(3,871)	(1,266)
Expense charges to third parties	329	353	(24)
Income unrelated taxes	(379)	(268)	(111)
<b>Value added</b>	<b>24,759</b>	<b>12,304</b>	<b>12,455</b>
Personnel costs	(14,553)	(7,562)	(6,991)
<b>Gross operating margin</b>	<b>10,206</b>	<b>4,742</b>	<b>5,464</b>
Technical and management-related amortization and depreciation	(5,551)	(2,147)	(3,404)
Provision for risks on receivables	(189)	(29)	(160)
<b>Operating result</b>	<b>4,466</b>	<b>2,566</b>	<b>1,900</b>
Financial revenues and charges	(4,504)	(2,500)	(2,004)
Revenues and charges on property assets	(10)	1	(11)
Revenues and charges on investments	(43)	(2,709)	2,666
Non-operating revenues and charges	7,011	4,154	2,857
<b>Pre-tax result</b>	<b>6,920</b>	<b>1,512</b>	<b>5,408</b>
Income tax	(2,856)	(1,519)	(1,337)
<b>Net income (loss)</b>	<b>4,064</b>	<b>(7)</b>	<b>4,071</b>
Third party interest	(21)	162	(183)
<b>Group's net income (loss)</b>	<b>4,043</b>	<b>155</b>	<b>3,888</b>

### 5.3 Analytical Reclassified Statement of Income

(€/000)

Statement of income items	31 December 2002	31 December 2001	Difference
<b>Revenues and proceeds of industrial nature</b>			
<i>Revenues from sales</i>			
1 Revenues from sales and services	82,876	20,312	62,564
5b Other operating revenues	1,074	235	839
<b>Total</b>	<b>83,950</b>	<b>20,547</b>	<b>63,403</b>
<i>Other revenues</i>			
5a Contributions for operating expenses	105	58	47
5d Other proceeds	105	62	43
<b>Total</b>	<b>210</b>	<b>120</b>	<b>90</b>
	<b>84,160</b>	<b>20,667</b>	<b>63,493</b>
<i>Variation of stocks of work in progress, semi-finished and finished products and work in progress on order</i>			
2 Variation of stocks of work in progress and semi-finished and finished products	837		837
3 Variation of stocks of work in progress on order			
<b>Total</b>	<b>837</b>		<b>837</b>
<b>Value of industrial production</b>	<b>84,997</b>	<b>20,667</b>	<b>64,330</b>
<i>In-house production of assets</i>			
4a Production and inventory	481	400	81
4b Interests for the period	1,505	3,960	(2,455)
<b>Total</b>	<b>1,986</b>	<b>4,360</b>	<b>(2,374)</b>
<b>Value of total production</b>	<b>86,983</b>	<b>25,027</b>	<b>61,956</b>
<i>Purchase of raw materials, accessory materials, consumables and goods</i>			
6 Raw materials, accessory materials, consumables and goods	(42,732)	(2,188)	(40,544)
<i>Variation of stocks of raw materials, accessory materials, consumables and goods</i>			
11 Variation of stocks of raw and accessory materials, consumables and goods	(2,499)	39	(2,538)
<i>Expenses for service provision</i>			
7a Services	(11,806)	(6,788)	(5,018)
<i>Utility bills and other costs</i>			
7b Utility bills	(1,178)	(133)	(1,045)
7c Other costs	(2,056)	(3,287)	1,231
8 Third party assets utilization	(1,426)	(303)	(1,123)
13 Other provisions			
14e Other management charges: other	(477)	(148)	(329)
<b>Total</b>	<b>(5,137)</b>	<b>(3,871)</b>	<b>(1,266)</b>
<i>Charges of expenses to third parties</i>			
5c Charges of expenses	329	353	(24)
<i>Income unrelated taxes</i>			
14a Income unrelated taxes	(379)	(268)	(111)
<b>Value added</b>	<b>24,759</b>	<b>12,304</b>	<b>12,455</b>
<i>Personnel costs</i>			
9 Total personnel	(14,553)	(7,562)	(6,991)
<b>Total</b>	<b>(14,553)</b>	<b>(7,562)</b>	<b>(6,991)</b>
<b>Gross operating margin</b>	<b>10,206</b>	<b>4,742</b>	<b>5,464</b>
<i>Technical and management related amortization and depreciation</i>			
10a Amortization of intangible assets	(1,728)	(711)	(1,017)
10b Depreciation of tangible assets	(3,823)	(1,436)	(2,387)
<b>Total</b>	<b>(5,551)</b>	<b>(2,147)</b>	<b>(3,404)</b>
<i>Provision for risks on receivables</i>			
10d Write-down of receivables included under current assets and liquidity	(189)	(29)	(160)
<b>Operating result</b>	<b>4,466</b>	<b>2,566</b>	<b>1,900</b>

