Astaldi S.p.A.

Separate Financial Statements

Financial statements and notes there to at 31 december 2011

2011

Astaldi+ Società per Azioni
Corporate and Head Offices: Rome (Italy), Via Giulio Vincenzo Bona no. 65
Registered with the Companies Register of Rome
Tax Code and VAT Number: 00398970582
R.E.A. no. 152353
VAT no. 0080281001
Share Capital: EUR o 196,849,800.00 fully paid-in

SEPARATE FINANCIAL STATEMENTS OF ASTALDI S.p.A.

INCOME STATEMENT

(Amounts in EUR o)

OPERATING PERFORMANCE	*Note*	2011	2010
Revenue	*1*	1,948,735,424	1,551,074,822
of which with related parties		*395,256,229*	*192,932,000*
Other operating revenue	*2*	89,327,924	122,657,341
of which with related parties		*25,519,249*	*22,791,705*
Total Revenue		**2,038,063,348**	**1,673,732,163**
Purchase costs	*3*	(340,979,703)	(258,747,753)
of which with related parties		*(702,041)*	*(33,584)*
Service costs	*4*	(1,248,287,338)	(1,042,206,618)
of which with related parties		*(481,781,262)*	*(425,075,505)*
Personnel expenses	*5*	(170,588,112)	(159,918,022)
Amortization, depreciation and Impairment losses	*6*	(37,288,044)	(37,012,883)
Other operating costs	*7*	(30,549,589)	(20,551,534)
of which with related parties		*(1,561,656)*	*(657,232)*
Total Costs		**(1,827,692,786)**	**(1,518,436,810)**
Operating profit		**210,370,562**	**155,295,353**
Financial income	*8*	45,184,237	41,973,894
of which with related parties		*15,342,678*	*19,949,746*
Financial charges	*9*	(150,382,948)	(123,753,418)
of which with related parties		*(44,058,132)*	*(33,434,668)*
TOTAL FINANCIAL AREA		**(105,198,711)**	**(81,779,524)**
PRE-TAX PROFIT FROM CONTINUED OPERATIONS		**105,171,851**	**73,515,829**
Tax expense	*10*	(42,517,506)	(26,624,469)
PROFIT OF THE YEAR		**62,654,345**	**46,891,360**
Earnings per share - basic	*11*	**0.64**	**0.48**
Earnings per share - diluted		**0.64**	**0.48**

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in EUR o)	*Note*	*2011*	*2010*
Profit of the year		**62,654,345**	**46,891,360**
Change in hedging reserve	23	2,791,127	938,005
Profit of other group components		**2,791,127**	**938,005**
Total profit		**65,445,472**	**47,829,365**

STATEMENT OF FINANCIAL POSITION

Amounts in EUR o			
ASSETS	**Note**	**31/12/2011**	**31/12/2010**
Non-current assets			
Property, plant and equipment	12	131,809,092	137,493,729
Investment property	13	167,242	173,361
Inproperty, plant and equipment	14	3,982,975	3,024,884
Investments	15	226,555,934	157,414,256
Non-current financial assets	16	185,752,451	68,470,666
of which with related parties		*165,472,042*	*49,397,187*
Other non-current assets	17	24,949,633	18,555,973
Deferred tax assets	10	13,391,585	16,820,717
Total non-current assets		**586,608,912**	**401,953,586**
Current assets			
Inventories	18	79,307,981	82,407,424
Receivables from customers	19	963,485,654	780,812,018
of which with related parties		*118,226,701*	*51,334,178*
Trade receivables	20	749,856,392	610,371,509
of which with related parties		*154,929,558*	*126,871,031*
Current financial assets	16	5,290,293	7,293,456
Tax assets	21	83,126,029	64,051,365
Other current assets	17	263,537,296	300,325,209
of which with related parties		*48,339,822*	*71,878,273*
Cash and cash equivalent	22	241,247,279	239,666,706
Total current assets		**2,385,850,924**	**2,084,927,687**
Total assets		**2,972,459,836**	**2,486,881,273**
EQUITY AND LIABILITIES			
Equity	23		
Share capital		196,849,800	196,849,800
Treasury shares		-3,298,416	-3,243,558
Reserves:			
Legal reserve		20,797,380	18,452,812
Extraordinary reserve		170,019,430	140,818,167
Losses carried forward		-1,194,606	-1,194,606
Other reserves		7,592,964	6,466,031
Other comprehensive income		-7,857,135	-10,648,262
Total share capital and reserves		**382,909,417**	**347,500,384**
Profit of the year		62,654,345	46,891,360
Total equity		**445,563,762**	**394,391,744**
Non-current liabilities			
Non-current financial liabilities	24	514,408,584	471,410,895
of which with related parties		*27,409,493*	*18,404,082*
Other non-current liabilities	25	760,226	10,127
Employee benefits	26	5,630,864	5,820,437
Total non-current liabilities		**520,799,674**	**477,241,459**

Current liabilities			
Payables to customers	19	377,023,452	304,297,960
of which with related parties		*78,695,696*	*2,827,387*
Trade payables	27	979,021,858	806,569,391
of which with related parties		*345,063,338*	*322,097,727*
Current financial liabilities	24	368,175,222	301,652,599
of which with related parties		*3,687,205*	
Tax liabilities	28	63,019,744	47,645,077
Provisions for current risks and charges	29	111,237,433	66,927,021
Other current liabilities	25	107,618,691	88,156,022
of which with related parties		*18,992,808*	*6,858,341*
Total current liabilities		**2,006,096,400**	**1,615,248,070**
Total liabilities		**2,526,896,074**	**2,092,489,529**
Total equity and liabilities		**2,972,459,836**	**2,486,881,273**

Statement of changes in equity

(Amounts in EUR o)

	Changes in Equity at 31 December 2011							
	Share capital	*Legal reserve*	*Extra-ordinary reserve*	*Other comprehensive income*	*Other reserves*	*Losses carried forward*	*Profit for the year*	**Total equity**
Balance at 01 January 2011	193,606,242	18,452,812	140,818,167	(10,648,262)	6,466,031	(1,194,606)	46,891,360	394,391,744
Profit from continued operations 2011	0	0	0	0	0	0	62,654,345	62,654,345
Cash flow hedge for the year	0	0	0	2,791,127	0	0	0	2,791,127
COMPREHENSIVE INCOME				**2,791,127**			**62,654,345**	**65,445,472**
Treasury shares	(54,858)	0	2,809	0	(67,416)	0	0	(119,465)
Dividends	0	0	0	0	0	0	(14,644,967)	(14,644,967)
Provision as per Art,27	0	0	0	0	0	0	(703,370)	(703,370)
Allocation of profit from continued operations 2010	0	2,344,568	29,198,454	0	0	0	(31,543,022)	0
Stock grant allocation reserve	0	0	0	0	1,194,349	0	0	1,194,349
Balance at 31 December 2011	**193,551,384**	**20,797,380**	**170,019,430**	**(7,857,135)**	**7,592,964**	**(1,194,606)**	**62,654,345**	**445,563,762**

Amounts in EUR o

	Changes del Equity at 31 December 2010							
	Share capital	*Legal reserve*	*Extra-ordinary reserve*	*Other comprehensive income*	*Other reserves*	*Losses carried forward*	*Profit for the year*	**Total equity**
Balance at 01 January 2009	193,610,302	14,971,826	88,306,887	(11,586,267)	5,130,303	(4,830,126)	73,255,237	358,858,162
Profit from continued operations 2010	0	0	0	0	0	0	46,891,360	46,891,360
Cash flow hedge for the year	0	0	0	938,005	0	0	0	938,005
COMPREHENSIVE INCOME				**938,005**			**46,891,360**	**47,829,365**
Treasury shares	(4,060)	0	103,752	0	(109,410)	0	0	(9,718)
Dividends	0	0	0	0	0	0	(12,686,907)	(12,686,907)
Provision as per Art,27	0	0	0	0	0	0	(1,044,296)	(1,044,296)
Allocation of profit 2009	0	3,480,986	52,407,528	0	0	3,635,519	(59,524,033)	0
Stock grant allocation reserve	0	0	0	0	1,445,138	0	0	1,445,138
Balance at 31 December 2010	**193,606,242**	**18,452,812**	**140,818,167**	**(10,648,262)**	**6,466,031**	**(1,194,606)**	**46,891,360**	**394,391,744**

Statement of cash flows

(Amounts in EUR o)	31/12/2011	31/12/2010
A - CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year	**62,654,345**	**46,891,360**
Adjustments to reconcile the profit with the cash flow from(used in) by operating activities:		
Deferred tax	1,756,652	2,030,214
Amortisation, depreciation and impairment losses	77,828,956	69,432,891
Provision for Risks and charges	7,665,000	744,000
Post-employment bebefits and defined benefit plans	219,591	204,716
Costs for employee incentive plans	1,033,818	1,544,200
Losses on disposals of non-current assets	3,250,078	1,702,422
Gain on disposals of non-current assets	(2,194,688)	(1,854,902)
Sub-total	89,559,407	73,803,541
Changes in operating assets and liabilities (working capital):		
Trade receivables	(139,484,883)	47,453,249
of which with related parties	*(28,058,527)*	*(54,185,176)*
Inventories and Receivables from Customers	(179,574,193)	(177,422,252)
of which with related parties	*(66,892,523)*	*(1,273,429)*
Trade payables	172,452,467	168,204,882
of which with related parties	*22,965,611*	*105,157,648*
Provision for risks and charges	(321,922)	19,173,923
Payables to customers	72,725,492	(40,701,049)
of which with related parties	*75,868,309*	*2,827,387*
Other operating assets	14,748,721	(71,965,024)
of which with related parties	*23,538,451*	*(16,544,107)*
Other operating liabilities	32,796,965	17,905,787
of which with related parties	*12,134,467*	*(17,282,967)*
Payments of post-employment benefits and defined benefits plans	(409,164)	(1,038,408)
Sub-total	(27,066,517)	(38,388,892)
Cash flow from operatig activities	**125,147,235**	**82,306,009**
B - CASH FLOW INVESTING ACTIVITIES:		
Net investment in intangible assets	(8,087,341)	(171,094)
Net investment in property, plant and equipment	(24,468,038)	(3,338,294)
Sale (Purchase) of other investments net of the cash acquired, coverage of losses of unconsolidated companies	(72,715,256)	(33,252,750)
Net income from sale of property, plant and equipment and intangible assets, and investment property	(1,055,390)	152,480
Change in subsidiary financing activities	(117,281,785)	(19,052,563)

of which with related parties	*(116,074,855)*	*(2,397,086)*
Change in receivables status from activities under concession		43,045,587
Cash flow used in investing activities	**(223,607,810)**	**(12,616,634)**
C - CASH FLOW FROM (USED IN)FINANCING ACTIVITIES:		
Dividends paid out	(14,644,967)	(12,686,907)
Non-current borrowing (repayment) net of commissions	42,997,689	(48,855,042)
of which with related parties	*9,005,411*	*11,582,113*
Net change in current financial debt (including leases)	66,522,623	(58,535,526)
of which with related parties	*3,687,205*	
Net change in financial assets		2,671,652
Sale (purchase) of securities/bonds and treasury shares	2,003,163	(3,329,158)
Other changes	3,162,640	1,329,129
Cash flow from (used in) financing activities	**100,041,148**	**(119,405,852)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,580,573**	**(49,716,477)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	239,666,706	289,383,183
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	241,247,279	239,666,706

Additional information to the income statement	**31/12/2011**	**31/12/2010**
Tax expense paid in the year	52,116,448	16,072,168
Net financial charges paid in the year	28,237,846	15,769,864

NOTES TO THE SEPARATE FINANCIAL STATEMENT OF ASTALDI S.p.A.

GENERAL INFORMATION

Astaldi S.p.A. (the "Company") is a joint stock company with registered offices in Rome, Via Giulio Vincenzo Bona 65, and has been listed on the STAR division of the Milan Stock Exchange since June 2002.

The Company has been operating for over 90 years in Italy and abroad in the sector of the design and construction of major civil engineering works, and is one of the most important companies operating in the construction sector on the International level; it is a leader in Italy as general contractor and a promoter of project finance initiatives.

The duration of the Company is currently set up to 31 December 2100.

On the date of the drawing up of the financial statements, Astaldi S.p.A. was not subject to the management and coordination of any its shareholders, since the Board of Directors of the Company, in complete autonomy and independence, takes all the suitable decisions for the management of the Company's business.

These draft financial statements were approved by the Board of Directors of the Company at its meeting of 16 March 2012. The Company, which holds significant controlling stakes in other entities, also drafts the Group consolidated financial statements, published at the same time as these separate financial statements.

FORM, CONTENTS AND SEGMENT REPORTING

The separate financial statements of Astaldi S.p.A. at 31 December 2011 have been drawn up with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognised in the EUR opean Union pursuant to EC Regulation no° 1606/2002 in force at the end of the year.

Reference has likewise been made to CONSOB regulations implementing para. 3, Art. 9 of Legislative Decree no° 38/2005.

The 2011 separate financial statements therefore include the following statements:

1. Income statement;
2. Statement of comprehensive income;
3. Statement of financial position;
4. Statement of cash flows ;
5. Statement of changes in equity;
6. Notes to the separate financial statements.

