2008 Annual report

2008 Annual report

## Main ratios

(million of euro)

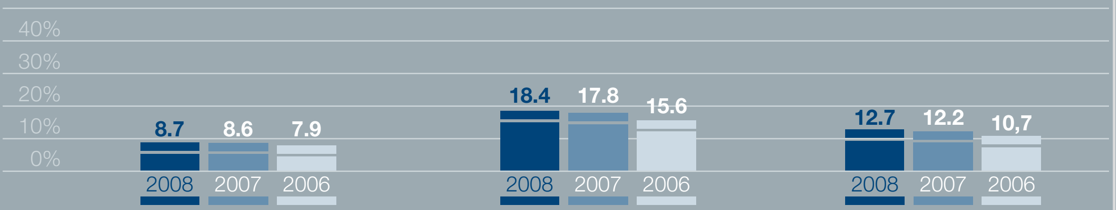
| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Main economic item | | | |
| Total revenues | **1,526** | 1,329 | 1,081 |
| EBIT | **133** | 114 | 85 |
| EBIT margin (%) | **8.7%** | 8.6% | 7.9% |
| Net income | **42** | 38 | 30 |
| Net margins (%) | **2.8%** | 2.9% | 2.8% |
| Main balance-sheet item | | | |
| Fixed assets | **356** | 333 | 287 |
| Net invested capital | **727** | 714 | 571 |
| Net financial position* | **(390)** | (397) | (286) |
| Net equity | **332** | 312 | 281 |

(*) Net financial position net of own shares

**R.O.S.**
EBIT / Total revenues

**R.O.I.**
EBIT / Net invested capital

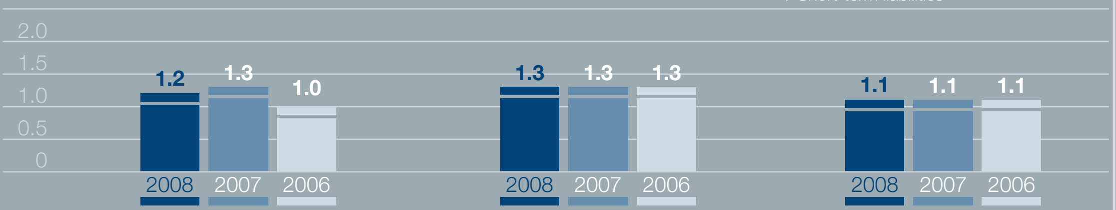
**R.O.E.**
Net income / Net equity




**Gearing Ratio**
Net financial indebtedness / Net equity

**Current Ratio**
Short-term liabilities / Short-term liabilities

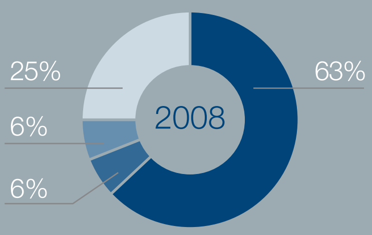
**Quick Ratio**
Total account receivables and cash / Short-term liabilities




## Human resources

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Main economic item | | | |
| Managers | **135** | 122 | 120 |
| Executives | **115** | 62 | 54 |
| Clerical workers | **2,425** | 2,265 | 1,738 |
| Workers | **7,509** | 6,400 | 4,709 |
| Total | **10,184** | 8,849 | 6,621 |

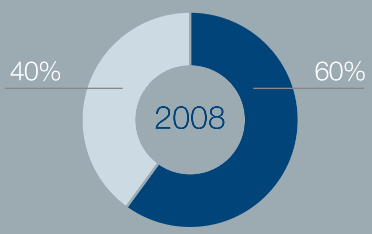
## Order backlog by line of business




(million of euro)

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Transport infrastructures | **5,291** | **5,386** | **4,355** |
| Hydraulic and hydroelectric works | **502** | **237** | **325** |
| Civil and industrial buildings | **545** | **574** | **630** |
| Concessions | **2,119** | **2,119** | **1,699** |
| Total | **8,457** | **8,316** | **7,009** |

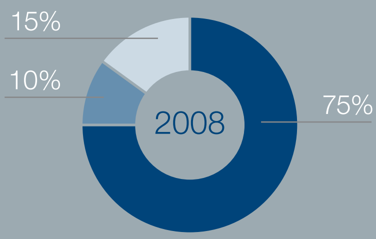
## Order backlog by geographical area




(million of euro)

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Italy | **5,111** | **5,539** | **4,881** |
| Abroad | **3,346** | **2,777** | **2,128** |
| Total | **8,457** | **8,316** | **7,009** |

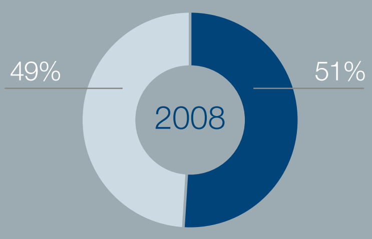
## Revenues by line of business




(million of euro)

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Transport infrastructures | **1,107** | **948** | **824** |
| Hydraulic and hydroelectric works | **144** | **145** | **100** |
| Civil and industrial buildings | **216** | **180** | **106** |
| Total | **1,467** | **1,273** | **1,030** |

## Order backlog by geographical area




(million of euro)

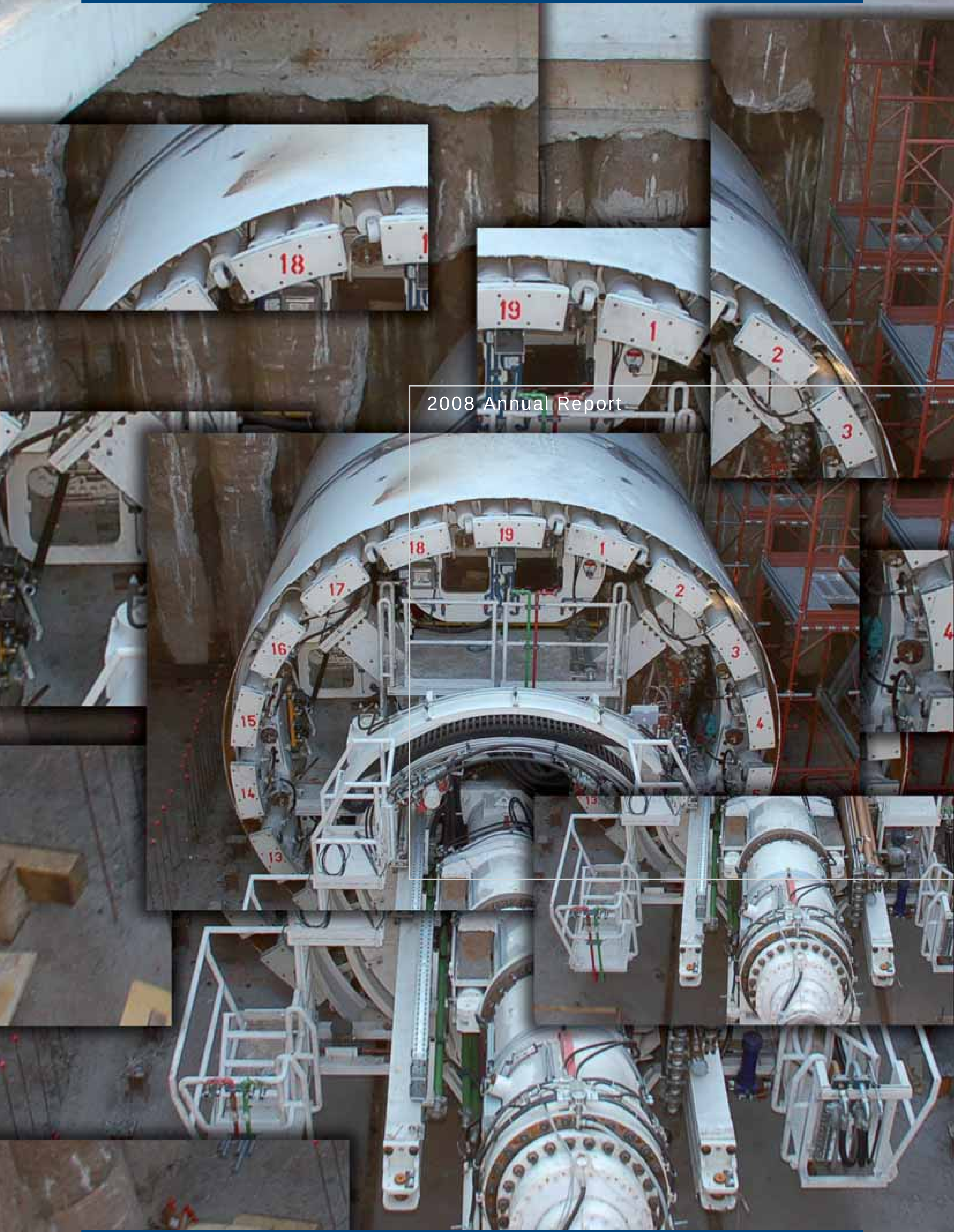
| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Italy | **750** | **489** | **383** |
| Abroad | **717** | **785** | **647** |
| Total | **1,467** | **1,273** | **1,030** |

A dream, a mission: building for progress

Satisfying clients’ needs in the best way possible, achieving growth targets in order to increase company value and providing the market with a suitable response at all times: Astaldi has been committed to creating ongoing progress since the 1920s.

ASTALDI®

# 2008 Annual Report



# contents

# Letter to Shareholders

Vittorio Di Paola,
Chairman of Astaldi S.p.A.

Dear shareholders,

The end of 2008 saw the conclusion of one of the postwar period's toughest years from the standpoint of the global macroeconomic picture. And in the current state of affairs, no end to the crisis may as yet be seen. Given this difficult setting for us to work in, we are particularly proud to announce to you that Astaldi – thanks to its strategic choices, its flexible business model, and its shrewdly planned activities – brilliantly overcame the ongoing crisis in 2008, continuing on the path of growth embarked on so many years ago.

I would therefore like to stress that despite the negative factors that have so conditioned the industry, Astaldi's operating results during 2008 well exceeded expectations. Revenues showed a 15.2% increase over 2007, reaching EUR 1,525.6 million, for a net profit of EUR 42.1 million. The orders backlog as of 31 December 2008 came to EUR 8,457 billion, EUR 1.6 billion of which in new orders acquired over the course of the year.

I would like to place due emphasis on certain particularly significant events in 2008, including the opening to the public of the new hospital in Mestre, a facility that combines architectural beauty with functionality, marking a real, internationally admired revolution in hospital construction. Another major, particularly significant project that makes us proud to be a part of a large Group is line C of Rome's underground – the so-called "archaeological underground." Heading a group of leading companies in the sector, Astaldi is carrying out an enormous excavation and construction project in a territory that is probably the planet's richest in archaeological finds. In doing so, it has shown organizational and technological skill, in addition to an environmental sensitivity commensurate with the importance of the areas traversed, making Astaldi the international leader in building complex underground transit lines.

As regards the Group's activities abroad, now that the contract for the Istanbul underground has been signed, Turkey has given us additional satisfaction, particularly in terms of international prestige, with the acquisition of the contract for the Golden Horn Bridge, which will cross the European bank of the Bosporus. In Chile, the Astaldi Group officially entered the renewable energies market with its participation in the Alto Cachapoal project, one of the most important in Latin America. There were also positive results in Eastern Europe, Romania, and Bulgaria, where in addition to regular continuance of the activities in progress, major new orders were acquired. Special mention should be made of the activities carried out in Algeria and Venezuela – countries fundamental to the Group's activity, where we continue being an integral part of infrastructural development.

But the accolades for 2008 – a successful year that has raised the Group's international prestige and opened up prospects for the future – are to be shared with the more than 10,000 people that are Astaldi's employees. And I would like to personally thank the Board of Directors, the Board of Auditors, the Directors, and all the Company's employees. With their contribution, the Astaldi Group has confirmed its standing as one of the country's leading industrial players; the results for 2008 demonstrate this fully.

Chairman

(Vittorio Di Paola)

# Main events of 2008

## Astaldi: taking the lead again in 2008, while earning new accolades in Italy and abroad.

New contracts in Romania with the third phase of the project to develop and modernize Bucharest's international airport, which strengthened Astaldi's role as the player of reference in Eastern Europe, set the stage for the main events in 2008. It was a year marked decisively by Astaldi's first-place finish in the international public tender to build the Istanbul underground under general contracting - the works will be definitively awarded to the Group when the contract is signed in March. In the oil&gas sector, the Group strengthened its presence in Qatar, with the design and construction of an aluminium production plant.
At home, April marked Astaldi's entry into the difficult sector of motorway concessions, when the syndicate to which Astaldi belongs was made sponsor of the initiative under project finance to link the Port of Ancona's with the surrounding major road system: 11 km of dual-carriageway road, prevalently underground. In the same sector, Astaldi won the tender to design and build, under general contracting, the first lot of the Pedemontana Lombarda motorway, for 47 km of road with 13 km

Opening of the new hospital in Mestre.

of tunnels and 1.7 km of bridges and viaducts.
In September, Astaldi took part in Chile's largest hydroelectric project, with an initiative under project finance for the design, construction, and subsequent management of the Chacayes dam in the valley of the Cachapoal river; this project marked the beginning of collaboration with Australia's Pacific Hydro, one of the world's leading groups, and Astaldi's entry into the renewable energies sector. The project heralded the building of more hydroelectric plants and new initiatives for which additional contracts are to be signed in 2009. The new contracts secured in September confirm the Group's deep know-how in power production plants, a sector in which Astaldi's revenues have earned it a sixth-place world ranking.

A hydroelectric plant that also included the construction of a new dam in El Salvador in October raised Astaldi's standing in Latin America; but it was Europe that closed out this extremely successful year on a high note, with the contract to build the Golden Horn Bridge in Turkey, which will cross the European bank of the Bosporus. Also known as the Halic Bridge, the structure will span about 1 km, linking Topkapi with Galata; this prestigious project will guarantee high, worldwide visibility.
New projects in Romania, with the contract to build a section of the Arad-Timisoara motorway, strengthened the Group's presence in Eastern Europe - the perfect end to an extremely successful year, rich in major events that helped Astaldi reach and exceed its economic objectives.

Italy, Rome Subway line C

# 2008 Annual Report

# Group Profile

# Astaldi Group

## Astaldi: one of the oldest construction companies in Italy, it has always looked towards the future.

“Construction” means approaching the future: indeed, no country or nation can forego creating new infrastructures in order to pursue real, tangible progress. Astaldi Group, that can boast more than eighty years of experience and a skilled workforce, sets a new term of comparison for all companies working in this sector, both in technological and managerial terms. An Italian company that focuses on the whole world and which thanks to its works can also let itself be admired by the world over.

Astaldi Group is one of the most important businesses in the construction sector at a global level, a leader in Italy as a general contractor and promoter of project finance initiatives. Established in the 1920s, in over eighty years of activity, the Group has skillfully performed numerous, major works in the fields of infrastructures and civil engineering, and made a name for itself which is known the world over. A Group formed of high profile managers and individuals that have succeeded in ensuring management continuity, steering the company along its path of constant growth and development. A Group that operates throughout Italy and that is committed to making known its modus operandi beyond Italian borders: Eastern Europe, South America, the United States, Africa and the Middle East are the areas where it can boast the strongest presence. Indeed, right from the very beginning, the Group extended its sphere of activity beyond national borders, becoming one of Italy’s best known operators abroad and building up a consolidated capacity to perform large-scale civil and industrial public works in a variety of conditions and situations. In its role of general contractor, the Group is able to manage and coordinate all the resources needed to operate, adopting the turnkey formula, from design to organization of financing, performance and management of complex, high-value works.

Astaldi currently boasts over 10,000 employees working at over 100 sites, which contribute to the development of 21 different countries, in the railway, road and airport infrastructures, energy production plants and civil and industrial construction sectors, as well as in the management of concessions related to transport infrastructures, car parks, hospitals and renewable energies.

Italy - The new Expo Fair Centre in Rho-Pero.

# Corporate Bodies

## Board of Directors [1]

| | |
|---|---|
| Honorary Chairman | Ernesto Monti |
| Chairman | Vittorio Di Paola |
| Deputy Chairman | Paolo Astaldi |
| Chief Executive Officer | Giuseppe Cafiero |
| Chief Executive Officer | Stefano Cerri |
| Directors | Caterina Astaldi |
| | Pietro Astaldi |
| | Luigi Guidobono Cavalchini Garofoli |
| | Franco Alfredo Grassini |
| | Mario Lupo |
| | Nicola Oliva |
| | Maurizio Poloni |
| | Gian Luigi Tosato |

## Internal Audit Committee

| | |
|---|---|
| Chairman | Mario Lupo |
| Members | Luigi Guidobono Cavalchini Garofoli |
| | Franco Alfredo Grassini |

## Remuneration Committee

| | |
|---|---|
| Chairman | Ernesto Monti |
| Members | Franco Alfredo Grassini |
| | Maurizio Poloni |

## Board of Auditors

| | |
|---|---|
| Chairman | Pierumberto Spanò |
| Statutory Auditors | Pierpaolo Singer |
| | Antonio Sisca |
| Substitute Auditors | Maurizio Lauri |
| | Flavio Pizzini |
| | Massimo Tabellini |

## Auditing Firm

| | |
|---|---|
| Auditing Firm | Reconta Ernst & Young S.p.A. |

## General Managers

| | |
|---|---|
| General Manager - International | Giuseppe Cafiero |
| General Manager - Domestic | Nicola Oliva |
| General Manager Administration and Finance | Citterio [2] |

| | |
|---|---|
| Deputy General Manager International | Rocco Nenna |
| Deputy General Manager International | Cesare Bernardini [3] |
| Deputy General Manager Domestic | Gianfranco Giannotti |
| Deputy General Manager Domestic | Luciano De Crecchio |

[1] Appointed by the Shareholders' Meeting of May 2, 2007 for the 2007-2009 three-year period, the Board of Directors shall remain in office until approval of the 2009 financial statements.

[2] Paolo Citterio, General Manager - Administration and Finance was appointed the Executive in charge of drafting corporate accounts pursuant to Article 154-bis, paragraph 2 of Legislative Decree No. 58/1998, by the Board of Directors on July 31, 2007.

[3] Luciano De Crecchio, former Central Manager, was appointed Deputy General Manager - Domestic by the Board of Directors of February 12, 2009.

# Group activities: over 80 years of large-scale works

## Let’s make the world move

Railways, undergrounds, roads, motorways, airports and ports in Italy and abroad: transport infrastructures represent the Group’s key sector, one where Astaldi has achieved high levels of technological expertise which place it among the global leaders in the infrastructures sector.
After having built undergrounds in Rome, Naples, Genoa, Milan, Copenhagen and Caracas, the Rome-Naples section of the High Speed railway, Rome’s north-west rail link and the Anatolian Motorway in Turkey, the Group is currently involved in works such as Brescia’s light underground, Bologna’s underground High Speed railway station, the Turin rail junction, the Milan rail link in Italy and, abroad, the Istanbul subway and the Hălic Bridge in Turkey, the main railway links in Venezuela, and relevant initiatives in Latina America and Eastern Europe.
The performance of many of said projects has entailed a number of complex solutions involving viaducts or underground routes. One such example is the general contracting project to construct Line C of the Rome underground. Said line will be driven and controlled at a distance by a driverless fully automated system, which serves to prove the Group’s level of construction and managerial excellence, acknowledged worldwide.
The most recent initiatives include the project finance contract to build Line 5 of the Milan underground, the

Railways and subways

Roads and highways

Ports and seaports

two mega lots of the Jonica National Road and new major contracts in Venezuela, Turkey and Romania.

### You need energy to build progress

Astaldi Group is also active in the energy production plants sector, especially abroad where it has completed numerous, major hydraulic works in China, Congo and Indonesia. In 2008, Astaldi entered into the sector of the renewable energies, with new orders in Chile and El Salvador. Astaldi has acquired significant experience in Italy in the construction of nuclear plants boasting state-of-the-art construction techniques and safety standards such as the Montalto di Castro plant and the PEC Station in Brasimone. At a domestic level, there are no lack of dams, hydroelectric plants, water systems, oil and gas pipe lines and treatment plants bearing the Astaldi name. In particular, mention must be made of the Pont Ventoux hydroelectric plant in Val di Susa.

### Large-scale works go to make a country civil

Large-scale building works contribute to a country's structural and social development: the Group has developed extensive know-how in the civil and industrial construction sector, especially with regard to healthcare facilities. The recently awarded project finance contract to construct and subsequently manage four hospitals in Tuscany, but also the concession for the construction and subsequent management of a new Hospital in Naples, fit into this context.

The most important projects performed in the civil and industrial construction sector also include the new hospital in Mestre: a highly specialized facility occupying an area of 117,600 square meters delivered in 2007 which saw the Group involved in the final and executive design as well as the construction and supply of medical equipment.

Milan's new Expo Fair Center in Rho-Pero is also one of Astaldi's pride and joys. The Group performed the project in the capacity of general contractor, assembling 111,000 tons of steel and 200,000 square meters of glass in just 24 months, completing one of the most impressive projects from an engineering and architectural viewpoint.

The diversification strategy adopted in recent years has also allowed the Group to acquire an important, acknowledged position in the industrial plant engineering sector in Saudi Arabia and Qatar.

### A strategic sector with considerable development potential in Italy and abroad

Concessions are a strategic sector for Astaldi Group offering considerable development potential, not only in Italy but also abroad, and where the Group has already acquired significant experience. The main areas of interest are healthcare construction, transport infrastructures, renewable energies and the mobility and car parks sector. It is also involved in foreign projects in the water sector.

Hydraulic and hydroelectric power plant

Civil and industrial building

Concessions

# Astaldi worldwide

## Let's build up Italy's good name worldwide.

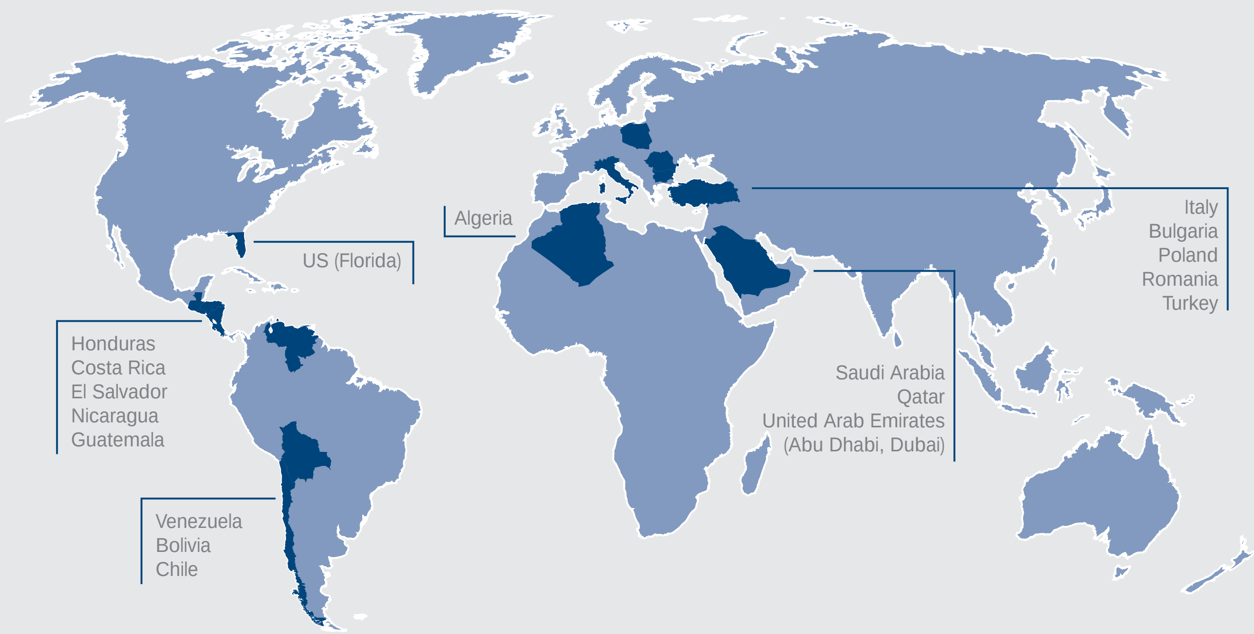
The Group has always been a key player on the international scene and expansion of its sphere of activity is seen as a strategic challenge which has proved to be a winner. Astaldi is a well-known, much appreciated name in Europe and the rest of the world because the works performed, the scale of its projects and the undeniable development of the countries and situations it operates in speak for themselves.

Romania, Bulgaria and Turkey have become important clients as regards roads, railways, undergrounds and motorways. Algeria and Morocco are the African countries which see Astaldi mainly involved in the construction of dams and water systems, as well as motorways and railways. As regards America, Venezuela, Bolivia, a large part of Central America and the United States of America (Florida) and, recently, Chile and El Salvador have entrusted Astaldi with the design and construction of infrastructures, roads, railways and undergrounds and renewable energies. And lastly, the Middle East with Qatar, Saudi Arabia and the United Arab Emirates where Astaldi's involvement in major projects in the oil & gas sector helps export Italian know-how to the industrial plant engineering sector.

Venezuela, Caracas-Tuy Medio Railway.

Qatar, GTL Plant in Ras Laffan.

## Group's presence at an International level




Areas of interest: Perù, Panama.

Turkey, Anatolian Motorway.

# Strategies, resources and responsibilities

## The solidness of a major Group

2008 was a year of growth for Astaldi Group which succeeded in confirming the targets set in the previous year thanks to a major improvement in the quality and quantity of its orders backlog. Economic soundness, flexibility of strategic policies, the increase in contracts managed using the general contractor formula and the increase in project finance initiatives allowed the Group to reap the rewards of commercial and production efforts made. The orders backlog grew in those countries where the Group can boast a long-standing presence such as Latin America, the Maghreb, Eastern Europe, Turkey and the Arabian Peninsula. These areas all contributed to the positive results of 2007. New opportunities will arise in some new areas, such as Chile and Poland, that will support Astaldi's ability to achieve and outdo the strategic targets set.

In Italy, a real international showcase for the Group, Astaldi is ready to act on the growth opportunities that will arise and remain focused on all the possible infrastructure developments that may come from Expo 2015.

## A large group of people is the best resource for growth

Optimization and retention of its staff and workers and improvement of professional areas of excellence

Italy, Naples Underground.

in order to guarantee a future in keeping with the current growth trend. This is the human resources management policy adopted by the Group whose commitment in this regard has always been rewarded. Careful maintenance of the wealth of expertise and know-how the Group is able to boast, staff improvement through the inclusion of qualified professionals from foreign markets and the hiring of high-potential graduates: this is Astaldi's formula for constructing a future in line with the positive achievements to date.

## Safety and the environment – a matter of responsibility

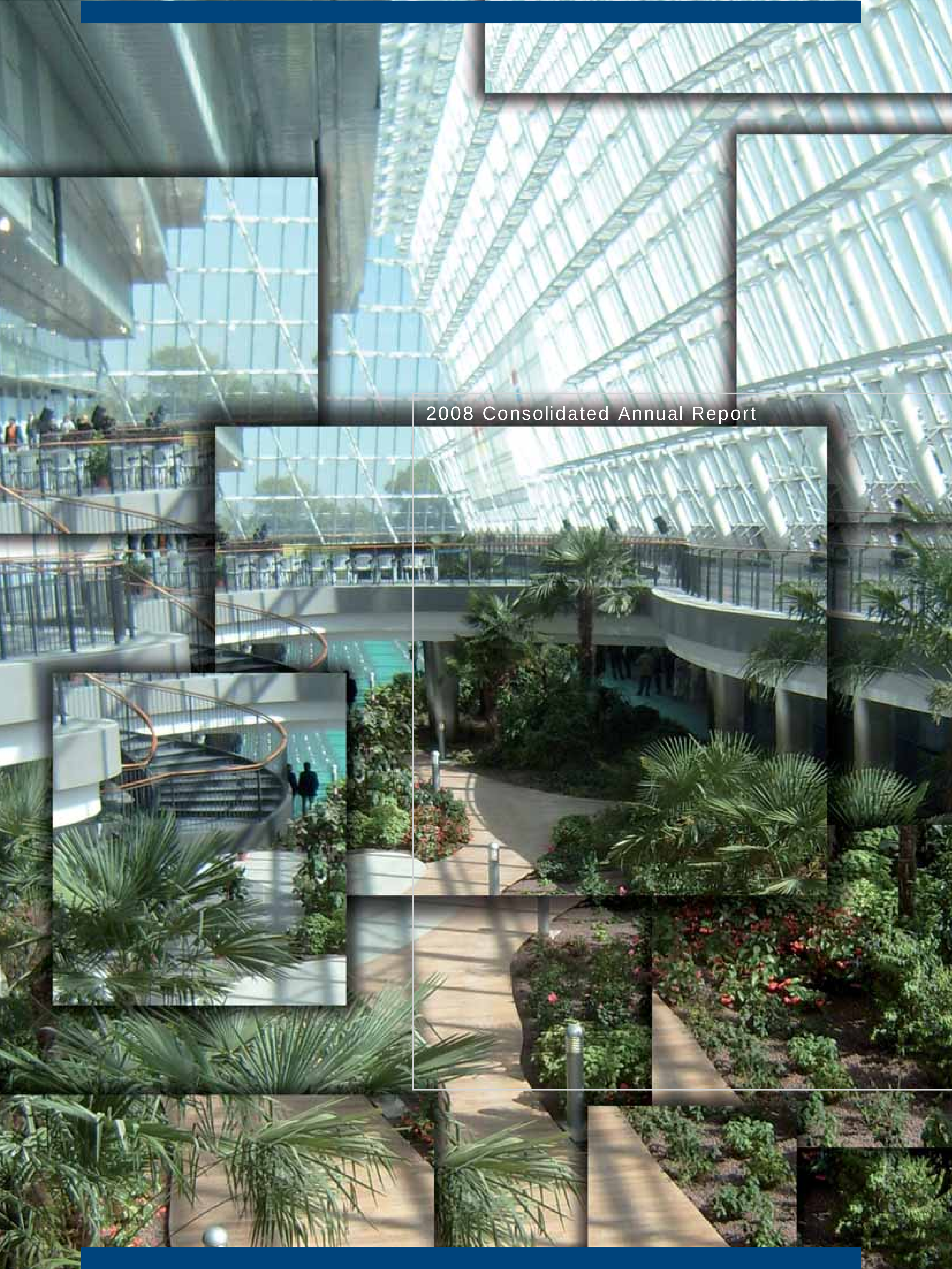
Health and safety have always been two key issues for the Group. In 2008, following the increasing general focus placed on social and environmental problems, a project to further develop management of occupational health and safety and protection of the environment was formulated.

Reference to international standards – ISO 9000, ISO 14000 and OHSAS 18001 - guarantees the effectiveness of the corporate management system adopted.

Careful maintenance of the wealth of expertise and know-how the Group is able to boast, staff improvement through the inclusion of qualified professionals from foreign markets and the hiring of high-potential graduates

Italy, Pont Ventoux Hydroelectric Power Plant.

Denmark, Copenaghen Underground.



# 2008 Consolidated Annual Report

# Consolidated Annual Report

# Calling of Shareholders' Meeting

The shareholders are called upon to attend the Ordinary Shareholders' Meeting at the company's offices at Via Giulio Vincenzo Bona 65, Rome, on April 23, 2008, at 9.00am in first call, and on April 24, 2008 at the same time and location in second call, if need be, to discuss and resolve upon the following.

- Approval of the Annual Financial Statements at December 31, 2007. Related and consequent resolutions.
- Resolutions regarding the sale and purchase of treasury shares.

Shareholders with voting rights may take part in the Meeting provided the authorized broker undertakes to transmit the certification required within 2 days prior to the date of first call of the Meeting.

In order to facilitate checking of the right to take part in the Meeting, the company asks shareholders to transmit documentation certifying said right by mail to INFOMATH S.r.l. – f.a.o. Elisa Zaninelli – Via S. G. Bosco 3, 24126 Bergamo, or by fax to 035-3840396, at least two days prior to the date of first call of the Meeting.

Documentation related to the items on the agenda shall be filed at the company's offices and Borsa Italiana S.p.A. within the terms provided for in current legislation. Shareholders are entitled to obtain a copy of said documentation at their own expense.

Experts, financial analysts and accredited journalists that plan to attend the Shareholders' Meeting must forward a request to Astaldi S.p.A. - f.a.o. External Relations and Investor Relations Office - by email to investor.relations@astaldi.com, or by fax to 06/41.76.67.33, at least two days prior to the date of first call of the Shareholders' Meeting.

On behalf of the Board of Directors<br>
(The Chairman)<br>
Vittorio Di Paola

# Information on operations

## Introduction

Legislative Decree No. 32 of 2 February 2007 ("Implementation of Directive 2003/51/EC amending EEC Directive Nos. 78/660, 83/349, 86/635 and 91/674 regarding annual and consolidated accounts of some categories of companies, banks and financial institutes and insurance companies") amended, inter alia, Articles 40 (Management Report) and 41 (Auditing of consolidated financial statements) of Legislative Decree No. 127/1991. Specifically, with reference to Article 40 of Legislative Decree No. 127/1991, it has been envisaged that, with regard to preparing consolidated financial statements, the management report of the consolidated financial statements and the statutory financial statements of the parent company "may be presented in a single document, in case the major issues of importance for all the companies included in the consolidation area are addressed". Given the Group's structure, the company applied for this possibility and hence this management report (referring to the 2008 Annual Financial Statements) includes information mentioned in the management report to the consolidated financial statements and in the management report of the parent company Astaldi S.p.A.'s.

## The reference scenario

An assessment of the results achieved by the Group in 2008 should include an observation, although a brief one, regarding the changes in the global macroeconomic situation.

The year just ended was characterised by a gradual downturn of the global economic system which brought with it a large number of problems to be dealt with and generated negative effects on all production sectors, fuelling one of the worst financial crises of the last one hundred years. A phenomenon which is expected to generate consequences, and possibly the most significant ones, during 2009 and the early part of 2010.

Within such a complex overall situation, the crisis regarding liquid assets, the consequent worsening of credit conditions for businesses and families and the inflationary tendencies resulting from the price increase of raw materials seen during the first part of 2008, which seriously affected the public works sector during the year, represented just some of the serious problems faced during the year.

Despite this, 2008 showed further consolidation of Astaldi's business activities. The Group strengthened its presence in the areas and sectors where it is traditionally operational and, at the same time, increased commercial penetration activities in related markets and sectors it has recently branched into which offer new and interesting development opportunities. A strategy which has resulted in balanced diversification of the orders backlog and revenue mix that are well distributed between domestic and foreign activities and which, regarding sectors, optimise the competitive positioning long since achieved by the Group so as to ensure stable margins and the ability to develop business even given the extremely complex macro-

economic conditions.
In this regard, listing in the world's "*2008 ENR Top International Contractors*", compiled by *Engineering News Record*, with regard to the sector at a global level, is of great significance. Indeed the listings for 2007 place Astaldi in 58th position regarding foreign turnover while at a global level it holds 4th position with regard to the waterworks sector, 20th position regarding turnover from the transport infrastructures sector, 6th position regarding turnover generated by the underground and rail transport sector, 12th position regarding motorway transport and 18th position regarding energy production plants[1].

A brief summary of the reference scenario in the countries of major interest for the Group is listed below.

**Italy**
Opting to play on the public demand for infrastructure investments is a typical anti-cyclical action, widely experimented in the past in order to face periods of major recession, which almost all the world's governments are making use of in recent times. Regarding Italy, the current government has shown its awareness of the fact that, despite the structural lack of financial resources, the country needs to invest in improving and modernising available infrastructures insofar as the lack of modern, efficient infrastructures penalises Italy with regard to the leading European economies, involving not only economically marginal areas, but also key regions for the production of Italy's wealth. These observations have led the current government to consider making up Italy's backwardness regarding infrastructures to be one of its primary goals. All the more so, given that the re-launch of infrastructure investments would not only make it possible to eliminate one of the Italian economy's major weaknesses, but also to promote employment and domestic demand. It remains to be seen how these observations will be converted into items of expenditure. In this regard mention must be made of the infrastructure plan approved by CIPE (Interdepartmental Committee for Economic Planning) on 6 March 2009 which has availed itself of released funds and new resources to make available EUR 17.8 billion for 2009-2010: EUR 16.6 billion for infrastructures, EUR 1.2 billion for school buildings and EUR 200 million for prison facilities[2]. The projects included in such plan, all of which can be ready and started-up in the short-term, include works of utmost interest for Astaldi Group mainly involving the motorway, rail and underground transport sector, both construction projects and concessions with specific reference to the improvement of urban mobility and cross-border links. Awarding of Expo 2015 to the city of Milan may also offer additional opportunities, both in the civil and industrial construction and the transport and mobility sectors.
Without prejudice to all of the above needs, and given the physiological lack of financial resources, new vitality may come from Public-Private Partnerships (PPPs), able to satisfy the needs, both in financial and managerial terms, generated by the construction of complex works. Indeed, if on the one hand the concessions market is seriously affected by the current macroeconomic situation, on the other hand the 3rd Corrective Decree to the Contract Code (Legislative Decree No. 152 of 11 September 2008) reintroduced the principle of the right of pre-emption for the Sponsor and accelerated the procedure of awarding to private entrepreneurs (eliminating the negotiated procedure). These factors have generated a positive change in the approach of private operators to the project finance market, allowing for the prospect of new and interesting opportunities in this sector where Astaldi has acquired important financial and technical

[1] Source: *ENR Top Global Sourcebook 2008 (Top International Contractors in Transportation, Top 5 International Contractors in Aqueducts, Top 15 International Contractors in Mass Transit & Rail, Top 20 International Contractors in Highways and Top 20 International Contractors in Water Supply),* listings compiled by *Engineering News Record* on the basis of turnover generated at a consolidated level in 2007 *(Engineering News Record*, August 2008).

[2] Source: Ministry of Infrastructures, press release dated 6 March 2009 ("*Infrastrutture: Matteoli*, dal CIPE *via libera a 17,8mld di opere"*, www.infrastrutture.gov.it).

know-how and can boost suitable professional and technical skills in order to fully exploit such opportunities.

**Eastern Europe**

While not being unaffected by the general economic crisis, this area presented interesting development opportunities especially in Romania where Astaldi has operated for more than twenty years and is one of the most acknowledged operators in the local production fabric. Indeed, infrastructure modernisation represents one of the top priorities of the new Romanian government which is focusing on the country's complete integration into the European Union as a growth and development factor. The new government, which is able to rely on a consolidated majority of more than 70% in parliament – this had not been the case for several terms – has asserted the importance of investing in infrastructures to counteract the general economic crisis which is clearly affecting Romania as well. However, an increase in the GDP (between 1 and 1.5%) is forecast for 2009, even if smaller than in previous years. The timeframe and operating procedures with which available cohesion funds will be converted into public tenders remain to be understood.

**USA**

Astaldi Group is present in America solely in the state of Florida. More generally, it is important to take note of the investment plan for which the USA's new government has already set money aside through *ARRA - American Recovery and Reinvestment Act*, a once-for-all funding programme aimed at re-launching the entire American economy. More than USD 62 billion has been allocated for the infrastructure programme alone, of which USD 48 billion for the Department of Transport, with approximately USD 7 billion assigned to the state of Florida, USD 7.2 billion to the EPA *(Environmental Protection Agency)* for environmental upgrading and USD 4.6 billion to the *US Army Corps of Engineers*. Such funding is to be taken as in addition to the incentive launched by the state of Florida at the same time, aimed at promoting employment through new transport infrastructures. Hence the expectation of a considerable increase in commercial opportunities in this area as from the end of the second quarter of 2009, which may also include interesting possibilities linked to PPP projects, a sector where the Group is able to offer the significant experience it has already acquired in other areas of the globe.

**Latin America**

This area offers considerable development opportunities. Specifically, Venezuela is a market where Astaldi Group has operated successfully for 30 years and where there may be considerable additional business opportunities as a result of bilateral agreements between the Italian and Venezuelan governments signed in January 2008 and related to improvement of the country's infrastructures.

**Turkey**

Important projects involving the transport sector are expected in this area. Additional acceleration of investments in the country's infrastructures may come about as a direct result of privatisation of the energy and motorway sectors.

**Algeria**

Important investments are expected in this area, especially in light of the large amount of available funds generated by revenue from the sale of gas. Algeria can be looked on a genuine gas reservoir at a global level. On the basis of the content of the Report for the Milan Chamber of Commerce's 6th Euro-Mediterranean Workshop, the investments expected for the transport infrastructure sector (ports, airports, railways and motorways) alone may total EUR 140 billion for the 2008-2010 three-year period. Specifically, the aim of the national railway transport company (SNTF) is to increase the share of national transport covered by rail transport from 5% to 20% by 2015.

**Middle East**

The credibility earned by the Group, especially regarding industrial plant engineering applied to the raw material extraction sector, allows for the prospect opportunities for an increasingly important presence in this geographical area. It must be recalled that regarding the Middle East, the Group's interest is concentrated mainly in the oil&gas sector, working together with the main plant engineering and engineering companies operating at a global level, where the Group's operating ability and reliability currently represent an important advantage regarding undertaking a new, second expansion phase.

In light of the above, it is important to note that the overall policy adopted by the Group with regard to managing the country/risk is aimed at ensuring suitable geographical diversification of activities. Therefore, each individual commercial project is assessed within a general strategic framework compiled while performing business planning, which is aimed at not increasing the importance of each individual area beyond set limits.

## Analysis of the Group's economic, equity and financial results

Despite all the completely unforeseeable exogenous factors which had a negative effect on the reference sector for Astaldi's business activities, with the most important of these being the abnormal price trend recorded for production factors during 2008, the Group's operating results for the year just ended are in line with forecasts.

Indeed, due to the ability to plan activities and the strategic choices formulated during recent years, the forecast levels of earnings can be confirmed despite the unexpected decline in the general macroeconomic situation and even given the inflationary trends generated in the first part of the year as a result of the price increase in raw materials.

The size and quality of the Group's orders backlog, the solidity of its equity and financial structure, the soundness and coherence of its management choices to date and a flexible business model, able to guarantee effective, successful geographical and sectorial diversification, have all played a key role during such a complex period. Indeed, during the current phase of market instability, such elements have represented a genuine strategic and competitive advantage for the Group, going to form a solid base on which to develop future activities. The result is a financial risk profile that is on the up, favoured by cash flow dynamics for projects in progress which generate positive effects, and by a more balanced use of resources and consequent reduction of invested capital.

Reeference is made to below listed overview for a more in-depth look at the economic, equity and financial events and dynamics recorded during the year.

## Reclassified consolidated income statement

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % |
|---|---|---|---|---|
| Revenues | 1,466,848 | 96.1 | 1,273,373 | 95.8% |
| Other oparating revenues | 58,792 | 3.9 | 55,758 | 4.2% |
| Total revenues | 1,525,640 | 100.0 | 1,329,131 | 100.0% |
| Cost of production | (1,117,3123) | -73,2 | (948,890) | (71.4)% |
| Added value | 408,328 | 26.8 | 380,241 | 28.6% |
| Personnel costs | (213,364) | (14,0) | (193,889) | (14.6)% |
| Other operating costs | (20,004) | (1.3) | (30,883) | (2.3)% |
| EBITDA | 174,960 | 11.5 | 155,470 | 11.7% |
| Amortisation and depreciation | (41,456) | (2.7) | (35,794) | (2.7)% |
| Provisions | (1,277) | (0,1) | (2,582) | (0.2)% |
| Write-downs | (500) | 0.0 | (3,535) | (0.3)% |
| (Capitalization of internal construction costs) | 837 | 0.1 | 550 | 0.0% |
| EBIT | 132,564 | 8.7 | 114,109 | 8.6% |
| Net financial income and charges | (64,729) | (4.2) | (45,542) | (3.4)% |
| Effects of valutation of shareholdings at equity | 3,645 | 0.2 | 2,101 | 0.2% |
| Pre-tax profit (loss) | 71,479 | 4.7 | 70,667 | 5.3% |
| Taxation | (26,718) | (1.8) | (32,251) | (2.4)% |
| Profit (loss) for the year | 44,761 | 2.9 | 38,416 | 2.9% |
| Minority profit (loss) | (2,660) | (0.2) | (319) | (0.0)% |
| Group net profit | 42,101 | 2.8 | 38,097 | 2.9% |

The Group's accounts for 2008 reflect the major boost given to production activities both in Italy and abroad, also as a result of general contracting and project finance initiatives started up in recent years entering the full production phase. The figures also reflect the gradual improvement in the quality of the orders backlog. This has encouraged stabilisation of the Group's earning and operating profile at high levels due to the prevalence among orders in progress of contracts characterised by a high technical-managerial content.

The main income statement items are commented below. For more information regarding the dynamics of the individual components of each item looked at, please refer to the content of the notes to these financial statements.

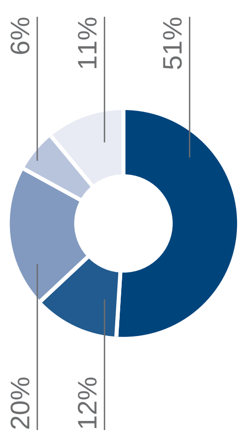
### REVENUES

Revenues at 31 December 2008 amounted to EUR 1,466.8 million, up by 15.2% compared to EUR 1,273.4 million at the end of 2007. The increase was mainly due to the stepping up of production activities in Italy as a result of general contracting and project finance initiatives acquired in recent years entering the full production phase.
The domestic sector accounted for 51% of revenues due to the positive performance of contracts in progress to construct the new Bologna Centrale High Speed railway station, the Turin railway junction, the Naples underground, Megalot "DG21" of the Jonica National Road and the Academy for Italian Police Officers ("Scuola dei Brigadieri e dei Marescialli dei Carabinieri") in Florence. Note must be taken of the open-

ing at the end of the year of a first section of Turin's Porta Susa Station which is set to become the city's most important station. Works under construction of the new Line 5 of the Milan underground and Line C of the Rome underground are going ahead as planned. On the other hand, regarding the contract to construct the Brescia underground, note must be taken of the negative operating results recorded linked, among other things, to problems of a mainly archaeological nature for which efforts are being made to reach a positive solution using traditional settlement procedures.
The foreign sector also made an important contribution accounting for 49% of revenues due to the positive performance of activities in progress in Venezuela (transport infrastructures), Algeria (transport infrastructures and energy production plants) and Romania (transport infrastructures, civil construction).
Transport infrastructures, mainly railways and undergrounds, accounted for 75% of revenues and proved once again to be the key sector for the Group's activities. This sector is followed by civil and industrial construction (15%) and energy production plants (10%). On the other hand, the concessions sector's contribution to revenues is still not visible, but the Group is able to boost a leading presence in this sector whose first positive effects on margins will start to be seen as from next year with the new hospital built in Mestre entering the full management phase.

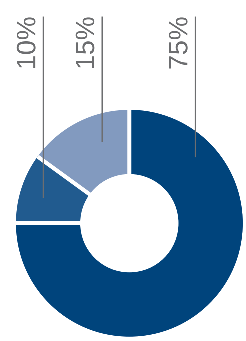
A graph below shows the current composition of revenues by geographical area and sector as well as year-on-year changes.

## Revenues by geographical area




- Italy
- Europa
- America
- Asia
- Africa

## Revenues by sector




- Transport infrastructures
- Hydraulic works and energy production plants
- Civil and industrial construction

## Year-on-year comparison of revenues by geographical area

| (in millions of euros) | 31/12/08 | % | 31/12/07 | % |
|---|---|---|---|---|
| Italy | 750 | 51% | 488 | 38% |
| Abroad | 717 | 49% | 785 | 62% |
| Europe | 173 | 12% | 188 | 15% |
| America | 300 | 20% | 377 | 30% |
| Asia | 85 | 6% | 50 | 4% |
| Africa | 159 | 11% | 170 | 13% |
| TOTAL | 1,467 | 100% | 1,273 | 100% |

## Year-on-year comparison of revenues by sector

| (in millions of euros) | 31/12/08 | % | 31/12/07 | % |
|---|---|---|---|---|
| Transport infrastructures | 1,107 | 75% | 948 | 74% |
| Hydraulic works and energy production plants | 144 | 10% | 145 | 11% |
| Civil and industrial construction | 216 | 15% | 180 | 14% |
| TOTAL | 1,467 | 100% | 1,273 | 100% |

**Other operating revenues** amounted to EUR 58.8 million, up by 5.4% compared to EUR 55.8 million at the end of 2007. Such increase can be mainly attributed to the increase in activities not directly associated with production but, nevertheless, linked to the core business and of an ongoing nature.
Therefore, **total revenues** amounted to EUR 1,525.6 million which, if compared to EUR 1,329.1 million at the end of 2007 mean a 14.8% increase which is in keeping with the forecast for this income statement item formulated during business planning.

## COST OF PRODUCTION

The structure and scale of production costs reflect the increase seen in production activities and gradual shift in the orders backlog towards general contracting projects.
The **cost of production**, in the sense of purchases and services, amounted to EUR 1,117.3 million (up 17.7% compared to EUR 948.9 million at the end of 2007) with an incidence on total revenues that rose to 73.2% (from 71.4% in the same period of 2007). The increase was due to works performed as part of a consortium that are not split according to type and to the increased volume of activities referred to previously, and was also affected by the dynamics recorded during 2008 in the cost of raw materials which failed to have significant consequences on Group accounts due to an effective cost management and control policy implemented at a consolidated level.
**Personnel costs** amounted to EUR 213.4 million (up 10% compared to EUR 193.9 million in 2007) with an

incidence on total revenues which dropped to 14% (from 14.6% at the end of 2007) as a result of the greater economies of scale achieved during the year and increased outsourcing of activities that is typical of general contracting projects.

**Other operating costs** amounted to EUR 20 million, down by 35.3% compared to EUR 30.9 million at the end of 2007 which is to be attributed to other operating cost dynamics. This resulted in a more limited incidence on total revenues equal to 1.3% (2.3% at 31 December 2007).

## OPERATING RESULTS

The Group's overall earning profile benefitted from the positive trend of activities and the orders backlog's improved average earnings which, on the whole, made it possible to achieve the earnings target set for 2008 despite the difficulties experienced by the system the Group operates in over the year.

**EBITDA** (gross operating margin) which increased by 12.5% to EUR 175 million at the end of 2008 (EUR 155.5 million in 2007) determined an EBITDA margin of 11.5% (11.7% at the end of 2007).

**EBIT** (net operating result), equal to EUR 132.6 million, showed a more marked increase of 16% compared to EUR 114.1 million at 31 December 2007, with an EBIT margin of 8.7% (8.6% at the end of 2007).

## NET FINANCIAL CHARGES

**Net financial charges** amounted to EUR 64.7 million, up by 42.1% year-on-year (EUR 45.5 million at 31 December 2007). This was due to greater average financial exposure following the increase in invested capital typically associated with an increase in production volumes, a slowdown in some contract payments and greater undertakings in terms of furnished guarantees, considering the greater average value of contracts currently included among the orders backlog (bid bonds, performance bonds). This resulted in an increase in the level of the burden of debt, offset during the year by considerable growth in the return on investment (ROI)[3] which went from 16% for the same period of last year to 18.4%.

## TAXES

Taxes amounted to EUR 26.7 million (EUR 32.3 million at 31 December 2007), with a 37% tax rate which was significantly down on the 46% tax rate recorded at the end of the previous year. This improvement was due to the action taken at a consolidated level to optimise international taxation. However, even if such tax rate offers evidence of more precise tax planning, it cannot be taken as definitive for the future insofar as related to stratification of the total income according to geographical area, and to the different taxation reserved for individual economic items.

## NET PROFIT

The Group's good operating performance and improved cost structure resulted in an increase in net profit.