## Analytical Reclassified Statement of Income (continued)

(€/000)

Statement of income items	31 December 2002	31 December 2001	Difference
<i>Financial revenues and charges</i>			
16 Total other financial revenues	1,323	735	588
-16 c2 Deduction of capital gain on transfers of securities			
17 Total interests and other financial charges	(5,827)	(3,235)	(2,592)
-17h Deduction of capital loss on transfers of investments			
-17i Deduction of capital loss on transfers of securities			
<b>Total</b>	<b>(4,504)</b>	<b>(2,500)</b>	<b>(2,004)</b>
<i>Revenues and charges on property</i>			
5e Revenues	1	1	
14b Charges	(11)		(11)
<b>Total</b>	<b>(10)</b>	<b>1</b>	<b>(11)</b>
<i>Revenues and charges on investments</i>			
19a Total write-downs of investments	(43)	(2,747)	2,704
15 Total revenues on investments	9,876	48	9,828
-15e Deduction of capital gain on transfers of investments	(9,876)	(10)	(9,866)
<b>Total</b>	<b>(43)</b>	<b>(2,709)</b>	<b>2,666</b>
<i>Non-operating revenues and charges</i>			
5f Gain on ordinary management items	29	5	24
5g Extraordinary income	616	317	299
10c Other write-downs on investments	(106)		(106)
10e Utilization of the fund provision for bad debt under current assets and liquidity	420	26	394
10f Bad debt	(262)	(28)	(234)
12a Provision for risks on pending litigations			
12b Utilization of the risk fund on pending litigations	60		60
14c Loss on ordinary management items		(1)	1
14d Extraordinary losses	(184)	(350)	166
15e Gains on transfers of investments	9,876	10	9,866
16 c2 Gains on transfers of securities			
17i Loss on transfers of securities			
17h Loss on transfers of investments			
18 Total revaluations		1,813	(1,813)
19b Write-down of short-term investments			
19c Write-down of securities listed under current assets which do not constitute investments			
20a Gains on transfers of extraordinary management items	55	37	18
20b Other	101	2,362	(2,261)
20c Utilization of the reorganization and liquidation fund			
21a Loss on transfers of extraordinary management items	(26)	(26)	
21b Taxes relative to preceding years	(46)	(1)	(45)
21c Other charges and provisions for sundry risks	(3,522)	(10)	(3,512)
21d Reorganization and liquidation charges			
<b>Total</b>	<b>7,011</b>	<b>4,154</b>	<b>2,857</b>
<b>Pre-tax result</b>	<b>6,920</b>	<b>1,512</b>	<b>5,408</b>
<i>Income tax</i>			
22 Income tax	(2,856)	(1,519)	(1,337)
<b>Net income (loss)</b>	<b>4,064</b>	<b>(7)</b>	<b>4,071</b>
Third party interest	(21)	162	(183)
<b>Group's net income (loss)</b>	<b>4,043</b>	<b>155</b>	<b>3,888</b>