It should be pointed out that the company decided to present the Statement of comprehensive income in two separate statements as allowed by IAS 1.81. Therefore, the income statement includes both a statement showing the profit (loss) items for the year (income statement) and a statement which starts from the profit (loss) and algebraically adds "other components of comprehensive income" (statement of comprehensive income). In this regard it should be pointed out that for Astaldi S.p.A. the other items of the statement of comprehensive income include only the hedging reserve and the translation reserve. It should likewise be highlighted that including these provisions in the statement of comprehensive income does not alter their nature as deferred items, and therefore not for items referring to the year, pursuant to the provisions in IAS 39. It should likewise be highlighted that the income statement is prepared based on a classification of each single component by nature. This classification reflects the management reporting methods used in the Company and is therefore considered more representative compared to presentation of items according to their destination, providing more relevant indications with respect to their specific segment.

As far as the statement of financial position is concerned, it was decided to enter items by separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provisions of paragraph 60 and following of IAS 1.

The statement of cash flows shows cash flow for the year, broken down into operating, investing and financial acivities; cash flows from operating activities are recognised using the indirect method.

The statement of changes in equity was prepared in compliance with IAS 1, obviously taking into account the comprehensive economic result. Finally, with regard to sector disclosure, the so-called management approach was applied, meaning that the elements that top management uses for taking its strategic and operational decisions are considered. The operating segment s subject to disclosure referred in particular to the various geographical areas where the Company works, and were determined on the basis of the same accounting standards used for drawing up the separate financial statements. Refer to note 32 for the presentation of the models of the segment reporting.

It should be pointed out that in order to have a better and more correct comparative illustration, some corresponding balances for the financial statements at 31 December 2010 were restated, without, however, changing the equity amounts at 31 December 2010 and the profit 2010.

BASIS OF PREPARATION

The separate financial statements were prepared on the basis of the historical cost principle, except for derivatives, which are measured at fair value. In this regard, it should be pointed out that since no fair value hedging transactions were performed, there are no financial instruments having their cost adjustment in relation to changes in the fair value attributable to the hedged risk.

The financial statements are shown in EUR o units while the notes thero to are, on the other hand, shown in thousands of EUR o unless otherwise stated. Therefore, in some statements, the total amounts could slightly deviate from the sum of the single addenda that compose the amount due to round-offs.

The separate financial statements, moreover, were drawn up on the assumption of the company’s ability to continue as a going concern.

ACCOUNTING STANDARDS

The most important accounting standards adopted for the drawing up of the separate financial statements at 31 December 2011 are shown below.

Conversion of foreign currency items

The financial statements of Astaldi S.p.A. are drafted in EUR o, which is the Company's presentation and operating currency.

The balances recognised in each foreign group company have been recognised in the currency of the entity's main economic environment (operating currency).

In case of economies showing hyper-inflation under the definition set forth in IAS 29, the measurement provided in this standard shall apply.

The items expressed in a currency other than the operating currency, whether monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-set or determinable sums of money) or non-monetary (inventories, work in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially recognised at the exchange rate in force on the transaction date. The items are subsequently translated into the operating currency on the basis of the exchange rate on the reporting date, and the resulting differences are recognised in the income statement. With regard to the latter it should be pointed out that the exchange rate differences are classified on the income statement, on the basis of the type of equity item that has generated them. The non-monetary items are kept at the conversion rate at the transaction date, except in the end 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 changes in the amount of these items.

Property, plant and equipment

Property, plant and equipment are measured at purchase or production cost, net of accrued depreciation and any impairment losses. The cost includes all expenses directly incurred in order to prepare the 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 are charged directly to the income statement in the financial year when incurred. Costs related to extension, renovation or the improvement of facilities owned or used by third parties are capitalised exclusively within the limits in which they can meet the requirements for separate classification as an asset or part of an asset. Financial charges incurred are capitalised when the conditions set forth in IAS 23 are met.

The carrying amount of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of based on its useful life. Depreciation is applied when the asset becomes available for use. The useful life estimated 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 asset, depreciation is calculated separately for each of the components forming the asset, applying the component approach policy.

Profits and losses deriving from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant carrying amount.

Leased property, plant and equipment

Property, plant and equipment owned through finance lease, which basically transfer all the risks and benefits of ownership, are recognised in the financial statements at the effective date of the lease as Astaldi S.p.A. assets at their current amount or, if lower, at the current amount of the minimum payments due for the lease, including the sum to be paid in the financial year for exercising the purchase option. The corresponding liabilities via-à-vis the lessor are included under financial payables.

If there is no reasonable certainty that ownership of the asset shall be acquired upon expiry of the lease, the financially leased assets are depreciated over a period equal to the duration of the lease 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 recognised in the income statement in the years of the duration of the lease.

Intangible assets

Inproperty, plant and equipmentare 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 them into operation, net of accrued amortisation (with the exception of assets with an undefined useful life) and any impairment losses. Amortisation is calculated 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.

Industrial patents and intellectual property rights are recognised at purchase cost net of amortisation and impairment losses accrued over time. Amortisation is calculated starting from the year in which the purchased right is available for use and takes into account the useful life.

Licenses and similar rights are recognised at cost net of amortisation and impairment losses accrued over time. Amortisation is calculated starting from the financial year in which the purchased right is available for use and takes into account the useful life.

Investment property

Investment property is recognised as an asset when it is 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 measured at purchase or production cost, increased by any additional costs, net of accrued depreciation and any impairment losses.

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 losses of property, plant and equipment and intangible assets

Assets with an indefinite useful life are not subject to systematic amortisation and depreciation, but are subjected to an impairment test, at least once a year. Such test checks the recoverability of the amount recognised in the financial statements.

For assets subject to amortisation and depreciation, the presence of any indicators leading to the possibility of impairment is assessed; consequently the realisable amount of the asset is estimated.

Such amount is defined as the greater between the fair value net of sale costs to sell and the asset's value in use, with any surplus recognised in the income statement.

Should the prerequisites for the previously performer impairment cease to exist, the carrying amount of the asset is restored within the limits of the carrying amount. Any reversal of impairment loss is recorded in the income statement. Conversely, the amount of previously amortised goodwill or an intangible asset with an indefinitive useful life is never restored.

When the realisable amount of an individual asset cannot be estimated, the Company estimates the realisable amount of the cash generating unit to which it belongs.

It is pointed out that during the year 2011 there were no internal and external indicators of impairments, as defined in IAS 36. Furthermore, it is noted that, in the absence of goodwill and having ascertained that the realisable value of individual assets may be easily calculated, no impairment has been identified.

Investments

Investments in subsidiaries, associates and joint ventures are classified under "investments" and measured at cost in compliance with IAS 27. These investments are subject to a periodical impairment test in accordance with IAS 36.

Investments in entities other than subsidiaries, associates and joint ventures, for which the consolidation scope should be referred to (generally with share of less than 20%) are classified, at the time of purchase, under "investments" and measured at cost if the calculation of fair value is not reliable; in this case the cost is adjusted for impairment losses in accordance with IAS 39.

Inventories

Inventories are recognised at cost or the net realisable value, whichever is less. The amount of inventories is calculated at 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.

Construction contracts

Construction work in progress is recognised in accordance with the percentage of completion method calculated cost to cost criterion.

This measurement reflects the best estimate of works performe at the reporting date. Assumptions, underlying measurements, are periodically updated. Any income statement deriving therefrom are accounted for in the year in which such update is made

Contract revenue includes:

The contract amounts agreed, changes in works, price reviews and incentives, to the extent to which these are likely to be reliable, with application of the conditions set forth in IAS 11 “construction contracts”. These refer to:

- Specific legislation regarding public works and international legislation;
- Contract clauses;
- The status of negotiations with the customer and likelihood that these negotiations will have a positive result;
- When necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the measurements made are reliable.

Contract costs include:

All costs that refer directly to the contract, costs that may be attributed to contract activity in general and that may be allocated to such contract, 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 equipment/machinery to base, insurance, etc.), and additionally
- Costs for services to be performed after the completion of works, remunerated in the contract referring to the contract activity (for example, periodic maintenance, assistance and supervision during the first phase of operation of individual works).

Finally, it is noted that contract costs include financial charges, as allowed by the amendment to IAS 11 in connection with the new IAS 23, resulting from financing specifically referred to works carried out. Indeed, during the call for tenders, specific terms of payment are defined on the basis of legal conditions that require the Company to perform structured financing transactions on the contract's invested capital, with the related charges for contract fee calculation.

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

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

When favourable or unfavourable events attributable to present situations at the reporting date occur after such date, the amounts recognised in the financial statements are adjusted to reflect the consequent income statement and financial position.

Contract work in progress is presented net of any allowance for impairment and/or losses on contracts, as well as of any advances for the contract in progress.

In this regard, it is noted that invoiced amounts related to individual contracts reports (Advances) reduce the gross contract amount, 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 revenue recognition. Therefore, since advances represent simple financial events, these transactions are always recognised 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 the contract.

With reference to the allowance for losses on individual contracts, it is noted that if such allowance exceeds the contract amount recognised among assets, such excess is recorded under "Payables due to customers".

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

Receivables and financial assets

Astaldi S.p.A. classifies financial assets in the following categories:

- Assets at fair value through profit or loss;
- Receivables and loans;
- Financial assets held to maturity;
- Financial assets available for the sale.

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

All financial assets are initially measured at fair value, increased by additional charges in the case of assets other than those classified at fair value through profit or loss.

The Company determines the classification of its own financial assets after initial reecognition and, if appropriate and allowed, reviews such classification at the end of each financial year. In this regard, it is noted that during 2011, as in the previous year, the categories adopted were receivables and loans and assets at fair value through profit or loss; the latter includes derivatives and some securities of a minor amount.

Financial assets at fair value through profit or loss

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 separated derivatives, are classified as held-for-trade financial instruments unless designated as effective hedging instruments. Gains or losses on assets held for trading are recorded in the income statement. Upon initial recognition, financial assets may be classified as financial assets at fair value through profit or loss, if the following conditions are met: (i) the designation eliminates or significantly reduces the inconsistency of recognition which would arise by measuring the assets or entering gains and losses generated by such assets in accordance with a different criterion; or (ii) the assets are part of a group of managed financial assets and their return is measured on the basis of their fair value, in accordance with a documented risk management strategy.

Receivables and loans.

This category includes assets which are not derivatives and that are not quoted in an active market, from which fixed or calculable payments are expected. Such assets are measured at the amortised cost based on the effective interest rate method. Any impairment losses calculated through the impairment test are recognised 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 within non-current assets.

Financial assets held to maturity

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

Such assets are measured 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 losses calculated through the impairment test are recognised in the income statement.

Financial assets available for sale

This category includes financial assets which are not derivatives, have been designated as such or are not classified in any of the three previous categories. They are measured at fair value, with impairment losses shown against a specific equity reserve ("reserve for assets available for sale"). This reseve is recognised in the income statement only when the financial asset is effectively transferred, or if there is real evidence that it has undergone a significant impairment losses.

Impairment losses on financial assets

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

Assets measured at 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 carrying amount of the asset and the current amount of estimated future cash flows (excluding losses on future debt 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 recognition). The carrying amount of the asset will be reduced by application of an allowance. The amount of the loss will be recognised in the income statement.

With reference to trade receivables, impairment losses are recoreded when there is evidence, largely based on the nature of the counterpart, that there is no possibility of collecting such receivables according to the original conditions. If, subsequently, the amount of impairment losses decreases, the decreased amount may be reversed. Any subsequent reversal of impariment losses are recognised in the income statement, to the extent in which the asset's carrying amount does not exceed the amortised cost at the date of restoration.

Financial assets available for the sale

In the case of impairment losses on 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 recognised in the income statement, net of any impairment losses previously recognised in the income statement.

Reversals of impairment losses relating to equity investments classified as available for sale are not recognised in the income statement. Reversals of impairment losses relating to debt instruments are recognised in the income statement if the increase in the instrument's fair value may be objectively attributed to an event which occurred after the impairment losses were recognised in the income statement.

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralising the risk of underlying assets or liabilities or Astaldi undertakings, except when they are classed as assets held for trading and measured at fair value through profit or loss.

The Company uses derivatives within the context of hedging strategies aimed at neutralising the risk of fluctuations of cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recognised in a specific reserve charged to the statement of comprehensive income ("hedgeing reserve"), which is then recognised in the income statement when the economic effects of the hedged item arise. The difference in fair value referable to the ineffective share is immediately recognised in the income statement for the year. If the derivative instrument is transferred or no longer qualifies 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 "hedging reserve" is immediately reversed to the income statement.

These derivatives are initially recognised at fair value at the stipulation date; subsequently, such amount 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 gains or losses deriving from changes in the fair value of derivatives not suitable for hedge accounting are recognised directly in the income statement during the year. The effectiveness of hedging transaction 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 pointed out that the Company does not stipulate derivative contracts for speculative purposes.

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 the expected cash flows, while the fair value of foreign exchange forwards is calculated on the basis of market exchange rates at the reference date, and the rate differentials between the currencies in question.

Hierarchical levels for fair value measurement of financial instruments

With regard to the instruments measured at fair value recognised in equity, under IFRS 7 "Financial instruments: disclosure" such instruments must be classified on a hierarchy of levels reflecting the significance of the inputs used in calculating fair value.