**Profit for the year** was up by 16.5% amounting to EUR 44.8 million (EUR 38.4 million in 2007) and, excluding **minority profit** of EUR 2.7 million related to joint venture projects mainly developed in foreign markets, **net profit** amounted to EUR 42.1 million (up by 10.5% compared to EUR 38.1 million at 31 December 2007). The net margin remained more or less stable at 2.8%.

[3] ROI (*Return On Investment*) is calculated as the ratio between EBIT (net operating result) and the average invested capital for the period.

## Group equity and financial performance

### Reclassified consolidated balance sheet

| (in thousands of euros) | December 31, 2008 | December 31, 2007 |
|---|---|---|
| Intangible fixed assets | 3,711 | 3,374 |
| Tangible fixed assets | 272,198 | 246,675 |
| Investments | 53,252 | 52,979 |
| Other net fixed assets | 26,433 | 30,364 |
| TOTAL Fixed assets (A) | 355,594 | 333,392 |
| Inventories | 84,941 | 60,915 |
| Contracts in progress | 584,993 | 519,229 |
| Trade receivables | 34,984 | 36,867 |
| Accounts receivable | 481,781 | 426,223 |
| Other assets | 229,132 | 166,556 |
| Tax receivables | 89,138 | 88,592 |
| Advances from clients | (351,544) | (237,466) |
| Subtotal | 1,153,425 | 1,060,916 |
| Trade payables | (66,676) | (88,437) |
| Payables to suppliers | (480,033) | (383,834) |
| Other liabilities | (203,642) | (173,142) |
| Subtotal | (750,350) | (645,413) |
| Working capital (B) | 403,074 | 415,503 |
| Employee benefits | (10,314) | (10,932) |
| Provisions for non-current risks and charges | (21,153) | (23,570) |
| Total Provisions (C) | (31,467) | (34,502) |
| Net invested capital ( D ) = ( A ) + ( B ) + ( C ) | 727,201 | 714,393 |
| Cash and cash equivalents | 333,759 | 295,538 |
| Current financial receivables | 17,346 | 22,943 |
| Non-current financial receivables | 2,423 | 2,423 |
| Securities | 4,901 | 8,299 |
| Current financial liabilities | (275,448) | (319,685) |
| Non-current financial liabilities | (478,308) | (411,826) |
| Net financial payables/receivables ( E ) | (395,327) | (402,309) |
| Group equity | (325,327) | (310,251) |
| Minority equity | (6,547) | (1,834) |
| Equity ( G ) = ( D ) - ( E ) | 331,874 | 312,085 |

Consistent with the income statement, the Group's equity and financial structure reflects the major boost to production activities seen in recent years, as well as the special attention paid to levels of indebtedness. Confirmation is offered of the consequences of an investment policy aimed at favouring and promoting general contracting projects with a high technological content as well as project finance initiatives which, by their very nature, have non-recourse debt structures and hence a more limited financial risk profile.
The changes in the main balance sheet items during the year are described below together with a brief analysis of changes in the net financial position.

## Net fixed assets

**Net fixed assets** at 31 December 2008 amounted to EUR 355.6 million, up on EUR 333.4 million reported at the end of 2007. The increase is to be attributed mainly to the change in **tangible fixed assets** which increased to EUR 272.2 million at the end of 2008 (EUR 246.7 million at 31 December 2007), also a result of investments in project finance initiatives made during the year. While there was a year-on-year drop in **other net fixed assets** which amounted to EUR 26.4 million (EUR 30.4 million at the end of 2007). However, the percentage incidence on the total production of "ordinary" investments, in other words excluding those related to project finance initiatives, tends to be in line with the figures already provided when presenting the business plan.

## Working capital

On the one hand, the dynamics of working capital and its components reflect the greater production levels achieved during the year, on the other hand these are to be related to the collection of major credit items. The improved cash flow effect of some major foreign projects was also positive due to advances recorded, especially during the latter part of the year.
There was an increase in **contracts in progress** which amounted to EUR 585 million at the end of 2008 (EUR 519.2 million at 31 December 2007), and **other assets** totalled EUR 229.1 million (EUR 166.6 million at the end of 2007).
**Advances from customers** equalled EUR (351.5) million compared to EUR (237.5) million at the end of the previous year.
Note must also be taken to the fact that the change in the type of orders backlog seen in recent years has resulted in a change in invoicing insofar as there has been a switch from monthly invoicing of works performed to invoicing upon achievement of contractual

Italy, Bologna Centrale High-Speed Railway Station milestones, with a consequent increase in the average invoicing and receipt timeframes offset by collection of advance payments. This results in an overall increase in credit and debit items related to the same contract. Therefore, to conclude, there was a drop in **working capital** which amounted to EUR 403.1 million compared to EUR 415.5 million at 31 December 2007, which is even more remarkable if associated with the marked increase in production volumes seen during the year.

## Net invested capital

Net invested capital amounted to EUR 727.2 million at the end of 2008 (EUR 714.4 million in 2007), showing a 1.8% increase compared to 2007, against a more than 15% increase in revenues, thus confirming the policy of reducing and limiting the financial risk in relation to business activities. This figure recorded for this item reflects the support given to new initiatives in terms of investment as well as working capital dynamics.

## Equity

**Equity** amounted to EUR 331.9 million at 31 December 2008 compared to EUR 312.1 million at the end of 2007. This change is equal to an increase of EUR 19.8 million in absolute terms, to be mainly attributed to the profit recorded during the period and to the difference in reserves, net of distributed dividends and the difference in the reserve from fair value valuation of derivatives.

## Net financial position

The **net financial position** at 31 December 2008, drafted in accordance with the CESR model (Committee European Securities Regulators) and excluding treasury shares, stood at EUR (389.7) million. This means an improvement of approximately EUR 8 million in the level of indebtedness if compared to the figure at 31 December 2007.
Therefore, the goal of keeping consolidated debt within the EUR 400 million mark, announced during the

Italy, Rome Subway line C.

year just ended is achieved. This result, which results from more balanced financial planning over recent years, benefits from good project cash flow dynamics on the one hand, and hence from a significant reduction in invested capital; and on the other hand from the positive effects of financing the start up of projects being launched, including through the collection of contractual advances related to some foreign projects recorded during the latter part of the year.

The changes in the net financial indebtedness structure and its components are shown below.

## Net financial position: changes

| (in thousands of euros) | | December 31, 2008 | December 31, 2007 |
|---|---|---|---|
| A | Cash and cash equivalents | 333,759 | 295,538 |
| B | Securities held for trading | 4,901 | 8,299 |
| C | Available funds (A+B) | 338,660 | 303,838 |
| D | Financial receivables | 19,796 | 25,365 |
| E | Current bank payables | (241,987) | (212,182) |
| F | Current share of non-current indebtedness | (22,536) | (97,328) |
| G | Other current financial payables | (10,925) | (10,175) |
| H | Current financial indebtedness (E+F+G) | (275,448) | (322,685) |
| I | Net current financial indebtedness (H+D+C) | 82,981 | 9,518 |
| J | Non-current bank payables | (465,071) | (396,039) |
| K | Other non-current payables | (13,237) | (15,787) |
| L | Non-current financial indebtedness (K + J) | (478,308) | (411,826) |
| M | Net financial indebtedness (L + I) | (395,327) | (402,309) |
| | Treasury shares on hand | 5,655 | 5,048 |
| | Total net financial position | (389,672) | (397,261) |

The table shows a debt structure confirming the considerable improvement in the Group's financial profile over the year. The cash position acquired greater flexibility and there was an increase in the share of financing dedicated to specific contracts and business areas, with structured supply operations for the individual projects, the repayment of which is guaranteed by project financial flows.

The debt/equity ratio, which stood at 1.17 at the end of 2008, can be further reduced to 1.03 if we are to exclude the share of debt related to project finance activities which, by their very nature, are self-liquidating. While the current ratio calculated as the ratio between short-term assets and short-term liabilities is equal to 1.34.

The current debt structure is geared towards the medium-long-term which serves to limit the negative consequences of the current credit crunch and the related crisis regarding liquid assets. It is noted that the first significant refinancing deadline is scheduled for 2013 and that, at the same time, the strict interest rate risk hedging policy implemented in recent years has resulted in limited changes in the cost of debt during the year. Further proof of the attention granted by the Group to such phenomena can be found in the increase in committed credit lines in the last two years

which serve to neutralise the risk represented by a general crunch in the credit market.
Finally, it is noted that the net financial position, including in comparative terms, does not include derivatives used for hedging activities which, by their very nature, do not represent financial values.

## Reconciliation between parent company's financial statements and consolidated financial statements

| (in thousands of euros) | Equity 31.12.2008 | Operating result 31.12.2008 | Equity 31.12.2007 | Operating result 31.12.2007 |
|---|---|---|---|---|
| Equiti and operating result as shown in the parent company's financial statements | 288,103 | 28,604 | 284,608 | 27,799 |
| Reserves | 7,352 | | (1,178) | |
| Elimination of book value of consolidated investments | | | | |
| - difference between book value and pro-quota value of equity | 9,303 | | 3,239 | |
| - pro-quota results of investee companies | 72,693 | 72,693 | 16,509 | 16,509 |
| - consolidation difference | | | | |
| Elimination of effects of transactions performed between consolidated companies: | | | | |
| - profit on intragroup transactions | (7,798) | (838) | (6,960) | (596) |
| - amortisation on intragroup sales | 6,168 | 463 | 5,705 | 295 |
| - allocation / (use) on consolidated companies | 9,499 | 1,172 | 8,327 | (1,590) |
| - hedging of losses of consolidated companies | 1,894 | 1,894 | | 3,470 |
| - dividends from consolidated companies | (61,887) | (61,887) | | (7,790) |
| Group and minority equity and operating result | 325,327 | 42,101 | 310,250 | 38,097 |
| Minority capital and reserves | 6,547 | 2,660 | 1,834 | 319 |
| Equity and operating result as shown in consolidated financial statements | 331,874 | 44,761 | 312,084 | 38,416 |

## Investments

Refer is made to the details included in the paragraph above and the notes to the financial statements for more information regarding investments made during 2008.

## Orders backlog

The Group's orders backlog at the end of 2008 totalled EUR 8.5 billion (EUR 8.3 billion at 31 December 2007) due to EUR 6.4 billion relating to the construction sector, and mostly to general contracting projects, and EUR 2.1 billion to concession/project

finance activities. New contracts for the whole year accounted for EUR 1.6 billion and are mainly referable to the transport infrastructures and energy production plant sectors in Italy and abroad.
The overall orders backlog structure is in line with the commercial development policies adopted by the Group at a global level in recent years. Indeed, the aforementioned figures mean further consolidation of the positioning of activities in selected geographical areas where the Group has already acquired vast experience and where it aims to become a key local player and highly competitive actor at an international level, such as Turkey, Romania and Central America. In this regard, it is important to recall the aforementioned global listings of the "2008 ENR Top International Contractors", details of which can be found in the section dealing with the reference scenario.
Regarding orders in progress at 31 December 2008, the orders backlog is focused on the domestic market which accounts for EUR 5.1 billion of activities (60% of the total backlog) due to major contracts secured during the last two years. The remaining 40% refers to foreign initiatives, mostly involving Europe (Romania, Bulgaria), Turkey, Algeria and America (Venezuela, Chile and Central America), which are worth a total EUR 3.35 billion.
Construction activities account for 75% of the total backlog and are worth EUR 6.3 billion, EUR 3.2 billion of which developed in Italy (38% of the total backlog) and EUR 3.1 billion developed abroad (37%).
Transport infrastructures account for EUR 5.3 billion (63% of the total orders backlog) and confirm their status as the reference sector for the Group's operations, with railway and underground projects playing a key role. Specifically, the latter account for 45% of the total backlog amounting to EUR 3.8 billion. These are followed by projects in the civil and industrial construction area which account for 6% of the backlog (equal to EUR 545 million) as well as energy production plants which benefit from major contracts secured during 2008, totalling EUR 502 million (6%).
The Group's major, leading presence in the concessions sector was also confirmed (25% of the total backlog) representing, in absolute terms, a share equal to EUR 2.1 billion, mainly referable to the domestic market and healthcare construction, transport infrastructures and car parks sectors. The foreign sector also made its contribution and, even if activities are related solely to water distribution activities for the moment, the future may be able to offer interesting opportunities in the transport infrastructures and energy sectors. Further consolidation of the Group's role in this sector may also arise upon conclusion of the procedure to award the project finance initiative to construct and subsequently manage the link between the Port of Ancona and the surrounding road network,

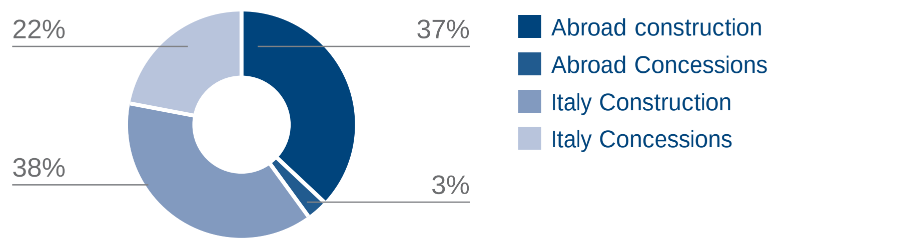

Italy, Naples Subway

an initiative for which the joint venture in which Astaldi holds a stake was appointed sponsor in April. For more information regarding the concessions sector and this project in particular, refer to below.

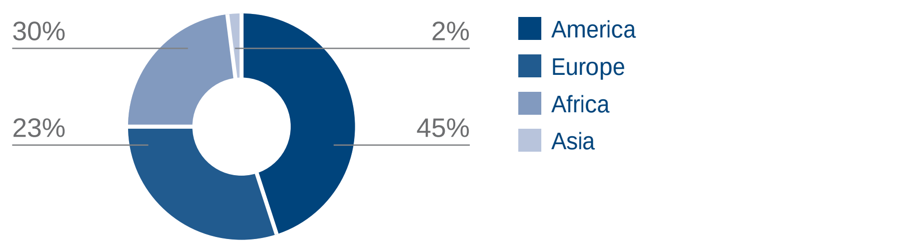
Pie charts showing a breakdown of the orders backlog by geographical area and sector at 31 December 2008.

## Breakdown of orders backlog at 31 December 2008

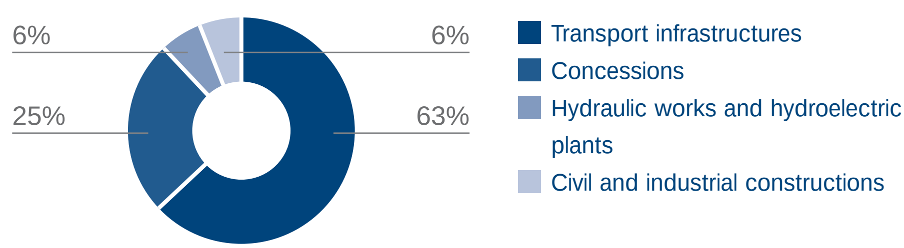
### Construction-Concessions backlog




### Foreign construction backlog




### Orders backlog by sector



New orders worth EUR 1.6 billion mainly refer to the transport infrastructures sector, both in Italy and abroad (Turkey and Romania) and the energy production plants sector (mainly Central and South America). Without overlooking the contribution made by industrial plant engineering applied to the raw materials sector in the Middle East. At the moment, foreign activities are those able to make the biggest contribution in terms of new contracts insofar as a drop in commercial opportunities is being recorded in the domestic market at the present time which, however, it is expected to overcome in the medium-term due to the anti-recession measures introduced. However, the domestic market did make a positive contribution in 2008, serving to prove once again the Group's commitment to developing large infrastructures in Italy.

The most important projects secured during the year are described below, with highlighting the contribution made by the individual geographical areas.

## Italy

The domestic sector contributed to the overall orders backlog during the year with EUR 322 million of new contracts which are mainly referable to new projects in the transport infrastructures sector and to contractual increases for contracts in progress.

The main new contracts secured in Italy during the year are detailed below.

**Pedemontana-Lombarda Motorway** - Awarding in April of the general contracting initiative to design and construct a first section of the Como and Varese bypasses and the link road between the A8 and A9 motorways – a project referred to as the Pedemontana-Lombarda Motorway - is of strategic importance. The contract worth a total EUR 630 million (Astaldi holds a 24% stake) envisages the final and executive design and construction of approximately 47 kilometres of motorways and secondary roads, with 13 kilometres of tunnels and approximately 1.7 kilometres of bridges and viaducts. Construction activities are scheduled to commence upon completion of the design phase, with a planned duration of works of approximately 3 years.

**Line 6 of the Naples Underground** - The company AS.M. S.c.r.l., in which Astaldi holds a 75.91% stake, was set up in April to construct San Pasquale station of Line 6 of the Naples underground along the section between Mergellina station and Municipio station. The works for which Astaldi is responsible amount to approximately EUR 44 million. Relative production activities got underway during 2008.

Italy, Turin Railway Hub

## Turkey

Confirmation was provided of the strategic role of this area which contributed to the overall orders backlog with EUR 390 million of new contracts, mainly referable to the transport infrastructures sector. A result which, on the one hand, confirms the leadership position at an international level acquired by the Group in this sector, while on the other hand it goes to reward Astaldi's successful past management of the considerable design and construction problems which arose during construction of the Istanbul-Ankara motorway.

The main new contracts secured in Turkey during the year are detailed below.

Kadıköy-Kartal Section of the Istanbul Underground – This project may be taken as the most important project planned to date for the near future by Istanbul's city authorities. Astaldi, in its capacity as leader of a joint venture, was awarded the relative general contracting project worth a total EUR 751 million (in which Astaldi has a 42% stake). The project involves construction of a double-track line which will run through a tunnel approximately 20 kilometres long and includes the supply of electromechanical and signalling systems in addition to civil works. The planned duration of works is 3 years and work on the project has already commenced. A contractual extension worth EUR 97 million (Astaldi has a 42% stake) has already been envisaged for this project which is expected to give a major boost to expansion of the city's public transport network. Such extension was secured subsequent to the end of the financial year and has not yet been included in the value of the contract and hence among the orders backlog. For more information regarding this addendum, reference is made to the section dealing with subsequent events.

Golden Horn Bridge **("*Hălic Bridge*")**, Istanbul – Awarding of the contract to construct the Golden Horn Bridge, also known as "*Hălic Bridge*", worth a total EUR 147 million (Astaldi has a 51% stake), secured during the latter part of the year, is also of great prestige, and not only for the contractual value involved. *Hălic Bridge* will run across the famous inlet on the European side of the Bosporus, known as the Golden Horn, linking Topкapi to Galata. The route will measure approximately one kilometre and will allow the new Unкapanı-YeniKapı line of the Istanbul underground to run along it. The new structure will also involve construction of a steel cable bridge measuring 387 metres in length as well as a 120-metre swing bridge which will open to allow boats to pass through. The works have been commissioned by Istanbul city authorities. Astaldi's local *partner* in performing the

Romania, "Henri Coanda" international airport in Bucharest.

works will be Gülermak, one of the companies Astaldi is already working with to construct the Kadıköy-Kartal section of the underground. Works are planned to commence in early 2009.

## Eastern Europe (Romania)

Astaldi has been operating in Eastern Europe for over 20 years and is currently working in Bulgaria, as well as Romania, where it is involved in the project to construct the Plovdiv-Svilengrad railway line (with a contractual value of EUR 162.5 million).
Regarding 2008, Romania contributed with EUR 231 million of new contracts, mainly referable to the transport infrastructures area.

The main new contracts secured in Romania during the year are detailed below.

Arad-Timisoara Motorway (Romania) – The contract, worth EUR 138 million (Astaldi has a 50% stake) involves the construction of 31.5 kilometres of motorway in the western part of Romania, with 4 traffic lanes, 2 hard shoulders, one junction and 16 bridges. The works will be performed by a joint venture comprising Astaldi and the Spanish company FCC Construcción S.A. (Astaldi has a 50% stake). Works will commence in the first part of 2009 with a planned duration of 36 months.

Constanta Bypass (Romania) - The contract, awarded to Astaldi as part of a joint venture with the Spanish company FCC Construcción S.A., is worth EUR 120 million (Astaldi has a 50% stake) and involves the design and construction of 22 kilometres of motorway, with 5 junctions and 21 structures including overpasses and bridges. Works will commence early 2009 and are planned to last 36 months.

Henri Coanda International Airport, Bucharest (Romania) – The new contracts recorded during the year in Romania include a new phase – Phase 3 – of the project to develop and modernise the Henri Coanda International Airport (formerly Otopeni) in Bucharest, worth EUR 75 million. Astaldi, which has already successfully completed the first two phases of this project, will perform civil and plant engineering works aimed, among other things, at extending the airport's passenger arrivals and departures terminals, renovating the management building, reorganising passenger traffic and constructing a new ground-level car park.

## Latin America (Chile, Honduras, El Salvador)

Confirmation was provided of the area's strategic role with it contributing to the backlog in 2008 with EUR 424 million of new contracts, mainly referable to projects in El Salvador, Honduras and Chile involving the water and healthcare construction sectors. Specifically, mention is to be made of the major contracts secured in the energy production plants sector, an area where Astaldi has confirmed its desire to play a key role on the international scene and where it can already boost numerous experiences in Italy and abroad. It is expected that the American continent can offer additional interesting opportunities in the medium-term in this sector, which are currently being examined.

The main new contracts secured in Latin America during the year are detailed below.

Chacayes Dam (Chile) – The project sees Astaldi's involvement in developing the Alto Cachapoal Project, the most important hydroelectric project being performed to in Chile, worth a total of over EUR 1 billion. Indeed, Astaldi was awarded the contract worth 282 million dollars (in which Astaldi has a 95% stake at tender exchange rates) to construct a new hydroelectric plant. The project involves construction of the Chacayes dam in River Cachapoal valley, a plant that will have a 106MW capacity and will entail the construction of over 6 kilometres of tunnels and a complex water supply system. The works are expected to be completed by 2011. Astaldi's involvement in this project is result of the strategic partnership entered into with the Australian group Pacific Hydro, one of the most important groups in the worldwide in the energy production plants and renewable energies sector that is establishing itself as a key player in the energy field in Chile.

El Chaparral Hydroelectric Plant (El Salvador) – During 2008 Astaldi was awarded the contract worth 220 million dollars to construct the El Chaparral hydroelectric plant in El Salvador, an initiative which consolidates the Group's presence in Latin America and confirms its leadership in the energy production plant sector. The project involves the design and construction of a new hydroelectric energy production plant with a 66MW capacity using the turnkey formula. Performance of the works will lead to the construction of a RCC (roller-compacted concrete) dam standing 87 metres tall, measuring 321 metres in length and with a volume of 375,000 cubic metres. The start of works is planned for the first half of 2009, with an overall duration of 50 months. The works have been commissioned by CEL (Rio Lempa Hydroelectric Executive Commission), El Salvador's electricity company. The project will be financed by the BCIE (Central American Bank for Economic Integration).

## Middle East (Qatar)

The Middle East (Qatar, Saudi Arabia and the United Arab Emirates) made a contribution to the increase in the consolidated orders backlog of over EUR 103 million during 2008.

The main new contracts secured in the Middle East during the year are detailed below.

"QATALUM Project" (Qatar) – In February Astaldi Group secured a contract worth USD 143 million for the design and performance of civil works related to an aluminium production plant in the Mesaieed industrial area in Qatar. The contract, also called the "QATALUM Project" was awarded to Astaldi by one of the leading companies in the sector at an international level. The most important works involved in the contract include the design and construction of storage silos measuring 40m in diameter and with a total volume of over 300,000m3. The positive performance of activities related to this contract means that there may be possibility of additional contractual extensions and promising development for projects in progress in this area.


Qatar, Impianto LLDPE di Mesaieed.

The following tables show the changes in the orders backlog during the year, with highlighting of the contribution of the individual sectors and reference countries.

## Changes in orders backlog and contribution of individual sectors

| (in millions of euros) | At 01/01/2008 | Increments | Decrements for production | At 31/12/2008 |
|---|---|---|---|---|
| Transport infrastructures | 5,386 | 1,012 | (1,107) | 5,291 |
| of which: | | | | |
| *Railways and undergrounds* | *4,127* | *511* | *(746)* | *3,892* |
| *Roads and motorways* | *1,169* | *418* | *323* | *1,264* |
| *Airports and ports* | *89* | *84* | *-38* | *135* |
| Hydraulic works and hydroelectric plants | 237 | 409 | -144 | 502 |
| Civil and industrial construction | 574 | 186 | -215 | 545 |
| Concessions | 2,119 | 0 | 0 | 2,119 |
| Orders backlog | 8,316 | 1,607 | -1,466 | 8,457 |

## Changes in orders backlog and contribution of individual geografical areas

| (in millions of euros) | At 01/01/2008 | Increments | Decrements for production | At 31/12/2008 |
|---|---|---|---|---|
| Italy | 5,539 | 322 | (750) | 5,111 |
| Abroad | 2,777 | 1,285 | *(716)* | 3,346 |
| *Europ* | *480* | *623* | *(173)* | *930* |
| *America* | *1,51* | *442* | *(300)* | *1,658* |
| *Africa* | *747* | *118* | *(158)* | *706* |
| *Asia* | *34* | *103* | *(85)* | *52* |
| Orders backlog | 8,316 | 1,607 | (1,466) | 8,457 |

Finally, it is mentioned that the figures shown for foreign activities do not include the contractual addenda already referred to above regarding the Istanbul underground insofar as such secured subsequent to the close of the financial year. Possible developments regarding projects in progress in the railway transport infrastructures sector in Venezuela (options) and in the energy production plants sector in Chile (exclusivity agreements) are still to be included among the new orders. As far as these projects concerned, they will only be included among new orders once the relative contracts have been signed, in compliance with prudential criteria adopted with regard to the value of the orders backlog.

While as far as the domestic market, the sum relates to appointment of the joint venture comprising Astaldi (24%), Impregilo (leader with a 47% stake), Pizzarotti (18%) and Itinera (11%) as sponsor for the project finance initiative to construct and subsequently manage the link between Port of Ancona, the A14 motorway and the "Adriatica" National Road (SS 16) will be included among the backlog upon termination of the tender procedure. The overall value of the investment for this project amounts to approximately EUR 580 million and the concession agreement, which provides for a management period of 30 years, will be awarded upon completion of the call for bids and negotiated procedure in which the sponsor shall have the right of pre-emption.

Regarding the foreign market, contracts in the transport infrastructures market secured in Romania subsequent to year-end are still to be included among the figures. Reference is made to the relevant section in the subsequent events.

## Performance by geographical area and sector

### Italy

The domestic market accounted for 60% of the total orders backlog at 31 December 2008, which is equal to EUR 5.1 billion of activities mainly referable to the construction sector (transport infrastructures, civil and industrial construction, water and energy) and the concessions sector (urban transport infrastructures, hospital facilities, car parks).

Regarding the construction sector, the most significant contributions at a domestic level come from the transport infrastructures sector where the Group is currently working on projects with an extremely high technological content such as the general contracting project to build Line C of the Rome underground and the project finance initiative to construct and subsequently manage Line 5 of the Milan underground.

Italy, New Hospital in Mestre.

Important projects involving the civil and industrial construction sector also feature among its works such as the new hospital in Mestre, delivered in early 2008 and currently in the management phase.
While regarding the concessions sector, the contribution at a domestic level amounted to EUR 1.9 billion, mainly referable to the urban transport infrastructures, healthcare construction and car parks sectors.

The contribution of each area of activity in relation to the domestic market at 31 December 2008 is briefly described below.

## Transport infrastructures: railways and undergrounds

The railway and underground transport infrastructures sector, of key importance for the Group's activities, is the sector where Astaldi has acquired the greatest expertise and where it has achieved established leadership, widely acknowledged in both Italy and abroad. The Group's competitive positioning in this sector is of importance and has been firmly established for some years with it being further reinforced during the year just ended with acquisition of a key section of the Istanbul underground as well as the contract to build the H?lic Bridge in Turkey, and activities related to Line 6 of the Naples underground and Pedemontana-Lombarda Motorway in Italy.
It is recalled the aforementioned international listings of the "*2008 Top International Contractors*", compiled by *Engineering News Record*, which place Astaldi in 20$^{th}$ position at a global level for turnover generated by the transport infrastructures sector and 6$^{th}$ position regarding turnover generated by the railway and underground transport sector in particular (12$^{th}$ position in 2007) [4].

The sections of underground and railway lines worldwide that are the work of Astaldi are numerous (Rome-Naples High Speed Line, important sections of the Naples, Rome and Copenhagen undergrounds, major railway lines in Venezuela, Algeria and Romania, to mention just a few), but there are also many projects still in the process of being completed.
It is important to note that most of these projects are being (or have been) carried out in the presence of major technical difficulties such as large-scale viaducts or underground routes. This has allowed Astaldi to achieve levels of excellence acknowledged throughout the world, also and above all due to the use of highly qualified human resources, trained inside the company, and state-of-the-art techniques which it continues to invest in. It is sufficient to consider that the main underground projects Astaldi is involved in to date in Italy entail the use of TBMs (Tunnel Boring Machine), also called mechanical moles, in other words genuine mobile sites used underground that bring with them all the equipment needed for excavation, disposal of muck and internal lining of the tunnels created. Such equipment which works on a continuous cycle, are able to cover an average of approximately 20 linear metres per day and, when it has finished, the tunnel is basically completed, ready to be equipped with the systems and superstructures needed for the railway line. At the same time, TBMs guarantee the utmost safety of staff involved in construction activities and ongoing monitoring of works and the effects on the foundations of the houses affected by the route.

The main projects included in the railways and undergrounds sector in Italy, completed or in progress at 31 December 2008, are described in brief below. For more complete information, reference is made to the new contracts secured during the year.

[4] Source: "*ENR Top Global Sourcebook 2008*", "*2008 Top International Contractors in Transportation*" and "*2008 ENR Top 15 International Contractors in Mass Transit & Rail*", listings compiled *by Engineering News Record* on the basis of turnover generated at a consolidated level in 2007.

**Rome underground - Line C**

The contract, secured in 2006, entails the performance of works using the general contracting formula for the final and executive design, construction, works supervision, commissioning and supply of rolling stock for the new Line C of the Rome underground.

The works were awarded to Società Metro C S.c.r.l., which operates in the capacity of General Contractor and which Astaldi holds a 34.5% stake in.

The works have been commissioned by Roma Metropolitane S.r.l., a company directly controlled by the Municipality of Rome which handles improvement and upgrading of the capital's underground network.

The project, one of the most complex to date being performed throughout the world, comprises several functional sections.

In brief, the project entails construction of a new section of underground, with driverless trains driven and controlled at a distance by a fully automated system covering a total section of 25.37km, 17.6km of which is underground. 30 stations and 4 junctions linking up with existing railway and underground lines are planned as well as a depot workshop and central control and command unit to manage the whole system.

The planned transportation capacity is 24,000 passengers per hour in each direction. The fleet of trains will comprise 30 trains each formed of six carriages, with a capacity of 1,200 passengers.

Works on the line will be performed in intermediate phases with the subsequent putting into operation of separate, functionally independent sections. The first phase entails start up of the Montecompatri-Parco di Centocelle section (12km) by December 2011. The line will stretch to Piazza Lodi by the end of 2012.

Construction of the line was properly started up during 2008 with significant developments. Upon conclusion of most of the archaeological surveys, 37 sites were in operation at 31 December 2008. Moreover, the external bulkheads which will go to form the perimeter of the outlying underground stations are at an advanced stage, and construction of the Graniti Depot with the Central Operations Unit – the core of Line C - is also going ahead. Regarding the above ground level section, demolition of the former Termini-Pantano line has been started up along with renovation of existing stations. It must be recalled that regarding tunnel excavation, this project entails - in the fully operational phase - the use of four TBMs (Tunnel Boring Machines or mechanical moles), genuine mobile sites used underground that excavate, dispose of muck and create the internal lining of the tunnels dug with enormous benefits regarding performance times.

During the summer, the first two TBMs started to dig the tunnels, covering an average of 16 metres per day

Italy, Rome Subway line C

in the direction of the city centre. TBM Nos. 3 and 4 have also been manufactured and tested and approved.
Over 2.2km of tunnels had been dug at 31 December 2008 while site assembly is already underway of the second pair of mechanical moles that will start excavation works during the summer of 2009.
Construction of the first two trains (30 are planned) is already underway in Reggio Calabria.
Regarding activities performed in relation to design of the central sections, completion of the final design of the San Giovanni-Venezia section, the most risky of all the route given its vicinity to famous archaeological sites such as the Coliseum, Basilica of Maxentius and the Imperial Forum, must be noted. At the same time, studies of the monuments and historical buildings which interfere with the line regarding the sections that run through the city centre (that are preliminary to final design activities) continued under the coordination and supervision of Metro C's Technical and Scientific Committee.
At the present time, the total value of the works amounts to approximately EUR 2.5 billion, in which Astaldi's stake is equal to EUR 862 million. The first fully operational phase is worth EUR 1.5 billion.
Approximately 20% of works had been completed at 31 December 2008.

### Milan underground – Line 5

The project, included among those of leading national interest pursuant to Law No. 443/2001 ("Legge Obiettivo" – Strategic Infrastructure Act), was secured in 2006 and is managed by the special purpose vehicle Metro 5 S.p.A. (concessionaire) established by the joint venture in which Astaldi is leader and holds a 23.3% stake, which was awarded the project finance concession for Line 5 of the Milan underground. Regarding the project, the performance of civil works was subsequently awarded to an association of companies in which Astaldi is the leader with a 60% stake which set up the consortium company, Garbi S.c.r.l. to perform such works.
The relative agreement, signed in June 2006 with the Municipality of Milan, entails the final and executive design, construction and subsequent management of a new underground line, driven and controlled at a distance by a fully automated system (driverless system). The technology adopted is the same as that envisaged for Line C of the Rome underground which is already under construction by Astaldi; the same is valid for the excavation techniques which envisage the use of TBMs (Tunnel Boring Machines) both in Milan and Rome.
Indeed, the new line will run completely underground along the Garibaldi–Bignami section and will include the construction of 9 stations and an underground depot workshop with control unit for vehicle repair. A TBM shall be used to dig the Bignami–Marche section while traditional techniques shall be used for the section near Zara station.
The overall length of the line, initially equal to 5.6km, was increased to 6.1km following route changes made in the Garibaldi Station area at the specific request of the city's administration to take into account possible future extension of the new line in the direction of San Siro/Settimo Milanese, also in light of contingent transport needs which will arise on the occasion of Expo 2015. The addition to the 2006 agreement which includes such changes was signed in July 2007.
The maximum planned transportation capacity is 26,000 passengers per hour in each direction, with a fleet of 12 trains to perform the service.
Commissioning of the new line is scheduled by 2012, with start-up of a first functional section (Zara-Bignami) by 2011.
Construction works along the whole route continued during 2008, with the exception of some areas between Isola and Garibaldi stations which were subject to environmental clean-up. Moreover, the external bulkheads of all the stations were completed and work on excavating the tunnels was started up in August.
The total value of the investment to perform works, including design activities, civil and technological works and the approved changes, amounts to EUR 484 million, of which EUR 190 million financed by Metro 5 S.p.A. and the remaining amount through

public funding. Revenues for the 29 years agreed will total to EUR 724 million. The amounts related to Astaldi's stake are equal to EUR 134 million for construction works and EUR 165 million for management activities. The duration of works including the design phase is equal to 70 months and shall be followed by the management phase.
Approximately 25.5% of works had been completed at 31 December 2008.
For further information, refer is made to the section of this report dealing with concessions.

## Naples underground

Astaldi plays an active part in the project to upgrade the Municipality of Naples' underground transport system. Important examples of what has already been done can be found in the so-called "Art Stations" which are already operational on Line 1. These stations have made it possible to transform individual infrastructure activities into an opportunity to upgrade the areas surrounding surface-level exits and entrances of the new line's route and relative stations.

The works in progress being performed by Astaldi along Lines 6 and 1 are described below.

Naples Underground – Line 1.
In January 2006, the concessionaire M. N. Metropolitana di Napoli S.p.A., a company in which Astaldi is a majority shareholder with a 22.62% stake, acquired the concession from the Municipality of Naples for a further extension of Line 1 of the Naples underground running from the Centro Direzionale to Capodichino. In February 2009, the final design of the new section, worth EUR 1,031 million was approved. At the present time, the procedures to be used to disburse the relative financing are pending and are expected to be defined in the immediate future given the importance granted to the project in local and central governments' management policies.
While regarding work related to Lots 9 and 11 of the Piazza Dante-Centro Direzionale section, it must be recalled that the company Toledo S.c.r.l., in which Astaldi holds a 90.394% stake, was set up in order to perform works. Work related to these two lots, worth EUR 237 million including the changes approved during the construction work, entail the construction of two underground stations - Università and Toledo - and a second exit for the Toledo station in Largo Montecalvario, including relative plants and finishes, as well as the railway superstructure of the complete section from Piazza Dante to Centro Direzionale.

Italy, Naples Underground.

Activities related to these two lots went ahead as planned in 2008 and delivery of the work is scheduled for June 2012.
Approximately 54% of work had been completed by 31 December 2008.

**Naples Underground – Line 6.**
The company AS.M. S.c.r.l., which Astaldi holds a 75.91% stake in was set up in April 2008 to construct San Pasquale station along Line 6 of the Naples underground, in the section between Mergellina and Municipio stations. Astaldi's share of the work for this project amounts to EUR 44 million and the relative activities were started up during the second half of 2008, with delivery of the work scheduled for 2013.

## Bologna Centrale High-Speed Station

The contract involves construction of the high-speed Bologna Centrale Station which falls within Bologna's urban section of the Milan-Naples high-speed railway (Lot 11), as well as the work needed for its commissioning (Lot 50).
The relative agreement signed in 2003 was stipulated between Astaldi and TAV S.p.A., with RFI S.p.A., the company responsible for managing the national railway infrastructure owned by Gruppo Ferrovie dello Stato, taking over from the latter as from January 2008.
In brief, the project for the new Bologna Centrale High-Speed Station entails large-scale, structurally complex project performed completely underground below platforms 12-17 of the present Bologna Centrale station. The new station will comprise various levels, the last of which built at 25 metres of depth will be dedicated to the transit of high-speed trains while the other levels shall house railway transport-related services, commercial areas and car parks.
Works were started during 2004 and, now that the unforeseen events which arose during the contract start-up phase have been resolved and the Additional Amendment signed in December 2007, Such works went ahead as planned in 2008. The station is scheduled to be completed by January 2012.
A large part of the deep foundations were completed in 2008 together with the start of works to construct the staircases of the new passenger subway inside the existing Bologna Centrale station and implementation of the site installations and logistic systems needed to perform subsequent activities.
The total value of the works, including all the approved changes, amounted to EUR 384.6 million at 31 December 2008. 34.7% of works had been performed at this date.

Italy, Railway station Bologna Central.

**Turin railway junction (Corso Vittorio Emanuele II - Corso Grosseto)**

The project forms part of the activities in progress to improve Turin's railway junction and refers to the executive design and completion of the extension of an underground railway line along the section between Corso Vittorio Emanuele and Corso Grosseto, including passage under the River Doria Riparia.

The work was commissioned by Italferr S.p.A., on behalf of RFI S.p.A., the company that manages the national railway infrastructure owned by Gruppo Ferrovie dello Stato.

The contract related to the executive design and performance of works was awarded to a joint venture including Astaldi, in the capacity of leader and mandatory (with a 70% stake) and other companies operating in the sector.

In brief, the works consist in quadruplicating and laying under ground level of the urban section of the current Turin–Milan railway line. The works are being carried out alongside the currently operational Turin–Milan railway line, in the urban area. The contract includes construction of the Porta Susa and Re Baudolengo stations as well as the Dora stop.

In order to guarantee operation of the current Turin–Milan railway line while works are in progress, the works, commenced in May 2006, are being carried out in two separate sequential phases: the West Phase which will entail putting into operation of the two tracks of the west-side underground line, will be followed by the East Phase which will start with divestment of the current line and completion of the works scheduled for February 2012.

The company S.P.T. - Società Passante di Torino S.r.l., in which Astaldi holds a 74% stake, was set up for the unitary performance of works.

Works on the West Phase continued during 2008. Specifically, the railway tunnel in the section between the Valdocco site and the River Dora Riparia was completed together with the passage under the river. Works related to Turin's new Porta Susa station included in the West Phase were also completed with opening to the public and putting into operation (regarding platforms 6 and 5) on 14 December 2008. The contractual value of this project amounts to EUR 442 million, with Astaldi's share totalling approximately EUR 310 million. Approximately 49% of works had been completed at 31 December 2008.

Italy, Brescia Underground.

**Brescia underground**

The contract awarded in 2003 to the joint venture in which Astaldi holds a 50% stake, entails the construction of a light underground line, driven and controlled at a distance by a fully automated system (driverless system), along the Prealpino-Santa Eufemia section within the Municipality of Brescia.

The work is commissioned by Brescia Mobilità S.p.A., the company directly controlled by the Municipality of Brescia and responsible for management of the city's transport system.

The relative contract includes the executive design, construction and commissioning of the whole section as well as two-year technical management and seven-year scheduled and unscheduled maintenance of the works.

The route, which runs mainly underground for a distance of approximately 14 kilometres, entails the construction of 4 kilometres of cut-and-cover tunnels, 6 kilometres of drilled tunnels and 1.8 kilometres of viaducts. The use of a TBM or mechanical mole, a highly complex piece of machinery, details regarding the operation of which can be found in the section dealing with Line C of the Rome underground, is envisaged for excavation works.

The project also includes the construction of 17 stations (8 of which are underground) and a depot for all activities related to system operation, maintenance and management.

The works are being performed by a joint venture involving Ansaldo Trasporti Sistemi Ferroviari (mandatary), Ansaldo Breda and the Spanish firm Acciona, with whom a vertical division of activities has been agreed: Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Breda are responsible for designing and constructing the system plants and rolling stock while Astaldi and Acciona are responsible for electrical and mechanical plants, the superstructure and all civil works.

The complete section is scheduled to be put into operation subsequent to 31 December 2012, the planned works completion date. 67% of cut-and-cover tunnels and 45% of works related to stations were carried out during 2008. While regarding the drilled tunnel, the TBM has already dug a section measuring 2.4 kilometres, equal to 88% of excavation works, and completed the internal lining. Civil works related to the viaduct were also carried out and activities related to the superstructure of the whole section were started up.

The overall value of the project, initially worth EUR 611 million, with Astaldi's share amounting to EUR 281.8 million, has been subject to review following approval of some route changes which resulted in a EUR 35.6 million increase in the works for which Astaldi is responsible. Therefore, Astaldi's share of works at 31 December 2008 amounted to EUR 317.4 million. To date, the works performed are in excess of 50% of the agreed value.

Finally, it is noted that negative operating results were recorded for this contract during 2008, mainly in relation to archaeological problems for which a solution is trying to be reached using the customary settlement procedures.

**Genoa underground**

The work related to this project is regulated by a framework contract, performed in subsequent lots, to construct the complete underground line which runs from Genova Principe railway station to Brignole railway station.

Such work is being performed by the consortium company Metrogenova S.c.r.l. in which Astaldi holds a 21.81% stake.

Works performed during 2008 concerned the last functional lot referring to the De Ferrari-Brignole section with delivery scheduled for 2010. While the Principe-Caricamento-Grazie, Grazie-Sarzano and Sarzano-De Ferrari sections were completed in 2006, The overall value of this contract at 31 December 2008 amounted to EUR 212 million. Approximately 92.71% of the work had been completed at this date.

**Parma - La Spezia railway line (also known as the"Pontremolese" line)**

The contract, secured by Astaldi in 2005, involves the executive design and performance of works to double the Parma-La Spezia railway line along the section

running from Solignano to Osteriazza.
The work was commissioned by Italferr S.p.A., on behalf of RFI S.p.A., the company responsible for managing the national railway infrastructure owned by Gruppo Ferrovie dello Stato.
The project consist in doubling of the existing railway line along a 12.5km route.
Doubling of the line will take place away from the current route for the first 5 kilometres and the construction of a 4.2km tunnel and a 450m viaduct crossing the River Taro is planned for such section. While doubling of the line for the remaining 7.5km is planned alongside the existing line which is in operation.
The problems which had suspended works for the whole of 2007 have been addressed; in 2008 the signing of an agreement was achieved and design and site start-up activities commenced along with works to construct the viaduct over the River Taro and some other minor works. Final delivery of the work is scheduled for 2014.
The total value of the contract at 31 December 2008 was approximately EUR 175 million.

## High-Speed/High-Capacity railway lines

Astaldi is one of the main groups working in the programme to design and construct the High-Speed/High-Capacity railway system being created in Italy.
The main activities being performed are described below.

### HS/HC Railway Line (Rome–Naples Section)

TAV S.p.A. awarded the consortium IRICAV UNO, in the capacity of General Contractor, the contract to construct the High-Speed/High-Capacity railway line for the section running from Rome to Naples.
Astaldi holds a 27.91% stake in the consortium. Moreover, it performed civil works along the railway line between 12th and 85th km and the 121st and 144th km in its capacity as assignee of this consortium.
During 2005, Astaldi completed works related to the first functional lot envisaged for the line, allowing for commercial putting into operation of the main part of the whole line.
Works related to the second functional lot, currently being performed by other assignees and which basically involve penetration of the urban core of Naples and structural reinforcement of anti-noise barriers, are still to be completed. Likewise operations to clean up the Lunghezza removal ground still need to be completed. Part of the works related to anti-noise barriers were performed in 2008 and completed in January 2009.
Approximately 98% of the work had been completed at 31 December 2008.

### HS/HC Railway Line (Verona-Padua Section).

In order to provide complete information, mention is made of the problems which arose in relation to the contract to design and construct the HS/HC Verona-Padua section.
In 2007, Law Decree No. 7/2007, converted into Law No. 40/2007, withdrew the licenses to build the HS/HC railway lines still to be constructed. Such withdrawal was reversed under the subsequent Law Decree No. 112 of 25 June 2008, converted into Law No. 133 of 6 August 2008, thus re-establishing continuation of the agreement between TAV S.p.A. and the General Contractor.
However, the lack of funding makes it impossible at the present time for IRICAV DUE to complete the work in the immediate future.
Moreover, the consortium had submitted – prior to legislative amendments – an application for arbitration, requesting termination of the contract due to serious default on TAV’s part; such arbitration proceedings are still underway.
The contractual value of this project amounts to EUR 864 million, which is to be taken solely as a potential development opportunity for activities insofar as, in compliance with the prudential criteria adopted by the Group with regard to the inclusion of orders among the backlog, the values related to this project were written-off from the Group assets in 2007 and as such are not included among the orders backlog.

### Veneto railways

The contract, completed during 2008, entailed the performance of works on three separate sections of the metropolitan railway system managed by Veneto's regional authorities which commissioned the works.
In brief, the works involved the upgrading of existing railway stations and construction of new railway underpasses as well as construction of the related road and railway network along the following sections: Padua-Castelfranco Veneto (Lot A), Mestre-Castelfranco Veneto (Lot B) and lastly Mestre-Treviso and Mestre-Mira Buse (Lot C).
All the works related to all three sections were completed and delivered to the client during 2008.

## Transport infreastructures: roads and motorways

Astaldi is able to boost vast experience and a number of important projects in this sector in Italy, however, the best example of what Astaldi is able to do to date can be seen abroad, in Turkey, with a major section of the Istanbul - Ankara Motorway, also known as the Anatolian Motorway. For details of this project, reference is made to the section of this report dealing with an analysis of foreign activities.
It is important to note in this regard the findings of the international listings "*2008 Top International Contractors*" which see Astaldi in 12th position at a global level for turnover generated by the specific motorway transport sector[5].

The important technical specifications and characteristics of the main projects completed or in progress in this sector in Italy at 31 December 2008 are detailed below. For complete information, reference is made to the new contracts secured during the year as well.

### Jonica National Road (Lot "DG21" - Catanzaro)

The general contracting project entailing the design and construction of a new road link with the characteristics of a main suburban road, along the Jonica National Road (SS 106) in Calabria, called "Megalot 2" or "DG21", was awarded to Astaldi in 2005.
Works were commissioned by ANAS S.p.A., the company in charge of managing the Italian road and motorway network of national interest.
The corporate body responsible for performing activities related to this contract is CO.MERI S.p.A. which has the role of general contractor representing the joint venture awarded the contract in which Astaldi is the mandatary with a 99.99% stake.
Specifically, the works, started up in 2007 upon completion of the executive design phase, entail construction of the E90 for the section of the Jonica National Road between Squillace junction and Simeri Crichi junction ,as well as works to extend the so-called "Strada Statale dei due Mari" (National Road SS 280), from San Sinato junction to Germaneto junction.
The project refers to a total route measuring 22.4km in length and involves the construction of 12 viaducts measuring a total of 6km (equal to 17% of the main route), 11 double-tube tunnels measuring approximately 16km in length (45% of the main route) and 8 junctions.
The total value of the contract at 31 December 2008 amounted to EUR 498.4 million including the changes approved during the executive design phase.
The main activities performed in 2008 concerned preliminary archaeological surveys and performance of works, with approximately 30% of drilled tunnels completed together with 25% of viaducts and 10% of roads and minor works.

[5] Source: "*ENR Top Global Sourcebook 2008*", "*2008 ENR Top 20 International Contractors in Highways*", listings compiled by Engineering News Record on the basis of consolidated turnover in 2007.

### Jonica National Road (Lot “DG22” - Siderno)

Lot “DG22” represents the second of the two lots of the Jonica National Road (SS 106) managed according to the general contracting formula and awarded to Astaldi in April 2005, referred to as Megalot 1.
Works were commissioned by ANAS S.p.A., the company in charge of managing the Italian road and motorway network of national interest.
The project entails the executive design and performance of works to upgrade the Jonica National Road (SS 106) in the section between Palizzi and Caulonia, including the Marina di Gioiosa Jonica junction.
The corporate body responsible for performing activities related to this contract is AR.GI S.p.A. which has the role of general contractor representing the joint venture awarded the contract in which Astaldi is the mandatary with a 99.99% stake.
From a technical viewpoint, the route measures approximately 16.9km in length and involves the construction of 7 double-tube tunnels measuring a total 5.2km in length (equal to 30% of the whole route), 11 viaducts measuring a total 3.3km (19% of the route), 8 cut-and-cover tunnels measuring a total 1.4km (8% of the route) and 4 junctions.
The total value of the contract amounts to EUR 353.8 million including the changes agreed during approval of the executive design.
Regarding activities performed during 2008, it must be noted that problems mainly of an archaeological nature or concerning the non-availability of some areas have limited production activities related to this contract, hence it proved impossible to start up performance of works as planned in the works schedule. However, activities preliminary to the start-up of works, aimed at resolving the aforementioned problems, were carried out during the year.
Approximately 2% of the total contract amount had been completed at 31 December 2008.

### Pedemontana-Lombarda motorway

The strategically important general contracting initiative to design and construct a first section of the Como and Varese bypasses and the link road between the A8 and A9 motorways – a project referred to as the Pedemontana-Lombarda Motorway – was awarded in April 2008.
The contract worth a total EUR 630 million (Astaldi holds a 24% stake) entails the final and executive design and construction of approximately 47 kilometres of motorways and secondary roads, with 13 kilometres of tunnels and approximately 1.7 kilometres of bridges and viaducts. Construction activities are scheduled to commence upon completion of the design phase, with a planned duration of works of approximately 3 years.