## 5.4 Evolution of the Group's Financial Position

		(€/000)		
		31 December 2002	31 December 2001	Difference
B III 2	Financial assets: receivables (excluding line f: guarantee deposits )	248	35	213
B III 3	Financial assets: other securities	665		665
C II 2b	Current assets: receivables from subsidiaries	265	14,049	(13,784)
C II 3b	Current assets: receivables from affiliated companies			
C II 4b	Current assets: receivables from parent companies	14,673		14,673
C II 5a	Current assets: other receivables			
C II 6b	Current assets: receivables from other Group's enterprises			
C III 5	Short-term investments: other securities			
C III 6	Short-term investments: bills receivable			
C IV	Cash and bank	4,359	2,150	2,209
D 1	Payables: debenture	(42)	(51,000)	50,958
D 2	Payables: convertible debentures			
D 3	Payables: banks	(161,079)	(35,416)	(125,663)
D 4	Payables: other financing payables	(19,005)	(136)	(18,869)
D 7	Payables: secured payables			
D 8 b	Payables: payables to subsidiaries			
D 9 b	Payables: payables to affiliated companies			
D 10 b	Payables: payables to parent companies		(23,918)	23,918
D 14 b	Payables: payables to other Group's enterprises	(2,853)		(2,853)
<b>Total</b>		<b>(162,769)</b>	<b>(94,236)</b>	<b>(68,533)</b>

The Group's financial position can be summarized as follows:

		(€/000)		
		31 December 2002	31 December 2001	Difference
1	Long-term financial receivables	913	35	878
2	Long-term financial payables	(75,015)	(91,892)	16,877
3	Long-term net financial position (1+2)	(74,102)	(91,857)	17,755
4	Short-term financial receivables	19,297	16,199	3,098
5	Short-term financial payables	(107,964)	(18,578)	(89,386)
6	Short-term net financial position (4+5)	(88,667)	(2,379)	(86,288)
<b>7</b>	<b>Global net financial position (3+6)</b>	<b>(162,769)</b>	<b>(94,236)</b>	<b>(68,533)</b>

## 5.5 Cash flow statement

	Actual	Changes to the consolid. area	Total (€/000)
<b>1 Group's net income</b>	<b>4,043</b>		<b>4,043</b>
<b>2 Amortization, depreciation and write-downs</b>	<b>5,551</b>		<b>5,551</b>
3 <i>Elimination of non-cash extraordinary items</i>			
Write-down / (Revaluation) of investments			
Amortization and depreciation of intangible and tangible assets			
Variation in the provision fund for risks on investments for net equity value adjustments			
Accrual to / (Utilization of) staff leaving indemnity and similar obligations provision fund			
Accrual to / (Utilization of) provision fund for deferred taxes	748		748
Accrual to / (Utilization of) provision fund for pending litigations	(38)		(38)
Accrual to / (Utilization of) other funds	44		44
Accrual to / (Utilization of) provision fund for bad debt			
<i>Total non-cash extraordinary items</i>	754		754
4 <i>Elimination of cash extraordinary items</i>			
Collection of dividends and related tax credit			
(Gain) / Loss on disposals of investments and securities	(9,876)		(9,876)
(Gain) / Loss on disposals of property, plant and equipment and corporate branches	26		26
<i>Total cash extraordinary items</i>	(9,850)		(9,850)
<b>5 Operating cash flow (1÷4)</b>	<b>498</b>		<b>498</b>
6 Change in current assets	(43,627)		(43,627)
7 (Increase) / Decrease of guarantee deposits	608		608
8 Variation of staff leaving indemnity and similar obligations	164		164
9 Investments in tangible and intangible assets	(28,638)		(28,638)
10 Acquisition of investments	(50)		(50)
<b>11 Free cash flow after financial charges and taxes (5÷10)</b>	<b>(71,045)</b>		<b>(71,045)</b>
12 Disposal of property, plant and equipment (net book value)	1,412		1,412
13 Gain / (Loss) on disposals of property, plant and equipment	(26)		(26)
14 Transfer / spin-off of investments and treasury shares (book value)		22,149	22,149
15 Gain / (Loss) on transfers of investments	9,876		9,876
<b>16 Net cash flow (11÷15)</b>	<b>(59,783)</b>	<b>22,149</b>	<b>(37,634)</b>
17 Variation for currency translation	1,233		1,233
18 Increase / Decrease of interest owned in Group's companies	25,750		25,750
19 Net equity reduction due to spin-off		(19,977)	(19,977)
20 Change in the consolidation area		(37,926)	(37,926)
21 Payment of dividends to Parent Company's Shareholders			
22 Variation of third party equity after payment of dividends	21		21
<b>23 Variation of net financial position (16÷22)</b>	<b>(32,779)</b>	<b>(35,754)</b>	<b>(68,533)</b>
<b>24 Financial position positive/(negative) as of 31 December 2001</b>	<b>(94,236)</b>		<b>(94,236)</b>
<b>25 Financial position positive/(negative) as of 31 December 2002 (23÷24)</b>			<b>(162,769)</b>