The standard distinguishes the following levels for financial instruments measured at fair value:

a) Level 1 – when the prices are recorded on an active market;
b) Level 2 – when the amount, different from the quoted prices in the

previous point, can be observed directly (prices) or indirectly (derivated from prices) on the market;

c) Level 3 – when the amounts are not based on observable market data.

No transfers between different levels of the hierarchy of fair value have ever occurred.

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 flows from the asset have expired;
- The right to receive cash flows from the asset is retained, but according to contractual obligations such cash flow has to be paid immediately and entirely to a third party;

- The Company transferred the right to receive cash flows from the asset and the Company: (a) has substantially transferred all 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.

When the Company 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, the asset is recognised in the financial statements to the extent of the residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is measured at the initial carrying amount of the asset or the maximum amount of the consideration the Company 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 carrying amounts are consequently recognised in the income statement.

Cash and cash equivalents

These include cash, deposits or other amounts with banks or other financial institution, 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 recognised at fair value, which normally corresponds to their nominal value.

Equity

Share capital

The share capital is the subscribed and paid up capital. Costs strictly related to share issues are classified as reducing the share capital when such costs are directly attributable to the capital transaction.

Treasury shares

Treasury shares are recognised 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 at the Shareholders' Meeting. Therefore, profits or losses relating to the purchase, sale, issue, or cancellation of treasury shares are not recognised in the income statement.

Retained earnings

This includes the profits or losses of the previous financial years for the part not distributed or allocated to reserves (in case of profit) or balanced (in case of loss).

Other reserves

These are reserves deriving from first application of international financial reporting standards and other equity reserves (such as stock grant reserve).

Other comprehensive income

The item includes the hedging reserve related to the fair value of hedging derivatives related to the effective component and the translation reserve.

Financial liabilities

Financial liabilities are initially recognised in the financial statements at fair value net of transaction costs, and are subsequently measured at their amortised 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.

Financial liabilities are classified as current liabilities unless the Company has the contractual right to fulfil its obligations at least more than 12 months after the reporting date.

It is noted that the Company has not designated any financial liability at fair value through profit or loss.

Trade payables and other payables

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

Tax expense

Current taxes

Current taxes for the year and those of previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the amount are those substantially issued at the reporting date in the individual countries where Astaldi operates.

Deferred taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the amount of assets and liabilities recognised in the financial statements and the taxable amount.

Deferred tax liabilities are recognised against all temporary taxable differences, except when:

- Deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and which at the moment of the transaction does not affect the profit for the year, calculated for the purpose of the financial statements, or the profit or loss calculated for tax purposes;

- Temporary taxable differences related to interests in subsidiaries, associates and joint ventures, the reversal 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 and for tax losses carried forward, to the extent to which sufficient future tax profits that can make its use applicable are likely, except when the deferred tax asset results from initial recognition 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 amount of deferred tax assets to be recognised in the financial statements is reassessed at each reporting date and reduced to 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 recognised are reassessed on an annual basis at the reporting date, and are recognised to the extent to 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 reporting date.

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.

Tax expense (deferred and current) directly related to equity items is recognised under equity and not in the income statement.

Employee benefits

Post-employment beneftis

The post-employment beneftis), as per IAS 19, represent a "defined contribution plan", and are recognised in accordance with such standar.

Cash-settled, share-based payments

Astaldi S.p.A has set up an incentives scheme for top management (CEO and general managers), linked to their achievement of specific economic-financial targets and falling within the scope of IFRS 2.

Specifically, the scheme offers the CEO the free disbursement of Astaldi shares marked by a lock up period lasting three years, while the others are assigned, free of charge, Astaldi shares, meaning the disbursement - again free of charge - of a package consisting of shares and cash. The scheme assignment cycle for all beneficiaries refers to the 2010-2012 three-year period. The beneficiaries will be entitled to what is specified above on every date of approval of the financial statements of the years indicated, and they must reach targets.

Provisions for risks and charges

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

The provisions are recognised at the amount representing the best estimate to settle the obligation or to transfer it to third parties at the reportin date. 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 is recognised as a financial charge in the income statement.

Revenue other than contract work in progress

Revenue is measured at the fair value of the payment received, taking into account any discounts and reductions linked to quantities.

Revenue related to the sale of goods is recognised 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 transfering ownership or possession to the buyer, and the value of the revenue may be reliably calculated.

Revenue from the supply of services is recognised, when it can be reliably estimated, on the basis of the percentage-of-completion method.

Government grants

Government grants are recognised 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 the income statement in such proportion that it offsets the corresponding costs.

In the case the grant is linked to an asset, the grant's fair value is recognised as a reduction of the asset. The grant is accrued among liabilities should the underlying asset not be in operation or should it be under construction and the relative amount is not included in the carrying amount of the asset.

Financial charges

Interest is entered on an accruals basis in accordance with the effective interest method, by using the interest rate that makes all incoming and outgoing flows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. Financial charges are capitalized according to provisions set out by IAS 23.

Dividends

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

Costs

Costs are recognised on an accruals basis and on the basis of the company's ability to continue as a going concern.

Earnings per share

Basic earnings per share are calculated by dividing the share of the profit attributable to ordinary shares by the weighted average of outstanding ordinary shares, excluding treasury shares.

Diluted earnings are calculated by adjusting the denominator of the ratio with the effect of the potential ordinary shares coming from the Stock Grant schemes.

Use of estimates

Preparing the financial statements and notes in compliance with IFRSs requires the formulation of estimates and assumptions affecting the carryng amounts of assets and liabilities and the disclosure regarding potential assets and liabilities. In the light of the Banca d'Italia/ CONSOB/Isvap Joint Document No. 2 of 6 February 2009 it should be pointed out that such estimates are based on the most recent information available to top management at the time of preparing these financial statements, the reliability of which is, therefore unprejudiced. Estimates are used, inter alia, to record allowance for impairment and provisions for contract revenue, amortisation and depreciation, impairment lossesof assets, employee benefits, taxes, other accruals and provisions. The final results may differ from these estimates.

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.

Newly issued accounting standards and interpretations with EU approval effective at 1 January 2011.

EU REGULATION	CONTENTS

REG. (EU) 1293/2009 of 24 December 2009	Amendment to IAS 32 – Classification of rights issues
REG. (EU) No. 574/2010 OF THE COMMISSION of 30 June 2010	Amendment to IFRS 1 limited Exemption from comparative IFRS 7 Disclosures for first-time adopters – Amendment of IFRS 7 Financial instruments: Disclosures
REG. (EU) No. 632/2010 OF THE COMMISSION of 19 July 2010	IAS 24 Related party disclosures - Amendment to IFRS 8 Operating segments
REG. (EU) No. 633/2010 OF THE COMMISSION of 19 July 2010	Amendments to IFRIC 14 Interpretation Prepayments of a minimum funding requirement
REG. (EU) No. 662/2010 OF THE COMMISSION of 23 July 2010	IFRIC 19 Interpretation Extinguishing financial liabilities with equity instruments - Amendment to IFRS 1 First time adoption of International Financial Reporting Standards
REG. (EU) No. 149/2011 OF THE COMMISSION of 18 February 2011	Improvements to International Financial Reporting Standards

The standards and interpretations approved with the regulations indicated have not had any special impact on the measurement and recognition of income statement and statement of financial position or on the financial statement discolures.

It is also pointed out that EU REGULATION No. 1205/2011 OF THE COMMISSION was issued on 22 November 2011, and concerns amendments to IFRS 7 "Financial instruments: disclosures — Transfers of financial assets." In this regard the Group is analysing the effects deriving from the amendments to IFRS 7 but an initial analysis shows that the impact will regard disclosure only.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1 Revenue: EUR 1,948,735 thousand (EUR 1,551,075 thousand)

Revenue from works amounted to EUR 1,948,735 thousand and with an increase of approximately 26% compared to 2010. This increase, in line with the plan objectives, is due to a general increase in the strategic areas where the Company operates, including the domestic area. Details are provided in the following table:

	2011	2010	Change
Revenue from sales and services	214,401	255,333	(40,932)
Changes in contract work in progress	1,734,335	1,295,742	438,592
Total	**1,948,735**	**1,551,075**	**397,660**

It should be pointed out that the item "Revenue from sales and services" includes amounts of works completed and approved by the respective customers and revenue deriving from the concessions, while the item "Changes in contract work in progress" represents the amount of works performed in the year, but not yet completed.

Revenue broken down by geographical area is shown below:

	2011	%	2010	%	Change
Italy	957,257	49.1%	761,640	49.1%	195,617
Europe	619,172	31.8%	399,427	25.8%	219,745
America	210,162	10.8%	253,101	16.3%	(42,939)
Africa	162,144	8.3%	136,906	8.8%	25,238
Total	**1,948,735**	**100.0%**	**1,551,075**	**100.0%**	**397,661**

In connection with the geographical breakdown of revenue, there was a significant increase in the Central and Eastern EUR opean area due in particular to the Romanian (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and the Polish areas (National Road NR-8, Line 2 of the Warsaw Underground), and the African area with the with the SMS Railway in Algeria. In the domestic area, we can mainly cite the increase of works for the Jonica state highway, Line 5 of the Milan Underground, and the hospitals in Tuscany (Lucca, Massa, Pistoia, Prato). Please refer to the Management Report for detailed information on these contracts.

For further information on this item please refer to note 32 of segment reporting pursuant to IFRS 8.

2 Other Revenue: EUR 89,328 thousand (EUR 122,657 thousand)

Other revenue, totalling EUR 89,328 thousand, comprises items not directly related to the Company's main production activity, but rather accessory to the core business and of a lasting nature. Details are provided in the following table:

	2011	2010	Change
Revenue from the sale of goods	26,084	39,158	-13,074
Services to third parties	32,673	34,854	-2,181
Services and activities to manage joint projects	10,101	5,642	4,459
Rent and lease receivable	7,202	7,403	-201
Net gains from disposal of property, plant and equipment	2,195	1,855	340
Other	11,073	33,745	-22,672
Total	**89,328**	**122,657**	**-33,329**

In this regard we can observe a general decrease of the significant components of this item, and especially with regard to revenue from the sale of goods. The decrease is related above all to the Turkish area and regards operations undertaken with subcontractors in the previous year with reference to individual contracts; there was also lower revenue for services with reference to orders in Turkey and Poland. We can also observe the decrease in other items, mainly due to a decrease in insurance repayments and the use of surplus provisions. The item is mainly composed of: insurance repayments, EUR 2,662 thousand; use of surplus provisions, EUR 2,922 thousand, compared to the requirement of future resources to cover an obligations deriving from past events; prior year income and inexistant liabilities of EUR 1,791 thousand; other revenue of EUR 2,822 thousand related to ordinary services.

3 Purchase costs: EUR 340,980 thousand (EUR 258,748 thousand)

The costs for the purchase of raw materials, supplies and consumables, together with the change in inventories, totalled EUR 340,980 thousand and rose by approximately 32% over the previous year. Details are provided in the following table:

	31/12/2011	31/12/2010	Change
Purchase costs	359,455	251,654	**107,801**
Change in inventories of raw materials, supplies, consumables and goods	-18,475	7,094	**-25,569**
Total	**340,980**	**258,748**	**82,232**

This increase is mainly due to the rise in production in the year, and consequently to the increase in changes in contract work in progress, mentioned above, in the Eastern EUR ope area (Romania, Poland) especially Romania Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and the Polish area (National Road NR-8, Line 2 of the Warsaw Underground), as well as the African area (Algeria - SMS Railway); in this regard, there is also the domestic area, mainly from the increase in works on the Jonica State Highway are Line 5 of the Milan.

The geographical breakdown of purchase costs is the following:

	2011	%	2010	%	Change
Italy	70,782	19.7%	54,016	21.5%	16,766
Europe	228,481	63.6%	137,694	54.7%	90,787
America	20,196	5.6%	31,907	12.7%	(11,711)
Africa	39,996	11.1%	28,037	11.1%	11,959
Total	**359,455**	**100.0%**	**251,654**	**100.0%**	**107,801**

4 Service costs: EUR 1,248,287 thousand (EUR 1,042,207 thousand)

Service costs amounted to EUR 1,248,287 thousand and recorded a general increase of approximately 20% compared to the previous year. Details are provided in the following table:

	2011	2010	Change
Consortium costs	461,902	422,247	39,656
Subcontracts and other services	604,936	466,662	138,274
Technical, administrative and legal consulting	63,855	55,310	8,546
Remuneration of directors and statutory auditors	2,470	3,568	(1,097)
Utilities	7,860	8,438	(578)
Travel and transfers	3,369	3,604	(235)
Insurance	19,720	13,145	6,575
Rentals and other costs	68,714	46,848	21,866
Rent and condominium expenses	5,354	4,389	965
Maintenance costs for leased assets	405	360	45
Other	9,702	17,636	(7,936)
Total	**1,248,287**	**1,042,207**	**206,080**

In this regard we can observe a general increase in the significant components of this item, and especially the increase in consortium costs, referring to the execution of works in association with other partners, and referring above all to projects undertaken in Italy such as the works on the Jonica State Highway DG 22, the hospitals in Tuscany, the Pedemontana Lombarda Motorway and the Carabinieri School in Florence.