### Activities involving the urban road network within the Municipality of Naples

Infraflegrea Progetto S.p.A. is the company in which Astaldi holds a 51% stake, set up in 2006 to perform the concession contract regarding various activities aimed at improving the urban road network in the area between Pozzuoli, Soccavo and Mostra d’Oltremare, in the Municipality of Naples.
The administration awarding such contract is Campania’s regional authority and in brief, the works entail construction of the Montesantangelo rail link for the section from Soccavo to Mostra d’Oltremare, with relative intermediate stations and interchange junctions (Enforcement Document No. 15), as well as works to extend and upgrade Pozzuoli port (Enforcement Document No. 12), construction of a multi-storey car park with related access road and upgrading of Parco della Cava Regia and areas of the former Capuchin Convent (Enforcement Document No. 13) and upgrading of Lungomare Sandro Pertini and the urban road network in Pozzuoli (Enforcement Document No. 14).
On the whole, the value of the works comprising this project total EUR 171 million.
Activities regarding all four enforcement documents continued during 2008.
Approximately 19% of works had been completed at 31 December 2008.

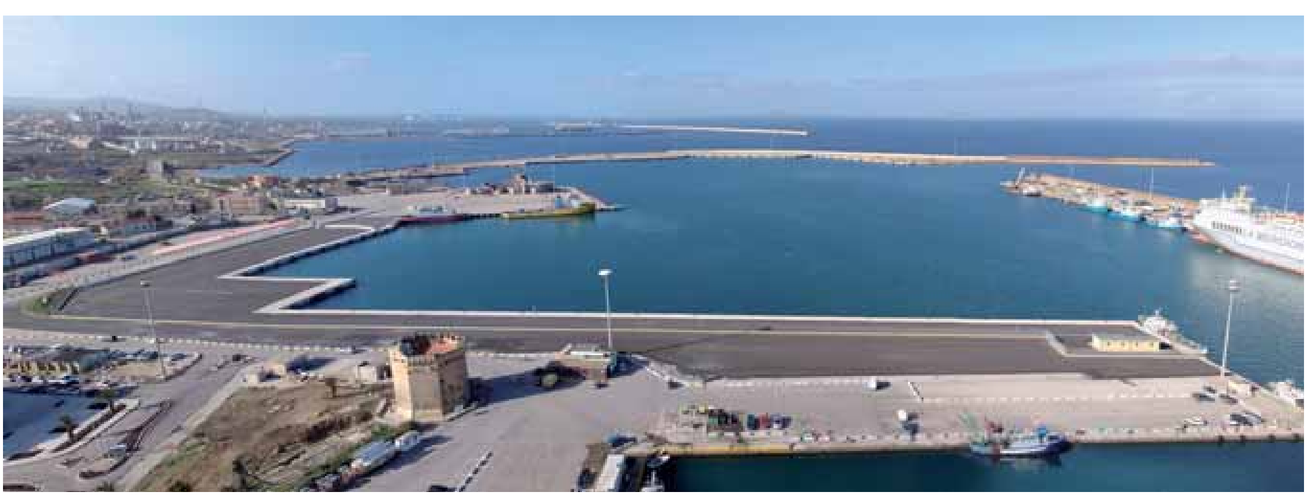
## Transport infrastructures: ports and airports

Ports and airports represent a sector where numerous projects have been developed in the past at a domestic level.
At the present time, regarding this sector, the Group is mainly working abroad, especially in Romania.
Works in progress in Italy are limited to projects developed in the port activities sector concerning projects to upgrade Porto Torres commercial port in Sardinia and the so-called MOSE project underway to safeguard Venice Lagoon.

The technical specifications and characteristics of the main projects completed or in progress in this sector in Italy at 31 December 2008 are detailed below.

### Activities related to the MOSE system - Venice Lagoon

Astaldi is involved in the project to construct the MOSE system, designed to regulate tides in Venice's lagoon. The project on the whole entails the construction of a system of mobile barriers installed on each of the port's three outlets (Lido, Malomocco and Chioggia), which represent the points linking the sea and the lagoon.
Performance of works related to the MOSE system is regulated by a contract executed between the state represented by the Magistrate of Venice and Consorzio Venezia Nuova, which was awarded the works to be performed.
Consorzio Venezia Nuova in turn awarded the works, split into functional sections, to the joint ventures set up by its members to perform the work in question.
The total value of works related to the MOSE system amounts to EUR 4,271 million.
In this context, Astaldi operates in the capacity of leader and mandatary of a joint venture involving Astaldi S.p.A., Ing. E. Mantovani S.p.A. and Itinera S.p.A. which set up the consortium company Mose-Treporti S.c.r.l to perform works on the north side of the Lido's mouth (Treporti).
The total value of the works for which the Astaldi joint venture is responsible amounts to EUR 400 million, EUR 210 million of which were already financed at 31 December 2008 (state of the art at 5th CIPE meeting), and EUR 180 million of which have already been assigned.
Progress of the works at 31 December 2008 amounted to EUR 165 million, corresponding to 92% of the assigned works and 41% of the total works for which the joint venture is responsible.



Italy, Porto Torres commercial port

### Porto Torres commercial port (West breakwater)

The contract consists in construction of the west breakwater of Porto Torres commercial port in Sassari province.

The works were commissioned by the Ministry of Infrastructures and Transport. In brief, the project entails demolition of the existing breakwater as well as construction of a system of mooring quays for ferries. The works commissioned by the Ministry were completed during 2008. Moreover, completion works commissioned alongside the project by the Municipality of Porto Torres were also carried out. These consist in works related to the access road to the new breakwater and video surveillance system used to control access.

Completion of this second phase of works is planned for June 2009.

The value of this contract amounts to EUR 32.5 million.

Over 95% of works had been completed at 31 December 2008.

## Energy production plants and hydraulic works

Energy production plants and hydraulic works represent a sector where the Group is currently carrying out a large number of projects, mainly abroad.

While the contribution of this sector is more limited at a domestic level even if there is no lack of examples of dams, waterworks and water treatment plants as well as projects related to major nuclear power stations and energy production plants, all successfully completed in the past.

It is useful to recall the aforementioned international listings "*2008 Top International Contractors*" which see Astaldi in 4th position at a global level in relation to the aqueducts sector and 18th position in relation energy production plants[5].

The main projects completed or in progress in the energy production plants and water sector in Italy at 31 December 2008 are described below.

### Pont Ventoux hydroelectric plant

The contract, performed by the consortium company, Pont Ventoux S.c.r.l., established by the joint venture in which Astaldi holds a 56.25% stake, entailed the construction in Val di Susa, Piedmont, of an hydroelectric power plant with 158MW of installed power. The plant, whose power station was built completely underground, boosts an annual production capacity of over 400GWh.

On 29 February 2008, the plant was delivered to the client Iride Energia S.p.A. which therefore took on its complete management. Technical and administrative testing of the works will continue throughout 2009 in relation to the client's need to ascertain fine tuning of the production plant's equipment provided by Ansaldo Energia.

### River Melito dam

There was a further development during 2008 in the arbitration proceedings applied for by Astaldi on 28 March 2006 with regard to Consorzio di Bonifica Alli Punta di Copanello in relation to the contract to construct the River Melito dam. Two technical consultancies were ordered by the Arbitration Board. The first of these ascertained that the works, as designed by the consortium, cannot be performed and that the executive design formulated by such consortium is in need of significant review. The second consultancy carried out a financial assessment of the damages incurred by Astaldi, calculated to be between EUR 47 million and EUR 60 million. In its opinion issued on 27 September 2008, the Arbitration Board declared cancellation of the contract between the parties and ordered the consortium to

[5] Source: "*ENR Top Global Sourcebook 2008*" ("*Top 5 International Contactors in Acqueducts*", "*Top 20 International Contractors in Water Supply*"), compiled by *Engineering News Record* on the basis of consolidated turnover in 2007 (*Engineering News Record, august 2008*).

pay EUR 35 million to refund the costs and damages incurred by Astaldi. Such amount has already valued during the year and in the previous years on the basis of the criterion of economic accrual.

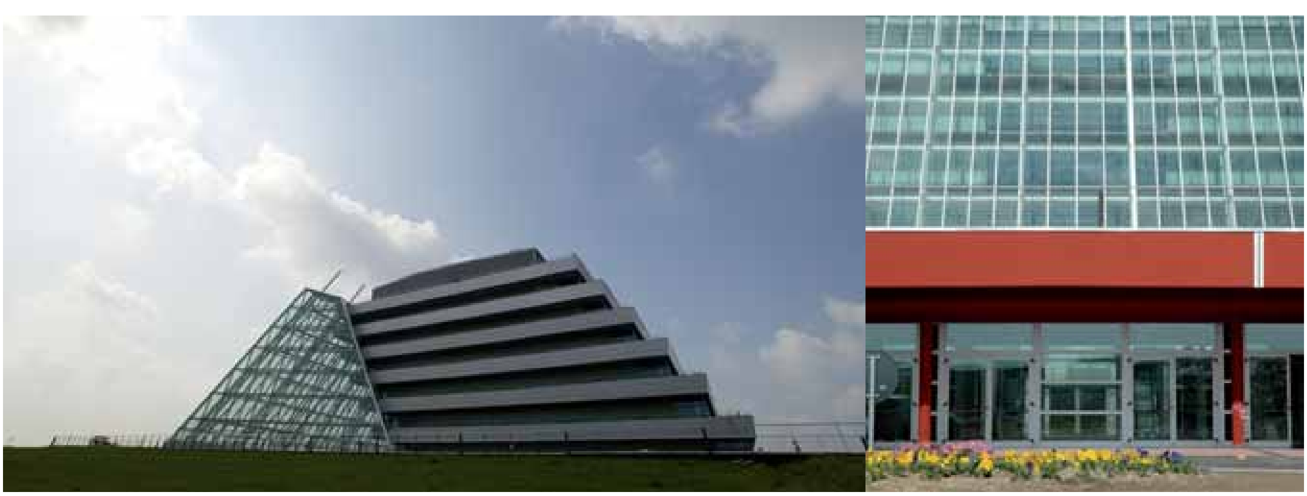
## Civil and industrial construction

Regarding civil and industrial construction, Astaldi Group has acquired vast know-how, especially in the field of construction of healthcare facilities.
Indeed, 2008 represented a year of consolidation of the Group's role in this sector at a domestic level with final delivery and the start-up of management activities for the new hospital in Mestre as well as the start-up of activities to construct the four hospitals in Tuscany.

The technical specifications and characteristics of the main projects completed or in progress in this sector at a domestic level in 2008 are described below.

### New hospital in Mestre

The works, completed in 2008, entailed the final and executive design, construction and supply of furnishings and electromedical equipment for a new highly specialised hospital facility in Mestre.
The works were performed by the special purpose vehicle, Veneta Sanitaria Finanza di Progetto S.p.A. (V.S.F.P. S.p.A.), in which Astaldi is the main shareholder with a 31% stake, which was awarded the project finance initiative to perform these works.
The administration granting the concession is Venice's local health authority ULSS 12.
The partners in the joint venture set up a consortium company, Comes S.c.r.l., in which Astaldi operates in the capacity of mandatary with a 55% stake, to perform the civil works and supply electromedical equipment and furnishings.
Construction of the new hospital facility made available 680 new hospital beds distributed in 350 rooms, 21 operating theatres, 25 dialysis units, 100 outpatient clinics, 20 cots and 54 private rooms, with undercover car parks for approximately 1,300 vehicles, all at the service of a potential catchment area of 800,000 users. The project also included the construction of a building to be used to house Veneto's Eye Bank, the first in Europe for the number of corneas collected and distributed, and the Centre for



Italy, New Hospital in Mestre.

research on epithelial staminal cells. The total surface area for both of these facilities measures 192,000m2. Electromedical supplies and furnishings were completed during 2008 along with activities prior to the start-up of hospital as from April 2008.
Management activities were subsequently started for which a consortium company, Momes S.c.r.l., in which Astaldi is the mandatary with a 55% stake, was set up to perform scheduled and unscheduled maintenance of the civil works and lift systems.
For more information regarding this project, please refer to the section dealing with concession projects.

### Four hospitals in Tuscany

The project finance initiative for the construction and subsequent management of an integrated system of four hospitals in Tuscany entails the construction of four hospital complexes situated in Lucca, Massa, Pistoia and Prato. The new facilities will occupy a total surface area of over 200,000m2 and make available over 1,700 hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots.
The project involves a total investment of EUR 336 million for construction activities (with public funding of 55%) and EUR 1.2 billion in nominal terms for management activities (in which Astaldi has a 35% stake). The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction and 19 years for management of plants and works as well as non-healthcare services. Such duration applies as from signing of the agreement which took place on 19 November 2007.
At this date the local health authorities USL 1 - Massa and Carrara, USL 2 - Lucca, USL 3 - Pistoia and USL 4 - Prato awarded as a concession to SAT S.p.A, which Astaldi holds a 33.3% stake in, construction of the four new hospitals using the project finance formula. The purpose of the relative agreement is the final and executive design, performance of works and management of the new hospitals as well as of some hospital and commercial services.
Design and construction activities will be awarded by the concessionaire to a joint venture set up by two of its partners. The consortium company CO.SAT S.c.r.l., in which Astaldi holds a 50% stake, was set up to perform works.
All the hospitals comprise a main 5-floor building with 1 basement level and an additional 4-floor building with 1 underground level. While there are differences between the hospitals regarding the surface area occupied and the number of hospital beds made available.
The most important details regarding the individual hospitals involved in the project can be found below.

#### Massa Hospital

The facility will occupy a surface area of 80,252m2, with a total volume of 175,000m3, 22,500m2 of cark parks and a similar number of square metres of green areas. Construction of the complex will make available 360 hospital beds, 30 dialysis units, 12 hospital beds for short-term observation and 24 cots.

#### Lucca Hospital

The works involve a total surface area of 72,250m2. The total volume is 184,300m3 with 25,700m2 of outdoor cark parks and 13,400m2 of green areas. 410 hospital beds will be made available along with 38 dialysis units, 20 hospital beds for short-term observation and 24 cots.

#### Pistoia Hospital

Once this complex is completed, 400 hospital beds will be made available together with 26 dialysis units, 20 hospital beds for short-term observation and 20 cots. The hospital will occupy a total surface are of 86,800m2, with 25,000m2 of outdoor car parks and 31,000m2 of green areas.

#### Prato Hospital

The hospital in Prato is the largest of the four planned facilities. Indeed, the total surface area involved is 99,000m2, with a volume of 208,900m3, 33,750m2 of outdoor car parks and 31,800m2 of green areas. The project entails making available 540 hospital beds, 40 beds for haemodialysis, 20 beds for short-term observation and 35 cots.

Drafting of the executive design was embarked on during 2008 following approval of the final design carried out by the concessionaire SAT.
For more information regarding this project, refer is made to the section dealing with concession projects included among the orders backlog.

### New Hospital in Naples ("Ospedale del Mare")

The project entails the final and executive design and construction in accordance with the "turnkey" formula, as well as the supply of furnishings and electromedical equipment for a new hospital complex called "Ospedale del Mare", located in the eastern suburbs of Naples.
The works were commissioned by the special purpose vehicle, Partenopea Finanza di Progetto S.p.A., subsidiary of Astaldi, awardee of the concession contract to perform this project using the project finance formula in 2005.
The consortium company, OS.MAR S.c.r.l., in which Astaldi has a 60% stake, was set up to perform the works.
The administration granting the concession is Naples' local health authority ASL Napoli 1.
The new facility will make available 450 new hospital beds, with 50 beds for low care patients and 15 operating theatres, occupying a total surface area of 145,800m2.
Structural works were completed during 2008 and assessment by the authority granting the concession of some design changes related to the hospital layout as well as to the plants and supply of electromedical equipment is pending. Such changes entailed a partial and temporary interruption of works during the last quarter followed by subsequent resumption of such works.
The overall value of the project is EUR 188 million.
Over 36% of works had been completed at 31 December 2008.
For more information regarding this project, please refer to the section dealing with concession projects.

### Academy for Italian Police Officers ("Scuola dei Brigadieri e dei Marescialli dei Carabinieri") – Florence

The contract is being performed by the consortium company S.CAR. S.c.r.l, in which Astaldi holds a 61.4% stake, and entails construction of the new Academy for Italian Police Officers in Florence.
The works were commissioned by the Ministry of Infrastructures.
The works occupy a large area comprising four functional centres: the sports centre which entails construction of a football and athletics stadium, covered swimming pool, tennis courts and gym (Centre 1); a centre dedicated to student housing with approximately 10 buildings to accommodate 1,500 students (Centre 2); a logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command offices, cadre housing, shooting range and technological plates (Centre 3); a centre for cadre residences to be used to house academy workers and their families (Centre 4).
Works performed during 2008 concerned all four functional centres. The prefabricated and elevated works related to Centre 2 were largely completed, while the elevated structures of Centre 1 and some buildings of Centre 3 are currently under construction. Regarding these structures, an additional report relating amendments to the use of some buildings as well as the possibility of adopting plants aimed at improving the academy's future management costs, is currently being drafted.
An additional amendment report regarding Centre 4 was also approved during 2008 which mainly improved some plant engineering features and building finishes, acknowledging an extension of the contractual terms which extend completion of works regarding this lot to the end of 2009.
The new total value of works is approximately EUR 262.6 million, EUR 161.2 million of which refer to Astaldi's stake.
Approximately 21% of works had been completed at 31 December 2008.

### "Riva Reno" car park (formerly "ex Manifattura Tabacchi"), Bologna

The contract regarding the concession for the construction and management of an underground public car park in Bologna called "Riva Reno" (formerly "ex Manifattura Tabacchi") signed on 15 April 2003, just as the subsequent supplementary agreement formalised on 30 June 2007, was stipulated between the joint venture involving Astaldi (as mandatary) and APCOA S.r.l. (as mandator) with the Municipality of Bologna.

The concession entails the final and executive design, construction and management of a three-storey underground car park (offering a total of 543 parking spaces) and a two-storey service building acting as the main access as well as three more areas for pedestrian access. Vehicle access to the three underground levels will be via a two-way spiral ramp.

The concession will end on 31 December 2040, as defined in the supplementary agreement formalised in June 2007.

From a financial viewpoint, the structured operation envisages corporate financing.

The total investment amounts to EUR 14 million, against which public capital account funding by the Municipality of Bologna of EUR 2 million is envisaged, to be paid during the management period.

All structural works involving the car parks and connected building were completed during 2008 and completion of the electrical, mechanical and management plants (80% of which has been completed) and finishing of the three underground levels, staircases and service building is being carried out. Works on the natural stone flooring envisaged for the external access road to the car park and to construct the external wall of the area involved in the concession are at an advanced stage.

Approximately 90% of works had been completed at 31 December 2008.

Lastly, it should be noted that opening of the car park on 5 March 2009 gave way to start-up of the management phase. For more information in this regard, reference is made to the following section of this report dealing with concession projects and to the subsequent events.

### New Expo Fair Centre - Rho-Pero (Milan)

The new Expo Fair Centre in Milan was opened in 2005 and maintenance and centre operation activities are currently in progress, as provided for in the contract with termination of such activities scheduled for June 2010.

It must be remembered that this facility represents one of the most important examples of the operating abilities of Astaldi Group which took part in its construction in the capacity of General Contractor.

Italy, New Expo Fair Centre in Rho-Pero.

The centre, built using 111,000 tons of steel and 200,000 m$^2$ of glass occupies a total surface area of 1,200,000 m$^2$, with 8 pavilions, 6 of which measuring 36,000 m$^2$ and 2 two-level pavilions measuring 66,000 m$^2$ each for a total of 351,600m2.

### Assemini site

The project, performed directly by Astaldi, consists in making safe the external area of the Assemini industrial site located in Cagliari province.
The works were awarded to Astaldi by Syndial S.p.A., an ENI Group company.
In brief, the works entail construction of a plastic diaphragm (measuring 2km in length and 45m in average depth) to mark out the area to be made safe, as well as waterproof covering of all the marked out area measuring a total of approximately 24 hectares.
The main works performed during 2008 concerned capping of the site with layers of clay, waterproof covering, drainage material and vegetable soil.
Delivery of the main works is scheduled for 2009, with the exception of management of the green areas which will continue throughout 2010 as well.
The contractual value of the works amounts to EUR 43.2 million, including the contractual amendments made during the year just ended. 77% of works had been completed at 31 December 2008.

## Concessions

The concessions market, both those related to private and public initiatives, is seriously affected by the macroeconomic situation being experienced by the international system.
The events involving the international economic-financial system and, specifically, the serious crisis experienced by the leading European and American banks, has generated mistrust in the banking system. This has in turn produced a consequent reduction in the availability of credit and an increase in the cost of money, which, as far as the concessions sector is concerned, means an increase in the guarantees required to carry out projects.
At the same time in Italy, the 3rd Corrective Decree to the Contract Code (Legislative Decree No. 152 of 11 September 2008) has re-established the principle of the right of pre-emption for the sponsor and accelerated the award procedure regarding private initiatives (with elimination of the negotiated procedure). This has generated a positive change in the approach of private operators to the project finance market even if the development of new, important projects, forecast on all sides, is experiencing difficulties given the current state of the financial markets.
In this context, the Group's focus on the healthcare construction sector is confirmed, with Astaldi intending to maintain the leadership is has acquired in the concessions sector (the hospitals in Mestre, Naples, Massa, Lucca, Pistoia and Prato makes Astaldi the Italian operator with the largest network of PPP hospitals to date), and in the transport infrastructures sector (undergrounds, car parks, motorways). While there are interesting opportunities on the horizon in the renewable energy sector with reference above all to the hydroelectric, wind and photovoltaic sectors as well as the energy production plant sector, in Italy and abroad.
The Group's activities in this sector during 2008 were focused on start-up of the management phase for the new hospital in Mestre and on launching the special purpose vehicle SA.T. S.p.A., set up in relation to the four Hospitals concession in Tuscany.

### New hospital in Mestre

The project is managed by Veneta Sanitaria Finanza di Progetto S.p.A., the special purpose vehicle (concessionaire) in which Astaldi has a 31% stake.
The administration granting the concession is Venice's local health authority ULSS 12.
The agreement entails the final and executive design and construction (already completed) as well as the supply of electro medical equipment and furnishings and management of the non-healthcare and commercial services of a highly specialised hospital complex, offering 680 hospital beds in 350 rooms, 22 operating theatres, 25 dialysis units and 20 cots on a site measuring 150,000m2, for a potential catch-

ment area of 800,000 users.
Construction of the facility housing Veneto's Eye Bank, the first in Europe for the number of corneas collected and distributed, and the Centre for research on epithelial staminal cells, has also been performed within the hospital complex.
The concession has a duration of 29 years and 2 months; 23 years and 10 months of which refers to the management phase.
From a financial viewpoint, the structured operation provides for non-recourse financing of EUR 107 million, with 20/80 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 28 million.
The total investment for works and the supply of furnishings and equipment including indirect charges amounts to EUR 236.4 million (excluding VAT and financial charges), against which public capital account funding by the authority granting the concession of EUR 116 million (excluding VAT) has been disbursed on the basis of progress of works.
Return on the investment, net of public funding, will be provided over 23 years and 10 months of direct management of the new hospital's non-healthcare and commercial services through to 4 February 2032.
Estimated concession revenues for the special purpose vehicle for provision of the above services amount to approximately EUR 50 million per year (2007 figures), of which EUR 15.5 million refers to Astaldi's stake.
Inspections were completed during the first quarter of 2008 and all the authorisations and permits required to open the hospital were obtained. This allowed for both issue of a certificate of fitness for use for the hospital by the authority granting the concession as well as start-up of the management phase as from 1 April 2008, with authorisation to transfer healthcare activities from Ospedale Umberto I.
Transfer of activities which took approximately 70 days, commenced on 7 April with the transfer of the test laboratory and ended on 15 June with the transfer of the accident and emergency department.
The transfer of activities comprised several phases: outpatient clinic activities were transferred first of all including the dialysis, cancer care day hospital and radiology services as well as the test laboratory; this was followed as from May by transfer of hospitalised patients and various related diagnostic services including the operating block, hemodynamic and angiography platform, etc. Lastly, as mentioned above, the accident and emergency department was transferred.
Many services, both healthcare and non-healthcare, including (under concession to Veneta Sanitaria) test laboratory and radiology, cleaning and catering services were maintained in both locations in order to allow for healthcare activities to be performed in both hospitals until the transfer of services was completed.
The transfer was performed without any consequences for healthcare activities and in complete compliance with the timeframe.
All the services covered by the concession were started up at the same time as commencement of the transfer, allowing for them to be fully operational within the first 3 months of management, in complete compliance with scheduling.
It is important to note that almost 2 million laboratory tests were performed during 2008 along with 54,000 radiology services and the provision of 320,000 meals for patients, employees and external users.

### Four hospitals in Tuscany (Massa, Lucca, Pistoia, Prato)

The project is managed by the special purpose vehicle, SA.T. S.p.A., set up in February 2008 in which Astaldi holds a 35% stake.
The local health authorities granting the concessions are U.S.L. 1 - Massa and Carrara, U.S.L. 2 - Lucca, U.S.L. 3 – Pistoia and U.S.L. 4 - Prato.
The agreements signed in November 2007 are four in number, one for each of the local health authorities concerned, but are based on the principle of unitariness of the four projects and economic-financial planning for the projects.
The purpose of these agreements is the final and executive design, construction and management of the relative non-healthcare and commercial services, of new highly-specialised hospital complexes in

Massa, Lucca, Pistoia and Prato which, all together, will make available a total of 1,710 new hospital beds occupying a surface area of approximately 2000,000m2. The supply of electro medical equipment and furnishings is excluded.
The duration of the concession is 22 years and 9 months, of which 19 years of management activities.
The structured operation for this project is based on non-recourse financing of approximately EUR 143 million, with 18/82 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 30 million. Total public funding of approximately EUR 185 million (excluding VAT) is envisaged, (EUR 175 million to be paid on the basis of progress of works and a final amount of EUR 10 million upon commissioning) in relation to a total investment of approximately EUR 336 million (excluding VAT and financial charges).
Concession revenues for this project of approximately EUR 48 million per year in relation to provision of non-healthcare (cleaning, maintenance, sterilisation, laundry, catering, etc.) and commercial services are estimated for the special purpose vehicle.
Lastly, it is noted that the special purpose vehicle, SA.T. S.p.A. was set up during 2008. The conferences of services ("Conferenze dei Servizi") were also successfully concluded following which the authorities granting the concessions approved the final design of the works; thus giving the go-ahead for the final design phase and subsequent start-up of site activities scheduled for the second half of 2009.
Regarding the progress of works, refer is made to details regarding this project found in the section dealing with projects in the civil and industrial construction sector.

### New Hospital in Naples ("Ospedale del Mare")

The project is managed by Partenopea Finanza di Progetto S.p.A. (PFP), the special purpose vehicle in which Astaldi holds a 59.99% stake.
The administration granting the concession is Naples' local health authority ASL Napoli 1.
The agreement signed entails the final and executive design, construction and management of related non-healthcare and commercial services of a new, highly specialised, hospital complex in the eastern area of Naples which will make available 450 hospital beds (as well as 50 hospital beds for low care patients) within a total surface area of 145,800m2. The supply of electro medical equipment and furnishings is also included.
The concession has a duration of 28 years and 7 months, of which 25 years refer to management activities.
The operation is structured on the basis of non-recourse financing of approximately EUR 78 million,

Italy, Hospital in Naples ("Ospedale del Mare").

with 20/80 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 20 million. Total public funding of approximately EUR 108 million (excluding VAT) is envisaged, to be paid on the basis of progress of works, in relation to a total investment of approximately EUR 188 million (excluding VAT and financial charges). Concession revenues of approximately EUR 25 million per year for the provision of non-healthcare (cleaning, maintenance, sterilisation, laundry, catering, etc.) and commercial services are forecast for the special purpose vehicle.

Regarding the progress of works, refer is made to the details mentioned in the section dealing with projects in the civil and industrial construction sector.

### Milan underground – Line 5

The project is managed by Metro 5 S.p.A., in which Astaldi holds a 23.3% stake.

The authority granting the concession is the Municipality of Milan.

The agreement, signed in June 2006, entails the final and executive design, construction and subsequent management of the new Line 5 of the Milan underground which will take the form of a new underground line driven and controlled at a distance by a fully automated system (driverless system). The new line will run along a route measuring 6.1km (taking into account the route changes approved during 2007) and include 9 stations. The agreement includes the supply of rolling stock.

The duration of the concession is 31 years and 9 months, of which 27 year refer to management activities.

From a financial viewpoint, the structured operation provides for non-recourse financing of approximately EUR 183 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 40 million. Total public funding of approximately EUR 296.6 million excluding VAT (of which EUR 62.6 million from the Municipality and the rest from the state) is envisaged in relation to a total investment of approximately EUR 484 million (excluding VAT and financial charges).

Concession revenues of approximately EUR 26 million per year are forecast for the special purpose vehicle.

Regarding the progress of works, refer is made to the details mentioned in the section dealing with projects in the transport infrastructures sector.

### Managed car parks

Three of the five concession projects in the mobility and car parks sector, which Astaldi can include among its orders backlog, were operational at 31 December 2008.

Such projects become four in number if we take into account the fact that management activities for the “Riva Reno” (formerly “ex Manifattura Tabacchi”) car park in Bologna were started up as from March 2009.

It is also noted that Astaldi has embarked on a partnership with APCOA Group, one of the main operators at an international level in the car parks management sector, in relation to all these projects.

A brief description of the individual projects can be found below.

#### “Piazza VIII Agosto” car park – Bologna.

The concession, awarded in 1998 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction, already completed, as well as the subsequent management of a new underground car park in Piazza VIII Agosto in Bologna.

The authority granting the concession is the Municipality of Bologna.

The car park is organised on three underground levels and offers approximately 979 parking spaces.

The duration of the concession is 60 years, of which 57 years and 10 months refer to management activities.

The works were completed in October 2000, and the car park became operational as from March 2001 following commissioning.

The project was financed in part by public funding of EUR 9 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 279 parking spaces.

Revenues from car park management, which ensure a return on the investment made during construction, amount to approximately EUR 4 million per year (2008 turnover), 50% of which refers to Astaldi's stake.

**"Corso Stati Uniti" car park – Turin.**

The concession, awarded in 1999 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction, already completed, as well as the subsequent management of a new underground car park in Corso Stati Uniti in Turin.

The authority granting the concession is the Municipality of Turin.

The car park is organised on two underground levels and offers 500 parking spaces.

The duration of the concession is 80 years (as from February 1999), of which 77 years and 5 months refer to management activities.

The works were completed in July 2001, and the car park became operational as from October 2001 following commissioning.

The project was financed in part by public funding of EUR 4.7 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 46 parking spaces.

Car park concession revenues, which ensure a return on the investment made during construction, amount to approximately EUR 0.3 million per year (2008 turnover), 50% of which refers to Astaldi's stake.

**"Porta Palazzo" car park – Turin.**

The concession, awarded in 1996 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction, already completed, as well as the management of a new underground car park at Porta Palazzo in Turin.

The authority granting the concession is the Municipality of Turin.

The car park is organised on six levels, two of which are underground and four of which are above ground level, for a total of approximately 850 parking spaces.

The duration of the concession is 80 years (as from August 1996), of which 77 years and 8 months refers to management activities.

The works were completed in December 1998, and the car park became operational as from January 1999 following commissioning.

The project was financed in part by public funding of approximately EUR 6.3 million, in part by a private loan taken out by Astaldi and in part by revenues from the sale of 90 parking spaces.

Car park concession revenues, which ensure a return on the investment made during construction, amount to approximately EUR 0.6 million per year (2008 turnover), 50% of which refers to Astaldi's stake.

**"Riva Reno" car park (formerly "ex Manifattura Tabacchi") - Bologna.**

The concession, awarded in 2003 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction (completed in February 2009), as well as the management of a public underground car park called "Riva Reno" located in the former tobacco production area in Bologna.

The authority granting the concession is the Municipality of Bologna.

The car park comprises three underground levels offering a total of 543 parking spaces as well as a two-storey service building which acts as the main access and three additional areas for pedestrian access. Vehicle access to the three underground levels will be via a two-way spiral ramp.

The operation was financed in full by a private loan taken out by Astaldi, the repayment of which is guaranteed by car park concession revenues. Such revenues, once the car park is fully operational, will amount to approximately EUR 2 million per year, 50% of which refers to Astaldi's stake.

The concession will expire on 31 December 2040. Management activities commenced in March 2009.

For more information regarding this project and a description of the activities performed during 2008, please refer to the section of this report dealing with projects in the civil and industrial construction sector.

## Car parks under construction

Following completion of the "Riva Reno" car park, the only car park currently under construction is the "Piazza della Cittadella" car park in Verona. The main technical characteristics of such project are detailed below.

**Piazza della Cittadella" car park – Verona.**
The concession, awarded in 2005 to the joint venture in which Astaldi is leader and mandatary, entails the design, construction and management of a new underground car park located in Piazza della Cittadella in Verona.
The car park, currently under construction, comprises three underground levels offering a total of 750 parking spaces.
The duration of the concession is 30 years, of which 27 years and 6 months refer to management activities.
During 2008, the Municipality of Verona approved the executive design related to this project.
Works to shift subservices were completed at the end of July by the parties concerned (works financed by the concessionaire), and the Municipality of Verona handed over part of the areas to be used for construction of the car park in September 2008. The Municipality of Verona proceeded with definitive handover of the areas in January 2009 even if a partial suspension of works was ordered by the Works Supervisor on the same date due to uncovering of an archaeological find in an area of the site. Demolition of the former underground car park was also performed and foundation works embarked on. At the present time, the reinforced concrete bulkheads and tie beams are under construction and excavation works are being performed.
The operation will be financed in full by private capital provided by Astaldi.
The total investment for works and indirect charges related to this project amount, to date, to approximately EUR 21 million (excluding VAT).
Car park concession revenues, once fully operational, will amount to EUR 2.5 million per year, 50% of which refers to Astaldi's stake.

Italy, Parking "Piazza della Cittadella" (Verona).

# Foreign activities

Foreign activities accounted for 40% of the total backlog at 31 December 2008, which basically means EUR 3.3 billion of activities largely involving the construction sector in relation to transport infrastructures and energy production plants. Concession projects are not lacking, limited to date to a project in the water sector currently in progress in Honduras. It is expected that new interesting opportunities in this sector may be developed abroad in the future.
Regarding the countries where the Group is currently present, it must be remembered that the Group's commercial expansion policy has led to consolidation of its position over the years in those areas where Astaldi traditionally operates (Turkey, Romania, Algeria, Central America, Venezuela and the Middle East), as well as to identification of new potential in adjacent markets offering additional interesting development opportunities (Chile, Bulgaria, Poland to mention just a few).

The contribution at 31 December 2008 of each country where the Group currently operates is described in brief below.

## Europe

### Romania

Taking into account the new contracts secured during the year, the orders backlog for this area at 31 December 2008 amounted to approximately EUR 600 million which mainly refer to projects involving the road, railway and airport transport infrastructures sector.
It is also noted that the new government, which is able to rely on a consolidated majority of more than 70% in parliament – this had not been the case for several terms – has asserted the importance of investing in infrastructures to counteract the general economic crisis which is clearly affecting Romania as well. However, an increase in the GDP (of between 1 and 1.5%) is forecast for 2009, even if such is smaller than in previous years.

A brief description of the main projects completed or in progress in the area at 31 December 2008 together with contractual values and highlighting of the projects secured during the year, is set out below.

**Bucharest-Constanta railway**
Among the main works in progress, mention must be made of the project to construct the Bucharest-Constanta railway which Astaldi is involved in with regard to the performance of works on Section 2, Lots 2, 3 and 4.
The works were commissioned by Romania's state railways and consist in upgrading of the railway platform and complete replacement of ballasts, sleepers and tracks.
Lot 2 also includes upgrading of existing bridges and viaducts and construct of a new railway viaduct formed of seven spans measuring 33 metres each.
The total value of the contract amounts to approximately EUR 180 million and upgrading of approximately 70km of tracks was performed during 2008. Approximately 30% of works had been completed at 31 December 2008.

**Cluj–Napoca airport**
As far as Romania concerned, the project relates to the construction of two new passenger arrivals and departures terminals for the airport located in Cluj-Napoca, Romania's second largest city in terms of the number of inhabitants.
The works were commissioned by the state airport company responsible for managing the airport.
Delivery of the works took place in May 2008, regarding the arrivals terminal and delivery of the departures terminal is scheduled for May 2009.

**"Basarab Overpass" project**
The contract related to the Basarab Overpass project performed by Astaldi as part of a joint venture, entails the design and construction of an urban viaduct with motorway features in Bucharest, measuring approxi-

mately 2km in length, on which tram lines also have to be installed.
The works also entail the construction of a cable bridge with a span measuring approximately 250 metres in length and an arched steel bridge with a span measuring 120 metres in length.
The works were commissioned by the Municipality of Bucharest.
Delivery of the works is planned for the second part of 2009, but will probably be delayed due to the authority's difficulties in defining occupation of the remaining areas concerned that are still not available.
The project's contractual value amounts to approximately EUR 120 million, 50% of which refers to Astaldi's stake.

### "Lia Manoliu" national stadium (Bucharest)

The contract relates to the "Lia Manoliu" national stadium entails demolition of the existing national stadium and construction of a new, modern sports facility.
The project's contractual value amounts to approximately EUR 140 million, 40% of which refers to Astaldi's stake.
Demolition of the structures relating to the existing stadium was carried out during 2008 together with laying of the new stadium's foundations and prefabrication of some terrace-related features.

### Arad–Timisoara motorway

The contract, worth EUR 138 million (in which Astaldi has a 50% stake) and secured during 2008, entails the construction of 31.5 kilometres of motorway in the western part of Romania with 4 lanes in each direction, 2 hard shoulders, one junction and 16 bridges.
The works will be performed by a joint venture involving Astaldi and the Spanish company FCC Construcción S.A. (Astaldi holds a 50% stake).
Works will commence during the first half of 2009 with a planned duration of 36 months.

### Constanta bypass

The contract, awarded to Astaldi during 2008 as part of a joint venture with the Spanish company FCC Construcción S.A., is worth EUR 120 million (Astaldi has a 50% stake) and entails the design and construction of 22 kilometres of motorway with 5 junctions and 21 overpasses and bridges.
Works will commence during the first half of 2009 with a planned duration of 36 months.

### "Henri Coanda" international airport – Bucharest (Phase 3)

The contracts secured in Romania during 2008 include a new phase – Phase 3 – of the project to develop and modernise "Henri Coanda" International Airport (formerly Otopeni) in Bucharest with a con-

Romania, "Henri Coanda" international airport in Bucharest.

tractual value of EUR 75 million.
Astaldi, which has already successfully completed the first two phases of this project, will perform the civil works and plants and systems aimed, inter alia, at extending the passenger arrivals and departures terminals, renovating the management building, reorganising passenger traffic and building a new ground level car park.
Regarding this contract, it is noted that activities encountered a slowdown during the year mainly due to delays by the authorities responsible for issuing authorisation and permits, as well as to the client's request to make some sizeable amendments to the project. It is expected that such events will not cause any further delays during 2009.

## Bulgaria

Astaldi Group is present in Bulgaria with a single project currently in progress related to the Plovdiv–Svilengrad railway line for which more details regarding technical specifications and activities performed during the year are provided below.

### Plovdiv-Svilengrad

The contract currently in progress entails the construction of a new railway line along the Plovdiv–Svilengrad section, forming part of the Trans-European Corridor 4.
The works were commissioned by Bulgaria's state railways.
Specifically, the project entails the design and performance of civil works as well as the superstructure and electrification of a new railway line measuring a total of approximately 100km in length.
Delivery the works is scheduled for December 2010.
The design phase was carried out during 2008 and works will commence in March 2009.

## Turkey

Astaldi has been operating in Turkey for over 20 years and has been involved in the construction of a major section of the Anatolian Motorway, one of the best examples of what the Group is able to achieve in the area of motorway transport infrastructures.
2008 was an important year for Turkey which showed Astaldi as the leading player in the procedures to award two of the main works in progress in Istanbul at the present time: the Istanbul underground and the Golden Horn Bridge.

The characteristics and technical specifications of these two projects are described below.

### Istanbul underground (Kadiköy–Kartal section)

Secured during 2008, this project may be taken as the most important project planned to date for the near future by Istanbul's city authorities.
Astaldi, in its capacity as leader and mandatary of a joint venture, was awarded the relative general contracting project worth a total EUR 751 million (in which Astaldi has a 42% stake).
The contract involves construction of a double-track line which will run through a tunnel approximately 20 kilometres long with 16 stations and includes the supply of electromechanical and signalling systems in addition to civil works. The use of a TBM (Tunnel Boring Machine) is envisaged for excavation works, as is already in use for Line C of the Rome underground, Line 5 of the Milan underground and the Brescia underground.
The planned duration of works is 3 years and works were started up during 2008. Specifically, site preparation and base camp set-up activities got underway, preliminary design activities were completed for 13 of the 16 planned stations and work on excavating the tunnels has begun.
Lastly, it is noted that, a contractual extension worth EUR 97 million (Astaldi has a 42% stake) has already been envisaged for this project which is expected to provide a major boost to expansion of the city's public transport network. Such extension was secured

subsequent to the end of the financial year and has not yet been included in the value of the contract and hence among the orders backlog. The addendum refers to an extension of the line in the direction of Pendik corresponding to an additional 4.8km of tunnels to be dug as well as the signalling system for the whole section. For more information regarding such addendum, reference is made to the section dealing with subsequent events.

**Golden Horn Bridge (Hălic Bridge), Istanbul**

Awarding of the contract to construct the Golden Horn Bridge, also known as H?lic Bridge, worth a total EUR 147 million (Astaldi has a 51% stake), secured during the latter part of the year, is also of great prestige, and not only for the contractual value involved. H?lic Bridge will run across the famous inlet on the European side of the Bosporus, known as the Golden Horn, linking Top?api to Galata. The route will measure approximately one kilometre and will allow the new Un?apanı-Yeni?apı line of the Istanbul underground to run along it. The new structure will also involve construction of a steel cable bridge measuring 387 metres in length as well as a 120-metre swing bridge which will open to allow boats to pass through. The works have been commissioned by Istanbul city authorities. Astaldi's local partner in performing the works will be Gülerma?, one of the companies Astaldi is already working with to construct the Kadıköy-Kartal section of the underground. Works are planned to commence in early 2009.

## AMERICA

### Venezuela

Astaldi has been operating for over 30 years in this area where it has already successfully completed a large number of projects, especially in the railway transport infrastructures sector, and where it has been recognised for many years as one of the main players in this sector, perfectly integrated into the local production fabric and a leading exporter of the Italian production model.

The success it has achieved is due to the technological solutions adopted and to the reliability it has shown with regard to performance timeframes and the quality of its works.

At the current moment, the Group is present in the area with a large number of projects in progress.

Important developments are also expected, including in the short term, as a result of the intergovernmental agreements signed between the Italian and Venezuelan governments in December 2005.

Regarding projects in progress, they refer to four railway lines which, on the whole, aim to equip the cen-

Turkey, Istanbul underground.

tral-southern part of the country with a transport system able to promote and support the economic development projects drawn up at a national level. The projects in question are related to the Caracas-Tuy Medio, Puerto Cabello-La Encrucijada, San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines. Regarding all these projects, Astaldi is present as part of an Italian joint venture in which the individual partners each hold a 33.33% stake.
It is recalled that in order to comply with the principle adopted by Astaldi Group regarding inclusion of orders in the backlog, solely for contracts secured and financed in full, all these projects resulting from the aforementioned intergovernmental agreements have not yet been fully entered in the overall value of the Group's orders backlog. They are included in the backlog on a tranche, pro quota and annual basis, against inclusion of the stipulated contracts in the state's budget.

The individual projects in progress or completed in the area during 2008 are described below.

### Puerto Cabello-La Encrucijada railway

The contract entails the construction of a railway line along the Puerto Cabello-La Encrucijada section, measuring approximately 108km in length.
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a 33.33% stake, is responsible for construction of the line.
The total value of the contract amounts to EUR 3,000 million (including "Option 10" signed in 2006, which entails the construction of stations and freight villages), one third of which refers to Astaldi's stake.
The works for which Astaldi is responsible, started during 2002, are split into two lots, one situated in the mountains and one in the plains.
Regarding the mountain lot, activities continued during 2008 with the internal coating of 3 of the 5 tunnels (total length of 9.7km) included in the lot completed; works to construct the foundation shafts of the last viaduct's piers (510m) were started up; all the piers of the other 4 viaducts (for a total 1,220m) were completed.
Regarding the plain lot, ground works continued and constructing of the interfering subservices (electricity, water and gas) was virtually completed. This resulted in completion of the foundations and piers of certain viaducts (a total of 9.3km). Assemblage of the girders for the decks of these viaducts also got underway.
43% of works included in the backlog to date had been completed at 31 December 2008.

Venezuela, Puerto Cabello - La Encrucijada railway

### Caracas–Tuy railway

The project related to construction of the Caracas-Tuy Medio railway line was completed with inauguration of the Caracas-Cua section on 15 October 2006 in the presence of the President of the Bolivarian Republic. Two years on from such opening, 18 million passengers had been transported with peaks of 56,000 passengers per day.
Finishing and maintenance activities only were carried out during 2008.

### San Juan de Los Morros-San Fernando de Apure and Chaguaramas–Cabruta railway lines

These two contracts resulting from the Italian-Venezuelan intergovernmental agreements of 2005, were signed in June 2006 between IAFE and an Italian joint venture.
The two projects entail construction of a total of 452km of new railway lines, of which 15km of tunnels and 12km of bridges and viaducts, and include design and installation of the railway superstructure, 13 stations, 3 freight villages and a maintenance workshop.

#### San Juan de Los Morros-San Fernando de Apure.

Specifically, the San Juan de Los Morros-San Fernando de Apure section runs along a route measuring approximately 252km, for a contractual value of EUR 1,218 million, a third of which refers to Astaldi's stake.
During 2008, regarding the mountain lot, site installation and excavation of 3 tunnels (1 of which was completed) were carried out as well as some ground works.
Regarding the plain lot, site installation was completed, ground works continued to go ahead and the caissons and underpasses were constructed.
15% of the works included in the backlog to date, had been completed at 31 December 2008.

#### Chaguaramas–Cabruta.

The new line runs for 201km and has a contractual value of EUR 573 million, a third of which refers to Astaldi's stake.
Site installation for this project was completed during the year and concrete works related to the viaducts and minor works continued to be performed. Specifically, regarding the first viaduct, assembly of the deck girders got underway. Ground works advanced at a slow pace in order to ensure monitoring of the capital invested in the project. To date, 2 million cubic metres of embankments have been performed.
20% of the works included in the backlog to date has been completed at 31 December 2008.

## Chile

Astaldi's Chilean branch, which will be responsible for managing Consorzio Astaldi Fe Grande Cachapoal, a consortium in which Astaldi holds a 95% stake, was opened in September 2008. Such consortium will perform the Chacayes Hydroelectric Project (forming part of the Alto Chacapoal Project), an important initiative secured by Astaldi in Chile during 2008. The new branch will also be responsible for developing future commercial opportunities which the country has to offer.

More information regarding the Alto Chacapoal Project is provided below.

### Chacayes hydroelectric project

The project, secured during 2008, evidences Astaldi involved in developing the Alto Cachapoal Project, one of the most important hydroelectric plants under construction in Chile, worth a total of over 1 billion dollars. Indeed, Astaldi was awarded the contract worth 282 million dollars at tender exchange rates (in which Astaldi has a 95% stake) to construct a new hydroelectric plant. The project involves construction of the Chacayes dam in the River Cachapoal valley, a plant that will have a 110MW capacity and which will be located at a distance of approximately 20 kilometres from the city of Rancagua.
The project consists in the turnkey construction of a hydroelectric plant comprising approximately 6 kilometres of tunnels, a complex water supply system, a regulating reservoir of approximately 200,000m3 and a surface-level powerhouse with 2 55MW turbines.

The contract also includes the supply, assembly and commissioning of electromechanical components (turbines, generators and flood gates).
The planned duration of the project is approximately 26 months with works to be started up as from the first half of 2009.
The works are expected to be completed by 2011.
Astaldi's involvement in this project is a result of the strategic partnership entered into with the Australian group Pacific Hydro, responsible for commissioning these works and one of the most important operators in the world in the energy production plants and renewable energies sector that is establishing itself as a key player in the energy field in Chile.

## Bolivia

Astaldi Group is present in Bolivia in the transport infrastructures sector only.
Activities in the country in 2008 were limited to the performance of works related to construction of the El Tinto–San José road as a result of the country's political situation. Delays in the works schedule were recorded due to some project definition amendments; mostly relating to the final 36-kilometre section of the road which is subject to flooding.
Note must also be taken of the recent signing with the client of an addition to the contract which provides for, inter alia, writing-off of the aforementioned 36 kilometres and completion of the works by the end of December 2009.
While regarding the bridges, they were opened to traffic in mid September, as planned in the original contract schedule, following exceptional speeding up of works.
The overall project performance which has recorded negative results and the operating difficulties experienced in this country suggest an extremely prudent approach regarding the decision to undertake additional projects in Bolivia.

## Central America (El Salvador, Costa Rica, Honduras, Nicaragua)

In 2008, the Group performed its production activities in Costa Rica, El Salvador, Honduras and Nicaragua and worked on interesting commercial initiatives in Panama.
The total value of new acquisitions in this area during 2008 totalled EUR 210 million which bring the share of the orders backlog related to activities in Central America to EUR 337 million.

**Costa Rica.**
Activities related to the Pirris hydroelectric project continued in this area and it is noted that flooding occurred in May causing damage to the works site and installations. Such event led to redefinition of the contract.

**El Salvador.**
Production in this area largely consisted in continuation of the project to construct the Ilopango medical unit. The El Chaparral Hydroelectric Project was also secured during the year for which the information listed below should be referred to. The contract to upgrade the San Miguel Hospital with funding of EUR 19 million by the World Bank was signed and construction works have already started.

**Honduras.**
The activities performed in this area concerned construction of the basic infrastructures for the Bahía de Tela Project and the La Barca-Pimienta and Comayagua–Taulabe road projects. Regarding Honduras, it is mentioned the acquisition during the year of the Comayagua–Taulabe road project, split into two lots, worth EUR 31 million. Funding from the US government's Millenium Challenge Account is envisaged for this project. The relative construction works already got underway in 2008.

**Nicaragua.**
Regarding this area, activities related to the Diriamba-Casares and Chinandega–Corinto road projects continued during the year.

Given the importance of the project, more information regarding the El Chaparral hydroelectric project underway in El Salvador is set out below.
El Chaparral hydroelectric plant
During 2008 Astaldi Group was awarded the contract worth 220 million dollars (equivalent to EUR 160 million at tender exchange rates) to construct the El Chaparral hydroelectric plant in El Salvador, an initiative which consolidates the Group's presence in Latin America and confirms its leadership in the energy production plant sector. The project involves the design and construction of a new hydroelectric energy production plant with a 66MW capacity using the turnkey formula. Performance of the works will lead, inter alia, to the construction of a RCC (roller-compacted concrete) dam standing 87 metres tall, measuring 321 metres in length and with a volume of 375,000 cubic metres. Works were already started up during the last quarter of 2008 with an overall duration of 50 months. Completion of the works is planned for February 2012.
The works have been commissioned by CEL (Rio Lempa Hydroelectric Executive Commission), El Salvador's electricity company. The project will be financed by the BCIE (Central American Bank for Economic Integration) and by the local government.
United States (Florida)
All Astaldi Group's activities within the United States are developed by Astaldi Construction Corp., a company subject to US law and controlled entirely, both directly and indirectly, by Astaldi S.p.A.
Therefore, the section of this report dealing with such company should be referred to for further information regarding activities performed in this area.

## Africa

Astaldi is able to boost a long-standing presence in Africa which has seen its involvement over the years in the leading infrastructure development projects worked on in this continent over the last fifty years.
At the moment, Astaldi Group's presence is limited to Algeria where it operates mainly in the transport infrastructures and water sectors.

The main projects completed or in progress in Algeria at 31 December 2008 are described below.