5.6 Reclassification of the Group's Consolidated Balance Sheet according to the "net invested capital and financial resources" scheme.

Balance sheet items		31 December 2002	31 December 2001	(€/000) Difference
<b>NET INVESTED CAPITAL</b>				
A	<i>Receivables due from Shareholders for outstanding payments</i>		<b>43</b>	<b>(43)</b>
<i>Fixed assets</i>				
B I	<i>Intangible assets</i>	68,284	38,187	30,097
B II	<i>Tangible assets</i>			
	Gross value	150,647	118,297	32,350
	Amortization, depreciation and write-downs	(21,213)	(4,919)	(16,294)
	<i>Total tangible assets</i>	129,434	113,378	16,056
<i>Investments and own shares</i>				
B III I	Long-term investments	884	833	51
C III	(1/2/3) Investments listed under current assets		22,149	(22,149)
B III 4	Treasury shares listed under fixed assets			
C III 4	Treasury shares listed under current assets			
	<i>Total investments and treasury shares</i>	884	22,982	(22,098)
B 3 b	Provision for risks on investments	(1,170)	(1,170)	
B III 2 f	Guarantee deposits	176	783	(607)
	<i>Total investments, treasury shares and guarantee deposits</i>	(110)	22,595	(22,705)
	<b>Total intangible assets , tangible assets, investments, treasury shares and guarantee deposits</b>	<b>197,608</b>	<b>174,160</b>	<b>23,448</b>
B	<b>Fund provision for risks and charges</b>			
B I	<i>Staff leaving indemnity and similar obligations</i>	(13)		(13)
B 2	<i>Taxes:</i>			
a	Current			
b	Deferred	(2,779)	(4)	(2,775)
	<i>Total taxes</i>	(2,779)	(4)	(2,775)
B 3	<i>Other</i>			
a	Fund provision on pending litigations	(370)		(370)
c	Exchange rate fund provision			
d	Environmental improvement fund provision			
e	Fund provision for reorganization and liquidation			
f	Fund provision for other risks	(46)	(2)	(44)
	<i>Total other</i>	(416)	(2)	(414)
	<b>Total fund provision for risks and charges</b>	<b>(3,208)</b>	<b>(6)</b>	<b>(3,202)</b>
C	<b>Employee severance indemnity</b>	<b>(1,585)</b>	<b>(1,129)</b>	<b>(456)</b>
I	<b>NET TIED-UP CAPITAL</b>	<b>192,815</b>	<b>173,068</b>	<b>19,747</b>
C I	<b>Inventary</b>			
	Gross value	43,323	162	43,161
	Depreciation fund			
	<b>Total inventary</b>	<b>43,323</b>	<b>162</b>	<b>43,161</b>
C II	<b>Receivables</b>			
I	<i>Receivables from customers</i>			
	Gross value	55,289	10,246	45,043
	Devaluation fund	(1,576)	(486)	(1,090)
	<i>Total receivables from customers</i>	53,713	9,760	43,953
	<i>Receivables from Group companies</i>			
2a	subsidiaries		46	(46)
3a	affiliated companies	650	187	463
4a	parent companies	114	62	52
6a	other Group's enterprises	5	1	4
	<i>Total trade receivables from Group companies</i>	769	296	473
	<b>Total trade receivables</b>	<b>54,482</b>	<b>10,056</b>	<b>44,426</b>