In relation to the costs for subcontracts an increase of approximately 30% was recorded and especially in the two main operating areas which have also recorded a greater increase in production for the year, and especially in Romania (Arad-Orodea National Road, Medgida-Costanza Motorway, Arad – Timisoara Motorway) and Poland (NR-8 National Road, Line 2 of the Warsaw Underground). The increase is due to the construction of the Milas-Bodrum Airport in Turkey and to domestic orders, especially the Extension of Line 5 in Milan. The geographical breakdown of subcontracting costs is shown in the following table:

	2011	%	2011	%	Change
Italy	221,460	36.6%	181,713	39.0%	39,747
Europe	295,818	48.9%	183,510	39.3%	112,308
America	69,310	11.5%	72,074	15.4%	(2,764)
Africa	18,104	3.0%	29,362	6.3%	(11,258)
Asia	244	0.0%	3	0.0%	241
Total	**604,936**	**100.0%**	**466,662**	**100.0%**	**138,274**

Finally, there was an increase in costs for rentals for 'Romania, Poland and Algeria. With regard to "Other" costs, down compared to the previous year, this is mainly due to custodian expenses.

5 Personnel expenses: EUR 170,588 thousand (EUR 159,918 thousand)

Personnel expenses totalling EUR 170,588 thousand rose compared to the previous period by approximately 7%. Details are provided in the following table:

	2011	2010	Change
Wages and salaries	114,059	105,805	8,254
Social security charges	29,352	26,413	2,939
Other costs	25,923	25,951	-28
Other post-employment benefits	220	205	15
Cost of share-based payments	1,034	1,544	-510
Total	**170,588**	**159,918**	**10,670**

In relation to this item an increase was recorded in the Eastern EUR ope area (Romania, Poland) and in Italy also due to the higher levels of production achieved in the year; however we should point out a decrease in the percentage impact of this item with respect to revenue for the year (2011: 8.4%; 2010:9.6%). The "Other costs" item, down slightly compared to the previous year, includes both the cost components related to personnel management (training, canteen, meals, etc.) and the cost allocation of the post-employment benefits as a defined contribution plan as per IAS 19. The component "Other post-employment benefits" represents the revaluation of post-employment benefitsallocated up to the time when the new rules came into force. Refer to note 26 for details on changes in post-employment benefits.

The item "Cost of share-based payments" includes the recognition of an incentive scheme for top management linked to their achievement of specific financial targets. The main features of the scheme are defined hereunder.

The scheme consists of assigning the Beneficiaries (CEO or General Manager) Astaldi shares free of charge, meaning disbursing – again free of charge – the corresponding value of the shares to the Beneficiaries in the manner and under the conditions specified in the regulations. The share assignment cycle refers to the 2010-2012 three-year period. The CEO can be assigned a maximum number of 100,000 shares for each year of validity of the plan, and each General Manager can be assigned, free of charge, a maximum number of 34,000 or 38,000 shares, depending on the Beneficiary's choice with regard to the methods of delivery of the right to receive the benefit, for each year of validity of the plan.

The maximum number of shares that can be assigned as a whole to the Beneficiaries during each year will equal 252,000, and they cannot exceed the number of 756,000 during the three-year period of validity of the scheme.

As an alternative, each General Manager will be entitled to receive, at his discretion, the following for each year of validity of the scheme when the conditions set out in the regulations take place:

a. a gross amount equal to the counter-value of 17,000 shares, measured at average closing price of Astaldi's ordinary shares traded on the market during the last quarterly period prior to the date of assignment, and the physical delivery of a number of shares totalling 17,000; in any case, assignment of the "liquidity" cannot exceed 50% of the fixed and ordinary remuneration annually paid to the General Manager;

b. the physical delivery of shares equal to 34,000 multiplied by an inducement factor equal to 1.12 and therefore for a total amount of 38,000 shares.

Assignment of the shares or delivery of their counter-value every year is subordinate to the Company's achievement of the financial performance targets defined each year by the Board of Directors; in accordance with the regulations, the assignment date of the shares is the date of resolution with which the Board of Directors ascertains achievement of said targets and the occurrence of the required conditions consequently provides for assigning the shares to the Beneficiaries.

The achievement of the aforesaid targets is ascertained by the Board of Directors upon approval of the draft financial statements.

In connection with what has been described up to this point, the plan has taken into account the hypothesis of the physical delivery of shares resulting in a cost of EUR 1,034 thousand with an equity reserve.

For further information in this regard please refer to the Coroporate Governance and Shareholding structure report; actuarial assumptions with regard to the calculation for 2011 are, however, as follows:

- Dividend rate: 3.25%
- Volatility: 43%
- Probability of target achievement: 95%
- Risk free rate: 1.40%

The following tables show personnel expenses by geographical area:

	2011	%	2010	%	Change
Italy	70,786	41.5%	65,731	41.1%	5,055
Europe	47,315	27.7%	35,744	22.4%	11,571
America	29,989	17.6%	35,916	22.5%	(5,927)
Africa	21,535	12.6%	21,788	13.6%	(253)
Asia	963	0.6%	739	0.4%	224
Total	**170,588**	**100.0%**	**159,918**	**100.0%**	**10,670**

Composition of personnel	31/12/11	31/12/10	Change
Top management	143	125	18
Middle management	125	118	7
White collars	1,931	1,893	38
Workers	3,474	3,792	-318
Total	**5,673**	**5,928**	**-255**

6 Amortisation, depreciation and impairment losses: EUR 37,288 thousand (EUR 37,013 thousand)

Costs for amortisation, depreciation and impairment losses totalling EUR 37,288 thousand containing amortisation of intangible assets and depreciation of property, plant and equipment and investment property show a slight increase compared to the previous year. Details are provided in the following table:

	2011	2010	Change
Amortisation intangible assets	7,129	1,087	6,042
Depreciation of property, plant and equipment	30,159	35,926	-5,767
Total	**37,288**	**37,013**	**275**

The item includes depreciation of investment property for a residual value; refer to note 15 for more details.

7 Other operating costs: EUR 30,550 thousand (EUR 20,552

thousand)

Other operating costs totalling EUR 30,550 thousand show an increase attributable to all the components of this item, which are as follows:

	2011	2010	Change
Provisions for risks and charges	7,665	744	6,921
Other operating costs	22,885	19,808	3,077
Total	**30,550**	**20,552**	**9,998**

This increase in provisions for risks and charges reflects the estimated cost for the Company in the business combinations set up with other General Contractors for undertaking initiatives in Italy for transportation infrastructures. The financial effect of these possible costs could occur at the time of the solution of complex contract and participation issues for specific situations, with effects in the coming financial years.

Other operating costs, also showing an increase compared to the previous financial year, are as follows:

	2011	2010	Change
Prior year expense and inehistant assets	966	1,717	-751
Tax charges	8,841	4,986	3,855
Other administrative and sundry costs	13,078	13,105	-27
Total	**22,885**	**19,808**	**3,077**

More specifically, the increase is mainly due to tax charges (customs duties, concession tax, etc.) above all in Venezuela and Turkey. Finally, the decrease in Prior year expense and inehistant assets for EUR 751 thousand regards lower estimated differences compared to the previous year.

8 Financial income: EUR 45,184 thousand (EUR 41,974 thousand)

Financial income rose compared to the previous year by EUR 3,210 thousand and consists of the following:

	31/12/11	31/12/10	Change
Income from subsidiaries	5,632	10,965	(5,333)
Income from associates	855	1,354	(498)
Income from other investees	-	5,791	(5,791)
Bank interest income and fee	2,126	1,574	551
sureties fees	3,098	1,419	1,679
Exchange rate gains	11,699	14,241	(2,542)
Income on derivatives	1,632	2,149	(517)
Other financial income	20,143	4,480	15,662
Total	**45,184**	**41,974**	**3,210**

In the analysis of the components of this item, the increase is basically due to sureties fees and the component "Other financial income" showing an increase from default interest received from customers and from liquidity management operations.

There was a decrease in some components, due to foreign exchange management which, despite the fall in the gains generated, recorded a significant decrease in exchange rate losses as shown below in the composition of financial charges

9 Financial charges: EUR 150,383 thousand (EUR 123,753 thousand)

This item recorded an increase compared to the previous year in relation to the cost of borrowing, as a result of investments for the internal and external growth of the Company, and the sureties fees related to works in progress.

The financial components of this item are shown below:

	31/12/11	31/12/10	Change
Sureties fees	20,449	17,380	3,068
Bank interest expense and fees	31,401	24,845	6,555
Exchange rate losses	16,982	23,251	(6,269)
Losses on derivatives	12,288	14,408	(2,120)
Financial charges on leases	280	637	(357)
Other financial charges	16,224	9,919	6,305
Total	**97,623**	**90,441**	**7,182**
Impairment losses of investments	40,831	33,146	7,685
Impairment losses of securities and receivables	11,929	166	11,763
Total	**52,760**	**33,312**	**19,448**
Total financial charges	**150,383**	**123,753**	**26,630**

More specifically, there was an increase basically related to the domestic area, in interest items on borrowing, totalling EUR 31,401 thousand. This consists mainly of: EUR 25,269 thousand (2010: 20,688 thousand) for interest on borrowing, EUR 4,006 thousand (2010: 2,210 thousand) for interest on short-term financial debt, EUR 1,264 thousand (2010: 1,205 thousand) for bank fees and expenses. This increase in sureties fees is connected with Algeria (SMS Railway) and Poland (Warsaw Underground). Finally, the remaining component "other financial charges" refers mainly to forecast charges from the conclusion of financial transactions on specific credit positions, in relation to the definitive transfer, pursuant to the law and to contracts, of the relative risks and benefits to the respective counterparts.

With regard to the financial component for the impairment losses on financial assets, measured on the basis of the impairment test, there was an increase in the Asian and South American areas.

10 Tax expense

: EUR 42,518 thousand (EUR 26,624 thousand)

The total amount of taxes for the year for headquarters and entities abroad is EUR 42,518 thousand. The tax rate, including IRAP, is equal to 40%. Details are provided in the following table:

Income statement	*2011*	*2010*	*Change*
Current income tax (*)	33,395	21,551	11,844
Deferred income tax (*)	1,758	1,941	(183)
Current IRAP tax	6,042	4,977	1,065
Deferred IRAP tax	(2)	89	(91)
Substitute and other taxes	1,324	(1,934)	3,258
Total	**42,518**	**26,624**	**15,893**

(*) Income tax refers to IRES for Italy and similar taxes in foreign areas

There follows the composition of deferred tax totalling EUR 13,392 thousand:

Equity	*31/12/2011 IRES*	*31/12/2011 IRAP*	*31/12/2010 IRES*	*31/12/2010 IRAP*
a) Deferred tax assets deriving from:	**16,535**	**562**	**17,758**	**685**
- Taxed provisions for risks	10,819	562	11,307	684
- Taxed allowance for impairment – default interest	197		428	
- Exchange rate differences	5,169		5,525	
- Other	350		498	1
b) Deferred tax liabilities deriving from:	**-3,173**	**-532**	**-1,090**	**-532**
- Buildings recognised at fair value in substitution of cost	-3,752	-532	-3,752	-532
- Taxable portion of dividends	-32		-47	
- Default interest to be collected	-2,371		-1,330	
- Hedging reserve	2,982		4,039	
c) Net deferred tax assets a) - b)	**13,362**	**30**	**16,668**	**153**
d) Deferred tax for year recognised in profit or loss	**1,758**	**-2**	**1,941**	**89**

Reconciliation, for IRES purposes only, between the tax recognised in the accounts (current and deferred) and the theoretical tax resulting from the application of the current tax rate (27.5%) to the pre-tax profit is the following:

	2011	%	2010	%
Pre-tax profit	**105,172**		**73,516**	
Theoretical income tax	28,922	27.5%	20,217	27.5%
Net effect of permanent increases (decreases)	5,850	5.6%	1,507	2.0%
Net effect of deferred and current taxation of foreign entities and other adjustments	381	0.4%	1,768	2.4%
Substitute and other taxes	1,324	1.3%	(1,934)	-2.6%
IRAP (current and deferred)	6,041	5.7%	5,066	6.9%
Income tax recorded in the financial statements (current and deferred)	**42,518**	**40.4%**	**26,624**	**36.2%**

11 Earinings per share: EUR o 0.64 (EUR o 0.48)

Earnings per share are calculated as follows:

	31 December 2011	**31 December 2010**
Numerator		
Profit for the year	62,654	46,891
Denominator (in units)		
Weighted average under of shares (all ordinary)	98,424,900	98,424,900
Weighted average under of treasury shares	(668,467)	(765,884)
Weighted average under of shares to be used to calculate basic earnings per share	**97,756,433**	**97,659,016**
Basic earnings per share	**0.641**	**0.480**

In this respect, it can be pointed out that the stock grant scheme for key management personnel responsibilities does not produce a significant dilution effect. Considering the effect of potential shares that could be assigned to beneficiaries, the earnings obtained are EUR o 0.639.

12 Property, plant and equipment: EUR 131,809 thousand (EUR 137,494 thousand)

Property, plant and equipment decreased by approximately EUR 5,685 thousand compared to the previous year, especially in the Algerian and Turkish areas.

This decrease is mainly due to the procedure for execution of the works with the general contracting system and a careful investment policy taking into account the optimal use of assets throughout their useful life, as well as the separate production phases of the single contracts executed directly. The following table shows changes in property, plant and equipmentin 2011.