## Algeria

The Group's interest in this area was confirmed, also in light of the major programme of state investments in progress, mainly in the transport infrastructures sector. Diligent commercial monitoring is going ahead while, at the same time, production activities are increasing which, for the coming years, will allow the area to make a significant contribution to the Group's activities.

The main works in progress in Algeria at 31 December 2008 are described below.

### Saida-Moulay Slyssen railway

In July 2007, the Ministry of Transport of the Republic of Algeria awarded Astaldi the contract worth EUR 616.6 million to design and construct 120 kilometres of new railway line along the Saida-Moulay Slyssen section, including railway bridges and viaducts, 4 stations, a freight village, a maintenance depot and 3 interchange stations.
The start-up of works was planned for the first half of 2008 with a total duration of 46 months.
Design activities got underway during 2008 and, once the client had made available the areas in question, site installation activities were also started up.
Approximately 1% of works had been completed at 31 December 2008.

### Mecheria-Redjem Demouche railway

The contract, awarded by SNTF, Algeria's national railway company, entails the design and construction of the new Mecheria-Redjem Demouche railway line.

The railway line will run for approximately 140km, connecting the two cities of Mecheria and Redjem Demouche, located in the south-west of Algeria.
Site installation were completed during 2008 (through completion of the base camp, installation of the crushing plant and sleepers manufacturing plant), some supplies needed to start up activities were made, ground works were completed (up to the foundation layer) along almost all the route and the sub-ballast layer was laid along approximately 40km of the route. Almost all casting of reinforced concrete was also carried out The two planned road bridges were built, 45 drainage pipes measuring 1,100mm in diameter and 15 drainage pipes measuring 800mm in diameter were laid, approximately 24,000 bi-block sleepers were manufactured. The tracks were distributed together with electric welding of such along 32 kilometres of the route and finally construction activities were started up in the form of laying of ballasts, propping up, levelling and profiling.
Note must also be taken of the "mise en demeure" (formal notice) given during the year regarding the sub-contractor Alstom, whose delays affected production activities during 2008.
The value of the contract regarding Astaldi's stake is approximately EUR 123 million.
Approximately 43% of works had been completed at 31 December 2008.

### East-West motorway (Oued Fodda-Khemis Milana section)

The project entails construction of the Ouedd Fodda-Khemis Miliana section of the motorway link along the coastal section between Tunisia and Morocco, also known as the East-West motorway.
The value of the contract regarding Astaldi's stake amounts to EUR 94 million including the approved contractual extensions.
Activities related to the completion of the installation of girders and construction of decks were completed during 2008 together with completion of finishes related to safety equipment and laying of expansion joints, where activities performed by local companies involved in ground works allowed for it. Regarding three of the four works awarded to Astaldi, the construction of piles and some foundation plinths was performed during 2008 and all activities through to installation of girders were carried out in relation to one of these works.
Approximately 93% of works had been completed at 31 December 2008.

### Jijel tunnel

The project entails construction of the Jijel road tunnel measuring 620 metres in length.
The value of the contract amounts to EUR 21 million regarding Astaldi's stake, including the changes

Algeria, Est - West Motorway (Oued Fodda - Khemis Milana section).

approved during 2008.
Works to reinforce and settle the outside of the tunnel at the west entrance were performed during 2008 together with putting into operation of the technological plants.
96% of works had been completed at 31 December 2008.

### Kerrada dam

The project entails construction of an earth dam and related intake and tailrace works.
The main activities performed by Astaldi during 2008 consisted in movement of material totalling approximately 3,000,000m3 (which brought the dam from a height of 67 a.s.l. up to 101 a.s.l.), completion of the diversion tunnel using approximately 17,000m3 of reinforced concrete and the start-up of works related to assembly of hydro-mechanical equipment. Regarding the Cheliff–Kerrada pipe system, spheroidal cast iron pipes (of a diameter of 2,000mm) were used which brought the state of progress of such activities to 95%.
Repair of the section of the main of the MAO system found inside Lot 1 was also carried out.
The contractual value of the project regarding Astaldi's stake amounts to approximately EUR 81 million including approved changes.
Approximately 69% of works had been completed at 31 December 2008.

### Akbou–Bejaia waterworks

The project entails construction of the external waterworks linking the cities of Akbou and Bejaia in the area to the east of Algiers.
The main activities performed by Astaldi during 2008 involved the supply of approximately 16,000 linear metres of BPAT pipes (with DN1400 diameter) and 6,534 linear metres of BPAT pipes (with DN1200 diameter) produced by Astaldi's Hellouane factory, as well as all the secondary pipes and valves of the main line and internal tubes and tanks. Supply and assembly of electromechanical equipment preliminary to putting into operation of the plant was also performed and checking of assembly of water treatment equipment preliminary to testing of semi-industrial operation of the plant started up. Work on laying steel pipes (with DN1800 diameter) continued in the additional lot for approximately 3.7 kilometres of standard installation and approximately 1.4 articulated kilometres for 155 linear metres in tunnels, 860 linear metres on piles (DN 1200) and 350 linear metres for river crossing (for a total of 5 crossings). 95% of the pipes laid were then replaced underground.
Inspection and testing of the main activities was successfully performed in November.
The contractual value of this project regarding Astaldi's stake amounts to EUR 59 million which, taking into account the changes approved during works in progress, become EUR 130 million.
91% of works had been completed at 31 December 2008.

### Hamma waterworks

The project entails construction of 4 lots of waterworks inside the city of Algiers, starting with a desalination unit.
The main activities performed in 2008 consisted during the first part of the year in completion of works to put the pipes of the A-B, Kouba and A-C, Garidi lines into operation and conclusion of testing related to pressure and electrical works and remote management of the system. The inauguration of the system in February saw the start-up of the phase of semi-industrial testing of interfacing with the desalination unit, with consequent management of the supply system which was operational as from April and which transferred approximately 200,000m3/per day to the Kouba and Garidi reservoirs through to November where management of the system was taken over by the company appointed by the client.
Another activity performed during the year was laying of the main for Lot D for which approximately 1,400 linear metres of spheroidal cast-iron pipes (DN 700 and DN 800) were laid during the year, including laying of the main inside an existing tunnel following repair of such tunnel. Wet seal testing was successfully performed for this main as well as construction of a part of the in-line works.

Notice to suspend site activities was received from the client during December 2008 in relation to the impossibility to perform works related to Lot D's reservoir.
The value of the contract is EUR 57 million which, taking into account changes approved during construction and negotiation, becomes EUR 81 million.
52% of works had been completed at 31 December 2008.

## ASIA

### Middle East (Qatar, Saudi Arabia, United Arab Emirates)

The Middle East (which for the Group means Qatar, Saudi Arabia, United Arab Emirates) represents an area of recent exploration for Astaldi. Despite this, the Group has already succeeded in acquiring a role of interest in this part of the world due to partnerships with the leading EPC contractors at an international level in the oil&gas sector (in other words, in industrial plant engineering applied to the raw material extraction sector) and to the success achieved while carrying out its first projects in this area. Indeed, these first projects allowed the Group to guarantee quality, timeframes and costs able to fully satisfy contractor and client needs and to win the complete trust of counterparties operating in the market. Moreover, projects are also being promoted in the infrastructures sector, while at the present time, the performance of works in the residential real estate sector is not of interest for the Group.

The main projects in progress or secured in the Middle East during 2008 are detailed below.

**Mesaieed LLDPE plant (Qatar)**
Astaldi Group has already successfully completed interesting projects in the Mesaieed industrial area (to the south of Doha, the capital of Qatar) where it is currently involved in performing works related to expansion of a LLDPE (Linear Low Density Polyethylene) plant on behalf of Snamprogetti.
In addition to having completed all the civil works and mechanical-structural works related to the plant during 2008, piping activities also got underway, the completion of which is scheduled for the end of the first quarter of 2009 which will allow for the whole plant to be put into operation by the summer much to the satisfaction of the contracting authority.

**"QATALUM project" (Qatar)**
In February Astaldi Group secured a contract worth USD 143 million for the design and performance of civil works related to an aluminium production plant in the Mesaieed industrial area in Qatar.
The contract, also called the "QATALUM Project" was awarded to Astaldi by one of the leading companies in the sector at an international level.
The most important works involved in this contract include the design and construction of storage silos measuring 40 metres in diameter and with a total volume of over 300,000m3.
The positive performance of activities related to this contract means that there may be possibilities of additional contractual extensions and promising development for projects in progress in this area.

# The main group companies

## Astaldi S.p.A. (Parent company)

### Economic performance

#### Reclassified income statement

| (in thousands of euros) | Note reference | 31/12/08 | | 31/12/07 | |
|---|---|---|---|---|---|
| Revenues | 1 | 1,140,569 | 95.6% | 1,033,057 | 93.8% |
| Other operating revenues | 2 | 53,104 | 4.4% | 67,712 | 6.2% |
| Total revenues | | 1,193,673 | 100.0% | 1,100,769 | 100.0% |
| Cost of production | 3 - 4 | (920,566) | -77.1% | (788,084) | -71.6% |
| Added value | | 273,107 | 22.9% | 312,684 | 28.4% |
| Personnel costs | 5 | (154,802) | -13.0% | (147,873) | -13.4% |
| Other operating costs | 7 | (16,737) | -1.4% | (28,656) | -2.6% |
| EBITDA | | 101,567 | 8.5% | 136,156 | 12.4% |
| Amortisation and depreciation | 6 | (31,607) | -2.6% | (27,837) | -2.5% |
| Provisions | 7 | (896) | -0.1% | (7) | 0.0% |
| Write-downs | 6 | (500) | 0.0% | (3,535) | -0.3% |
| (Capitalisation of internal construction costs) | 8 | 42 | 0.0% | 21 | 0.0% |
| EBIT | | 68,606 | 5.7% | 104,798 | 9.5% |
| Net financial income and charges | 9 - 10 | (19,622) | -1.6% | (47,173) | -4.3% |
| Pre-tax profit (loss) | | 48,984 | 4.1% | 57,625 | 5.2% |
| Taxes | 11 | (20,380) | -1.7% | (29,827) | -2.7% |
| Group net profit | | 28,604 | 2.4% | 27,799 | 2.5% |

Astaldi S.p.A.'s income statement shows the effects of the major boost given to production activities, especially in the domestic market in relation to achievement of the full production phase for general contracting projects. The main income statement items are described below. For more information regarding the dynamics of the individual components of each item, refer is made to the notes to the financial statements.

### Revenues

Revenues at 31 December 2008 amounted to EUR 1,140.5 million, up by 10.4% compared to EUR 1,033 million in 2007 in relation, as already mentioned, to contracts in the domestic sector with a high technical-managerial content.
Specifically, the domestic sector accounted for 54.4% of revenues due to the good performance of contracts in progress to construct the new Bologna Cen-

trale High-Speed station, the Turin railway junction, the Naples underground, Megalot "DG21" of the Jonica National Road and the Academy for Italian Police Officers in Florence. Note must be taken of the opening at the end of the year of a first section of Turin's Porta Susa Station which is set to become the city's most important station. Works on construction of the new Line 5 of the Milan underground and Line C of the Rome underground are going ahead as planned. On the other hand, regarding the contract to construct the Brescia underground, note must be taken of the negative operating results recorded linked, among other things, to problems of a mainly archaeological nature for which efforts are being made to reach a positive solution using traditional settlement procedures.

The foreign sector also made an important contribution accounting for 45.6% of revenues due to the positive performance of activities in progress in Venezuela (transport infrastructures), Algeria (transport infrastructures and energy production plants) and Romania (transport infrastructures, civil construction).

## Distribution of parent company revenues by geographical area

| (in millions of euros) | 31-dec-08 | % | 31-dec-07 | % |
|---|---|---|---|---|
| Italy | 621 | 54.4% | 400 | 38.7% |
| Abroad | 520 | 45.6% | 633 | 61.3% |
| Europa | 135 | 11.8% | 151 | 14.6% |
| America | 234 | 20.5% | 317 | 30.7% |
| Africa | 151 | 13.2% | 165 | 16.0% |
| Total | 1,141 | 100% | 1,033 | 100% |

Transport infrastructures, mainly railways and undergrounds, accounted for 80% of revenues and proved once again to be the key sector for the Group's activities. This sector is followed by civil and industrial construction (11.7%) and energy production plants (8%). On the other hand, the concessions sector's contribution to revenues is still not visible, but confirmation is provided of a leading presence in this sector whose first positive effects on margins will start to be seen as from next year with the new hospital built in Mestre entering the full management phase.

## Distribution of parent company revenues by sector

| (in millions of euros) | 31-dec-08 | % | 31-dec-07 | % |
|---|---|---|---|---|
| Transport infrastructures | 916 | 80.3% | 804 | 77.8% |
| Hydraulic works and energy production plants | 134 | 11.7% | 140 | 13.6% |
| Civil and industrial construction | 91 | 8.0% | 89 | 8.6% |
| TOTAL | 1,141 | 100% | 1,033 | 100% |

**Other operating revenues** amounted to EUR 53.1 million and refer to components not directly associated with production activities for the company's works, but, nevertheless, linked to the core business and of an ongoing nature. The negative trend in other operating revenues, even if of a significant value, is to be considered physiological insofar as linked to the specific performance of individual contract operating schedules. Therefore **total revenues** amounted to EUR 1,193.7 million which, if compared to EUR 1,100.8 million at the end of 2007 mean an 8.4% increase, in keeping with business planning.

## Cost of production

The structure and scale of production costs reflect the increase seen in production activities and gradual shift in the orders backlog towards general contracting projects.
The **cost of production**, in the sense of purchases and services, amounted to EUR 920.6 million (up 16.8% compared to EUR 788 million at the end of 2007) with a 77.1% incidence on total revenues (71.6% in 2007). The increase was due to works performed as part of a consortium that are not split according to type and to the increased volume of activities referred to previously. **Personnel costs** amounted to EUR 154.8 million (up 4.7% compared to EUR 147.8 million in 2007) with an incidence on total revenues which dropped to 13% (from 13.4% at the end of 2007) as a result of the greater economies of scale achieved during the year and increased outsourcing of activities that is typical of general contracting projects. **Other operating costs** amounted to EUR 16.7 million, in other words down by 41.6% compared to EUR 28.6 million in 2007 which is to be attributed to other operating cost dynamics. This resulted in a more limited incidence on total revenues equal to 1.4% (2.6% at 31 December 2008).

## Net financial charges

**Net financial charges** amounted to EUR 19.6 million, showing a drop of 58.4% (EUR 47.2 million at 31 December 2007) due to the increase in income from investments in subsidiary companies in Italy and abroad, within the Group's complex, structured activities aimed at rational distribution of the operating and financial risks of the individual contracts.

## Taxes

**Taxes** amounted to EUR 20.3 million (EUR 29.8 million at 31 December 2007), with a 41.6% tax rate which was significantly down on the 51.8% tax rate recorded during the previous year. This improvement was due to reduction of the IRES rate and to permanent changes to the pre-tax result when making allocations for taxation for the year.

## Net profit

The Group's good operating performance and improved cost structure resulted in an increase in net profit. Profit for the year was up by 2.9% amounting to EUR 28.6 million (EUR 27.8 million in 2007), with a more or less stable net margin of 2.4%.

## Equity and financial performance

### Reclassified balance sheet

| (in thousands of euros) | Note reference | 31 december 2008 | 31 december 2007 |
|---|---|---|---|
| Intangible fixed assets | 15 | 3,676 | 3,295 |
| Tangible fixed assets | 13 - 14 | 144,569 | 149,621 |
| Investments | 16 | 111,547 | 105,764 |
| Other net fixed assets | 11 - 17 - 18 | 53,344 | 43,228 |
| Total fixed assets (A) | | 313,135 | 301,908 |
| Inventories | 19 | 76,503 | 56,491 |
| Contracts in progress | 20 | 538,641 | 473,387 |
| Trade receivables | 21 | 80,767 | 92,605 |
| Accounts receivable | 21 | 389,397 | 328,234 |
| Other assets | 18 | 220,484 | 186,819 |
| Tax receivables | 22 | 68,550 | 67,925 |
| Advances from customers | 20 | (336,739) | (207,939) |
| Subtotal | | 1,037,603 | 997,522 |
| Trade payables | 18 - 28 | (175,094) | (179,148) |
| Payables to suppliers | 18 - 28 | (275,406) | (225,608) |
| Other liabilities | 11 - 25 - 26 - 29 | (123,170) | (119,735) |
| Subtotal | | (573,671) | (524,491) |
| Working capital (B) | | 463,932 | 473,031 |
| Employee benefits | 27 | (7,886) | (9,233) |
| Provisions for non-current risks and charges | 30 | (17,503) | (17,877) |
| Total provisions (C) | | (25,389) | (27,110) |
| Net invested capital (D) = (A) + (B) + (C) | | 751,678 | 747,829 |
| Cash and cash equivalents | 23 | 236,138 | 218,211 |
| Current financial receivables | 18 | 46 | 3,956 |
| Non-current financial receivables | 17 | 2,418 | 2,418 |
| Securities | 17 | 4,002 | 8,021 |
| Current financial liabilities | 25 | (264,281) | (302,271) |
| Non-current financial liabilities | 25 | (441,898) | (393,556) |
| Net financial payables/receivables ( E ) | | (463,576) | (463,221) |
| Equity ( G ) = ( D ) - ( E ) | 24 | 288,103 | 284,608 |

## Net fixed assets

**Net fixed assets** at 31 December 2008 amounted to EUR 313.1 million, up on EUR 301.9 million reported in 2007. The increase is to be attributed mainly to the increase in investments linked to Astaldi's support policy, including through risk capital in relation to new contracts secured.

## Working capital

On the one hand, the dynamics of working capital and its components reflect the greater production levels achieved during the year, on the other hand they are to be related to the collection of major credit items. Specifically, there was an increase in **contracts in progress** which amounted to EUR 538.6 million at the end of 2008 (EUR 473.3 million at 31 December 2007), and **other assets** totalled EUR 220.4 million (EUR 186.8 million at the end of 2007). **Advances from customers** equalled EUR (336.7) million compared to EUR (207.9) million at the end of the previous year.
To conclude, there was a drop in **working capital** which amounted to EUR 463.9 million compared to EUR 473 million at 31 December 2007, which is even more remarkable if associated with the marked increase in production volumes seen during the year.

## Net invested capital

**Net invested capital** amounted to EUR 751.6 million at the end of 2008 (EUR 747.8 million in 2007), showing a 1% increase compared to 2007, against a more than 10.4% increase in revenues, thus confirming the policy of reducing and limiting financial risk in relation to business activities.

## Equity

**Equity** amounted to EUR 288.1 million at 31 December 2008 compared to EUR 284.6 million at the end of 2007. This change is equal to an increase of EUR 3.4 million in absolute terms, to be mainly attributed to the profit recorded during the period and to the difference in reserves, net of distributed dividends and the difference in the reserve from fair value valuation of derivatives.

## Net financial position

The **net financial position** at 31 December 2008, drafted in accordance with the CESR model (Committee European Securities Regulators) and excluding treasury shares, stood at EUR (457.9) million, slightly down on the previous year. However, such figures must be assessed in light of the Astaldi's role within the Group as the main organisation funding investee companies.
The current debt structure is geared towards the medium-long-term which serves to limit the negative consequences of the current credit crunch and the related crisis regarding liquid assets. It is sufficient to consider that the first significant refinancing deadline is scheduled for 2013 and that, at the same time, the strict interest rate risk hedging policy implemented in recent years has resulted in limited changes in the cost of debt during the year. Further proof of the attention given to such phenomena can be found in the increase in committed credit lines in the last two years which serve to neutralise the risk represented by a general crunch in the credit market. Lastly, it must be noted that the net financial position, including in comparative terms, does not include derivatives used for hedging activities which, by their very nature, do not represent financial values.

## Changes in the parent company's net financial position

| ((in thousands of euros) | | | 31/12/2008 | 31/12/2007 |
|---|---|---|---|---|
| A | Cash and cash equivalents | | 236,138 | 218,211 |
| B | Securities held for trading | | 4,002 | 8,021 |
| C | Available funds | (A+B) | 240,140 | 226,232 |
| D | Financial receivables | | 2,464 | 6,374 |
| E | Current bank payables | | (232,320) | (196,516) |
| F | Current share of non-current indebtedness | | (22,436) | (97,063) |
| G | Other current financial payables | | (9,525) | (8,692) |
| H | Current financial indebtedness | (E+F+G) | (264,281) | (302,271) |
| I | Net current financial indebtedness | (H+D+C) | (21,677) | (69,665) |
| J | Non-current bank payables | | (430,475) | (380,285) |
| K | Other non-current payables | | (11,424) | (13,271) |
| L | Non-current financial indebtedness | (K+J) | (441,898) | (393,556) |
| M | Net financial indebtedness | (L+I) | (463,576) | (463,221) |
| | Treasury shares on hand | | 5,655 | 5,048 |
| | Total net financial position | | (457,921) | (458,173) |

## Astaldi Construction Corp.

Astaldi Construction Corporation is the company operating under U.S. law and 100% owned, both directly and indirectly, by Astaldi S.p.A. which looks after the Group's activities in the USA.
The reference geographical area can be identified with the south of Florida, both the east coast (Miami, Fort Lauderdale, West Palm Beach, Stuart and Port St. Lucie), and the west coast (Naples, Tampa), with additional real possibilities of expansion in the adjacent areas of Orlando and Jacksonville.
The works currently being performed (or recently completed) refer mainly to road works and works related to water purification and treatment plants performed on behalf of the Florida Department of Transportation and local administrations (counties and cities).
The company also obtained qualification to perform works with the US Army Corps of Engineers and South Florida Water Management District during 2008, thus extending its opportunities within the hydraulic settlement and environmental works sector.
The orders backlog at 31 December 2008 amounted to approximately USD 41.7 million, mainly referring to four road contracts, one of which is to be completed in early 2009 and one of which ("Hiatus Road" worth approximately USD 8.2 million) is still awaiting final awarding.
Regarding the activities performed during the year, the company saw a drop in turnover from USD 50.4 million in 2007 to USD 41 million in 2008. The drop was due to the completion of some works as well as to the limited number of contracts offered by the market in the second half of the year, as a result above all of the serious economic and financial crisis affecting the whole credit system in the USA.
The year ended with a profit of approximately USD 3.7 million, significantly up on previous years. All contracts secured prior to 2006 were completed during 2008, in particular works related to the I-95 and to the Tropical Farms plant which both had a negative effect on the area's past economic results.
While regarding the two contracts acquired during

2006, satisfactory results were achieved during the year just ended, in keeping with forecasts both regarding economic performance and compliance with contractual timeframes.
Moreover, it is noted that during 2008 Astaldi Construction Corporation implemented procurement activities on the US market, already started during the previous year, aimed at promoting the Group's various areas. Such activity allowed for extensive monitoring of the potential of the local market and structured relations were established with the key US manufacturers and concessionaires (these include, among others, well-established relations with Caterpillar International), with resulting benefits at a Group level as well.
Lastly, during the year Astaldi Construction Corporation started up the process to obtain ISO14001 environmental certification which, together with registration with USGBC (United States Green Building Council) and LEED (Leadership in Energy and Environmental Design) Contractor certification will make the company competitive, especially in the environmental and green business sector which is seen as a market offering great potential and expansion in the near future throughout the whole of the USA.
An acquisition plan has been drawn up for 2009 which should make it possible to maintain current annual production volumes. Such plan can be taken as prudent in comparison to the aforementioned investment plan for which the USA's new government has already set money aside through ARRA - American Recovery and Reinvestment Act, in other words a once-for-all funding programme aimed at re-launching the entire American economy. More than USD 62 billion has been allocated for the infrastructure programme alone, of which USD 48 billion for the Department of Transport, with approximately USD 7 billion assigned to the state of Florida, USD 7.2 billion to the EPA (Environmental Protection Agency) for environmental upgrading and USD 4.6 billion to the US Army Corps of Engineers. Such funding is in addition to the incentive launched by the state of Florida at the same time, aimed at promoting employment through new transport infrastructures. Hence, the expectation of a considerable increase in commercial opportunities in this area as from the second quarter of 2009, which may also include interesting possibilities linked to PPP projects, a sector where the Group is able to offer the significant experience it has already acquired in other areas of the globe.

### Astaldi Arabia Ltd.

The company's purpose is the performance of projects in the Middle East and specifically in Saudi Arabia and Qatar.
For more information regarding activities performed in the area by Astaldi Arabia Ltd., please refer to the section of this report dealing with such areas.

## Human resources and organisation

Human resources management activities during 2008 were focused on some main lines of action, in other words:

a policy of increasing the Group's wealth of professional skills and know-how by acquiring profiles with qualified experience and through hiring young staff members boosting high potential;
the introduction of structured systems to assess performance and promote management, as an instrument to support the achievement of planned targets;
specific focus on wage policy and general conditions reserved for expatriated resources.

Regarding the first point, large-scale recruitment and staff selection and hiring activities continued, both with regard to technical and clerical roles, aimed at supporting the development of business and ensuring generational turnover in the long-turn which is all-important in order to maintain the know-how acquired by the Group over the years, especially in the transport infrastructures sector. The Group's direct workforce increased by 15% in total during 2008. Specifically, regarding qualified profiles, approximately 60 junior staff members were hired for Italian and foreign facilities and approximately 150 resources boosting experience were selected from the market.

Regarding the second point, a system for assessing the individual performance of Group managers was formulated during 2008. The system is based on identification of a series of economic, financial and quality parameters which make it possible to link the performance of individual managers to budget targets set during business planning. Indeed, an incentive scheme has been linked to compliance with and/or surpassing of such budget targets, aimed at structured management of the variable component of salaries.
Moreover, a systematic analysis of the organisational and technical skills needed for the various professional profiles comprising the company organisation was embarked on during the year. Such analysis is preliminary to implementation of a system to assess the individual skills of each resource with regard to the position held and real contribution made during the year, with the aim of defining increasingly structured career development plans and professional growth schemes for staff members.

While regarding the third point mentioned above, the company has formulated a compensation and benefit scheme with the aim of retaining its workers and promoting internal mobility (between Italy and foreign countries, as well as between the various states where Astaldi Group operates). Such scheme is related to the variable and/or additional components of salaries as well as to the possibility of access additional forms of contributions and guarantees equal treatment for all employees even given the diversity of professional, legislative, environmental and cultural situations the Group's resources operate in. Indeed, the need to have available a wealth of consolidated, tested skills and know-how, to guarantee the quality of the Group's projects worldwide, presupposes a wage policy able not only to match salaries to skills acquired and to reward excellent performance and results, but also to compensate the greater burden asked of employees working outside Italy and the problems caused by a quality of life that may prove to be very different from the quality they could expect in Italy.

## Quality, safety and the environment

2008 represented an important phase in the voluntary, ongoing improvement of the company's integrated management system, with specific reference to environmental and occupational health and safety-related aspects.
In order to provide continuity to the HSE Assessment performed by DNV (Det Norske Veritas) between 2007 and early 2008, intensive internal assessment activities were performed between April and October 2008 on a sample of eight contracts in Italy, ten foreign contracts – four in Romania, three in Venezuela, one in Chile and three in Qatar – as well as on the activities of the Rome head office.
On the basis of what emerged, a further boost was given to the improvement activities already underway which led, in short, to definition of the company's new integrated management system in compliance with ISO 9001:2000 regarding quality management systems, BS OHSAS 18001:2007 regarding occupational health, hygiene and safety management systems and ISO 14001:2004 regarding environmental management systems.
In keeping with the adopted programmes, certification procedures for the company's management system were started up in December 2008, in compliance with ISO 14001:2004 regarding environmental management systems and BS OHSAS 18001:2007 regarding occupational health and safety management systems.
The certification body DNV subsequently performed the first phase of assessing the corporate management system through a sampling procedure which involved some contracts in Italy – the Turin railway link and Line 5 of the Milan underground – and the head office in Rome. Following such procedure, such system was pronounced eligible to undergo the following

and last phase of initial checks.
Scheduling provides for such last phase of checks to be performed by the first half of 2009 and upon completion will allow for the aforementioned certificates of conformity to be obtained.
Regarding ISO 9001:2000 certification of the company's management system, it must be noted that during 2008 DNV also performed positive checks of activities in Romania and Algeria as well as regular auditing activities at the Rome head office for the purpose of maintaining ISO 9001:2000 certification.
It is noted that in June 2009, on the occasion of the forthcoming three-year renewal of ISO 9001 certification, which coincides with ten years of Astaldi obtaining such certification, renewal will be performed in accordance with the new version of the standard – ISO 9001:2008. Such standard has just come into effect and in 2007, Astaldi, a member of a group of approximately twenty leading Italian companies, took part in the pilot process of validating the draft version of such standard.

## Privacy safeguard and protection

This is to inform that the company has updated the Programmatic Document on Safety, drafted in accordance with the provisions contained in point 19 of Legislative Decree No. 196/2003 (the so-called Personal Data Protection Code), in order to ensure correct processing of personal data, and especially data defined as sensitive and judicial, and to implement the content of point 26 of technical regulations as per Annex B to the aforementioned legislative decree.

# *Corporate governance* report

## Introduction

As in previous years, the corporate governance model adopted by Astaldi S.p.A. is in line with the principles contained in the *"Self-regulation Code for listed Companies"*, drawn up by Borsa Italiana S.p.A. in the month of October 1999 and subsequently amended and integrated, with the recommendations drawn up by the CONSOB in this regard, and more in general, with international best practices.

In accordance with the instructions issued by Borsa Italiana S.p.A., there follows a description of the corporate governance system of Astaldi S.p.A. in the light of the principles set by the aforesaid Code, updated with the main events subsequent to the closing of the 2008 financial year.

## Corporate share control

The share capital of Astaldi S.p.A. amounts to EUR 196,849,800 subdivided into no. 98,424,900 ordinary shares with a nominal value of 2 Euro per share.
The shareholders of Astaldi S.p.A. amount to approximately 7,000 owners of ordinary shares.

According to the information in the shareholders' book, together with the communications received pursuant to Art. 120 of Legislative Decree dated 24 February 1998 no. 58 and other information available, the direct shareholders on 16 March 2009 with a stake exceeding 2% of the fully paid-in share capital and represented by shares with voting rights, are as follows:

## Main Shareholders

| Declarant | Direct shareholder | N. Shares | % |
|---|---|---|---|
| FIN.AST S.r.l. | FIN.AST. S.r.l. | 38,911,095 | 39.5% |
| | Finetupar International S.A. | 12,327,967 | 12.5% |
| | | 51,239,062 | 52% |
| Odin Forvaltning AS | Odin Forvaltning AS | 4,974,717 | 5.05% |
| | | 4,974,717 | 5.05% |
| Capital Research and Management | Capital Research and Management | 4,936,954 | 5.02% |
| | | 4,936,954 | 5.02% |
| Pictet Funds (Europe) SA | Pictet Funds (Europe) SA | 2,065,440 | 2.10% |
| | | 2,065,440 | 2.10% |
| JP Morgan AM (UK) Ltd. | JP Morgan AM (UK) Ltd. | 1,976,326 | 2.01% |
| | | 1,976,326 | 2.01% |
| | Total | 65,192,499 | 66.2% |

It should be recalled that on 23 April 2008, the Shareholders' Meeting approved a plan for the purchase and sale of the treasury shares, pursuant to Art. 2357 and subsequent articles of the Italian Civil Code, and Art. 132 of Legislative Decree dated 24 February 1998, no. 58, for a period of twelve months (and therefore expiring on 23 April 2009), allowing the Company to:

Acquire ordinary shares of the Company within a revolving maximum of 9,842,490 shares with a nominal value of 2.00 Euro each at a unit price not less than 2.00 Euro and not higher than the average price for the last 10 trading days on the stock market previous to the day of the purchase, augmented by 10%, with the further constraint that the amount of the shares may not at any time exceed the amount of EUR 24,600,000.00 (without prejudice to the limit of distributable profit and available reserves pursuant to Article 2357, Para. 1 of the Italian Civil Code);

Dispose of the shares purchased, at a unit price not lower than the average price for the last 10 trading days on the stock market previous to the day of the sale, decreased by 10%.

The aforesaid Plan likewise states that the Board of Directors is authorised to dispose of treasury shares by share exchange transactions during possible operations of strategic relevance to the Company, including, in particular, operations for swaps and/or allotments, as long as the evaluation of the shares in the context of these operations is not lower than the average book value of the treasury shares held. Treasury shares may also be utilised within stock grant and/or stock option plans; in this case, there shall be an exception to the aforesaid condition for determining the sales price, which may not in any case be lower than the so-called "normal value" set forth in tax rules. The Board of Directors is likewise authorised to undertake operations of securities loans - in which Astaldi S.p.A. is the lending party - having treasury shares as their object.

To implement this resolution, in the 2008 financial year, starting from the date of the said resolution of 23 April 2008, the Company purchased no. 270,000 treasury shares, and at 31 December 2008 held a total of no. 1,170,000.

## Board of Directors (art. 1 - 3 of the code)

### Composition and duration of office

According to the Bylaws of Astaldi S.p.A., the Board of Directors consists of a number of directors varying from 9 to 15, appointed for a period not exceeding three years and liable for re-election upon the expiry of the term.

The Board of Directors of Astaldi S.p.A., appointed on 2 May 2007, with appointment expiring at the approval of the financial statements at 31 December 2009, currently consists of thirteen members.
There follows the list of names of the directors with their classification in terms of executive powers and independence, as recently verified, together with the Board of Auditors, at the meeting of the Board held on 25 March 2009.
It should be recalled that in making the above evaluations, the criteria set forth in the Self-Regulation Code for listed companies have been applied.

### Members of the Board of Directors

| First name and surname | Role | Characteristics |
|---|---|---|
| Ernesto Monti | Honorary Chairman | Non-Executive<br>Indipendent pursuant to Finance Consolidation Act. |
| Vittorio Di Paola | Chairman | Executive |
| Paolo Astaldi | Deputy Chairman | Executive |
| Giuseppe Cafiero | Chief Executive Officer | Executive |
| Stefano Cerri | Chief Executive Officer | Executive |
| Caterina Astaldi | Director | Non-Executive/Non-Indipendent |
| Pietro Astaldi | Director | Non-Executive/Non-Indipendent |
| Luigi Guidobono Cavalchini | Director | Non-Executive/Non-Indipendent |
| Franco A. Grassini | Director | Non Esecutivo<br>Indipendente ai sensi T.U.F. e Codice di Autodisciplina |
| Mario Lupo | Director | Non Esecutivo<br>Indipendente ai sensi T.U.F. e Codice di Autodisciplina |
| Nicola Oliva | Director | Executive |
| Maurizio Poloni | Director | Non-Executive<br>Indipendent pursuant to Finance Consolidation Act and self regulation code |
| Gian Luigi Tosato | Director | Non-Executive<br>Indipendent pursuant to Finance Consolidation Act and self regulation code |

In accordance with Art. 1.C.2 of the Self-Regulation Code in force, there follows the list of positions as director or auditor held by each director in other companies listed on regulated markets, domestic and foreign, in financial, banking and insurance enterprises or other enterprises with a significant size:

## Other activities performed by Company Directors pursuant to Article 1.3 of the Code of Self-Discipline

| First name and surname | Other activities undertaken pursuant to Art. 1.3 of the Self-Regulation Code |
|---|---|
| Ernesto Monti | Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Member of the Board of Directors of Alitalia S.p.A., Unicredit-Banca di Roma S.p.A., Erg Renew S.p.A. (formerly Enertad S.p.A.), Ariscom Compagnia di assicurazioni S.p.A.. |
| Vittorio Di Paola | --- |
| Paolo Astaldi | Chief Executive Officer of Fin.Ast S.r.l.; Member of the Board of Directors of Atmos Wind S.p.A. |
| Giuseppe Cafiero | --- |
| Stefano Cerri | --- |
| Caterina Astaldi | Member of the Board of Directors of Fin.Ast. S.r.l. |
| Pietro Astaldi | Member of the Board of Directors of Fin.Ast. S.r.l. |
| Luigi Guidobono Cavalchini | Chairman of the Board of Directors of Unicredit Private Banking S.p.A. |
| Franco A. Grassini | Chairman of the Board of Directors of Marche Capital S.p.A. |
| Mario Lupo | --- |
| Nicola Oliva | --- |
| Maurizio Poloni | --- |
| Gian Luigi Tosato | Honorary Chairman of Ericsson Telecomunicazioni S.p.A. and Member of the Board of Directors of MEMC Electronic Materials S.p.A. |

### Maximum limit to appointments held in other companies

It should be pointed out that the Board of Directors of the Company, in its meeting held on 13 November 2006, identified the general criteria adopted by the Company regarding the maximum number of appointments as director or auditor that the Company Directors may hold in other companies listed on regulated markets, domestic and foreign, in financial, banking and insurance enterprises or other enterprises with a significant size as set forth in Art. 1.C.3 of the Self-Regulation Code.
In particular, the Board of Directors, in this occasion, decided the following:

- To set the maximum number of appointments for "*non-executive*" and "*independent*" directors at 6;
- To set the maximum number of appointments for "*executive*" directors at 4.

For purposes of this calculation, however, appointments as director or auditor undertaken by directors of Astaldi S.p.A. in Group companies shall not be counted.

### Role of the Board of Directors

The Board of Directors has a key role in corporate organisation. It is responsible for the strategic and organisational governance of the Company, as well as the verification of the presence of the auditing necessary for monitoring the performance of the Company and the Group.
Pursuant to Art. 22 of the Bylaws, the Board is endowed with the most ample powers for the management of the Company.
The Board, pursuant to the Bylaws is likewise qualified to pass resolutions concerning the appointment of the directors who shall represent the Company, the setting up or closing of branch offices of the Company, in Italy and abroad, the reduction of share capital in case of withdrawal of shareholders, the updating of the Bylaws in accordance with legislation, the transfer

of the registered offices within Italian territory, and mergers and separations in the cases provided for in Art. 2505 and 2505 bis of the Italian Civil Code.

Moreover, the Board of Directors shall:

a) Examine and approve the strategic, industrial and financial plans of the Company and the Group, as well as the system of corporate governance of the Company and the Group structure;
b) Assess the adequacy of the general organisational, administrative and accounting structure of the Company and the subsidiaries having strategic relevance, to be provided by the Chief Executive Officers, with particular reference to the internal auditing system and the management of conflicts of interest;
c) Determine the remuneration of the Chief Executive Officers and the other directors appointed to particular roles, after examining the proposals of the ad hoc committee and after consulting the Board of Auditors;
d) Assess the general performance of management;
e) Assign and revoke the appointments to the Chief Executive Officers, defining the limits and procedures for undertaking their tasks; it likewise determines the rate, in any case not exceeding a quarter, at which the Chief Executive Officers must report to the Board on the activities undertaken in the context of the appointments made;
f) Examines and approves in advance the operations of the issuer and its subsidiaries, when these operations are significant to the issuer from the strategic, economic, assets or financial point of view, with particular reference to operations with related parties.

The activities of the Board of Directors shall therefore take place in accordance with Art. 1.C.1 of the Self-Regulation Code for listed companies.

In this regard it should likewise be pointed out that the Board of Directors has laid down general criteria for identifying *"operations with related parties"* significant to the issuer from the strategic, economic, assets or financial point of view, as stated subsequently; while for the operations of this type with parties other than *"related parties"*, the Board has not established general criteria, and will analyse any future activities on an individual basis.

In particular, the following is planned:

1) With reference to operations with related parties other than subsidiary or associate companies, the exclusive competence of the Board of Directors;
2) With reference to operations with related parties that are “ad hoc” subsidiary and associate companies (i.e. temporary bodies such as special purpose vehicles, consortium companies, consortia and joint ventures, all set up for the execution of specific contracts in Italy and abroad), the Chief Executive Officer having responsibility shall submit a report to the Board every six months, at the time of the approval of the half-yearly report and the draft financial statements, regarding unusual and/or non-typical operations (defined as those which are not directly finalised to the implementation and management of the works and not having a temporary character) the value of which exceeds the amount of EUR 10 million for each operation. With regard to unusual and/or non-typical operations for a lower value, the Chief Executive Officer having responsibility shall, at the same periods, provide information by type of operation and in aggregate form.
3) With reference to the operations with related parties that are “no-ad hoc” subsidiary and related companies:

   3.1.) Reserved to the exclusive competence of the Board of Directors should the operation exceed 30 million Euro;

   3.2) The Chief Executive Officer having responsibility shall submit a report to the Board every six months, at the time of the approval of the half-yearly report and the draft financial statements, regarding the operations undertaken with the same counterpart with a value exceeding a total of 50 million Euro on a half-yearly basis.

In any case, all the above operations shall be reported by the Company in the Management Report, whatever their value.

In line with provisions of the Bylaws, 6 meetings of the Board were held in the financial year 2008, with a limited number of absences by Directors and Auditors,

all of which were justified.
In accordance with Borsa regulations in this regard, the Board of Directors approved, and then notified to Borsa Italiana S.p.A., with reference to the 2009 financial year, a calendar of the dates of the forthcoming meetings of the Board for the approval of the draft financial statements, the half-yearly report and the interim reports, as shown below:

## Calendar of forthcoming Board of Directors meetings

| Date | Corporate event | Subject |
|---|---|---|
| *12 February 2009* | Board of Directors | Approval of the **Interim Report** for the IV quarter 2008 |
| *25 March 2009* | Board of Directors | Approval of the **Draft Financial Statements** for the 2008 financial year and the Business Plan |
| *24 April 2009* | Shareholdings' Meeting | Approval of the **Financial Statements** for the 2008 financial year |
| *13 May 2009* | Board of Directors | Approval of the **Interim Report** for the I quarter 2009 |
| *6 August 2009* | Board of Directors | Approval of the **Half-yearly Report** at 30 June 2009 |
| *11 November 2009* | Board of Directors | Approval of the **Interim Report** for the III quarter 2009 |

### Delegation of competences

The activities of the Board of Directors are co-ordinated by the **Chairman**, who convenes and chairs the Board meetings, ensuring that the Directors are provided, with a reasonable time in advance, with the documentation and information necessary for the Board to make an informed decision on the matters submitted to it, except in cases of necessity and urgency. It should be pointed out that since the conditions stated in the Self-regulation Code (Art. 2.C.3) do not apply, no lead independent director has been appointed. The Chairman of the Board of Directors has not delegated any of his responsibilities for the management of the Company and does not control the same.
It should be pointed out that with the powers attributed to the **Chief Executive Officers**, pursuant to the board resolution of 2 May 2007, substantially, Stefano Cerri shall be committed mainly to the development of activities and the pursuit of the growth objectives of the Group, while Giuseppe Cafiero shall be concerned mainly with industrial activity. The Chief Executive Officers report to the Board constantly, and in any case, at least on a quarterly basis, pursuant to Bylaws, regarding the main activities involved in the undertaking of the tasks for which they have been appointed.
It should be recalled that the Board of Directors, in the session of 31 July 2007, appointed Paolo Citterio, General Manager - Administration and Finance of the Company as ***"Executive appointed to draft company accounts"***.
It should be recalled that, in accordance with the Bylaws, the Executive appointed to draft company accounts is appointed by the Board of Directors after consulting the Board of Auditors. Moreover, pursuant to Bylaws, the person appointed as Executive appointed to draft company accounts must have the requisites of honourableness provided for under the law for directors, and adequate professional skills, having undertaken for at least a 3-year period management activities in the administrative, accounting, financial or auditing sector of a company having financial instruments listed on a regulated market or of a company undertaking financial, insurance or banking

activities, or in a company with share capital not less than 2 million Euro; or alternatively, having undertaken activities for a 3-year period as auditor in an auditing firm registered in the special register kept by the CONSOB.
The Company has likewise adopted internal regulations setting forth the details of the functions, means and powers of the executive appointed, as well as his relationships with the other corporate officers and bodies.

## Appointment of directors (art. 6 of the code)

The Board currently holding office has not deemed it necessary to set up a Committee for the appointments of directors, since there are currently no situations involving difficulties in arranging candidacies for corporate appointments.

In this regard, it should be recalled that pursuant to the law in this regard (Law 262/05 and the related Legislative Decree 303/06), the Bylaws provides for the "list vote" system for the appointment of the Board of Directors.
In particular, the Bylaws establishes entitlement to present lists for shareholders who, alone or together with other shareholders participating in the presentation of the same list, own shares representing a total of at least 2.5% of the share capital (i.e. minimum level set forth by applicable provisions of the law or regulations) having voting rights in the Ordinary Shareholders' Meeting.
According to the Bylaws, the lists, signed by those presenting them and showing the clauses of the law, must be deposited at the Company's registered offices, and made available to anyone requesting to view them, at least 15 days before the date set for the first call of the Shareholders' Meeting. The lists are made available to the public with the procedures set forth by the applicable laws.
The Directors are elected as follows:
The Directors shall be chosen from the list obtaining the most votes cast by the shareholders; the number of the directors is the equivalent to the total number of the members of the Board established by the general meeting, minus one, according to the progressive order shown in the list.
If no list obtains a higher number of votes with respect to the others, the meeting must be reconvened for new voting to be held in accordance with this article;
One Director, the candidate indicated with the first number, shall be chosen from the list that comes second by number of votes and which is not connected, on the basis of the criteria set forth in the rules for the election of minority auditors, with the shareholders who have presented or voted the list coming first by number of votes. Should several minority lists obtain the same number of votes, the candidate who is senior by age among those appearing as number one of the lists obtaining an equal number of votes shall be elected as director.
For purposes of the distribution of the directors to be elected, the lists that have not obtained a percentage of votes equivalent to at least half of the percentage required for the purposes of presentation of the lists shall not be taken into account.

Should a single list be presented, or no list is presented, the meeting shall take its decisions with the majorities provided for by law, without following the procedure described above.

## Remuneration of directors (art. 7 of the code)

The meeting of 27 June 2007 approved the guidelines of the "Incentives Plan" of the Company for the 3-year period 2007/2009, as defined previously by the Board of Directors of 14 May 2007, upon proposal by the Remuneration Committee of 11 May 2007. Subsequently, the Board of Directors of 27 September 2007 approved the Regulations for implementing the Plan.
In particular, this Plan is based on a stock granting system in which shares of "Astaldi S.p.A." are assigned to three senior managers, executive board members, or persons appointed with operational tasks, to be paid over three years, following verifica-

tion by the Board of Directors that the objectives set by the Board have been achieved.
The Company has likewise drawn up a plan for the assignment of cash bonuses to top managers.
The Company appointed a Remuneration Committee and for plans for stock options and the assignment shares, established by the Board of Directors on 5 February 2002. In accordance with Art. 7.C.3 of the Self-Regulation Code, the Committee basically has the task of:

- Drafting proposals to the Board for the remuneration of the Chief Executive Officers and directors undertaking particular tasks and, upon indication by Chief Executive Officers, for the determination of the criteria for the remuneration of the Company's top managers, monitoring the application of the decisions taken by the Board;
- Formulating proposals for incentives plans, if any, reserved for directors, employees and collaborators;
- Formulating proposals and ensuring that the information provided to shareholders and the market ensure the necessary transparency of the mechanisms for the determination and size of the amounts paid to persons in the company, in accordance with regulations in force on corporate information, and in any case according to the best practices on the financial markets;
- Providing opinions on matters submitted to it from time to time by the Board of Directors with regard to remuneration or to related or connected matters.

The Remuneration Committee is currently composed of three non-executive Directors, the majority of whom are independent, according to the following scheme:

| | |
|---|---|
| Ernesto Monti (Presidente) | Non-executive |
| Franco A. Grassini | Non-executive/Independent |
| Maurizio Poloni | Non-executive/Independent |

In 2008, 3 meetings of the Committee were held, and the minutes drawn up. In these meetings, the Committee undertook consultation functions, in particular, in relation to the definition of the following:

- Parameters of the plan for the assigning of cash bonuses paid in 2008 (with reference the 2007 financial year) and to be paid in 2009 (with reference to the 2008 financial year), for managers;
- Parameters of performance which, when achieved, will involve the assigning of stock grants for the 2008 financial year.

The Committee, in relation to the specific issues discussed, invited the Chairman, Deputy Chairman and Chief Executive Officers to some meetings.
In order to undertake its functions, as stated above, the Committee had access to the necessary information through the various corporate structures having jurisdiction, with help of the Manager in charge of the Legal Service and Corporate Affairs.

## The internal Auditing system (art. 8 of the code)

The Company's Internal Auditing system provides for the presence of an Internal Auditing Committee.
This Committee, set up by the Board of Directors on 5 February 2002, undertakes proposal and consultation functions for the Board of Directors regarding supervisory activities over the general performance of Company management, in accordance with Art. 8.C.1 and 8.C.3 of the Self-Regulation Code.
The Chairman of the Board of Auditors or an auditor appointed by the latter takes part in the meetings of the Committee; persons who are not members may take part when invited by the Committee. The manager in charge of Internal Auditing undertakes the role of secretary of the Committee, drafting the minutes of the meetings and helping it to undertake its functions.
The Committee currently holding office, appointed by the Board of Directors on 2 May 2007, consists of the following directors:

| | |
|---|---|
| Mario Lupo (Presidente) | Non-executive/Independent |
| Luigi Guidobono Cavalchini | Non-executive Independent |
| Franco A. Grassini | Non-executive/Independent |

The Committee held five meetings in 2008 during which it undertook the auditing activities pursuant to Art. 8.C.3 of the Self-Regulation Code, and examined various topics. We can point out, in particular, that the Committee, in the context of the tasks assigned to it:

- It acknowledged the risk assessment undertaken, for the business in Italy, for the process related to the management of concession and project finance projects;
- In the light of the results of the auditing undertaken on the main business processes involving a sample of contracts selected, it deemed that the corporate Internal Auditing system was adequate, efficient and effective;
- It acknowledged the action plan deriving from the auditing activities undertaken in 2007 (follow-up) highlighting the effective action of "remediation" by the head office and local departments involved;
- It was constantly informed on the corporate activities undertaken and on the checking undertaken to guarantee safety at construction sites, and positively assessed the actions undertaken by the company in the HSE sector, confirming the substantial adequacy of the industrial model adopted in this respect;
- On the basis of the results of the consolidated financial statements at 31.12.2007, it verified the correct application of the principles for the identification of the subsidiary companies "significantly relevant" pursuant to and for the effects of the combined effect of Art. 165 para. 1 Legislative Decree 58/98 and Art. 151 of CONSOB Regulation no. 11971 of 14/09/99 and subsequent amendments;
- In the light of the information document received from the Manager in charge of drafting the financial statements on the activities undertaken pursuant to Art. 154-bis of the Finance Consolidation Act, and considering the results of the testing activities undertaken, it judged the Internal Auditing system with respect to corporate information to be adequate, efficient and effective;
- It was constantly updated on the corporate activities undertaken pursuant to Legislative Decree 231/01, acknowledging the updating of the Model for Organisation, Management and Auditing for the Company and the main Group Companies, already undertaken and under way, as well as the other initiatives undertaken in the Company upon proposal by the supervisory body.

In the meetings of 6 August 2008 and 25 March 2009, the Committee reported to the Board of Directors on the activities undertaken respectively in the first and second half of 2008.

In the light of the provisions of Art. 8.C.1 of the Self-Regulation Code, the Board of Directors of the Company, in the meeting of 13 November 2006, appointed Chief Executive Officer Stefano Cerri as "***executive director in charge of supervising the functioning of the Internal Auditing system***", who undertakes the tasks set forth in Art. 8.C.5 of the Code.

The Company also has an Internal Auditing Service managed by the "Manager in charge of Internal Auditing" who reports to the Board of Directors of the Company and, from the functional point of view, to the Chief Executive Officer in charge of supervising the corporate Internal Auditing system. The Internal Auditing function is undertaken on the basis of domestic and international best practices, with the aim of undertaking all the appropriate and necessary actions for checking corporate processes, including those of guidance, monitoring and identification of critical aspects and the opportunities for the improvement of corporate organisation.

The internal auditing activities are undertaken by the integrated Internal Auditing system, understood as the rationalisation, integration and co-ordination of the activities of verification and checking undertaken by the various corporate departments that undertake "assurance" activities. This is based on an annual programme, provided to the Committee for Internal Auditing and Top Management. The results of checking are periodically reported to Top Management, the Committee for Internal Auditing, the Board of Auditors and also to the Supervisory Body for the specific purposes stated in Legislative Decree 231/01.

## Code of Etichs and Organisational Model Pursuant to Legislative Decree 231/01

With reference to further actions undertaken to strengthen the governance system, it should be recalled that the Board of Directors, as early as 18 March 2003, adopted the ***"Corporate Code of Ethics"***, setting forth the general principles and regulating, through rules of behaviour, the activity of employees and collaborators of the Company and all the Group Companies, also in relation to relationships with shareholders, the Civil Service, suppliers, contractors and sub-contractors.

Moreover, on 2 July 2003, the Board of Directors, in the context of the activities in relation to Legislative Decree 231/2001, approved the adopting of the "***Model for organisation, management and auditing pursuant to Legislative Decree 231/01***"; identifying the areas and corporate activities potentially at risk in relation to the various types of criminal offences provided for under this decree, in order to protect the Company in case of the committing of the offences set forth in Legislative Decree 231/01 by directors, employees and collaborators of the Company.

It should be stressed in this regard that the *"Corporate Code of Ethics"* and the *"Model for organisation, management and auditing pursuant to Legislative Decree 231/01"*, both available on the company website, are constantly updated to legislation in force and to the changing organisational structure of the Company.

For purposes of the prevention of the risks/offences set forth in Legislative Decree 231/01, a **Supervisory Body** has likewise been appointed; the members are endowed with the requisites of autonomy, independence and professional qualifications requested by this law. They are: Maurizio Poloni (Lawyer), non-executive/independent member of the Board of Directors and Lawyers Marco Annoni, Giorgio Luceri, Nicoletta Mincato and Professor Vittorio Mele – the latter with functions of Chairman of the Supervisory Body – as external experts with respect to the Company.

The body has specific regulations and is set up as a top management staff unit reporting directly to the Chief Executive Officer in charge of supervising the corporate Internal Auditing system as the results of the activity, any critical issues emerging and interventions for correction and improvement which, in case of particular significance, are also brought to the attention of the Board of Directors.

The body avails itself of the person in charge of Internal Auditing for undertaking its activity, and for the implementation of the decision by the corporate departments involved.

In the 2008 financial year, the activity of the Supervisory Body continued with monitoring of the functioning of and compliance with the *"Model for organisation, management and auditing pursuant to Legislative Decree 231/01"*. It convened ten times, undertaking its activities pursuant to the aforesaid law, including in particular:

- Revision of the *"Model for organisation, management and auditing pursuant to Legislative Decree 231/01"* for the updating to further legislative innovations (with specific reference to Law no. 48/2008 and Consolidation Act 81/2008) in relation to which we are awaiting the updating up the Confindustria Guidelines;
- Verification of the actual application of the Model by the corporate structures, through specific audits on a sample of Italian and foreign contracts selected, and of the examination of the results relevant for purposes of Legislative Decree 231/01 emerging in the audits undertaken by the Internal Auditing system;
- Checking of the results of the auditing activities undertaken, and the corrective actions taken for solving any critical issues emerging;
- Further investigation, upon request by management, in relation to the possible implementation of protocols in areas with specific issues of the environmental type;
- Preparation of procedures aimed at institutionalising periodical flows of information to the Supervisory Body;
- Activities for personnel training in relation to Legislative Decree 231/01 undertaken directly by the Supervisory Body, or delegated to peripheral facili-

ties in Italy and abroad in accordance with the guidelines laid down by the Supervisory Body;
- Undertaking of investigations pursuant to Art. 13 of the Code of Ethics, through the person in charge of Internal Auditing.

## Handling of confidential information (art. 4 of the code)

In order to guarantee the correct internal management and the prompt external communication of any relevant facts coming within the sphere of activities of the Company and its subsidiaries and which, at least potentially, could significantly influence the price of the Company shares (so-called *"price-sensitive information"*), Astaldi S.p.A. utilises the internal procedure called **"Continuous Information".**
Substantially, the procedure identifies within the Company the timing and methods for conveying and distributing this information and the involvement of the departments concerned; personnel in closest contact with this information act as intermediaries between the area for which they are responsible and top management, in order to allow suitable assessment of these facts or information.
As a subsequent step, there is also the involvement of a special Assessment Committee (formed by the persons in charge of the Legal Service and Corporate Affairs, Investor Relations and the department concerned) so that after a careful analysis of the fact, there is adequate assistance as to the correct interpretation of regulations for the sector, as well as for the formulation and distribution of press releases in this regard.
It should be pointed out that the Company has a **"Code of behaviour regarding insider dealing"** under which the so-called "relevant persons" (Directors, Auditors and managers with strategic responsibility as identified by the Board of Directors) are required to report to the Legal Service and Corporate Affairs ("*body appointed to implement the code"*) on transactions undertaken by them – also through third parties and by persons closely related to the – on the Astaldi S.p.A. shares, when the total amount reaches and/or exceeds 5,000 Euro per year.
The communication, according to this procedure, shall be made promptly and, in any case, within three trading days on the stock market subsequent to the date of execution or, in case of a cumulative calculation of the amount of the operations, on the date of completion of operation by which the aforesaid threshold was reached and/or exceed. The "*body appointed to implement the code"* shall make these operations known to the market, with methods and timing provided for by the applicable regulations.
The Code likewise establishes so-called "close periods", i.e. periods of time near to events of particular significance, during which the "relevant persons" may not undertake any transactions on Company shares.
In particular, these periods have been identified as follows:

- The 30 days previous to the communication to the public of the consolidated financial statements, draft financial statements for the year and the interim half-yearly report;
- The 15 days previous to the communication to the public of the interim reports;
- The 15 days previous to the issue of the first price-sensitive statement regarding operations such as: takeover bids made by the Company or on its financial instruments; mergers, separations or acquisitions with the participation of Astaldi S.p.A.; any other extraordinary operation potentially likely to significantly affect the price of the Company's financial instruments.

## Auditors (art. 10 of the code)

The Board of Auditors, pursuant to Art. 149 of Legislative Decree n° 58/1998, monitors the following:
- Compliance with the law and the Memorandum of Association;
- Compliance with the principles of correct administration;
- The adequacy of the corporate organisational structure for the aspects for which it has competence, of the Internal Auditing system and the accounting system, as well as the reliability of the latter in cor-

rectly presenting the facts of corporate management;

- The procedures for the concrete implementation of the rules of corporate governance provided for in the Codes of Behaviour drawn up by the management companies of regulated markets or by category associations, with which the Company, by information provided to the public, states its compliance;
- The adequacy of the instructions issued by the Company to subsidiary companies pursuant to Art. 114, para. 2 of the aforesaid Decree.

The Board consists of three statutory auditors and three substitutes.

The Board of Auditors currently holding office, to be renewed at the next Meeting for the approval of the financial statements for the 2008 financial year, is composed as follows:

| | |
|---|---|
| Pierumberto Spanò (*) | Chairman |
| Pierpaolo Singer | Statutory Auditor |
| Antonio Sisca | Statutory Auditor |
| Massimo Tabellini | Substitute Auditor |
| Flavio Pizzini | Substitute Auditor |
| Maurizio Lauri (*) | Substitute Auditor |

(*) auditors appointed by lists presented by the minority.

The Bylaws provide for the “list vote” system in order to guarantee the presence of representatives of minority shareholders on the Board of Auditors.

Under express provisions of the Bylaws, the lists, accompanied by information on the personal and professional qualifications of the candidates, must be deposited at the registered offices at least 15 days before the date set for the first call of the Shareholders’ Meeting. The lists must contain the following:

Information on the identity of the presenting shareholders, with the indication of the total percentage of shareholdings and certification issued by an authorised intermediary showing ownership of these shareholdings;

A description of the personal and professional characteristics of the persons appointed, as well as statements by which the individual candidates accept their candidacy and state, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they have the requisites required by the law and the Company Bylaws for holding office, together with the list of directorships and auditing positions held in other companies;

A declaration of the shareholders other than those holding, also jointly, a controlling or relative majority stake, stating the absence of connections with the latter pursuant to the applicable laws.

Each shareholder may present, participate in the presentation and vote one list only, and each candidate may be shown in one list only, and otherwise be ineligible.

Persons who are Statutory auditors in more than 4 companies with securities listed on regulated markets in Italy or other countries of the European Union, as well as in companies issuing financial instruments with widespread distribution among the public pursuant to the applicable law, may not be appointed as auditors.

Only the shareholders who, alone or together with other shareholders, own a total number of shares with voting rights representing at least 1% of share capital having voting rights in the Ordinary Shareholders’ Meeting (or a lower percentage that might be indicated by applicable provisions of the law or regulations) are entitled to present lists.

Again according to the Bylaws, should at the expiry date of the aforesaid deadline for the presentation of the lists, only one list be deposited, or only lists presented by shareholders who, on the basis of the above rules, are connected, further lists may be presented up to ten (10) days before the date set for the General Meeting in the first convening and, in this case, the quota of participation requested for the presentation of the list will be reduced by half.

Any lists the presentation of which does not comply with the above rules will be deemed not to have been presented.

The election of the members of Board of Auditors shall take place as follows. Two statutory members and two substitutes will be drawn from list obtaining the greatest number of votes expressed by the shareholders attending, in the progressive order of listing in the corresponding sections of the list. The remaining

statutory member, who will be also be appointed Chairman of the Board of Auditors, and the other substitute member, are drawn from the list coming second by number of votes, among the lists presented and voted by the shareholders who are not connected with the reference shareholders pursuant to the rules in force, in the progressive order of listing in the corresponding sections of the list. Should several minority lists obtain the same number of votes, the most senior candidates by age among those who appear as number one of the corresponding sections of the lists obtaining an equal number of votes are elected statutory auditor and substitute auditor.
Should only one list be presented, all the statutory and substitute auditors to be elected are drawn from it in order of listing. The Chairmanship of the Board of Auditors, in this case, shall be assigned to the first person on the list.
If a Statutory Auditor ceases to hold office for any reason whatsoever, this auditor shall be replaced by the first substitute elected in the same list, after verification of the existence of the requisites stated above.
If a Statutory Auditor drawn from the list coming second by number of votes ceases to hold office for any reason whatsoever, and if it is not possible, for any reason whatsoever, for substitute auditor elected in the same list to replace that auditor, after verification of the existence of the requisites stated above, the candidate after the one drawn from the same list or, failing this, the first candidate of the list coming second by number of votes among the minority lists, shall be appointed.Should it not be possible for any reason whatsoever to undertake replacements according to the above criteria, a special general meeting shall be convened.
Should no lists be presented, the General Meeting shall appoint the Board of Auditors and its Chairman voting with a relative majority. In this case, should an Auditor cease to hold office before the expiry of the term, that auditor, up to the next General Meeting, shall be replaced by the substitutes in order of age; should the Chairman cease to hold office, the chairmanship shall be undertaken, up to the next General Meeting, by the most senior auditor in terms of age.
In 2008, the Board of Auditors convened nine times. At least one member of the Board of Auditors participated in the meetings of the Committee for Internal Auditing.
There follows the list of the most recent offices held by the Auditors of Astaldi S.p.A., limited to the offices of Director or Auditor in other listed companies on Italian regulated markets:

## Other offices held in other companies listed on Italian regulated markets

| | |
|---|---|
| Pierumberto Spanò | Chairman Board of Auditors of Snam Rete Gas S.p.A. |
| Pierpaolo Singer | --- |
| Antonio Sisca | --- |
| Massimo Tabellini | --- |
| Flavio Pizzini | --- |
| Maurizio Lauri | Chairman of the Board of Auditors of Acea S.p.A. and substitute auditor of Banca Finnat Euramerica S.p.A. |

Relations with Shareholders and General Meetings (Art. 11 of the code).
Since 2002, the Company, also in the light of approval of listing in the STAR Segment of the MTA – Italian Equities Market -, has appointed Alessandra Onorati as person in charge of relations with investors (the so-called “Investor Relator”), and she is in charge of this corporate office.
Moreover, in order to favour dialogue with the shareholders and the market, the Company regularly makes available on its website all the information, both accounting (financial statements, half-yearly

statements and interim reports) and of interest to shareholders in general (for example press releases, the Corporate Code of Ethics, the Model for organisation and auditing pursuant to Legislative Decree 231/01, reports by directors on the items on the agenda of General Meetings etc.).
With reference the intervention of shareholders in the meeting, it should be pointed out that the Bylaws, Art. 11, expressly state: *"The shareholders with voting rights are entitled to intervene in the General Meeting as long as, within the two days previous to the date of the first convening of the Meeting, the intermediary holding their accounts has sent the communication testifying to the ownership of the corresponding shares."*
According to Art. 13 of the Bylaws, stating that *"the functioning General Meetings, both ordinary and extraordinary, are governed by regulations, approved by the Ordinary General Meeting and valid for all the subsequent ones, until these are amended or replaced"* – the ordinary General Meeting of 11 March 2002 approved the *"Regulations for General Meetings"* establishing clear and unequivocal rules for the orderly and efficient holding of the meetings, without, however, any prejudice to the right of each shareholder to express his opinions and make requests for information and clarification regarding the topics discussed.
The Board of Directors holding office has not presented proposals to the meeting for the decrease of the threshold levels established by the law for starting actions to exercise the rights guaranteed to minorities.

## Subsequent events

The significant events that occurred subsequent to balance date, both in the domestic market and abroad are set out below.
Regarding foreign activities, an extension of the contract to construct the Kadıköy-Kartal section of the Istanbul underground was recorded in January 2009. The addendum, worth a total of EUR 97 million (Astaldi holds a 42% stake), involves extension of the new underground line from Kartal to Kaynarka, adding to the original contract with the performance of civil works for an additional 4.5 kilometres of double-tube tunnel to be dug using a TBM (Tunnel Boring Machine), as well as 4 new stations and the signalling system for the entire section. Therefore, the total value of this project has increased to EUR 848 million (Astaldi holds a 42% stake) from the original value of EUR 751 million when awarded in March 2008. The use of a TBM for this project is also significant since it means the use of an extremely state-of-the-art technology for which Astaldi has already acquired vast experience.
Continued regarding foreign activities, it must be noted that two important commercial successes were recorded in Romania in the first part of 2009, in other words the Medgidia–Constanta section of the Bucharest motorway and the Arad–Orodea project.
Regarding the first project, Astaldi, as part of a joint venture, was awarded the contract to design and construct the Bucharest-Constanta motorway regarding the Medgidia–Constanta section, with a contractual value of EUR 169 million (in which Astaldi has a 60% stake). In brief, the project entails construction of approximately 32 kilometres of dual carriageway two-lane motorway, with 2 hard shoulders, 4 overpasses, 2 viaducts, 2 bridges and a junction. The works have been commissioned by Romania's national motorway and roads company. The start-up of works is scheduled for the first part of 2009 with a duration of approximately two years.
Regarding the second project, note must be taken of awarding of the contract to design and upgrade a section of the DN79 national road from Arad to Oradea, measuring approximately 99km in length. The contractual value of the works amounts to EUR 74 million. In brief, the works include road surfacing and realignment, ground works, upgrading of the drainage system and supporting walls and upgrading of the bridges including replacement of one of these.
While regarding the domestic market, note should be taken of the opening of the "Riva Reno" car park in Bologna and consequent start-up of management activities as from 5 March 2009.
Regarding the contract to construct the Brescia underground, it must be noted that the TBM used for

excavation activities has reached the last station (Ospedale) and completed its activities in March.

## Forecast development of operations

Further consolidation of the Group's positioning at an international level is expected in the future, especially in areas such as Latin America, Algeria, Eastern Europe and the Arabian Peninsula where Astaldi is traditionally present. These areas will guarantee the pursuit of increasingly ambitious growth targets, also due to the contribution that will come from the recent opening of adjacent markets such as Poland regarding Eastern Europe and Peru and Chile regarding South America which are already able to offer a reference legislative system and infrastructure investment plans of definite interest.
Regarding foreign activities, an additional contribution may come from Latin America, and specifically Venezuela where there are already significant contractual options to be implemented with regard to railway contracts in progress, as well as Chile with regard to the transport infrastructures sector. New opportunities may also arise in the concessions sector with regard to waterworks and transport infrastructures.
While regarding additional commercial activities being looked at, the Group's attention, in keeping with strategic planning, is focused on general contracting and project finance initiatives in Italy and abroad, mainly in the transport infrastructures, energy production plants, civil and healthcare construction and car parks sectors. The outcome of calls for tenders is pending for some of these projects while the relative pre-qualification, checking and awarding procedures are still underway for others.
New opportunities may also arise in the domestic market where the Group continues to hold on to its leadership in the transport infrastructures sector, especially in relation to underground transport systems, and in the healthcare construction sector. Confirmation of a new opening in the construction and concessions markets is provided by the allocation of resources to renewed infrastructure investment plans approved by the last meeting of CIPE in March 2009, as already mentioned in the section of this report dealing with the Group's reference scenario.
Specifically, at a domestic level, mention must be made of the opportunities related to Expo 2015 which could promote improvement of infrastructures in Lombardy and the surrounding areas. In this regard, new scenarios may arise in Milan regarding the underground transport sector for which expansion of the current network from 75 kilometres and 88 stations to 142 kilometres and 152 stations is planned by 2015; a doubling of capacity which provides for an increase from 3 to 6 underground lines. A step forward in achieving this project can be seen in approval by CIPE (Interdepartmental Committee for Economic Planning) of the route change regarding Garibaldi station in relation to the project to construct Line 5 of the Milan underground, currently being performed by Astaldi in its capacity as leader and mandatary of a joint venture. Indeed, such change creates the technical conditions for further expansion of the line towards the city's western suburbs.
The Group also remains interested in a sector such as the concessions sector which offers additional development opportunities.
In this sense, a positive contribution may arise from the recent opening of new scenarios in the domestic market regarding the motorway concessions sector. Indeed, in April the joint venture comprising Astaldi (24%), Impregilo (leader and mandatary with a 47% stake), Pizzarotti (18%) and Itinera (11%) was appointed sponsor for the project finance initiative to construct and subsequently manage the road links between Port of Ancona, the A14 and the "Adriatica" National Road (SS16), mention of which was already made in the section of this report dealing with the orders backlog. Such project represents a real step forward in Astaldi Group's desire to become part of the motorway concessions sector which has always been considered complementary to hospital, car park and underground concessions. At the same time, this new success consolidates the Group's know-how and expertise in the concessions area, creating the conditions for further development of this sector, not

only in Italy but also abroad.
Moreover, it is noted that the effects of the start-up of management of the new hospital in Mestre, constructed by Astaldi as part of a joint venture in just 4 years, will start to be seen as from 2009. This hospital represents an important result, not only regarding its construction but also regarding the project's economic and financial equilibrium and hence regarding management activities.

## Specific risks and uncertainties

Regarding the provisions contained in current legislation with regard to the "description of the main risks and uncertainties", it must be noted that at the present time, there are no specific situations which could have a significant impact on the Group's economic and financial performance.
However, taking into account the reference macroeconomic scenario the Group operates in, the following areas of focus are noted where the Group normally performs scrupulous monitoring activities.

**Risk related to foreign activities.** The Group is exposed to risks that are typical of international activities, including risks related to unstable political situations and local economies and the risks related to changes in the macroeconomic, fiscal or legislative situation. Therefore, the identification of new Group projects in foreign countries is accompanied by preliminary, in-depth assessment of such risks which are constantly monitored through to completion of the contracts. Moreover, it is important to note that the activities performed by the Group are concentrated solely in countries (i) offering development opportunities for long-term infrastructure investment plans, (ii) that consider the works of interest for the Group as priorities in local investment policies, (iii) for which international insurance cover is guaranteed or in whose regard there are bilateral agreements between the Italian and local governments, (iii) with a certain reference legislative framework.

**Use of estimates.** A major part of activities are performed on the basis of contracts which provide for a specific amount upon awarding in the sector the Group operates in. The greater charges and/or costs which the Group may encounter and/or incur while performing such contracts must be covered by the Group and can be recovered from the client in accordance with legislation regulating the contract and/or agreed contractual terms and conditions. Consequently, the margins achieved on contracts of this type can vary with regard to the original estimates as a result of the recoverability of the aforementioned greater charges and/or costs.

**Risks related to the trend in infrastructure investments.** The main area of the Group's activities is currently represented by the performance of large-scale and complex works, especially for public clients, and is therefore seriously affected by planned investment in infrastructures in various countries. Such investments are affected by the economic cycle trend whose main variables are the growth of the GDP, inflation rate changes, interest rate trends, consumer dynamics and exchange rate dynamics. In the light of such variables, the Group has opted to operate solely in situations where infrastructure works are considered priorities in the investment policies of individual countries.

**Risks related to capital markets.** The current situation of the financial markets highlights critical phenomenon in terms of limitation of credit and fluctuation in the cost of money. The Group has undertaken, as from previous years, to bring into line its indebtedness structure and position it in the medium/long-term, curbing variations in the cost of money through an interest risk hedging policy.

**Risks related to currency market**
The current situation of currency markets can bring to light some extremely volatile situations. The Group has already undertaken to control such risk, as from previous years, through suitable direct and indirect hedging transactions.

**Risk related to the price trend of raw materials**

The fluctuation, in some cases considerable, in the price of some raw materials can entail an increase in the costs of production which the Group tends to neutralise through diversified procurement policies, framework agreements with strategic suppliers, contractual price review clauses and the use of ad hoc action by local governments aimed at mitigating the financial consequences.

# Other information

## Information on transactions with related parties

Regarding transactions with related parties, it must be remembered that this form part of the Group's normal corporate activities and are regulated at market conditions. For information regarding such relations, please refer to Note 26 of Astaldi's consolidated financial statements at 31 December 2008.

The transactions performed by Astaldi with related parties mainly concern the exchange of goods, supply of services and the supply and employment of financial resources with its subsidiaries, associates and other investee companies as well as optimisation of the Group's cash management.

Such relations form part of the company's ordinary operations and are regulated at market conditions, i.e. at the conditions which would be applied between two independent parties.

All the transactions performed were in the Group's interest.

Please refer to details contained in the notes to the financial statements for quantification of the total amount of commercial, financial and other relations with related parties as well as a description of the type of most important transactions.

## Treasury shares

It must be noted that, in relation to the Astaldi share buy-back plan implemented during the year, 748,000 shares were gradually acquired during 2008 while 478,000 shares were sold. Treasury shares on hand at 31 December 2008 amounted to 1,170,000.

## Parent company shares held by subsidiaries

No parent company shares are held by subsidiaries.

## Azioni Astaldi S.p.A. shares held by company directors, auditors and managers with strategic responsbibility at 31 December 2008

## Annex 3C - Model 3 - CONSOB Issuer Regulations No. 11971/99

### Shares held by directors at 31 December 2008

| Board of Directors | Investee company | No. shares held at end of 2007 | No. shares purchased | No. shares sold | No. shares held at end of 2008 |
|---|---|---|---|---|---|
| Ernesto Monti | - | 0 | 0 | 0 | 0 |
| Vittorio Di Paola | Astaldi S.p.A. | 1,000,000 | 693,000 (a) | 173,000 | 1,520,000 |
| Paolo Astaldi | Astaldi S.p.A. | 17,000 | 27,426 | 0 | 44,426 |
| Giuseppe Cafiero | Astaldi S.p.A. | 30,000 | 50.000 (b) | 0 | 80,000 |
| Stefano Cerri | Astaldi S.p.A. | 20,000 | 50.000 (b) | 15,000 | 55,000 |
| Caterina Astaldi | - | 0 | 0 | 0 | 0 |
| Pietro Astaldi | - | 0 | 0 | 0 | 0 |
| Luigi Guidobono Cavalchini | - | 0 | 0 | 0 | 0 |
| Franco A. Grassini | - | 0 | 0 | 0 | 0 |
| Mario Lupo | - | 0 | 0 | 0 | 0 |
| Nicola Oliva | Astaldi S.p.A. | 10,800 | 75.000 (b) | 15,000 | 70,800 |
| Maurizio Poloni | - | 0 | 0 | 0 | 0 |
| Gian Luigi Tosato | - | 0 | 0 | 0 | 0 |

*(a) 328,000 of which shares obtained from free once-for-all assignment pursuant to resolutions passed during the Shareholders' Meeting of Astaldi S.p.A. on 27 June 2007.*

*(b) 50,000 of which shares obtained from free assignment of stock grant pursuant to the company's Incentive Scheme approved during the Shareholder's Meeting of 27 June 2007.*

### Shares held by managers with strategic responsibility at 31 December 2008

| Board of Auditors | Investee company | No. shares held at end of 2007 | No. shares purchased | No. shares sold | No. shares held at end of 2008 |
|---|---|---|---|---|---|
| Pierumberto Spanò | - | 0 | 0 | 0 | 0 |
| Pierpaolo Singer | - | 0 | 0 | 0 | 0 |
| Antonio Sisca | - | 0 | 0 | 0 | 0 |

Shares held by managers with strategic responsibility at 31 December 2008

| Board of Auditors | Investee company | No. shares held at end of 2007 | No. shares purchased | No. shares sold | No. shares held at end of 2008 |
|---|---|---|---|---|---|
| Paolo Citterio | Astaldi S.p.A. | 7,000 | 3,000 | 0 | 10,000 |
| Gianfranco Giannotti | - | 0 | 0 | 0 | 0 |
| Rocco Nenna | - | 0 | 0 | 0 | 0 |
| Cesare Bernardini | - | 0 | 0 | 0 | 0 |

## "Non-GAAP" alternative performance indicators

Astaldi's management assesses the economic and financial performance of the Group and business segments on the basis of some indicators not provided for in IFRSs.
Please find below, as required by Communication CESR/05 - 178b, a description of the components of each of such indicators:

**EBIT**: is equal to the result pre-tax and prior to financial income and charges, without any adjustments. Income and charges resulting from the management of non-consolidated investments and securities are also excluded from EBIT together with the results of any transfers of consolidated investments, included under the heading of "financial income and charges" in balance sheet statements, or under the heading of "effects of valuation of investments using the equity method" for the results of investments valued using the equity method;

**EBITDA**: is obtained by eliminating the following elements from EBIT, as described above:
- amortisation and depreciation of intangible and tangible assets
- write-downs and provisions
- capitalisation of internal construction costs.

**Debt/Equity ratio**: such indicator is provided by the ratio between the net financial position - drafted in accordance with the CESR model (Committee European Securities Regulators) - as numerator and equity as denominator, excluding treasury shares on hand.

**ROI (Return On Investment)**: such indicator is calculated at the ratio between EBIT (net operating result) and average invested capital for the period.

**Current ratio**: this indicator is calculated as the ratio between short-term assets and short-term liabilities.

## Conclusions

Dear shareholders,
the consolidated financial statements show a net profit of EUR 42 million, excluding amortisation, depreciation, provisions and consolidation adjustments.

On behalf of the Board of Directors
(The Chairman)
Vittorio Di Paola

# Statement as per Article 36 of CONSOB Regulations No. 16191/07 (“Market Regulations”)

Astaldi S.p.A. hereby declares that its internal procedures are in line with the provisions as per Article 36, letters a), b) and c) of the Market Regulations ("Conditions for listing of shares of companies controlling companies set up and regulated by laws of non-EU states"), issued in order to implement Article 62, paragraph 3-bis of Legislative Decree No. 58/1998.

Specifically, Astaldi S.p.A. makes known that:

- the parent company Astaldi S.p.A. has ongoing access to the bylaws and composition of the corporate bodies of all non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Issuers Regulations, with highlighting of the corporate offices held;

- the parent company Astaldi S.p.A. makes available to the public, inter alia, the accounts of all non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Issuers Regulations, formulated for the purpose of drafting the consolidated financial statements, including at least the balance sheet and income statement;

- the administrative-accounting and reporting procedures currently in use by Astaldi Group are suitable for transmitting to the parent company's management and auditors at regular intervals, the economic, equity and financial information of the non-EU subsidiary companies of importance as per Article 36, paragraph 2 of the Issuers Regulations, needed to draft the consolidated financial statements.

Regarding checking by the parent company of the information provided to the central auditor, needed to perform auditing of the parent company's annual and interim accounts, it is expected that the current procedures used to communicate with the auditing firm, implemented at various levels of the corporate auditing chain throughout the whole year, operates effectively in this direction.

The area of application concerns 2 subsidiaries based in 2 countries not belonging to the European Union, which are of importance as per paragraph 2 of the aforementioned Article 36.

# Consolidated financial statements

## Consolidated Income statement

| (in thousands of euros) | Notes | 31/12/08 | 31/12/07 |
|---|---|---|---|
| Operating Management | | | |
| Revenues | 1 | 1,466,848 | 1,273,373 |
| Other Operating Revenues | 2 | 58,792 | 55,758 |
| *of which, from related parties* | *33* | *9,083* | *8,923* |
| Total revenues | | 1,525,640 | 1,329,131 |
| Purchase costs | 3 | (296,593) | (284,499) |
| Service costs | 4 | (820,719) | (664,391) |
| *of which, from related parties* | *33* | *109,745* | *80,965* |
| Cost of personnel | 5 | (213,364) | (193,889) |
| Amortisation, depreciation and write-downs | 6 | (41,956) | (39,330) |
| Other operating costs | 7 | (21,281) | (33,465) |
| Total costs | | (1,393,913) | (1,215,573) |
| (Capitalisation of internal construction costs) | 8 | 837 | 550 |
| Operating Result | | 132,564 | 114,109 |
| Financial income | 9 | 65,115 | 31,716 |
| *of which, from related parties* | *33* | *976* | *641* |
| Financial charges | 10 | (129,844) | (77,258) |
| *of which, to related parties* | *33* | *134* | *88* |
| Effects of valuation of equity investments using the net equity method | 11 | 3,645 | 2,101 |
| Total equity investments and financial area | | (61,084) | (43,441) |
| Profit (loss) before income taxes on operating activities | | 71,479 | 70,667 |
| Taxes | 12 | (26,718) | (32,251) |
| Profit (loss) of operating activities | | 44,761 | 38,416 |
| Profit (loss) for the period | | 44,761 | 38,416 |
| Profit attributable to the Group | | 42,101 | 38,097 |
| Profit attributable to third parties | | 2,660 | 319 |
| *Basic profit per share* | 13 | 0.43 | 0.38 |
| *Diluted profit per share* | | 0.43 | 0.38 |

# Consolidated Balance sheet

## Assets

| (in thousands of euros) | Notes | 31/12/08 | 31/12/07 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and machinery | 14 | 272,013 | 246,483 |
| Investment property | 15 | 186 | 192 |
| Intangible assets | 16 | 3,711 | 3,374 |
| Equity Investments | 17 | 53,252 | 52,979 |
| *of which:* | | | |
| Equity investments valued using the net equity method | | 51,222 | 50,975 |
| Non-current financial assets | 18 | 6,045 | 10,329 |
| *of which, from related parties* | *33* | *3,627* | *7,911* |
| Other non-current assets | 19 | 15,454 | 15,380 |
| Deferred tax assets | 12 | 7,356 | 7,078 |
| Total non-current assets | | 358,017 | 335,815 |
| Current assets | | | |
| Inventories | 20 | 84,941 | 60,915 |
| Receivables from customers | 21 | 584,993 | 519,229 |
| Trade receivables | 22 | 516,765 | 463,090 |
| *of which, from related parties* | *33* | *34,982* | *36,881* |
| Current financial assets | 18 | 22,299 | 37,463 |
| Tax receivables | 23 | 89,138 | 88,592 |
| Other current assets | 19 | 327,238 | 252,167 |
| *of which, from related parties* | *33* | *37,055* | *23,549* |
| Cash and cash equivalents | 24 | 333,759 | 295,538 |
| Total Current Assets | | 1,959,133 | 1,716,995 |
| Total Assets | | 2,317,150 | 2,052,809 |

# Consolidated Balance sheet

## Net Equity and Liabilities

| (in thousands of euros) | Notes | 31/12/08 | 31/12/07 |
|---|---|---|---|
| NET EQUITY | | | |
| Share capital | | 193,554 | 195,050 |
| Reserves: | | | |
| Legal reserve | | 13,542 | 12,152 |
| Extraordinary reserve | | 76,710 | 61,857 |
| Profit (loss) carried forward | | 24,541 | 19,583 |
| Other reserves | | (25,120) | (16,488) |
| Share capital and reserves | | 283,226 | 272,153 |
| Profit (loss) for the period | | 42,101 | 38,097 |
| Group's Total Net Equity | 25 | 325,327 | 310,251 |
| Reserves | | 3,887 | 1,515 |
| Profit (loss) for the period | | 2,660 | 319 |
| Minority interests | | 6,547 | 1,834 |
| Total net equity | | 331,874 | 312,085 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Non-current financial liabilities | 26 | 480,615 | 413,524 |
| *of which, to related parties* | *33* | *2,307* | *1,698* |
| Other non-current liabilities | 27 | 75,026 | 57,964 |
| Employees benefits | 28 | 10,314 | 10,932 |
| Deferred tax liabilities | 12 | 161 | 182 |
| Total non-current liabilities | | 566,117 | 482,602 |
| Current liabilities | | | |
| Payables to customers | 21 | 351,544 | 237,466 |
| Trade payables | 29 | 644,866 | 564,103 |
| *of which, to related parties* | *33* | *66,676* | *88,437* |
| Current financial liabilities | 26 | 292,481 | 322,385 |
| Tax payables | 30 | 33,877 | 42,232 |
| Provision for current risks and charges | 31 | 21,153 | 23,570 |
| Other current liabilities | 27 | 75,238 | 68,367 |
| *of which, to related parties* | *33* | *2,180* | *2,668* |
| Total Current Liabilities | | 1,419,160 | 1,258,123 |
| Total liabilities | | 1,985,276 | 1,740,725 |
| Total net equity and liabilities | | 2,317,150 | 2,052,809 |

# Statement of changes in consolidated net equity

## Net equity movements as at December 31, 2007

(in thousands of euros)

| | Share capital | Legal reserve | Extraordinary reserve |
|---|---|---|---|
| Balance at January 1, 2007 IAS/IFRS | 195,391 | 10,767 | 43,476 |
| *Cash flow hedge reserve* | | | |
| *Currency translation differences* | | | |
| *Treasury shares* | (342) | | (882) |
| Net income (charges) entered directly in equity | (342) | - | (882) |
| Profit (loss) 2007 | | | |
| Dividends | | | |
| Provision pursuant to Article 27 of the By-laws | | | |
| Allocation of 2006 profit | | 1,385 | 19,263 |
| Other movements | | | |
| Stock grant reserve | | | |
| Balance at December 31, 2008 IAS/IFRS | 195,049 | 12,152 | 61,857 |

## Net equity movements as at December 31, 2008

(in thousands of euros)

| | Share capital | Legal reserve | Extraordinary reserve |
|---|---|---|---|
| Balance at January 1, 2008 IAS/IFRS | 195,049 | 12,152 | 61,857 |
| *Cash flow hedge reserve* | | | (12,603) |
| *Currency translation differences* | | | 1,965 |
| *Treasury shares* | (1,495) | | (1,604) |
| Net income (charges) entered directly in equity | (1,495) | - | (1,604) |
| Profit 2008 | | | |
| Dividends | | | |
| Provision pursuant to Article 27 of the By-laws | | | |
| Allocation of 2007 profit | 1,390 | 16,457 | |
| Other movements | | | (4) |
| Stock grant reserve | | | 2,010 |
| Balance at December 31, 2008 IAS/IFRS | 193,554 | 13,542 | 76,710 |

| | Other reserves | Total | Retained earnings | Profit for the period | Total | Minority interests | Total Net Equity |
|---|---|---|---|---|---|---|---|
| | (18,989) | 230,645 | 18,931 | 30,091 | 279,667 | 1,392 | 281,060 |
| | 952 | 952 | | | 952 | | 952 |
| | (2,747) | (2,747) | | | (2,747) | 2 | (2,745) |
| | 207 | (1,017) | | | (1,017) | | (1,017) |
| | (1,588) | (2,812) | - | - | (2,812) | 2 | (2,810) |
| | - | | | 38,097 | 38,097 | | 38,097 |
| | | - | | (8,323) | (8,323) | | (8,323) |
| | | - | | (415) | (415) | | (415) |
| | | 20,648 | 653 | (21,301) | - | | - |
| | 2,938 | 2,938 | | (52) | 2,886 | 439 | 3,325 |
| | 1,151 | 1,151 | | | 1,151 | | 1,151 |
| | (16,488) | 252,570 | 19,584 | 38,097 | 310,251 | 1,833 | 312,085 |

| | Other reserves | Total | Retained earnings | Profit for the period | Total | Minority interests | Total Net Equity |
|---|---|---|---|---|---|---|---|
| | (16,488) | 252,570 | 19,583 | 38,097 | 310,250 | 1,834 | 312,085 |
| | (12,603) | | | (12,603) | | (12,603) | |
| | 1,965 | | | 1,965 | 2,550 | 4,515 | |
| | | (3,099) | | | (3.099) | | (3,099) |
| | (10,638) | (13,737) | - | - | (13,737) | 2,550 | (11,187) |
| | - | | 42,101 | 42,101 | 2,660 | 44,761 | |
| | - | | (9,753) | (9,753) | (838) | (10,591) | |
| | - | | (417) | (417) | | (417) | |
| | 17,847 | 10,080 | (27,927) | - | | - | |
| | (4) | (5,123) | | (5,127) | 340 | (4,787) | |
| | 2,010 | | | 2,010 | | 2,010 | |
| | (25,120) | 258,686 | 24,540 | 42,101 | 325,327 | 6,546 | 331,874 |

## Consolidated cash flow statement

| (in thousands of euros) | 31/12/08 | 31/12/07 |
|---|---|---|
| A - Cash flow from operating activities | | |
| Result for the period attributable to both the Group and minority shareholders | 44,761 | 38,416 |
| Adjustments to reconcile net profit (loss) with cash flow generated (used) by operating activities | | |
| Deferred taxes | 2,503 | 3,348 |
| Amortisation, depreciation and write-downs | 41,956 | 39,329 |
| Provision for risks and charges | 1,277 | 2,116 |
| Costs for employee severance indemnity and defined benefit plans | 1,643 | 1,561 |
| Costs for employee incentive plans | 3,469 | 2,767 |
| Losses on disposals of non-current assets | 517 | 622 |
| Effects of valuation of investments using the equity method | (3,645) | (2,101) |
| Gains on disposals of non-current assets | (2,301) | (4,816) |
| Subtotal | 45,419 | 42,826 |
| Differences in operating assets and liabilities (working capital): | | |
| Trade receivables | (53,675) | (25,213) |
| Inventories and receivables from customers | (89,790) | (130,832) |
| Trade payables | 80,763 | 89,625 |
| Provision for risks and charges | (4,194) | (7,818) |
| Advances from customers | 114,078 | 28,142 |
| Other operating assets | (75,969) | (76,158) |
| Other operating liabilities | 9,586 | 19,086 |
| Payments of employee severance indemnity and defined benefit plans | (2,261) | (3,099) |
| Subtotal | (21,462) | (106,267) |
| Total | 68,718 | (25,025) |
| B - Cash flow from investment activities: | | |
| Purchase of investment property | 6 | 6 |
| Net investments in intangible fixed assets | (1,288) | (444) |
| Net investments in tangible fixed assets | (38,512) | (67,468) |
| Net investments for project finance initiative | (27,523) | (24,482) |
| Sale (Purchase) of other investments net of acquired cash, coverage of losses of non-consolidated companies and other differences in consolidation area | 3,372 | 2,393 |
| Collections from the sale of tangible and intangible fixed assets and investment property | 1,784 | 4,194 |
| Differences in financing of equity investments | 4,284 | 1,628 |
| Total | (57,877) | (84,173) |
| C - Cash flow from financing activities: | | |
| Dividends paid + other movements | (24,972) | (7,391) |
| Opening (repayment) of non-current payables net of commission | 67,091 | 73,727 |
| Net change in current financial payables (including leasing) | (29,904) | 98,193 |
| Sale (purchase) of securities/bonds and company's shares | 15,165 | 2,584 |
| Total | 27,380 | 167,113 |
| Net increase (decrease) of cash and cash equivalents | 38,221 | 57,915 |
| Cash and cash equivalent at start of year | 295,538 | 237,623 |
| Cash and cash equivalent at end of year | 333,759 | 295,538 |

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# Notes to the consolidated financial statements

## General Information

Astaldi Group has been operating for over eighty years in Italy and abroad in the design and construction of major civil engineering works. It is one of the most important groups operating in the construction sector at an international level and is a leader in Italy in its capacity as general contractor and promoter of project finance initiatives.
The Group operates through the parent company, Astaldi S.p.A. which is a public limited company with registered offices at Via Giulio Vincenzo Bona 65, Rome. It has been listed in the STAR division of the Milan Stock Exchange since June 2002.

## Form and content

Astaldi Group's consolidated financial statements at 31 December 2008 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union and in compliance with CONSOB regulations regarding international accounting standards. The aforementioned standards have been integrated with the interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee), approved by the European Union on 31 December 2008.
The consolidated financial statements comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and relative explanatory notes.
Astaldi Group's income statement uses a classification of the individual items based on their nature. Such classification reflects the management report methods used within the Group and is therefore considered more representative compared to presentation of items according to use, providing more reliable and more relevant information for the sector of origin.
As far as the balance sheet is concerned, it has been chosen to enter items, separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provision contained in paragraph 51 and following of IAS 1.
The cash flow statement shows cash flow for the year, broken down into operations, investments and financial activities; financial flows from operations are entered using the indirect method.
The statements of changes in equity have been formulated in compliance with IAS 1 in accordance with the model already used for the previous year.
As regards the sector disclosure, regulated by IAS 14, it is noted that, taking into account the fact that the Group operates in various countries and various geographical areas, the primary reference model is the geographical one while information regarding business areas is secondary. In this regard, refer to Note 34 for a presentation of the models.

## Drafting criteria

The consolidated financial statements have been prepared on the basis of the historical cost principle. Derivatives and financial assets are classified as assets valued at fair value, the change in which is charged to the income statement. In this regard, since no fair value hedge transactions were performed, there are no financial instruments whose cost have been adjusted in relation to changes in the fair value attributable to the hedged risk.
All amounts are expressed in thousands of Euro unless otherwise indicated. Consequently, the total amounts in some statements may differ slightly from the sum of the comprising amounts due to rounding-up.
The consolidated financial statements have been prepared on the assumption of corporate continuity. Specifically, despite the general situation characterised by economic and financial instability, the Group has ascertained that there is no significant uncertainty (as defined by IAS 1.24-25) regarding corporate continuity.
Finally, it is noted that specific items of 2007 have been reclassified, where necessary, to allow better comparability.

## Changes in accounting standards

The accounting standards adopted in these Consolidated Financial Statements are consistent with those adopted for the previous year, apart from those approved by the European Union and became into force as from 2008. This refers specifically to amendments made to IAS 39 and IFRS 7 (approved by the European Union with effect as from 2008), which allow for the reclassification of specific financial instruments included among those “held for trading”, in some circumstances, thus amending the valuation criterion. In this regard, such amendments did not generate any economic-equity consequences for the Group.

## Summary of main accounting standards adopted

The most important accounting standards and valuation criteria adopted to prepare the consolidated financial statements at 31 December 2008 are listed below.

### Consolidation area and consolidation standards

The Group’s consolidated financial statements comprise the financial statements of the parent company, Astaldi S.p.A. and the Italian and foreign companies in which Astaldi holds the controlling interest, either directly or indirectly, and have been prepared, for the purpose of consolidation, in accordance with the IFRSs adopted by Astaldi Group. A list of the companies included in the area of consolidation and relative percentages held by the Group, either directly or indirectly, together with other important information, is attached to these Notes. Summarized below, a list of the companies included in the consolidation area at 31 December 2008 showing the changes with regard to the previous year.

## Consolidation area (*)

| | | |
|---|---|---|
| 1 | Astaldi Algerie E.U.r.l. | 100.00% |
| 2 | Astaldi Arabia Limited | 100.00% |
| 3 | Astaldi Construction Corporation | 100.00% |
| 4 | Astaldi International Inc. | 100.00% |
| 5 | Astaldi International Limited | 100.00% |
| 6 | Astaldi-Astaldi International J.V. | 100.00% |
| 7 | Euroast S.r.l. in liquidation | 100.00% |
| 8 | Groupement G.R.S.H. | 100.00% |
| 9 | Redo-Association Momentanée | 100.00% |
| 10 | Sartori Sud S.r.l. | 100.00% |
| 11 | Seac S.p.a.r.l. in liquidation | 100.00% |
| 12 | Italstrade IS S.r.l. | 100.00% |
| 13 | Astaldi Bulgaria LTD | 100.00% |
| 14 | Palese Park S.r.l. | 100.00% |
| 15 | AR.GI S.p.A. | 99.99% |
| 16 | CO.MERI S.p.A. | 99.99% |
| 17 | Consorzio Astaldi-C.M.B. Due in liquidation | 99.99% |
| 18 | I.F.C. Due S.C.a.r.l. in liquidation | 99.99% |
| 19 | Astaldi de Venezuela C.A. | 99.80% |
| 20 | Romairport S.r.l. | 99.26% |
| 21 | ASTALROM S.A. | 99.12% |
| 22 | Astur Construction and Trade A.S. | 99.00% |
| 23 | Silva S.r.l. in liquidation | 99.00% |
| 24 | Astaldi Fe Grande Cachapoal Ltda | 95.00% |
| 25 | Toledo S.C.r.l. | 90.39% |
| 26 | Susa Dora Quattro S.C.r.l. | 90.00% |
| 27 | CO.N.O.C.O. S.C.r.l. | 80.00% |
| 28 | Eco Po Quattro S.C.r.l. in liquidation | 80.00% |
| 29 | Portovesme S.C.r.l. | 80.00% |
| 30 | S.Filippo S.C.r.l. in liquidation | 80.00% |
| 31 | Forum S.C.r.l. | 79.99% |
| 32 | Bussentina S.C.r.l. in liquidation | 78.80% |
| 33 | AS.M. S.c.r.l. | 75.91% |
| 34 | Mormanno S.C.r.l. in liquidation | 74.99% |
| 35 | S.P.T. Società Passante Torino S.C.r.l. | 74.00% |
| 36 | CO.ME.NA. S.C.r.l. | 70.43% |
| 37 | Messina Stadio S.C.r.l. | 66.67% |
| 38 | Astaldi-Max Bogl-CCCF J.V. S.r.l. | 66.00% |
| 39 | SCAR Scrl | 61.40% |
| 40 | Garbi Linea 5 S.C.r.l. | 60.00% |
| 41 | Ospedale del Mare S.C.r.l. | 60.00% |
| 42 | Quattro Venti S.C.r.l. | 60.00% |
| 43 | Partenopea Finanza di Progetto S.p.A. | 59.99% |
| 44 | C.O.MES. S.C.r.l. | 55.00% |
| 45 | Italstrade Somet J.V. Rometro S.r.l. | 51.00% |
| 46 | Romstrade S.r.l. | 51.00% |
| 47 | SC Italstrade - CCCF JV Romis S.r.l. | 51.00% |
| 48 | Infraflegrea Progetto S.p.A. | 51.00% |

(*) The following changes are to be noted:

The following are no longer included in the consolidation area, both in relation to incorporation transactions regarding fully owned companies and companies that have been wind up definitively: Astaldi-Burundi Association Momentanée; Astaldi-Sénégal Association en participation; Cospe S.C.r.l.; Diga di Arcichiaro S.C.r.l. in liquidation; DIP.A. S.C.r.l. in liquidation; Linea A S.C.r.l. in liquidation; Montedil-Astaldi S.p.A. (MONTAST) in liquidation; Todaro S.r.l. in liquidation; Astaldi Finance S.A.; Consorzio Olbia Mare in liquidation; Astaldi - Uti - Romairport JV; Consorcio Astaldi - C.B.I.

The following have been included in the consolidation area: Astaldi Fe Grande Cachapoal Ltda; AS.M. S.c.r.l.

The financial statements approved by the Shareholders' Meetings or, if unavailable, the draft financial statements prepared by the Boards of Directors have been used to perform consolidation. The reference dates of the consolidated companies' financial statements coincide with that of the parent company's apart from the investee company Astaldi de Venezuela C.A. whose financial year ends at 30 November 2008. In this regard, the company was consolidated taking into account the provisions contained in IAS 27 for such circumstances. The financial statements included in the consolidation are prepared in accordance with the parent company's accounting standards, making adjustments where necessary in order to update the valuation of specific items calculated according to different standards. Specifically, the

companies where Astaldi has a controlling interest have been fully consolidated. Such controlling interest consists in holding the majority of shares with voting rights, either directly or indirectly, or the powers to determine the company's financial and managerial choices, obtaining the relevant benefits, regardless of shareholder composition.
Equity investments in companies where control is exercised jointly with third parties are consolidated using the equity method.
Subsidiaries are consolidated on a line-by-line basis starting from the date of acquisition, or from the date on which the Group acquired the controlling interest, and cease to be consolidated as from the date on which the controlling interest is transferred outside the Group.
All intra-group operations and balances, including possible unrealised profits and losses resulting from relations between Group companies, are completely eliminated. In this respect it is noted that, as far as capitalised internal constructions on freely transferable assets are concerned, the margins inside the Group have not been reversed. Both because works were awarded by grantors in accordance with the procedures provided for by law, based on market prices, and because the margins in terms of absolute amounts are insignificant. Moreover, such works performed on behalf of third parties will be freely transferred to the respective grantors upon expiry of the individual concessions.
Equity investments in companies over which a considerable influence is exercised, generally combined with a shareholding of between 20% and 50%, are valued using the equity method. In the event of application of the equity method, the value of the holding is aligned with equity, adjusted where necessary to reflect application of IFRSs, and includes goodwill (net of impairment) as identified at the moment of purchase, as well as the effects of adjustments required by standards regarding the drafting of consolidated financial statements. Specifically, any profit and loss from transactions between the Group and the associate company is eliminated in proportion to the share held in the associate company.

As far as investments in associate companies and companies under joint control are concerned, any losses of value exceeding the book value are entered in the provision for risks on investments, solely to the extent to which the subsidiary has undertaken legal or implicit obligations or made payments on behalf of the companies.

## Conversion of items and translation of financial statements in foreign currency

Astaldi Group's financial statements have been prepared in Euro, which is the Parent company's presentation and operating currency.
The balances included in each Group company's financial statements have been entered in the currency of the Company's main economic environment (operating currency). The items expressed in a currency other than the operating currency, being monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money, etc.) or non-monetary (inventories, works in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially entered at the exchange rate in force on transaction date.
The monetary items are subsequently converted into the operating currency at the exchange rate on the closing date of the financial statements and the resulting differences are entered in the income statement. The non-monetary items are kept at the conversion rate on the transaction date except in the event of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences relating to non-monetary items are entered (income statement or equity) in the same way as the differences in the value of such items.
The rules for converting financial statements expressed in foreign currency into presentation currency are as follows:

- assets and liabilities entered in financial statements are converted at the exchange rate on the closing date of the financial year;

- costs and revenues, income and charges, entered in financial statements, are converted at the average exchange rate for the period, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- equity items, excluding profit for the period, are converted at historic exchange rates;
- the "translation reserve" includes both the exchange rate differences generated by the conversion of economic items at a different rate from the year-end rate, and the differences generated by conversion of opening equity balances at a different exchange rate than the year-end rate.

## Property, plant and equipment

Tangible assets are valued at purchase or production cost, net of accrued depreciation and any impairment. The cost includes all expenses directly incurred in order to prepare assets for use, as well as any charges for dismantling and removal needed to restore the site to its original conditions.
Charges incurred for routine and/or cyclical maintenance and repairs are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or improvement of facilities owned or used by third parties are capitalised exclusively within the limits in which they meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred to purchase and/or construct assets are not capitalized.
The value of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of use based on its useful life. Depreciation applies as from when the asset becomes available for use. The useful life estimated by the Group for the various categories of assets is as follows:

| | Years |
|---|---|
| Buildings | 20-33 |
| Plant and machinery | 5-10 |
| Equipment | 3-5 |
| Other assets | 5-8 |

Land, including land pertaining to buildings, is not depreciated.
Should the asset subject to depreciation be composed of distinctly identifiable elements whose useful life differs significantly from that of the other components forming the tangible asset, depreciation is performed separately for each of the components forming the asset, in application of the component approach policy.
Profits and losses resulting from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant net book value.
Pending approval of IFRIC 12 (freely transferable assets), in which assets under concession are systematically depreciated in every financial year, following construction, on the basis of their residual possibility of use, considered in relation to the duration of the concession or the asset's useful life if shorter. Any provision to cover the cost of restoring or replacing freely transferable assets is entered among the provision for risks and charges.
The Group's main concessions are listed below. Ref-

## Type of concession: Car parks

| Grantor | Purpose of concession | Concession expiry |
|---|---|---|
| Municipality of Turin | Design, construction and management of a multi-storey car park | 08/08/2076 |
| Municipality of Turin | Design, construction and management of a multi-storey car park | 24/02/2078 |
| Municipality of Bologna | Design, construction and management of a multi-storey car park | 07/07/2058 |

## Type of concession: Hospitals

| Grantor | Purpose of concession | Concession expiry |
|---|---|---|
| ULSS 12 Veneziana (Venice Local Health Authority 12) | Design, construction and management of no-core services of the new hospital in Mestre | 23.5 years of management plus 5 years for design and construction |
| ASL Napoli 1 (Naples Local Health Authority 1) | Design, construction and management of no-core services of the new Hospital in Naples ("Ospedale del Mare") | 25 years of management plus 3.7 years for design and construction |
| SIOR (Sistema Integrato Ospedali Toscani) | Design, construction and management of no-core services of 4 new hospitals in Massa, Lucca, Pistoia and Prato | 19 years of management plus 3.9 years for design and construction |

## Type of concession: Undergrounds

| Grantor | Purpose of concession | Concession expiry |
|---|---|---|
| Municipality of Milan | Design, performance of civil and technological works and management of the underground line | 27 years of management plus 5.1 years for design and construction |

erence is made to the Management Report for more detailed information:

It is noted that the aforementioned concessions provide for obligations regarding extraordinary maintenance of buildings. Furthermore, it is noted that there are two additional concessions related to the design, construction and management of car parks in the Municipalities of Verona and Bologna for which construction works only have been started, while works are nearing completion respectively.

## Leased property, plant and equipment

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are entered in the financial statements, at the effective date of the agreement, as Group assets at their current value or, if lower, at the current value of the minimum payments due for the leasing agreement, including the sum to be paid for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are posted among financial payables.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the leasing agreement, the financially leased assets are depreciated over a period equal to the duration of the leasing agreement or the useful life of such asset, whichever is shorter.

Leases in which the lessor largely maintains all the risks and benefits of ownership of the assets are classified as operating leases. The charges referring to operating leases are entered in the income statement in the financial years of the duration of the leasing agreement.

## Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. These items are recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring it into operation, net of accrued amortisation (with the exception of assets with an undefined useful life) and any impairment. Amortisation is performed as of when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life. A rate is applied which takes into account its actual use during the financial year in which the intangible asset is entered for the first time.
Industrial patent and intellectual property rights are entered at purchase cost, net of amortisation and impairment accrued over time.
Amortisation is performed as from the financial year in which the purchased right is available for use, and takes into account the corresponding useful life.
Concessions, licenses and similar rights are entered at cost, net of amortisation and impairment accrued over time. Amortisation is performed as from the financial year in which ownership is acquired, in relation to its duration.
Goodwill, if related to business combination transactions, is entered among intangible assets and represents the positive difference between the cost incurred to acquire a business or line of business and the acquired share in relation to the value of the assets and liabilities forming the capital of the business or line of business. Potential purchased and identifiable assets and liabilities (including respective minority interests) are entered at their current value (fair value) at purchase date. While the negative difference, if any, is entered in the income statement at the time of purchase.
Goodwill is subjected to checks to identify any impairment, in accordance with the provisions of IAS 36 (Impairment of assets) on an annual basis, or more frequently if specific events or changed circumstances point to the possibility that it has been subject to impairment. In this regard, it is noted that no goodwill was recorded at 31 December 2008.

## Business combinations

The Group values the purchased assets and liabilities at its fair value at purchase date; this means that any minority interests in the acquired share must be re-expressed in proportion to the minority share of new fair values, net of such assets and liabilities. No business combination transactions were performed during 2007.

## Investment property

An investment property is a property owned asset held for the purpose of receiving rent or appreciation of the invested capital, provided that the cost of the asset can be reliably established and the relevant economic future benefits can be used by the company.
Investment property is valued at purchase or production cost, increased by any additional costs, net of accrued amortisation and any impairment.
The useful life of the property is between 20 and 33 years.
Investment property is eliminated from the financial statements when transferred or when the investment is unusable in the long-term and no future economic benefits are expected from its transfer.

## Impairment of tangible and intangible assets

Assets with an undefined useful life are not subject to systematic amortisation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the value entered in the financial statements. For assets subject to systematic amortisation, the presence of indicators leading to the possibility of impairment is assessed; consequently the recoverable amount of the asset is estimated. Such amount is defined as the greater between the fair value net of sale costs and the asset's value in use, with any surplus entered in the income statement.
Should the prerequisites for the previously performed impairment cease to exist, the asset's book value is restored within the limits of the net book value: the restoration of value is recorded in the income statement. While, the value of previously depreciated goodwill or an intangible asset with an undefined useful life is never restored.
When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash generating unit to which it belongs.
It is noted that during 2008, internal and external indicators of impairments, as defined in IAS 36, showed no need to perform an impairment test on tangible and intangible assets. Furthermore, it is noted that, in the absence of goodwill and having ascertained that the recoverable value of individual assets may be easily calculated, the Group has not identified any impairment.

## Equity investments

Investments in companies other than subsidiaries, associates, and joint ventures, for which the consolidation area should be referred to (generally with a share of less than 20%) are classified, at the moment of purchase, among "equity investments" and valued at cost in case calculation of the fair value is unreliable.

## Inventories

Inventories are entered at cost or the net recoverable value, whichever is less. The value of inventories is calculated on the weighted average cost, applied to homogenous categories of goods.
The cost includes all charges related to purchase and transformation and all other costs incurred to bring inventories to the site where being used and in the conditions to be suitable for the production process.

## Long-term contracts

Work in progress are entered on the basis of progress (or percentage of completion), according to which costs, revenues and the margin are entered on the basis of activities carried out. The percentage of completion is calculated by applying the "incurred cost" (cost to cost) criterion.
Valuation reflects the best estimate of works performed at reporting date. The assumptions at the base of valuations are updated on a regular basis. Any resulting economic effects are recorded in the financial year in which such update is made.

*Contract revenues includes:*
agreed contractual, changes in works, price reviews, and incentives, to the extent in which these are likely to be valued reliable. Specifically, the relative valuations are performer by referring to:
- specific legislation regarding public works and International legislation,
- contract clauses,
- specific technical and legal studies and lastly,
- positive results reasonably obtained by customers.

*Contract costs include:*
all costs that refer directly to the project, costs that may be attributed to project activity in general and that may be allocated to such project, as well as any other costs that may be specifically charged to the customer on the basis of contract clauses.
Such costs moreover include:
- pre-operating costs, i.e. the costs incurred during the

initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organisation and production start-up costs, construction site installation costs), as well as,

- post-operating costs incurred after completion of the contract (site removal, return of plant/equipment to base, insurance, etc.), and additionally,
- costs for services to be performed after the completion of works (for example, regular maintenance, assistance and supervision during the first phase of operation of individual works).

Finally, it is noted that contract costs include financial charges resulting from financing specifically referred to works carried out under project finance and general contractor schemes. In fact, during the call for tenders, specific terms of payment are defined on the basis of law conditions that require the Group to perform structured financing transactions on the contract's invested capital, the relative charges for contract fees calculation.

Should it be forecasted that completion of a project may generate a loss, this shall be entirely recorded in the financial year when reasonably expected.

When the outcome of a long-term project cannot be reasonably estimated, the value of work in progress is calculated on the basis of costs incurred, assuming it is reasonably expected that such will be recovered without assessment of the margin.

When favourable or unfavourable events attributable to present situations at date of the financial statements occur after balance date, the amounts entered in the financial statements are adjusted to reflect the consequent economic, financial and equity effects.

Work in progress is presented net of any provisions for depreciation and/or final losses, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual interim work reports (Advances) are presented in a manner to reduce the gross contract value, if the latter is higher, and any surplus is entered under liabilities. On the other hand, invoiced advances are considered as financial transactions and are not relevant for the purpose of revenues recognition. Therefore, since advances represent financial events, these transactions are always entered among liabilities insofar as received not as consideration for works carried out. However, such advances are progressively decreased, usually by virtue of contract agreements, to offset invoicing of project.

Relating provision for losses on individual contracts, it is noted that in case such provision exceed the contract value entered among assets, such excess is recorded under "Amounts due to customers".

Such analyses are carried out on a contract-by-contract basis: in case the differential be positive (due to work in progress being greater than the amount of advances), such amount is classified among assets under "Amounts due from customers"; on the other hand, in case this differential is negative, the amount is classified among liabilities, under "Amounts due to customers".

## Accounts receivable and financial assets

The Group classifies financial assets in the following categories:

- assets at fair value with offset to the income statement;
- accounts receivable and loans;
- financial assets held to maturity;
- financial assets available for sale.

Classification depends on the reasons for which the asset was acquired, the nature thereof, and the valuation made by management as at the purchase date.

All financial assets are initially valued at fair value, increased by additional charges in the case of assets other than those classified at fair value with offset to the income statement.

The Group determines the classification of its own financial assets after initial entry and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2008, similarly to the previous year, the categories adopted are accounts receivable and loans and assets at fair value with offset to the income statement; the latter includes derivatives and some securities of a minor amount.

## Financial assets at *fair value* with offset to the income statement

This category includes financial assets acquired for short-term trading or financial assets originally designated for this purpose by management. Assets held for trading include all assets purchased in order to be sold in the short term. Derivatives, including stripped derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments.

Profits or losses on assets held for trading are recorded in the income statement. Upon initial entry, financial assets may be classified as financial assets at fair value, with offset to the income statement, if the following conditions are met:

(i) the designation eliminates or significantly reduces the inconsistency of entry which would arise by valuing the assets or entering profits and losses generated by such assets in accordance with a different criterion; or (ii) the assets is part of a group of managed financial assets and their return is valued on the basis of their fair value, in accordance with a documented risk management strategy.

## Accounts receivable and loans

This category includes assets, not being derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are valued at the amortised cost based on the effective interest rate method. Any impairment calculated through the impairment test is entered in the income statement. These assets are classified as current assets, except for portions whose terms expire after more than 12 months, which are included among non-current assets.

## Financial assets held to maturity

Contrary to derivatives, these assets have a pre-established maturity and are he assets which the Group intends to hold in its portfolio until maturity.

Such assets are valued at the amortised cost based on the effective interest rate method. Those whose contractual term is established within 12 months are classified under current assets. Any impairment calculated through the impairment test is recorded in the income statement.

## Financial assets available for sale

This category includes financial assets, not being derivatives, specifically designated as falling within this category or not classified in any of the three previous categories. They are valued at fair value, with any changes in value being offset to a specific equity provision ("provision for financial assets available for sale"). Such provision is recorded in the income statement only when the financial asset is actually transferred or, in the event of decrease in value, when it is clear that the impairment recorded in equity cannot be recovered. Classification as current or non-current assets depends on the management's intentions and on the negotiability of the security. Assets whose realization is expected in the subsequent 12 months are entered among current assets.

## Impairment of financial assets

At the end of each financial year, the Group verifies whether any financial assets or group of financial assets were impaired according to the following criteria.

## Assets valued at the amortised cost

If there is actual evidence that financing or a receivable entered at amortised cost might be impaired, an impairment test is performed in order to determine the difference between the book value of the asset and the current value of estimated future cash flows (excluding losses on future amounts receivable not yet incurred) discounted by the initial actual rate of interest of the financial assets (i.e. the actual interest rate calculated at the date of initial entry). The book value of the asset will be reduced by application of a provision. The amount of the loss will be entered in the income statement.

With reference to trade receivables, depreciation for impairment is made when there is evidence, largely based on the counterparty's nature, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment decreases, the relatively decreased value may be restored. Any subsequent restorations of value are entered in the income statement, in the extent in which the asset's book value does not exceed the amortised cost at the date of restoration.

## Financial assets available for sale

In case of impairment of a financial asset available for sale, an amount corresponding to the difference between its cost (net of repayment of capital and amortisation) and its current fair value is deducted from equity and entered in the income statement, net of any impairment previously entered in the income statement.
Reversing of value relating to equity investments classified as available for sale are not entered in the income statement. Reversing of values relating to debt instruments are entered in the income statement if the increase in instrument's fair value may be objectively attributed to an event which occurred after impairment was entered in income statement.

## Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or Group undertakings, except when they are classed as assets held for the purpose of trading and valued at fair value with offset to the income statement.
The Group uses derivatives within the context of hedging strategies aimed at neutralising the risk of fair value fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedges). Fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are entered, the "effective" portion, in equity ("cash flow hedge reserve"), which is then entered in the income statement when the hedged item in question expresses itself from an economic viewpoint.
The difference in fair value referable to the ineffective share is immediately entered in the income statement.
If the derivative instrument is transferred or no longer qualified as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered highly probable, the relative share of the "cash flow hedge reserve" is immediately entered in the income statement. Financial derivatives are initially entered at fair value at the stipulation date; subsequently, such value is periodically adjusted. Derivative instruments are entered as assets when the fair value is positive, and as liabilities when the fair value is negative. Possible profit or loss deriving from changes in the fair value of derivatives not suitable for hedge accounting are entered directly in the income statement during the year.
The effectiveness of hedging operations is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the changes in the fair value of the hedging instrument with those of the hedged item, or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.
It is noted that the Group does not stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to the rules of hedge accounting.

## Calculation of fair value

The fair value of instruments listed on public markets is calculated with reference to the bid prices at the reference date of the period in question. The fair value of non-listed instruments is measured with reference to financial valuation techniques. Specifically, the fair value of interest rate swaps is measured by discounting back the expected cash flows, while the fair value of forwards on exchanges is calculated on the basis of market exchange rates at the reference date, and the rate differentials between the currencies in question.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised from financial statements when:

- the rights to receive cash flow from the asset have expired;
- the right to receive cash flow from the asset is retained, but according to contract obligations such cash flow has to be paid immediately and entirely to a third party;
- the Group has transferred the right to receive cash flow from the asset and (a) has substantially transferred all the risks and benefits deriving from ownership of the financial asset, or (b) has neither transferred nor kept all the risks and benefits deriving from the asset, but has transferred the control of the asset.

In the cases where the Group has transferred the rights to receive cash flow from an asset and has neither transferred nor kept all the risks and benefits or has not lost the control of the asset, such is entered in the Group's financial statements in the extent of its residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is valued at the initial book value of the asset or the maximum value of the consideration the Group may be required to pay, whichever is lower.

Financial liabilities are derecognised from the financial statements when the obligation underlying the liability expires, is cancelled, or discharged. In the cases where an existing financial liability is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such replacement or change is considered as derecognition of the original liability and recognition of a new liability. Any differences between the accounting values are consequently entered in the income statement.

## Cash and cash equivalents

These include cash, deposits or other amounts with banks or other credit institutes, available for current transactions, postal current accounts, and other equivalent securities, as well as investments with terms expiring within three months of the purchase date. Cash and cash equivalents are entered at fair value which normally corresponds to their nominal value.

## Equity

### Share capital

The share capital is the parent company's subscribed and paid up capital. Costs strictly related to shares issue are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

### Treasury shares

Treasury shares are entered as a reduction of equity. Specifically, the nominal value of treasury shares is entered as a reduction of the issued share capital, while the excess of the purchase value compared to the nominal value is carried-over to reduce other reserves as resolved by the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not entered in the income statement.

### Retained earnings

This includes the economic results of the current period and of the previous financial years for the part not distributed or allocated to reserves (in the event of profit) or balanced (in the event of loss).

### Other reserves

These are capital reserves with a specific assignment related to the parent company. They include, inter alia, the cash-flow hedge reserve which includes the fair value of hedge derivatives as regards the effective share, the translation reserve and the reserve relating to first-time adoption of International Accounting Standards.

### Financial liabilities

Financial liabilities are initially entered in the financial statements at their fair value, net of transaction costs, and are subsequently valued at their amortized cost.
Any difference between the sum received (net of transaction costs) and the nominal value of the payable is entered in the income statement by applying the actual interest rate method.
They are classified as current liabilities unless the Group has the contractual right to fulfill its obligations at least more than 12 months subsequent to the date of the financial statements.
It is noted that the Group has not designated any financial liability at fair value with offset to the income statement.

### Trade payables and other payables

Trade payables, whose term of expiry falls within standard commercial terms, are not discounted back and are entered at cost (identified by their nominal value).

## Income taxes

### Current taxes

Current taxes for the year and for the previous years are entered at the value expected to be paid to tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the closing date of the financial statements in the individual countries where the Group operates.

### Deferred taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the value of assets and liabilities entered in the financial statements and the taxable value.
Deferred tax liabilities are entered against all temporary taxable differences, except when:

- deferred tax liabilities are the result of initial valuation of goodwill or an asset or liability in a transaction that is not a business combination and at the moment of the transaction does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes;

- temporary taxable differences related to interests in subsidiaries, associates and joint ventures, rotation of the temporary differences may be checked and it is likely that it will not occur in the future.

Deferred tax assets are entered against all deductible temporary differences. Deferred tax assets contain tax losses carried forward, in the extent in which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial valuation of an asset or liability in a transaction that is not a business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the purpose of financial statements, or the profit or loss calculated for tax purposes.

The value of deferred tax assets to be entered in the financial statements is reassessed at each closing date of the financial statements and reduced in the extent in which sufficient future tax profits are no longer likely, in order to allow all or part of the credit to be used. Deferred tax assets that are not entered are reassessed on an annual basis at the closing date of the financial statements, and are entered in the extent in which it is likely that the tax profit is sufficient to allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applied for the period in which such assets will be realised or such liabilities will be discharged, considering the rates in force and those already substantially issued at the closing date of the financial statements.

Deferred tax assets and liabilities are offset in the event of a legal right to offset current tax assets with current tax liabilities and when the deferred taxes refer to the same tax and the same tax authority.

Income taxes (deferred and current) directly related to equity items are entered under equity and not in the income statement.

## Employee benefits

### Provision for Employee Severance Indemnity

The Provision for Employee Severance Indemnity has changed from being a “defined-benefit plan” to a “defined-contribution plan” as from 1 January 2007. Consequently, employee severance indemnity has been entered in accordance with the new plan.

## Cash-settled, share-based payments

The parent company has set up an incentive scheme for top management, linked to their achievement of specific economic-financial targets. Such scheme consists in attributing Astaldi stock to the recipients, on a free basis, or in payment – still on a free basis – to the same recipients, of the value corresponding to Astaldi stock. The scheme’s attribution cycle refers to the three-year vesting period. Indeed, upon the date of approval of the financial statements relating to the years 2007-2009, after ascertaining that targets have been achieved by the recipients, the latter may exercise the right to collect the incentive in cash, or in stock, or part in cash and part in stock.

In view of its characteristics, the scheme represents, to all intents and purposes of the application of IFRS 2, a mixed share-based payment transaction, since the recipient may choose to receive cash and/or instruments representing the company’s capital.

## Provision for risks and charges

The provisions for risks and charges are entered when at balance date there is a current obligation (legal or constructive) resulting from a past event, the outflow of resources to settle the obligation be likely and a reliable estimate of the obligation can be made.

The provisions are entered at the value representing the best estimate to settle the obligation or to transfer it to third parties at the closing date of the period. If the effect of discounting the cash outflow is significant, the amounts allocated are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the provision due to passing of time is entered as a financial charge in the income statement.

## Revenues other than contracts in progress

Revenues are valued at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.
Revenues related to the sale of goods are posted when the company has transferred the significant risks and benefits connected with ownership of the assets to the buyer, which in many cases coincides with transferring ownership or possession to the buyer, and the value of the revenue may be reliably calculated.
Revenues from services rendered are entered, when they can be reliably estimated, on the basis of the percentage-of-completion method.

## Government grants

Government grants are entered when there is reasonable certainty that such grants will be received and all the conditions relating thereto are satisfied. When the grant relates to cost items, it is deferred and systematically released over the years to income statement in such proportion that it offsets the corresponding costs. In case the grant is linked to an asset, the grant's fair value is entered as a reduction of the asset. The grant is accrued among liabilities should the underlying asset not be in operation or is under construction. The relative amount is not included in the value of the asset in question.

## Financial charges

Interest is entered on an accrual basis according to effective interest method. By using the interest rate that makes all incoming and outgoing flows (including premiums, discounts, commissions, etc.) comprising given transaction financially equivalent. Financial charges are not capitalized among assets.

## Dividends

Dividends are entered when the right arises from shareholders to receive the payment that normally corresponds to the dividend distribution approved by the Shareholders' Meeting.
The distribution of dividends to shareholders is entered as a liability in the financial statements for the period in which the distribution thereof is approved by the Shareholders' Meeting.

## Costs

Costs are entered on an accrual basis and on the basis of going concern of the activity of the Group companies.

## Profit per share

The basic profit per share is calculated by dividing the share of the Group's economic result attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.

## Use of estimates

Preparing the financial statements and notes in compliance with IFRSs requires the formulation of estimates and assumptions affecting the values of assets and liabilities and the information regarding potential assets and liabilities. In respect to the recently issued document by Banca d'Italia/CONSOB and ISVAP no. 2 dated 9 February 2009, it is noted that such estimates are based on the most recent information available at top management at the time of preparing these financial statements, the reliability of which is, therefore, unprejudiced.
Estimates are used, inter alia, to record provisions for credit risks, work in progress, amortisation and depreciation, write-down of assets, employee benefits, taxes, other amounts allocated, and provisions. The

final results may differ from it estimate. Estimates and assumptions are periodically reviewed and the effects of all changes are reflected in the income statement of the period when the change occurred.

## New accounting standards and interpretations adopted by the European Union but still not in force

The possible impact on the consolidated financial statements of the new standards and interpretations in force subsequent to 31 December 2008 are briefly detailed below:

- IFRS 8 Operating Segments (Reg. (EC) No. 1358/2007): this standard based on a managerial approach requires disclosure of information regarding operating segments, and in this respect defines the requirements for determining primary sectors (business) and secondary sectors (geographical).
- IAS 23 Borrowing Costs (Reg. (EC) No. 1260/2008): the new version of the standard has eliminated alternative accounting; specifically, the new IAS 23 provides for borrowing charges to be capitalised when directly attributable to the acquisition, construction and production of an asset which justifies capitalisation. In other cases, borrowing costs must be entered as costs. It must also be noted that the new version of IAS 23 has generated an amendment to IAS 11. Indeed the new paragraph 18 provides for costs that can be attributed to project activity in general and that can be charged to specific contracts to include borrowing costs as well. Previously, the aforementioned paragraph contained a cross-reference to IAS 23 with regard to recording of borrowing costs.
- IAS 1 Presentation of Financial Statements (Reg. (EC) No. 1274/2008). The new standard has generated several amendments to financial statement models. However, it must be noted that the most important amendment concerns the Income Statement model. Specifically, a statement of the other income statement items showing suspended earning items (i.e. not applicable for the period in question) has been introduced. Suspended items could be, for example, the effective share of hedge derivatives, previously included among equity.
- IAS 32 and IAS 1 (Reg. (EC) No. 53/2009): in brief, the amendments concern presentation in the financial statements (IAS 1) of financial instruments representing capital instruments or liabilities. In this regard, the amendments to IAS 32 specify the characteristics which an instrument must have in order to be classified as a capital instrument.
- IFRS 1 and IAS 27 (Reg. (EC) No. 69/2009): the amendment to IAS 27 concerned elimination of the so-called cost method with regard to equity investments in subsidiaries, associate companies and joint ventures, not to be confused with valuation at cost which has not undergone any amendments. Therefore, the amendment has entailed a relative amendment to IAS 36 which, in the presence of distribution of dividends by a subsidiary, associate company or joint venture, and having ascertained specific conditions, calls for an impairment test with regard to the book value of the equity investment.
- Improvements to IFRSs (Reg. (EC) No. 70/2009): this is not a single standard, but a series of improvements to the existing standards issued by IASB and approved by the European Union.

## Future changes in accounting policies

The following are some of the standards and interpretations issued by IASB, but not yet approved by the European Union, which may affect the Group's accounting policies:

## IFRIC 12 Service concession arrangements

Such interpretation, still not approved by the European Union, provides that in the event of concessions a financial or intangible asset must be shown in the financial statements. This is connected to the existence or inexistence of the concessionaire's unconditional right to receive payment from the authority granting the concession. In fact, the concessionaire will have to enter an intangible asset should it be entitled pursuant to the

contract to force the infrastructure end users to make payments for the services rendered. While it will enter an amount receivable should the concession's contractual clauses provide for a concessionaire's unconditional right to receive payment directly from the authority granting the concession.
In this regard, it is noted that, upon preliminary examination, the characteristics of Astaldi Group's concessions contain elements that allow for the identification of both a financial asset and an intangible asset.
However, pending approval IFRIC 12 which, if approved, would be effective as from 2010 in light of the information available to the Group, it is noted that constructed assets related to concessions and costs and revenues related to services under concession have been entered according to current accounting practice, similarly to the 2007 financial statements.
While, information has been provided in compliance with SIC 29 – Disclosure – Service Concession Arrangements.

# Notes to the consolidated financial statements

## 1. Revenues: EUR 1,466,848 (EUR 1,273,373)

Revenues from works totaled EUR 1,466,848 million shows an increase of approximately 15% compared to 31 December 2007. Such increase, which confirms the forecast growth trend, is attributable to production activities, especially those related to general contracting projects, carried out in Italy and abroad (especially in Asia).
Revenues are as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Revenues from sales and services | 536,841 | 541,007 | (4,166) |
| Changes in products in progress, semi-finished and finished goods and construction projects | 8,222 | 2,365 | 5,856 |
| Changes in contracts in progress | 921,785 | 730,000 | 191,784 |
| Total | 1,466,848 | 1,273,373 | 193,475 |

It is noted that the item "Revenues from sales and services" includes the amounts for works performed and approved by the respective customers, while the item "Changes in contracts in progress" represents the value of works performed during the period, but not yet completed.
Revenues according to geographical area are set out below:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Difference |
|---|---|---|---|---|---|
| Italy | 750,229 | 51.1% | 488,761 | 38.4% | 261,468 |
| Europe | 173,299 | 11.8% | 187,792 | 14.7% | (14,494) |
| America | 300,209 | 20.5% | 376,682 | 29.6% | (76,473) |
| Africa | 158,307 | 10.8% | 169,998 | 13.4% | (11,691) |
| Asia | 84,803 | 5.8% | 50,139 | 3.9% | 34,665 |
| Total | 1,466,848 | 100.0% | 1,273,373 | 100.0% | 193,475 |

For more detailed information on this item, please refer to note 34 of Sector Disclosure according to IAS 14.
Finally, it is specified that, consistent with previous year, this item includes the economic benefits of works performed in Venezuela, through translation of currency values, originally in currencies other than the Euro, used by the customer to settle contract undertakings.

## 2. Other revenues: EUR 58,792 (EUR 55,758)

Other revenues, equal to EUR 58,792, comprise economic items not directly related to the Group's main production activity, but nevertheless secondary to the core business and of a lasting nature. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Revenues from sales of goods | 7,380 | 5,499 | 1,881 |
| Services provided to third parties | 20,080 | 22,777 | (2,697) |
| Services and activities to manage joint projects | 2,866 | 2,642 | 224 |
| Rentals and leases receivable | 6,595 | 4,473 | 2,122 |
| Net gains from disposal of tangible assets | 2,301 | 4,816 | (2,515) |
| Gains from disposal of leased assets | - | 2 | (2) |
| Other | 19,570 | 15,548 | 4,022 |
| Total | 58,792 | 55,758 | 3,034 |

The following main increases are noted:

- Euro 1,881 referring to the sale of materials to third parties, usually related to debris from individual projects, above all in Italy and partially abroad, especially in Romania and Bolivia;
- Euro 2,122 referring to rentals and leases above all in the domestic area as well as in Romania and Turkey, usually related to leases to subcontractors as well as to the policy of efficient management of the production capacity of plants in relation to specific use as per scheduled requirements.
- Euro 4,022 referring to revenues from residual and marginal activities.

As far as concerns decreases, minor revenues equal to Euro 2,697 were recorded relating to minor services provided to third parties, especially in Romania, and Euro 2,515 related to gains on tangible assets.

## 3. Purchase costs: EUR 296,593 (EUR 284,499)

The costs for the purchase of raw materials, subsidiary materials and consumables, net of changes in warehouse inventories, amounted to Euro 296,593, showing a net increase of Euro 12,094 compared to the previous period. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Purchase costs | 311,167 | 292,584 | 18,583 |
| Changes in inventories of raw materials, subsidiary materials, consumables and goods | (14,574) | (8,085) | (6,488) |
| Total | 296,593 | 284,499 | 12,094 |

The increase mainly refers to the domestic market in relation to the acceleration of some major works in Italy, such as the Turin railway junction and Line 5 of the Milan underground. It is noted an increase in Qatar (Asia), in line with the revenues achieved, related to the development of recently secured works.
The geographical breakdown of purchase costs is as follows:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Difference |
|---|---|---|---|---|---|
| Italy | 143,686 | 46.2% | 97,814 | 33.4% | 45,872 |
| Europe | 44,867 | 14.4% | 74,124 | 25.3% | (29,258) |
| America | 43,930 | 14.1% | 54,457 | 18.6% | (10,526) |
| Africa | 49,483 | 15.9% | 57,505 | 19.7% | (8,022) |
| Asia | 29,201 | 9.4% | 8,684 | 3.0% | 20,517 |
| Total | 311,167 | 100.0% | 292,584 | 100.0% | 18,583 |

## 4. Service costs: EUR 820,719 (EUR 664,391)

Service costs totaled EUR 820,719, showing a general increase of Euro 156,328 compared to the previous year. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Consortium costs | 132,764 | 89,277 | 43,487 |
| Subcontracts and other services | 539,128 | 434,297 | 104,831 |
| Technical, administrative and legal consultancy | 58,389 | 58,994 | (605) |
| Remuneration of directors and auditors | 3,454 | 3,606 | (153) |
| Utilities | 10,594 | 8,821 | 1,773 |
| Travel and travel indemnities | 6,628 | 4,436 | 2,192 |
| Insurance | 16,883 | 12,871 | 4,012 |
| Rentals and other costs | 37,321 | 30,632 | 6,688 |
| Rent and running expenses | 7,041 | 5,252 | 1,790 |
| Maintenance costs for leased assets | 652 | 531 | 121 |
| Other | 7,866 | 15,674 | (7,808) |
| Total | 820,719 | 664,391 | 156,328 |

The increase is mainly attributable to the increase in consortium costs resulting, in particular, from works performed jointly with other partners, such as the stadium in Bucharest and the bridge in Basarab in Romania, and the Istanbul underground in Turkey, as well as works performed by consortium companies in the domestic area and especially the Rome underground, with works being performed by the consortium company “Metro C”.

As regards costs for subcontracts and other services, 2008 showed an increase compared to previous year which can be attributed to the following geographical areas:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Difference |
|---|---|---|---|---|---|
| Italy | 335,952 | 62.3% | 202,169 | 46.6% | 133,784 |
| Europe | 38,582 | 7.2% | 43,653 | 10.1% | (5,071) |
| America | 110,678 | 20.5% | 132,246 | 30.5% | (21,569) |
| Africa | 31,678 | 5.9% | 28,302 | 6.5% | 3,376 |
| Asia | 22,238 | 4.1% | 27,927 | 6.4% | (5,689) |
| Total | 539,128 | 100.0% | 434,297 | 100.0% | 104,831 |

The above table shows significant increases, consistent with the increase in revenues, in the domestic area, attributable in particular to works related to Line 5 of the Milan underground, the Turin rail link, Brescia's Metro-Bus and Bologna's High-Speed station. On the other hand, the decrease in absolute terms affected the other areas and was generally related to the relative production trend.
The cost increase for rentals is to be attributed to Romania, Bolivia and Qatar as well as the domestic sector. In this regard, it is noted that such rentals are mainly characterized by short-term contracts.
Finally, the increase in insurance costs related mainly to "all-risk" contract formulas which usually accompany new contracts.

## 5. Personnel costs: EUR 213,364 (EUR 193,889)

Personnel costs, equal to Euro 213,364, increased in comparison with the previous year by Euro 19,475. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Wages and salariesv | 142,750 | 129,647 | 13,102 |
| Social security charges | 34,639 | 31,512 | 3,126 |
| Other costs | 30,860 | 27,957 | 2,903 |
| Other benefits subsequent to employment | 1,646 | 2,005 | (359) |
| Cost of share-based payments | 3,469 | 2,767 | 702 |
| Total | 213,364 | 193,889 | 19,475 |

The increase is mainly attributed to the cost of wages and salaries in Asia as well as in the domestic area. It is mentioned that the aforementioned increase in such costs was not accompanied by an equal increased percentage on revenues. The percentage in 2008 was equal to approximately 14%, slightly down respect to prior year as a result of the policy to optimise human resources management.
"Other costs" include the amount allocated for employee severance indemnity in the form of a defined benefit plan as detailed in IAS 19. Refer to Note 28 for more information on changes in employee severance indemnity.
As regards the cost of share-based payments, it is noted that the 2008 amount refers to the effects of two mixed

plans, i.e. comprising stock grants and cash payments which, from an accounting view point, are respectively entered in an equity provision and as a financial liability. More detailed:

| (in thousands of euros) | Stock grant **value** | Financial liability value | Total |
|---|---|---|---|
| Mixed plans | | | |
| Plan 1 | 859 | 1,338 | 2,197 |
| Plan 2 | 944 | 328 | 1,272 |
| Total | 1,803 | 1,666 | 3,469 |

As regards the first plan's characteristics, it is noted that the same is solely connected with the period of accrual, i.e. the three-year period 2007-2010, thus its value was determined by taking into account the individual items of the plan, i.e. a cash-based benefit and a share-based benefit
As regards the second plan, its main characteristics are given below; however, reference is made to the "Corporate Governance" section of the Management Report for any additional information in this regard:

- assignment of Astaldi stock to recipients or payment (both on a free basis) to the same recipients, of the value corresponding to the stock;
- the assignment cycle refers to the three-year period 2007-2009;
- for each year of validity of the plan, each recipient will be entitled to receive, at his/her discretion, on an alternative basis, upon achievement of economic-financial targets provided for by the regulation:
  a. a gross amount equal to the counter-value of 40,000 shares, valued at average closing price of Astaldi S.p.A.'s ordinary shares traded on the market during the last quarterly period prior to the date of assignment; or
  b. 50,000 shares, or
  c. a gross amount equivalent to the counter-value of 20,000 shares, valued at average closing price of Astaldi S.p.A.'s ordinary shares traded on the market during the last quarterly period prior to the date of assignment, in addition to 25,000 shares;
- The achievement of targets is ascertained by the Board of Directors upon approval of the draft financial statements. Each recipient will provide the company notice of his/her decision regarding assignment within 30 days after target achievement has been ascertained

Actuarial assumptions with regard to calculation of the value for 2008 are listed below:

- Dividend rate: 1.25%
- Volatility: 50%
- Probability of target achievement: 95%
- Risk-free rate: 2.7%

The following tables shows personnel costs according to geographical area of composition:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Difference |
|---|---|---|---|---|---|
| Italy | 97,032 | 45.5% | 82,743 | 42.7% | 14,289 |
| Europe | 30,377 | 14.2% | 34,406 | 17.7% | (4,029) |
| America | 48,162 | 22.6% | 48,316 | 24.9% | (154) |
| Africa | 24,158 | 11.3% | 24,417 | 12.6% | (259) |
| Asia | 13,633 | 6.4% | 4,006 | 2.1% | 9,627 |
| Total | 213,364 | 100.0% | 193,889 | 100.0% | 19,475 |

| | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Managers | 135 | 122 | 13 |
| Executives | 115 | 62 | 53 |
| White collars | 2,425 | 2,265 | 160 |
| Workers | 7,509 | 6,400 | 1,109 |
| Total | 10,184 | 8,849 | 1,335 |

## 6. Amortisation, depreciation and write-downs: EUR 41,956 (EUR 39,330)

Amortisation, depreciation and write-downs, equal to Euro 41,596 increased by EUR 2,627, in absolute terms, compared to the previous year. An increase of approximately EUR 5,576 refers to depreciation of tangible assets as a result of the increase in production activities. The item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Amortisation of intangible assets | 951 | 865 | 86 |
| Depreciation of tangible assets | 40,505 | 34,929 | 5,576 |
| Bad debts | 500 | 3,535 | (3,035) |
| Total | 41,956 | 39,330 | 2,627 |

The item includes depreciation of investment properties for a residual value. Refer to noted 14 and 15 for more details.
As regards impairment of receivables, the amount calculated during the year takes into account their recoverable value considering the nature of the counterparty.

## 7. Other operating costs: EUR 21,281 (EUR 33,465)

Other operating costs equal to EUR 21,281 showed a decrease of approximately 36.4% compared to the previous year. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Provisions for risks and charges | 1,277 | 2,582 | (1,305) |
| Other operating costs | 20,004 | 30,883 | (10,879) |
| Total | 21,281 | 33,465 | (12,184) |

The decrease in provisions for risks and charges is directly related to the valuation of contracts on a "whole life result" basis made during the previous year. Other operating costs which decreased compared to the previous year are as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Contingent and non-existent liabilities for value adjustments | 1,034 | 3,340 | (2,305) |
| Fiscal charges | 6,772 | 14,909 | (8,137) |
| Other administrative costs | 12,198 | 12,635 | (437) |
| Total | 20,004 | 30,883 | (10,879) |

The decrease in other operating costs of EUR 10,879 is attributable:
- for the sum of EUR 2,305 to differences in estimates compared to the previous year;
- for the sum of EUR 8,137 to indirect taxes (e.g.: customs duties, concession taxes, etc.) both in Italy and Venezuela;
- for the sum of EUR 437 to miscellaneous administrative costs related to works management.

## 8. Capitalisation of internal construction costs: EUR 837 (EUR 550)

Capitalization of internal construction costs refers to project finance activities relating to the subsidiary Partenopea Finanza di Progetto (capitalized costs 2008:795, 2007:529) for the construction of the new hospital ("Ospedale del Mare") in Naples, and to the parent company (capitalized costs 2008:42, 2007:21) for the construction of technological shafts in the Municipality of Cologno Monzese.

## 9. Financial income: EUR 65,115 (EUR 31,716)

Financial income increased in comparison to 2007 by EUR 33,399 mainly due to greater exchange rate profit and components related to the residual income included in this item. The table below shows a breakdown of the item:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Income from other investee companies | 271 | 1,045 | (774) |
| Income from financial transactions with credit institutes | 6,002 | 4,017 | 1,985 |
| Commissions on guarantees | 868 | 716 | 152 |
| Exchange rate profit | 35,873 | 17,691 | 18,182 |
| Income from derivatives | 4,260 | 2,186 | 2,074 |
| Revaluation of securities | - | 471 | (471) |
| Other financial income | 17,841 | 5,589 | 12,252 |
| Total | 65,115 | 31,716 | 33,399 |

The main increases in financial income were as follows:

- EUR 1,985 related to cash flow management resulting mainly from bank relations which increased by EUR 1,927 and the remaining amount from interest on securities;
- EUR 18,182 related to exchange rate profit; in this regard it is noted that the component exceeded exchange rate losses, also thanks to the currency control policy adopted by the Group in reference to the specific characteristics of the individual markets it operates in;
- EUR 2,074 related to valuation of derivatives used for hedging purposes. Refer to note 31 for more information regarding derivatives;
- EUR 12,252 related specifically to interest on late payments by suppliers with regard to the domestic market, and interest on the arbitration award related to construction of the Zagreb-Goriçan motorway in Croatia in relation to which a final settlement has been reached with the Croatian government.

With regard to decreases, it is noted securities resulting from fair value valuation, classified as assets at fair value with offset to the income statement, but securities of a minor amount.

## 10. Financial charges: EUR 129,844 (EUR 77,258)

The item increased compared to 2007 in relation to the increase in financial charges resulting from the increase in invested capital, and to exchange rate loss which was however less than exchange rate profit. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Interest on bonded loan | | | |
| Commissions on guarantees | 11,768 | 10,770 | 998 |
| Charges from financial relations with credit institutes | 61,335 | 39,663 | 21,673 |
| Exchange rate loss | 29,402 | 5,633 | 23,768 |
| Charges from derivatives | 3,737 | 1,149 | 2,588 |
| Financial charges on leasing agreements | 1,198 | 1,335 | (137) |
| Other financial charges | 21,263 | 13,963 | 7,300 |
| Total | 128,704 | 72,513 | 56,191 |
| Write-down of equity investments | 379 | 99 | 280 |
| Write-down of securities and bad debts | 703 | 4,646 | (3,943) |
| Losses on equity investments | 58 | | 58 |
| Total | 1,140 | 4,745 | (3,605) |
| Total financial charges | 129,844 | 77,258 | 52,586 |

The increase in financial charges was as follows:

- The increase in commissions for guarantee was the result of the greater average value of projects of interest for the Group in Italy and abroad, thus generating an increase in undertakings for operating sureties and guarantees (bid bonds and performance bonds).
- The increased charges for interest payable are directly attributable to the financial support of works in progress, especially in Italy. Specifically: EUR 47,784 refer to charges on medium/long-term loans, EUR 12,077 to interest payable on short-term loans and EUR 1,473 to bank commissions and expenses.
- Charges on derivatives refer, as in the case of the same type of income, mainly to hedging instruments. Please refer to note 32 for more information on derivatives.
- Other financial charges refer to interest and commissions on factoring for which derecognition rules have been applied.

Finally, it is noted that the decrease in Write-down of securities and bad debts refers to settlement of the arbitration award regarding Croatia, as mentioned above, which did not entail allocation of the relative risk regarding the collection of arrears interest.

## 11. Effects of valuation of equity investments using the equity method: EUR 3,645 (EUR 2,101)

The effects of valuation of equity investments using the equity method (associate companies and companies under joint control) showed a positive balance of EUR 1,544, as detailed below:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Revaluation of equity investments: | | | |
| M.N. Metropolitana di Napoli S.p.A. | 3,672 | - | 3,672 |
| Consorcio Metro Los tenue | - | 3,134 | (3,134) |
| S.E.I.S. S.p.A. | 623 | - | 623 |
| Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A. | 323 | 204 | 119 |
| Metro 5 S.p.A. | 15 | 226 | (211) |
| Monte Vesuvio S.c.a.r.l. in liquidation | 14 | - | 14 |
| Others of minor amount | 12 | 25 | (13) |
| Total revaluation | 4,659 | 3,589 | 1,070 |
| Write-down of equity investments | | | |
| Copenhagen Metro Construction Group J.V. (COMET) | (806) | (772) | (34) |
| Metro C S.c.p.A. | - | (171) | 171 |
| Consorzio Novocen | (72) | - | (72) |
| M.N. Metropolitana di Napoli S.p.A. | - | (112) | 112 |
| Alosa Immobiliare S.p.A. in liquidation | (54) | (124) | 70 |
| S.A.C.E.S. S.r.l. in liquidation | (51) | - | (51) |
| Others of minor amount | (31) | (309) | 278 |
| Total write-downs | (1,014) | (1,488) | 474 |
| Total effects of valuation using equity method | 3,645 | 2,101 | 1,544 |

The equity investments considered most significant and strategic by the Group are shown below along with the relative equity values:

| Company<br>(in thousands of euros) | Value at 31/12/08 | Value at 31/12/07 | Difference |
|---|---|---|---|
| Metro C S.c.p.A. | 12,771 | 12,771 | - |
| S.E.I.S. S.p.A. | 15,522 | 14,899 | 623 |
| Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A. | 5,935 | 7,589 | (1,654) |
| Metro 5 S.p.A. | 2,780 | 1,449 | 1,331 |
| Pedelombarda S.c.p.A. | 4,800 | - | 4,800 |
| M.N. Metropolitana di Napoli S.p.A. | 5,842 | 2,170 | 3,672 |
| Total | 47,650 | 38,878 | 8,772 |

For purpose of clarification of the above table, it is noted that the amounts also include the effect of differences relating to equity items, such as the derivative reserves as well as capital increases already paid by the Group. Refer to the relative annex for more information regarding companies valued at equity.

## 12. Taxes: EUR 26,718 (EUR 32,251)

The total amount of the taxes for the period amounted to EUR 26,718. The tax rate for the period, taking into account IRAP, stood at 37.4%, down on 2007 (45.6%). Such decrease is attributable to the reduction in national rates as well as the effects of foreign taxation. Such item is as follows:

| Income Statement (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| - Current income taxes (*) | 15,642 | 23,189 | (7,547) |
| - Deferred income taxes (*) | 2,520 | 3,329 | (809) |
| - Current I.R.A.P. taxes | 5,186 | 5,714 | (527) |
| - Deferred I.R.A.P. taxes | (17) | 19 | (36) |
| - Substitute and other taxes | 3,387 | - | 3,387 |
| Total | 26,718 | 32,251 | (8,920) |

(*) Income taxes refer to the IRES rate for Italy and rates of a similar kind for foreign areas

In 2008, net deferred taxes generated a receivable for prepaid taxes (IRES and IRAP) of EUR 7,356, to be recovered in following years. Calculation of the receivable for prepaid taxes was determined by the components listed below:

| Balance Sheet (in thousands of euros) | 2008 IRES | 2008 IRAP | 2007 IRES | 2007 IRAP |
|---|---|---|---|---|
| a) Deferred tax assets resulting from: | 10,952 | 713 | 23,561 | 730 |
| - taxed provisions for risks | 9,819 | 710 | 12,383 | 730 |
| - taxed provision for arrears interest risks | 639 | - | 7,162 | - |
| - exchange rate differences | 230 | - | 2,481 | - |
| - tax losses | 39 | - | 1,289 | - |
| - employee severance indemnity | - | - | -25 | - |
| - other minor taxes | 225 | 3 | 272 | 1 |
| b) Deferred tax liabilities resulting from: | (3,559) | (748) | (16,065) | (1,149) |
| - financial leasing agreements | (1,525) | (216) | (4,337) | (615) |
| - buildings entered at fair value in lieu of cost | (3,752) | (532) | (3,763) | (534) |
| - provisions for deducted contract risks | (84) | - | - | - |
| - arrears interest to be collected | (2,175) | - | (7,162) | - |
| - cash flow hedge reserve | 3,977 | - | (803) | - |
| c) Net deferred tax assets (liabilities) a) - b) | 7,391 | (35) | 7,496 | (418) |
| d) Deferred taxes for the period entered in the income statement | 2,520 | (17) | 3,329 | 19 |

Reconciliation, exclusively for IRES purposes, between (current and deferred) recorded taxes (current and deferred) and theoretical taxes resulting from application of the current tax rate to pre-tax profit (equal to 27.5% in 2008 and 33% in 2007) is as follows:

| (in thousands of euros) | 2008 | % | 2007 | % |
|---|---|---|---|---|
| Pre-tax profit | 71,479 | | 70,667 | |
| Theoretical income taxes | 19,657 | 27.5% | 23,320 | 33.0% |
| Net effect of permanent increases (decreases) | 784 | 1.1% | 1,363 | 1.9% |
| Taxes for previous years and substitute taxes | 2,368 | 3.3% | 27 | 0.0% |
| Net effect of deferred and current taxes of foreign companies | (1,260) | (1.8%) | 1,929 | 2.7% |
| Taxes entered directly among equity | 0 | 0.0% | (102) | (0.1%) |
| IRAP (current and deferred) | 5,169 | 7.2% | 5,713 | 8.1% |
| Income taxes entered in financial statements (current and deferred) | 26,718 | 37.4% | 32,250 | 45.6% |

## 13. Profit per share: EUR 0.43 (EUR 0.38)

Profit per share is calculated as follows:

| (in thousands of euros) | 31 December 2008 | 31 December 2007 |
|---|---|---|
| Numerator | | |
| Profit of parent company's ordinary shareholders | 42,101 | 38,097 |
| Denominator (in units) | | |
| Weighted average of shares (all ordinary shares) | 98,424,900 | 98,424,900 |
| Weighted average of treasury shares | (959,253) | (647,061) |
| Weighted average of shares to be used to calculate | | |
| basic profit per share | 97,465,647 | 97,777,839 |
| Basic profit (loss) per share | 0.4320 | 0.3896 |

In this respect, it is noted that the existence of mixed stock-grant plans for managers with strategic responsibilities generates a not especially significant dilution effect. Indeed, considering the effect of potential shares that could be assigned to recipients, the result obtained is 0.4316.

## 14. Property, plant and equipment: EUR 272,013 (EUR 246,483)

Tangible assets increased compared to the previous year by approximately EUR 25,530, especially in Italy and Asia. The following tables show the changes in tangible assets during 2008.

| (in thousands of euros) | Land and buildings | Specific and general plants | Excavators, loaders and vehicles | Various equipment and machinery | Tangible assets in progress and advances | Total |
|---|---|---|---|---|---|---|
| Value at 31/12/2007, net of depreciation (1) | 40,849 | 57,427 | 48,103 | 34,674 | 65,429 | 246,483 |
| Increases | | | | | | |
| - resulting from acquisitions | 122 | 24,850 | 11,701 | 9,700 | 25,617 | 71,990 |
| | 40,971 | 82,277 | 59,804 | 44,374 | 91,047 | 318,472 |
| | | | | | | |
| Depreciation | (934) | (13,435) | (15,246) | (10,884) | | (40,499) |
| | | | | | | |
| Other disposals | | (1,889) | (2,761) | (470) | (1,060) | (6,180) |
| Exchange rate differences | 662 | (773) | 99 | 237 | | 226 |
| Other changes | 46 | 4,858 | 849 | 408 | (6,168) | (7) |
| Value at 31.12.2008, net of depreciation (2) | 40,745 | 71,038 | 42,745 | 33,665 | 83,819 | 272,013 |
| (1) of which: | | | | | | |
| - Cost | 44,914 | 89,780 | 97,317 | 62,547 | 65,429 | 359,988 |
| - Provision for depreciation | (4,065) | (32,353) | (49,214) | (27,873) | | (113,505) |
| Net value | 40,849 | 57,427 | 48,103 | 34,674 | 65,429 | 246,483 |
| (2) of which | | | | | | |
| - Cost | 45,704 | 112,770 | 99,576 | 70,739 | 83,819 | 412,607 |
| - Provision for depreciation | (4,959) | (41,732) | (56,831) | (37,073) | | (140,594) |
| Net value | 40,745 | 71,038 | 42,745 | 33,665 | 83,819 | 272,013 |

The value of property, plant and equipment included leased assets for the sum of EUR 52,953, represented as follows:

| (in thousands of euros) | Land and buildings | Specific and general plants | Excavators, loaders and vehicles | Various equipment and machinery | Total |
|---|---|---|---|---|---|
| Value at 31.12.2008, net of depreciation | | | | | |
| of which: | | | | | |
| - Cost | 31,697 | 16,519 | 13,980 | 6,099 | 68,294 |
| - Provision for depreciation | (3,304) | (4,773) | (5,416) | (1,848) | (15,341) |
| Net value | 28,393 | 11,746 | 8,564 | 4,250 | 52,953 |

## 15. Investment properties: EUR 186 (EUR 192)

Investment properties decreased compared to previous year as result of the normal depreciation process as listed in the table below:

| | |
|---|---|
| Value at 31/12/2007, net of depreciation (1) | 192 |
| Depreciation | (6) |
| Value at 31/12/2008, net of depreciation (2) | 186 |
| (1) of which: | |
| - Cost | 204 |
| - Provision for depreciation | (12) |
| Net value | 192 |
| (2) of which | |
| - Cost | 204 |
| - Provision for depreciation | (18) |
| Net value | 186 |

In relation to measurement of fair value, it is noted that since the indicators were not fully reliable and due to the scarce significance of the investment in question, it was deemed proper to neither list neither a precise measurement nor a range of fair value values.

## 16. Intangible assets: EUR 3,711 (EUR 3,374)

Intangible assets remained more or less stable compared to the previous year. The table below shows the changes in the item in question; it is noted that there are no leased assets.

| (in thousands of euros) | Intellectual property rights | Concessions, licenses, trademarks and rights | Other intangible assets | Total |
|---|---|---|---|---|
| Value at 31/12/2007, net of amortisation (1) | 1,016 | 80 | 2,277 | 3,374 |
| Increases | | | | |
| - resulting from acquisitions | 387 | | 900 | 1,287 |
| - resulting from business combinations | | | | |
| | 1,403 | 80 | 3,177 | 4,660 |
| Amortisation | (623) | (276) | (52) | (951) |
| Other changes | (4) | 225 | (219) | 2 |
| Value at 31/12/2008, net of amortisation (2) | 776 | 29 | 2,906 | 3,711 |
| (1) of which: | | | | |
| - Cost | 2,690 | 5,112 | 2,432 | 10,234 |
| - Provision for amortisation | (1,674) | (5,032) | (155) | (6,861) |
| Net value | 1,016 | 80 | 2,277 | 3,374 |
| (2) of which | | | | |
| - Cost | 2,911 | 5,062 | 3,139 | 11,112 |
| - Provision for amortisation | (2,135) | (5,033) | (233) | (7,401) |
| Net value | 776 | 29 | 2,906 | 3,711 |

## 17. Equity investments: EUR 53,252 (EUR 52,979)

Equity investments, amounting to EUR 53,252 increased slightly by EUR 273. A breakdown of the item is listed below:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Equity investments valued at equity | 51,222 | 50,975 | 247 |
| Equity investments valued at cost | 2,030 | 2,004 | 26 |
| Total | 53,252 | 52,979 | 273 |

It is noted that the item in question (including in comparative terms) is shown net of payments still to be made on subscribed shares/quotas, mainly referring to the most recently incorporated individual companies (Ospedali Toscani – Pedelombarda – Metropolitana di Roma).
The value of equity investments valued using the equity method equal to EUR 51,222 (2007: EUR 50,975), refer to investments in associate companies and companies subject to joint control. Please refer to the relative annex for a summary of the most important balance sheet figures regarding the investments, including total assets, liabilities, revenues and operating result.
The value of non-current equity investments entered in the financial statements at cost amounted to EUR 2,030 and is shown, net of the provision for bad debts, for a total of EUR 8. These are mainly consortium companies for which the calculation and recording at fair value was not significant, even through valuation techniques.

## 18. Financial assets

### Non-current financial assets: EUR 6,045 (EUR 10,329)

This item refers to receivables from associate companies and companies under joint control, and mostly relates to financial transactions performed by the parent company; the decrease is due to support provided through company capital. Refer to the annex regarding related parties for more detailed information on current operations.

### Current financial assets: EUR 22,299 (EUR 37,463)

The item mainly refers to:

- securities on hand approximately amounting to EUR 4,901 which show a decrease of approximately EUR 3,361 compared to the previous year, to the benefit of operating activities;
- hedge derivatives amounting to approximately EUR 97; detailed information is provided in note 32;
- to financial receivables amounting to EUR 17,301 which decreased due to collection. Specifically, the item refers to the residual financial receivable owed to the subsidiary company Partenopea FinanzaProgetto S.p.A. by A.S.L. NA1 referring to part of the concession grant provided for under Art. 19, paragraph 2, of Law No.109/94 (the so-called Merloni Law) as subsequently amended.

## 19. Other assets

### Other non-current assets: EUR 15,454 (EUR 15,380)

There was no major change in the item compared to previous year; a breakdown is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Tax receivables | 3,021 | 3,622 | (601) |
| Other assets | 12,433 | 11,758 | 675 |
| Total other non-current assets | 15,454 | 15,380 | 75 |

In this regard, it is noted that:

- tax receivables mainly referred to tax refunds applied for to the tax authorities, specifically EUR 746 for direct taxes and EUR 2,275 for indirect taxes;
- other assets mainly referred to: receivables for advances to suppliers and sub-contractors, equal to EUR 922, guarantee deposits amounting to EUR 1,330, prepaid expenses for insurance amounting to EUR 5,844, prepaid expenses for commissions on guarantees equal to EUR 3,206 and other prepayments amounting to EUR 1,125.

### Other current assets: EUR 327,238 (EUR 252,167)

The item in question is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Variazione |
|---|---|---|---|
| Receivables from associate companies | 36,781 | 22,130 | 14,651 |
| Receivables from other companies | 274 | 1,418 | (1,145) |
| Other assets | 290,184 | 228,619 | 61,565 |
| Total | 327,238 | 252,167 | 75,071 |

"Other current assets" include:

- receivables from associate companies, equal to EUR 36,781, and other receivables from other investee companies. Refer to the relevant annex for more detailed information on transactions with related parties;
- other assets equal to EUR 290,184 were as follows: receivables for advances to subcontractors totaling approximately EUR 98,158, both in Italy and abroad in El Salvador, Costa Rica, Bulgaria and Qatar; prepaid expenses including those for insurance approximately amounting to EUR 34,482; other accounts receivable from third parties for transfer of goods and services amounting to approximately EUR 77,475, and receivables relating the difference between the nominal value of receivables factored before 31 December 2003 and the amounts collected. Moreover, it is noted that the realizable value of receivables from third parties was adjusted as follows:

| (in thousands of euros) | 31/12/2007 | provisions | exchange rate differences | 31/12/2008 |
|---|---|---|---|---|
| Provision for bad debts | (10,424) | (511) | - | (10,935) |

## 20. Inventories: EUR 84.941 (EUR 60,915)

Inventories increased in comparison with previous year with EUR 24,026, especially in the domestic area, South America (Venezuela) and Asia (Qatar). Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Raw materials, subsidiary materials and consumables | 57,841 | 43,196 | 14,645 |
| Products in progress and semi-finished products | 14,849 | 6,628 | 8,222 |
| Finished products and goods | 1,111 | 885 | 226 |
| Goods and materials in transit | 11,140 | 10,206 | 934 |
| Total | 84,941 | 60,915 | 24,026 |

As regards to products in progress, the increase is connected with the construction of car parks in the municipalities of Verona and Bologna, the latter in the process of being completed.
The following table shows a geographical breakdown of the item in question:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Difference |
|---|---|---|---|---|---|
| Italy | 23,233 | 27.3% | 12,536 | 20.5% | 10,697 |
| Europe | 17,968 | 21.2% | 16,579 | 27.2% | 1,389 |
| America | 31,509 | 37.1% | 22,692 | 37.3% | 8,818 |
| Africa | 9,895 | 11.6% | 9,108 | 15.0% | 787 |
| Asia | 2,336 | 2.8% | - | - | 2,336 |
| Total | 84,941 | 100.0% | 60,915 | 100.0% | 24,026 |

## 21. Amounts due from customers: EUR 584,993 (EUR 519,229) Amounts due to customers: EUR 351.544 (EUR 237,466)

A breakdown of the items in question is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| CURRENT ASSETS | | | |
| Contracts in progress | 2,634,698 | 1,668,456 | 966,242 |
| Provision for write-down of final losses | (7,790) | (8,290) | 500 |
| Total contracts in progress | 2,626,908 | 1,660,166 | 966,742 |
| Advances from customers | (2,041,915) | (1,140,937) | (900,978) |
| Total amount due from customers | 584,993 | 519,229 | 65,764 |
| CURRENT LIABILITIES | | | |
| Contracts in progress | 43,997 | 36,179 | 7,818 |
| Advances from customers | (111,928) | (65,086) | (46,842) |
| Contract advances | (268,907) | (194,856) | (74,051) |
| Provision for write-down of final losses | (14,706) | (13,703) | (1,003) |
| Total amount due to customers | (351,544) | (237,466) | (114,078) |

The increase in works in progress entered under assets, although general to all areas of operation, is to be attributed mainly to the domestic market, Algeria, Romania and Venezuela.

## 22. Trade receivables: EUR 516,765 (EUR 463,090)

Trade receivables increased by approximately EUR 53,675 compared to the previous year and a breakdown is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Accounts receivable | 495,076 | 474,026 | 21,050 |
| Accounts receivable from associate companies | 34,527 | 36,187 | (1,660) |
| Accounts receivable from parent companies | 6 | 18 | (13) |
| Accounts receivable from other investee companies | 449 | 676 | (227) |
| Provisions for bad debts | (13,294) | (47,818) | 34,524 |
| Total | 516,765 | 463,090 | 53,675 |

The trend regarding trade receivables is also affected by factoring for which derecognition rules have been applied. It is noted that the trend regarding the provision for bad debts is mostly due to the positive outcome of arbitration proceedings with the Croatian government as mentioned above. The changes during the year are as follows:

| (in thousands of euros) | 31/12/07 | provisions | economic | use equity | other | 31/12/2008 |
|---|---|---|---|---|---|---|
| Accounts receivable | | | | | | |
| Provision for bad debts | (17,538) | (881) | 17 | 11,388 | (376) | (7,390) |
| Provision for write-down of arrears interest | (30,280) | (703) | 10,787 | 14,272 | 20 | (5,904) |
| Total | (47,818) | (1,584) | 10,804 | 25,660 | (356) | (13,294) |

A geografical breakdown of receivables can be found below:

| (in thousands of euros) | 31/12/08 | % | 31/12/07 | % | Variazione |
|---|---|---|---|---|---|
| Italy | 152,734 | 29.6% | 129,517 | 28.0% | 23,218 |
| Europe | 34,506 | 6.7% | 68,957 | 14.9% | (34,451) |
| America | 255,386 | 49.4% | 172,744 | 37.3% | 82,642 |
| Africa | 62,578 | 12.1% | 82,876 | 17.9% | (20,298) |
| Asia | 11,560 | 2.2% | 8,996 | 1.9% | 2,564 |
| Total | 514,466 | 100.0% | 463,090 | 100.0% | 53,675 |

The increase in receivables recorded in America relates to activities carried out in Venezuela, where the work being performed relate to the Puerto Cabello – La Encrucijada, San Juan de Los Morros–S. Fernando De Apure and Chaguramas-Cabruta railway lines, the latter of which have been acquired recently. In this regard, in order to provide complete information, it is noted that the Venezuelan customer has undertook to pay the sum of approximately EUR 55 million during the first part of 2009.

## 23. Tax receivables: EUR 89,138 (EUR 88,592)

Tax receivables, net of a provision for arrears interests equal to EUR 198, increased in comparison with previous year by approximately EUR 546. The increase is mainly as follows:

- **EUR 59,863 relating to receivables for indirect taxes (VAT),** of which approximately EUR 13,719 refer to Italy and, inter alia, to consortium initiatives performing works with facilitated tax rates and which apply for tax refunds in accordance with current legislation, while the remaining part refers to foreign branch offices and companies organized under foreign laws, especially in Central and South America, for the sum of EUR 35,838 offset, where possible, by the payment of direct taxes in accordance with local laws;
- **EUR 29,473 relating to direct taxes,** entered in accordance with and for all effects and purposes of the laws and regulations of the countries where the Group operates.

## 24. Cash and cash equivalents: EUR 333,759 (EUR 295,538)

Cash and cash equivalents increased by EUR 38,220 compared to 2007 and were as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Bank and post office deposits | 332,904 | 294,776 | 38,128 |
| Cash on hand | 854 | 762 | 92 |
| Total | 333,759 | 295,538 | 38,220 |

A geographical breakdown of the item in question can be found below:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Variazione |
|---|---|---|---|
| Italy | 196,057 | 201,170 | (5,113) |
| Europe | 30,033 | 43,846 | (13,813) |
| Asia | 3,198 | 447 | 2,751 |
| America | 48,017 | 21,554 | 26,463 |
| Africa | 56,454 | 28,521 | 27,933 |
| Total | 333,759 | 295,538 | 38,220 |

## 25. Equity: EUR 331,874 (EUR 312,085)

The share capital, subscribed and fully paid in, comprises 98,424,900 ordinary shares of a par value of EUR 2 each. Treasury shares held at the end of financial year equal to 1,170,000 (900,000 in 2007) whose nominal value, equal to EUR 2,340 was entered to directly reduce share capital. Treasury shares used for stock-grant plans amounting to EUR 956 were likewise deducted from the share capital. Moreover, it is noted that all shares are free from encumbrances and there is no share capital increase in progress subject to pre-emptive rights.
As at 31 December 2008, according to the Shareholders' Register and other information required according to the law (as per Art. 120 of Legislative Decree No. 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2%, were as follows:

| Direct shareholder (in thousands of euros) | Number of shares | Shareholding % |
|---|---|---|
| Fin.Ast S.r.l. | 38,881,095 | 39.503% |
| Finetupar International S.A. | 12,327,967 | 12.525% |
| Totale Fin.Ast. S.r.l. | 51,209,062 | 52.029% |
| Capital Research Management | 4,936,954 | 5.0% |
| Odin Forvaltning AS | 4,836,240 | 4.9% |
| Pictet Funds (Europe) SA | 2,065,440 | 2.1% |
| JP Morgan Asset Management (UK) Ltd | 1,976,326 | 2.0% |
| Total | 65,024,022 | 66.1% |
| Market | 33,400,878 | 33.9% |
| Total | 98,424,900 | 100.000% |

The equity reserves and their respective value for 2007 quoted alongside are as follows:
- Legal reserve: 13,542; 12,151
- Extraordinary reserve: 76,710; 61,857
- Retained earnings and accrued losses: 24,541; 19,583
- Other reserves: (25,120);(16,488)

The legal reserve increased in relation to the provision contained in Art. 2430 of the Italian Civil Code.
The extraordinary reserve increased by EUR 14,853 compared to the previous year as a result of buy-back operations totaling EUR (1,604) and the increase of EUR 16,457 as the remaining amount of allocation of 2007 profit (EUR 38,097), after performing the following:
- Legal reserve: EUR 1,390
- Dividends: EUR 9,752. In this regard, it is noted that the dividend resolved by the Shareholders' Meeting of 23 April 2008 amounted to EUR 0.10 per share (EUR 0.085 in 2007) and was paid with coupon detachment on 5 May and 8 May 2008.
- Provision pursuant to Art. 27 of the company's bylaws: EUR 417
- Profit carried forward: EUR 10,080

Retained earnings amounting to EUR 24,541 included the economic effects resulting from consolidation of equity investments in subsidiaries, and from application of the equity method to value associate companies and joint ventures, as well as other changes.

Other reserves represented an item aimed at adjusting equity by EUR 25,120 and were as follows:

- the effects resulting from first-time adoption of the International Accounting Standards amounting to a positive value of EUR 2,765;
- the effects resulting from conversion of the financial statements of foreign permanent establishments as well as other investee companies, which showed a negative value of EUR 23,740 at the date of transition to IFRSs;
- exchange rate differences resulting from the translation of the financial statements of foreign subsidiaries, which showed a negative value of EUR 6,124;
- consolidation reserve which showed a positive value of EUR 9,303;
- other reserves showing a negative total of EUR 7,324, the difference in which is mainly attributable to the cash-flow hedge reserve.

The Group's main goal, as far as capital management is concerned, is to obtain an appropriate level of own funds in relation to debts, in order to preserve equity consistency and, where economic conditions allow it, to achieve an effective debt/equity ratio for the purpose of suitable management of financial leverage. Refer to the Board Report for further details regarding financial management

## 26. Financial liabilities

Financial liabilities increased in comparison to 2007, above all with regard to long-term loans. Indeed, in this regard, it is noted that the current debt structure is geared towards the medium-long term. It is suffice to consider that the first significant repayment is scheduled for 2013 and that, at the same time, the careful interest rate hedging policy adopted in recent years has meant limited changes in the cost of debt during the year.

### Non-current financial liabilities: EUR 480,615 (EUR 413,524)

Non-current financial liabilities showed an increase of EUR 67,091 and were as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Bank payables (*) | 463,798 | 393,710 | 70,088 |
| Non-current share of loans (*) | 1,273 | 2,329 | (1,056) |
| Financial leasing payables (*) | 13,237 | 15,787 | (2,550) |
| Financial payables to associate companies | 2,307 | 1,698 | 610 |
| Total | 480,615 | 413,524 | 67,091 |

(*) Included in the NFP for the sum of EUR 478,308 (2008).

It is noted that the increase mainly concerned the parent company Astaldi in relation to its role in providing financial support to operating companies.

## Current financial liabilities: EUR 292,481 (EUR 322,385)

Current financial liabilities decreased by EUR 29,904 and were as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Bank payables | 259,020 | 214,882 | 44,138 |
| Current share of loans | 1,073 | 1,047 | 26 |
| Payables to other financers | 23,762 | 96,281 | (72,519) |
| Financial leasing payables | 8,626 | 10,175 | (1,549) |
| Total | 292,481 | 322,385 | (29,904) |

Bank payables referred in particular to the parent company Astaldi for the sum of EUR 155,500 and in part to the Venezuelan branch for the sum of EUR 59,565; however the item also includes hedging derivatives for the sum of EUR 17,032. Please refer to note 32 in this regard.

## Financial leasing payables: EUR 21,863 (EUR 25,962)

Financial payables for leasing agreements of an average duration of 30-60 months decreased by EUR 4,099 compared to the previous year. The item in question is as follows:

| (in thousands of euros) | 31/12/08 Instalments | 31/12/08 Current value | 31/12/07 Instalments | 31/12/07 Current value |
|---|---|---|---|---|
| Within 1 year | 9,519 | 8,626 | 11,214 | 10,175 |
| Beyond 1 year | 14,126 | 13,237 | 16,988 | 15,787 |
| Beyond 5 years | - | | - | |
| Total leasing instalments | 23,645 | | 28,202 | |
| Financial charges | 1,782 | | 2,240 | |
| Current value | 21,863 | 21,863 | 25,962 | 25,962 |

Covenants and negative pledges on financing incurred by the Group, and the net financial position in accordance with CONSOB Communication No. 6064293 of 28 July 2006 are as follows.

## *Covenants and Negative pledges*

The levels of financial covenants operating on all the "committed" loans Astaldi has taken out with credit institutes are listed below:

- ratio between net financial position and Group equity: less than or equal to 1.60x at year-end and 1.75x at half-year end;
- ratio between net financial position and EBITDA: less than or equal to 3.50x at year-end and 3.75x at half-year end;

The definitions of parameters which are taken into account in order to calculate the above levels of covenant are in agreement with the IAS adopted by the Group.
Failure to comply with such parameters results in automatic cancellation of facilities and accelerated repayment, unless specific agreements are entered into with lenders.
The loans to which the above covenants apply are the following:

- "Multi-Tranche Facility", for the sum of EUR 325 million, entered into on 18 July 2006, with a duration of 7 years (5 years plus 2 renewal options of one year each, both of which have been exercised), arranged by Mediocredito Centrale (Gruppo Unicredito) and the Royal Bank of Scotland, subscribed by a pool of leading Italian banks;
- Reserve allocation loan, originally amounting to EUR 100 million, entered into on 14 April 2005, with a duration of 4 years, arranged and subscribed by a pool of leading banks, with Banca Popolare di Milano acting as Lead Arranger: expiry April 2009;
- Guarantee Credit Line (for bonds and guarantees) for the sum of EUR 175 million, entered into on 30 November 2006 and with a duration of 7 years, arranged by Mediocredito Centrale (Gruppo Unicredito) and the Royal Bank of Scotland and subscribed by a pool of leading banks: expiry November 2013
- Bilateral committed revolving credit facility for the sum of EUR 30 million, entered into with BayernLB Italia on 5 October 2007, with a duration of 3 years plus two renewal options of one year each: Current expiry October 2010;
- Bilateral committed revolving credit facility for the sum of EUR 15 million, entered into with Dexia on 30 June 2008, with a duration of 12 months: expiry June 2009;
- Bilateral committed revolving credit facility for the sum of EUR 50 million, entered into with Efibanca on 14 July 2008, with a duration of 6 years: expiry July 2014;
- Bilateral committed revolving credit facility for the sum of EUR 30 million, entered into with West LB on 7 August 2008, with a duration of 5 years: expiry 7 August 2013;
- Bilateral committed loan for the sum of USD 60 million, taken out in order to cover the Venezuelan branch's misalignment between costs and revenues entered into with BNP Paribas (and guaranteed by SACE for 70% of the amount) on 14 July 2008, with a duration of 18 months minus one day: expiry January 2010;

Such levels of financial covenants were also extended to the stand-by credit facility arranged in favour of the subsidiary Co.meri SpA, the special purpose vehicle set up to perform Lot DG21 of the Jonica national road (SS106) using the general contracting formula. Such facility, secured by the Astaldi SpA, amount to EUR 40 million (Co.me.ri SpA) and has been granted by a pool of banks led by BNL.

The following loans to which the same financial covenants applied reached their natural expiry in 2008 and were fully repaid:

- Bilateral committed revolving credit facility for the sum of EUR 20 million, entered into with Bank of Tokyo – Mitsubishi Italia on 26 October 2006, having a duration of 18 months minus one day: expiry April 2008;
- Bilateral committed revolving credit facility for the sum of EUR 25 million, entered into with Natixis Italia on 14 May 2007, with a duration of 18 months minus one day: expiry November 2008;

As regards negative pledge clauses, it must be noted that the Group, upon negotiation of loans, tends to align the commitments to those defined in the main corporate loan (the multi-tranche facility for the sum of EUR 325 million arranged by Mediocredito Centrale and the Royal Bank of Scotland).
The agreement stipulates that the Group may not establish any real guarantees (mortgages, pledges, etc.) on its own assets, with the exception of some specific cases.
Specifically, the undertaking does not apply:

- to guarantees already existing upon entering into a new loan,
- to guarantees given within the framework of individual projects to be performed under a project finance or general contracting scheme,
- and, in any event different from the above, for amounts not exceeding EUR 3 million as a whole.

| Net financial position (in thousands of euros) | | 31/12/08 | 31/12/07 |
|---|---|---|---|
| A | Cash and cash equivalents | 333,759 | 295,538 |
| B | Securities held for trading | 4,901 | 8,299 |
| C | Available funds (A+B) | 338,660 | 303,838 |
| D | Financial receivables | 19,769 | 25,365 |
| E | Current bank payables | (241,987) | (212,182) |
| F | Current share of non-current indebtedness | (22,536) | (97,328) |
| G | Other current financial payables | (10,925) | (10,175) |
| H | Current financial indebtedness (E+F+G) | (275,448) | (319,685) |
| I | Net current financial indebtedness (H+D+C) | 82,981 | 9,518 |
| J | Non-current bank payables | (465,071) | (396,039) |
| K | Other non-current payables | (13,237) | (15,787) |
| L | Non-current financial indebtedness (K+J) | (478,308) | (411,826) |
| M | Net financial indebtedness (L+I) | (395,327) | (402,309) |

Moreover, it is mentioned that the parent company holds treasury shares amounting to EUR 5,655 included in the net financial position set forth in the Management Report for the sum of EUR (389,672), to which reference is made for more detailed information. Moreover, it is noted that the net financial position, including in comparative terms, does not include derivatives used for hedging purposes which, by their very nature, do not represent financial values.

## 27. Other liabilities

### Other non-current liabilities: EUR 75,026 (EUR 57,964)

Other non-current liabilities, equal to EUR 75,026 increased by EUR 17,062 compared to the previous year. Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Tax payables | - | 116 | (116) |
| Other liabilities | 75,026 | 57,848 | 17,178 |
| Total other non-current liabilities | 75,026 | 57,964 | 17,062 |

The residual item of other liabilities mainly refers to long-term deferred income related to grants accrued with regard to project finance initiatives.

## Other current liabilities: EUR 75,238 (EUR 68,367)

Other current liabilities amounted to EUR 75,238, showing an increase of EUR 6,870.

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Payables to associate companies | 2,146 | 2,645 | (499) |
| Payables to other companies | 33 | 23 | 10 |
| Due to personnel | 24,540 | 20,098 | 4,442 |
| Other liabilities | 48,518 | 45,602 | 2,916 |
| Total other current liabilities | 75,238 | 68,367 | 6,870 |

Refer to the annex detailing transactions with related parties for an analysis of relations with Group companies. It is noted that the increase in the amount due to personnel is due to the increase in the workforce in 2007 in relation to production performance and in keeping with the Group's business plan. Lastly, it is noted that payables to associate companies, for shares of capital to be paid and still to be called for by the individual Boards of Directors, have been reclassified, including in comparative terms, to directly reduce the equity investments' respective book values.

## 28. Employee benefits: EUR 10,314 (EUR 10,932)

Such item refers to employee severance indemnity and is as follows:

| (in thousands of euros) | Value at 31/12/2007 | Increases for the period | Decreases for the period | Value at 31/12/2008 |
|---|---|---|---|---|
| | 31/12/2007 | dell'esercizio | dell'esercizio | 31/12/2008 |
| Provision for employee severance indemnity | 10,932 | 1,646 | (2,264) | 10,314 |

The liability entered in the financial statements is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 |
|---|---|---|
| Social security costs for current employment | 1,199 | 1,650 |
| Net interest payable (receivable) | 443 | 511 |
| Net actuarial losses (profit) | 4 | 417 |
| Reductions and discharges | 0 | (600) |
| Total | 1,646 | 1,978 |

| (in thousands of euros) | 31/12/08 | 31/12/07 |
|---|---|---|
| Current value of undertakings | 9,954 | 11,318 |
| Non-recognised actuarial loss/(profit) | 361 | (386) |
| Liability entered in financial statements | 10,314 | 10,932 |

The cost relating to the liability is as follows:

| (in thousands of euros) | Actuarial Value of undertaking | Non-recognised actuarial loss/profit | Net liability of Defined benefit plans |
|---|---|---|---|
| Initial balance | 11,318 | (386) | 10,932 |
| Costs for services rendered | 1,199 | | 1,199 |
| Interest | 443 | | 443 |
| Benefits paid | (2,264) | | (2,264) |
| Actuarial losses/profit | 4 | | 4 |
| Final balance | 10,700 | (386) | 10,314 |

The effects of the decrease in employee severance indemnity are attributable to the new defined benefit plan. To further explain such values, the main assumptions used are as follows:

- Annual discounting rate: 3.90 %
- Annual inflation rate: 2%
- Annual rate of employee severance indemnity increase: 3%

## 29. Trade payables: EUR 644,866 (EUR 564,103)

Trade payables increased in relation to the increase in production in Italy and in Asia (Qatar). Such item is as follows:

| (in thousands of euros) | 31/12/08 | 31/12/07 | Difference |
|---|---|---|---|
| Payables to suppliers | 578,190 | 475,666 | 102,524 |
| Payables to associate companies | 64,984 | 86,339 | (21,355) |
| Payables to other investee companies | 1,692 | 2,098 | (405) |
| Total | 644,866 | 564,103 | 80,763 |

The main debt items refer to:

- payables to suppliers for the sum of EUR 578,190, showing a net increase of EUR 102,524, mainly related to the increase in turnover and the start-up of production for domestic projects such as Line 5 of the Milan underground, the Academy for Italian Police Officers in Florence and the Turin rail link;
- payables to associate companies equal to EUR 64,984; the item showed a decrease of EUR 21,355; please see the table attached to these notes for a breakdown of payables;
- payables to other investee companies equal to EUR 1,692, decreased by EUR 405.

## 30. Tax payables: EUR 33,877 (EUR 42,232)

Tax payables decreased by EUR 8,355 and are as follows:
- EUR 13,887: indirect tax payables (VAT);
- EUR 15,170: direct tax payables;
- EUR 4,820: treasury payables for employee withholding tax.

## 31. Provisions for risks: EUR 21,153 (Euro 23,570)

The provisions for risks and charges are as follows:

| (in thousands of euros) | Provisions for contract obligations | Provisions for equityinvestment risks | Provisions as per Art. 27 of the company's bylaws | Totale |
|---|---|---|---|---|
| Balance at 31/12/2007 | 16,348 | 6,865 | 357 | 23,570 |
| Provisions | 0 | 7 | 0 | 7 |
| Uses | (675) | (1,717) | (448) | (2,840) |
| Allocation of 2007 profit | 0 | 0 | 417 | 417 |
| Balance at 31/12/2008 | 15,672 | 5,155 | 326 | 21,153 |

- Provisions for contract obligations mainly include the prudent provision for charges relating to works that have already been performed, but for which the final phase of the respective contracts has not yet been defined, as well as activities related to work in progress;
- Provisions for equity investment risks reflect the equity deficit, attributable to the Group, compared to the book value of equity investments;
- The provision as per Art. 27 of the company's bylaws was used for donation purposes and increased through the allocation of profits as per specific resolutions.

For the sake of completeness of information given as regards provisions for risks and charges, the provisions entered in the financial statements are summarised below, with information regarding their nature and specific allocation.

| (in thousands of euros) | Adjusted asset | 31/12/2008 | 31/12/2007 | Note |
|---|---|---|---|---|
| Provisions to directly reduce assets | | 32,224 | 66,738 | |
| - Provision for write-down of equity investments | Equity investments | 8 | 8 | 17 |
| - Provision for write-down of final losses | Amounts due from customers | 7,790 | 8,290 | 21 |
| - Provision for bad debts | Trade receivables | 7,390 | 17,538 | 22 |
| - Provision for arrears interest | Trade receivables | 5,903 | 30,280 | 22 |
| - Provision for write-down of other assets | Other current assets | 10,935 | 10,424 | 19 |
| - Provision for treasury arrears interest | Tax receivables | 198 | 198 | 23 |
| Provisions entered under liabilities | | 35,859 | 37,274 | 31 |
| of which: | | | | |
| a) - for equity investment risks | Provisions for risks and charges | 5,155 | 6,865 | 31 |
| b) - for contract obligations | Provisions for risks and charges | 15,672 | 16,348 | 31 |
| c) - for final contract losses | Amounts due to customers | 14,706 | 13,703 | 21 |
| d) - other provisions for risks and charges | Provisions for risks and charges | 326 | 357 | 31 |
| Total provisions at 31/12/2008 | | 68,083 | 104,012 | |

## 32. Information on risk management, financial instruments and guarantees

### Financial risk management

Astaldi Group operates in an international context where transactions are performed in various currencies. Moreover, in order to support and develop its own industrial activities, it avails itself of external sources of financing in EUR and foreign currencies.
Therefore, the Group's economic result is subject to market risk resulting from the fluctuation of exchange rates and interest rates.
In order to maintain corporate value, the Group has drawn up guidelines for controlling its exposure to market risks and entrusted the definition of policies and strategies to be adopted to manage the same through derivatives and monitoring of hedged positions, to a Financial Risks Committee.
In relation to such policies, the use of derivatives is reserved to the management of exposure to exchange rates and interest rate fluctuation connected with cash flows and assets and liabilities. No speculative activities are allowed.
Therefore, current derivative transactions mainly comprise IRSs (Interest Rate Swaps) and Collars on interest rates and Forwards and Cylinders on exchange rates.
The main market risks the Group is exposed to are “interest rate risk”, “exchange rate risk”, “cash flow risk” and “credit risk”.

### Interest rate risk

The Group avails itself of external medium/long-term variable rate sources of financing. Fluctuations in market interest rates affect the cost and return of various forms of financing, application and factoring, thus affecting the Group's net financial charges. The Group's policy, set down in a specific Interest Rate Risk Management Policy, is

to define an optimal mix of fixed rate and variable-rate debt in order to reduce financial costs and their volatility. To this end, it operates through simple derivatives ("plain vanilla") that involve transforming the variable rate into a fixed rate (IRS), or keep the rate's fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk-exposure level (Cap): these are zero-cost instruments.
At 31 December 2008 the nominal value of existing hedge derivatives amounted to approximately EUR 562,972 which includes both operations to hedge short and medium/long-term financing and operations to hedge the interest rate risk related to definitive factoring of trade receivables (financial assets) falling due in relation to the performance of works, with specific reference to general contracting projects.
The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which the Group decided not to apply hedge accounting as a result of the charges and problems linked to the application of hedge accounting to the characteristics of such transactions.

Cash Flow Hedges:

| Instrument (migliaia di euro) | Hedged item | Hedged notional value | Fair Value 2008 | Fair Value 2007 |
|---|---|---|---|---|
| IRS | Medium/long-term indebtedness | 189,822 | (6,480) | 2,448 |
| | Loan | 1,586 | 6 | 74 |
| | Short-term indebtedness | 15,000 | (623) | 1,796 |
| | Financial assets | 141,470 | (3,830) | (288) |
| Total | | 347,878 | (10,927) | 4,030 |
| OPTIONS | Medium/long-term indebtedness | 70,357 | (2,376) | 116 |
| | Short-term indebtedness | 11,161 | (447) | 806 |
| Total | | 81,518 | (2,823) | 923 |
| | Total | 429,396 | (13,750) | 4,953 |

It is noted that the entry regarding financial assets refers to hedging of the interest rate risk related to factoring of receivables which the special purpose vehicles Co.meri and Ar.Gi will accrue vis-a-vis the customer (ANAS) while performing works on the Jonica national road and which will be paid by the customer upon completion of 20% (so-called pre-financed share) of the works, in accordance with the typical general contracting model.
As can be seen from the above table, the fair value (or mark to market) of interest rate hedges underwent a significant drop in value at the end of 2008 compared to 2007; such drop is mainly due to the sizeable reduction in short and medium/long-term interest rates seen during the last quarter of the year as a result of the crisis experienced by international financial markets.
With reference to hedges for which hedge accounting was applied, the drop in value affected above Group equity, generating a final value of EUR (13,196) for the cash flow reserve, combined with the related effect of EUR 3,629 for deferred tax assets.
A breakdown of the changes in the cash flow hedge reserve during 2008 is shown below:

| Cash flow hedge reserve – interest rate (in thousands of euros) | 31/12/08 | 31/12/07 |
|---|---|---|
| Initial reserve | 4,693 | 1,594 |
| Amount to cash flow hedge reserve during the year | (14,366) | 4,090 |
| Amount from cash flow hedge reserve to Income Statement | 3,523 | 991 |
| - adjustment of financial costs | 3,523 | 991 |
| Final reserve | (13,196) | 4,693 |
| Ineffectiveness | (255) | 161 |

It is noted that the figure for ineffectiveness includes the time value of hedges performed via options for which hedge accounting is applied.

The table below shows the payout of interest payable which, taking into account the different market curves in forward interest rates at 31/12/2007 and 31/12/2008, the Group estimates it must incur in relation to financial liabilities hedged by cash flow hedges, net of the contractually agreed spreads:

| Period of recognition in income statement (in thousands of euros) | Hedged items 31/12/08 Recognition | Hedged items 31/12/07 Recognition |
|---|---|---|
| Rate risk | | |
| Flows up to 3 months | 1,618 | 3,775 |
| Flows from 3 to 6 months | 3,266 | 4,951 |
| Flows from 6 to 9 months | 1,799 | 2,813 |
| Flows from 9 months to 1 year | 3,181 | 4,364 |
| Flows from 1 to 2 years | 8,617 | 11,782 |
| Flows from 2 to 5 years | 22,286 | 28,133 |
| Flows beyond 5 years | 1,612 | 3,127 |
| Total | 42,379 | 58,945 |

While, the table below shows the hedging transactions in relation to which hedge accounting was not applied. The effects of the hedges were entered directly in the income statement at 31 December 2008 under financial charges.

No Hedge Accounting hedges:

| Instrument (in thousands of euros) | Hedged item | Hedged notional value | Fair Value 2008 | Fair Value 2007 |
|---|---|---|---|---|
| IRS | Medium/Long-term indebtedness | 8,200 | (155) | 114 |
| | Short-term indebtedness falling due | 45,000 | (475) | 825 |
| | Financial assets | 40,000 | (146) | |
| Total | | 93,200 | (776) | 939 |
| OPTIONS | Short-term indebtedness falling due | 20,000 | (487) | (111) |
| Total | | 20,000 | (487) | (111) |
| | Total | 113,200 | (1,263) | 828 |

## Sensitivity analysis

The potential effects of a marginal increase or decrease in interest rates on the Group's Income Statement and Balance Sheet for the following year are detailed below.
The analysis was carried out based on market curves as at 31 December 2008 and 31 December 2007, and considers a parallel rate shock by 1% upwards (shock up) and downwards (shock down).

### Rate risk

| Rate risk<br>Exposure and sensitivity analysis | Income Statement | | | | Equity | | | |
|---|---|---|---|---|---|---|---|---|
| | *Shock up* | | *Shock down* | | *Shock up* | | *Shock down* | |
| (in thousands of euros) | 31-dic-08 | 31-dic-07 | 31-dic-08 | 31-dic-07 | 31-dic-08 | 31-dic-07 | 31-dic-08 | 31-dic-07 |
| Variable rate assets/liabilities | | | | | | | | |
| - cash flow | (8,047) | (7,343) | 8,041 | 7,343 | | | | |
| Derivatives | | | | | | | | |
| - cash flow | 4,637 | 4,418 | (3,065) | (2,321) | | | | |
| Total | (3,410) | (2,925) | 4,976 | 5,022 | 0 | 0 | 0 | 0 |
| - fair value | 1,309 | 1,293 | (1,112) | (2,145) | 10,874 | 11,065 | (13,258) | (10,856) |

As at 31 December 2008, the analysis shows how, considering a 1% increase in interest rates, as a consequence of hedging through derivatives, financial charges would increase by only EUR (3,410), equal to 0.42% of the potential increase in charges of EUR (8,047) in the absence of hedges. In such hypothetical context, the fair value of hedges entered in the income statement compared to the fair value at 31/12/2008 would generate a positive economic component of EUR 1,309 while the equity reserve would be positively increased by EUR 10,874. The same analysis in 2007 had shown how a similar increase in interest rates would have similar effects in terms of economic and equity components.
Likewise, as can be seen from the table, a 1% shock down in interest rates would generate very similar results in the opposite direction, compared to values recorded at 31/12/2008. Financial charges would decrease by EUR 4,976 compared to potential charges of EUR 8,047 which would arise in the absence of hedges and impact on the equity reserve would also tend to be similar.
The result is largely due to the prevailing presence of IRSs (Interest Rate Swap) in the rate hedge portfolio, which shields the income statement from interest rate fluctuations with regard to the hedged part.

## Exchange rate risk

With regard to the exchange rate risk, Astaldi Group performs cash flow hedges for specific contracts, with the purpose of neutralising or softening the effect of exchange rate oscillation on the value of relative costs or revenues in currency.
The Group's policy is aimed at hedging a varying percentage depending on the individual cases of exposure to exchange rate risk as a result of business transactions to be carried out within 12 months. Such period of time may also be multi-year and include the complete duration of works related to specific contracts, when considered fitting in relation to business characteristics and the specific volatility of certain currencies. Also in this case, hedges are performed using zero-cost simple derivatives, forwards or cylinders. In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the exchange risk through derivatives, the Group tends to protect the imbalance between trade receivables and payables in local currency through financial indebtedness in the same currency (the so-called "natural hedge").
As at 31 December 2008, the portfolio of derivatives on exchange rates comprised solely forward purchase transactions of Romanian Lei (RON) versus the EUR against expected payments of the Romanian branch.
All hedge transactions were entered applying hedge accounting rules.

| Company (in thousands of euros) | Instrument | Hedged notional value (ctv. Euro) | *Fair Value* 2008 | Equity | Income Statement |
|---|---|---|---|---|---|
| Romanian branch | Forward | 8,250 | (1,497) | (1,266) | (231) |
| | Options | 2,500 | (473) | | (473) |
| Romanian branch Totale | | 10,750 | (1,970) | (1,266) | (704) |

The effectiveness test performed on the above hedging resulted in a positive outcome and made it necessary to include a non-realised loss of EUR (1,266), net of a positive effect of EUR 348 on deferred taxes; while the fair value of hedge derivatives related to future financial flows in relation to which the branch has already received invoices payable at 31 December 2008, was entered directly in the income statement. Such value, equal to EUR (740) was entered to adjust operating costs.
The following table shows a breakdown of changes in the cash flow hedge reserve during 2008, included among equity, resulting from exchange rate hedges:

| Cash flow hedge reserve – exchange rate risk (in thousands of euros) | 31/12/08 | 31/12/07 |
|---|---|---|
| Initial reserve | (1,773) | 0 |
| Amount to cash flow hedge reserve | (2,182) | 1,005 |
| Amount from cash flow hedge reserve to Income Statement | (1,985) | 2,778 |
| - to adjust operating costs | | 1,964 |
| - to adjust operating costs | (1,985) | 814 |
| Final reserve | (1,970) | (1,773) |
| Ineffectiveness | 0 | 0 |

While the following table shows the expected trend of recognition of hedged costs in the income statement in 2009 and relevant recognition in the balance-sheet.

| Period of recognition of flows and relative recognition in balance sheet (in thousands of euros) | Hedged items 31-dic-07 | |
|---|---|---|
| | Recognition in income statement | Recognition in balance sheet |
| Flows up to 3 months | 2,250 | 4,750 |
| Flows from 3 to 6 months | 2,250 | 2,250 |
| Flows from 6 to 9 months | 2,250 | 2,250 |
| Flows from 9 months to 1 year | 4,000 | 1,500 |
| Flows beyond 1 year | 0 | 0 |
| Total | 10,750 | 10,750 |

The table shows, in relation to hedged items, the presumable trend in the receipt of invoices payable during 2009 (recognition in income statement) and the expected recognition in the balance sheet of the relevant payments, obtained taking into account the average deferred payment conditions granted by supplier to the Romanian branch. The expiry of hedging through derivatives was positioned in correspondence of the expected recognition of payment in the balance sheet, so as to neutralise the effect exchange rate fluctuations have on spending.

## Liquidity risk

The two main factors determining the Group's liquidity risk are, on the one hand, the management of resources generated or absorbed by operating activities and investment, and on the other, the characteristics of debt maturity and renewal.
Cash flows, the need for financing and the liquidity held by Group's companies are monitored in an ongoing manner and managed with the aim of guaranteeing effective and efficient management of financial resources.
The table below shows the timeframe of the Group's financial liabilities that are exposed to interest rate risk at 31/12/2008:

| Financial flow-related risk: (in thousands of euros) | USE | 2009 | 2010 | 2011 | 2012 | 2013 | Beyond |
|---|---|---|---|---|---|---|---|
| Short-term financing | (241,130) | 241,130 | | | | | |
| Medium/Long-term financing | (493,376) | 32,364 | 42,987 | 23,642 | 34,272 | 324,327 | 35,784 |
| Leasing (variable-rate) | (21,862) | 8,626 | 10,027 | 1,743 | 980 | 440 | 46 |
| Total | (756,368) | 282,120 | 53,014 | 25,385 | 35,252 | 324,767 | 35,830 |

N.B.: The figure related to variable-rate financial liabilities included in the table coincides with their nominal value, net of reclassification related to valuation of financing at amortised costs and of the fair value of derivatives on interest rate.

In order to maintain a balance between committed facilities and cancellable facilities, the Group stipulated medium/long-term (5 years) loan agreements in 2008 for a total of EUR 80,000. The financial debt maturity profile shows how the Group does not need any specific refinancing prior to 2013, the year when a large part of the medium/long-term corporate debt falls due.

The Group has also adopted a series of policies and processes aimed at making the most of management of sources of financing, reducing the liquidity risk:

- orientation toward centralized management of collection and payment flows (cash management systems) where deemed advantageous in compliance with the various civil, currency and tax laws of the countries where the Group operates and in keeping with the rules for managing the financial flows of individual projects;
- maintenance of a suitable level of available liquidity;
- existence of an investment portfolio, amounting to EUR 4,002, with a corresponding liquid market and whose securities are available for trading in order to cope with liquidity needs;
- diversification of instruments for obtaining financial resources and ongoing and active focus on financial markets;
- obtainment of appropriate credit facilities (committed and uncommitted);
- monitoring of future liquidity conditions in relation to corporate planning.

## Credit risk

The Group's customers are mainly public authorities and government bodies which, by their very nature, are solvent.
Therefore, the credit risk represented by the Group's exposure to potential loss deriving from the customer's failure to fulfil their obligations may be considered as insignificant, also in consideration of insurance cover implemented through specific insurance policies taken out with specific insurance institutes.
Moreover, it is noted that, in some countries, the period needed to collect payment may extend beyond usual terms. At 31 December 2008, trade receivables amounted to EUR 516,765, of which 16.1% overdue, and 8.6% overdue beyond 12 months. However, the analysis of exposure to credit risk on the basis of overdue receivables is scarcely significant insofar as receivables have to be valued with the other working capital items and, specifically, with payables to subcontractors and suppliers, which are typical of this sector, and the due dates of which are generally aligned to payments from customers in relation to management of operating leverage.

## Guarantees

### Personal guarantees

The total value of guarantees furnished amounted to EUR 1,789,827 and referred to the following:

- guarantees for opening credit facilities, to be used to ensure regular cash flow in relation to individual projects, issued in favour of associate companies and other investee companies, set up for this purpose pursuant to current tax laws for the sum of EUR 19,816;
- guarantees for works, issued in the Group's interest by banks and insurance companies, in favour of customers and in the interest of subsidiaries, associate companies and other investee companies, for the total sum of EUR 1,721,733;
- other guarantees, issued for various purposes, for the total sum of EUR 48,278.

### Third-party guarntees in our favour

These refer to guarantees equal to EUR 177,384 issued by banks and insurance companies, in the interest of Italian and foreign suppliers and subcontractors in relation to contractual obligations undertaken by the latter vis-à-vis the company.

## 33. Information on transactions with related parties and fees due to directors, auditors and general managers

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 1 to this note shows the totals of existing transactions and balances resulting from financial and commercial relations with related companies. In this regard, it is noted that the relevant transactions were carried out at market conditions. Moreover, it is specified that relations with consortia and consortium companies (the so-called special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – entered among Trade Receivables (note 22) – not summarised in the annex regarding transactions with related parties.

Information regarding fees due to Directors, Auditors and General Managers is shown below in accordance with the provisions of model 1 of Annex 3C of the IR and information of stock options assigned to directors in accordance with the provisions of model 2 of Annex 3C of the IR.

## Fees due to directors, auditors, general managers and deputy general manager - Tabel No. 1 (amount in thousands of euro)

| Individual | Description of office | | Fees | | | | |
|---|---|---|---|---|---|---|---|
| Surname and name | Office Held | Term of Office | Emoluments | Non-monetary benefits | Bonuses and other incentives | Other fees | |
| Monti Ernesto | Honorary Chairman | 31/12/2009 | 30,000 1 (a) | 2,512 | | 244,613 (1) | (a) |
| | | | | | | 900 (3) | (a) |
| Di Paola Vittorio | Chairman | 31/12/2009 | 30,000 1 (a) | 8,490 | | 810,049 (1) | (a) |
| Astaldi Paolo | Deputy Chairman | 31/12/2009 | 30,000 1 (a) | 6,586 | | 310,040 (1) | (a) |
| | | | | | | 355,411 (2) | (a) |
| | | | | | | 28,350 (6) | (b) |
| Astaldi Pietro | Director | 31/12/2009 | 30,000 1 (a) | 6,517 | | 205,921 (2) | (a) |
| | | | | | | 18,654 (6) | (b) |
| Astaldi Caterina | Director | 31/12/2009 | 30,000 1 (a) | 4,380 | | 77,980 (2) | (a) |
| | | | | | | 6,131 (6) | (b) |
| Cafiero Giuseppe | CEO and General Manager | 31/12/2009 | 30,000 1 (a) | 6,648 | | 560,049 (1) | (a) |
| Cerri Stefano | CEO | 31/12/2009 | 30,000 1 (a) | 7,280 | | 217,461 (1) | (a) |
| | | | | | | 302,199 (2) | (a) |
| | | | | | | 19,938 (6) | (b) |
| Grassini Franco | Director | 31/12/2009 | 30,000 1 (a) | | | 1,500 (4) | (a) |
| | | | | | | 900 (3) | (a) |
| Guidobono Cavalchini Luigi | Director | 31/12/2009 | 30,000 1 (a) | | | 200,000 (2) | (a) |
| | | | | | | 1,500 (4) | (a) |
| Lupo Mario | Director | 31/12/2009 | 30,000 1 (a) | | | 1,500 (4) | (a) |
| Oliva Nicola | Director and General Manager | 31/12/2009 | 30,000 1 (a) | 6,132 | | 410,049 (1) | (a) |
| Poloni Maurizio | Director | 31/12/2009 | 30,000 1 (a) | | | 18,360 (5) | |
| Tosato Gianluigi | Director | 31/12/2009 | 30,000 1 (a) | | | | |
| Spanò Pierumberto | Chairman of Board of Auditors | 30/4/09 | 53,185 - 1 (a) | | | | |
| Singer Pierpaolo | Auditor | 30/4/09 | 35,456 - 1 (a) | | | | |
| Antonio Sisca | Auditor | 30/4/09 | 35,456 - 1 (a) | | | | |

Key
(1) Fees for offices held pursuant to Art. 2389, paragraph 3 of the Italian Civil Code
(2) Salaries
(3) Fees received as a member of the Remuneration Committee
(4) Fees received as a member of the Internal Audit Committee
(5) Fees received as a member of the Supervisory Body
(6) Benefits subsequent to employment (employee severance indemnity)

(a) short-term benefits
(b) benefits subsequent to employment

As regards managers with strategic responsibilities, including General Managers, Deputy General Managers, Chief Executive Officers and Operations Managers, it is noted that the fees paid to the same amount to EUR 3,308,966.

## Fees due to directors, auditors, general managers and deputy general manager - Tabel No. 2 (amount in thousands of euro)

| | | Options held at the start of the year | | | Options assigned during the year | | | Options exercised during the year | | | Options expired during the year | Options hel at the end of the year | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (A) | (B) | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11)= 1+4-7-10 | (12) | (13) |
| Name and Surname | Office held | No. Options | Average exercise price | Average expiration | No. Options | Average exercise price | Average expiration | No. Options | Average exercise price | Average market price at the time of exercise | No. Options | No. Options | Average exercise price | Average expiration |
| Vittorio Di Paola | Chairman | 0 | 0 | - | 328,000 (a) | 0 | - | 328,000 | 0 | 4,512 (d) | 0 | 0 | 0 | - |
| Giuseppe Cafiero | CEO | 0 | 0 | - | 50,000 (b) | 0 | (c) | 50,000 | 0 | 4,862 (e) | 0 | 0 | 0 | - |
| Stefano Cerri | CEO | 0 | 0 | - | 50,000 (b) | 0 | (c) | 50,000 | 0 | 4,862 (e) | 0 | 0 | 0 | - |
| Nicola Oliva | Director and General Manager | 0 | 0 | - | 50,000 (b) | 0 | (c) | 50,000 | 0 | 4,862 (e) | 0 | 0 | 0 | - |

Notes:

(a) Once-for-all assignment of shares pursuant to resolution passed during the Shareholders' Meeting of Astaldi S.p.A. on 27 June 2007. As provided for in CONSOB Issuers Regulation No. 11971/99 the shares are recorded as an assignment and contextual exercise of options with exercise price of 0.

(b) Stock grants assigned in 2008 pursuant to the company's Incentive Scheme approved during the Shareholders' Meeting of 27 June 2007. As provided for in CONSOB Issuers Regulation No. 11971/99 stock grants are recorded as an assignment and contextual exercise of options with exercise price of 0.

(c) It must be recalled that the scheme in question provides for a lock up on 50% of the stock grants assigned for a three-year period as from the assignment date.

(d) Reference price at assignment date (14 February 2008).

(e) Reference price at assignment date (27 March 2008).

## 34. Disclosure by geographical area and sector

### 2008 Primary Disclosure

| (in thousands of euros) | Italy | Europe | America | Africa | Asia | Head Office - other | Adjustments and cancell actions | Consoli-dated total |
|---|---|---|---|---|---|---|---|---|
| Revenues | 1,037,565 | 179,154 | 297,930 | 156,481 | 84,803 | | (289,084) | 1,466,848 |
| Operating result | 43,390 | 12,775 | 59,703 | 22,982 | 2,119 | (12,713) | 4,307 | 132,564 |
| Net financial charges | | | | | | | | (64,729) |
| Shares of operating result of companies valued at equity | | | | | | | | 3,645 |
| Profit/(loss) prior to taxation and minority interests | | | | | | | | 71,479 |
| Income taxes | | | | | | | | (26,718) |
| Net profit for the year | | | | | | | | 42,101 |
| Sector assets | 891,582 | 306,846 | 845,464 | 309,414 | 75,177 | 972,845 | (1,238,476) | 2,162,851 |
| of which investments in associate companies | | | | | | 236,626 | (183,375) | 53,252 |
| Unallocated assets | | | | | | | | 154,299 |
| Total assets | | | | | | | | 2,317,150 |
| Sector liabilities | (366,202) | (315,206) | (770,158) | (306,264) | (79,285) | (684,896) | 1,131,894 | (1,390,117) |
| Unallocated liabilities | | | | | | | | (595,159) |
| Total liabilities | | | | | | | | (1,985,276) |
| Other sector information | | | | | | | | |
| Tangible assets | 96,291 | 17,423 | 48,507 | 27,663 | 18,718 | 64,755 | (1,344) | 272,013 |
| Intangible assets | 3,109 | 75 | 6 | | 14 | 508 | | 3,711 |
| Depreciation of tangible assets | 2,789 | 5,424 | 11,304 | 7,312 | 4,314 | 9,818 | (463) | 40,499 |
| Provisions | 1,277 | | | | | | | 1,277 |

## 2007 Primary disclosure

| (in thousands of euros) | Italy | Europe | America | Africa | Asia | Other | Adjustments and cancellations | Consolidated total |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Revenues | 650,374 | 197,103 | 357,483 | 169,998 | 50,139 | 352 | (152,077) | 1,273,373 |
| Operating result | 28,345 | (5,900) | 114,465 | 18,313 | 697 | (19,441) | (22,372) | 114,109 |
| Net financial charges | | | | | | | | (45,542) |
| Shares of operating result of companies valued at equity | | | | | | | 2,101 | 2,101 |
| Profit/(loss) prior to taxation and minority interests | | | | | | | | 70,667 |
| Income taxes | | | | | | | | (32,251) |
| Net profit for the year | | | | | | | | 38,097 |
| Sector assets | 603,889 | 351,006 | 589,144 | 270,730 | 45,467 | 671,646 | (901,838) | 1,630,044 |
| of which investments in associate companies | | | | | | 219,008 | (166,029) | 52,979 |
| Unallocated assets | | | | | | | | 422,765 |
| Total assets | | | | | | | | 2,052,809 |
| Sector liabilities | (508,663) | (263,171) | (467,828) | (208,037) | (36,105) | (400,966) | 725,167 | (1,159,602) |
| Unallocated liabilities | | | | | | | | (581,122) |
| Total liabilities | | | | | | | | (1,740,724) |
| Other sector information | | | | | | | | |
| Tangible assets | 107,823 | 17,704 | 47,163 | 27,740 | 10,400 | 36,546 | (893) | 246,483 |
| Intangible assets | 2,526 | 125 | 10 | | | 713 | | 3.374 |
| Depreciation of tangible assets | 11,205 | 5,452 | 9,989 | 6,132 | 1,623 | 817 | (295) | 34,923 |
| Provisions | 2,582 | | | | | | | 2,582 |

## 2008 Secondary Disclosure

| (in thousands of euros) | Dams and hydraulic works | Civil and industrial construction | Transport infrastructures | Concessions | Head Office and other | Cancellations | Total |
|---|---|---|---|---|---|---|---|
| Revenues | 142,744 | 270,731 | 1,342,991 | | (534) | (289,084) | 1,466,848 |
| Sector assets | 243,336 | 250,595 | 1,871,627 | 111,476 | 924,292 | (1,238,476) | 2,162,851 |
| of which investments in associate companies | | | | | 236,627 | (183,375) | 53,252 |
| Unallocated assets | | | | | | | 154,299 |
| Total assets | | | | | | | 2,317,150 |
| Tangible assets | 26,821 | 22,699 | 75,298 | 82,618 | 65,921 | (1,344) | 272,013 |
| Intangible assets | 908 | | 2,803 | | | | 3,711 |

## 2007 Secondary Disclosure

| (in thousands of euros) | Dams and hydraulic works | Civil and industrial construction | Transport infrastructures | Concessions | Head Office and other | Cancellations | Total |
|---|---|---|---|---|---|---|---|
| Revenues | 144,262 | 247,376 | 1,033,533 | | 279 | (152,077) | 1,273,373 |
| Sector assets | 273,065 | 195,691 | 1,475,238 | 83,836 | 504,053 | (901,838) | 1,630,044 |
| of which investments in associate companies | | | | | 219,008 | (166,029) | 52,979 |
| Unallocated assets | | | | | | | 422,765 |
| Total assets | | | | | | | 2,052,809 |
| Tangible assets | | | | | | | 246,483 |
| Intangible assets | 204 | | 3,170 | | | | 3,374 |

## 35. Other information

### Non-recurring Significant events and operations

Astaldi Group's economic, equity and financial situation was not affected during 2008 by any non-recurring significant operations as set forth in CONSOB communication no. DEM/6064293.

### Positions or transaction resulting from atypical and unusual operations

Astaldi Group did not carry out any atypical and unusual operations during 2008 as defined in CONSOB communication no. DEM/6064293.

### Subsequent events

Publication of the financial statements was authorised by the parent company's Board of Directors on 25 March 2009.
The Board of Directors reserves the right to make formal amendments and additions within the filing date, pursuant to Article 2429 of the Italian Civil Code.
Please refer to the Management Report for more detailed information on subsequent events.

### Fees payable to the audit firm Ernst&Young and its network pursuant to Art. 149-duodecies of the Issuers Regulations

| Type | Fees |
|---|---|
| Auditing services (*) | 606 |
| Other services (**) | 634 |
| Total fees | 1,240 |

(*) of which to the parent company Astaldi S.p.A. for the sum of Euro 405.

(**) of which to the parent company Astaldi S.p.A. for the sum of Euro 599.

On behalf of the Board of Directors
(The Cahirman)
Vittorio Di Paola

# Attachments to the consolidated financial statements

## Currency conversion table

| Country | Currency | | December-08 | Average 2008 | December-07 | Average 2007 |
|---|---|---|---|---|---|---|
| Albania | Albanian Lek | ALL | 122.859000 | 122.739917 | 120.959000 | 123.631000 |
| Algeria | Algerian Dinar | DZD | 95.284300 | 94.991267 | 97.640900 | 95.308800 |
| Angola | Angolan Kwanza | AOA | 100.947000 | 110.283033 | 109.294000 | 105.020000 |
| Saudi Arabia | Saudi Arabian Riyal | SAR | 5.046130 | 5.516367 | 5.459880 | 5.135310 |
| Bolivia | Bolivian Boliviano | BOB | 9.441390 | 10.661553 | 11.113700 | 10.747800 |
| Bulgaria | Bulgarian Lev | BGN | 1.955800 | 1.955800 | 1.955800 | 1.955800 |
| Burundi | Burundian Franc | BIF | 1,649.000000 | 1,734.509167 | 1,652.310000 | 1,483.380000 |
| Caribbean | East Caribbean Dollar | XCD | 3.631350 | 3.970606 | 3.934000 | 3.700290 |
| Central African Republic C.F.A | West African CFA | XOF | 655.957000 | 655.957000 | 655.957000 | 655.957000 |
| Chile | Chilean Peso | CLP | 872.332000 | 762.205083 | 727.098000 | 714.948000 |
| Colombia | Colombian Peso | COP | 3,035.050000 | 2,869.940000 | 2,936.400000 | 2,841.500000 |
| Democratic Republic of Congo | Congolese Franc | CDF | 812.974000 | 822.008167 | 806.038000 | 760.662000 |
| Costa Rica | Costa Rica Colon | CRC | 735.852000 | 772.209583 | 725.769000 | 708.777000 |
| Croatia | Croatian Kuna | HRK | 7.224510 | 7.224185 | 7.317810 | 7.337560 |
| Denmark | Danish Krone | DKK | 7.450280 | 7.455942 | 7.459880 | 7.450650 |
| El Salvador | El Salvador Colon | SVC | 11.768300 | 12.867708 | 12.749100 | 11.991700 |
| United Arab Emirates | UAE Dirham | AED | 4.940050 | 5.401284 | 5.351220 | 5.032800 |
| Japan | Japanese Yen | JPY | 122.513000 | 152.330667 | 163.553000 | 161.253000 |
| Djibouti | Djiboutian Franc | DJF | 239.025000 | 261.355500 | 258.946000 | 243.563000 |
| Guatemala | Guatemalan Quetzal | GTQ | 10.345800 | 11.116166 | 11.120200 | 10.519700 |
| Guinea | Guinean Franc | GNF | 6,597.580000 | 6,592.956667 | 6,055.090000 | 5,970.310000 |
| Honduras | Honduran Lempira | HNL | 25.412900 | 27.892258 | 27.636200 | 25.946600 |
| Libya | Libyan Dinar | LYD | 1.715540 | 1.795541 | 1.778890 | 1.728920 |
| Malawi | Malawian Kwacha | MWK | 190.462000 | 207.141250 | 204.086000 | 191.664000 |
| Morocco | Moroccan Dirham | MAD | 11.164700 | 11.347200 | 11.346700 | 11.220300 |
| Mozambique | New Mozambican Metical | MZN | 33.286100 | 35.514792 | 35.061100 | 35.034600 |
| Nicaragua | Nicaraguan Cordoba | NIO | 26.638100 | 28.469525 | 27.484300 | 25.295300 |
| Norway | Norwegian Krone | NOK | 9.422790 | 8.224847 | 8.011730 | 8.016510 |
| Pakistan | Pakistan Rupee | PKR | 106.213000 | 103.476433 | 89.159700 | 83.246800 |
| Panama | Panamanian Balboa | PAB | 1.344940 | 1.470595 | 1.457040 | 1.370480 |
| Perù | Peruvian Nuevo Sol | PEN | 4.183120 | 4.285837 | 4.343900 | 4.284820 |
| Poland | Polish Zloty | PLN | 4.004430 | 3.515098 | 3.601470 | 3.783700 |
| Qatar | Qatari Riyal | QAR | 4.898430 | 5.353269 | 5.302730 | 4.987940 |
| United Kingdom | UK Pound | GBP | 0.904476 | 0.796542 | 0.720637 | 0.684337 |
| Dominican Republic | Dominican Peso | DOP | 47.421300 | 50.561667 | 48.826600 | 45.282000 |
| Romania | Romanian Leu | RON | 3.922690 | 3.684008 | 3.535070 | 3.335300 |
| Rwanda | Rwandan Franc | RWF | 746.228000 | 803.673583 | 793.739000 | 749.582000 |
| Singapore | Singapore Dollar | SGD | 1.988830 | 2.076145 | 2.110770 | 2.063550 |
| United States | US Dollar | USD | 1.344940 | 1.470595 | 1.457040 | 1.370480 |
| South Africa | South African Rand | ZAR | 13.427500 | 12.065933 | 9.962620 | 9.659590 |
| Switzerland | Swiss Franc | CHF | 1.539340 | 1.587084 | 1.659150 | 1.642720 |
| Taiwan | New Taiwan Dollar | TWD | 44.544000 | 46.275175 | 47.226800 | 45.009800 |
| Tanzania | Tanzanian Shilling | TZS | 1,748.350000 | 1,760.743333 | 1,682.600000 | 1,700.080000 |
| Tunisia | Tunisian Dinar | TND | 1.809880 | 1.804053 | 1.788540 | 1.751480 |
| Turkey | Turkish Lira | TRY | 2.089360 | 1.907212 | 1.719510 | 1.786480 |
| European Monetary Union | Euro | EUR | 1.000000 | 1.000000 | 1.000000 | 1.000000 |
| Venezuela | Venezuelan Bolivar Fuerte | VEF | 2.888000 | 3.157806 | 3,128.700000 | 2,942.830000 |
| Zambia | Zambian Kwacha | ZMK | 6,556.620000 | 5,472.665833 | 5,588.660000 | 5,476.060000 |

Source: Banca d'Italia

## Related parties

| (in thousands of euros) | Other non-current financial assets | Trade receivables | Other current assets |
|---|---|---|---|
| Adduttore Ponte Barca S.c.r.l. in liquidation | - | - | - |
| Aguas de San Pedro S.A. de C.V. | - | 161 | - |
| Almo S.c.r.l. in liquidation | - | - | - |
| Alosa Immobiliare S.p.A. in liquidation | - | 4 | - |
| Astaldi - Maroc S.A. | - | - | - |
| Astaldi - UTI - Romairport Joint Venture | - | 9,454 | 0 |
| Astaldi Bayindir J.V. | - | 221 | 5,869 |
| Astaldi - FCC Joint Venture (J.V. Basarab Overpass) | 300 | 2,307 | - |
| Avola S.c.r.l. in liquidation | 84 | 686 | 41 |
| Avrasya Metro Grubu JV | - | 50 | 15 |
| Avrasya Metro Grubu S.r.l. | - | - | - |
| Blufi 1 S.c.rl. In liquidation | - | 0 | 48 |
| C.E.A. - Compagnia Europea Appalti S.p.A. - Udine | - | - | - |
| C.F.C. S.c.r.l. | - | 3 | 0 |
| C.F.M. S.c.r.l. in liquidation | - | 98 | 113 |
| CO.SAT S.c.r.l. | - | 12 | 0 |
| Colli Albani S.c.r.l. in liquidation | - | 815 | 5 |
| Cons. A.F.T. Kramis Algeria Subsidiary | 110 | 1,268 | 2,322 |
| Cons. Ponte Stretto Di Messina in liquidation | 261 | 12 | 1 |
| Consorcio Astaldi - ICE | - | 416 | 1 |
| Consorcio Contuy Medio | - | - | 1,545 |
| Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles | - | 279 | 6,661 |
| Consorzio A.F.T. in liquidation | 279 | 108 | 21 |
| Consorzio A.F.T. Kramis | - | - | 7 |
| Consorzio Asse Sangro in liquidation | - | 5 | - |
| Consorzio Astaldi - Fedederici - Todini Succ.le Algeria | 75 | 2 | 792 |
| Consorzio Brundisium in liquidation | - | - | 0 |
| Consorzio C.I.R.C. in liquidation | - | 22 | - |
| Consorzio Carnia S.c.r.l. | - | - | - |
| Consorzio Centro Uno | - | 52 | - |
| Consorzio Co.Fe.Sar. in liquidation | - | - | - |
| Consorzio Consarno | 127 | 100 | - |
| Consorzio Consavia S.c.n.c. | - | 22 | - |
| Consorzio Contur Turkey Subsidiary | - | 5 | - |
| Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation | - | - | - |
| Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V. | 180 | - | - |
| Consorzio F.A.T. - Federici - Astaldi - Todini | - | 1 | 0 |
| Consorzio Ferrofir in liquidation | - | 40 | 0 |

| Non-current financial liabilities | Trade payables | Other current liabilities | Other revenue and income | Service costs | Other financial income | Interest and other financial charges |
|---|---|---|---|---|---|---|
| - | (107) | - | (0) | 1 | (0) | - |
| - | - | - | (161) | 0 | - | - |
| - | (1) | - | - | - | - | - |
| - | - | - | (6) | - | - | - |
| - | - | (3) | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (31) | (4) | (1,758) | 6 | (72) | - |
| - | (162) | - | - | - | - | - |
| - | - | - | (50) | - | - | - |
| - | - | (3) | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (1) | - | - | - | - | - |
| - | (21) | (33) | - | - | (3) | - |
| - | (156) | - | (2) | - | (5) | - |
| - | (8) | - | (12) | 8 | - | - |
| - | (343) | - | (5) | - | - | - |
| - | (43) | (55) | (114) | 579 | (11) | - |
| - | (40) | - | - | 4 | - | - |
| - | - | - | - | - | - | - |
| - | (1,321) | - | - | - | - | - |
| - | (746) | (49) | (153) | 269 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (7) | - | - | - | - | - |
| - | (20) | (666) | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (93) | - | - | (12) | - | - |
| - | - | - | (17) | - | - | - |
| - | (0) | - | - | - | - | - |
| - | - | - | (68) | 3 | - | - |
| - | (464) | - | - | 194 | (15) | - |
| - | (1) | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (2) | - | - | - | - | - |
| - | (99) | (0) | - | 9 | - | - |
| - | - | - | - | - | - | - |
| - | (1,230) | - | (2) | 317 | - | - |

| (in thousands of euros) | Other non-current financial assets | Trade receivables | Other current assets |
|---|---|---|---|
| Consorzio Gi.It. in liquidation | - | - | - |
| Consorzio Iricav Due | - | 64 | - |
| Consorzio Iricav Uno | - | 421 | 2,733 |
| Consorzio Ital.Co.Cer. | - | - | - |
| Consorzio Italvenezia | - | - | - |
| Consorzio L.A.R. in liquidation | - | - | - |
| Consorzio Novocen | - | 0 | - |
| Consorzio Qalat | - | - | - |
| Consorzio Team | - | - | - |
| Consorzio TRA.DE.CI.V. | - | 18 | - |
| Diga di Blufi S.c.r.l. | - | 6,203 | 637 |
| Ecosarno S.c.r.l. | 128 | 79 | - |
| FCC - ASTALDI JOINT VENTURE | - | 51 | - |
| FIN.AST S.r.l. | - | 6 | - |
| Fosso Canna S.c.r.l. in liquidation | 205 | 247 | 6 |
| FSC S.c.r.l. | - | - | - |
| Fusaro S.c.r.l. | - | 3 | - |
| G.G.O. S.c.r.l. in liquidation | - | 1 | 0 |
| G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O | - | - | - |
| G.T.J Etude et Rèalisation d'un Tunnel | - | - | 12 |
| GEI - Grupo Empresas Italianas | - | 70 | 9,578 |
| Groupement ASTEH | - | - | - |
| Groupement Eurolep | - | - | - |
| Groupement GR-RDM | - | - | 1 |
| Groupement Italgisas | 838 | 97 | 16 |
| Imprese Riunite Genova S.c.r.l. in liquidation | - | - | - |
| Imprese Riunite Genova Seconda S.c.r.l. in liquidation | - | 1 | 0 |
| Infraflegrea S.c.r.l. in liquidation | - | 524 | 9 |
| Isclero S.c.r.l. in liquidation | - | - | - |
| Italsagi Sp. Zo. O. | 340 | 14 | 28 |
| M.N. Metropolitana di Napoli S.p.A. | - | 4 | - |
| M.O.MES S.c.r.l. | - | 17 | - |
| Marsico Nuovo S.c.r.l. in liquidation | 30 | - | - |
| Max Boegl - Astaldi J.V. | - | 2 | - |
| Max Bogl - Astaldi - CCCF Asocierea JV s.r.l. | - | 342 | - |
| Metro 5 S.p.A. | - | 83 | 2 |
| METRO C S.p.A. | - | 751 | 5 |
| Metrogenova S.c.r.l. | - | 359 | 233 |
| Metroveneta S.c.r.l. in liquidation | - | 0 | - |
| Monte Vesuvio S.c.r.l. in liquidation | 250 | 477 | - |
| Mose - Treporti S.c.r.l. | - | 358 | - |
| N.P.F. - Nuovo Polo Fieristico S.c.r.l. | - | 132 | 4,126 |
| Nova Metro S.c.r.l. in liquidation | - | - | - |

| Non-current financial liabilities | Trade payables | Other current liabilities | Other revenue and income | Service costs | Other financial income | Interest and other financial charges |
|---|---|---|---|---|---|---|
| - | (219) | - | - | 1 | - | - |
| - | (825) | - | (80) | 700 | - | 58 |
| - | (4,079) | - | (275) | 8,233 | (57) | - |
| - | (85) | - | (0) | 137 | - | - |
| - | (120) | - | - | 8 | - | - |
| - | - | - | (8) | 421 | - | - |
| -610 | (0) | - | - | 15 | (0) | - |
| - | (91) | - | - | - | - | - |
| - | - | - | - | 61 | - | - |
| - | (248) | - | (255) | 2,365 | - | - |
| - | (5,458) | - | - | 3 | (3) | - |
| - | - | - | - | 588 | - | - |
| - | - | - | (299) | - | (51) | - |
| - | - | - | - | - | - | - |
| - | (83) | - | - | - | (15) | - |
| - | - | - | - | 437 | - | - |
| - | (37) | - | (18) | - | - | - |
| - | (1) | - | - | - | - | - |
| - | - | (1,257) | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (5,429) | - | (41) | 940 | - | - |
| - | - | - | - | - | - | - |
| - | - | (25) | (3) | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (253) | - | - | 13 | - | - |
| - | - | - | - | - | - | - |
| - | (896) | - | (0) | 28 | - | - |
| - | - | - | (230) | - | - | - |
| - | - | - | - | - | - | - |
| - | (10) | - | (3) | 5 | - | 4 |
| - | (277) | - | (15) | 277 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | (549) | - | (2) | - |
| - | (220) | - | - | 1 | (15) | - |
| - | (427) | - | (559) | 1,776 | - | - |
| - | (22,430) | - | (2,296) | 69,709 | - | 71 |
| - | (1,829) | (84) | (466) | 4,408 | - | - |
| - | (20) | - | - | 1 | - | 1 |
| - | (261) | - | (18) | 202 | - | - |
| - | (7,491) | - | (155) | 10,486 | - | - |
| - | - | - | (222) | 578 | - | - |
| - | (23) | - | (2) | 5 | - | - |

| (in thousands of euros) | Other non-current financial assets | Trade receivables | Other current assets |
|---|---|---|---|
| Pantano S.c.r.l. | - | - | 0 |
| Pedelombarda S.c.p.A. | - | 168 | - |
| Pegaso S.C.r.l. | - | 100 | 1,203 |
| Piana di Licata S.c.r.l. in liquidation | 295 | 179 | 2 |
| Pont Ventoux S.c.r.l. | - | 3,103 | 579 |
| Principe Amedeo S.c.r.l. in liquidation | - | 339 | 114 |
| Priolo Siracusa S.c.r.l. in liquidation | - | 3 | - |
| Roma Lido S.c.r.l. | - | - | - |
| S. Leonardo S.c.r.l. in liquidation | - | 2,628 | 2 |
| S.A.C.E.S. S.r.l. - in liquidation | - | - | - |
| S.E.I.S. S.p.A. | 125 | - | - |
| SA.T. S.p.A. | - | 189 | - |
| Societe SEAS - Astaldi SARL (SE.AS SARL) | - | - | 272 |
| Tangenziale Seconda S.c.r.l. in liquidation | - | 66 | 4 |
| Truncu Reale S.c.r.l. | - | 166 | 12 |
| V.A.S.CO. Imprese Riunite | - | 267 | - |
| Valle Caudina S.c.r.l. in liquidation | - | - | - |
| Veneta Sanitaria Finanza di Progetto S.p.A. | - | 618 | 1 |
| Vesuviana Strade S.c.r.l. | - | 99 | 15 |
| Viadotti di Courmayeur S.c.r.l. in liquidation | - | 498 | 21 |
| Yellow River Contractors | - | 90 | 0 |
| General Total | 3,627 | 34,982 | 37,055 |
| Percentage incidence of transactions | 60.0% | 6.8% | 11.3% |

| Non-current financial liabilities | Trade payables | Other current liabilities | Other revenue and income | Service costs | Other financial income | Interest and other financial charges |
|---|---|---|---|---|---|---|
| - | (988) | - | (4) | 1,632 | - | - |
| - | (1,242) | - | (151) | 1,242 | - | - |
| - | (645) | - | (270) | 2,723 | - | - |
| - | (139) | - | - | - | - | - |
| - | (6,661) | - | (29) | 1,238 | (404) | - |
| - | (232) | - | - | - | - | - |
| - | (18) | - | (0) | - | - | - |
| - | (63) | - | - | 31 | - | - |
| - | (808) | - | - | - | - | - |
| (1,698) | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | (568) | - | - | - |
| - | - | - | - | - | - | - |
| - | (16) | - | - | 1 | (1) | - |
| - | (4) | - | - | 1 | (2) | - |
| - | (2) | - | - | - | - | - |
| - | - | - | (60) | - | - | - |
| - | - | - | (127) | 54 | (310) | - |
| - | (42) | - | (30) | 51 | (8) | - |
| - | (108) | - | - | -1 | - | - |
| - | - | - | - | - | - | - |
| (2,307) | (66,676) | (2,180) | (9,083) | 109,745 | (976) | 134 |
| 0.5% | 10.3% | 2.9% | 15.5% | 13.4% | 1.5% | 0.1% |

## Information on associated companies and entities under joint control

| (in thousands of euros) | Book value of investment | Effects of investments on equity valuation |
|---|---|---|
| Adduttore Ponte Barca S.c.r.l. in liquidation | 7 | 0 |
| Almo S.c.r.l. in liquidation | 16 | 0 |
| Alosa Immobiliare S.p.A. in liquidation | 0 | (54) |
| Astaldi - UTI - Romairport Joint Venture | 0 | 0 |
| Astaldi-FCC Joint Venture (J.V. Basarab Overpass) | 0 | 0 |
| Avola S.c.r.l. in liquidation | 0 | 0 |
| Avrasya Metro Grubu S.r.l. | 3 | (1) |
| Blufi 1 S.c.rl. In liquidation | 0 | 0 |
| C.F.M. S.c.r.l. in liquidation | 21 | 0 |
| CO.SAT S.c.r.l. | 1 | 0 |
| Colli Albani S.c.r.l. in liquidation | 0 | (1) |
| COMET (Copenhagen Metro Construction Group ) J.V. | 0 | (806) |
| Cons.Ponte Stretto Di Messina in liquidation | 52 | 0 |
| Consorcio Contuy Medio | 1 | 0 |
| Consorzio A.F.T. in liquidation | 15 | 0 |
| Consorzio A.F.T. Kramis | 0 | 0 |
| Consorzio C.I.R.C. in liquidation | 13 | 0 |
| Consorzio Consarno | 5 | 0 |
| Consorzio Consavia S.c.n.c. | 0 | (16) |
| Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation | 0 | 0 |
| Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V. | 52 | 0 |
| Consorzio Ferrofir in liquidation | 357 | 0 |
| Consorzio Gi.It. in liquidation | 1 | 0 |
| Consorzio Iricav Due | 170 | 0 |
| Consorzio Iricav Uno | 124 | 0 |
| Consorzio Ital.Co.Cer. | 15 | 0 |
| Consorzio Italvenezia | 19 | 0 |
| Consorzio Metrofer in liquidation | 9 | 0 |
| Consorzio Novocen | 335 | (72) |
| Consorzio Qalat | 0 | 0 |
| Diga di Blufi S.C.r.l. | 23 | 0 |
| Ecosarno S.c.r.l. | 17 | 0 |
| FCC-ASTALDI JOINT VENTURE | 0 | 0 |
| Fosso Canna S.c.r.l. in liquidation | 0 | (5) |
| FSC S.c.r.l. | 0 | 0 |
| GEI - Grupo Empresas Italianas | 38 | 0 |
| Groupement Eurolep | 8 | 0 |

| Total Equity | Total balance sheet liabilities | Total balance sheet assets | Total value of production | Total cost of production | Profit / Loss fot the year |
|---|---|---|---|---|---|
| 14 | 14 | 14 | 0 | 0 | 0 |
| 46 | 46 | 46 | 0 | 0 | 0 |
| (3,863) | 1,624 | 1,624 | 244 | 113 | (108) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 13,021 | 13,021 | 22,327 | 19,949 | 0 |
| (98) | 0 | 0 | 0 | 0 | 0 |
| (1) | 2 | 2 | 0 | 2 | (3) |
| (71) | 0 | 0 | 0 | 0 | 0 |
| 41 | 41 | 41 | 0 | 0 | 0 |
| 3 | 18 | 18 | 15 | 14 | 0 |
| (4) | 0 | 0 | 0 | 1 | (1) |
| (116,731) | 875 | 875 | 0 | 5,192 | (5,371) |
| 72 | 72 | 72 | 0 | 0 | 0 |
| 2 | 2 | 2 | 0 | 0 | 0 |
| 46 | 46 | 46 | 0 | 0 | 0 |
| (721) | (721) | (721) | 0 | 0 | 0 |
| 52 | 52 | 52 | 0 | 0 | 0 |
| 21 | 21 | 21 | 0 | 0 | 0 |
| (43) | 0 | 0 | 0 | 64 | (64) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 207 | 207 | 207 | 0 | 0 | 0 |
| 535 | 535 | 535 | 0 | 0 | 0 |
| 3 | 3 | 3 | 0 | 0 | 0 |
| 516 | 516 | 516 | 0 | 0 | 0 |
| 444 | 444 | 444 | 0 | 0 | 0 |
| 52 | 52 | 52 | 0 | 0 | 0 |
| 77 | 77 | 77 | 0 | 0 | 0 |
| 26 | 26 | 26 | 0 | 0 | 0 |
| 822 | 822 | 822 | (178) | 0 | (178) |
| 6 | 6 | 6 | 0 | 0 | 0 |
| 30 | 30 | 30 | 0 | 0 | 0 |
| 51 | 51 | 51 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| (66) | 0 | 0 | 0 | 16 | (16) |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 113 | 2,078 | 2,078 | 0 | 0 | 0 |
| 37 | 0 | 0 | 0 | 0 | 0 |

| (in thousands of euros) | Book value of investment | Effects of investments on equity valuation |
|---|---|---|
| Groupement GR-RDM | 0 | 0 |
| Groupement Italgisas | 0 | (2) |
| Infraflegrea S.c.r.l. in liquidation | 23 | 0 |
| Italsagi Sp. Zo. O. | 1 | 0 |
| J.V. Timisoara - Arad Motorway | 0 | 0 |
| JV Bogl - Astaldi - Euroconstruct - Tecnologica - Proiect Bucuresti | 0 | 0 |
| M.N. Metropolitana di Napoli S.p.A. | 5,842 | 3,672 |
| M.O.MES S.c.r.l. | 6 | 0 |
| Marsico Nuovo S.c.r.l. in liquidation | 0 | (2) |
| Max Boegl - Astaldi J.V. | 0 | 0 |
| Max Bogl-Astaldi-CCCF Asocierea JV s.r.l. | 813 | 0 |
| Metro 5 S.p.A. | 2,780 | 15 |
| METRO C S.p.A. | 12,771 | 0 |
| Metrogenova S.c.r.l. | 6 | 0 |
| Metroveneta S.c.r.l. in liquidation | 13 | 0 |
| Monte Vesuvio S.c.r.l. in liquidation | 0 | 14 |
| N.P.F.- Nuovo Polo Fieristico S.c.r.l. | 20 | 0 |
| Nova Metro S.c.r.l. in liquidation | 8 | 0 |
| Pedelombarda S.c.p.A. | 4,800 | 0 |
| Pegaso S.C.r.l. | 114 | 0 |
| Piana di Licata S.c.r.l. in liquidation | 0 | 0 |
| Pont Ventoux S.C.r.l. | 29 | 0 |
| Principe Amedeo S.c.r.l. in liquidation | 0 | 10 |
| Priolo Siracusa S.c.r.l. in liquidation | 16 | 0 |
| S. Leonardo S.c.r.l. in liquidation | 0 | (5) |
| S.A.C.E.S. S.r.l. - in liquidation | 0 | (51) |
| S.E.I.S. S.p.A. | 15,522 | 623 |
| SA.T. S.p.A. | 875 | 0 |
| Sharaf - Astaldi LLC | 298 | 0 |
| Tangenziale Seconda S.c.r.l. in liquidation | 23 | 0 |
| Truncu Reale S.c.r.l. | 11 | 0 |
| V.A.S.CO. Imprese Riunite | 0 | 2 |
| Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A. | 5,935 | 323 |
| Vesuviana Strade S.c.r.l. | 14 | 0 |
| Viadotti di Courmayeur S.c.r.l. in liquidation | 3 | 0 |
| Total | 51,223 | 3,645 |

| Total Equity | Total balance sheet liabilities | Total balance sheet assets | Total value of production | Total cost of production | Profit / Loss fot the year |
|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 |
| (2,807) | 382 | 382 | 0 | 4 | (4) |
| 30 | 2,184 | 2,184 | 58 | 0 | 0 |
| 4 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 25,828 | 25,828 | 25,828 | 0 | 0 | 16,235 |
| 10 | 609 | 609 | 504 | 503 | 0 |
| (50) | 0 | 0 | 0 | 7 | (7) |
| 0 | 13,262 | 13,262 | 12,123 | 11,050 | 0 |
| 2,464 | 2,464 | 2,464 | 0 | 0 | 0 |
| 11,930 | 11,930 | 11,930 | 63 | 0 | 63 |
| 37,018 | 37,018 | 37,018 | 0 | 0 | 0 |
| 26 | 11,769 | 11,769 | 20,412 | 17,575 | 0 |
| 26 | 26 | 26 | 0 | 0 | 0 |
| (315) | 0 | 0 | 28 | 0 | 28 |
| 40 | 14,231 | 14,231 | 15,307 | 13,411 | 0 |
| 41 | 41 | 41 | 0 | 0 | 0 |
| 20,000 | 20,000 | 20,000 | 0 | 0 | 0 |
| 260 | 260 | 260 | 0 | 0 | 0 |
| (258) | 0 | 0 | 0 | 1 | (1) |
| 52 | 12,670 | 12,670 | 3,013 | 2,283 | 0 |
| (6) | 0 | 0 | 20 | 0 | 20 |
| 78 | 78 | 78 | 0 | 0 | 0 |
| (64) | 0 | 0 | 0 | 9 | (9) |
| (2,932) | 0 | 0 | 0 | 0 | (138) |
| 32,117 | 32,117 | 32,117 | 1,290 | 0 | 1,290 |
| 2,500 | 2,500 | 2,500 | 0 | 0 | 0 |
| 607 | 607 | 607 | 0 | 0 | 0 |
| 45 | 45 | 45 | 0 | 0 | 0 |
| 31 | 31 | 31 | 0 | 0 | 0 |
| (90) | 0 | 0 | 7 | 0 | 7 |
| 19,144 | 19,144 | 19,144 | 1,040 | 0 | 1,040 |
| 46 | 325 | 325 | 378 | 261 | 0 |
| 10 | 10 | 10 | 0 | 0 | 0 |
| 27,403 | 227,493 | 227,493 | 76,652 | 70,457 | 12,784 |

# Management's Certification

## Certification pursuant to Article 81-ter of the regulation issued by the Italian market regulatory body (CONSOB) No. 11971 of May 14, 1999 and subsequent integrations and updating

1. The undersigned Stefano Cerri and Paolo Citterio, in their quality as Chief Executive Officer and Manager responsible for the preparation of financial reports of Astaldi, respectively, pursuant to Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58/1998, certify that internal controls over financial reporting in place for the preparation of 2008 consolidated financial statements and during the period covered by the report, were:
   - adequate to the company structure, and
   - effectively applied during the process.

2. Internal controls over financial reporting in place for the preparation of the 2008 consolidated accounts have been defined and the evaluation of their effectiveness has been assessed based on principles and methodologies adopted by Astaldi in accordance with the Internal Control-Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.

3. The undersigned officers certify that:

   3.1 This 2008 consolidated Annual Report:

   a) Has been prepared in accordance with applicable international accounting standards recognized within the European Commission pursuant to the European Regulation (CE) No. 1606/2002 of the European Parliament and the European Council of July 19, 2002;

   b) Corresponds to the results of accounting records and books;

   c) Is suitable to providing a truthful, accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter;

   3.2 The Report on operations includes a reliable analysis of operating performance and income, as well as the situation of the issuer and the companies included in the scope of consolidation, along with a description of the primary risks and uncertainties to which they are exposed.

Rome, March 25, 2009

/s/ Stefano Cerri/
Chief Executive Officer

s/ Paolo Citterio
Manager responsible
for the preparation of financial reports

# Auditors’ Report

ERNST & YOUNG

**Reconta Ernst & Young S.p.A.**
Via Po, 32
00198 Roma

Tel. (+39) 06 324751
Fax (+39) 06 32475504
www.ey.com

**Independent auditors' report**
**pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998**
**(Translation from the original Italian text)**

To the Shareholders
of Astaldi S.p.A.

1. We have audited the consolidated financial statements of Astaldi S.p.A. and its subsidiaries, (the "Astaldi Group") as of and for the year ended December 31, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005 is the responsibility of the Astaldi S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 7, 2008.

3. In our opinion, the consolidated financial statements of the Astaldi Group at December 31, 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the Astaldi Group for the year then ended.

4. The management of Astaldi S.p.A. is responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements as required by art. 156, paragraph 4-bis, letter d) of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial statements of the Astaldi Group as of December 31, 2008.

Rome, Italy
April 8, 2009

Reconta Ernst & Young S.p.A.
signed by: Luigi Facci, Partner

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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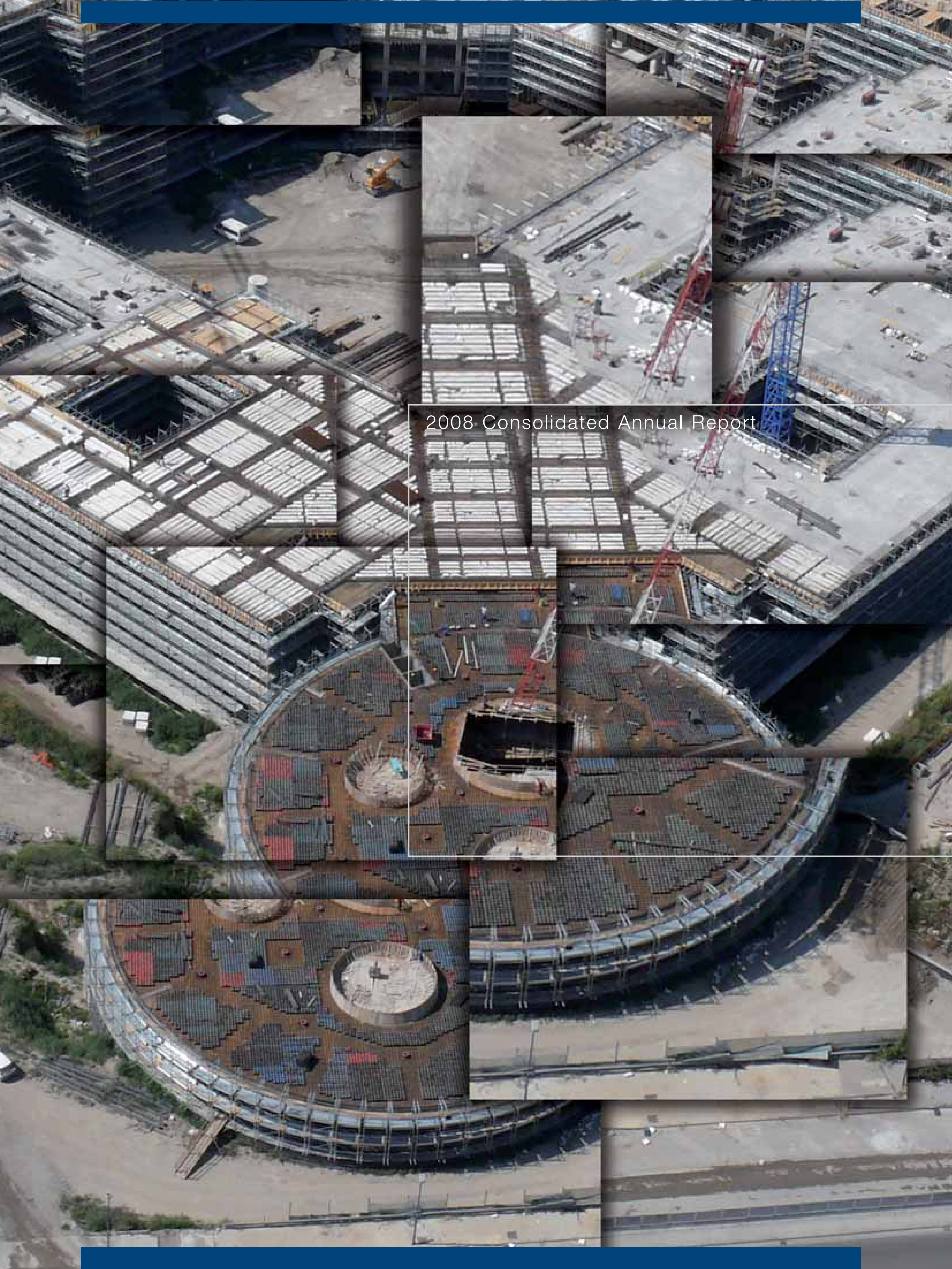

# 2008 Consolidated Annual Report

# Other Information

# Board of Auditors'Report

# Board of Auditors'Report to the Shareholders' Meeting (pursuant to Article 153 of the Legislative Decree of February 24, 1998)

Dear Shareholders,
We performed the supervisory activities as provided for by law during 2008.
In light of the activities performed and taking into account the instructions given by CONSOB, we have the following to report:

1. we checked, through direct observation and meetings with department heads and the auditing company, compliance with the principles of correct management and with the law and company bylaws;
2. we attended Board of Directors meetings and obtained information from the company's directors on a minimum quarterly basis regarding the activities performed and the most significant economic, financial and equity transactions carried out by the company and its most important subsidiaries, and we can reasonably guarantee that the actions resolved upon and carried out complied with the law and company bylaws and were not ill-advised, risky, in potential conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the company's equity;
3. we examined and checked, with regard to our sphere of responsibility, the suitability of the company's organization structure, compliance with the principles of correct management and the suitability of orders given by the company to its subsidiaries pursuant to Article 114, paragraph 2 of Italian Legislative Decree No. 58/98, by obtaining information from department heads and meetings with the auditing company in order to exchange relevant information and data, and we have nothing to report in this regard;
4. we exchanged information with the corresponding sectors of subsidiaries, in compliance with Art. 151, paragraph 2, of Italian Legislative Decree no. 58/98;
5. we assessed and checked the suitability of the internal auditing system and administrative-accounting system as well as the reliability of the latter to correct represent operations, by obtaining information from department heads, examining corporate documents, analyzing the work carried out by the auditing company and taking part in Internal Audit Committee meetings and holding joint meetings with said Committee if required in relation to the issues dealt with. Internal auditing is performed by a dedicated unit which, also by coordinating and integrating checks and controls performed by the various company departments with an assurance role, performed checks on compliance with current legislation, the Group's guidelines and corporate procedures, compliance with proxies and the correctness of conduct, and proposed corrective actions or solutions to improve the procedural and auditing system, also for purposes of improving company's organization.
   As per checks pursuant to Artichle 154-bis of Italian Legislative Decree no. 58/98 we examined the findings of the audits conducted by the operational structure that supports the Executive appointed to draft company accounts.
   The activities performed allow us to class as suitable the internal auditing system and administrative-accounting system, and to note compliance with law provisions regarding the formulation and drafting of annual financial statements and management reports;
6. we attended 5 meetings of the Internal Audit Committee during the year, whose activity has been reported to the Board of Directors and is reported in the Annual Corporate Governance Report which is available for consultation;
7. on April 8 2009, the Independent Auditing Company issued reports pursuant to Article 156 of Italian Legislative Decree No. 58/98 for the annual financial statements and the Group's consolidated financial statements at December 31, 2008, drafted in compliance with the International Financial Reporting Standards – IFRSs – adopted by the

European Union, as well with the provisions of the Article 9 of Legislative Decree no. 38/2005. Said reports state that both the annual financial statements and the consolidated financial statements of Astaldi S.p.A. have been "drafted in a clear manner and offer a true and correct representation of the financial and equity situation, the economic result, the changes in equity and cash flows for the year ending December 31, 2008 and management report is consistent with these reports";

8. we noted that there were no charges as per Article 2408 of the Italian Civil Code, nor were there any petitions of any kind by third parties;
9. we held meetings with representatives of the Auditing Company pursuant to Article 150, paragraph 2 of Italian Legislative Decree No. 58/98 and no data or information emerged which needs to be mentioned;
10. we obtained information on the activities performed pursuant to Italian Legislative Decree No. 231/2001 regarding the administrative liability of bodies with regards to crimes against the public administration. The Supervisory Body has reported to the Board of Directors on the activities undertaken in fiscal year 2008 that are shown in Annual Report on Corporate Governance, that is in your availability;
11. the company complies with the Code of Self-Discipline for listed companies, formulated at the initiative of Borsa Italiana S.p.A.; the internal structure complies with the Code's recommendations;
12. subject to consultation with the Board of Auditors, the company Reconta Ernst & Young Financial-Business Advisors S.p.A. – which is part of the international network Ernst & Young Global (EYC) – was appointed during the year:

a) to provide assistance for compliance with Italian Savings Law No. 262/2005 (completion of Phase I and assistance for Phase II), for a total of 103 man-days and a total sum of EUR 100,000.00;
b) to provide assistance for the project "Ricognizione diagnostica della funzione del personale", for a total of 33 man-days and a total sum of EUR 40,000.00;

13. with reference to transactions with related parties and intragroup operations, the information reported by company directors in the management report is suitable to describe the activities performed during 2008; activities performed in compliance with the framework resolution adopted by the Board of Directors and performed in the interests of your company.
    In compliance with provisions contained in International Accounting Standard - IAS 24 and with the recommendations set forth in CONSOB notice no. 6064293 dated July 28, 2006, regarding identification of the notion of related parties, we would like to point out that the notes to the statutory and consolidated financial statements list the amounts of the transactions and balances resulting from financial and commercial relations with related parties, as well as the fees due to company Directors, Auditors and General Managers.
    In this regard, there were no atypical or unusual transactions compared to normal operations, nor were there any conflicts of interest involving company directors;
14. we checked the correct application of checking criteria and procedures adopted by the Board of Directors to assess the independence of its members, the independence of the auditing company and independence requisites provided for by law for the members of the Board of Auditors of listed companies, including with reference to the criteria contained in the "Code of Self-Discipline for Listed Companies".
    The aforementioned auditing activities for 2008 were performed during 9 meetings of the Board and by attending the 6 meetings of the Board of Directors and the meetings of the Internal Audit Committee.
    During the auditing activities performed and on the basis of information obtained from the auditing company, no omissions and/or reprehensible facts and/or irregularities or important events such as to require reporting to controlling bodies or mention in this report came to light.

Taking into account the above, the Board of Auditors, with regard to its sphere of responsibility, has no reason to oppose approval of the financial statements at December 31, 2008 or the proposed resolutions drawn up by the Board of Directors.

Rome - April 8, 2009.

THE BOARD OF AUDITORS
/s/ Pierumberto Spanò
/s/ Pierpaolo Singer
/s/ Antonio Sisca

## Resolutions passed by the Shareholders'Meeting

The Shareholders' Meeting, which met at first call on April 24, 2009, resolved as follows:

- to approve the financial statements at December 31, 2008 and the Board of Directors' Management Report drafted as per Article 2428 of the Italian Civil Code and as per article 40 of Italian Legislative Decree no. 127/91, together with the proposed allocation of profits as formulated by the Board of Directors;
- To appoint the Board of Auditors for the three-year period 2009-2011 that will remain in office until approval of the financial statements at December 31, 2011, in the persons of Pierumberto Spanò, Chairman, Pierpaolo Singer and Antonio Sisca, Statutory Auditors; Marco Giuseppe Maria Rigotti, Massimo Tabellini and Flavio Pizzini, Alternate Auditors;
- to renew for a further 12 month-period the Company's buy-back share plan, to be performed in accordance with the procedures put forward by the Board of Directors.

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ASTALDI

Fully Paid Up Share Capital € 196,849,800.00
Listed in the Registry of Companies of Rome
Tax Number 00398970582
Registered with Chamber of Commerce under n. 152353
VAT n. 00880281001

Registered Office and Head quarters
Via Giulio Vincenzo Bona, 65 - 00156 Rome - Italy

Milan Office
Via A. Manzoni, 37 - 20121 Milan - Italy

Investor Relations and Corporate Communication
Via Giulio Vincenzo Bona, 65 - 00156 Rome - Italy
Tel.: +39.06.41766.1 – Fax: +39.06.41766.733
investor. relations@astaldi.com
www.astaldi.it

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# Foreign Branches S.p.A.

**ABU DHABI**
P.O. Box 112554
Al Bateen Area, 7th Street
Six Towers - Building C2 - 1st Floor - Apt. 102
ABU DHABI (UAE)

**ALGERIA**
Lottissement 19/20
Aïssat - Idir Chêraga - Algeri

**BOLIVIA**
Av. La Guardia
Km 6 1/2 7° Anillo
Santa Cruz

**BULGARIA**
Via Tsanko Tserkoski, 67 V et. 4
1421 - Sofia

**CHILE**
c/o Constructora Astaldi Fe Grande Cachapoal Ltda
Avenida Apoquindo 3846 piso 11
Santiago Chile

**COSTARICA**
Bello Horizonte Escazu de Distribuidora Santa
Bárbara 200 mts. sur, 200 mts. este,
Urbanización la Suiza 150 mts. noroeste
condominio Ingrid No. 6
Casa Blanca a Mano Derecha
San José

**CROATIA**
Petrinjska, 7/III
Zagabria

**DENMARK**
Refshaeøen
P.O. Box 1920
Copenhagen

**EL SALVADOR**
Pasaje 10 Casa 139
Colonia San Benito
San Salvador

**GUATEMALA**
6a Calle 5-47, zona 9
Ciudad de Guatemala
Guatemala, C.A.

**HONDURAS**
Plantel El Carrizal, Blvd Fuerzas Armadas
Salida Carretera del Norte - Ap. Postal 3199
Tegucigalpa

**NICARAGUA**
Reparto Villa Fontana Norte,
Pista Jean Paul Genie No. 38,
Managua

**PANAMA**
Edificio Proconsa 1, Piso 10, Oficina 10A,
Area Bancaria, Ciudad de Panamá,
República de Panamá

**PERU**
c/o Cesar Diaz Velasquez
Av. Caminos de Inca NR 853 Surco
Lima 33

## POLAND

Spółka Akcyjna
Oddział w Polsce
Pl. Defilad 1 00-901
Warszawa

## ROMANIA

Strada Carol Davila 70
Sector 5 - 050455
Bucharest

## TURKEY

Armada Iş Merkezi
Eskişehir Yolu 6/A Blok, Kat.9 n° 11
06520 Söğütözü – Ankara
Turkey

## USA (Florida)

8220 State Road 84 Suite 300
Davie, FL 33324

## VENEZUELA

Centro Ciudad Comercial Tamanaco
Primera Etapa Piso 6
Oficina 620
Chuao 1064
Caracas

2008 Annual report

ASTALDI