Reclassification of the Group's Consolidated Balance Sheet according to the "net invested capital and financial resources" scheme. (continued)

(€/000)

Balance sheet items	31 December 2002	31 December 2001	Difference
<i>Other receivables</i>			
<i>Other receivables from Group companies</i>			
2c subsidiaries	2	5	(3)
3c affiliated companies		1	(1)
4c parent companies	1,841	335	1,506
6c other Group's enterprises			
<i>Total other receivables from Group companies</i>	1,843	341	1,502
<i>Other third party receivables</i>			
5b Other: advances	843	255	588
5c Other: tax income	7,535		7,535
5d Other: deferred taxes	2,898		2,898
5e Other: other	879	4,246	(3,367)
<i>Total other third party receivables</i>	12,155	4,501	7,654
<b>Total other receivables</b>	<b>13,998</b>	<b>4,842</b>	<b>9,156</b>
D <b>Prepayments and accrued income</b>	<b>2,061</b>	<b>1,404</b>	<b>657</b>
<b>Total assets</b>	<b>113,864</b>	<b>16,464</b>	<b>97,400</b>
D <b>Payables</b>			
<i>Trade payables</i>			
6 from suppliers	(39,772)	(12,761)	(27,011)
<i>Trade payables from Group companies</i>			
8a Subsidiaries		(43)	43
9a Affiliated companies	(114)	(69)	(45)
10a Parent companies	(637)	(359)	(278)
14a Other Group's enterprises	(24)	(81)	57
<i>Total trade payables from Group companies</i>	(775)	(552)	(223)
<b>Total trade payables</b>	<b>(40,547)</b>	<b>(13,313)</b>	<b>(27,234)</b>
<i>Other payables</i>			
<i>Other payables from Group companies</i>			
8c Subsidiaries			
9c Affiliated companies	(24)	(3,701)	3,677
10c Parent companies		(92)	92
14c Other Group's enterprises	(1,581)		(1,581)
<i>Total other payables from Group companies</i>	(1,605)	(3,793)	2,188
<i>Other third party payables</i>			
5 Advances	(4,421)	(105)	(4,316)
11 Tax debt	(6,740)	(1,901)	(4,839)
12 Social security debt	(1,373)	(340)	(1,033)
13 Other payables	(4,472)	(1,090)	(3,382)
<i>Total other third party payables</i>	(17,006)	(3,436)	(13,570)
<b>Total other payables</b>	<b>(18,611)</b>	<b>(7,229)</b>	<b>(11,382)</b>
E <b>Accrued liabilities and deferred income</b>	<b>(2,939)</b>	<b>(1,383)</b>	<b>(1,556)</b>
<b>Total liabilities</b>	<b>(62,097)</b>	<b>(21,925)</b>	<b>(40,172)</b>
2 <b>OPERATING CAPITAL</b>	<b>51,767</b>	<b>(5,461)</b>	<b>57,228</b>
3 <b>TOTAL NET INVESTED CAPITAL (1+2)</b>	<b>244,582</b>	<b>167,607</b>	<b>76,975</b>

Reclassification of the Group's Consolidated Balance Sheet according to the "net invested capital and financial resources" scheme. (continued)