	Land and Buildings	General and specific plant	Excavators, loaders and vehicles	Sundry equipment and machines	Assets under construction and payment on account	Total
Amount at 31/12/2010, net of depreciation (1)	38,924	53,793	23,267	19,694	1,815	137,494
Increases						
deriving from acquisitions	100	11,020	6,599	7,645	9,380	34,744
	39,024	**64,813**	**29,866**	**27,340**	**11,196**	**172,238**
Depreciation	**-999**	**-11,513**	**-10,273**	**-7,366**	**0**	**-30,153**
Other disposals	0	-6,224	-2,058	-1,227	-993	-10,502
Reclassification and transfers	-26	563	96	12	-644	0
Other changes	0	-4,907	680	-12	4,464	226
Amount at 31.12.2011, net of depreciation (2)	**37,999**	**42,731**	**18,311**	**18,746**	**14,023**	**131,809**
(1) of which						
- Cost	45,006	111,947	86,620	55,619	1,815	301,007
- Accumulated depreciation	-6,081	-58,154	-63,353	-35,925	0	-163,513
Net depreciation	**38,924**	**53,793**	**23,267**	**19,694**	**1,815**	**137,494**

(2) of which						
- *Cost*	45,079	101,405	85,651	58,106	14,023	304,264
- *Accumulated depreciation*	-7,081	-58,674	-67,340	-39,360	0	-172,455
Net depreciation	**37,999**	**42,731**	**18,311**	**18,746**	**14,023**	**131,809**

The amount of property, plant and equipment included leased assets for an amount of EUR 11,322 thousand as shown below:

	General and specific plant	***Excavators, loaders and vehicles***	***Sundry equipment and machines***	***Total***
Amount at 31.12.2011, net of depreciation				
of which				
- *Cost*	6,614	5,855	3,574	16,043
- *Accumulated* ***depreciation***	-1,776	-2,197	-748	-4,721
Net amount	**4,838**	**3,658**	**2,826**	**11,322**

13 Investment property: EUR 167 thousand (EUR 173 thousand)

Investment property decreased compared to the previous year in relation to the ordinary depreciation cycle as shown in the following table:

Amount at 31/12/2010, net of depreciation (1)	**173**
Amortisation	(6)
Amount at 31/12/2011, net of depreciation (2)	**167**
(1) of which	
- *Cost*	204
- *Accumulated* ***depreciation***	(31)

Net amount	**173**
(2) of which	
- *Cost*	204
- *Accumulated* ***depreciation***	(37)
Net amount	**167**

In relation to measurement of fair value, it is noted that since the indicators were not remarkably reliable and due to the minor significance of the investment in question, it was not deemed necessary to list a precise measurement or a range of fair values.

14 Intangible assets: EUR 3,983 thousand (EUR 3,025 thousand)

Intangible assets basically uncharged compared to the previous year. The following table shows the changes in this item; it is pointed out that there are no leasing items.

	Intellectual property rights	Other Intangible assets	Total
Amount at 31/12/2010, net of amortisation (1)	538	2,486	3,025
Increases			
deriving from acquisitions	398	7,689	8,087
	937	**10,176**	**11,112**
Amortisation	**-378**	**-6,751**	**-7,129**
Amount at 31.12.2011, net of amortisation (2)	**559**	**3,424**	**3,983**
(1) of which			
- *Cost*	1,788	3,993	5,782
- *Accumulated amortisation*	-1,250	-1,507	-2,757
Net amount	**538**	**2,486**	**3,025**
(2) of which			
- *Cost*	1,767	11,683	13,449

- *Accumulated amortisation*	-1,208	-8,258	-9,466
Net amount	**559**	**3,424**	**3,983**

15 Investments: EUR 226,556 thousand (EUR 157,414 thousand)

Investments rose in the year by EUR 69,142 thousand as shown below, with details set forth in the annex to the financial statements:

	31/12/11	31/12/10	Change
Investments	226,556	157,414	69,142
Total	**226,556**	**157,414**	**69,142**

This increase of the year is due to the following capital inyections:

- EUR 44,811 thousand for share capital increase of the subsidiary Astaldi Concessions.
- EUR 14,229 thousand regarding the inyections of part of the share capital in the company registered under Turkish law "Otoyol Yatirim Ve Isletme A.S.", set up for the construction and management of the Gebze-Orhangazi-Izmir Motorway in Turkey.
- EUR 9,675 thousand for the inyections capital in the company Metro 5 S.p.A., concessionaire for Line 5 in Milan.

We can also observe that this item rose by EUR 4,347 thousand in relation to the purchase of a further investment in the Società Partenopea Finanza di Progetto and by EUR 1,000 thousand following the setting up of the company nBI S.r.l..

Finally, it should be pointed out that this item, as in the previous year, is recorded net of payments yet to be made for quotas and/or shares subscribed.

16 Financial assets

Non-current financial assets: EUR 185,752 thousand **(EUR 68,471** thousand**)**

This item, with EUR 3,783 thousand recognised in the net financial position, basically refers to receivables from subsidiaries, associates and jointly controlled entities. This increase is due the Group's policy of financial support to the Italian and foreign subsidiaries. In particular, this increase is accounted for by EUR 67,450 thousand for Astaldi Concessione s.r.l. and EUR 33,136 thousand for Astaldi Arabia Limited.

Refer to note 31 for detailed information on transactions with related parties.

Current financial assets: EUR 5,290 thousand **(EUR 7,293** thousand**)**

The item substantially includes securities in the portfolio amounting to EUR 1,674 thousand (31 december 2010: 4,789 thousand) related to cash flow management and derivatives related to hedging transaction of EUR 3,616 thousand (31 december 2010: 2,504 thousand).

17 Other assets

Other non-current assets: EUR 24,950 thousand **(EUR 18,556** thousand**)**

This item increased compared to the previous year in relation to the following components:

	31/12/11	31/12/10	Change
Tax assets	3,179	4,136	(957)
Other assets	21,771	14,420	7,351

Total other non-current assets	**24,950**	**18,556**	**6,394**

This item includes, in relation to the tax assets, EUR 2,100 thousand (31 december 2010: 3,047 thousand) in receivables for VAT for which reimbursement application has been made to the Tax Authorities, and EUR 1,079 thousand (31 december 2010: 1,089 thousand) referring to receivables for direct taxes. The component "Other assets" includes in particular:

- Caution deposits of EUR 2,864 thousand (31 december 2010 1,499 thousand);
- Receivables for advances to suppliers and subcontractors totalling EUR 925 thousand (31 december 2010: 913 thousand);
- Prepayments on insurance premiums of EUR 9,475 thousand (31 december 2010: 4,857 thousand);
- Prepaymentsfor sureties fees of EUR 2,012 thousand (31 december 2010: 3,798 thousand);
- Other prepayments of EUR 6,493 thousand (31 december 2010: 3,189 thousand).

Other current assets: EUR 263,537 thousand **(EUR 300,325** thousand**)**

Other current assets decreased compared to the previous year above all in relation to the receivables from subsidiaries and associates. This item consists of the following:

	31/12/11	31/12/10	Change
Receivables from subsidiaries	22,502	42,666	(20,164)
Receivables from associates	25,581	27,943	(2,362)
Receivables from other entities	630	147	483
Other assets	214,825	229,569	(14,745)

Grand total	**263,537**	**300,325**	**(36,788)**

In relation to the receivables from investees, more detailed information is provided in the attachment on transactions with related parties.

Other assets consist mainly of: receivables for advances to subcontractors, of approximately EUR 67,876 thousand, which fell by approximately EUR 3,741 thousand above all in Algeria and Central America (El Salvador); other receivables from third parties for sales of goods and services of approximately EUR 97,480 thousand which rose by approximately EUR 11,321 thousand and especially in the EUR opean area (Romania); deferred charges mainly for sureties and insurance policies of approximately EUR 4,176 thousand; the difference between the nominal value of receivables factored before 31 December 2003 and the amounts collected.

It should be pointed out that in the year there were no impairment indicators for these items. There follows the changes in the allowance for impairment:

	31/12/2010	Provisions	Use			**31/12/2011**
			Income	Equity	Other	
Other current assets						
Allowance for impairment	**-3,500**					**-3,500**

18 Inventories: EUR 79,308 thousand (EUR 82,407) thousand

Inventories decreased compared to the previous year by EUR 3,099 thousand and mostly in the Venezuela area. This item is as follow:

	31/12/11	**31/12/10**	**Change**

Raw materials, supplies and consumables	77,338	80,767	(3,429)
Goods and materials in transit	1,970	1,640	330
Total	**79,308**	**82,407**	**(3,099)**

The following table shows the geographical breakdown of this item:

	31/12/11	%	31/12/10	%	Change
Italy	4,474	5.6%	5,580	6.8%	(1,106)
EUR ope	41,556	52.4%	32,266	39.2%	9,289
America	24,246	30.6%	38,801	47%	(14,555)
Africa	9,033	11.4%	5,760	7.0%	3,273
Total	**79,308**	**100.0%**	**82,407**	**100.0%**	**(3,099)**

19 Receivables from customers: EUR 963,486 thousand (EUR 780,812 thousand)

Amount due to customers: EUR 377,023 thousand (EUR 304,298 thousand)

The breakdown of these items is shown in the following table:

CURRENT ASSETS	31/12/2011	31/12/2010	Change
Contract work in progress	5,993,787	4,209,736	1,784,051
Allowance for impairment losses on contract	-7,743	-11,883	4,140
Total contract work in progress	**5,986,044**	**4,197,853**	**1,788,191**
Payments on account from customers	-5,022,559	-3,417,041	-1,605,518
Total receivables from customers	**963,486**	**780,812**	**182,673**
CURRENT LIABILITIES			
Contract work in progress	689,241	434,216	255,025
Payments on account from customers	-830,086	-498,541	-331,545
Contract advances	-226,544	-230,731	4,187
Allowance for impairment losses on contract	-9,634	-9,241	-393
Total payables to customers	**-377,023**	**-304,298**	**-72,726**

This increase in work in progress, while general in all the business areas, is mainly due to orders in the EUR opean area and the domestic area.

20 Trade receivables: EUR 749,856 thousand (EUR 610,372 thousand)

Trade receivables rose compared to the previous year by approximately EUR 139,484 thousand and consist of the following:

	31/12/11	31/12/10	Change
Receivables from customerss	607,115	530,582	76,533
Receivables from subsidiaries	116,241	59,393	56,848
Receivables from associates	34,006	29,291	4,715
Receivables from parents	5	13	(8)
Receivables from other investees	734	495	239
Allowance for impairment	(8,245)	(9,402)	1,157
Total	**749,856**	**610,372**	**139,484**

This increase, compared to the previous year, is basically due to the domestic area (Line 5 in Milan, Line C in Rome, the Turin By-Pass), the European area (Romania: Medgida-Costanza Motorway) and the African area (Algeria: SMS Railway). The following table shows the geographical breakdown of receivables:

	31/12/11	%	31/12/10	%	Change
Italy	315,294	42.0%	205,202	33.6%	110,092
Europe	115,760	15.4%	91,760	15.0%	24,000
America	236,606	31.6%	264,649	43.4%	(28,043)
Africa	82,182	11.0%	48,749	8.0%	33,434
Asia	15	0.0%	12	0.0%	3
Total	**749,856**	**100.0%**	**610,372**	**100.0%**	**139,484**

The allowance for impairment decreased compared to the previous year and the changes are shown below:

	31/12/2010	Provisions	Use Income	Use Equity	Other	31/12/2011
Allowance for impairment	-5,772				18	**-5,754**

Allowance for impairment-default interest	-3,630	-13	1,152		**-2,492**
Total	**-9,402**	**-13**	**1,152**	**18**	**-8,246**

21 Tax assets: EUR 83,126 thousand (EUR 64,051 thousand)

Tax assets, net of an impairment-default interest totalling EUR 198 thousand, rose compared to the previous year by approximately EUR 19,075 thousand and are composed as follows, inclusive of the allowance:

- EUR 57,900 thousand (31 december 2010: EUR 47,008 thousand) referring to receivables for indirect taxes for the foreign area (Algeria and Turkey).
- EUR 25,424 thousand (31 december 2010: EUR 17,241 thousand) referring to direct taxes, recognised pursuant to and for all effects of the provisions in force in the countries where the Company operates, especially in Italy, Turkey and Poland.

22 Cash and cash equivalents: EUR 241,247 thousand (EUR 239,667 thousand)

Cash and cash equivalents increased compared to 31 december 2010 by EUR 1,580 thousand and consist of the following:

	31/12/11	31/12/10	Change
Bank and post office deposits	240,897	239,100	1,797
Cash and cash equivalents	350	567	(217)
Total	**241,247**	**239,667**	**1,580**

In terms of geographical breakdown this item is as follows:

	31/12/2011	31/12/2010	Change
Italy	137,554	139,350	-1,796
EUR ope	77,772	63,737	14,035
Asia	446	4,053	-3,607
America	3,158	15,798	-12,640
Africa	22,318	16,729	5,589
Total	**241,247**	**239,667**	**1,581**

23 Equity: EUR 445,564 thousand (EUR 394,392 thousand)

The share capital, subscribed and fully paid in, comprises 98,424,900 ordinary shares with a nominal value of EUR 2. Treasury shares held at the end of the year totalled 610,908 (821,979 shares in 2010), with the nominal value of EUR 1,222 thousand being entered directly to reduce share capital. The share capital was reduced by a total of 1,038,300 treasury shares (799,800 shares in 2010) used for the stock grant scheme for a total of EUR 2,076 thousand. It should also be pointed out that there are no shares subject to encumbrances or capital increases under way subject to option rights.