Balance sheet items		31 December 2002	31 December 2001	(€/000) Difference
<b>FINANCIAL RESOURCES</b>				
A	<b>Net equity</b>			
I	Capital	(50,094)	(51,000)	906
II	Additional paid-in capital reserve	(14,959)	(8,279)	(6,680)
III	Revaluation reserve	(1,965)	(2,969)	1,004
IV	Legal reserve	(1,382)	(2,130)	748
V	Treasury shares reserve			
VI	Statutory reserve			
VII	Other reserves	(4,589)	(8,835)	4,246
VIII	Income / (loss ) brought forward	(344)		(344)
	<i>Total</i>	<i>(73,333)</i>	<i>(73,213)</i>	<i>(120)</i>
IX	Year's income / (loss)	(4,043)	(155)	(3,888)
	Group's net equity	<b>(77,376)</b>	<b>(73,368)</b>	<b>(4,008)</b>
	Third party interest	(4,437)	(3)	(4,434)
I	<b>TOTAL GROUP'S NET EQUITY AND THIRD PARTY INTEREST</b>	<b>(81,813)</b>	<b>(73,371)</b>	<b>(8,442)</b>
<b>Long-term financial receivables</b>				
<i>Third party</i>				
B III	2 d Other receivables - due over 12 months	248	35	213
	3 Other securities - due over 12 months	665		665
	<i>Total third party</i>	<i>913</i>	<i>35</i>	<i>878</i>
<i>Receivables from Group companies</i>				
B III	2a Subsidiaries - due over 12 months			
	2b Affiliated companies - due over 12 months			
	2c Parent companies - due over 12 months			
	2e Group's enterprises - due over 12 months			
C II	2b Subsidiaries - due over 12 months			
	3b Affiliated companies due over 12 months			
	4b Parent companies - due over 12 months			
	6b Group's enterprises -due over 12 months			
	<i>Total receivables from Group companies</i>			
	<b>Total long-term financial receivables</b>	<b>913</b>	<b>35</b>	<b>878</b>
<b>Long-term financial payables</b>				
<i>Third party</i>				
I	1 Debenture loans - due over 12 months	(42)	(51,000)	50,958
	2 Convertible debentures - due over 12 months			
	3 Banks - due over 12 months	(67,266)	(33,403)	(33,863)
	4 Other financing payables -due over 12 months	(7,708)		(7,708)
	7 Secured payables - due over 12 months			
	<i>Total third party</i>	<i>(75,016)</i>	<i>(84,403)</i>	<i>9,387</i>
<i>Payables from Group companies</i>				
	8b Subsidiaries -due over 12 months			
	9b Affiliated companies due over 12 months			
	10b Parent companies - due over 12 months		(7,489)	7,489
	14b Other Group's enterprises - due over 12 months			
	<i>Total payables from Group companies</i>		<i>(7,489)</i>	<i>7,489</i>
	<b>Total long-term financial payables</b>	<b>(75,016)</b>	<b>(91,892)</b>	<b>16,876</b>
	<b>Total long-term net financial position</b>	<b>(74,103)</b>	<b>(91,857)</b>	<b>17,754</b>

Reclassification of the Group's Consolidated Balance Sheet according to the "net invested capital and financial resources" scheme. (continued)

(€/000)

Balance sheet items	31 December 2002	31 December 2001	Difference	
<b>Short-term financial receivables</b>				
<i>Receivables from Group companies</i>				
B III 2a	Subsidiaries - due within 12 months			
2b	Affiliated companies -due within 12 months			
2c	Parent companies - due within 12 months			
2e	Other Group's enterprises - due within 12 months			
C II 2b	Subsidiaries - due within 12 months i	265	14,049	(13,784)
3b	Affiliated companies -due within 12 months			
4b	Parent companies - due within 12 months	14,674		14,674
6b	Other Group's enterprises - due within 12 months			
<i>Total receivables from Group companies</i>		14,939	14,049	890
<i>Receivables from third parties</i>				
C II 2d	Short-term financial receivables from third parties - due within 12 months			
5a	Other receivables - within 12 months			
C III 5	Other securities - due within 12 months			
6	Bills receivable -due within 12 months			
<i>Total receivables from third parties</i>				
C IV	Cash and bank	4,360	2,150	2,210
<b>Total short-term financial receivables</b>		<b>19,299</b>	<b>16,199</b>	<b>3,100</b>
<b>Short-term financial payables</b>				
<i>Payables from third parties</i>				
D 1	Debentures -due within 12 months			
2	Convertible debentures -due within 12 months			
3	Banks - due within 12 months	(93,814)	(2,013)	(91,801)
4	Other financing payables - due within 12 months	(11,298)	(136)	(11,162)
7	Secured payables -within 12 months			
<i>Total short-term financial payables from third parties</i>		(105,112)	(2,149)	(102,963)
<i>Payables from Group companies</i>				
8b	Subsidiaries - due within 12 months			
9b	Affiliated companies - due within 12 months			
10b	Parent companies - due within 12 months		(16,429)	16,429
14b	Other Group's enterprises - due within 12 months	(2,853)		(2,853)
<i>Total short-term financial payables from Group companies</i>		(2,853)	(16,429)	13,576
<b>Total short-term financial payables</b>		<b>(107,965)</b>	<b>(18,578)</b>	<b>(89,387)</b>
<b>Total short-term financial position</b>		<b>(88,666)</b>	<b>(2,379)</b>	<b>(86,287)</b>
<b>2</b>	<b>TOTAL NET FINANCIAL POSITION</b>	<b>(162,769)</b>	<b>(94,236)</b>	<b>(68,533)</b>
<b>3</b>	<b>TOTAL FINANCIAL RESOURCES (1+2)</b>	<b>(244,582)</b>	<b>(167,607)</b>	<b>(76,975)</b>