At 31 December 2011, according to the Shareholders' Register and other information in this respect obligatory by law (pursuant to Art. 120 of Legislative Decree 58/98), the shareholders of Astaldi S.p.A. holding a share in excess of 2% are shown below:

DIRECT SHAREHOLDER	Number of shares	% Investments
Fin.Ast S.r.l.	39,290,495	39,919%
Finetupar International S.A.	12,327,967	12,525%
TOTAL Fin.Ast. S.r.l.	**51,618,462**	**52,445%**
Odin Forvaltning AS	**4,841,885**	**4,919%**

Pictet Asset Management Ltd	**2,024,396**	**2,057%**
TOTAL	**58,484,743**	**59,421%**
Market	**39,940,157**	**40,579%**
Grand total	**98,424,900**	**100%**

Equity reserves are shown in the following table:

	31/12/2011	31/12/2010	Change
Legal reserve	20,797	18,453	2,344
Extra-ordinary reserve	170,019	140,818	29,201
Other reserves	7,593	6,466	1,127
Retained earnings losses carried forward	-1,195	-1,195	-
Other comprehensive income	-7,857	-10,648	2,791
Total	**189,357**	**153,894**	**35,463**

The changes in items in the table above are due to the following:

- The legal reserve increased by EUR 2,344 thousand in relation to the provision of Art. 2430 of the Italian Civil Code;
- The extraordinary reserve increased over the previous financial year by EUR 29,201 thousand . This results from EUR 29,198 thousand as the remaining amount of the allocation of profit of the 2010 financial statements of the Parent; EUR 3 thousand as a result of buy back transaction. In this regard it should be pointed out that the total of the provision for treasury shares held in the portfolio reducing the extraordinary reserve was EUR 5,027 thousand thousand. With regard to the allocation of the 2010 profit, it should be pointed out

that the dividend (EUR 14,645) approved by at the Shareholders' Meeting of 18 April 2011 was EUR o 0.15 per share (EUR o 0.13 in 2010) and was paid on 5 May 2011 with coupon detachment on 2 May 2011; part of the profit for 2010, EUR 703 thousand, was allocated to the provision pursuant to Art. 27 of the Company's by-laws.

- Other reserves changed exclusively in relation to the stock grant reserve, for EUR 1,194 thousand and due to the effects of buy back for EUR (67 thousand). The other reserves consist of the following:

	31/12/2011	31/12/2010	Change
FTA	-21,631	-21,631	-
FTA IFRIC 12	9,739	9,739	-
Stock grant and Buy Back	8,485	7,358	1,127
Goodwill	11,000	11,000	-
Total Other Reserves	**7,593**	**6,466**	**1,127**

- Other comprehensive income reflect the effects of the hedging reserve. The changes are shown below:

	Initial cash-flow hedge reserve
Opening balance 01.01.2010	(11,586)
Changes of previous year	938
Balance 01.01.2011	(10,648)
Changes of the year	2,791
Balance **31.12.2011**	**(7,857)**

The hedging reserve produced deferred tax receivables of thousand 2,980 with a gross amount for tax purposes totalling EUR (10,837) thousand.

Refer to the information on derivatives for a detailed analysis of the changes in the hedging reserve.

With reference to the reconciliation of outstanding shares at the start and the end of the financial year, refer to the table shown below:

Shares outstanding in 2011	
01/01/2011	**97,602,921**
Out for buy back	(420,767)
In due to buy back and for the stock grant scheme	631,838
31/12/2011	**97,813,992**

It should be pointed out that the Company'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 solid equity consistency and, where financial conditions allow it, to achieve an effective debt/equity ratio for the purpose of suitable management of financial leverage. Refer to the Management Report for further details regarding financial management.

With reference to the availability of the equity reserves pursuant to Art. 2427 no. 7-bis of the Italian Civil Code, see the following table:

	Amount	Possibilit y of use	Available amount
Share capital	193,551		
Reserves:			
- Legal reserve	20,797	B	
- Extraordinary reserve	170,019	A,B,C	170,019
- Goodwill	11,000	A,B,C	11,000
- Reserve for special risks	798	A,B,C	798
- Hedging reserve	-7,857		
- Reserves (negative balances) from change in standards	-5,796		
- Profit realised an allocated directly to equity *	1,590	A,B,C	1,590
- Losses carried forward	-1,195		

Total	**382,909**

Legend:

A: For capital increase

B: For coverage of losses

C: For distribution to shareholders

* profit realised by the negotiation of treasury shares

24 Financial liabilities

Financial liabilities show an increase in both long term and short term borrowing compared to the 31 december 2010 and are shown below.

Non-current financial liabilities: EUR 514,409 thousand **(EUR 471,411** thousand**)**

Non-current financial liabilities show an increase of EUR 42,998 thousand and consist of the following:

	31/12/11	31/12/10	Change
Bank loans and borrowing (*)	478,493	445,866	32,627
Non-current share of loans (*)	4,008	4,202	(193)
Finance lease payables (*)	4,257	2,902	1,355
Financial payables to subsidiaries	5,764	16,759	(10,995)
Financial payables to associates(*)	21,716	1,683	20,032
Financial payables to other investees	171	-	171
Total	**514,409**	**471,411**	**42,998**

(*) Included in the NFP for an amount of EUR 506,958 thousand (31 december 2010: 452,969)

It should be pointed out that the overall increase in this item is mainly due to the increase in borrowing from banks, undertaken in relation to an investment policy to enhance internal and external growth. It should also be highlighted that the existing financial structure is ensured in terms of maturity by a recent transaction undertaken by the Company for refinancing the medium term instruments, thus ensuring financial resources to sustain the investments planned for the next 5-year period. Finally, the increase in payables to related parties refers to the contract for the construction of Pulkovo in relation to management, by the partners of the initiative, of the liquidity deriving from this contract.

Current financial liabilities: EUR 368,175 thousand **(EUR 301,653** thousand**)**

Current financial liabilities rose by EUR 66,523 and consist of the following:

	31/12/11	31/12/10	Change
Bank loans and borrowing	270,586	209,976	60,610
Current share of loans	90,262	87,626	2,636
Loans and borrowing from other financial backers	39	1,027	(988)
Financial payables to subsidiaries	3,687	-	3,687
Finance lease payables	3,601	3,024	577
Total	**368,175**	**301,653**	**66,522**

This increase in current payables is connected in particular with investment operations in Romania to sustain production for the period. This item also includes EUR 17,032 thousand (31 december 2010: 17,493 thousand) for the fair value of hedging derivatives for liabilities; in this regard refer to note 30.

Finance lease payables: EUR 7,858 thousand **(EUR 5,925** thousand**)**

Finance lease payables, having an average duration of 30-60 months, rose by EUR 1,933 thousand compared to the previous year.

Details of this item are shown below:

	31/12/11	31/12/11	31/12/10	31/12/10
	Instalments	Current amount	Instalments	Current amount
Within 1 year	3,874	3,601	3,225	3,024
Over 1 year and within five years	4,460	4,257	3,020	2,901
Total lease instalments	**8,334**		**6,245**	
Financial charges	476		320	
Current amount	**7,858**	**7,858**	**5,925**	**5,925**

There follow the covenants and negative pledges related to the borrowing by the Company and the net financial position pursuant to CONSOB Communication No. 6064293 of 28 July 2006.

Covenants and negative pledges

The levels of financial covenants operating on all the committed loans, on the basis of Astaldi Group consolidated figures and existing with the banks financing Astaldi S.p.A., are listed below:

- Ratio between net financial position and equity attributable to owners of the parent: 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;

Definition of the items forming the Net Financial Position is in accordance with CONSOB Communication No. 6064293 of 28 July 2006.

The non-compliance with the above ratios, if not recovered within a period specified in the agreements (the "cure period"), may involve the cancellation of the granting and therefore the request, by the financing banks, to accelerate repayments .

The loans to which the above covenants apply are the following:

- Multi-Tranche Facility, for the sum of EUR 325 million, recognised into on 18 July 2006, with a duration of 7 years, arranged by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of leading Italian banks; expiry April 2013;
- Loan amounting to EUR 110 million, entered into on 16 July 2009 with Banca Popolare di Milano, acting as Lead arranger of a pool of banks, with a duration of 5 years with final expiry in June 2014.
- Bilateral committed loan for the sum of USD 60 million, taken out in order to cover the misalignment between costs and revenue of the branches in Venezuela and Salvador, entered into with BNP Paribas (and guaranteed by SACE for 70% of the amount) in February 2010, with a duration of 18 months minus one day: expiry in August 2012.
- Bilateral committed loan for the sum of EUR 35 million, taken out in order to cover the misalignment between costs and revenue connected with company operations abroad through its branches or joint ventures, entered into with Cariparma (and guaranteed by SACE for 70% of the amount) on 22 July 2010, with a duration of 18 months minus one day: expiry in January 2012.

- Bilateral committed revolving credit facility for the sum of EUR 10 million, recognised into with Cariparma on 13 December 2010, with a duration of 18 months: expiry in May 2012;
- Bilateral committed revolving credit facility for the sum of EUR 30 million, recognised into with BayernLB Italia on 5 October 2007: expiry in October 2012.

The same covenant levels also apply to the following loans agreements, recognised into in connection with specific operational projects:

- Bilateral committed loan of EUR o 18.5 million, recognised into on 4 June 2009 with GE Capital (formerly Interbanca S.p.A) for covering design and construction costs of the Verona car park, duration 19 years, expiry in June 2027. The loan is supported by a mortgage on the land rights, transfer of receivables deriving from the minimum guaranteed level and transfer of insurance coverage on the minimum fee.
- The loan for US$ 36 million, entered into on 5 August 2009 with Unicredit and MPS Capital Services as lending banks, to support investment in equity of "Chacayes Hydroelectric Project" in Chile. The beneficiary of the loan, with a duration of 7 years and final expiry on 8 August 2016, is Inversiones Assimco Limida; loan repayment is 100% guaranteed by Astaldi SpA through a corporate guarantee and pledge issued on the shares (Astaldi stake) of the beneficiary company.

The same covenant levels also apply to a committed credit line for the issue of signature commitments (guarantees) for the sum of EUR 175 million, signed on 30 November 2006, duration 7 years, organised by Mediocredito Centrale (Unicredito Group) and the Royal Bank of Scotland and subscribed by a pool of banks: expiry November 2013.

In 2011 the following loans expired and were fully repaid:

- Bilateral committed revolving credit facility for the sum of EUR 15 million, recognised into with Dexia

Among the main transactions conducted in 2011 we can mention:

- Committed loan for EUR 35 million to sustain investment in the motorway concessions sector, recognised into with Centrobanca and ING Bank in June, with a duration of 5 years and with two renewal options for one year each. Current expiry June 2016;
- Forward Start Facility for EUR o 325 million, agreed on 2 December 2011: the loan, usable from April 2013 upon the expiry of the loan for the same amount granted on 18 July 2006, has a duration of 5 years from stipulation, and was organised by Unicredit S.p.A., BNP Paribas, Intesa Sanpaolo and The Royal Bank of Scotland and subscribed by a pool of Italian and international banks.

Furthermore, towards the end of the year, the Company negotiated with the banks for the revision of the repayment plan for the following bilateral loans in such a way as to extend the respective terms of final expiry:

- Bilateral committed revolving credit facility originally for EUR o 30 million, remainder to be repaid EUR o 20 million, recognised into with West LB on 7 August 2008: new final expiry in August 2015;

- Bilateral committed revolving credit facility for EUR o 50 million, recognised into with Efibanca on 14 July 2008: new final expiry in July 2016.

As regards negative pledge clauses, it must be noted that the Company, upon negotiation of loans, tends to align the commitments to those defined in its 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 Company 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 contracts to be performed under a traditional tender, project finance or general contracting scheme.

It should be pointed out that there was full compliance with above-mentioned covenants for the year of in these financial statements.

Net financial debt

This table shows the amount of net financial debt with details of the main components as required by CONSOB Communication DEM/6064293 of 28 July 2006.

EUR /000	31/12/2011	31/12/2010

A	Cash and cash equivalents		241,247	239,667
B	Securities held for trading		1,675	4,789
C	**Available funds**	**(A+B)**	**242,922**	**244,456**
D	**Financial receivables**			
E	Current bank loans and borrowings		(253,554)	(192,482)
F	Current part of non-current debt		(90,262)	(87,627)
G	Other current financial payables		(3,640)	(4,051)
H	**Current financial debt**	**(E+F+G)**	**(347,456)**	**(284,159)**
I	**Net current financial debt**	**(H+D+C)**	**(104,534)**	**(39,704)**
J	Non-current bank loans and borrowings		(482,501)	(450,067)
K	Other non-current payables		(24,257)	(2,902)
	of which related parties		*(20,000)*	
L	**Non-current financial debt**	**(K+J)**	**(506,758)**	**(452,969)**
M	**Net financial debt**	**(L+I)**	**(611,292)**	**(492,673)**
N	**Non-current financial receivables**		**3,783**	**4,154**
	of which related parties		*3,783*	*4,001*
O	**Part of debt attributable to related parties**		**20,000**	
P	**Total financial debt**	**(M+N+O)**	**(587,508)**	**(488,519)**

Total financial debt takes into account not only the net financial debt (letter M in the table) calculated in accordance with the CESR Recommendation of 10/02/2005, but also non-current financial receivables from associates and jointly controlled companies set up for project financing activities, besides non-recurring financial flows consisting of cash flows for operating activities abroad.

It should also be recalled that the Company holds treasury shares in the portfolio totalling EUR 3,005 thousand included in the net financial debt set forth in the Management Report for the sum of EUR (584,503) thousand.

Moreover it should be pointed out that the net financial debt, also in comparative terms, does not include derivatives used for hedging purposes which by their very nature do not represent financial amount.

25 Other Liabilities

Other Current liabilities: EUR 107,619 thousand **(EUR 88,156** thousand**)**

Other current liabilities rose compared to the previous year and consist of the following:

	31/12/11	31/12/10	Change
Payables to subsidiaries	18,434	5,473	12,961
Payables to associates	380	113	267
Payables to other companues	33	33	-
Payables to personnel	20,122	18,082	2,040
Other liabilities	68,649	64,454	4,195
Total other current liabilities	**107,619**	**88,156**	**19,463**

The remaining component is mainly composed as follows: sundry payables including payables to associates of EUR 56,009 thousand (31 december 2010: EUR 55,532 thousand); memorandum accounts of EUR 1,928 thousand (31 december 2010: EUR 1,426 thousand). For an analysis of relationships with the Group Companies, please refer to the annex on related parties.

26 Employee benefits: EUR 5,631 thousand (EUR 5,821 thousand)

This item concerns post-employment benefits, and the changes in 2011 were as follows:

	Amount at 31/12/2010	Increases of the year	Decreases of the year	Amount at 31/12/2011

Post employment benefits	**5,821**	**220**	**-409**	**5,631**

The liabilities recognised in the financial statements are as follows:

	31/12/11	31/12/10
Current amount of the obligation	5,135	5,336
Non-recognized actuarial Loss/(Gain)	496	485
Liabilities recorded in the financial statements	**5,631**	**5,821**

	Actuarial amount of the obligation
Opening balance	5,821
Interest	220
Benefits paid	-409
Closing balance	**5,631**

The cost of liabilities is as follows:

	31/12/11	31/12/10
Net interest payable (receivable)	220	205
Total	220	205

For further clarification of such amounts, the main actuarial assumptions are as follows:

- Annual discounting rate: 4.05%
- Annual inflation rate: 2%
- Annual rate of wage increase:
  - Top management 2.50%;
  - Middle management/White collars/Workers: 1%;

27 Trade payables: EUR 979,022 thousand (EUR 806,569 thousand)

Trade payables rose compared to the previous year and are as follows:

	31/12/11	31/12/10	Change
Payables to suppliers	634,282	472,257	162,025
Payables to subsidiaries	215,248	199,641	15,607
Payables to associates	128,344	124,928	3,416
Payables to other investees	1,148	9,743	(8,595)
Total	**979,022**	**806,569**	**172,453**

This increase in trade payables is especially due to orders in the domestic area, the EUR opean area (Romania, Poland and Turkey), and African area (Algeria).

We can also observe that the increase in trade payables to subsidiaries is connected with commercial relationships deriving from the shifting of costs for works undertaken as a joint venture; please refer to the annex on related parties for a detailed analysis also referring to relationships with other Group companies.

28 Tax liabilities: EUR 63,020 thousand (EUR 47,645 thousand)

Tax liabilities rose by EUR 15,375 thousand and consist of the following:

- EUR 29,393 thousand (31 december 2010: EUR 19,146 thousand) indirect tax payables (VAT);
- EUR 30,217 (31 december 2010: EUR 25,548 thousand) direct tax payables;
- EUR 3,409 (31 december 2010: EUR 2,950 thousand) payables to Tax Authorities for employee withholding tax.

29 Provisions for risks and charges: EUR 111,237 thousand (EUR 66,927 thousand)

Provisions for risks and charges consist of the following:

	Provisions for contract obligations	Provisions for investment risks	Provision for legal commitments	Provision as per Art. 27 of Company by-laws	Total
Balance at 31/12/2010	**13,200**	**50,169**	**2,500**	**1,058**	**66,927**
Provisions	8,934	36,967	0	0	**45,901**
Use	0	(524)	(1,400)	(370)	**(2,294)**
Allocation of 2010 profit	0	0	0	703	**703**
Balance at 31/12/2011	**22,134**	**86,612**	**1,100**	**1,391**	**111,237**

- 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 investment risks reflect the deficit, attributable to the Company, compared to the carrying amount of investments;
- The provision for legal commitments includes the allocation of charges measured through a punctual analysis of each single case, carried out with the help of external consultants and based on both objective and evaluation elements.
- The provision as per Art. 27 of the Company's bylaws was used for donation purposes and increased through the allocation of profits in accordance with specific resolutions.

The Company is a party to civil and tax legal proceedings and lawsuits connected with the regular company activities. Based on information currently available, and taking account of existing provisions for risk, it is deemed that these proceedings and legal actions will not have any negative impact on the separate financial statements.

On 17 October 2011, Major Taxpayers' Office of the Lazio Regional Directorate sent a Notice of Assessment for items pertaining to 2006 in the Preliminary assessment report served on 3 June 2010, following the general VAT, IRES and IRAP audit, started with access on 23 December 2009, concerning 2007, with the extension to 2006 as regards certain cases.

On the whole, the office found and challenged Astaldi S.p.A. with a few relevant observations, including: application of Art. 165 of the Consolidated Tax Act on the subject of tax credit for taxes paid abroad (years from 2004 to 2007); the claimed tax relevance of the higher value of the amounts liquidated through the progress reports on long-term contracts compared to the assessment of the works in progress carried out according to the cost to cost methodology, as required by IAS/11 (2007); in addition to other observations of lower relevance. The total amount of higher tax (IRES and IRAP) claimed was approximately EUR 20 million, plus penalties and interest.

For 2006, the Office, confirming the Company's correct behaviour for the calculation of credit for tax paid abroad, previously certified for 2004 and 2005, only reported minor violations in the afore-mentioned Notice. In this respect, it should be pointed out that the assessment was concluded in February 2012 with the agreement to pay EUR 683 thousand including higher tax, penalties and interest.

With regard to matters not yet defined (claims for 2007), it is pointed out that the one concerning the claim for tax liability on the higher value of amounts paid out with respect to the recognition of long-term works in progress with the cost to cost method commented by the Tax Authorities in their recent Circular 7/E of 28 February 2011, in which they explicitly stated the tax relevance of IFRS compliance of long-term orders compared to the measurements based, in accordance with Art. 93 of the Consolidated Tax Act, on amounts paid out in the progress report. In the light of this, as well as on the basis of specific opinions and prestigious external consultants, we believe the risk of tax assessment on these items for 2007 to be remote.

To complete the information provided regarding provisions for risks and charges, there follows a summary of the provisions recognised in the financial statements with indication of their nature and specific category.

EUR /000		31/12/2011	31/12/2010	*notes*
Allowances to directly decrease assets		**66,028**	**67,797**	
Allowance for impairment losses on investments	*Investments*	46,341	42,813	*15*
Allowance for impairment losses on contract	*Receivables from Customers*	7,743	11,883	*19*
Allowance for impairment	*Trade receivables*	5,754	5,772	*20*
Allowance for impairment default interest	*Trade receivables*	2,492	3,631	*20*
Allowance for impairment of other assets	*Other current assets*	198	198	*21*
Allowance for impairment–default interest to tax authorities	*Tax assets*	3,500	3,500	*17*
Provisions recognised under liabilities		**120,871**	**76,168**	*28*
of which:	*Provisions for risks and charges*	86,612	50,169	*29*
For investment risks	*Provisions for risks and charges*	22,134	13,200	*29*
For contract losses	*Payables to Customers*	9,634	9,241	*19*
For contract losses	*Provisions for risks and charges*	2,491	3,558	*29*
Other funds for risks and charges		**186,899**	**143,965**	

30 Information on risk management, financial instruments and guarantees

Financial risk management

Astaldi operates in an international context where transactions are performed in various currencies.

Moreover, in order to support and develop its own bisiness activities, it funds itself with external sources of financing in euro and foreign currencies.

The Company is therefore exposed to the following financial risks:

- Market risk: exposure of the Company to fluctuations in interest rates and exchange rates between the EUR o and the other currencies in which it operates;
- Liquidity risk: the possibility that the Company might not be able to meet its financial commitments deriving from contracts and, more generally, from its financial liabilities;
- Credit risk: exposure of the Company to potential loss deriving from the failure to fulfil commitments undertaken by counterparts.

The various types of risk are monitored in such a way as to evaluate in advance their potential negative effects, and take suitable mitigating actions. The optimisation and reduction of risk levels is pursued by an adequate organisational structure, the adopting of rules and procedures, the implementation of targeted commercial and purchasing policies, and the use of insurance policies and hedging derivatives.

In order to maintain corporate value, Astaldi 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.

With respect to these policies, the Company mainly uses cash flow hedging to cover exposure to fluctuations in cash flows especially due to risks identified and associated with assets or liabilities, or for a planned operation highly likely to have an effect on the income statement.

There follows the hedging derivates transactions at 31 December 2011, with a distinction between hedge accounting, representing most of Astaldi ‘s transactions, and non-hedge accounting transactions shown for each type of financial instrument with fair value, notional value and the changes in the respective reserves and the income statement. For transactions in currencies other than the euro, the corresponding values are calculated at the exchange rate at the end of the year. The measurement of these instruments is conducted on the basis of specific pricing models and market data recorded at the end of the year. All the transactions in derivates as at 31 December 2011 are in compliance with level 2 fair value.

In this respect, it should be pointed out that compared to the previous year, there have not been any changes in the measurement model.

Interest rate risk

Exposure to the risk of changes in interest rates for the Company is mainly associated with floating rate borrowing. The Company, also taking into account contract obligations, duly assesses exposure to the risk of changes in interest rates and manages these risks by the use of non-speculative derivatives. The Company's hedging policy, governed by a specific interest rate risk management policy, involved the definition of an ideal mix between fixed rate and floating rate borrowing in the borrowing structure in order to reduce financial charges and their volatility; the Company therefore undertakes hedging transactions through simple derivates ("plain vanilla"), on a cash flow hedge basis, in order to convert the floating rate into a fixed rate (Interest Rate Swap), or to allow a limited interest rate fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk exposure level (Cap). These instruments are generally at zero cost.

At 31 December 2011 the notional value of derivates hedging on the interest rate risk amounts totalled EUR o 431 million of which 35 million on a forward basis (April 2013). The hedging percentage of gross borrowing totalling EUR 844 thousand as specified in the paragraph on "liquidity risk" is approximately 51%.

The following tables show the aforementioned transactions, all designed to hedge financial flows, split into cash flow hedges and transactions for which Astaldi 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 the hedged items.

EUR/000

Type of instrument	Hedged item	Notional 2011	Fair Value 2011	Notional 2010	Fair Value 2010
IRS	Financial assets			20.000	(323)

	Medium/long term debt	389,446	(11,678)	331,250	(12,714)
	Short/long term debt			15,000	
Total IRS		**389,446**	**(11,678)**	**366,250**	**(13,036)**
Options	Medium/long termdebt	42,500	(1,007)	52,500	(1,680)
Total options		**42,500**	**(1,007)**	**52,500**	**(1,680)**
Grand total		**431,946**	**(12,685)**	**418,750**	**(14,717)**

With reference to the aforesaid hedge accounting, the change in value above all affected the company's Equity, generating a final amount of the hedging reserve of EUR 11.9 million, together with the related effect for deferred tax of EUR 3.3 million. There follows the changes in the hedging reserveduring 2011:

EUR /000

Hedging reserve- interest rate	**31/12/11**	**31/12/10**
Initial reserve	(14,687)	(15,981)
Impact on hedging reserve net of transfer to income statement	2,749	1,294
Final reserve	(11,937)	(14,687)
Ineffectiveness	(246)	(417)

It is noted that the figure for ineffectiveness also includes the time value of hedges performed via options for which hedge accounting is applied.

With regard to transactions for which hedge accounting has not been applied, the changes in amounts of these financial instruments were recognised directly in the income statement.

Type of instrument	**Type of operation**	**Notional 2011**	**Fair Value 2011**	**Notional 2010**	**Fair Value 2010**
IRS	Medium/long term debt	6,117	(557)	5,866	(431)
Total IRS		**6,117**	**(557)**	**5,866**	**(431)**
Options	Financial assets	-	-	20,000	(324)
	Medium/long term debt	10,000	(6)	15,000	(104)
Total options		**10,000**	**(6)**	**35,000**	**(429)**
Grand total		**16,117**	**(563)**	**40,866**	**(860)**

Sensitivity analysis

The potential effects of a hypothetical increase or decrease in interest rates on the Company's Income Statement and Statement of Financial Position are shown hereunder in terms of higher or lower interest expense payable over the entire remaining duration of floating rate financial payables.