## > 6. Statutory Auditors' Report

## 6.1 Statutory Auditors' Report on EnerTAD SpA Consolidated Financial Statements

as of 31 December 2002

To the Shareholders,

The Board of Directors has drawn up the Consolidated Financial Statements as of 31.12.2002.

The undersigned statutory auditors, in compliance with Art. 41 of the Italian Law Decree 127/91, herewith state that, as for form and contents, these Consolidated Financial Statements have been drawn up consistently with the corresponding enforced regulations and provide a correct identification of the consolidation area.

The verifications carried out by Deloitte & Touche Italia SpA, the independent auditing firm entrusted with the auditing activity of these Consolidated Financial Statements, have confirmed that all the entries made into these Consolidated Financial Statements correspond to the Parent Company's accounting entries and to the information provided by all Subsidiaries.

Deloitte & Touche Italia SpA's report issued on 21 March 2003 states that the applied consolidation procedures comply with the law in force and correct accounting procedures.

As a result, these Consolidated Financial Statements are technically correct and compliant with the regulations in force.

*Milan, 21 March 2003*

The Statutory Board of Auditors  
Mr. Giorgio Bianchini Scudellari  
Mr. Marco de Ruvo  
Mr. Alessandro della Fontana

## > 7. Independent Auditors' Report

Deloitte & Touche Italia S.p.A.  
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**Deloitte  
& Touche**

**REPORT OF THE INDEPENDENT AUDITORS PURSUANT TO ART. 156  
OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998**

**To the Shareholders of  
EnerTAD S.p.A.**

1. We have audited the consolidated financial statements of EnerTAD S.p.A. and its subsidiaries as of and for the year ended December 31, 2002. These consolidated financial statements are the responsibility of EnerTAD S.p.A.'s Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain subsidiaries, the total revenues and assets of which represent 68,4% and 43,6% respectively of the consolidated amounts, have been examined by other auditing firms. Our opinion expressed in this report, insofar as it relates to the amounts included for those companies, is based also upon the audits of the other auditing firms.

For our opinion on the prior period's consolidated financial statements, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us (formerly "Arthur Andersen S.p.A.") on April 10, 2002.

**Deloitte  
Touche  
Tohmatsu**

Bari Bologna Brescia Firenze Genova Milano Napoli Padova Roma Torino Treviso Verona  
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Partita IVA 09869140153 - Codice Fiscale/Registro delle Imprese Milano n. 02466670581 - R.E.A. Milano n. 960046

3. In our opinion, the consolidated financial statements present fairly the financial position of EnerTAD S.p.A. and its subsidiaries as of December 31, 2002, and the results of its operations for the year then ended in accordance with the Italian regulations governing financial statements.

DELOITTE & TOUCHE ITALIA S.p.A.

Signed by Dario Righetti  
Partner

Milan, Italy  
March 21, 2003

This report has been translated into the English language solely for the convenience of international readers.









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