The analysis was carried out based on market curves at 31 December 2011 and considers a parallel rate shock by 1% upwards (shock up) and 0.50% downwards (shock down) on interest rates.

Interest rate risk - sensitivity analysis	**Income statement**				**Equity**			
	Shock up		**Shock down**		**Shock up**		**Shock down**	
	31/12/11	**31/12/10**	**31/12/11**	**31/12/10**	**31/12/11**	**31/12/10**	**31/12/11**	**31/12/10**
Financial liabilities								
- cash flow	(8,444)	(7,239)	4,222	1,810				
Derivative hedging instruments								
- cash flow	2,947	3,802	(1,352)	(955)				
Total	**(5,497)**	**(3,437)**	**2,870**	**855**				
- fair value	256	395	(46)	7	8,064	9,454	(4,541)	(2,444)

With reference to 31/12/2011, the analysis shows how, considering a hypothetical 1% increase in interest rates, as a consequence of hedging through derivatives, financial charges would increase by EUR 5.5 million. In this hypothetical scenario the fair value of hedging recognised in the income statement, compared to the effective amount recorded at 31/12/2011, would have a positive effect worth EUR 0.2 million, while the there would be positive effect of EUR 8 million on the equity reserve.

Similarly, as shown in the table, a 0.50% shock down of interest rates would produce a 0.50% EUR 2.8 million decrease in financial charges, while the equity reserve would show a negative effect of EUR 4.5 million.

Currency risk

With reference to the currency risk, Astaldi performs cash flow hedges for specific foreign orders, in order to mitigate the effect of exchange rate fluctuations on the related costs or revenue in terms of foreign currency. The Company's policy is aimed at hedging of exposure to currency risk a percentage depending on the characteristics of the business and the particular volatility of certain currencies, for the entire duration of the works regarding specific contracts, and when this is not possible, for a period of 12 months. Also in this case hedging is performed by the use of plain vanilla derivates, forwards, zero-cost cylinders and cross currency interest rate swaps.

In those cases where, in connection with specific foreign currencies especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, the Company tends to protect the imbalance between trade receivables and payables in local currency through financial debt in the same currency (the so-called "natural hedge").

At 31 December 2011 the nominal value of existing currencyrate risk hedges amounted to a total of EUR 49 million.

Type of instrument	Notional	Fair Value	Income statement	Hedging reserve

Purchase EUR /PLN	10,350	1,005	(95)	1,100
Purchase EUR /USD	38,643	(827)	(827)	-
Total	48,993	178	(922)	1,100

A breakdown of the changes in the hedging reserve during 2011 due to hedges on exchange rates is shown below:

Hedging reserve– currency rate risk	**31/12/11**	**31/12/10**
Initial reserve	-	-
Impact on hedging reserve net of release to income statement	1,100	-
Final reserve	1,100	-
Ineffectiveness	(95)	-

Liquidity risk

The main factors determining the Company's liquidity risk are, on one hand, the financial resources generated by or used in Company operating and investing activities, and on the other, the characteristics of debt maturity and use of cash, as well as contingent cash terms of financial markets.

The Company aims to maintain a sufficient cash margin to allow for coverage of financial requirements with the availability of committed and uncommitted credit lines.

Cash flows, the need for financing and the liquidity held by the Company are monitored in an ongoing manner and managed with the aim of guaranteeing effective and efficient management of financial resources.

The following table shows the timeframe of the Company's financial liabilities:

Analysis of maturities	Use	On sight	2012	2013	2014	2015	2016	Beyond
Short-term loans	**(241,143)**	223,311	17,832					
Medium/long-term loans	**(603,247)**	-	80,850	110,125	33,944	23,418	344,981	9,928
Total	**(844,390)**	**223,311**	**98,682**	**110,125**	**33,944**	**23,418**	**344,981**	**9,928**
Derivatives								
- Interest rate derivatives			6,461	4,978	1,708	787	462	322
- Currency rate risk derivatives			827					
Total			**7,288**	**4,978**	**1,708**	**787**	**462**	**322**
EXPOSURE AT 31.12.2011		**223,311**	**105,971**	**115,103**	**35,652**	**24,205**	**345,444**	**10,250**

Note: The figures for floating rate financial liabilities shown in the table coincide with the nominal value of these liabilities, net of reclassification for recognition of borrowing at amortised cost and of the fair value of interest rate derivatives.

Astaldi has also adopted a series of policies and processes aimed at making the most of management of sources of financing, reducing the liquidity risk, such as, in particular:

- Orientation toward centralised 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 Company operates, and in keeping with the rules for managing the financial flows of individual contracts;
- Maintenance of a suitable level of available liquidity funds;
- Existence of an investment portfolio 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 focus on financial markets;

- Obtainment of appropriate bank credit facilities (committed and uncommitted);
- Monitoring of future liquidity conditions in relation to corporate planning.

Credit risk

The Company's customers are mainly public authorities and government bodies which, by their very nature, are solvent. Therefore, the credit risk represented by the Company'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 2011 the percentage of overdue trade receivables amounted to 24% of which 13% for over 12 months. However, the analysis of exposure to credit risk on the basis of overdue receivables is not very significant insofar as receivables have to be measured 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 receipt of payments by customers in relation to management of operating leverage (back to back).

GUARANTEES AND SURETIES

The total amount of the guarantees granted and stated in thousands of EUR o is EUR 2,887,927 thousand and refers to the following cases:

- Sureties for opening credit facilities, to be used to ensure regular cash flow in relation to individual contracts, issued in favour of associates and other investees, set up for this purpose pursuant to current tax laws for the amount of EUR 501,439 thousand;
- Sureties for works, issued in the Company's interest by banks and insurance companies in favour of customers for various purposes, on its own account and in the interest of subsidiaries, associates and other investees, for the amount of EUR 2,156,367 thousand;
- Other sureties issued for various purposes for a total of EUR 230,121 thousand.

Third party sureties in favour of the Company

They refer to sureties of EUR 211,885 thousand issued by Banks and Insurance Companies in the interests of Italian and foreign suppliers and subcontractors, in relation to contract obligations vis à vis the Company.

31 – Information on transactions with related parties and fees payable to Directors, statutory Auditors, General Managers and other key management personnel

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of 28 July 2006, Annex 1 to these Notes 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. It should be pointed out that relations with consortia and consortium companies (special purpose vehicles), taking into account the specific sector the Group operates in, are to be related to receivables due from third parties – recognised among Trade Receivables (note 20) – not summarised in the attachment regarding transactions with related parties.

Information regarding fees due to Directors, Statutory Auditors, General Managers and Key Management Personnel of the Parent Company with strategic responsibilities is shown below in accordance with the provisions of the remuneration report as per Art. 123-ter of the Separate finance act.

Category	Fixed fees	Fees for committee meetings	Variable non-equity fees (bonuses and other incentives)	Non-monetary benefits	Total	Fair Value of equity benefits
Directors	**4,479**	**30**	**---**	**38**	**4,547**	**455**
Statutory Auditors	**149**	**---**	**---**	**---**	**149**	**---**
General Managers	**1,393**	**---**	**150**	**17**	**1,561**	**519**
Key Management Personnel	**1,744**	**---**	**500**	**28**	**2,271**	**---**

32 Segment reporting

The operating segment subject to segment reporting were determined according to reporting used by the top management as an information set for their decisions. This reporting is specifically based on the various geographical areas in which the Company operates, and it is determined by using the same accounting standards used to draw up the separate financial statements.

The following tables show the segment reporting as per IFRS 8.

Segment reporting2011

(EUR /000)	Italy	EUR ope	America	Africa	Asia	Other assets	Adjustments and cancellations	Total consolidated
Revenue								
Revenue	957,296	618,493	206,898	161,125	-	(38)	4,963	**1,948,735**
Operating profit (loss)	128,042	(6,769)	49,959	37,259	(1,406)	(10,451)	13,735	**210,371**
Net financial charges								**(105,199)**
Shares of profit (loss) of equity-accounted investees								**-**
Profit/(loss) before tax and non-controlling interests								**105,172**
Tax expense								**(42,518)**
Profit for the year								**62,654**
Assets or liabilities								
Segment assets	1,019,293	708,000	817,921	329,389	4,305	1,229,180	(1,135,628)	**2,972,460**
of which Investements						346,873	(120,317)	**226,556**
Segment liabilities	(874,132)	(744,780)	(789,827)	(312,656)	(5,851)	(923,751)	1,124,102	**(2,526,896)**
Other segment reporting								
Property, plant and equipment	23,641	31,809	26,435	9,535	2,456	37,999	(65)	**131,809**
Intangible fixed assets	3,420	152	8	-	6	397	-	**3,983**
Depreciation of property, plant and equipment	8,541	6,902	7,988	5,552	218	995	(44)	**30,153**
Provisions	7,665	-	-	-	-		-	**7,665**

Segment information 2010

(EUR O/000)	Italy	EUR ope	America	Africa	Asia	Other assets	Adjustments and eliminations	Total consolidated
Revenue								
Revenue	761,869	396,978	255,551	135,709	-	(229)	1,197	**1,551,075**
Operating profit (loss)	66,240	21,973	62,388	20,095	(1,119)	(15,104)	822	**155,295**
Net financial charges								**(81,780)**
Shares of profit (loss) of equity-accounted investees								**-**

Profit/(loss) before tax and non-controlling interests								**73,516**
Tax expense								**(26,624)**
Profit for the year								**46,891**
Assets or liabilities								
Segment assets	851,131	482,733	780,398	316,703	4,876	1,049,738	(998,697)	**2,486,881**
of which Investements						275,012	(117,598)	**157,414**
Segment liabilities	(725,403)	(484,407)	(728,493)	(296,104)	(5,974)	(839,564)	987,456	**(2,092,490)**
Other segment reporting								
Property, plant and equipment	23,610	23,026	34,481	17,636	55	38,752	(67)	**137,494**
Intangible assets	2,425	96	(0)	(0)	6	498	-	**3,025**
Depreciation of property, plant and equipment	8,655	6,890	12,530	6,867	21	992	(35)	**35,920**
Provisions	744	-	-	-	-		-	**744**

33 Other information

Non-recurring significant events and transactions

The financial position and results of operation of Astaldi S.p.A. ware not affected in 2011 by non-recurring significant events and transactions as defined in CONSOB Communication no. DEM/6064293.

Positions or transactions deriving from atypical or unusual transactions

In 2011, Astaldi did not undertake atypical or unusual transactions as defined in CONSOB Communication no. DEM/6064293.

Subsequent events

The publication of the financial statements was authorised by the Company's Board of Directors on 16 March 2012. There follows a summary of subsequent events.

With reference to the order for the general contracting construction of Mega-Lot 3 of Jonica State Highway (SS-106) in Italy, it is pointed out that the formal procedure for the awarding of the contract ended in January 2012, after the provisional awarding in the early part of the previous year; shares pertaining to Astaldi have therefore been included in the recognition of the order backlog at 31 December 2011.

With reference to the order for the construction, under general contracting, of Line C of the Rome Underground, it is pointed out that the CIPE (Inter-Ministerial Committee for Economic Planning), on 20 January 2012, provided the definitive go-ahead for start-up of the works for the T3 stretch (San Giovanni-Colosseo). The delivery of the areas and the start-up of works for this new stretch are planned for the early months of 2012.

With reference to the order for the construction and management of Line 4 of the Milan Underground in Italy, it is pointed out that in January, the Lombardy TAR (Regional Administrative Court) agreed to the grouping of Astaldi associates, rejecting the claim advanced by the second ranking company in the tender procedure for concession of the construction and management of the works. Also taking into account the resolution of the Council of State on this claim, favourable to the group of Astaldi associates, initial activities started at the end of February for these works. The insertion of shares pertaining to Astaldi in the order backlog will be recorded in the coming months.

From the operational point of view, the activities were started for the Chuquicamata Project (constructions) and the Relaves Project (concession), previously inserted in the corporate portfolio at 31 December 2011. For the

Relaves Project, the Special Purpose Vehicle Valle Aconcagua S.A. was set up. For more details on these initiatives, refer to the paragraph on the operating performance by sector and geographical area.

It is furthermore pointed out that Astaldi-Turkeler J.V. and Ankara Etlik Hastante A.S. were set up, respectively with a 51% and a 5% stake of Astaldi, for the execution of the EPC Construction Contract and for the execution of the concession contract for the design, construction and subsequent management of the Etlik Hospital Complex in Ankara, Turkey.

Fees payable to the auditing firm KPMG and their network pursuant to Art. 149-duodecies of the Issuers Regulation

With the closing of 2010 and the audit of the Separate Report and the Consolidated Report for that year, the duration of the auditing engagement conferred on Reconta Ernst Young S.p.A. expired. Therefore after the conducting a tender for this engagement in which the top three companies on the market participated, i.e. KPMG, PWC and Deloitte, at their Meeting of 18 April 2011, on the basis of the "most economically advantageous" method, the shareholders resolved to appoint the firm KPMG S.p.A. as official auditors for the years 2011-2019

In relation to the above there follows the fees paid to KPMG 2011 mainly regarding the reviewing of the condensed interim financial statements at 30 June 2011:

EUR /000

	KPMG
Type	Amount

Auditing services(*)	96
Other Services	8
Total fees	**104**

(*)Including out-of-pocket expenses

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS