ASTALDI

annual report 2006

main ratios

(million of euro)

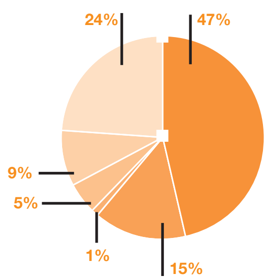
	2006	2005	2004
economic items			
total revenues	1,072	1,021	1,054
EBIT	78	78	71
profit before interests	61	55	43
net income	30	32	28
financial items			
gross self-financing margin	60	69	52
capital expenditure	109	47	50
% on total revenues			
EBIT	7.3%	7.6%	6.7%
profit before interests	5.7%	5.3%	4.1%
net income	2.8%	3.2%	2.7%
balance sheet items			
total fixed assets	331	213	178
net invested capital	567	493	461
net debt (*)	281	231	115
net equity	281	256	233

(*) Net of own shares.

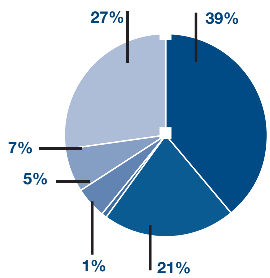
order backlog by lines of business

(million of euro)

2006



2005

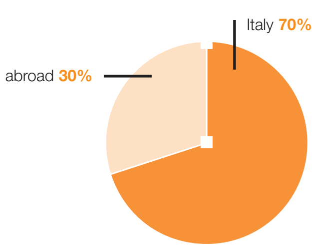


	2006	2005
railways and subways	3,279	2,167
roads and motorways	1,036	1,156
seaports and airports	41	52
hydraulic and hydroelectric power plant	325	252
industrial and civil buildings	630	409
concessions	1,699	1,530
total order backlog	**7,009**	**5,567**

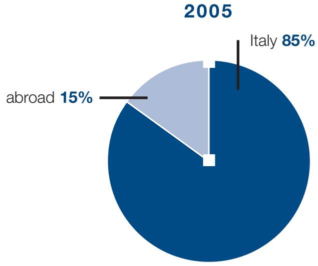
order backlog by geographical area

(million of euro)

2006

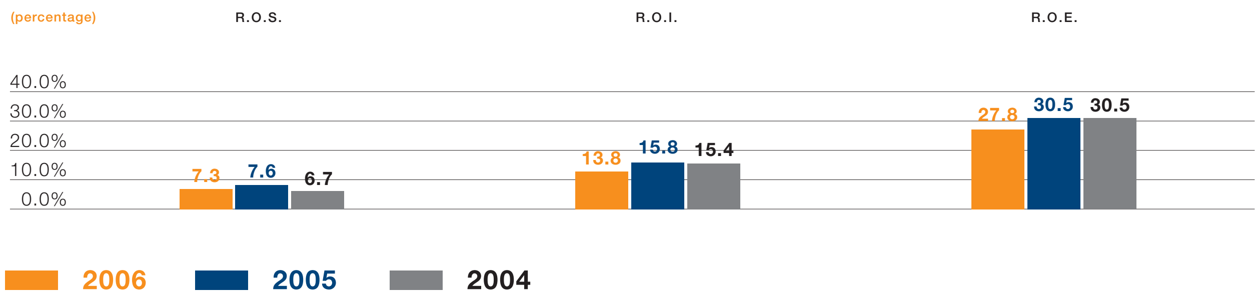


2005

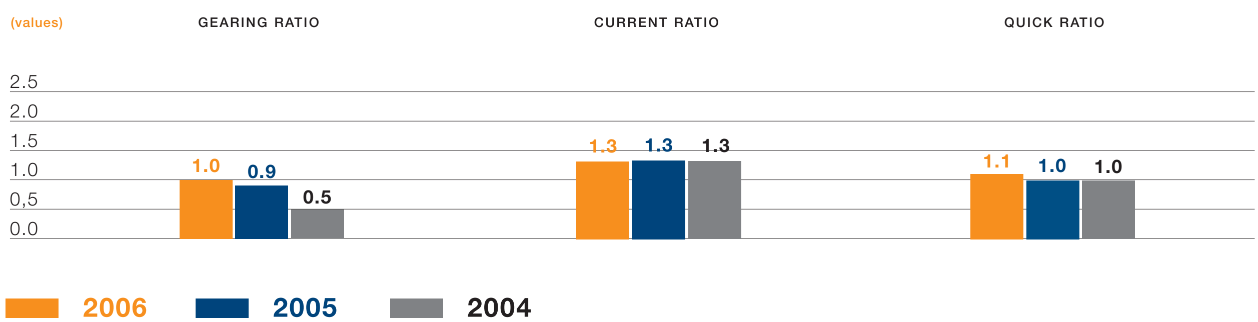


	2006	2005
Italy	4,881	4,749
abroad	2,128	817
total order backlog	**7,009**	**5,567**

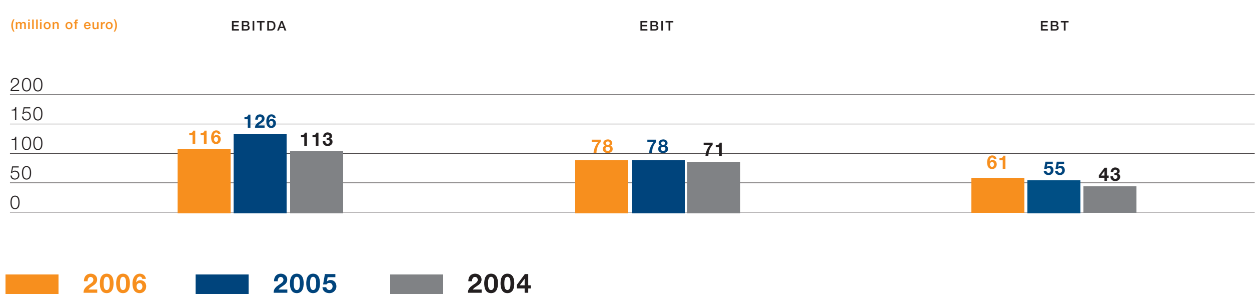
ratios



R.O.S. = EBIT / total revenues
R.O.I. = EBIT / net invested capital
R.O.E. = EBIT / net equity



GEARING RATIO = net financial indebtedness / net equity
CURRENT RATIO = short-term assets / short-term liabilities
QUICK RATIO = total account receivables and cash / short-term liabilities



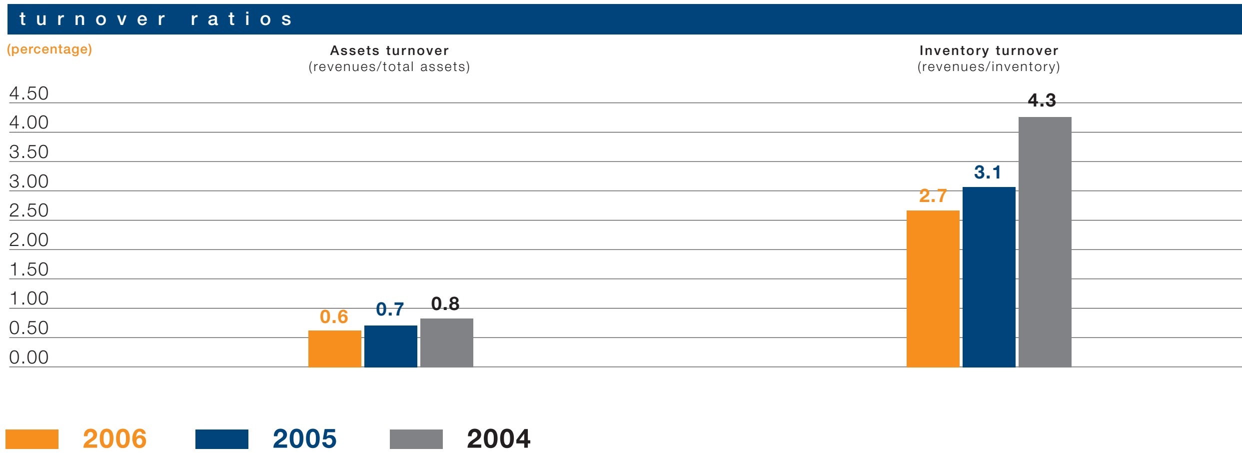
EBITDA = income before interests, taxes, depreciation and amortization
EBIT = income before interests and taxes
EBT = income before taxes

net cash flow

(million of euro)

	2006	2005	2004
net income	30	32	28
depreciation, amortization and provisions	38	45	31
dividends	(8)	(8)	(7)
gross self-financing margin	**60**	**69**	**52**

turnover ratios



annual report 2006

FROM LEFT TO RIGHT:

VENEZUELA
Los Teques Subway
ITALY
Naples Subway
ROMANIA
Bucharest-Costanta Highway
ITALY
Hospital in Mestre
ITALY
Pont-Ventoux Hydroelectric
Power Plant

ASTALDI

summary

letter to shareholders

The Chairman's letter to Shareholders

Dear Shareholders,

Your Company closed the 2006 fiscal year with data confirming the effectiveness of the business model adopted.
During a period in which the expectations of a considerable spur on domestic activities, induced by the so-called Italian Law "Legge Obiettivo", were fulfilled only partially and in the last part of the year, the Company's income statement, however, showed better income results and revenues, as expected. The Company's policy for the development of foreign activities, above all in the areas where it has been carrying out its activity for decades, allowed balancing the slowdown of the domestic market, thanks to the flexibility of the operating activity allowed by the business model.
Such policy gave the opportunity, on one side, to more profitably develop foreign activities and, on the other, to support general contracting and project financing activities in the domestic market, such latter activities being typically characterized by considerable amounts and high technological contents. The successful bid for the line C of the underground of Rome, which is the most important work in terms of economic value and operational commitment awarded to a General Contractor in Italy in 2006, is merely an example of the meaningful business outcomes obtained by the Company during the year just ended.

ERNESTO MONTI
Chairman of Astaldi S.p.A.

The figures appearing from the financial statements are evidence of the strategy worked out by the Company's management and implemented by the support of all employees and collaborators. The increase in revenues by more than 5 percent, obtained in a general framework of uncertainties for the domestic market of large-size works, underlines the quality and flexibility of the Company's operating model, which is the basis of the Group's equity soundness and steady economic growth.

The fiscal year just ended is the last year of the management bodies' term of office and of my appointment as Chairman of the Board of Directors. Therefore, I take this occasion to sincerely thank all of Astaldi's Shareholders, members of the Board of Directors, Auditors, managers and employees. I am highly proud of having contributed to the Company's development during these years and of having managed the admission of Astaldi S.p.A. in the Italian Stock Market. And, as Honorary Chairman, I will be able to foster my relationship with the Company which, I am confident, will keep on growing.

The Chairman
(Ernesto Monti)

main events of 2006

2006 Main events

February Astaldi, as partner of a joint venture, is awarded with the general contracting for the construction of the line C of the underground of Rome

February Astaldi, as leader of a joint venture, is awarded with the project finance for the construction and subsequent management of the new line 5 of the underground of Milan

March Final award to Astaldi, as partner of a joint venture, of the contract for the construction of the railway section Mecheria-Redjem Demouche, in Algeria

April Astaldi, as partner of a joint venture, is awarded with the contracts for the construction of the new railway lines San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta, in Venezuela

FROM LEFT TO RIGHT:

ITALY
New Milan Expo Fair Centre
ITALY
Rome-Naples High-Speed Railway
ITALY
New Hospital in Mestre

April The railway project Puerto Cabello-La Encrucijada, already at an advanced phase of execution by Astaldi as partner of a joint venture, is supplemented with new contract options

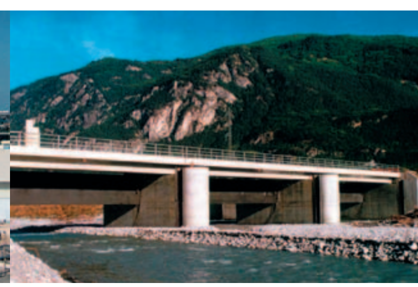
May The preliminary archaeological investigations for the construction of the new line C of the underground of Rome have been started

July Astaldi, as partner of a joint venture, enters into the contract for the design of new stations and freight villages within the framework of the railway project Puerto Cabello-La Encrucijada, already at an advanced phase of execution by the same joint venture

August Execution of a facility agreement with a pool of international banks aimed at strengthening the equity structure

October The railway line Caracas-Cua, constructed by Astaldi, as partner of a joint venture, within the framework of the Puerto Cabello-La Encrucijada project, is inaugurated in the presence of the President of the Bolivarian Republic of Venezuela

October Approval of the plan of merger by incorporation of the subsidiary Italstrade, aimed at improving the Group's organizational and corporate structure


November The works for the construction of the second maxi-lot of the "Jonica" National Road are started after the Client's approval of the engineering design

FROM LEFT TO RIGHT:

QATAR
SASOL GTL Plant
ITALY
Pont Ventoux Hydroelectric Power Plant
TURKEY
Anatolian Motorway

g r o u p   p r o f i l e

Corporate bodies

Board of Directors

Chairman	Ernesto Monti
Deputy Chairman	Paolo Astaldi
Executive Deputy Chairman	Vittorio Di Paola
Chief Executive Officer	Stefano Cerri
Chief Executive Officer	Giuseppe Cafiero
Board Members	Caterina Astaldi
	Pietro Astaldi
	Luigi Guidobono Cavalchini
	Franco Grassini
	Mario Lupo
	Vittorio Mele
	Nicola Oliva
	Maurizio Poloni

General Managers

International & Head Office activities	Giuseppe Cafiero
Administration & Finance	Stefano Cerri
Domestic activities	Nicola Oliva

Deputy General Managers

Administration & Finance	Paolo Citterio
Domestic activities	Gianfranco Giannotti
International activities	Rocco Nenna

Board of Auditoris

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

Auditing Company

Reconta Ernst & Young S.p.A.

The Astaldi Group

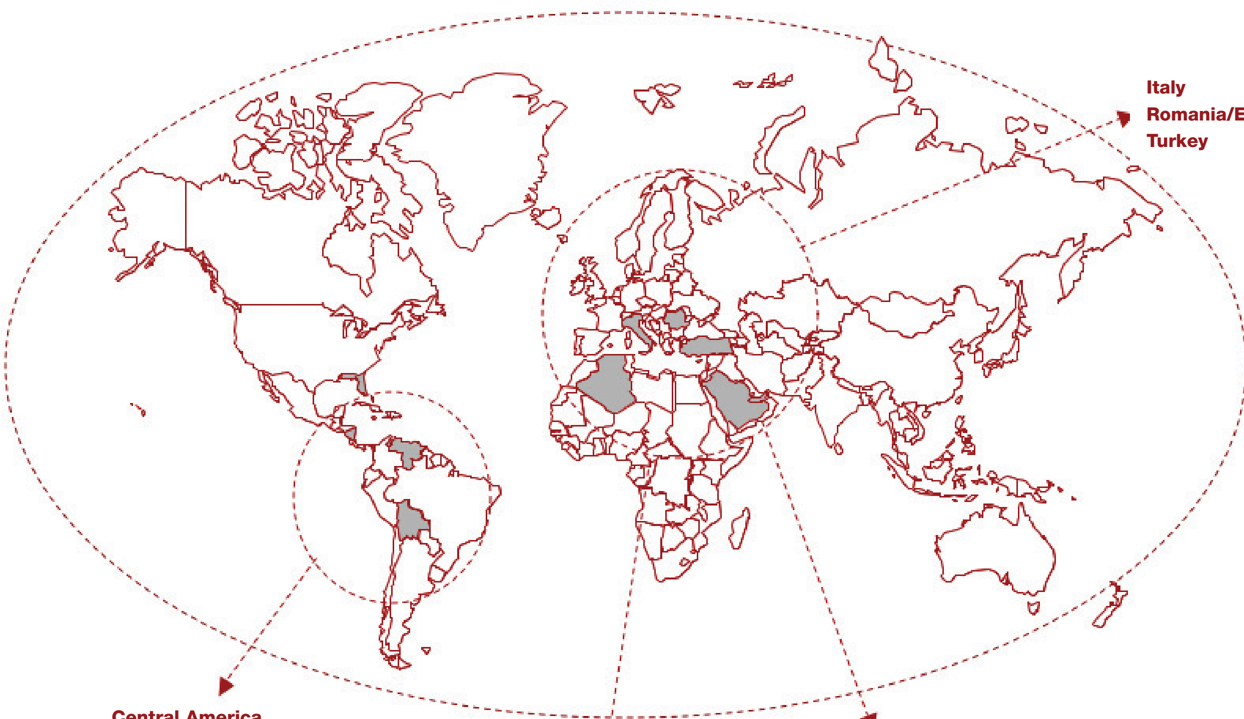
The Astaldi Group, which has been operating for more than eighty years in the sector of the design and construction of large-size civil engineering works in Italy and abroad, is one of the most important groups at international level and is a leading General Contractor and promoter of project finance initiatives in Italy.
Astaldi, which has been being listed on the STAR segment of Milan Stock Exchange since June 2002, has consolidated revenues presently exceeding 1 billion euros and consolidated orders backlog exceeding 7 billion euros.
The Astaldi Group, established in the '20s by Sante Astaldi, was since ever involved in large-size construction works thus earning a good reputation at international level, also thanks to its expertise in mastering innovating construction techniques.
In fact, as a General Contractor, the Group is capable of managing and coordinating all the resources necessary to carry out turn-key projects, from the design up to the financing arrangement, the construction and operation of works characterized by high complexity and considerable value.
Since its formation, the Group bound its name to the most important civil engineering works which came along with the process of development of the countries where it operated. At present, the Group has 6,000 employees committed to the execution of works in 14 different countries, mainly in the sectors of railway and road transportation and airport infrastructure.
In fact, such sectors represent the main field of activity of the Astaldi Group, and presently contribute to 60% of its orders backlog. By the construction of railways, roads, motorways, airports and harbours in Italy and abroad, the Group accrued high levels of technological skills which made it earn the position of world leader in the field of infrastructure.
After the considerable success obtained by the construction of the undergrounds of Rome, Naples, Genoa, Milan, Copenhagen and Caracas, of the Rome-Naples section of the High Speed Railway line, of the so-called "Passante a Nord Ovest" (a road tunnel in Rome) and, abroad, the Anatolian Motorway in Turkey, the Group is presently executing important works such as a light underground in Brescia and the High Speed Railway Station in Bologne, Italy, the railway junction in Turin, the railway link in Milan and the main railway links in Venezuela. While the general contracting for the construction of the line C of the underground of Rome, the project finance for the new line 5 of the underground of Milan, the two maxi-lots of the "Jonica" National Road, have been awarded to the Group only recently, in addition to other important contracts in Venezuela, Romania and Algeria.
Also the other works executed by the Group in the other fields in which it is operating, such as hydraulic works and power plants (dams, hydroelectric power plants, aqueducts, oil & gas pipelines and water treatment plants), civil and industrial building (hospitals, universities, courthouses, civil works for electric and nuclear power plants, car parks) and, finally, of the operation under concession of hospitals, car parks and urban transport infrastructure, are

all of a considerable importance. Among the main works executed in such sectors, it is worthy mentioning, for their engineering and architectural meaning, the New Expo Fair Center in Milan, which is the most important expo fair center worldwide and the construction of which was carried out by Astaldi as General Contractor, as well as the hydroelectric power plant in Pont Ventoux in Val di Susa, in addition to several impressive hydraulic works executed in Italy and, abroad, in China, Congo and Indonesia.
In the sector of civil and industrial building, Astaldi was involved in the construction of the nuclear power plant in Montalto di Castro (Italy), the PEC plant in Brasimone (Italy), the CERN's LEP Project in Geneva, the Hospital "Carlo Poma" in Mantova and the so-called "Città della Scienza" in Naples, while the works for the construction of the New Hospital in Mestre and the New Hospital in Naples are under execution. Moreover, the diversification strategy implemented during the last few years led to an important and qualified presence of the Astaldi Group in the sector of industrial plants, in which it is active under the form of partnership with the most important international operators engaged in the specific field of oil plants.

Growth strategies

The Astaldi Group further consolidated its leadership on the reference markets also during the last year, thus overtaking a standstill due to a slowdown of the domestic market construction sector thanks to the business model adopted. The flexibility in implementing the strategic guidelines allowed getting a proper balance between domestic and foreign activities, thus supporting the growth trend consistency stated in the business plan and concentrated, as expected, in the second half of the year. The possibility of rapidly modulating the production contribution of the single geographical areas indicates the Group's ability to diversify the activities and the risks related thereto, resulting from the traditional and well-rooted presence on the foreign markets.
Astaldi management and equity characteristics confirm the Company's competence in facing, with the attitude of a highly qualified leader, the forthcoming challenges in the domestic market, characterized by an ever increasing number of general contracting initiatives of a higher and higher unit value and which require a single contractor having a sound financial and managerial structure which may finance in advance a considerable share of the total works' value. The Group's equity soundness undoubtedly represents an effective lever to strengthen the presence in the sector of the works to be carried out under a concession or project finance framework, such instruments being more and more exploited by local authorities in order to provide the territory with the necessary infrastructure.
On the foreign markets, the Group traditionally focuses its activity on five strategic areas, which may be identified as Latin America, Maghreb, Eastern Europe, Turkey and the Arabian Peninsula, each offering, during the period, actual opportunities of execution of public works involving, first of all, the companies which, like Astaldi, are traditionally operating in the respective territory. Therefore, the Group intends to focus its efforts in increasing the orders backlog in those countries where it has already consolidated its presence, thus pursuing this target not indistinctly but selecting the possibilities of development on the basis of the associated country-risk.

The Group's international positioning



Management and Human Resources

The results obtained by the Group are also based on the technical skills of its employees and collaborators, as well as on the management's ability to turn the organizational and professional know-how accrued into optimal technical and financial solutions in order to fully satisfy the Client's needs. Each new initiative is managed through a structure properly set up, formed of highly qualified personnel daily contributing to the achievement of the strategic targets fixed by the Company.

The Astaldi Group has always considered its own human resources as an actual corporate asset to be made more valuable and reliable and is aware that highly qualified personnel is a *sine qua non* condition for ensuring the sustainability of growth targets.
The central role within the Company's organization is played by the Board of Directors, which is responsible for the Company's strategic and organizational policy, as well as for the verification of the controls necessary to monitor the Company's and Group's trend.

Moreover, Astaldi corporate governance is based on a model devised in compliance with the principles of the "Self-governance code for listed companies" drawn up by Borsa Italiana. Astaldi shareholders structure is made up of approximately seven thousand registered holders of common shares. Among them, the direct shareholders holding more than 2% of the share capital are the following: FIN.Ast S.r.l., holding a share of 39.669%; Finetupar International S.A., holding a share of 12.525%; Fidelity International Limited, holding a share of 3.088%.

The corporate governance

For the purpose of ensuring the monitoring of the corporate processes, the Company set up, since some time now, an Internal Auditing Department and started, more recently, the Internal Integrated Auditing System project, which led to define a common operating method and a common language relating to the internal auditing system. Moreover, since March 2003, Astaldi has adopted a corporate Code of Ethics stating the behavioural principles and rules to be complied with by its employees and collaborators during their activity, when holding relationships with the shareholders, the public authorities and other third party entities. On that same year, an Organization Model was adopted in order to safeguard the Company from possible offences which may be committed by its directors, employees, collaborators as provided for by the Italian Legislative Decree No. 231/2001. Both the Organization Model and the Code of Ethics have been updated in accordance with laws and rules subsequently come into force in matter of market abuse and the new liability regimes introduced by the so-called "Legge Risparmio" (Italian Law No. 262/2005).

The Company's support to culture

Finally, Astaldi carried on its policy focusing on the environment and support to culture, based on the conviction that the search for utmost corporate efficiency is compatible with the contribution to the social and cultural development of the countries in which the Group is carrying out its activity. On the basis of the above, also during this year, the Company further consolidated the close friendship relationships it holds with several institutions active in the safeguard of the Italian musical and cultural asset and which it fostered throughout time following the traditional sensitivity for the world of arts and culture which has always characterized the Company and which already belonged to the Company's founders.

The Group structure

construction

ITALY

ROME UNDERGROUND LINE C

HIGH SPEED RAILWAY BOLOGNA STATION

TURIN RAILWAY BY-PASS

MILAN RAILWAY BY-PASS

METROPOLITANA DI BRESCIA

METROPOLITANA DI NAPOLI

STRADA STATALE "JONICA"
(SS 106 - Lotti 1 e 2)

ABROAD

EUROPE
Turkey, Romania, Bulgaria

AMERICA
Venezuela, United States, Honduras, El Salvador, Nicaragua, Bolivia, Guatemala, Chile, Peru, Panama

AFRICA
Algeria, Morocco

ASIA
Saudi Arabia, Qatar

concession and project financing (BUSINESS UNIT)

HEALTHCARE

NEW HOSPITAL IN MESTRE

NEW HOSPITAL IN NAPLES
("Ospedale del Mare")

4 HOSPITALS IN TUSCANY
(Astaldi Sponsor)

CAR PARKS

2 CAR PARKS IN BOLOGNA
("Piazza VIII Agosto", "Ex Manifattura Tabacchi")

2 CAR PARKS IN TURIN
("Porta Palazzo", "Corso Stati Uniti")

1 CAR PARK IN VERONA
("Piazza della Cittadella")

URBAN TRANSPORT INFRASTRUCTURES

MILAN UNDERGROUND LINE 5

APPIA ANTICA UNDERPASS IN ROME
(Astaldi Sponsor)

call of the shareholders' meeting

Call of the Shareholders' Meeting

An Ordinary and Extraordinary Meeting of the Shareholders is called to be held at the Company's registered office in Rome, Via Giulio Vincenzo Bona 65, on the 30th of April 2007, at 9,00 at first calling and, if necessary, at second calling on the 2nd of May 2007, same place and time, to discuss and resolve upon the following Agenda.

Ordinary Session

1. Approval of the Company's Financial Statements as of December 31, 2006. Resolutions relating thereto and deriving therefrom.
2. Renewal of the Company's Board of Directors for the three-year period 2007-2009. Resolutions relating thereto and deriving therefrom.
3. Appointment of the Honorary Chairman.
4. Extension of the appointment of the auditing company as per art. 8 of D.Lgs. 303/2006;
5. Resolutions on the purchase and sale of treasury shares.

Extraordinary Session

– Amendments to the Company's By-Laws.

The Shareholders' Meeting may be attended by the Shareholders entitled to vote provided that the authorized broker will have sent the proper certification within two days before the date fixed for the first call meeting.
In order to facilitate the verification of the entitlement to attend the Shareholders' meeting, the Company invites the Shareholders to forward the documents evidencing such entitlement to INFOMATH S.r.l. – Attn.: Anna Raviele/Elisa Zaninelli - Via S. G. Bosco n. 3, 24126 Bergamo (Italy), by post office mail or by fax to No. 035-3840396, at least two days before the date fixed for the first call meeting.
The documents relating to the topics of the agenda shall be filed with the Company's registered office and Borsa Italiana S.p.A. as provided for by the laws and regulations in force. The shareholders may obtain copy thereof at their own expenses.
Accredited experts, financial analysts and journalists desiring to attend the Shareholders' Meeting will have to file a proper application with Astaldi S.p.A. – Attn. Investor Relations Dept. – by e-mail to the address *investor.relations@astaldi.com* or by fax to No. +39-06-41.76.67.13 – not later than two days before the date fixed for the first call Meeting.

On behalf of the Board of Directors
The Chairman
Ernesto Monti

consolidated financial statements

Management Report on the Consolidated Financial Statements

1. Introduction

Astaldi Group's Consolidated Financial Statements were drawn up in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), as referred to in the notes to the consolidated financial statements.

2. Macroeconomic background

During 2006, the international macroeconomic background was characterized by the good resistance of the US economy, by the Japanese economy recovery and by a substantial stability of the Euro Area business cycle.

For the Euro Area, the macroeconomic dynamics showed an economic activity growing at a pace higher than expected, even though trends differed from country to country. In particular, in Italy, despite some initial uncertainties, the business upswing became more stable thus favourably integrating within the growth scenario which affected all the European countries.

In fact, the first final data regarding the whole year, disclosed by ISTAT (the Italian National Statistics Institute) in March 2007 depict the Italian economy more positively than anyone could ever hope. The Italian GDP has grown, in actual terms, by +1.9%, the best result recorded since the year 2000, even more valuable if compared with the 2005 results showing a substantial standstill. Investments and net foreign demand contributed to the annual growth by 0.5 and 0.3 basis points, respectively, evidencing an undisputable improvement with respect to the previous period, to which the contribution of these two elements for the determination of the overall demand was definitely negative. Also household spending increased, thus contributing by 0.9 basis points (0.3 in 2005). Therefore, it is clear that the main domestic components, as well as foreign components of overall demand, clearly indicate an economic growth.

3. Financial markets

The year 2006 was a favourable year for the financial markets, which took advantage of considerable liquid funds, of further improving corporate basic figures, as well as of the absence of any important macroeconomic strains.

In particular, 2006 confirmed to be a year of growth for the Italian stock market, thus strengthening a positive trend already started some years ago.

Also stock trade has increased: the trade volume on the Italian Telematic Stock Market (inclusive of stocks, ETF and securities derivatives) reached 63.9 million of contracts, for a countervalue of EUR 1,232 billion. The daily average was of 252,600 contracts (+21.5% more than 2005), for a countervalue of EUR 4.9 billion (+22.7% annually), thus establishing the new Italian all-time peak.

Also for the derivatives, the IDEM reached, during the year, a new record in terms of contracts and traded countervalue, with a daily average of standard contracts increased by +23.5%.

Focusing attention on the stock markets, it is worthy noticing a very good performance of the MIB index which has grown by + 19% since the beginning of the year, with a ceiling of 30,949 in December. The S&P/MIB rose up by +16%, the MIDEX by +32% and the All Stars by + 21%.
Market capitalization exceeded EUR 776 billion, the highest value during the last five years.

4. Domestic market

Contrarily to what happened throughout the last five years, during which the construction sector bolstered the domestic economic cycle, the year 2006 was characterized by complexity and marked by events which inevitably caused the sector to slow down.
The political elections held in April, the settlement of the new Government and the

FROM LEFT TO RIGHT:

ITALY
Brescia Subway
ITALY
Rome-Naples HS/HC Railway Line
ITALY
Naples Subway

changes in the infrastructure investment policy implemented at national level, together with a shortage in resources as found out when drawing up the 2007 Finance Act, are all important factors which adversely affected the domestic sector activities, thus inducing that market slowdown which, as set forth herebelow, has partially brushed up, but not nullified, the benefit deriving from upsurge in the activities developed by the Astaldi Group in foreign countries during 2006.
In particular, the shortage in financial resources detected by the new Government led to a redefinition of investment priorities on the basis of the so-called "Legge Obiettivo" (Italian Law No. 443/2001) and singled out by the Italian Ministry of Infrastructure on the basis of the services conferences which involved local authorities back in the decision-making process.
At the same time, some changes occurred also in works tender procedures. As a countertrend to the events which followed the reintroduction of the "Legge Obiettivo" supported by the previous Government, which attributed a sector leading role to companies like Astaldi, provided with technical-equity characteristics and with managerial abilities compatible with the new tender procedures established by the same laws (general contracting laws), during 2006 there has been a tendency back to traditional integrated contracts considered as less demanding from a financial point of view, thus breaking down the amounts of the works.
Therefore, if in 2005 – as reported by us in due course – the downsizing of resources made available to infrastructure investments was only partially counterbalanced by the increased application, by central and local authorities, of residual liabilities deriving from previous years, in 2006 the shortage in funds and the dif-

ferent orientations caused a general decline in the number of calls for tenders and, in particular, a decrease in the number of general contracting tender procedures.
On the contrary, the instruments of project finance and concessions as per art. 19 of the Merloni Law (Law No. 109/94) have been more and more used, since they allow to meet central and local authorities' requirement to minimize the impact of public works expenditure on the levels of indebtedness.
In such a complex reference domestic scenario, by developing such scaled down opportunities offered, the Astaldi Group, however, succeeded in further consolidating its own leadership throughout the period, both in the general contracting sector, by the acquisition of the Line C of the underground of Rome, and as leader of project finance sector initiatives.
Despite the additional slashes made – or planned – by the central Government to expenditure items of public bodies traditionally acting as employers at national level, it is deemed such trend may be reasonably confirmed also throughout 2007. In fact, we remind that the Finance Act approved by Prodi's Government for the years 2007-2009 estimates a +29% increase in financing to be allocated to infrastructure investments. In particular, an amount of EUR 3.7 billion has been made available for the year 2007, and additional EUR 14 billion for the period 2007-2009.
Furthermore, mounting opportunities in the project finance and concessions sector should not be underestimated, since such instruments, as already said, by luring private capitals to be devoted to public investment policies, are turning out to be a more and more sought-after solution for the construction of large-size works

FROM LEFT TO RIGHT:

ITALY
New Milan Expo Fair Centre
ITALY
Hospital in Mestre
ITALY
Pont-Ventoux Hydroelectric Power Plant

not only at local and national, but also at international level.
In particular, in Italy, during the last few years, the Public-Private Partnership market witnessed a growing number of tenders having recourse to the project finance instrument which, for the central Government and local authorities pressed by social needs and financial tensions, is becoming the reference logical, methodological and operational approach to collect the resources necessary to carry out public works, in the community's interests and in agreement with the equity, financial and economic equilibriums of private entities and local public bodies.
Figures themselves confirm indeed such trends. Even though the number of tenders globally decreased, tender procedures started throughout 2006 for the execution of works by public-private financing represent a global turnover of EUR 7.81 billion (EUR 1.6 billion in 2005), in comparison with EUR 0.98 billion of general contracting tenders and EUR 2.89 billion of integrated contract tenders.
Therefore, the PPP sector remains an extremely interesting business area, on

which the Group intends to keep on focusing its attention, by mainly concentrating on initiatives referable to the sectors of health, car parks and transport infrastructure.

5. Foreign market

The reference foreign scenario, as a whole, is characterized, contrarily to previous years, by more dynamism.

We remind that the Astaldi Group's policy of international expansion is focusing on five reference strategic areas which, in order of importance, may be identified as Latin America (Venezuela, Bolivia, Chile), Maghreb (Algeria), Eastern Europe (Romania), Turkey and the Arabian Peninsula (Saudi Arabia and Qatar). Furthermore, it is worthy noticing that the Group is operating also in Central America (Costa Rica, Honduras, Nicaragua, El Salvador) and in the United States (Florida).

By analyzing the situation of each of these areas, we find a common factor in all of them. In fact, in any of them, during the year recently closed and in accordance with the trends already started during the foregoing years, events took place which favoured public investments in the infrastructure sector, thus bringing forward considerable opportunities of development to those entrepreneurial entities which, like Astaldi, are deeply-rooted and historically operating throughout the territory.

In particular, as far as concerns Latin America and Maghreb, there are considerable opportunities of development deriving from high and growing quotations of oil and gas. As to Romania and Bulgaria, these countries have been admitted to the European Union, effective from January 1, 2007.

Undoubtedly, Latin America keeps on being one of the most interesting markets among those on which the Astaldi Group's business development policies are focusing.

In fact, despite the important structural gap between the countries of such area, in 2006, the main economies which may be identified therein, showed signs of a regained high growth rate, thus confirming a trend already started in 2005 after three years of stagnation of production activities.

The worldwide uprise in oil price undoubtedly favoured Venezuela which presently ranks fifth in world oil output. Thanks to an improved ability of transforming the country's enormous natural resources into public expenditure items, but also thanks to economic and social policies adopted at national level, the GDP has considerably increased during the last few years; from a deficit of –6.1% in 1999 it increased, through alternate phasis, up to +9.4% in 2005. The oil sector growth considerably contributed to achieve such result: oil extraction activities have enormously increased during the last few years and, according to national strategic plans, should reach the amazing value of 5.8 million barrels per day within 2012. But large part of the national growth has to be attributed also to the public investment plan for the modernization and improvement of infrastructure and social facilities, on which the Government is strongly taking its chance.

In this reference context, and under the auspices of intergovernmental agreements for economic, industrial and financial cooperation entered into in December 2005 between the Government of Italy and the Government of Venezuela, it is deemed that the Astaldi Group may have additional considerable business development opportunities in the Country. Undoubtedly, this consideration is even more so confirmed not only by Astaldi's deep knowledge of the territory deriving from its traditional presence in such area, but also by the considerable success obtained throughout the years and confirmed by the appreciation expressed for the quality, efficiency and reliability with which the initiatives in which the Group was involved have always been carried out. The leading role played by Astaldi in the evolution of intergovernmental agreements mentioned above confirms, on the other hand, not only the perfect integration between the activities carried out by the Group in the area and the local production structure but also, and above all, the Group's ability to meet, in a reliable manner and with appropriate technological solutions,

FROM LEFT TO RIGHT:

VENEZUELA
Caracas-Tuy Railway Line
QATAR
Ras Laffan GTL Plant
SAUDI ARABIA
Yanbu Acetic Acid Plant

the employer's (i.e. the Government acting as employer) requirements and its willingness to support the Country's economic growth, to be achieved in the short term, by the creation of a proper system of infrastructure links (railways and bridges).
Finally, to this respect, it is worthy noticing that the Group's growth expectations in the area, in view of the above considerations, are – and will be – focused exclusively in the construction sector (and not in the concession sector), on initiatives which are considered as Government priorities and, therefore, not at risk of nationalization by the local Government.
For this area and for all other areas which shall be analyzed herein, the specific information concerning the single initiatives developed will be examined in closer detail in the orders backlog chapter.
Therefore, the strategic importance of Venezuela is confirmed, this being an area where the Astaldi Group is considered, for some time now, as one of the leaders in the reference sector, perfectly integrated within the local production structure and as main exporter of the Italian production model. Even the more so that this Country is considered, in the Group's expansion policies, as a valid starting point to investigate and develop additional neighbouring areas which, like Venezuela in the past, are beginning to show the first signals of economic recovery and local Governments' willingness to invest in infrastructure works. This is the case of Bolivia, where the Group is developing some interesting initiatives in the road sector and in power plants, again under the auspices of the intergovernmental agreements in force. But we refer also to Chile, where Astaldi already operated in the past and where the level of economic stability now achieved allows to predict some interesting opportunities of integration between the Group's know-how and the demand for infrastructure which the Country's development plans will necessarily have to consider in the short term.

Instead, as far as the Maghreb Area is concerned, the Group has been operating in Algeria for many years now, but also in Morocco, mainly in the sector of transport infrastructure and hydraulic engineering.
In Algeria, which represents a well-tested business source, some additional development opportunities may originate from the local Government's intention to speed up the potentialities of public expenditure in infrastructure programmes, also in consideration of the improved capacity of transforming the considerable increase in the prices of energy products (oil and gas), which the Country is very rich in, into investments.
On the other hand, the final clearance of Group's activities in Sub-Saharian Africa started during the previous years fits the Group's intention to disengage human and financial resources which may be useful to focus business activities on the development of wide and important investment opportunities in the infrastructure sector which may take shape in this area in the short term.
In fact, it is worthy reminding that the Government of Algeria has approved an extensive investment plan showing good opportunities in the transport infrastructure sector (this definition being not limited to high speed railways) and in the sector of public utilities. In order to fully take advantage of the business opportunities which may derive from it, during the period the Group has established a company organized under the laws of Algeria, which is an Astaldi's wholly-owned subsidiary, and started at the same time a programme of investment in specific plants and machinery.
Instead, as far as Romania is concerned, which is also one of the areas where the Group has been traditionally carrying out its foreign activities, here mainly in the sector of transport infrastructure (roads, railways and airports), important development opportunities may derive from the Country's admission to the European Union as set forth above. This event, in fact, will allow the inflow of considerable financing – under the form of cohesion funds – which, together with the larger available funds of the local budget, suggest a future increase in business opportunities in the Country, particularly in the sector of concessions and public-private partnership, these patterns allowing to make up local infrastructural needs with the shortage in sufficient structural resources, should such shortage become reality.
It is worthy noticing that this area allows to investigate additional Eastern European markets (Bulgaria), considered as potentially interesting markets not only by virtue of the admission to the European Union, but also in view of the level of stability evidenced by the political-economic context characterizing the same and in consideration of the sustainable degree of complexity detected in the reference market.
Also the activity carried out by the Group in Turkey is particularly important, where the successful management of the important Anatolian Motorway Project allows to expect additional opportunities of operating again in this area and where the achieved level of integration with the production system and the labour force system lets assume to re-use the local middle management formed throughout the years in the Company's sites, as well as in similar circumstances and contexts.
Therefore, the acknowledgement of effectiveness and efficiency of the experience accrued by Astaldi leads to foresee important opportunities of development with Turkish institutions, which may, among other things, lead to exploit in this area the Group's experience accrued in the concessions and public-private partnership, in particular in the health and transport infrastructure sectors.
Last but not least, the Arabian Peninsula has to be taken into consideration. The

diversification strategy implemented during the last few years in the Middle Eastern Area, in fact, led to an important and qualified presence of the Group in the sector of industrial plants, in which it is active under the form of partnership with the most important international operators engaged in the specific field of oil plants. In view of the above, it is deemed that, in these areas and in such market, the considerable investments planned by international operators and by local Governments may prompt, within a reasonable period of time, a further and interesting

FROM LEFT TO RIGHT:

VENEZUELA
Los Teques Subway
TURKEY
Istanbul-Ankara Motorway
ALGERIA
Jijel Tunnel

increase in the market share held by the Group. Such growth may even prepare the way to identify, in the short term, the oil&gas sector as the fifth line of business of the Group's activities, with an expected turnover of approximately 5% of the consolidated value within the next two years.

Finally, it is important to state the reasons which induced to reconsider the presence and the strategic positioning in the United States Area, where the Group is operating exclusively in the State of Florida, by means of its subsidiary Astaldi Construction Corporation.

In this area, notwithstanding the federal deficit increase, the year 2006 witnessed an annualized growth of the construction sector, allowing to assume a further strengthening, both for 2007 and subsequent years. In particular, it is deemed that the demand for residential building may hold firm at high levels, even though at a percentage lower than previous years, with a consequent dragging effect on public road works and urban sub-utilities. Such circumstances shall anyway be influenced by currency market events which are bearing hard upon the credit market and, in particular, the property loan sector. The sector of road and motorway works has been spurred, already starting from 2005, by the renewal of TEA-21, the federal law governing the financing of new initiatives for the construction and maintenance of such kind of works for the next six years, which provided for a considerable increase in the funds to be allotted to such activities, particularly in the State of Florida. Moreover, there is a growing interest in public-private partnership initiatives, recently implemented in the sector of transport infrastructure and in the sector of utilities devoted to local communities (water treatment plants and alike). Taking into account all the above, despite the strong negative trend which characterized this area during the period – losses which, as examined more in detail hereinbelow, are attributable to the management of the final phases of some contracts in the sector of utilities – strategic and operating decisions have been retraced. In fact, the highly complex management required by the sector exploited during the last few years (the sector of utilities), led the Group to revaluate the reference market, thus favouring the redirection of activities toward the traditional and more profitable sector of transport infrastructure which, taking into account the opportunities of development previously outlined, is deemed may guarantee satisfying levels of profitability back again. Conclusively, it is worthy noticing that the intention seek, by virtue of strong and improved potentialities of expenditure of local Governments, a further increase in the Group's presence in those countries where the orders backlog managed is already of a great importance, is a strategic opportunity which will be pursued not indistinctly, but balancing the possibilities of development and the associated country risk and the resulting degree of concentration of the activities, in so as to guarantee the growth of activities and the sustainability of the business as a whole.

6. Operating network

During 2006, the Group's operating network developed through the activity of 21 foreign branches (operating as sub-offices) and 178 companies located in Italy and abroad, 63 of which are consortium companies that are being wound up voluntarily, and 57 of which are subject to a dominant influence exercised by the Parent Company.
It is worthy noticing that, during the period, on the 27th of December, Italstrade S.p.A. was merged into Astaldi S.p.A.. Therefore, all the entities belonging to Italstrade in Morocco, Algeria, Romania and Turkey have been included within Astaldi's investee companies. Such operation stems from the opportunity of making strategic choices mainly aimed at rationalizing – in terms of dimension, quality and operating units – the organizational array and the corporate structure of the Astaldi Group. In particular, this operation is part of the actions aimed at strengthening the Group itself in order to better meet domestic and foreign market needs, requiring more and more advanced technological and competing abilities, jointly with increasing specialization and qualification.
Not only will such merger allow to rationalize and curb corporate operating costs, but it will also reduce the fragmentation of operating activities, favouring a better integrated management and strategic policy at Group level and thus facilitating the coordination of the corporate action vis-à-vis the institutional operators with which Astaldi S.p.A. interacts within the investment management process.
For the evaluation of the accounting effects of the merger, refer to the notes to the financial statements.

7. Group's economic, equity and financial trend

The Group's economic, equity and financial trend during 2006 reveals a year in which the expected considerable raise in domestic activities, in particular in the initiatives linked to the "*Legge Obiettivo*" (Italian Law No. 443/2001) materialized only in the last part of the year; such phenomenon was balanced by an increase in foreign activities, deriving from the development policy implemented during the last two years in the areas traditionally considered as strategic (Venezuela, Algeria, Romania and Turkey), as well as in those areas which are showing actually interesting opportunities of further growth (Middle East).
The following table shows the key figures relating to the Group's activity in 2006, in comparison with similar values recorded during the previous year.

key figures

(millions of euros)	2006	2005
total revenues	1,072	1,021
ebitda	116	126
ebit	78	78
profit before income taxes	61	55
net profit	30	32
self-financing (profit + depreciation and amortization + provisions)	69	77
investments	109	47
fixed assets	331	213
net invested capital	566	493
net financial indebtedness	285	237
net equity	281	256

During 2006, the effectiveness of the strategies pursed until nowadays has become evident. In fact, the business model adopted ensured an appropriate flexibility in the implementation of the Group's strategic guidelines.

Notwithstanding the presence of negative contingent events, such as the slowdowns in the procedure for the approval of some domestic projects and the loss from USA projects, the year 2006 allowed to confirm a growth trend which, during 2007, shall become stronger as a direct consequence of the regular execution of recently acquired contracts.

In fact, a proper balance of domestic and foreign activities allowed to achieve the results shown in corporate industrial plan documents which, in relation to 2006, foresaw a growth concentrated in the second half of the year.

After all, not only does the Group's ability to promptly adjust the contribution to the production activities of the single geographic areas express the exploitation of a traditional asset – that is, a well-rooted presence abroad – but it also indicates a well-organized ability to diversify the activities and the risks connected therewith. In fact, the possibility of relying on foreign activities means not only taking the opportunity of counter-balancing the possible slowdown of the Italian market, but it also represents a way of supporting the higher incidence, within the domestic order backlog, of general contracting and project financing initiatives which, because of their nature and by virtue of the high complexity characterizing the same, entail a longer and more elaborated arrangement activity, both from the design and the operational point of view. As a matter of the fact, foreign activities have an average life cycle which is shorter than domestic ones and, therefore, the corresponding quota of orders backlog being managed is characterized by a quicker turnover of the orders forming the same.

These considerations and the strategic choices deriving therefrom, together with the focus on contracts of a high value and requiring important technological-managerial contents, are the basis of the important successful business results achieved in 2006, in Italy by the acquisition of remarkable general contracting and project financing initiatives, and abroad, by entering into interesting contracts in Venezuela, Algeria, Romania and Central America.

Therefore, the guidelines set forth in the industrial plan with reference to business policies and the international positioning pursued at Group's level have been actually put into practice.

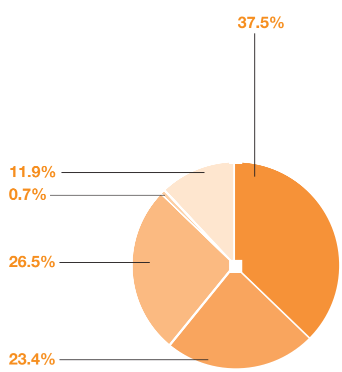
Even the more so that the new contracts acquired throughout the year, of a global value of EUR 3.3 billion, confirm the assumed Group's development by internal means as set forth in 2006-2010 Business Plan. One of the targets fixed in the Plan is, in fact, the improvement of the orders backlog not only from the quantity point of view but, and above all, from the quality point of view, this being the condition to achieve important and ever growing economic-equity-financial targets.
Therefore, the economic-financial results obtained in the subject-matter year are nothing less than a confirmation of the ability to achieve such targets, even the more so that the same have been brought about in a market situation in which only an attentive balance between the domestic and the international sectors could and can ensure satisfying economic margins and levels of financial and equity soundness. The rationalization of the Group's presence abroad implemented during the last few years has to be construed also in terms of strategy.
The 2006 income statement itself is evidence of the above statements and of the economic and financial growth targets laid as basis of the industrial plan and budget assumptions; in particular, the more than 5% increase in the revenues for the period in a general context of slowdown of the domestic construction sector consequently to the political elections held in April, underlines both the quality and the flexibility of the corporate operating model, the two backbones on which the Group's growth and financial-equity soundness are based.
More in detail, total revenues for the period amounted to EUR 1,072 million, growing by 5% in comparison with the previous year. The revenues obtained, approximately equivalent to EUR 1,021 million have confirmed, for the year just ended and for 2007, the trend of a higher incidence of works being executed abroad, in the 15 Countries where the Group is presently operating. In fact, the domestic sector contributes to the revenues for the period by 38%, while the activities carried out abroad, mainly in the road and railway sectors, by 62%.
The excellent results obtained in Venezuela are confirmed; in this Country the works for the Caracas-Tuy Medio railway have been substantially completed, and the works for the construction of the Puerto Cabello-La Encrucijada railway and of the underground of Los Teques are being carried out fully in compliance with expectations. As far as this latter project is concerned, it is worthy mentioning its inauguration in November 2006, as explained in closer detail in the orders backlog paragraph. Anyway, Venezuela is destined to remain one of the most important areas for the Group's production activities, also because the effects of the local Government's ability to transform the increased cash-flow from the high price of oil (of which the Country is one of the world production leaders) into infrastructure investments, are becoming evident. Such conditions led, during the year, to enter into some additional important contracts for works in the railway sector having economic effects already starting from the second half of 2006.
In Algeria, where Astaldi may be now considered as one of the sector leaders, the business effort led to the acquisition of additional important orders, both in the sector of transport infrastructure, and in the sector of dams and hydraulic works; the standard rate production of such works and of the works acquired in 2005 contributed to meaningfully increase the importance of such Country for the obtainment of the Group's total revenues during the year just ended.
The contribution deriving from activities carried out in Central America is as much as interesting; Astaldi has been operating in this area for many years now, with a

business policy which allowed to acquire, in 2006, new important contracts, thus consolidating the Group's position in those Countries (El Salvador, Honduras, Nicaragua, Costa Rica) where it traditionally represents one of reference operators in the construction sector.

Finally, it is worthy quoting the contribution of the Middle East Area (Saudi Arabia and Qatar) where important successful business operations are being carried out in the oil plant sector and the contribution to Group's revenues is expected to reach 5% of the consolidated turnover within the next two years.

Some different considerations have to be made in relation to Florida (USA) where, during the period, important losses deriving from the management of the final phase of some contracts in the sector of utilities have been registered and which, as already stated, led to reconsider the strategic and operational choices worked out for this area of interest. The high complexity of the subject-matter sector, stressed by adverse climate conditions which have been being registered since 2005, and which caused, in 2006, a strong increase in the demand for raw materials and labour force and, thus, a significant increase in production costs, led the Group to re-evaluate the reference market, on the one side favouring a resolute change in the organization of local units and, on the other hand, to focus the activities back on the traditional and more profitable sector of transport infrastructure.

The attribution of revenues by geographical area is shown herebelow.



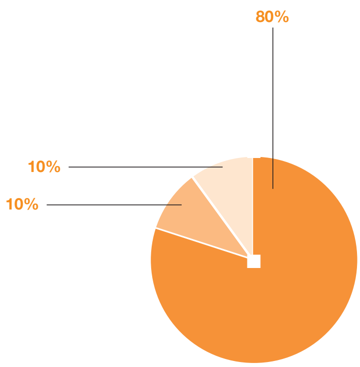
revenues by geographical area

(millions of euros)	2006	%	2005	%
Italy	383	37.5%	447	46.1%
Abroad	638	62.5%	522	53.9%
Europe	239	23.4%	281	29.0%
America	271	26.5%	191	19.7%
Asia	7	0.7%	11	1.2%
Africa	121	11.9%	39	4.0%
total	**1,021**	**100.0%**	**969**	**100.0%**

As far as concerns the contribution of single areas of activities to revenues, transport infrastructure contributed by 80%, hydraulic and energy works by 10%, and civil and industrial building by the remaining 10%.

Transport infrastructure confirms to be, therefore, the dragging sector for the Group's activities, providing for the highest contribution in terms of value of production and margins obtained. We remind that this sector includes works such as railways and undergrounds, roads and motorways, airports and harbours, and that the most important contracts in progress in Italy in this sector are the new lines of the undergrounds of Rome, Milan, Brescia and Naples, the railway junction in Turin, the High Speed railway station in Bologne, the two lots of the "Jonica" National Road (NR 106). As far as concerns foreign activities, a considerable contribution has been provided by the works in Venezuela (railways and undergrounds)

and in Turkey (motorways), where the Group is engaged in the management of the most important infrastructure projects presently being carried out.
In the field of civil and industrial building, the activities for the construction of the new Hospital in Mestre, for which the progress of civil works reached approximately 80%, and of the new Hospital in Naples, are steadily going on.
Finally, it is worthy mentioning that, in line with the expectations expressed in the current business plan, the concessions' contribution to revenues can not be appreciated yet, because the "operation phase" of most significant activities are going to start from 2008. The target of obtaining a contribution to production equivalent to 5% of total revenues within 2010 remains unchanged.
The contribution to revenues by line of activity at December 31, 2006 is show herebelow.



revenues by line of activity

(millions of Euros)	2006	%	2005	%
transport infrastructure	815	79.8%	772	79.7%
hydraulic works and power plants	100	9.8%	79	8.1%
civil and industrial building	106	10.4%	118	12.2%
total	**1,021**	**100.0%**	**969**	**100.0%**

Going back to the analysis of the income statement, it is worthy underlining an increased incidence of the cost of production (from 70.8% in 2005 to 72.5%), due to the economic trend of the US subsidiary.
Such phenomenon, partially counterbalanced, in terms of profitability, by a better performance of the foreign sector as a whole, determines an EBITDA of EUR 116 million, thus decreasing by 8.1% on an annual basis, also as a consequence of the delays in the procedures of approval of the designs relating to the two lots of the "Jonica" National Road, which delayed by some months the start-up of the relevant works. The EBITDA margins scored 10.8% (12.4% in 2005). We remind that the EBITDA is calculated by deducing, from total revenues, the amount of costs of Company's operations, that is to say the cost of production, the cost of labour and other operating costs.
The EBIT (operating result) increased to EUR 78 million and takes advantage of a lower incidence of amortizations and provisions for contingencies which, in the previous year, were adversely affected by allocations for costs at completion and deriving also from the revision of "whole life cycle" budgets. The EBIT margin decreased to 7.3%, in comparison with 7.6% in 2005.
The financial result, which may detected by analysing the item financial income and charges, is slightly improving (–16.5% on an annual basis), since it benefits from the Group's indebtedness repositioning over the medium-long term, as well as from positive differences in currency exchange operations mainly deriving from a prudent management of exchange rate risks in connection with works being carried out in

Venezuela. More particularly, such effects have to be put in relation with the increase in the operating costs balanced by positive exchange rate differences.

The profit before income taxes takes advantage thereof, thus totalling EUR 61 million (+11.4% on an annual basis), allowing to counterbalance the negative effect deriving from the increased tax burden, which will hardly recur, attributable to loss from equity investments which, at that time, was considered as non-deductible from taxes.

Net profit exceeded EUR 30 million, showing a net margin of 2.8 %.

As far as concerns equity and financial dynamics, 2006 consolidated financial statements show the effects of the investment policy planned for the five year period and brought forward in the 2006-2010 Business Plan.

In particular, the speeding up on the general contracting and projects financing sectors led, during the period, to start the operation phase of the initiatives relating to the Line C of the underground of Rome and to Line 5 of the underground of Milan; for both projects, the Company subscribed the capital of both "special purpose vehicles" – each established to accomplish the respective initiative – for a global amount of approximately EUR 58 million, by the payment of a first instalment equivalent to 25%.

As to foreign activities, the works relating to the new contracts acquired in Algeria started during 2006. In this area, where the Group has been traditionally operating in the sector of hydraulic engineering, 2005 and 2006 represented turning-point years because, also as a consequence of the final winding up of the activities in the remaining part of Africa, business activities focused on the development on the important investment opportunities in the sector of infrastructure that local Government may take advantage of thanks to the rise in the price of energy products, which the Country is very rich in. In order to fully take advantage of the business opportunities which may derive from it, during the period the Group has established a company organized under the laws of Algeria, which is an Astaldi's wholly-owned subsidiary, and started at the same time a programme of investment in specific plants and machinery.

The investments preliminary to the start of general contracting and project financing initiatives acquired in Italy, as well as the activities aimed at providing technical means and equipments consequently to the management of the start-up phase of contracts in Algeria, Venezuela and Italy, induced a definite increase, with respect to the previous year, in fixed assets which total EUR 331 million, in comparison with EUR 213 million of 2005. Moreover, we remind that, the equity investments and tangible fixed assets forming the fixed assets, include also the investments in the project financing sector, that is to say the investment costs linked to the car park sector, the equity for the New Hospital in Mestre, the payment of the first instalment of the share capital of the special purpose vehicle established in connection with the Line 5 of the underground of Milan. Because of their nature, the repayment of the capital invested in these initiatives is secured by the cash flow to be generated by the initiatives themselves.

The outstanding working capital totalled EUR 277 million, definitely decreasing in comparison with the amount of EUR 346 million as of December 31, 2005, under the influence of the positive invoicing-and-payment cycle recorded during the period. Also the item other liabilities shows an increase (up to EUR 187 million), mainly due to the posting of the shares not yet paid on the capital of the special

purpose vehicles established for the new underground lines of Rome and Milan; such amounts will be paid during the next fiscal years, in accordance with the respective economic-financial plans.
The net equity, exceeding EUR 281 million, shows a change during the year attributable to the profit for the period, to the change in the provisions on exchange and interest rate hedging operations, to the payment of dividends for an amount of EUR 8.3 million as revolved by the Shareholders' Meeting held on April 28, 2006, and to the change in treasury shares.
Instead, as far as concerns the net financial position, the following table shows the relevant elements whose description and composition are in compliance with the pattern proposed by CONSOB communication No. DEM/6064293 of July 28, 2006. It is further underlined that such communication was supplemented with the item "net financial position" which includes the "net financial indebtedness" determined according to said communication and the balance of treasury shares held.

consolidated net financial position

(thousands of Euros)		reference to the notes to the financial statements	december 31, 2006	december 31, 2005
a	cash	24	237,623	175,418
b	shares held for negotiation	18	18,983	14,665
c	**cash at bank and on hand (a)+(b)**		**256,607**	**190,084**
d	**financial receivables**	**18**	**21,978**	**47,230**
e	current liabilities to banks	26	(210,095)	(202,006)
f	current share of non-current indebtedness	26	(1,958)	(4,638)
g	other current financial liabilities	26	(12,139)	(6,112)
h	**current financial indebtedness (e)+(f)+(g)**		**(224,192)**	**(212,756)**
i	**net current financial indebtedness (c)+(d)+(h)**		**54,393**	**24,557**
j	non-current liabilities to banks	26	(313,997)	(245,370)
k	other non-current liabilities	26	(25,202)	(16,266)
l	**non-current financial indebtedness (j)+(k)**		**(339,199)**	**(261,637)**
m	**net financial indebtedness (i)+(l)**		**(284,806)**	**(237,079)**
	treasury shares	25	3,824	5,860
	total net financial position		**(280,982)**	**(231,219)**

Net financial indebtedness as at December 31, 2006, including treasury shares, amounted to EUR 281 million, in comparison with the amount exceeding EUR 231 million as at December 31, 2005. Such value, registered despite the considerable investment plan commented above, is a consequence, as previously stated in the 2006-2010 Business Plan, of the Group's endeavours to start important contracts acquired recently, as witnesses by investments concentrated in the current period, the repayment of which is ensured by the cash-flow deriving from construction activities of general contracting initiatives, and from the operation phase of concession and project financing initiatives.
The debt/equity ratio, which increased in comparison with the same period of 2005, equals 1, thus increasing if compared with 0.9 scored as at December 31, 2005. However, such ratio gets lower when considering that the net financial indebtedness includes all the facilities relating to project financing investments which are, because of their nature, self-repaying and which do not require the Company to issue any security.

Finally, it is worthy noticing the improvement in the structure of the financial indebtedness thanks to a 5-7 year global refinancing operation, for the amount of EUR 325 million, to be settled by a lump-sum payment, EUR 245 million of which made available under the form of stand-by facility. Such operation, carried out during the year, ensured a further repositioning of the debt over the medium-long term, which had positive effects also on the income statement, since the operation turns into a remarkable reduction in the average cost of financing sources.
Therefore, by such operation, the Group ensured an even more reliable and stable structure of financing sources to its operating activity, thus fulfilling a fundamental condition to support its planned growth programme, which will undergo decisive operating changes during 2007.

Reclassified financial statements (income statement, balance-sheet, cash flow statement, and the consolidated and the parent company's result and equity reconciliation schedule), showing values in thousands of euro, are set forth herebelow.

reclassified consolidated income statement

(thousands of euros)	reference to the notes to the financial statements	december 31, 2006	%	december 31, 2005	%
revenues	1	1,021,121	95.3%	968,898	94.9%
other operating revenues	2	50,819	4.7%	51,833	5.1%
total revenues		**1,071,940**	**100.0%**	**1,020,731**	**100.0%**
production costs	3-4	(777,355)	(72.5%)	(722,438)	(70.8%)
added value		**294,585**	**27.5%**	**298,293**	**29.2%**
cost of personnel	5	(165,301)	(15.4%)	(146,552)	(14.4%)
other operating costs	7	(13,426)	(1.3%)	(25,620)	(2.5%)
ebitda		**115,858**	**10.8%**	**126,121**	**12.4%**
amortizations	6	(29,127)	(2.7%)	(28,264)	(2.8%)
provisions	7	(9,489)	(0.9%)	(16,100)	(1.6%)
depreciations	6	(22)	(0.0%)	(4,287)	(0.4%)
(capitalisation of internal construction costs)	8	1,045	0.1%	457	0.0%
ebit		**78,265**	**7.3%**	**77,927**	**7.6%**
net financial income and charges	9-10	(22,925)	(2.1%)	(27,459)	(2.7%)
effects of valuation of investments using the equity method	11	5,470	0.5%	4,117	0.4%
profit (loss) before income taxes		**60,810**	**5.7%**	**54,585**	**5.3%**
taxes	12	(29,984)	(2.8%)	(22,734)	(2.2%)
profit (loss) before income taxes on operating activities		**30.826**	**2,9%**	**31.851**	**3,1%**
profit (loss) connected with discontinued operations		–	0,0%	–	0,0%
profit (loss) for the period		**30,826**	**2.9%**	**31,851**	**3.1%**
(profit) loss attributable to third parties		(735)	(0.1%)	628	0.1%
group's net profit		**30,091**	**2.8%**	**32,479**	**3.2%**

reclassified consolidated balance sheet

(thousands of euros)

	reference to the notes to the financial statements	31/12/2006	31/12/2005
intangible fixed assets	16	3,795	4,977
tangible fixed assets	14-15	193,197	129,299
equity investments	17	96,492	34,430
other net fixed assets	12-18-19	37,642	44,420
total fixed assets (a)		**331,126**	**213,126**
inventories	20	51,600	44,702
contracts in progress	21	397,712	314,383
trade receivables	22	437,877	384,085
other assets	19	188,094	105,004
tax receivables	23	73,275	58,932
advances from employers	21	(209,324)	(116,989)
subtotal		**939,234**	**790,117**
payables to suppliers	29	(474,478)	(354,816)
other liabilities	12-27-30	(186,600)	(88,929)
subtotal		**(661,078)**	**(443,745)**
working capital (b)		**278,156**	**346,372**
employees benefits	28	(12,470)	(11,518)
provision for current risks and charges	31	(30,035)	(54,609)
total provisions (c)		**(42,505)**	**(66,127)**
net invested capital (d) = (a) + (b) + (c)		**566,777**	**493,371**
cash and cash equivalents	24	237,623	175,418
current financial receivables			44,472
non-current financial receivables		5	2,759
securities	18	40,046	14,665
current financial liabilities	26	(224,192)	(212,756)
non-current financial liabilities	26	(339,199)	(261,637)
net financial payables / receivables (e)		**(285,717)**	**(237,079)**
group's net equity		279,668	257,072
minority interests		1,392	(780)
equity (g) = (d) - (e)		**281,060**	**256,292**

consolidated cash flow statement

(thousands of euros)	31.12.2006	31.12.2005
a – cash flow from operating activities		
result for the period (attributable to both the group and minority shareholders)	30,825	31,851
adjustments to reconcile net profit (loss) with cash flow generated (used) by operating activities		
deferred taxes	551	3,557
amortisation, depreciation and write-downs	29,149	38,214
provision for risks and charges	9,489	16,100
costs for employee severance indemnity and defined benefit plans	3,208	2,919
costs for employee incentive plans	1,945	1,840
losses on disposals of non-current assets	1,015	3,732
effects of valuation of investments using the equity method	(5,470)	(4,117)
gains on disposals of non-current assets	(2,122)	(3,441)
subtotal	**37,765**	**58,804**
differences in operating assets and liabilities (working capital):		
trade receivables	(53,814)	88,607
inventories and contracts in progress	(90,227)	(87,960)
trade payables	119,662	(26,384)
provision for risks and charges	(18,158)	(4,622)
advances from employers	92,335	(6,008)
other operating assets	(60,787)	(47,206)
other operating liabilities	51,993	12,034
payments of employee severance indemnity and defined benefit plans	(2,256)	(2,523)
subtotal	**38,748**	**(74,062)**
cash flow from discontinued operations	–	–
	107,338	**16.593**
b – cash flow from investment activities:		
purchase of investment property	6	–
net investments in intangible fixed assets	(712)	(3,118)
net investments in tangible fixed assets	(91,135)	(42,104)
sale (purchase) of other investments net of acquired cash, coverage of losses of non-consolidated companies and other differences in consolidation area	(13,688)	2,531
collections from the sale of tangible and intangible fixed assets and investment property	1,107	15,384
collections from the sale of equity investments and other assets		
differences in financing of equity investments	1,727	(2,354)
contributions received		2,019
net effect of change in consolidation area		**(1,053)**
cash flow from discontinued operations		**–**
	(102,695)	**(28.695)**
c – cash flow from financing activities:		
capital increase against payment		–
dividends paid + other movements	(6,057)	(7,375)
registration (repayment) of non-current payables net of commission	77,563	157,966
net change in current financial payables (including leasing)	11,437	7,764
loan repayment to astaldi finance		(129,989)
net change in financial assets	–	(16,987)
sale (purchase) of securities/bonds and company's shares	(25,381)	(9,099)
net effect of change in consolidation area		
cash flow from discontinued operations		**–**
	57,562	**2.280**
d – exchange rate differences on cash and cash equivalents		**(130)**
net increase (reduction) in cash and cash equivalents	**62,205**	**(9,952)**
cash and cash equivalent at start of year	175,418	185,370
cash and cash equivalent at end of year	237,623	175,418

consolidated and Parent company's equity and profit reconciliation schedule

(thousands of euros)	net equity	result for the period	net equity	result for the period
net equity and result for the period as shown in the parent company's financial statements (net of translation reserve)	**264,252**	**27,701**	**244,270**	**27,683**
translation reserve	(6,433)		(3,919)	
cancellation of book value of consolidated companies				
– difference between book value and pro-rata value of net equity	24,894		14,306	
– pro-rata results of equity investments	(12,009)	(12,009)	(5,515)	(5,515)
– consolidation difference	–	–	–	–
cancellation of effects of operations between consolidated companies				
– gains on intragroup operations	(6,364)	(628)	(5,736)	(261)
– amortization on intragroup sales	5,410	383	5,027	257
– allocation of losses of consolidated companies	9,917	1,278	8,639	3,071
– coverage of losses of consolidated companies		18,788		15,263
– dividends from consolidated companies		(5,422)		(8,019)
posting of leasing according to financial method				
group's net equity and result for the period	279,536	30,091	257,072	32,479
capital and reserves attributable to minority shareholders	1,392	735	(780)	(628)
net equity and result for the period as shown in the consolidated financial statements	**281,059**	**30,826**	**256,292**	**31,851**

8. Investments

An analysis of the above cash flow statement clearly shows the remarkable and extensive investment plan, implemented during 2006, as planned with the 2006-2010 Business Plan.

Investments at Group's level made during the period amounted to EUR 109 million, in comparison with EUR 47 million of 2005.

Such value and its change during the period just ended, basically reflect the Group's considerable endeavours aimed at guaranteeing the start of the important contracts recently acquired in Italy, Algeria and Venezuela.

In fact, such investments represent preparatory activities to start the important initiatives acquired during the last two years and are aimed at procuring technical means and equipments which may appropriately support the strong push expected for production activities, the effects of which will become evident already starting from 2007; therefore, making such investments represents a fundamental condition to support the implementation of the growth programme planned for the next five years.

Also the investments made in training and updating the training of Group's human resources are becoming more and more important and may be considered as fundamental in order to guarantee the consolidation of leadership.

The below table shows net investments made during the period.

investments

(millions of euros)	2006	2005
tangible fixed assets	91	42
intangible fixed assets	1	3
equity investments	15	2
study of new initiatives	2	–
total net investments	**109**	**47**

When analyzing in closer detail the nature of such investments and of the activities they are aimed at, it is clear that considerable investments have been concentrated during the period and that those made in connection with general contracting and project finance initiatives are of a self-repayment nature, since the repayment of the same is guaranteed by the cash flow deriving from the construction works of general contracting activities, and by the cash flow deriving from the operation phase of project finance and concession initiatives.

Such portion of investments, globally amounting to EUR 79 million, may therefore be qualified as of a limited recourse type for the quota relating to general contracting activities, amounting to EUR 48 million, and identified as of a non-recourse type for the remaining part of EUR 31 million, which are relevant to concession and project financing initiatives.

The investments aimed at supporting general contracting initiatives include the payment of a first instalment, equivalent to 25%, of the share capital of the special purpose vehicle established for the construction of the Line C of the underground of Rome, the operations of which started during the period. Also the investments aimed at procuring the appropriate means and equipments to support

the start-up phase of some important initiatives in Italy, to be carried out according to such model, contribute to said investments by an amount of EUR 32 million. Instead, investments made during the period in order to support project financing initiatives amount to EUR 31 million, EUR 29 million of which being relating to infrastructure works and the remaining EUR 2 million to equity. Such values, as a whole, include the costs of investments in the project for the construction and operation of the New Hospital in Naples (the so-called "Ospedale del Mare") – which, as at December 31, 2006, amounted to EUR 35 million –, the investments relating to the car park sector, the equity for the New Hospital in Mestre and the payment of a first instalment, equivalent to 25%, of the share capital of the special purpose vehicle established for the construction of the Line 5 of the underground of Milan.
The additional investments amounting to EUR 30 million refer to the procurement of technical means and equipments which are not attributable to any of the above categories and aimed at supporting the expected increase in production activities in Venezuela, Algeria and Italy.
The below matrix-type table shows the investments divided by nature and kind of activity supported.

investments

(millions of euros)	total	infrastructure and technical equipment	equity	tender costs
investments for construction activities	30	30	–	–
investments for general contracting initiatives	48	32	13	3
investments for concession initiatives	31	29	2	–
total investments	**109**	**91**	**15**	**3**

9. Quality, safety and environment

During 2006, taking into account the prevailing strategic orientation to general contracting, concession and project financing activities, which are characterized through itself by high technical, economic, financial and managerial contents, the central and peripheral organizational structure has be strengthened.
The corporate organizational model adopted led to separate traditional and general contracting activities from project finance and concession activities.
Two separate organizational lines have been created and the General Management has been supplemented by the appointment of two new Deputy General Managers, one for international activities and the other for domestic activities.
Such latter Deputy General Manager has been entrusted also with the task of improving the process of integration and involvement between the above-mentioned organizational lines starting from the promotional and business phases, as well as the global process of communication with the market and the employers.
Finally, the hierarchical and functional relationships of central structures have been redefined and, in a matrix based logic, appear to be strongly connected with peripheral production structures.
The resulting organizational model is, therefore, described in latest releases of the documents of the Corporate Integrated Quality, Safety and Environment Management System setting forth in detail the roles, responsibilities and operating proce-

dures of the structure within the framework of the main reference corporate processes.

When redefining the corporate organization, the ISO 9001:2000 Standard in corporate quality systems, the OHSAS 18001:1999 Standard on occupational health and safety management systems, and the ISO 14001:2004 on Environmental Management Systems, have been adopted as reference standards.

Simultaneously with such activities, the Certification Provider DNV (Det Norske Veritas) carried out, in 2006, specific periodical audits through the risk-based cer-

FROM LEFT TO RIGHT:

ITALY
New Milan Expo Fair Centre
ITALY
Hospital in Naples
ITALY
Pont-Ventoux Hydroelectric Power Plant

tification method approach in order to renew, as provided for by international regulations, the validity of the certification issued.

It should be reminded that the risk-based certification is a DNV's own method aimed at supporting companies in achieving targets by improving corporate processes, by focusing attention on some areas previously identified by the corporate management and by identifying, for each one of them, the strengths and/or the weaknesses and relevant improvement opportunities.

Audit activities carried out focused on the company's headquarters in Rome, on a significant contract within Group's activities in Italy and on some of the most important contracts in progress in Romania and Venezuela.

Finally, it is worthy noticing the acknowledgement, officially expressed by DNV in the final report for the renewal of the certification, of the strong maturity and homogeneity of implementation now achieved by the system; such evaluation led to the involvement of the Group, upon DNV's recommendation, in the phase of pilot validation of the draft of the future ISO 9001 international standard on corporate quality management systems. Not only will the involvement in such initiative represent an important occasion for comparison, but also an opportunity to valorize of the so-called "Sistema Italia" since, besides a group of about twenty important Italian organizations, also entrepreneurial entities from Germany, Russia, the United States, Mexico, Brazil and Korea will take part in such pilot project.

10. Research and development

During the period, the Group has incurred no costs for research and development.

11. Human resources

The Astaldi Group has always considered its own human resources as an actual corporate asset.

Therefore, during 2006, the commitment first focused on optimizing and establishing loyalty relationships with its collaborators, but also on strengthening those professional areas for which highly qualified staff is a condition to ensure the sustainability of those growth processes to be achieved during the next few years according to the business plan.
On the basis of such awareness, the human resources management policy pursued during 2006, consistently with the need of satisfying the ever increasing demand for highly qualified personnel as provided for by the business plan, has been developed into three main directions:

1. persisting in the ethical and strategic commitment since ever pursued by the Astaldi Group, in safekeeping its asset of competence and know-how, favouring the correct and fair management of internal mobility and promoting the development by internal resources through career paths designed on the basis of individual potentialities, attitudes and performance;
2. strengthening the existing personnel by supplementing the same with qualified and experienced professionals recruited from the outer market, in order to satisfy in the short term the ever increasing demand for staff which can not be met by available internal personnel. In fact, it is worthy underlining that resort to the development by external resources is determined exclusively by actual needs of strengthening, in terms of quantity, the existing personnel, in agreement with the business plan development targets; such goal has been pursued during 2006 by intensifying the recruiting activity, differentiating and multiplying recruiting channels (through the press, information technology channels, direct search) and by the activation (to be completed during the first months of 2007) of a section, within the institutional website, devoted to job opportunities, which allows to manage at the best the increasing number of spontaneous candidacies. The result of such effort may be quantified by an increase of 10% in the number of members of personnel in comparison with the previous year;
3. introducing new graduated personnel having a high potential, in order to better satisfy the need for highly qualified professionals to be entrusted with project management key functions, with particular reference to technical-operational sectors and project control and management. Young graduated personnel, mainly having a technical-engineering and economic-financial background are made follow technical-specialist training paths (Project Management Techniques, Project Engineering, Project Control, Sector Contract Drafting and Negotiating, Economic-Financial Management Instruments and alike) brought about on the basis of individual penchants and the Group's needs. The theoretical training is followed by shadow training supported by senior professionals having accrued a significant experience, in order to facilitate the transfer and sharing of corporate know-how, to favour personnel turnover and to train the Group's future management in the medium-term. During 2006, first-job personnel who entered the Group represented 20% of newly hired personnel.

A high strategic value is also attributed to the activities aimed at monitoring, establishing loyalty relationships with and exploiting the most qualified local resources in the foreign countries where Astaldi has been operating for a longer time and is more deeply rooted. On the basis of this point of view, in 2006 a map of the skills of local key human resources has been drawn up, that is to say a map of those professionals belonging to the middle-management, hired locally and who, because of their reliability, skills, abilities shown and loyalty, is deemed should be managed as part of the Group's personnel. At present, the professionals qualified as above represent a little bit less than 25% of personnel working abroad.

12. Orders backlog

The results achieved in terms of acquisition and the quality of new orders obtained in 2006 in Italy and abroad, have confirmed the Group's business, operational and managerial ability, as well as the soundness and effectiveness of the strategic policies implemented during the last few years and the ability to cope with contingent situations, such as limited expenditure budgets of traditional employers within the domestic market, by a prompt action of diversification of activities in foreign countries and in the project finance sector.
Despite an almost static domestic market, during the period the Group acquired new contracts for an amount of more than EUR 3.3 billion, thus making the global orders backlog grow up to more than EUR 7 billion, showing an annual increase of +26%, essentially attributable to the new acquisitions in the transport infrastructure sector in Italy, Venezuela, Algeria and Romania.
The above values do not take into account all those options and contracts the acquisition of which has not yet been officially finalized; as a whole, such acquisitions amount to approximately EUR 2 billion, which would make the orders backlog jump to EUR 9 billion, a remarkable result when taking into account that the target to be achieved by 2010 is of approximately EUR 10 billion.
On the other hand, the orders backlog takes into account the cancellation of the contract relating to the construction of the Verona-Padua High Speed/High Capacity railway line, made on a prudent basis consequently to the decisions taken on this matter by the decree law of January 25, 2007. Such decree, also known as "Decreto Bersani" or decree on liberalizations, confirmed the decision taken by the Government of Italy to revoke the concessions for the construction of the High Speed railway, as explained in closer detail in the paragraph devoted to subsequent events. Therefore, consistently with the principles of prudence always adopted by the Group when making its own evaluations, it has been deemed to cancel the contract for the construction of the Verona-Padua High Speed/High Capacity railway line, of a value of EUR 864 million, from the orders backlog, though still definitely relying on the outcome of legal actions already started. The effects on the 2006-2010 Business Plan will be fully assessed upon revision of the Industrial Plan which is expected to take place by the end of March this year.
Moving to the analysis of the nature of contracts acquired during the period and their geographical location, the data show that 41% of the same belong to the domestic sector, while the remaining 59% to the international sector, mainly in Venezuela, Romania and Algeria.
The general contracting initiative for the construction of the Line C of the underground of Rome and the project finance initiative for the construction and subsequent operation of the Line 5 of the underground of Milan have been officially awarded in February 2006. These two works represent the most important challenges the Group will undertake in Italy during the next few years and their award is evidence of the acknowledgement of a consolidated know-how, not only from the technological but also from the managerial point of view, allowing the Group to

execute large-size works by luring appropriate technological partners and capitals to satisfy Employers' needs in the best possible way.
The general contracting initiative relating to the new Line C of the underground of Rome is a contract whose global value amounts to EUR 2.2 billion, EUR 751 million of which are attributable to the Group. Such contract, awarded to Astaldi as leader of a temporary association of companies (ATI) formed together with Vianini Lavori, Consorzio Cooperative Costruzioni and Ansaldo Trasporti Sistemi Ferroviari, provides for the final design and the engineering design, the construction and engineering of a new driverless underground section on rails. The new line will run across the Capital, linking the northern area to the south-eastern area of the city (section piazzale Clodio/Mazzini-Torrenova/Pantano), for a length of approximately 27 km, with the construction of 30 stations and a maximum capacity of transportation of 24,000 passengers per hour per each direction. The works, started during the second quarter of 2006, according to the time-schedule will allow to make the first section serviceable within 2011, such estimation being subject to a speeding up of the works by virtue of additional funds to be made available by the Italian Ministry of Infrastructures Transport, as publicly declared in September.
The project finance initiative relating to the Line 5 of the underground of Milan, instead, provides for the construction and subsequent operation of an underground section which, from a technological point of view, is similar to the underground of Rome, but is characterized by different construction complexities and different solutions. Astaldi, in its capacity as Sponsor of the initiative since 2003, was awarded the contract as leader of a temporary association of companies formed together with Ansaldo Trasporti, Ansaldo Breda, Alstom, ATM Azienda Trasporti Milanesi and Torno. This initiative, representing the first project finance in the underground sector in Italy, will be a driverless light underground on rails. The new section will link the town centre to the eastern outskirt of the Municipality of Milan (Garibaldi Station – Via Bignami Section), across an underground route extending for approximately 5.6 km and providing for the construction of 9 stations and twin-rail tunnels. The line will have a maximum capacity of transportation of 26,000 passengers per hour per each direction and shall ensure the junction with the existing underground lines, thus favouring a considerable enhancement of the integrated transport system conceived for the Municipality of Milan. The global value of the investment, including design and civil works and technological plants, amounts to approximately EUR 502 million, EUR 190 million of which shall be borne by the Concessionaire and the remaining part by a public grant. The contract provides for a quota attributable to Astaldi for construction works equivalent to EUR 115 million and revenues from operation activities amounting to EUR 724 million, 23.3% of which attributable to Astaldi. The duration of the works, including design phase, is expected to be of 58 months, followed by 27 years of management. The relative concession agreement was signed in June 2006.
Still with reference to the domestic market, in the month of April Astaldi, as leader of a temporary association of companies, was awarded with the contract of a value of EUR 262 million, for the construction of the new seat of "Scuola Marescialli e Brigadieri dei Carabinieri" (Accademy for Italian Police Officers) in Florence. This project shall allow to unify the teaching structures for the training of cadets of Carabinieri, presently located throughout the national territory, with a maximum capacity of 2,000 cadets.

Furthermore, it is worthy reminding that, in compliance with the Group's criterion of inclusion in the orders backlog, new orders do not include the initiatives for which Astaldi has already been qualified as Sponsor under art. 37-bis et seq. of the so-called "Merloni Law" (Italian Law No. 109/1994). On the basis of the laws and regulations in force, the qualification as Sponsor determines the acquisition of a pre-emptive right at the time of the contract award and, at present, there are two initiatives which are governed by said law, since Astaldi has already been qualified as Sponsor for the project of the so-called "Ospedali Toscani" (new hospitals in Tuscany) and the Underpass in the Appia Antica Park in Rome.
The initiative of the Hospitals in Tuscany provides for the construction and subsequent operation of an integrated system of four hospitals respectively located in Lucca, Massa, Pistoia and Prato. Consequently to the decision taken on May 10, 2005, by which the State Council confirmed the temporary association of company led by Astaldi as Sponsor, in December a revised proposal for the project was produced to the Employer in accordance with the laws and regulations in force. The relevant tender procedure is still in progress, and the award is expected to take place within 2007. We remind that the project provides for an investment of EUR 364 million for construction activities – EUR 120 million of which are going to be borne by the private sector – and EUR 1.5 billion for operation activities. The new hospitals, as a whole, will make 1,700 new beds available in the various reference areas; the project procedure provides for one sole public grant by the Ministry and one sole concession agreement, so as to build each hospital simultaneously.
As far as concerns the project finance initiative of the Underpass in the Appia Antica Park in Rome, the relevant concession agreement shall be signed after the tender procedure and the negotiated procedure, in which the Sponsor will be entitled to a pre-emptive right. This initiative will be anyway awarded in the long term.
With reference to the evolution of foreign markets' potentialities, it is worthy mentioning the successful business initiatives in Venezuela, Romania and Algeria

FROM LEFT TO RIGHT:

TURKEY
Anatolian Motorway
ROMANIA
Bucharest-Costanta Motorway
ITALY
Hospital in Mestre

where, among other things, the contracts being managed are all proving to be highly profitable.
Furthermore, the contribution from the activities carried out in Venezuela has to be underlined, where the Group further consolidated its presence consequently to the intergovernmental agreements for economic, industrial and financial cooperation entered into by the Government of Italy and the Government of Venezuela in December 2005.

These agreements, aimed at favouring an economic and industrial collaboration between the two Countries and at supporting the development of the central–southern area of Venezuela, are intended to create new opportunities of growth and development of involved areas, by initiatives mainly falling within the civil infrastructure, energy and health sectors. Since the beginning of the year, the Group's operating units in the area are, therefore, strongly committed to and involved in the development of these agreements' inherent potentialities, which is undoubtedly favoured by the local Government's increased capacity of transform-

FROM LEFT TO RIGHT:

VENEZUELA
Los Teques Subway
TURKEY
Anatolian Motorway
ITALY
Pont-Ventoux Hydroelectric Power Plant

ing the considerable oil price increase into projects and initiatives. The leading role played by Astaldi in the main initiatives deriving therefrom, confirm the perfect integration between the activities carried out by the Group during the last few years and the local production structure but also, and above all, the Group's ability to meet, in a reliable manner and with appropriate technological solutions, the employer's (i.e. the Government acting as employer) requirements and its willingness to support the Country's economic growth, to be achieved in the short term, by the creation of a proper system of infrastructure links.
Therefore, this confirms the importance of the role played by the Astaldi Group in this area, where it is considered, from some time now, as one of the leaders in the sector, perfectly integrated within the local production structure and as main exporter of the Italian production model.
The two railway contracts of a global value of USD 2.2 billion entered into in June between Astaldi, as partner of a joint venture with Impregilo and Ghella with equal participating interests of 33.33% each, and the "Instituto Autónomo de Ferrocarriles del Estado - IAFE" (state railways) of the Bolivarian Republic of Venezuela, may be attributed to the intergovernmental agreements between Italy and Venezuela. Such contracts provide for the construction of two new railway lines, the San Juan de Los Morros – San Fernando de Apure section, of a length of 252 km, and the Chaguaramas-Cabruta section, of a length slightly exceeding 200 km. The two projects provide for the construction of two railway lines of a global length of 452 km, 15 km of which underground and 12 km of bridges and viaducts, and include the design and installation of the railway superstructure, the construction of 13 railway stations, 3 freight villages and one maintenance workshop. Such contracts also provide for options having a global value of USD 1 billion for the design, supply and monitoring of the railway system (signalling, control, telecommunication, electrification and rolling stock), which will be negotiated subsequently. The planned duration of such two works is expected to be of 60 months; at present, design activities are regularly going on and production activities have been

started, also consequently to the collection of a first part of contract advances.
A further development of intergovernmental agreements between Italy and Venezuela is the USD 1.5 billion option agreed upon in June, simultaneously with the contracts for the new sections, to extend the contract of the Puerto Cabello – La Encrucijada railway project, the works relating to which, already at an advanced stage of execution, are being executed by the same joint venture of Italian companies. Such option includes the initial contract providing for the design and construction of new stations, harbours and freight villages, as well as the construction of a new section, the Puerto Cabello Station – Maritime Terminal, ensuring the junction between the various railway lines being built and the Country's main access to the sea. Since IAFE exercised a part of such option, the orders backlog was supplemented with Astaldi's share in a new additional contract of a value of USD 825 million, signed by IAFE itself and the joint venture of Italian companies in which Astaldi has a participating interest of 33.33%. The new railway contract provides for the design and construction of 7 railway stations, 2 freight villages and 2 workshops for train maintenance, and the laying of the rails of the section Puerto Cabello – La Encrucijada. Also for this initiative, design activities are going on regularly and it is estimated that the works will start from the first half of 2007.
Instead, as far as concerns the remaining quota of the option which includes such

FROM LEFT TO RIGHT:

ITALY
New Milan Expo Fair Centre
ITALY
Genoa Subway
MOROCCO
Sidi Said Dam

latter contract, on the basis of the principles of prudence adopted by the Group when considering the addition of new orders to the orders backlog, it shall be the subject-matter of a subsequent negotiation and, therefore, will give its contribution to the orders backlog only after having been officially entered into.
Moreover, it is worthy noticing that, still in the framework of the intergovernmental agreements in force, an additional railway contract of a value of USD 1.7 billion was entrusted to the joint venture of Italian companies in which Astaldi has a participating interest of 33.33%. Notice thereof has been given in October by the President of the Bolivarian Republic of Venezuela on the occasion of the inauguration of the Caracas-Cua section built by the same joint venture. The project deals with an extension of the railway line just inaugurated by additional 123 km, along the Cua-La Encrucijada-San Juan de Los Morros section. Astaldi's share in the works will be included in the orders backlog after entering into the contract, which shall anyway take place in the short term in view of the fact that works are expected to start during the first half of 2007. Therefore, as at December 31, 2006, all the contracts and the options deriving from intergovernmental agreements between Italy and Venezuela contribute to the Group's global orders backlog value exceeding USD 1 billion as Astaldi's share. On the contrary, as already stated, all

the initiatives highlighted above for which no contract has been entered yet, are not included in the new orders; as a whole, such initiatives amount to USD 1.1 billion and it is expected that the relevant contracts may be officially entered into in the short term since the construction of the sections is going to strengthen to a considerable extent the Country's railway network, thus guaranteeing a perfect integration and interconnection between recently awarded contracts and those for which the works are presently in progress.
Such latter works, among other things, are being regularly and successfully executed. In fact, on the 3rd of November the last, the underground in Los Teques, known as Metro Los Teques, has been inaugurated in the presence of the President of the Bolivarian Republic of Venezuela. The project, featuring a double-track underground line, extends for a length of 9 km, 6 km of which underground, and will ensure the link between Caracas, the State capital, and Los Teques, and important and densely inhabited industrial town. Said inauguration came after the inauguration of the Caracas-Cua railway section, which took place in October, as already described above.
As far as concerns the initiatives developed in the remaining part of Central-Southern America, an area which during the period has undergone a heavy commercial penetration, we underline the acquisition, during the first half of the year, of the Pirris Dam in Costa Rica, of a value of approximately EUR 85 million and for which production activities have already started, as well as other contracts in Nicaragua, providing for the execution of new road works and the project for the environmental reclamation of the Lake of Managua.
Additional contracts have already been acquired in Bolivia during the month of July. In fact, a new contract, of a value of approximately EUR 50 million, has been awarded for the construction of a road link between the towns of El Tinto and San Josè y Roborè, for a length of 82 km and entailing the construction of 15 bridges. The works relating to such contract started, as expected, in the month of October, consequently to the advance payment corresponding to 10% of the contract value.
Some important contracts have been acquired also in Romania, where the Group has been awarded, during the year, new railway and road works for a global value exceeding EUR 280 million as Astaldi's share. Some of the most significant ones are the contract for the construction of a road overpass in Bucharest – named "Basarab Overpass", of a global value exceeding EUR 113 million, in joint venture with the Spanish company FCC, Astaldi being the leader with a participating interest of 50% – and the contract for the rehabilitation of the Bucharest-Constanta railway section, of a value of EUR 178 million.
Also some important works in Algeria are worthy being mentioned, where new orders have been acquired for a total value exceeding EUR 190 million.
More in detail, during the first quarter of 2006 Astaldi has been officially awarded by SNTF, the State Railway Company of the Republic of Algeria, with the contract for the construction of the new railway line Mecheria-Redjem Demouche, for a global value of EUR 158 million. The contract, awarded to the joint venture Astaldi-ETHRB Haddad, of which Astaldi is the leader with a participating interest of 51%, provides for the design and subsequent construction of a new railway line of a length of 140 km linking the towns of Mecheria and Redjem Demouche, both located in the south-west area of the Country. The works started during the second quarter of 2006 and are expected to be completed within 22 months.

Instead, the acquisition of the contract for the construction of the Hamma Water Pipeline, of a global value of EUR 56 million, dates back to the month of April, and the relevant works are expected to be completed within 12 months.

The figures stated do not take into account all those initiatives for which award

FROM LEFT TO RIGHT:

ALGERIA
Kramis Dam
ITALY
“City of the Science” in Naples
ITALY
Rome-Naples HS/HC Railway Line

procedures have not been fulfilled yet and of the consequent opportunities of development within the area which, similarly to Venezuela, confirms to be a market having an important strategic value, by virtue of the Company’s traditional and consolidated presence and of the considerable infrastructure plans being carried out in the Country.

Some further interesting initiatives refer to the Arabian Peninsula, in particular in Qatar where, taking into account the interesting infrastructure projects being carried out and the Group’s recent successful results in Yanbu and in the industrial area of Ras Laffan, during the year some additional opportunities have taken shape in the oil&gas sector, by the acquisition of new contracts for a global value exceeding EUR 32 million.

The table below shows the orders backlog trend during 2006, broken down into the main areas of activity.

It is specified that the figures stated in this table and in the next one do not take into account the initiatives which have not been made finally official, as well as the initiatives for which Astaldi has already qualified as Sponsor under art. 37-bis et seq. of the so-called “Merloni Law”; on the contrary, such figures take into account, on a prudential basis, the cancellation of the contract relating to the Verona-Padua High Speed / High Capacity railway line, as described above.

orders backlog trend by business area

(millions of euros)

	beginning of the period 1/1/2006	increments	decrements for production	other decrements	period end 31/12/2006
transport infrastructure, of which	3,376	2,661	(817)		4,356
railways and undergrounds	*2,167*	*2,376*	*(401)*	*(864)*	*3,279*
road and motorways	*1,156*	*273*	*(393)*		*1,036*
airports and harbours	*52*	*12*	*(23)*		*41*
hydraulic works and hydroelectric power plants	252	173	(100)		325
civil and industrial building	409	327	(106)		630
concessions	1,530	169	–		1,699
orders backlog as at december 31, 2006	**5,567**	**3,330**	**1,023**	**(864)**	**7,009**

The following table shows the orders backlog by geographical area.

orders backlog trend by geographical area

(millions of euros)

	beginning of the period 1/1/2006	increments	decrements for production	other decrements	period end 31/12/2006
italy	4,749	1,380	(384)	(864)	4,881
abroad	817	1,950	(639)	–	2,128
orders backlog as at december 31, 2006	**5,567**	**3,330**	**1,023**	**(864)**	**7,009**

One final mention about business activities being studied.
In agreement with the decisions made at the time of the strategic planning, the Group's attention during the year focused on general contracting and project financing initiatives mainly in the sectors of transport infrastructure and civil construction, and in health and car park sectors. For some of these initiatives, tender outcome is awaited; for the others, the relevant prequalification, verification and award procedures are still in progress. Moreover, some additional initiatives are being studied, in Italy and abroad, in the traditional sector of transport infrastructure and in the sector of non-residential building.
In particular, as far as concerns the activities carried out in foreign countries, there are several business initiatives aimed at further strengthening the Group's presence in those Countries showing remarkable opportunities of development and where Astaldi takes advantage of a consolidated position (Venezuela, Algeria, Turkey and Romania), but also intended to develop new opportunities in the Arabian Peninsula (Qatar and Saudi Arabia) and in Central America. The traditional sector of transport infrastructure and the sector of power plants are confirmed as reference sectors.

12.1. The domestic scenario

12.1. Transport infrastructure – railways and undergrounds

Underground of Rome – Line C

In April 2006, Astaldi, as leader of a temporary association of companies (ATI) formed with Vianini Lavori, Consorzio Cooperative Costruzioni and Ansaldo Trasporti Sistemi Ferroviari and in which the company holds a participating interest of 34.5%, was entrusted with the general contracting for the final design and the engineering design, the construction and commissioning, as well as for the engineering and for the supply of the rolling stock, of a new driverless underground section with guided drive on dedicated rail track. The Employer of such works is Roma Metropolitane S.p.A., the operator of the underground service of the Municipality of Rome.
The new underground line will run across the Capital linking the northern area to the south-eastern area of the town (Piazzale Clodio/Mazzini – Torrenova/Pantano section), and reaching also central areas such as Piazza Venezia and San Giovanni. The track will have a length of a little bit less than 27 km, 18 km of which underground, and the remaining 8 km at ground level, with 30 stations and a

train maintenance deposit, where all activities and functions connected with the operation, maintenance and administrative management of the system will be carried out.
Its estimated maximum capacity of transportation is of approximately 24,000 passengers per hour per each direction. Furthermore, the works will guarantee the junction with already existing underground lines, thus doubling the extension of the presently existing underground network.
The works, started during the second quarter of 2006, according to the time-schedule will allow to make the first section (San Giovanni – Alessandrino) serviceable within 2011, such estimation being subject to a speeding up of the works by virtue of additional funds to be made available by the Italian Ministry of Infrastructures Transport, as publicly declared in September.
The complexity of the layout, along the route Piazza Venezia – Tevere, due to the fact that an area of the historical centre of Rome particularly crowded with buildings having a high historical-monumental and archaeological value has to be crossed through, has imposed the execution of supplemental investigations and specific studies to work out the most appropriate measures to protect such assets from the effects deriving from the works. Furthermore, the Scientific-Technical Committee (CTS) has been formed with the purpose of co-ordinating the activities developed, from this point of view, by specific working groups formed of specialists belonging to various sectors (archaeological restoration, topographic survey of buildings having an historical-monumental value, structural analysis and consolidation of buildings, geology, geotechnics).
In order to execute the works, the temporary association of companies awarded with the contract established the special purpose vehicle Metro C S.p.A., the shares of which are held by the members of the temporary association and which has, therefore, replaced said association in the contractual relationship with the Employer in accordance with the law.
The execution of the works and services is divided into two functional parts: the first part, of a global amount of EUR 1.073 billion, is already fully financed; while the funds for the second one, of a global amount of EUR 1.107 billion will be made available after the final design of the sections identified as T2, T6A and T7 and for Granite Warehouse is approved by the CIPE (Interministry Committee for Economic Planning).
It is expected that the Line C will be fully completed and made ready for service by intermediate phases, which will entail the construction and commissioning of functionally independent separate sections. The first phase (Phase 1) provides for the completion, within a period of time of 58 months, of the routes named T4 and T5, corresponding to the San Giovanni – Alessandrino section, the second phase (Phase 2) provides for the completion, within a period of 90 months, of the section Venezia-Pantano (with the additional sections named T3, T6A and T7 and Granite Warehouse), the final phase provides for the full completion of the Clodio/Mazzini-Pantano section (with the additional section T2).
On the basis of the time-schedule worked out taking into account the above, during 2006, the final design of the full automation system was prepared and submitted, in accordance with the laws and regulations in force, to the Interministerial Safety Commission's approval. Moreover, the engineering design of sections T4 and T5 has been developed, and the archaeological investigations preliminary to the final design of section T2, T3 and T6A have been made in 23 different loca-

tions. Also the final design of the sections T6A, T7 and for the Granite Warehouse has been carried out, together with the activities preliminary to the opening of the job-sites, expected and carried out during the first months of 2007.

Underground of Milan – Line 5 (section Garibaldi Station – Via Bignami)

During June 2006, an agreement has been entered into with the Municipality of Milan for the concession concerning the design, the construction and subsequent management of the new Line 5 of the underground of Milan.
This initiative, representing the first project finance in the underground sector in Italy, will be a driverless light underground on rails.
Astaldi, in its capacity as Sponsor of the initiative since 2003, was awarded the contract as leader of a temporary association of companies formed together with Ansaldo Trasporti, Ansaldo Breda, Alstom, ATM Azienda Trasporti Milanesi and Torno.
The new section will link the city centre to the eastern outskirt of the Municipality

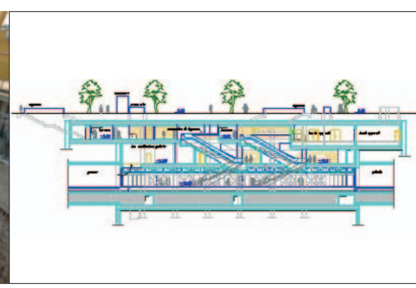
FROM LEFT TO RIGHT:

ITALY
Naples Subway
ITALY
Genoa Subway
ITALY
Road Link in Rome

of Milan, along an underground route extending for approximately 5.6 km and providing for the construction of 9 stations and twin-rail tunnels.
The line will have a maximum capacity of transportation of 26,000 passengers per hour per each direction and will ensure the junction with the existing underground lines, thus favouring a considerable enhancement of the integrated transport system conceived for the Municipality of Milan.
The global value of the investment, including design and civil works and technological plants, amounts to approximately EUR 502 million, EUR 190 million of which shall be borne by the Concessionaire and the remaining part by a public grant. The contract provides for a quota attributable to Astaldi for construction works equivalent to EUR 115 million and revenues from operation activities amounting to EUR 724 million, 23.3% of which attributable to Astaldi. The duration of the works, including design phase, is expected to be of 58 months, followed by 29 years and 2 months of management.
The relative concession agreement was signed into in June 2006. The final design, completed in September 2006, was approved by the Municipality of Milan in November 2006 and forwarded to the Italian Ministry of Infrastructures Transport, as well as to all other bodies involved, in order to obtain CIPE's final resolution of approval which is expected to be made within June 2007.
The activity carried out in 2006 mainly focused on the design and concerned, furthermore, the analysis and development of the economic-final plan of the initiative.

Brescia Underground

This contract, in progress, provides executive design, the construction, the putting into service, a two-year technical operation and the ordinary and extraordinary maintenance for a period of seven years of a light driverless underground on rails. The initiative is being carried out in association with Ansaldo Trasporti Sistemi Ferroviari, Ansaldo Breda and the Spanish company Acciona: Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Breda will be responsible for designing and producing system facilities and rolling stock, while Astaldi and Acciona will design and produce the electrical and mechanical systems, superstructure and all the civil works. During 2004, works were started on the first section – Prealpino-Sant'Eufemia – which extends for 13.8 km and runs across the city centre from the north to the south, turning eastwards up to Sant'Eufemia Station. This section will be characterised by a little bit less than 2 km of viaducts, 4 km of cut-and-cover tunnels, 6 km of driven tunnels, 1.8 km of embankments and cuttings and 17 stations, 8 of which underground. The contract, of a total value of EUR 611 million, initially provided for an Astaldi's share amounting to EUR 300 million in relation to the design and construction of civil works. Said amount was subsequently reviewed due to the inclusion of a series of variations relating, among other things, to changes in the layout and the stations. The approval of said contractual changes meant, already starting from 2005, an increase of the value of Astaldi's scope of work by EUR 26.4 million, thus bringing the value of Astaldi's share in the contract increase up to EUR 308 million.


FROM LEFT TO RIGHT:

ITALY
Brescia Subway
ITALY
Line 5 of Milan Subway
ITALY
Naples Subway

As far as concerns the works carried out during 2006, it is worthy noticing a slowdown and consequent delay in comparison with contract time-schedule, essentially due to delay in the delivery of sites by the Employer, Brescia Mobilità S.p.A., but also to existing specific municipal provisions, as well as to archaeological findings and additional design variations expressly requested, but not yet defined, by the Employer, and partially as a consequence of said archaeological findings.
Anyway, during the period, not only tunnel excavation works have been started, by using a Tunnel Boring Machine, between the tunnel adit and La Marmora Station, which is the second station of the section including the driven tunnel, but also the works for the construction of the trains depot, of almost all the stations (13 out of 17), and of the cut-and-cover tunnel between the Stations Prealpino and Casazza. Also the other activities for the relocation of conflicting sub-utilities and the works concerning the open-pit section between the driven tunnel adit and the depot, including the section on the viaduct, are all in progress.
Production activities performed by Astaldi in 2006 globally amount to EUR 42.7 million.

Naples Underground – Line 1 (Centro Direzionale – Capodichino section)

In January 2006, the Concessionaire M.N. Metropolitana di Napoli S.p.A., in which Astaldi holds a relative majority share of 22.62%, has been entrusted by the Grantor, the Municipality of Naples, with the concession of the additional extension of the Line 1 of Naples Underground, along the section Centro Direzionale – Capodichino.
The final design of a first functional part, of a value of EUR 581 million, has already been submitted to the Grantor and its approval is pending; financing has already been acquired for a global amount which, at present, is of EUR 108 million.

Naples Underground – Line 1 (Piazza Dante - Centro Direzionale section)

Part of the construction works relating to Lot 9 and to Lot 11 of Piazza Dante – Centro Direzionale section of the Line 1 of Naples underground are presently being executed.
The Concessionaire Toledo S.C.r.l., in which Astaldi holds a participating interest of 90.394%, was established, in due course, for the execution of the works.
The activities relating to such section amount to approximately EUR 198 million, including price revisions, and concern the construction of two underground stations, named Università and Toledo, equipped with the relevant plants, finishing works and railway superstructure for the entire Piazza Dante-Centro Direzionale section.
In 2006, the value of the works increased by EUR 81 million consequently to the approval by the Grantor (the Municipality of Naples) of the works for the construction of a second way out at Toledo Station, of the design concerning the preservation of the buildings in conflict with the works for the construction of the station itself, and consequently to the signing of an agreement relating to the use of a particular technique (liquid nitrogen – brine mixed method) for freezing the ground of station tunnels.
During 2006, production activities were carried regularly and in compliance with the time-schedule assumed as basis for the economic planning. Production activities performed by Astaldi in 2006 globally amount to EUR 23.7 million, of which EUR 21.4 million as Astaldi's share.

Naples Underground – Line 6 (Mergellina – Municipio section)

Astaldi takes part in the works for the construction of the Mergellina-Municipio section of the Line 6 of the Naples underground.
In fact, the Company holds a relative majority of 22.62% in M.N. Metropolitana di Napoli S.p.A. which, on its turn, holds a 90% participating interest in MN6, the consortium company which is executing the works.
At present, the value of the scope of work of M.N. Metropolitana di Napoli S.p.A. amounts to EUR 178 million.
In November, the design was approved, and the procedure for the works financing, providing for a granting of EUR 210 million by the Campania Region and an additional granting of EUR 100 million by CIPE, was fulfilled.

Naples Underground (Vanvitelli – Dante section)

The works relating to Lot 1, corresponding to the Piscinola-Vanvitelli section, and to Lot 4, corresponding to the functional section Vanvitelli-Piazza Dante, in connection with which the consortium company CO.ME.NA. S.c.r.l. was formed (in which Astaldi held a 70.43% participating interest), have been carried out in 2005. Consequently, the consortium company CO.ME.NA S.c.r.l. started the liquidation procedure as from March 24, 2006.

Genoa Underground

The works relating to the section Principe-De Ferrari of the Genoa Underground, finally defined in March 2006, have been completed.
By this section, the new underground of Genoa (delivered by Astaldi by functional lots during the period between 2003 and 2005) extends up to Piazza De Ferrari.
In the meanwhile, the first one of the last two lots, the functional lot De Ferrari-Brignole, of a value of approximately EUR 68 million, has been officially awarded.
The works started at the beginning of the year, but were soon affected by a slowdown with respect to the contract time-schedule due to archaeological findings at the location of the only two connections with the line tunnel.
Such situation, which has adversely affected yearly production, went on with ups and downs until autumn, thus delaying production activities by approximately 9 months.
Production activities performed by the consortium company Metrogenova S.c.r.l., in which Astaldi holds a 21.81% participating interest, globally amounted to approximately EUR 5.4 million.

Turin Railway Junction – Lot 1

Susa Dora Quattro S.c.r.l., in which Astaldi holds a 90% share, completed, during 2006, the works for the improvement of the Turin railway junction, for the Corso Vittorio Emanuele II – Fiume Dora Riparia section.
Production activities performed during 2006 amounted to approximately EUR 7.67 million (EUR 96.69 in total, in addition to EUR 20.66 million relating to an agreement à l'amiable entered into as per art. 31-bis of the Law 109/94).
All operating activities are expected to be completed by the end of 2007.

Turin Railway Junction – Lot 2 (C.so Vittorio Emanuele II – C.so Grosseto section)

This contract, acquired in May 2005, provides for the drawing up of the engineering design and the execution of the works relating to the completion and extension of the railway line section between Corso Vittorio Emanuele II and Corso Grosseto with an underpass crossing the river Dora Riparia, to be carried out within the framework of the works aimed at improving the railway junction.
For the execution of the works the consortium company S.P.T. – Società Passante Torino S.c.r.l. was formed, in which Astaldi holds a share of 74%.
During the first part of 2006, site mobilization activities, already started during the previous year, were completed and, soon after Italferr S.p.A., as Employer, approved the engineering design, the works started in the month of May.

During the second part of the year, the works focused on various activities for the construction of diaphrams, piles and the bottom layer. Moreover, activities have been carried out concerning the demolition of the structures in conflict with the works, the construction of new road bridge of Via Stradella, the re-arrangement of the road link between Via Stradella and C.so Mortasa, and the relocation of part of the railway line Turin-Milan in conflict with the railway tunnel. At the same time, public utilities and sub-utilities in conflict with the works have been relocated.
Production activities performed by Astaldi in 2006 globally amounted to EUR 26 million.

Milan Railway Junction

The contract concerns the construction of the railway substructure, superstructure and the relevant electric traction installations of the Milan railway junction between the stations of Porta Vittoria, Rogoredo and Bivio Lambro, for a total extension of approximately 6 km of double-track railway line.
The works have been divided into two lots, with different deadlines: Lot 20, between Porta Vittoria station and Bivio Lambro, and Lot 30, between Porta Vittoria and Rogoredo stations
As to Lot 20, the relevant section was inaugurated and made serviceable on December 12, 2004, earlier than expected. In connection with this Lot, the Employer, Italferr S.p.A., has officially produced a supplementary variation appraisal report which entailed an increase in the value of the works by approximately EUR 6 million, and granted an extension of the period necessary for the completion of the works.
The works relating to Lot 30 are presently being carried out; they concern the pre-arrangement of the railway lines Passante and Cintura for future junction with Rogoredo Station. They are expected to be completed within the first half of 2007.
Production activities performed in 2006 globally amounted to EUR 8 million; the remaining works globally amount to EUR 3.4 million.

FROM LEFT TO RIGHT:

ITALY
Naples Subway
ITALY
Brescia Subway
ITALY
Genoa Subway

High Speed Railway – Bologna Centrale Station

The contract concerns the construction of the High Speed Railway Station of Bologna Centrale, included within the Bologne urban section of the Milan-Naples High Speed railway line (lot 11), and the works for the construction of the structures necessary for the relevant serviceability (lot 50).

The global contract value, originally equivalent to EUR 289 million, was increased up to EUR 302 million due to some additional works and variations.
Production activities during 2006 were adversely affected by unexpected objective difficulties such as the activities for the reclamation of the station site area, which was found to be polluted, and the extension of the time necessary to carry out the archaeological investigations by the Archaeological Service of Emilia Romagna.
Production activities performed during the period globally amounted to EUR 11.6 million.
It is expected that production activities may undergo a real development during the second half of 2007.

Parma-La Spezia Railway Line ("Pontremolese")

This integrated contract, acquired in 2005, provides for the engineering design and subsequent execution of civil works and of the installations necessary to double the railway line Parma-La Spezia, also know as "Pontremolese", along the section included between the station of Solignano and the station of Osteriazza, for a total extension of approximately 12 km, of which the first 5 km as a variation to the existing track and the subsequent 7 km extending parallel to the existing line.
The main construction work is represented by the Marta Giulia Tunnel, a double-track tunnel of a length of approximately km 4.2, the execution of which is made further difficult due to the presence of gas.
The site was delivered and, therefore, the works started in July 2006, after Italferr S.p.A., as Employer, approved the engineering design.
It is expected that the works will be taken over within 2012.
During the current year, in agreement with the existing operating plans, the preliminary activities concerning the site mobilization, the relocation of conflicting public sub-utilities and of reclamation from war surplus were started.
Production activities performed during the period globally amounted to EUR 2.35 million.

High Speed/High Capacity Railway Line – Rome-Naples section

As far as this initiative is concerned, we remind that in December 2005, the first functional lot of the Rome-Naples section of the High Speed/High Capacity railway line was inaugurated; the relevant works have been carried out by the Consortium IRICAV UNO as General Contractor, in which Astaldi holds a participating interest of 27.91%.
During 2006, after RFI S.p.A., the operator of the national railway network, puts into service this section, some additional works of variation have been carried out, including works out of the railway property.
In January 2007, the Testing Commission purposely formed, issued the final test certificate; the final test still has to be carried out on soundproofing barriers installed along the railway line; this test has been postponed to after the completion of variation works to be carried out on the same barriers and for which a contract is being entered into with T.A.V. S.p.A.
Production activities performed by Consorzio IRICAV UNO in 2006 , as far as Astaldi's quota is concerned, amounted to approximately EUR 38 million. Produc-

tion activities performed by Consorzio IRICAV UNO in 2006 , as far as Astaldi's quota is concerned, amounted to approximately EUR 6.6 million. The value of the works carried out during 2006 in the sites of Cassino and Ferentino amounted to approximately EUR 4.6 million.

Regional underground railway network in Veneto (Metroveneta)

The works are constituted of three different contracts which have been awarded to the ATI (temporary association of companies) formed of Astaldi-Mantovani-Gemmo

FROM LEFT TO RIGHT:

ITALY
Genoa Subway
ITALY
Turin railway junction
ITALY
Genoa Subway

and having Astaldi as Leader by the Region of Veneto, and concern three separate railway sections: the Padua-Castelfranco Veneto section, identifying Lot A; the Mestre-Castefranco Veneto section, relating to Lot B; the Treviso-Mestre and Mestre-Mira Buse sections, both included in Lot C. As far as concerns the first two lots, the value of Astaldi's scope of work amounts to 46.2%, while for the third lot it reaches 50.53%.
Details relating to single lots are set forth herebelow.

Lot A (Padua-Castelfranco Veneto section)

Some problems hindering the regular execution of the works, attributable to the employer and to third parties, caused a series of postponements of the deadline for the completion of this initiative, now fixed to the first quarter of 2008.
An additional variation appraisal report is being drawn up, which will determine the official cancellation of two structures and, consequently, the definition of the new time-schedule.
The value of Astaldi's quota in production activities performed during 2006 globally amounts to EUR 5.3 million.

Lot B (Mestre-Castelfranco Veneto section)

On the basis of a final appraisal report drawn up in February 2006, the deadline for the completion of this lot is October 2007; however, the works within Astaldi's scope of work are essentially completed.
The value of Astaldi's quota in production activities performed during 2006 in relation to this lot, globally amounts to EUR 2.5 million.

Lot C (Treviso-Mestre-Castelfranco and Mestre—Mira Buse sections)

The deadline for the completion of the works is May 2007.
Several and unexpected problems hindering the regular execution of the works required the filing of several applications for extension, only some of which have been accepted by the employer.
Anyway, the works, which are presently in progress, will be completed within 2007, subject to the fact that the activities relating to two structures which are part of the contract have not been started yet, because of design problems.
The value of Astaldi's quota in production activities performed during 2006 in relation to this lot, globally amounts to EUR 7.2 million.

FROM LEFT TO RIGHT:

ITALY
Rome-Naples HS/HC Railway Line
ITALY
Brescia Subway
ITALY
Hospital in Naples

12.1.2. Transport infrastructure – roads and motorways

Jonica National Road (NR 106) Lots 1 and 2

The two separate contracts, awarded to Astaldi, operating as General Contractor, in December 2004, provide for the construction of two lots of the new Jonica National Road (NR 106), for a total value of over EUR 790 million.
As regards the first lot, the Astaldi-Ferrari joint venture (ATI) was awarded the contract for the rehabilitation of the section of NR 106 between Ardore and Marina di Gioiosa Jonica (Reggio Calabria).
This 17-km-long double-carriageway road involves the construction of 4 junctions, 12 viaducts and 7 twin-bore tunnels, the longest of which is of approximately 1.8 km.
On June 14, 2005, Astaldi S.p.A., as joint venture leader, entered into the contract with the employer, A.N.A.S. S.p.A., for works amounting to EUR 310 million; then, on June 16, 2005, the special purpose vehicle AR.GI. S.p.A., in which Astaldi S.p.A. holds a 99.99% share, was set up and the works started (executive design, site mobilization, expropriations and reclamation of areas from war surplus).
To date, after having completed the executive design phase (which extended overtime due to unexpected events like topographic and cartographic works and to requests for variations made by the Employer and third parties), the technical-economic examination is being carried out jointly with A.N.A.S. S.p.A. to define and approve the variation design and the price increase connected therewith, as well as the period of time expected for the completion of the works which, to date, is estimated to be of 33 months.

The year 2006 was characterized by the regular execution of all those activities preliminary to the start of the works, such as topography and geognostic investigations preliminary to the engineering design, the assessment of the archaeological risk, the mobilization of the General Contractor's sites, expropriation procedures, land reclamation from war surplus and the verification of conflicting utilities.
The second lot provides for the construction of approximately 17.2 km of the E90 – as far as concerns the section relating to National Road 106 from Squillace junction (km 178+500) to Simeri Crichi junction (km 191+500) – as well as the extension by approximately 5.2 km of National Road 280 (the so-called "Strada Statale dei due Mari") from San Sinato junction to Germaneto junction.
On June 16, 2005, the special purpose vehicle CO.ME.RI. S.p.A. was set up which, in connection with the activities provided for by the contract, entrusted to its shareholder Astaldi S.p.A, by means of a project management agreement, all the activities necessary to fulfil the contract, except from works supervision, obligations relating to the expropriation of the areas and verifications required by the anti-mafia laws in accordance with the Memorandum of Understanding entered into on August 4, 2005 between the Prefecture of Catanzaro, A.N.A.S. S.p.A. and CO.ME.RI. S.p.A.
During 2006, both the executive design and the activities preliminary to the commencement of the works (mobilization of General Contractor's sites, expropriation procedures, land reclamation from war surplus and verification of conflicting utilities) have been carried out.
In November 2006, A.N.A.S. S.p.A. approved the executive design, which has undergone some changes with respect to the contract, thus redefining the contract amount to EUR 498 million.
Furthermore, also the works time-schedule has been updated, in accordance with which construction phase will be completed in January 2010.
The works will actually start during the first months of 2007.

Futani-Centola Expressway (Salerno)

The road was fully opened to traffic in February 2006.
Subsequently, until the month of July, some supplementary and ancillary works have been executed (hydraulic arrangements, fencing, expropriation procedures), together with site mobilization activities.
Furthermore, the activities required for the issue of the certificate of acceptance, which will be presumably issued within the first quarter of 2007, have also been performed.

"Centrale Sicula" National Road (SS 117)

The works regard the rehabilitation of the "Centrale Sicula" National Road (SS 117), for a length of 3 km in the proximity of the residential settlement of Nicosia, in Enna province.
The road layout almost completely extends as a variation to the existing road and includes, among other things, 2 driven tunnels by the traditional method for a total length of approximately 2 km and a viaduct of 140 m.
Because of the scarce quality of the ground of the areas involved in the works,

with particular reference to those where the tunnels will be excavated, until now the works progressed at an extremely slow rate, requiring continual design updates by the Employer, ANAS S.p.A..
During 2005, on the basis of a new and more detailed activity of geognostic investigations, ANAS has drawn up an additional technical and supplementary appraisal report. During 2006, pending approval of such appraisal report by ANAS, the works have been stopped.

12.1.3. Transport infrastructure – harbours and airports

"Mose" Mobile Barrier System (Venice Lagoon)

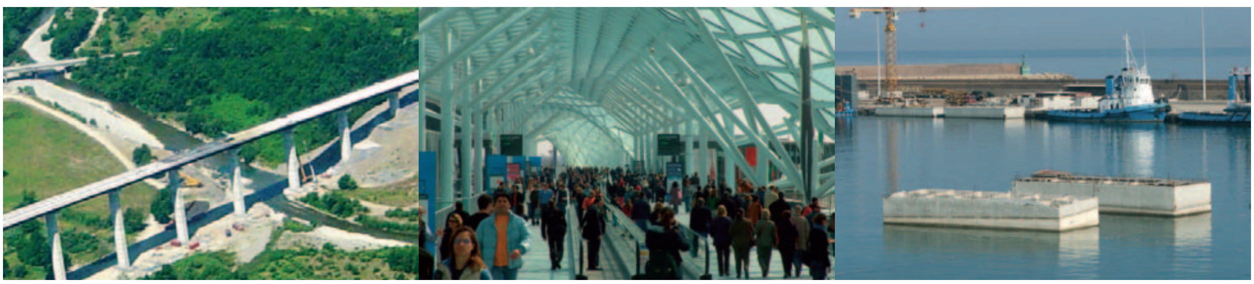
In order to safeguard the city of Venice, the State Authorities, through the Ministry of Infrastructures (Venice Water Authority), entrusted to Consorzio Venezia Nuova,

FROM LEFT TO RIGHT:

ITALY
Brescia Subway
ITALY
Road Link in Rome
ITALY
Hospital in Mestre

in which Astaldi holds a quota, a series of construction works including, within the framework of the city protection from high water levels, the project for the construction of a mobile barrier system named "MOSE System".
The mobile barriers consist of a series of floodgates arranged in line on the seabed of each of the three port inlets (Lido, Malamocco and Chioggia) connecting the sea to the lagoon. During normal tidal conditions, the floodgates remain filled with water and positioned in proper structures at the bottom of the lagoon. While, when the tide rises above 100 cm, the floodgates are emptied by injecting compressed air allowing them to emerge to surface. This system makes it possible to temporarily isolate the lagoon from the sea, thus blocking the tidal flow.
The construction of the MOSE system was entrusted by Consorzio Venezia Nuova to the members of the consortium itself. In particular, with reference to the Lido Treporti inlet, the works have been entrusted to a joint venture (ATI) of which Astaldi is the leader with a participating interest of 35%, on the basis of a general undertaking agreement entered into on December 15, 2003 for a global value of approximately EUR 333 million.
It should be noted that the procedures for performing the works provide for said works to be completed by functional portions, by previously entering into specific deeds implementing the aforementioned undertaking agreement; the stipulation of said deeds is then subject to the actual availability of financing.
The members of the consortium have formed the consortium company named Mose-Treporti S.c.r.l. for the common management of activities.
During 2006, the works entrusted to such company have been regularly executed

and allowed to achieve the budget worked out at the beginning of the year, providing for the execution of works for an approximate value of EUR 50 million, of which EUR 15.8 million as Astaldi's share.
During the year, the Porto Rifugio has been essentially completed and the works relating to other portions of the project have been started, providing for the execution of the civil works of the canal lock, the works for the reinforcement of the eastern abutment, the execution of seabed protection works upstream and downstream the lock.
It is expected that, during 2007, such works will be completed and that the activities more closely connected with Lagoon barrier works will be started.



FROM LEFT TO RIGHT:

ITALY
Futani-Centola Expressway
ITALY
New Mlan Expo Fair Centre
ITALY
Porto Torres Port

Pozzuoli Port (Naples)

In May 2002, Astaldi has been entrusted with the works for the extension and upgrading of Pozzuoli Port in Naples.
The works deal with the extension of the Molo Caligoliano and the renovation of the former Circomare building. As far as concerns such building, renovation works were completed in 2004 and inspection activities are presently in progress.
While the works to extend the Molo Caligoliano by approximately 360 m deal with the construction of a breakwater protecting Pozzuoli Port. The relevant works started in May 2004 and are planned to be completed on a section basis.
Works were held up following delays accrued by Campania's regional revision committee in approving the executive designs of the various sections.
The Concessionaire Infraflegrea S.c.r.l., in which Astaldi holds a participating interest of 50%, was established, in due course, for the execution of the works.

Porto Torres Port (Sassari) - Western breakwater

The works involve the demolition of the western wharf of Porto Torres trading harbour (in Sassari province), as well as the construction of the new wharf by recycling the materials from demolition, and the construction of a new system of wharves for ferryboats mooring.
The contract value amounts to approximately EUR 23.7 million, such amount including the works for securing the harbour area (water system, fire-fighting plant and lighting system), entrusted to Astaldi by the Extraordinary Commissioner for the Emergency of the Port of Porto Torres.
During 2006, the contract works for the construction of the system of wharves, and hard-rock seabed excavation works were completed.

Production activities performed during 2006 globally amounted to EUR 1.6 million.

Porto Torres Port (Sassari) – Realignment of Southern Wharves

The works, entrusted to Astaldi by the Extraordinary Commissioner for the Emergency of the Port of Porto Torres in December 2004, are currently included back within the Ministry of Transport and Infrastructures' routine management and involve the construction of a caisson wharf to adjust the current alignment of the southern wharves of the trading port.
The value of the works, including supplementary deeds entered into during the year, amounts to EUR 16 million.
During the period, some archaeological findings during the activities for the demolition of the Beacon wharf and the prolongation of the Archaeological Service's activities heavily hindered production activities, which were substantially limited to the completion of wharf superstructure.
Production activities performed during 2006 globally amounted to EUR 6 million.

12.1.4. Hydraulic works and hydroelectric power plants

Pont Ventoux Hydroelectric Power Plant (Turin)

The new power plant, having 158 MW of installed power and an output capacity of more than 400 million kWh per year, conceived according to the most advanced working models ensuring environmental protection and production efficiency, will allow an annual saving of 86,000 t.o.e. and shall reduce CO_2 emissions by 258,000 tons per year.
The power plant is equipped with a pumping system by which water from downstream reservoir may be transferred to the upstream basin, during energy-low-cost hours, thus maximizing power production during peak demand hours.
Both civil engineering works and plant have been completed during the first months of 2006. In particular, the commissioning of the centrifugal pump of the power plant ternary unit was completed. At the same time, inspection activities of safety installations, of generators, of the plant operation and management system have been going on.
Production activities totalled EUR 352 million, of which EUR 4 million in 2006.
The economic disputes with the Grantor Iride Energia, formerly known as AEM Torino were settled by a deed providing for the payment by Iride Energia of a sum which, including the payments already made to Astaldi up to date, totals EUR 353.8 million, for the execution of additional works consequent to unexpected geological findings and as settlement of all existing disputes, which concerned the variations to the headrace layout, the relocation of the power plant of Venaus and some administrative non-fulfilments attributable to the employer.
Moreover, it is worthy noticing that, in order to overcome some technical problems arisen during the complex phases of test of generator units, the plant take over was postponed to springtime 2007.
The consortium company Pont Ventoux S.c.r.l., in which Astaldi holds a participating interest of 56.25%, was established, in due course, for the execution of the works.

Gimigliano dam on Melito river (Catanzaro)

During 2006, the works progress was adversely affected by the several problems connected with mistakes found in the contract executive design, further worsened by the poor geological characteristics of the ground involved in the works, which caused various landslides and required to resort to excavation methods which had not been taken into account at the beginning of the works.
All the technical and administrative issues, as well as design deficiencies preventing the works from being executed and, thus, from being completed, caused an important technical-economic dispute with the employer and led Astaldi to propose an arbitration.
The procedure is still in progress. However, pending the arbitral award, Astaldi carried out the limited part of the works which turned out to be executable, for a certified amount of approximately EUR 5 million.

12.1.5. Civil and industrial buildings

Mestre Hospital

The Local Health Unit of Venice (ULSS 12 of Venice) awarded a concession to Veneta Sanitaria Finanza di Progetto S.p.A., of which Astaldi is the majority shareholder with a quota of 31%, for the construction, under project financing, of the new Hospital in Mestre. The concession involves the design, construction and operation of the New Hospital in Mestre, the operation dealing with the rendering of some hospital and business services.
The concession has a duration of 28.5 years (of which 4.5 years for construction and 24 years for operation) running from the land grant, that is from December 4, 2002.
The concessionaire, Veneta Sanitaria Finanza di Progetto S.p.A., on its turn, entrusted the activities for the design and construction to a temporary association of companies formed of its same shareholders which distributed the activities to themselves according to their respective skills/fields of specialization. In particular, the consortium company C.O.MES. S.C.r.l., in which Astaldi holds a participating interest of 55%, was established for the execution of civil works and for the supply of electro-medical equipment and furniture.
During 2006, all the works concerning the hospital, the car park, the supply office, the morgue and the so-called Banca degli Occhi have been completed, and the activities concerning the finishing of interiors, as well as the mechanical and electric installations have gone on; finally, the urbanization of external areas was started; also the sail-shaped steel-and-glass structure, which represents the most characterizing element of the project, has been completed.
Though slight delays accrued during the period, a recovery is expected to take place during 2007; therefore, the original contract deadline for the completion of the works is confirmed.
Production activities performed by C.O.MES. S.c.r.l. in 2006 globally amounted to EUR 37.8 million, of which EUR 20.8 million as Astaldi's share.

Naples Hospital ("Ospedale del Mare")

On October 21, 2004, the Local Health Unit of Naples 1 (A.S.L. Napoli 1) entrusted to

the temporary association of companies formed of Astaldi S.p.A., Giustino Costruzioni S.p.A., Ing. C. Coppola Costruzioni S.p.A., Ingg. F. & R. Girardi Costruzioni Civili Industriali S.p.A. and Siemens S.p.A., the contract for the construction, within a project finance framework, of a new hospital in Naples named “Ospedale del Mare”.
On May 23, 2005, the special purpose vehicle Partenopea Finanza di Progetto S.p.A. (PFP) took the place, in accordance with the law, of the temporary association of companies in the concession.
On November the 15th, PFP entrusted to the temporary association of companies (ATI) formed of Astaldi S.p.A. (leader), Giustino Costruzioni S.p.A., Coppola Costruzioni S.p.A. and Ingg. F. & R. Girardi S.p.A. (principals) the executive design, the “turn-key” construction and the supply of the furniture and of the electro-medical equipment, for a global amount of EUR 165 million. The company was established on October 28, 2005 for the centralized execution of the works entrusted to the temporary association of companies (ATI).

FROM LEFT TO RIGHT:

ITALY
Porto Torres Port
ITALY
Pont Ventoux Hydroelectric Power Plant
ITALY
Porto Torres Port

The new hospital is being built in the eastern part of Naples on an area of 145,800 square meters.
The hospital will be constituted of several buildings: a hospital formed of two buildings, one for in-patients, the other for general out-patients clinic, a hall for commercial activities; a multi-level path linking the various functional areas within the hospital; a hotel having five floors above ground level and a basement; one block to be devoted to administrative and management activities carried out by A.S.L. NA1; one building hosting the various plants and systems necessary to operate the complex.
The new hospital will make available a total of 501 new beds, divided into 334 beds for ordinary in-patients, 80 for day-hospital and day-surgery, 37 for intensive care and 50 for low care (hotel).
On January 18, 2006 the sites already expropriated by PFP, corresponding to 92% of total area, have been delivered thus allowing to start preliminary and site start-up activities.
PFP was provided with the execuitve design and submitted the same to A.S.L. NA1, which approved it in March 2006.
The works started by the end of March, after accomplishing site mobilization activities.
The works are expected to be completed within the first half of 2009.
The global progress of activities (design, site mobilization and construction) may be quantified as exceeding 13% of total activities. Total production activities performed correspond to EUR 22 million, of which EUR 20 million during the period.

Accademy for Italian Police Officers ("Scuola Brigadieri e Marescialli dei Carabinieri") - Florence

On April 26, 2006, the Italian Ministry of Infrastructures (General Directorate for State Buildings and Special Activities) entrusted to a joint venture (ATI) of which Astaldi is the leader, the execution, to the detriment of third parties, of the works for the completion of the two lots of the new "Scuola dei Brigadieri e Marescialli dei Carabinieri" (Accademy for Italian Police Officers) in Florence.
The contracts were entered into in August 2006 and the sites were finally made available between October and November of the same year.
The works extend over a wide area around the four multi-functional poles. Pole 1 includes a football and athletics yard, an indoor swimming pool, tennis courts and gymnasiums; Pole 2 provides accommodation for approximately 1,500 cadets; Pole 3 is constituted of an auditorium, lecture rooms, canteen and kitchen, circles, the infirmary, command headquarters, the rifle range and technological platforms; Pole 4 includes cadres' dwellings, providing accommodation for the school operators and their families.
The poles will be connected each other by a pedestrian tunnel crossing all four functional poles from the north to the south and the continuity of which is interrupted, amid the settlement, by the place of arms, around which all collective activities are performed.
The consortium company S.CAR. S.c.r.l., in which Astaldi holds a participating interest of 61.2%, was established for the execution of works. The global value of the two lots amounts to approximately EUR 261.3 million, of which EUR 160.4 million as Astaldi's share.
The activities performed late in 2006 mainly concerned the functional poles 2 and 4, by the execution of earthworks and substructure works, in addition to site mobilization works.
Production activities performed in 2006 amounted to approximately EUR 2.1 million, EUR 1.3 million of which as Astaldi's share.

New Expo Fair Center in Rho-Pero (Milan)

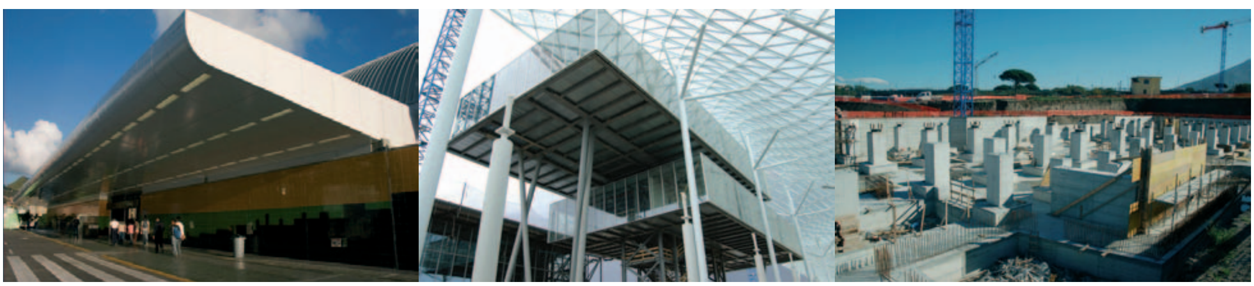
The General Contractor N.P.F. (Nuovo Polo Fieristico S.c.r.l.), a consortium company of which Astaldi S.p.A. is the leader with a 50% share, and formed together with Vianini Lavori S.p.A. (25%) and Impresa Pizzarotti & C. S.p.A. (25%), having completed all civil engineering works and plant of the New Expo Fair Centre in 2005, carried out, during the period, the activities of maintenance and operation of the works which, as provided for by the contract, will end in 2010. The New Expo Fair Center in Milan – designed by the joint venture (RTI), of which Astaldi is the leader, in collaboration with the architect Massimiliano Fuksas, of Studio Altieri and Studio Marzullo – is the largest trade fair facility in Europe and the record time in which such facility was completed represents a valid example of Astaldi Group's consolidated ability to operate as a General Contractor for the execution of construction works with complex technological and managerial contents.
The New Expo Fair Center required, during construction, and is requiring, during maintenance and operation activities, the ability to coordinate a wide range of human resources.

Maintenance services include administration services, personnel, supplies, safety issues, engineering (civil, electric, mechanical engineering and operational unit), warehouse, maintenance and operation, assistance to exhibitors; in the average, 25 people are involved.

The New Expo Fair Center comprises eight exhibition pavillions, two of which having two floors, with a display area of 350,000 square meters, and a service centre serving as a multifunctional building constituted of 4 office towers, a hall seating 800, four 250-seat congress halls, some areas used as public offices and shops and an ecumenical center.

Public access to exhibition pavillions is guaranteed by a 1.3 km central route extending along the east-west axis of the complex within a 60m-wide band featuring 32 minor buildings used as offices, conference rooms, show rooms, restaurants and snack bars for visitors and exhibitors.

The contract value, initially of EUR 553 million, presently amounts to EUR 685 million (of which EUR 648 million for construction activities and EUR 37 million for maintenance and operation activities for a 5-year period). During the next period,



FROM LEFT TO RIGHT:

ITALY
Hospital in Naples
ITALY
New Milan Expo Fair Centre
ITALY
Hospital in Naples

the minutes of provisional acceptance of the works will be drawn up jointly with the Employer, thus releasing the remaining 70% of performance bond.

"Università degli Studi Roma Tre" – New Department of Educational Sciences

During 2006, the works provided for by the third appraisal report of variation entered into with the University in September 2005 were executed, such works being necessary to change the intended use of the building from Department of Educational Sciences to Department of Economics.

The works were fully completed within contract deadline.

On January 19, 2006, the partial take-over of a first building took place, and the building was finally taken over in July 2006.

Production activities performed during the period amounted to EUR 2 million, and globally totalled EUR 23.6 million.

Inspection activities are being carried out with positive results and should be completed, simultaneously with the settlement of the last outstanding amounts, within March 2007.

Assemini site (Cagliari)

The works to restore the safety conditions of the external area of the Assemini site

(Cagliari) were entrusted to Astaldi by Syndial S.p.A, a company managed by ENI S.p.A..
Said works involve the construction of a plastic barrier of a length of approximately 2 km and of an average depth of 45 m to delimit the area to be cleared, waterproof covering of all the marked out area of approximately 24 hectares, and a system to depress the area inside the barrier.
The works, consequently to the detection of considerable high levels of dioxin in most of the areas, started during the current year only after defining and adopting all the measures necessary to make dioxin harmless and to protect the workers' health.
The additional works, the change in the method of execution of diaphragms and in the composition of the plastic mixture, as well as the acknowledgement of the damage deriving from the suspension of the works required, in November 2006, and amendment to the contract, which cause the contract value rise up to EUR 39 million, thus increasing the original contract value by approximately EUR 11 million. Works completion has been postponed to the end of 2008.
During the period, more than one third of the design diaphragms (95,000 square meters) has been executed and production activities performed during the year amount to approximately EUR 8.9 million.

12.1.6. Concessions

As regards concessions and project financing initiatives being carried out by the Astaldi Group, it is worthy noticing that the Company is focusing activities on the healthcare, urban transport infrastructure and car park sectors.
The single initiatives being developed by the Group are described below.

Healthcare

There are two projects currently in progress in this sector: the Mestre Hospital project and the Ospedale del Mare project in Naples.

Mestre Hospital

The Mestre Hospital project, the first example in Italy of a project finance initiative developed according to a PPP (Public-Private Partnership), was acknowledged as the best PPP in the hospital sector at a European level during 2005. Said acknowledgement undoubtedly confirms the Astaldi Group's position as one of the leading operators in healthcare project finance initiatives in Italy.
It is worthy reminding that the special purpose vehicle for this project is Veneta Sanitaria Finanza di Progetto – V.S.F.P. S.p.A. (VSFP), of which Astaldi is the majority shareholder.
The concession has a duration of 28.5 years (of which 4.5 years for construction and the subsequent 24 years for management) running from the land grant, that is from December 4, 2002.
The investment, approximately equivalent to EUR 220 million, of which EUR 200 million for the design and construction of the hospital and for the supply of electromedical equipment (Astaldi share: 38%), is 40% financed by public grant, while

expected global revenues for the whole period of operation will exceed the nominal amount of EUR 1 billion.
The hospital is currently being built and, as provided for by the works-schedule, the entire hospital will be delivered to the grantor, Venice local health unit ULSS 12 of Venice, by the end of 2007, and will be made fully operational already starting from January 2008.
In relation to this initiative, in 2005 VSFP entered into, with an international pool of banks, a loan agreement for approximately EUR 130 million, covering the pro-

FROM LEFT TO RIGHT:

ITALY
Univesity in Sassari
ITALY
Assemini site (Cagliari)
ITALY
"Porta Palazzo" car park (Turin)

ject's entire borrowing requirement, in addition to a public grant and the shareholders' own facilities. The pool of banks which granted the loan includes ABN Amro Bank, Banca Antonveneta, Banca Intesa and Interbanca, together with the EIB (European Investment Bank).

Naples Hospital ("Ospedale del Mare")

As regards the project for the construction and subsequent management of the Ospedale del Mare in Naples, the contract provides for the development of the final design and of the executive design, the supply of electromedical equipment and of furniture, and the subsequent management of some hospital and commercial services against payment of fees and rents for a period of 29 years (of which, 4 year for construction and the subsequent 25 years for management). The contract period runs from December 2005, that is the date of execution of the Deed of Acknowledgement of the Agreement.
It is worthy reminding that the special purpose vehicle for this project is Partenopea Finanza di Progetto – P.F.P. S.p.A. (PFP), established on May 23, 2005, of which Astaldi is the majority shareholder (60%).
The investment, approximately equivalent to EUR 187 million, of which EUR 162 million for the design and construction of the hospital and for the supply of electromedical equipment (Astaldi share: 60%), is 56% financed by public grant, while expected global revenues for the whole period of management will exceed the nominal amount of EUR 1 billion.
During 2006, expropriation activities have almost been fully carried out, while the works for the construction of the Hospital are going on according to the time-schedule.
The works are expected to be completed by 2009, to be followed by management phase.
Moreover, on May 16, 2006, the agreement for the appointment of the arrangers

was entered into with Medio Credito Centrale and the Royal Bank of Scotland, for the financial close which is expected to take place during the first quarter of 2007.
The financial cover of the project will be made by using first the whole public grant and, then bank facilities and shareholders' own funds.
The availability of the public grant was confirmed during 2006 by the Ministry of Health's approval of the required financing.
It is expected that the Concessionaire will collect all the receivables accrued vis-à-vis the Grantor early in 2007.

Transport infrastructure sector

A joint venture (RTI), of which Astaldi is the leader, and formed jointly with Torno, Ansaldo Trasporti, Ansaldo Breda, Alstom Trasporti and ATM (Azienda Trasporti Municipalizzata) was awarded, on February 22, 2006, the project finance contract for the design, construction and subsequent management of the Line 5 of the Underground of Milan.
The special purpose vehicle for this project is M5 S.p.A., established in June 2006 and in which Astaldi holds a 23.3% share.
The signing of the contract allowed to start the concession activities within a project financing framework – the first example of a project finance in urban transport infrastructure sector in Italy – including a 27-year period of management which is expected to yield revenues for a total amount of EUR 724.
The duration of construction works is expected to be of 58 months.
The global financial requirement is of EUR 502 million, to be covered, for an amount of EUR 190 million, by the Concessionaire and the lending banks, and the remaining part by public grant.
Astaldi's share in design and construction activities is of EUR 119 million.
The layout of Line 5 – a fully automated light underground – will be of 5.6 km in length and will link Garibaldi station to Via Bignami, in the eastern outskirt of Milan, through 9 stations.
On December 20, 2006, the arranging mandate was entered into with a pool of banks formed of Dexia Group, Media Banca, Société Générale and West LB, for the financial closing which is expected to take place during the first half of 2007.
As per works-schedule, construction activities will start after CIPE's approval of the final design expected in June 2007, from when the public grant will actually become available.

Mobility sector – Car parks under construction

At present, Astaldi's orders backlog includes five concessions for the construction and management of the same number of car parks.
The Group's partner in this sector if APCOA Parking S.p.A., an international leader in this sector, quoted on the Stock Exchange Market of Vienna.
The agreements between Astaldi and APCOA provide that Astaldi bear the construction risks, while the management risks are borne by APCOA Parking.
In fact, while Astaldi executes construction works, APCOA Parking takes care of the management activities, thus paying to Astaldi 50% of the revenues, with a guarantee threshold irrespective of the actual use of the car park and propor-

tional to the annual payment to reimburse the loan taken on for construction works. Anyway, it should be underlined that at present, car park operation activities, as a whole, yielded results largely exceeding those corresponding to minimum threshold.

"Piazza Cittadella" car park - Verona

On June 13, 2005, the joint venture formed of Astaldi (leader) and APCOA (principal), entered into the concession agreement for the design, construction and management of the new car park "Piazza della Cittadella" in Verona.
The car park comprises three underground floors providing for a total of 750 parking spaces, for a total area of 8,000 square meters.
The construction phase is expected to last 430 days, at the end of which the operation phase will start, for an expected duration of 30 years.
The Concessionaire's final design produced in December 2005 set forth a cost for relocation of utilities to be borne by the Municipality of Verona higher than Grantor's estimations worked out during the tender phase. The negotiations between the Concessionaire and the Municipal authorities and utility operators, to which Astaldi was committed for the whole 2006, are leaning on a partial re-design of the works, in order to reduce to any possible extent the conflict of sub-utilities with excavation activities, thus reducing costs.
According to this particular solution, the Concessionaire should finance the relocation of utilities and ask, in exchange, in order to find a balance again the economic-financial plan of the Concession, for an extension of the operation period and the possibility of supplementing expected revenues by the operation of additional business activities.

"Ex Manifattura Tabacchi" car park - Bologne

On February 18, 2003, the joint venture formed of Astaldi S.p.A. (leader) and APCOA Parking S.p.A. was awarded with a 30-year concession for the construction and subsequent operation of the public car park named "Ex Manifattura Tabacchi", in Bologne; the relevant Agreement was entered into on April 29, 2003.
It is underlined that, already starting from 2004, production activities were held up due to archaeological findings and other unexpected events in the activities of demolition of foundation structures and, therefore, in May 2005, the works were suspended.
The year 2006 was devoted to the negotiations with the Municipality of Bologne in order to define the parameters for balancing the economic-financial plan of the initiative.
The Grantor undertook to pay to Astaldi an amount of approximately EUR 3.6 million for additional costs deriving from the period of suspension of the works and from increased construction costs.
The positive outcome of negotiations is highly likely to be made official early in 2007, and it is deemed that the Concessionaire will be granted an extension of the operation period, an increase in fees, the possibility to sell 100 parking spaces and the cancellation of the rent to be paid to the Grantor.
The car park comprises three underground floors providing for a total of 550 parking spaces, and will be operated by the Concessionaire for more than 30 years (the actual expiration of the operation period is being agreed upon).

Mobility sector – Car parks under operation

In addition to the above initiatives, it is worthy noticing that three car parks, two of which in Turin and the third one in Bologne, are currently being operated under concession agreements.
The operation of such initiatives globally involve revenues deriving from the exploitation of 1,900 parking spaces.
In 2006, the turnover deriving from the operation of said three car parks globally amounted to approximately EUR 2 million.
The single initiatives are described below.

"Piazza VIII Agosto" car park - Bologne
The construction of the car park named "Piazza VIII Agosto", the operation of which started in 2001, made available approximately 1,000 parking spaces.
300 of them have been sold, while the remaining 700 will be exploited for a global period of operation of 60 years.

"Porta Palazzo" car park - Turin
The "Porta Palazzo" car park in Turin is being operated since 1999.
The concession agreement provided for the construction of 850 parking spaces, 750 of which to be exploited for a period of 80 years, and additional 100 parking spaces to be sold.

"Corso Stati Uniti" car park - Turin
The concession agreement of the car park in Turin named "Corso Stati Uniti", the operation of which started in 2001, made available approximately 500 parking spaces, of which 450 to be exploited throughout the operation period.

Utilities sector

In August 2006, Astaldi started the arbitration procedure in relation to the Concession concerning the construction, under project financing, of a net of multipurpose underground infrastructures within the Municipality of Cologno Monzese.
The Contract had been entered into in June 2004 but, though the activities carried out by the Concessionaire, the Grantor, contrarily to the provisions of the economic-financial plan worked out by the Concessionaire itself, never reached any agreement with the operators of public utilities in connection with the actual utilization of utility pipelines, which represented the key element to define the project's actual revenue-bearing capacity.

12.2. The foreign scenario

During 2006, the process aimed at rationalizing the Group's presence at international level continued.
During the period, the development of the Group's activities in Venezuela have been of a considerable importance, and the effects of the intergovernmental agreements for economic, industrial and financial cooperation entered into by the Government of Italy and the Government of Venezuela in December 2005 are be-

coming evident. The strategic value attributed to this area by Astaldi's development plans is confirmed not only by the role taken on by the Company in the negotiations ensuing from such agreements, but also by the actively requested involvement of the same in the opportunities of development which may derive therefrom in terms of infrastructure development.
In particular, the Group strengthened its presence in Algeria, especially consequently to the important contracts acquired during the period and described above, which required a wide programme to supplement area management and control structures, as well as technical equipment and machinery.
Development perspectives in Romania and in Western European Countries are still interesting, especially in the sector of concessions and PPP (Public-Private Partnership), above all when considering recent admissions to the European Union.
In Saudi Arabia and Qatar considerable investments are being planned in the oil&gas, in the power production and in the transport infrastructure sectors by joint ventures between public authorities and some of the most important multinational companies operating in the area: the operational method characterizing such ventures, which normally guarantees time of execution and availability of financing, make the new possible initiatives which may take shape in the area absolutely interesting. Operational and safety aspects connected with the activities in such countries are attentively considered, also taking into account the situation of tension characterizing the entire area of the Persian Gulf.
Most significant works in progress are shown in the table below, divided by geographical area.

11.2.1. America

Venezuela

Astaldi's presence in Venezuela consolidated over the years, in the sector of railway transport infrastructure in which it already successfully carried out several important initiatives.
In fact, the Astaldi Group has been being considered, for some time now, as one of the leaders in the reference sector, perfectly integrated within the local production structure, and as main exporter of the Italian production model. The success obtained is due not only to the technological solutions adopted, but also to the reliability shown in terms of time of execution and quality of the works.
At present, the Group is carrying out several initiatives in this area. Furthermore, considerable developments are expected also in the short term thanks to the intergovernmental agreements entered into between the Government of Italy and the Government of Venezuela in December 2005.
As regards ongoing initiatives, they deal with four railway lines which, all together, are aimed at providing the Country's central-southern area with a transport system suitable for favouring and supporting national economic development plans and, therefore, are considered as priority and fundamental works for the Country's growth. We are dealing with the projects of the railway lines Caracas-Tuy Medio, Puerto Cabello-La Encrucijada, San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta. We remind that Astaldi takes part in all the above ini-

tiatives as the leader of a joint venture of Italian companies, with Impregilo and Ghella, all having the equivalent participating interest of 33.33%.

Last but not least, we underline the project for the construction of the new underground line of Los Teques town, such initiative being known also as Metro Los Teques.

It is worthy noticing that, in order to preserve the criterion adopted by the Astaldi Group concerning the inclusion of orders in the orders backlog, such inclusion being exclusively reserved to contracts acquired and entirely financed, all these initiatives, as well as the developments of the above-mentioned intergovernmental agreements, have not yet been fully included in the Group's orders backlog, since such inclusion is made on a serial, pro quota and annual basis, and involves only contracts which have been entered into and which have been included in the Country's expenditure budget.

Some closer details concerning the single initiatives in progress and the production activities performed during the year just ended are set forth below.

Puerto Cabello – La Encrucijada Railway

The project deals with the railway line Puerto Cabello-La Encrucijada and provides for the construction of a 108-km-long railway.

Such works are being executed by the Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi holds a participating interest of 33.33%.

The global contract value amounts to EUR 1.8 billion.

The works, started in 2002, are divided into two lots, one located in a mountain area, the other in a plain.

As regards the lot in the mountain area, production activities performed during the period involved the excavation of the fourth and of the fifth tunnel of the lot, one of which was completed; moreover, also the activities for the construction of the second and third viaduct were completed, and the works relating to the foundations of the fourth viaduct of the lot were started.

As to the lot located in the plain, the activities mainly concerned earthworks and the relocation of conflicting utilities (electricity, water, gas), which allowed to start the works relating to the foundations of the viaduct of the first lot.

Production activities performed during the period globally amounted to EUR 98.8 million.

We further underline that, during the year, IAFE exercised the option for the extension of the contract Puerto Cabello-La Encrucijada, providing for the construction, throughout that same railway section, of stations and freight villages, for a global value of EUR 645 million, of which EUR 221 million already included in Astaldi's orders backlog on a pro-rata basis.

Caracas-Tuy Medio railway

The employer for this project, providing for the construction of the Caracas-Tuy Medio railway, is I.A.F.E., the Venezuela's independent state railway body.

The activities were essentially completed during 2006 by the inauguration of the Caracas-Cua section, which took place on the 15th of October, in the presence of the President of the Bolivarian Republic of Venezuela.

Production activities performed in 2006 amounted to approximately EUR 50 million, as Astaldi's share.

Metro Los Teques

Consorcio Metro Los Teques, in which Astaldi holds a participating interest of 30% was established for the execution of the works of Los Teques underground.
The contract, providing for the construction of a light underground of a length of 9 km linking Caracas and Los Teques, has a global value, including new variations, of approximately EUR 324 million.
During the period, all main activities were completed, which resulted in the inauguration in November 2006. As regards this project, production activities performed during the period amounted to EUR 19 million.

San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta

During the period, as mentioned above, new initiatives were developed as a consequence of intergovernmental agreements between Italy and Venezuela entered into in 2005, which led to the signing of two new railway contracts between IAFE and the Italian joint venture in which Astaldi holds a participating interest of 33.33%.
The two projects globally provide for the construction of new railway lines of a global length of 452 km, 15 km of which underground and 12 km of bridges and viaducts, and include the design and installation of the railway superstructure, the construction of 13 railway stations, 3 freight villages and one maintenance workshop.
More in detail, the San Juan de Los Morros-San Fernando de Apure section will

FROM LEFT TO RIGHT:

VENEZUELA
Los Teques Subway
SALVADOR
Santa Ana-Metapan-Anguiatù Road
VENEZUELA
Puerto Cabello-La Encrucijada Railway

have a length of approximately 252 km, for a contract value of EUR 1,218 million.
The Chaguaramas-Cabruta section will have a length of 201 km and the relevant contract value amounts to EUR 573 million.
Earthworks and site mobilization activities already started for both projects.

Bolivia

During 2006, the contract for the construction of the El Tinto-San José road and the one for the construction of 15 bridges along the road section Roboré-El Carmen have been acquired, for a global contract value of approximately EUR 50 million.
Both projects will be financed by the European Community. It is expected that the works will start during the first quarter of 2007.
Moreover, it is underlined that an intergovernmental agreement has been entered into between the Government of Italy and the Government of Bolivia, for the fi-

nancing of the Toledo-Ancaravi road, for a contract value of EUR 20 million, in connection with which both the design activity and the study of impact on the environment have been completed; therefore, tender procedure is expected to start during the second half of 2007.
The two Governments also entered into a financing agreement for an amount of EUR 25 million for the construction of the Misicuni Dam. Also the tender procedure relating to this initiative is expected to start during the second half of 2007.
Finally, it must be underlined that the international tender relating to the concession of La Paz underground, in the design of which Astaldi was involved, was postponed to the second half of 2007.

United States

All the Group's activities in this area are carried out by Astaldi Construction Corporation, a company organized under the laws of the United States, 100% of the capital of which is held, directly and indirectly, by Astaldi S.p.A.
The reference geographical area is represented by the southern region of Florida, and by the East Coast (Miami, Fort Lauderdale, West Palm Beach, Stuart and Port. St. Lucie), as well as by the West Coast (Naples, Tampa).
The typology of works presently in progress may be divided into two main categories: road works on behalf of the Florida Department of Transportation and works relating to utilities (drinking water pipelines, sewers, drains, water treatment and purification plants), carried out on behalf of municipalities and counties.
The orders backlog amounts to USD 101.4 million.
As far as concerns the Company's operating trend, as already set forth above, the Company's turnover decreased from USD 67.3 million of 2005 to USD 56 million of 2006.
Furthermore, during the period, an increasing negative trend has been recorded, due to the simultaneous occurrence of some factors which, all together, deeply and adversely affected the possibility of achieving the targets fixed for the area, thus causing on one side a reduction in production activities and, on the other, various and unexpected additional costs.
Such latter item includes considerable ancillary costs incurred for the completion and final take-over of some important works in the sector of utilities, started during the previous years, the effects of which became evident in 2006.
Moreover, the scarcity in strategically important raw materials, such as asphalt, experienced at national level during the first half of the year, deeply affected the progress of activities connected with road works, thus causing a remarkable increase in time for completion.
Finally, during the year, the offer of specialized personnel on the local market decreased, thus accelerating the personnel turnover and causing unequivocal management problems. The attempt to temporarily make up for this lack by specialized resources from other neighbouring areas where the Group is operating (such as Central America) turned out to be ineffective due to objective difficulties encountered in immigration procedures.
The recovery of some of such unexpected charges is only partially linked to the outcome of applications for additional payments and of the disputes with the various employers.

Notwithstanding such situation, all the works relating to the utilities sector (11 projects) and two of the three road projects being executed for the Florida Department of Transportation, were completed during 2006.
The re-organization of the area management, already started from the end of 2005, was finally carried out during the year, by replacing almost the whole site operating staff by more qualified personnel and by implementing the organization model. The general structure has been re-organized, thus reducing personnel by 50% and by replacing all key functions. Site labour force has been meaningfully requalified by a global turnover of more than 800 units during the year.
By the end of 2006, Astaldi Construction Corporation's labour force was constituted of 276 people (4 expatriates and 272 local workers), including managers, executives and workers, and a heavy machinery, equipment and various vehicles for a total purchase value of approximately USD 13 million.
As to the renovation of orders backlog, during 2006 two new road works have been acquired for a total value of approximately USD 85 million, to be carried out on Florida West Coast, an area where the Company has traditionally been operating and showing considerable perspectives of infrastructure development for the next few years.
The first one of the two projects mentioned, already being executed with successful results, provides for the construction, within the framework of a "Design and Build" contract – which represents a novelty for this area – allowing the Company to take advantage of the Group's experience in integrated contracts and of the consolidated partnership with local designers.
The structure re-organization is expected to be fully completed during 2007 which, together with the revenues from newly acquired contracts, will meaningfully improve the Company's economic trend.
At the same time, there are interesting opportunities of development due to the local market's growing interest in PPP initiatives, a sector in which the Group has accrued a considerable experience.
Moreover, in Florida, the level of investments already planned for infrastructure works is still one of the highest all over the USA.
Therefore, the renovation of the orders backlog, jointly with the structure's improved efficiency, allow to preserve a still growing interest in the market of southern Florida.

Central America and the Caribbean

Total production activities performed in 2006 amounted to EUR 40.3 million, showing a strong increase in comparison with the last year.
In fact, during the period, the Astaldi Group conferred continuity to its presence in the area by developing activities in Honduras, El Salvador, Nicaragua and Costa Rica.
In particular, in Costa Rica, the Group acquired the important project of the dam on the Pirris rivers, which will significantly influence the area production over the next three years.
During the year, the Group's business policies developed in this area originated new orders for a total value of EUR 128 million.

Costa Rica

As already stated, in this Country, during the period, the Group acquired the project for the construction of the dam on the Pirris river.
The activities preliminary to its construction already started in December.
The contract value amounts to EUR 85 million.
Production activities in Costa Rica performed in 2006 globally amount to EUR 1.3 million.

Honduras

During the year, the works for the construction of the road project Taulabé-La Barca have gone on and are expected to be completed, in agreement with the contract works-schedule, during the first half of 2007.
Also the activities relating to Lots 2 and 3 of the Tegucigalpa Waste Water Project, to be carried out by means of the consortium formed with the company Galva, are going on. Astaldi's share in contract value amounts to approximately EUR 8 million.
Furthermore, it is underlined that the project concerning the construction of the Nacaome Valley Regional Aqueduct, the works of which were completed during 2005, provides for the final take-over within the first quarter of 2007.
Total production activities performed in Honduras in 2006 globally amount to EUR 19.7 million.

El Salvador

In 2006, Astaldi completed the "Prolongacion 75 Avenida Norte" road project, and acquired the two lots of the earthworks project providing for the earthworks of the Cordillera del Balsamo, for a value of EUR 12.9 million, completed during the same year.
Also the project for the construction of the Ilopango Medical Unit was acquired, the value of which amounts to EUR 8.2 million.
Production activities performed during the period in El Salvador globally amounted to EUR 14.9 million.

Nicaragua

During 2006, the road project Chinandega-Corinto of EUR 9.3 million value, and the project relating to the Managua Sewerage System, of EUR 10.1 million value, have been acquired.
The activities relating to both projects started during the same year.
As to the Managua Main Sewer, the Group completed the work relating to a previously acquired contract which is part of the same project and which concerned the construction of a secondary sewer.
Production activities performed in Nicaragua globally amounted to EUR 4.4 million.

11.2.2. Africa – Maghreb Area

Algeria

During the year just ended, Algeria confirmed its strategic importance for the plans of development of the Group's activities.

Results obtained exceeded expectations, thanks to the new contracts acquired during the year. In addition to the Mecheria-Redjem Demouche railway line and to Hamma Water Pipeline in Algiers, for a total value of EUR 138.3, new contracts have been acquired deriving from variations to works being executed (Kerrada dam, East-West motorway, Mecheria-Redjem Demouche railway and Jijel tunnel), for a total value of EUR 52.6 million. Therefore, the value of new contracts in this area during 2006 amounts to approximately EUR 191 million, that is approximately EUR 60 million more than business plan expectations for the area.

This area confirms to be very important for the Group, also in view of the considerable state investment programme being implemented mainly in the transport infrastructures sector.

Therefore, a meaningful business activity is going on and, at the same time, production activities are increasing and, during the next few years, the economic value of the area's contribution to Group's activities will reach the amount of approximately EUR 160 million per year.

Production activities performed during 2006 globally amounted to EUR 95.8 million.

Finally, it is worthy noticing that in December 2006, Italstrade S.p.A. was merged into Astaldi S.p.A.. Therefore, all the entities operating in this area and belonging to Italstrade have been included within Astaldi's equity investments.

The single initiatives being developed by the Group in this area are described in closer detail below.

Mecheria-Redjem Demouche railway

The contract, awarded by SNTF, the State Railway Company of the Republic of Algeria, provides for the design and construction of the new Mecheria-Redjem Demouche railway line.

The railway section will have a length of approximately 140 km, thus linking the two towns of Mecheria and Redjem Demouche located in the south-west area of the Country.

During the second half of 2006, works relating to the installations, studies and rails and pipes supplies were started.

East-West Motorway (Oued Fodda-Khemis Miliana section)

This project deals with the construction of the Oued Fodda-Khemis Miliana section of the motorway link extending along the coast between Tunisia and Morocco, also known as East-West Motorway.

The activities carried out during the period mainly concerned the execution of foundation piles, plinths, piers and pier caps for the viaducts.

The regular execution of the works allowed to obtain a production approximately amounting to EUR 32.7 million.

Moreover, during the year also another important addendum was entered into by which the Employer entrusted to Astaldi the works for the construction of 5 additional viaducts. Such addendum, to be approved within the first four months of 2007, increases the value of the contract awarded to Astaldi up to approximately EUR 100 million, thus allowing to increase the value of 2007 acquisitions by approximately EUR 27 million.

Jijel Tunnel

As regards the initiative relating to the construction of the Jijel road tunnel, we underline that, during the period, the Employer requested a design variation which extended the tunnel length from 300 m, as provided for at the time of the tender, up to 620 m.
Such substantial change in the design was made official by approving an appraisal report of variation.
During 2006, the activities concerned works for the protection and consolidation of the west adit of the tunnel and approximately 350 m of tunnel were excavated.
All the above made production activities amount to approximately EUR 6.863 million.
Moreover, it is underlined that, on the basis of the Employer's new requests, as stated above, one second appraisal report for variation to the works is expected to be approved in the short term.

Kerrada Dam

The activities carried out during the period mainly concerned the headrace, by the supply and laying of cast iron pipes.
Some difficulties encountered in defining the executive design prevented the works concerning the dam structure from being carried out.
Production activities performed in 2006 amounted to approximately EUR 24.384 million.

Akbou-Bejaia Aqueduct

The project deals with the construction of the aqueduct link between of Akbou and Bejaia towns, in the East area of Algiers.
During 2006, the works concerning the installations and the opening of upstream tracks have been completed, and due to the substantial changes occurred, the contract is being redefined by means of appraisal report of variation, which is expected to be approved in the short term.
Production activities performed during the year amounted to EUR 11.8 million.

Hamma Aqueduct

The works concerning the project for the construction of the Hamma aqueduct started during the second half of 2006.
In relation to this initiative, providing for a very short period for the completion of the works considering that take-over is expected to take place within 12 months, it worthy noticing that the Employer made a series of requests relating to one of the four lots in which the works are divided. Such requests shall be the subject-matter of a technical-economic variation appraisal.
Anyway, the deadlines relating to all other lots for which works are being executed will be observed.
Production activities performed during the period amounted to EUR 8.4 million.

Kramis Dam

As far as Kramis Dam is concerned, it is underlined that the works have been taken over in January 2005 and, at present, maintenance activities provided for by the contract, and aimed at solving some problems due to unfavourable climate events, are being carried out. It is deemed that such problems may be solved during 2007.

Taksebt Dam

As far as concerns Taksebt Dam, the take-over of which took place in 2005, the juridical procedure for the definition of additional activities and disputed amounts to be paid is being started.

Morocco

For introductory purposes, we remind that, consequently to the merger of Italstrade S.p.A. into Astaldi S.p.A. carried out in December 2006, all the entities operating in this area and that prior to such date belonged to Italstrade, have been included within Astaldi's equity investments.

"Rocade Méditerranéenne" Roadway

During 2006, the works relating to this initiative experienced an important acceleration, which led to the substantial completion of the works and made it possible to open the new road section to traffic in October 2006.

FROM LEFT TO RIGHT:

MOROCCO Sidi Said Dam
ALGERIA Kramis Dam
ALGERIA East-West Highway

Some works subsequently requested by the Employer still have to be executed, jointly with the finishing works and site clearance activities, which are expected to be finally carried out within March 2007.
The claim filed by the Group with the Rabat Administrative Court, consequently to design deficiencies and geological conditions found, is going on. Taking into account the merely technical nature of the dispute, the Judge ordered a technical appraisal which is expected to get in progress during the first quarter of 2007.

Meknes Railway

The dispute concerning this initiative which, it is worthy reminding, provided for the doubling of a railway track, was settled in favour of the Astaldi Group in January 2007.
Following the procedure started in 2003 for the Employer's unilateral termination of the contract, and the filing of the claim before the Casablanca Administrative Court in order to obtain the payment of the damages, appraisal activities were finally carried out during the first half of 2006 and, early in 2007, the Court issued a decision in favour of the Astaldi Group.

Sidi Said Dam

During the year, all the works for the construction of the RCC (roller compacted

concrete) of Sidi Said Dam were completed, including the activities of installation of sounding equipment and some finishing works.
Provision inspection activities were positively carried out in May 2006.
As regards the procedure started with the Administrative Court of Rabat against the Employer, the Judge ordered a technical appraisal. Appraisal activities were completed during 2006 in favour of Astaldi. The judgement is expected to be issued within the first half of 2007.

11.2.3. Africa – Central Area

In this area, activities have been discontinued consequently to the Group's intention to rationalize its own presence abroad by focusing on countries showing good business perspectives and where the Group has been traditionally operating, even though the final phases of some initiatives, still in progress due to contingent situations, have been managed during the period.
At the same time, all the activities for the disposal of assets and equipment have been continued in order to finally close the single areas.

Congo

A clearance plan has been going on in this area since 2006, by the disposal of assets and the management of the final phases of some minor contracts in progress. During 2007, the activities will focus on the collection of remaining receivables.

Guinea Conakry

Production activities in the area have been completed. But the activities for the disposal of Group's assets are going on, consequently to the discontinuance of any activity in this Country.
Moreover, negotiations are in progress in order to obtain from Employers reimbursement of increased charges incurred in connection with the contracts for the Bridge on the Fatalà River and Kankan-Djelibakoro Road.

Tanzania

During the period, the sole initiative in this Country, concerning the construction of a road in the town of Mwanza, has been finally carried out, and final inspection was accomplished in November 2006.
Consequently to increased charges incurred due to environmental problems, in October 2005 Astaldi started an arbitration for the irregular and delayed progress of the works. Anyway, negotiations are going on with the Employer in order to reach a possible amicable settlement.

11.2.4. Europe

Romania

During 2006, the works relating to the construction of two viaducts on DN1, in the

proximity of the Otopeni international airport in Bucharest, the rehabilitation of DN7, the construction of the Craiova Bypass and of Lot 5 of Bucharest-Constanta Motorway, have been completed.
This period turned out to be favourable from the climate point of view and allowed to exceed expected production, thus recovering the delay previously accrued in the construction of the Pitesti Bypass, and probably allowing to open Lot 4 of the Bucharest-Constanta Motorway to traffic in advance, that is in May 2007.
The works concerning the enhancement of Bucharest Airport have been continued, and in connection therewith an addendum was entered into which provides for supplementary works amounting to EUR 12 million, and a third phase of the project has been proposed.
As regards new acquisitions, three new contracts were entered into relating to the rehabilitation of the Fundulea-Fetesti section of Bucharest-Constanta railway line, for a global amount of EUR 170 million, and the contract for the construction of the Basarab viaduct in Bucharest, for an amount of approximately EUR 120 million. Such latter initiative shall be carried out in joint venture with the Spanish company FCC.
While, as far as concerns the area contribution to the Group's future activities, it is worthy noticing that the admission of Romania to the European Union will allow the inflow of considerable financing under the form of cohesion funds and this, jointly with a remarkably improved availability of local funds, would anticipate an increase in the Country's business capacity during the next few years.
The importance of this area is also confirmed by the opportunities being offered by this Country to extend activities to neighbouring Countries of the Eastern Europe Area, in particular the Bulgarian market, showing good development perspectives which, anyway, are not comparable with those offered by the Romanian market, due to both the quantity of available funds and the presence of a myriad of local firms monopolizing small-size and medium-size contracts.

Turkey

The Astaldi Group has been operating in Turkey for many years in connection with the construction of the Anatolian Motorway, which is part of the Trans European Motorway, linking Istanbul to Ankara.
During 2006, the construction works of Lot 2, corresponding to a mountain section of a length of 25 km, have continued on all fronts. The most important activities carried out are those which led to the completion of viaducts and tunnels. Furthermore, the works concerning the coating of Elmalik Tunnel, as well as paving works of the right-hand side carriageway, opened to traffic at the end of January 2007, have been completed. Also cut-and-cover works and piling works on Ankara-side tunnel adit have been completed.
During the first years of 2007, the Employer requested additional finishing works and, therefore, the take-over of the entire initiative is expected to take place by the second half of 2007.
Anyway, this area still offers interesting business opportunities in the hydroelectric and railway transport sectors, which may take shape during 2007.
During the period, Astaldi, by means of its subsidiary ASTUR, prequalified in the tender for the construction under concession of three hydroelectric power plants each having an output of 85, 106 and 300 MW. The expected value of these works

is of approximately EUR 100 million for the 85-100 MW power plants and EUR 300 million for the 300 MW power plant.
It is important to underline also that the Municipality of Istanbul urged Astaldi to take part in a tender, to be started within 2007, for the design, finance, construction and management of an underground line. This project involves civil works the value of which is expected to exceed EUR 400 million. Astaldi, if prequalified, will submit a bid during 2007.

Denmark

The consortium Copenhagen Metro Construction Group J.V. (COMET), in which Astaldi holds a 15% share, has completed all the works since a long time now and the new underground has opened to the public since October 2002, and is operating with the users' and the Employer's full satisfaction.
The contract provides for a maintenance period of 5 years, starting from June 27, 2002 for main works (Phase 1), and from January 27, 2003 for ancillary works (Phase 2A).
Moreover, the arbitral award relating to the arbitration procedure promoted by COMET against the Employer at the end of April 2004 is still pending.

Croatia

The arbitration procedure started by Astaldi vs. the Republic of Croatia before the Vienna Chamber of Commerce due to discontinuance of the Zagreb-Gorican Motorway project, has reached is final phase.
Consequently to the arbitration issued in June 2004 in favour of Astaldi and acknowledging works executed and activities carried out, the loss of profit and interests accrued, the Republic of Croatia filed an application for cancellation of the arbitration, fully rejected by the Vienna Commercial Court.
The Republic of Croatia filed an appeal against the decision of the Commercial Court, which was rejected by the Vienna Court of Appeals. The last instrument to challenge Court's decision according to the Laws of Austria was the extraordinary appeal to the Supreme Court for exceptional defects in the Court of Appeals' decision. Also this appeal was rejected by the Supreme Court of Austria.
The effects of the arbitration have been prudently appraised by allocating part of the amounts to a "Depreciation Fund for Interest on Arrears" in the Financial Statements as at December 31, 2006, taking into account the Croatian Court's procedure for the recognition of the arbitration, and in consideration of the considerable amount and of the Country's economic conditions.

11.2.5. Arabian Peninsula

During this phase, the Astaldi Group decided to restrict the activities carried out in this area, managed by its subsidiary Astaldi Arabia Ltd., exclusively to Saudi Arabia and Qatar, due to the interesting investment plans approved by the local Government in the infrastructure and power production sectors.
During 2006, all the activities concerning civil works, electric and mechanical installations have been successfully completed in Ras Laffan (Qatar) related to the

Oryx's Gas-to-Liquid (GTL) plant, which represents the first industrial plant of this kind built all over the world.
The Group has also been carrying on activities of promotion and study of new initiatives still in the oil&gas sector, some of which already started during the last quarter of 2005 and the outcome of which has been registered in 2006.
In fact, during 2006, two new contracts have been acquired in Qatar for the execution of civil works relating to two plants, one of which is located in the northern industrial area Ras Laffan, the other one in the southern area of Mesaieed. The employers (Fluor and Snamprogetti) are two of the most important EPC contractors at world level, thus opening perspectives of potential expansion of the industrial plant activity in other countries of the world.
It should be noted also that negotiations are going on, still with important international EPC contractors, for the acquisition of further works in said industrial areas of Qatar, as well as in Saudi Arabia (Khurais and Jubail).
Therefore, 2006 may be substantially considered as a year preparatory to diversification and development of Company's activities in this area.

13. Transactions with related parties

The transactions carried out by Astaldi with related parties essentially concern the exchange of goods, the rendering of services, the sourcing and application of financial resources with subsidiary and associated companies and equity investments.
Such transactions are part of the Company's everyday management activities and are settled at normal market conditions, that is to say the conditions under which operations between two independent parties would be carried out.
All the transactions were carried out in the Group's interest.
The overall value of the transactions of a commercial, financial and other nature, carried out with related parties, as well as descriptions of the most significant transactions, are provided in the Notes to the financial statements.

FROM LEFT TO RIGHT:

ROMANIA
Bucharest-Costanta Highway
QATAR
Ras Laffan GTL Plant
TURKEY
Anatolian Motorway

14. Group's main companies

14.1. Astaldi Construction Corporation

Astaldi Construction Corporation, a company organized according to the United States of America laws, 100% of which is owned, directly and indirectly, by Astaldi S.p.A., is operating in the State of Florida and, in particular, in the East Coast (Miami, Fort Lauderdale, West Palm Beach, Stuart and Port. St. Lucie), as well in the

West Coast (Naples, Tampa). The orders backlog amounts to USD 101.4 million. As already stated, the Company's operating trend during 2006 showed a turnover decrease from USD 67.3 million of 2005 down to USD 56 million.
The negative trend recorded during the year was due to the simultaneous occurrence of some factors which, all together, deeply and adversely affected the possibility of achieving the targets fixed for the area, thus causing on one side a reduction in production activities and, on the other, various and unexpected additional costs. The recovery of some of such unexpected charges is only partially linked to the outcome of applications for additional payments and of the disputes with the various employers.
Notwithstanding such situation, all the works relating to the utilities sector (11 projects) and two of the three road projects being executed for the Florida Department of Transportation, were completed during the period.
The re-organization of the area management, already started from the end of 2005, was finally carried out during the year, by replacing almost the whole site operating staff by more qualified personnel and by implementing the organization model. The general structure has been re-organized, thus reducing personnel by 50% and by replacing all key functions. Site labour force has been meaningfully requalified by a global turnover of more than 800 units during the year.
By the end of 2006, Astaldi Construction Corporation's labour force is constituted of 276 people (4 expatriates and 272 local workers), including managers, executives and workers, and heavy machinery, equipment and various vehicles for a total purchase value of approximately USD 13 million.
As to the renovation of orders backlog, during 2006 two new road works have been acquired for a total value of approximately USD 85 million, to be carried out on Florida West Coast.
The structure re-organization is expected to be fully completed during 2007 which, together with the revenues from newly acquired contracts, will meaningfully improve the Company's economic trend.

14.2 Astaldi Arabia Ltd.

Astaldi Arabia Ltd., a subsidiary of Astaldi S.p.A., is the Group's company by which all activities in Saudi Arabia and Qatar are carried out.
During 2006, all the activities concerning civil works, electric and mechanical installations have been successfully completed in Ras Laffan (Qatar) related to the Oryx's Gas-to-Liquid (GTL) plant, which represents the first industrial plant of this kind built all over the world.
The Group has also been carrying on activities of promotion and study of new initiatives still in the oil&gas sector, some of which already started during the last quarter of 2005 and the outcome of which has been registered in 2006.
In fact, during 2006, two new contracts have been acquired in Qatar for the execution of civil works relating to two plants, one of which is located in the northern industrial area Ras Laffan, the other one in the southern area of Mesaieed. The employers (Fluor and Snamprogetti) are two of the most important EPC contractors at world level, thus opening perspectives of potential expansion of the industrial plant activity in other countries of the world.
It should be noted also that negotiations are going on, still with important interna-

tional EPC contractors, for the acquisition of further works in said industrial areas of Qatar, while early in 2007 a new important project was acquired in Saudi Arabia (in Khurais).

15. Treasury shares

Within the framework of Astaldi share buy-back plan implemented in the period, 708,893 shares were progressively purchased during 2006. Likewise, 1,102,596 shares were sold, thus gaining approximately EUR 0.6 million.
As of December 31, 2006, treasury shares amounted to EUR 3.8 million. The average acquisition price of the 729,253 shares in hand was approximately of EUR 5.24. As at February 28, 2007, the Company held 513,019 treasury shares, the average book value of which amounted to EUR 5.34, equivalent to EUR 2.7 million.

16. Parent company shares held by subsidiaries

No Parent Company shares are held by subsidiary companies.

17. Corporate governance

17.1. Introduction

The corporate governance model adopted by Astaldi S.p.A. (hereinafter "Astaldi") is in line with the principles contained in the "Self-Governance Code for Listed Companies" – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and supplemented –, with the relevant recommendations worked out by CONSOB and, more in general, with the best practices at an international level.
In compliance with the instructions issued by Borsa Italiana S.p.A., the corporate governance model is described below in light of the principles contained in the subject-matter Code, updated with the main events subsequent to the close of 2005.
It should be noted that, as explained in the subject-matter report, during 2006 the main activities were carried out in order to update the corporate governance code in relation to the coming into force of the new Self-Governance Code for listed companies in March 2006.

17.2. Company's Shareholders

Astaldi's shareholder structure is made up of approximately 7 thousand registered holders of ordinary shares.
According to the information contained in the Shareholders' Register, supplemented by the notices received pursuant to Art. 120 of Legislative Decree No. 58 of February 24, 1998, as well as by other information available to us, the direct shareholders owning, as of January 31, 2007, more than 2% of the fully paid-up share capital represented by shares with voting rights, were as follows:

main shareholders

	%
FIN.AST. SRL	39.2
Finetupar International SA	12.5
Pictet Asset Management LTD	2.3
BG SGR. S.p.A.	2.3

17.3. Board of Directors (articles 1-3 of the Self-Governance Code)

Composition and length of term of office

According to Astaldi's By-Laws, the Board of Directors is formed of 9 to 15 directors, appointed for a period of not more than three years, who can be re-elected upon expiration of their term of office.
The Board of Directors of Astaldi, appointed on April 30, 2004, and whose term of office expires upon approval of the financial statements for the year ending on December 31, 2006, is presently formed of thirteen members.
As far as the characteristics of the members of the Board of Directors are concerned, it should be noted that the Company decided to postpone the application of the new independence requirements taking into consideration the forthcoming renewal of corporate offices (which will take place during the next Shareholders' Meeting approving 2006 financial statements). Therefore, in this context, reference will be made to the principles contained to the Self-Governance Code previously in force.
The names of the Board members and their relevant characteristics are set forth herebelow:

members of the board of directors

name and surname	position	characteristics
Ernesto Monti	Chairman	non-executive/Independent
Paolo Astaldi	Deputy Chairman	executive
Vittorio Di Paola	Deputy Executive Chairman	executive
Giuseppe Cafiero	Chief Executive Officer	executive
Stefano Cerri	Chief Executive Officer	executive
Caterina Astaldi	Director	non-executive/non-independent
Pietro Astaldi	Director	executive
Luigi Guidobono Cavalchini	Director	non-executive/non-independent
Franco A. Grassini	Director	non-executive/independent
Mario Lupo	Director	non-executive/independent
Vittorio Mele	Director	non-executive/independent
Nicola Oliva	Director	executive
Maurizio Poloni	Director	non-executive/independent

In compliance with the provisions of art. 1.C.2 of the Self-Governance Code, the below table shows the positions held by each of the Company's directors, either as director or auditor, in other companies listed on Italian and foreign regulated markets, in financial, banking or insurance companies or other large-size companies.

other offices held by board of directors' members	
name and surname	**other offices held pursuant to article 1.3 of the self-governance code**
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Director of Capitalia S.p.A. and Enertad S.p.A.
Paolo Astaldi	CEO of Fin.Ast S.r.l.
Vittorio Di Paola	–
Caterina Astaldi	Director of Fin.Ast. S.r.l.
Pietro Astaldi	CEO of Fin.Ast S.r.l. Director of Finetupar International S.A.
Giuseppe Cafiero	–
Luigi Guidobono Cavalchini	Chairman of the Board of Directors of Unicredit Private Banking S.p.A.
Stefano Cerri	–
Franco A. Grassini	Chairman of the Board of Directors of Marche Capital S.p.A. and of Medcap Investimenti S.p.A. Director of BNL Gestioni S.p.A. and of Ifitalia S.p.A.
Mario Lupo	–
Nicola Oliva	–
Vittorio Mele	–
Maurizio Poloni	–

To this respect, the Company's Board of Directors, in its meeting of November 13, 2006, established the general criteria to be adopted by the Company relating to the maximum number of positions as director or auditor which may be held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in financial, bank, insurance or any large-size companies, as provided for by art. 1.C.3 of the Self-Governance Code.
In particular, the Board of Directors resolved to set:
- The number of positions which may be held by non-executive and independent directors, up to a maximum of 6;
- The number of positions which may be held by executive directors, up to a maximum of 4.

However, for the purpose of the above calculation, the positions as director or auditor held by Astaldi S.p.A.'s Directors within the Group's companies shall not be taken into account.

Board of Directors' Role

The Board of Directors plays a key role within the Company's organization. In fact, it is responsible for setting the Company's strategic and organizational policies, as well as for ensuring the implementation of the necessary control instruments aimed at monitoring the Company's and the Group's performance.
In this context, by virtue of the provisions of art. 1.C.1 of the Self-Governance Code and in connection with its own specific resolutions, the Board of Directors:
a) Examines and approves the Company's and the Group's strategic, industrial and financial plans, the Company's corporate governance system and the Group's corporate structure;
b) Evaluates the adequacy of the organizational, administrative and general accounting structure of the Company and of its strategically important subsidiaries, as worked out by chief executive officers, with particular reference to the internal audit system and the management of conflicts of interests;

c) Confers upon and revokes the powers of the CEOs, determining relevant limits and manner of exercise; defines the frequency, which shall never exceed a period of three months, with which corporate bodies, upon whom powers have been conferred, shall report to the board in connection with the activities carried out while exercising the relevant powers;
d) After examining the proposals made by the proper committee and hearing the board of auditors, determines the remuneration of CEOs and other Directors performing specific functions;
e) Evaluates the management's performance;
f) Previously examines and approves the transactions carried out by the Company and its subsidiaries, whenever such transactions have a significant strategic, economic, equity or financial importance, with particular reference to transactions with related parties.

In agreement with the Company's By-Laws – by virtue of which the Board of Directors' Meetings are held at least once every two months – 9 meetings of the Board of Directors have been held in 2006, with a limited number of absences, all of which have been duly justified.

Pursuant to stock exchange regulations on this matter, on November 13, 2006, the Board of Directors approved and subsequently forwarded to Borsa Italiana S.p.A., with reference to 2007, a time-schedule of future Board meetings to be held for the approving the draft financial statements, half-yearly report and quarterly reports.

The activities of the Board are coordinated by the Chairman. The Chairman calls the Board meetings and directs the relevant operation, ensuring that members are given reasonably in advance – except in cases of necessity or urgency – all the documents and information necessary to the board so that the latter may advisedly decide on the relevant topics. Furthermore, the Chairman of the Board of Directors chairs the Shareholders' Meetings.

The Chairman has no management functions.

Finally, it should be noted that the powers granted upon the CEOs, by Board resolution dated January 11, 2006, provide that Mr. Stefano Cerri will be in charge to develop the Group's activities and to pursue the Group's development targets, while Mr. Giuseppe Cafiero will be in charge of business activities.

17.4. Appointment of Directors (Art. 6 of the Self-Governance Code)

The Board of Directors presently in office deemed not to set up any Committee for the appointment of directors since, at this time, there is not any difficulty in identifying candidacies for the appointment of corporate bodies.

However, to this respect it is worthy reminding that, pursuant to the provisions of Italian Law No. 262/05 (the so-called "Legge Risparmio" – Law on Public Savings) and Legislative Decree No. 303/06 (the so-called "Corrective Decree") connected therewith, after CONSOB will have enacted the relevant Regulations implementing said laws, during the next few months the Company's By-Laws will be possibly amended/supplemented in matter of appointment of the Board of Directors, with particular reference to the "list vote" system.

17.5. Remuneration of Directors (Art. 7 of the Self-Governance Code)

On February 5, 2002, the Board of Directors appointed a Remuneration Committee, which shall decide upon possible stock option plans and the apportionment of Company's shares and which, in compliance with art. 7.C.3 of the Self-Governance Code, shall be in charge of:

- Making proposals to the Board of Directors, in the absence of the interested parties, concerning the remuneration of CEOs and of those directors holding specific functions, and determining the criteria for the remuneration of the Company's top management, by monitoring the implementation of the Board of Directors' decisions;
- Making proposals relating to possible stock option plans reserved to directors, employees and consultants;
- Periodically evaluating the criteria adopted for the managers remuneration having strategic responsibilities, supervising the relevant application on the basis of the information provided by the CEOs and providing the Board of Directors with general recommendations on this matter;
- Making proposals and taking care that the information to the shareholders and to the market ensures the necessary transparency of the criteria adopted for determining the remuneration of Company's representatives, in compliance with laws and rules governing corporate information and according to the best practices of financial markets;
- Providing the Board of Directors with opinions on the issues submitted to the latter in matter of remuneration and on any other issue relating thereto or connected therewith.

In particular, it is underlined that the Board of Directors of Astaldi, during its meeting held on November 13, 2006, on the basis of the evaluations made by the Remuneration Committee, resolved to stop the stock option plan for the year 2006, thus entrusting the Remuneration Committee to make any closer analysis and evaluation, to be submitted to the Board during a future meeting, in order to define, during 2007, a different premium plan taking into consideration the contributions given by the various professional areas in achieving the corporate targets.
Furthermore, during the meeting held on November 13, 2006, the composition of the Remuneration Committee has been re-arranged in order to comply with the provisions of art. 7.P.3 of the Self-Governance Code. Therefore, the Remuneration Committee is presently formed of three non-executive directors, the majority of whom are independent directors, as follows:

remuneration committee	
Ernesto Monti (Chairman)	non-executive/independent
Franco A. Grassini	non-executive/independent
Vittorio Mele	non-executive/independent

Three meetings of the Remuneration Committee were held in 2006, during which the Committee given its advice, in particular, with regard to:

- Definition of emoluments under Art. 2389, § 3, of the Italian Civil Code, to the CEO Mr. Giuseppe Cafiero;

- Suspension of the stock option plan for the year 2006 in order to work out, during 2007, a different premium plan based on new criteria of performance evaluation, which takes into account the various professional areas' contributions in achieving the corporate targets.

The Company's Executive Deputy Chairman was invited to and attended said meetings.

17.6. The Internal Auditing System (Article 8 of the Self-Governance Code)

Taking into account the provisions of Art. 8.C.1 of the Self-Governance Code, the Company's Board of Directors, during its meeting held on November 13, 2006, entrusted to the CEO Mr. Stefano Cerri the task of "supervising the effectiveness and efficiency of the internal auditing system", thus fulfilling the duties provided for by art. 8.C.5 of the subject-matter Code.

The Company avails itself with an Internal Auditing Service, managed by the Internal Auditing Officer who depends, from a hierarchical point of view, on the Company's Board of Directors, and from a functional point of view, on the Company's CEO in charge of supervising the Company's internal auditing system.

The internal auditing officer is functionally accountable for his acts and actions to the CEO mentioned above, as well as to the Supervisory Body as per Legislative Decree 231/01, to the Internal Auditing Committee and to the auditors, to the extent of their respective competence.

Internal auditing is carried out on the basis of national and international best practices with the purpose of performing all the actions necessary to control corporate processes, including direction, monitoring and assessment of critical areas and of opportunities to improve the corporate organization.

Internal audit activities are carried out through the Internal Integrated Auditing System – conceived as a rationalization, integration and coordination of auditing and monitoring activities performed by various corporate bodies fulfilling assurance activities – on the basis of an annual audit programme which is shared with the Internal Auditing Committee and the Company's top management. The findings of said audits are reported to the Internal Auditing Committee and the Board of Auditors as well as to the top management on a regular basis.

The Company's internal audit system further provides for the existence of an Internal Auditing Committee.

Said committee, set up by the Board of Directors on February 5, 2002, makes proposals to and provides the Board of Directors with advisory services relating to the supervision of the general trend of the Company's performance.

In accordance with the provisions of Article 8.C.3 of the Self-Governance Code, the Internal Auditing Committee is responsible for:

a) Assessing the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
b) Upon request made by the executive director duly entrusted to this purpose, expressing opinions on specific aspects concerning the identification of main corporate risks and the structure, implementation and management of the internal auditing system;

c) Examining the work plans prepared by the various internal auditing officers and their periodical reports;
d) Assessing proposals put forward by the independent auditor to obtain assignment of the relevant auditing task, as well as the work plan drawn up for the audit and the findings detailed in the report and the possible letter of recommendations;
e) Supervising the effectiveness of the accounting audit process;
f) reporting to the Board, at least on a six month basis, on the occasion of approval of the financial statements and of the half-yearly report, on the activities carried out and the suitability of the internal auditing system;
g) carrying out additional tasks which may be entrusted to the same by the Board of Directors.

The Committee meetings are attended by the Chairman of the Board of Auditors or an auditor appointed by the former.

The Committee is presently formed of the following members:

internal auditing committee	
Mario Lupo (Chairman)	non-executive/independent
Luigi Guidobono Cavalchini	non-executive/non-independent
Franco A. Grassini	non-executive/independent
Maurizio Poloni	non-executive/independent

The Committee held four meetings in 2006 during which it performed auditing activities and tackled a number of issues including the following which were of greatest interest:

– Examined and shared the work programme drawn up by the internal auditing officer and was regularly kept informed by the latter on the internal auditing activities planned and carried out during the year;
– Acknowledged the findings of the audits carried out on the main business processes characterizing the execution of contracts over a sample of four contracts in Italy and four contracts abroad, as well as on the support process "IT Department (Italy)" for the phases of boundary "vulnerability assessment", acknowledging the suggestions, shared with the Company's management, for the improvement of the corporate internal auditing system which, anyway, proved to be adequate, fully effective and efficient and, therefore, suitable for achieving an acceptable global risk profile;
– Acknowledged – in the presence and with the participation of the independent auditor, who confirmed it – the completion of the activities aimed at adopting the new international accounting standards and supervised the correct execution of accounting audit activities;
– Carried out, on the basis of the data appearing from the consolidated financial statements as of December 31, 2005, an audit on the "significantly relevant" subsidiaries, to all intents and purposes of the joint provisions of Article 165, § 1 of Legislative Decree 58/98 and of Article 151 of CONSOB Regulation No. 11971 of September 14, 1999, as subsequently amended, ensuring compliance with the limits provided for by the law;
– Received updates on corporate activities carried out as per Legislative Decree

No. 231/01, acknowledging the revision of the Code of Ethics and of the Model of Organization, Management and Control in connection with the new laws enacted and with organizational changes made by the Company;

- Examined the effects of the new Self-Governance Code and of the activities performed to this respect and in connection with the provisions of the Italian Law for the protection of public savings (the so-called "Legge Risparmio");
- Was kept informed about corporate activities carried out in connection with the changes in civil and tax laws recently come into being and taken initiatives aimed at sensitizing the personnel involved also by organizing meetings for closer analysis and by distributing information notes to operating units in Italy and abroad.

With reference to further actions carried out to improve the corporate governance system, it is worthy recalling that the Board of Directors has already adopted, since March 18, 2003, the corporate "Code of Ethics" setting forth general principles and governing, through behavioural rules, the activities of the employees and collaborators of the Company and its equity investments, also in connection with the relationships with the shareholders, with Public Authorities, suppliers, contractors and subcontractors.
In particular, such Code provides for:

- General principles and reference values which Astaldi and the Group companies shall comply with when carrying out their activities;
- Behavioural rules that the Company's representatives, managers and employees shall observe when holding relations with a series of business, entrepreneurial and financial parties;
- Manner of implementation of the Code itself within the corporate structure.

Moreover, on July 2, 2003, the Board of Directors, within the activities governed by Legislative Decree No. 231/2001, adopted the Model of Organization, Management and Control as per Legislative Decree No. 231/01 which, by identifying the areas and corporate activities exposed to potential risks in connection with the various criminal offences provided for by said Decree, is aimed at protecting the Company in the event that directors, employees and consultants were to commit the offences set forth in said Legislative Decree.
More specifically, the Model defines:

- Ethical principles relating to the behaviours connected with the specific crimes provided for by the Decree;
- Corporate risk-related activities, that is to say those activities within which, because of their nature, may be committed the offences as per Legislative Decree No. 231/01 and, therefore, to be analyzed and monitored;
- Manner in which the financial resources devoted to the prevention of offences are managed;
- Rules for the formation of the Supervisory Body and the attribution of specific tasks of supervision on the correct implementation of the Model;
- Information flows to the Supervisory Body;
- Activities of information, training, sensitization and communication at all corporate levels, on behavioural rules and procedures established;
- Responsibilities concerning the approval, supplementation, amendment and implementation of the Model, as well as the verification of its effectiveness and efficiency and of corporate practices, with the relevant periodical updates.

To this respect, it is underlined that the Company's "Code of Ethics" and "Model of Organization, Management and Control as per Legislative Decree No. 231/01" have been revised in order to harmonize the same with the laws and rules in force and with the changes occurred within the corporate organization.
In order to avoid the risks of committing any of the offences provided for by Legislative Decree No. 231/01, a Supervisory Body has been formed, whose members meet the requirements of autonomy, independence and professionalism in accordance with the laws mentioned above. Such members are: Mr. Maurizio Poloni, Lawyer, Non-executive / Independent member of the Board of Directors and Mr. Marco Annoni, Lawyer, Mr. Giorgio Luceri, Lawyer, and Ms. Nicoletta Mincato, Lawyer – the latter acting as Chairman of the Supervisory Body – as Company's external experts.
The Supervisory Body has adopted a set of rules and is classed as a top staff unit reporting directly to the CEO in charge of supervising the corporate internal auditing system the outcomes of the audits, possible criticalities which may be found, and possible remedies and improvements which, if having a particular significance, may be submitted to the Board of Directors for consideration.
The Supervisory Body avails itself of the Internal Auditing Officer in order to perform its activities and to ensure its resolutions are implemented by the corporate divisions concerned.
The Supervisory Body's activities, aimed at monitoring the effectiveness and efficiency of and compliance with the Model of Organization as per Legislative Decree No. 231/2001, continued in 2006. Eight meetings of the Supervisory Body were held in 2006, and the following activities have been carried out:

- Verification of the actual implementation, by the corporate divisions, of the main organization protocols governing the activities connected with the risks of committing the offences provided for by Legislative Decree No. 231/01, by means of specific audits over a sample of duly selected Italian and foreign contracts;
- Examination of the outcomes of the audits carried out, definition of corrective measures to be adopted in order to solve the criticalities found and subsequent verification of their implementation (follow-up);
- Training of personnel in matter of Legislative Decree No. 231/01, this activity having been carried out directly by the Supervisory Body or entrusted to peripheral Italian and foreign units for which the Supervisory Body drew up in due time a brochure explaining the subject, which has been constantly updated;
- Revision of the Code of Ethics and of the Model of Organization, Management and Control as per Legislative Decree No. 231/01 for the purpose of harmonizing the same with laws and rules recently enacted and with the changes occurred within the corporate organization;
- Monitoring of the activities carried out by the Group relating to the compliance with the provisions of D.Lgs. 231/01.

17.7. Transactions with Related Parties (Article 9 of the Self-Governance Code)

With specific reference to relations with related parties, on February 10, 2006, Astaldi's Board of Directors revised the previous Board resolution on this matter,

passed on April 23, 2002, for the purpose of updating it to the Company's real operational activity and the most recent interpretations to this respect.
It is worthy noticing that said resolution was updated by taking into account that the Group's structure, also in view of the specific nature of Italian laws on public works, is characterised by a high number of companies (mainly temporary entities such as special purpose vehicles and consortium companies), consortia and joint ventures, all set up with other sector companies in order to execute specific works on contract in Italy and abroad (so-called "ad-hoc companies") that, therefore, constitute mere operating and organisation means for carrying out entrepreneurial activities.
Therefore, with regard to relations with said companies and consortia, a procedure was devised that takes into account said specific characteristics, especially in relation to everyday, routine transactions such as:

- Financial assistance (granting of loans, balancing of costs, giving of guarantees, etc.);
- Operational assistance (provision of technical, administrative, legal services, machinery hire, staff secondment, charging of own staff employed on contracts, etc.);
- All relations aimed at and exclusively connected with carrying out the public works that constitute the purpose of the temporary ad-hoc company (so-called societas uni rei), in other words having a duration limited to the building and operation of the works.

Therefore, in view of the above, during the aforementioned meeting, the Board resolved:

a) with reference to transactions with related parties other than subsidiary or associated companies:
   - that said transactions be exclusive responsibility of the Board of Directors;
   - that said transactions be described in detail in the Directors' Report;
b) with reference to transactions with non-ad-hoc subsidiary and associated companies:
   - that each single transaction exceeding EUR 30 million be the exclusive responsibility of the Board of Directors;
   - that the CEO having competence thereon reports to the Board every six months, on the occasion of approval of the half-yearly report and draft financial statements, regarding transactions globally exceeding EUR 50 million on a six-month basis completed with the same counterparty;
   - that all transactions with non-ad-hoc subsidiary and associated companies be described in detail in the Directors' report, regardless of their value;
c) with reference to transactions with ad-hoc subsidiary and associated companies:
   - the relevant CEO reports to the Board every six months, on the occasion of approval of the half-yearly report and draft financial statements, regarding unusual and/or atypical transactions – this term referring to transactions not directly aimed at building and operating works or of a non-temporary nature – between Astaldi and the ad-hoc companies, and whose value exceeds EUR 10 million per single transaction. With regard to unusual and/or atypical transactions of a smaller amount, the CEO shall provide information according to the type of transaction and in aggregate form, at the same intervals as above;

- that all transactions with the aforementioned companies, regardless of their value and nature (typical or atypical), be described in detail in the Directors' Report.

Lastly, in the analysis of transactions with related parties, the Company generally complies with the provisions of the Self-Governance Code, specifically as regards the dismissal of any Director holding a beneficiary interest in said transactions (subject to the authority of deciding thereon on a case-by-case basis) and the use of independent advisers in the event of particularly significant transactions.

17.8. Handling of Confidential Information (Article 4 of the Self-Governance Code)

Astaldi, in order to ensure correct internal management and timely external communication of any significant event taking place within the sphere of activity of the Company and its subsidiaries and which, at least potentially, is capable of significantly affecting the price of the Company's shares (the so-called "price sensitive information"), avails itself with the "Continuous information" procedure.

In short, the above procedure identifies within the Company the times and methods for transmitting and diffusing such information and the involvement of the divisions concerned from time to time, providing that the resources closer to the origin of the aforementioned information act as a link between their respective area of responsibility and the Company's top management, so as to allow proper assessment of such facts or events.

Moreover, the involvement of an Assessment Committee specifically set up to this purpose is provided for (formed of the Legal and Corporate Affairs Department, Investor Relator and the management concerned), as a subsequent step, in order to provide proper assistance in the correct interpretation of the sector's regulations, and to formulate and disseminate all communications in question.

It is underlined that, as resolved by the Board of Directors during the meeting held on February 10, 2006, the "Code of conduct in matter of insider dealing" has been updated, effective from April 1, 2006, in order to harmonize the same with the new provisions of the Financial Services Act and CONSOB Regulation No. 11971/99 in matter of "market abuse", with particular reference to the reduction in the "relevant threshold" and the shortening of the period of time within which the market has to be informed about the transactions carried out by "relevant persons".

In particular, the Code attributes to so-called 'relevant persons', the obligation to report to the Legal and Corporate Affairs Department ("entity in charge of implementing the Code") any transactions on Astaldi stock carried out by themselves – also indirectly by means of a third party – and by the persons closely connected with the same, and whose value reaches and/or exceeds EUR 5,000 per year.

Such communication shall be given on a timely basis and, anyway, within three stock market working days after the date of the transaction or, in case the transaction value is calculated on a cumulative basis, after the date of the transaction by which such threshold was reached and/or exceeded. The "entity

in charge of implementing the Code" informs the market about such transactions within the time and in the manner provided for by the laws and rules governing the matter.
Furthermore, the Code establishes the so-called 'close periods', in other words, the periods of time immediately preceding the events that are particularly significant, during which the 'relevant persons must not carry out any transactions on Company shares.
Specifically, said periods have been identified as follows:
- the 30 days preceding disclosure of the consolidated financial statements, draft financial statements and half-yearly report;
- the 15 days preceding disclosure of quarterly report;
- the 15 days preceding the issue of the first price sensitive statement related to transactions such as: take-over bids made by the Company or on its financial instruments; mergers, spin-offs or acquisitions to which Astaldi is party; any other extraordinary transactions likely to influence the price of the Company's financial instruments.

17.9. Relations with Shareholders (Article 11 of the Self-Governance Code)

The Company, also considering its admission to the listing on the STAR segment of the Telematic Stock Market, appointed Alessandra Onorati as Head of Investor Relations ("Investor Relator") since 2002.
According to the provisions contained in Art. 13 of the Company By-Laws – according to which "the operation of the Shareholders' Meeting, both ordinary and extraordinary, is governed by a set of regulations approved by the Shareholders' Ordinary Meeting and valid for all subsequent ones, until amended or replaced" – the Shareholders' Ordinary Meeting of March 11, 2002 approved the "Shareholders' Meeting Regulations" which sets clear and univocal rules for orderly and functionally holding Shareholders' Meetings, without being, at the same time, prejudicial to each Shareholder's right to express his/her own opinion and to formulate requests for closer detail and explanations regarding the topics of the agenda.
The Board of Directors currently in office has decided not to submit to the Shareholders' Meeting any proposals for the reduction in the thresholds provided for by law, which, if exceeded, result in actions taken and privileges being exercised for the protection of minority interests.
Moreover, in order to promote dialogue with the shareholders and the market, the Company regularly makes available on its website, all information of both an accounting nature (financial statements, half-yearly and quarterly reports) and of general interest to shareholders (such as, for example, press releases, the corporate Code of Ethics, the Model of Organization, Management and Control as per Legislative Decree No. 231/01, Directors' Reports on the topics of Shareholders' Meetings agenda, etc.).

17.10. Auditors (Article 10 of the Self-Governance Code)

The Board of Auditors currently in office is formed of:

board of auditors	
Pierumberto Spanò (*)	chairman
Pierpaolo Singer	standing auditor
Antonio Sisca	standing auditor
Massimo Tabellini	alternate auditor
Flavio Pizzini	alternate auditor
Maurizio Lauri (*)	alternate auditor

(*) Auditors appointed from lists filed by minority shareholders.

The Company By-Laws provide for the list vote mechanism in order to guarantee the presence of representatives of minority shareholders in the Board of Auditors. In accordance with the specific provisions of the Company By-Laws, the lists, accompanied by information on the personal and professional background of the candidates, must be filed at the registered office at least 10 days before the day scheduled for the Shareholders' Meeting on first call. Together with each list, and within the same time limit, the statements in which the each single candidate accepts candidature must also be filed, stating, under their own responsibility, that there are no reasons for ineligibility for election and incompatibility, and that they meet all the requirements provided for by law to hold office as Auditor.
Each Shareholder may file or contribute to the filing of one sole list and each candidate may be registered in one list only, under the penalty of ineligibility.
Individuals serving as Standing Auditors for more than 4 companies with shares listed on Italian regulated markets are ineligible for election as Auditors.
Only shareholders who on their own or jointly with other shareholders represent at least 1% of shares with voting rights at the Shareholders' Ordinary Meeting are entitled to vote in Shareholders' Ordinary Meetings.
Lastly, the other offices held by the Astaldi's Auditors, limitedly to the offices as director or auditor in other companies listed on Italian regulated markets, are as follows:

additional offices held by the company's auditors in other listed companies	
Pierumberto Spanò	Standing Auditor of SNAM RETE GAS S.p.A.
Pierpaolo Singer	–
Antonio Sisca	–
Massimo Tabellini	–
Flavio Pizzini	–
Maurizio Lauri	Standing Auditor of Acea S.p.A.

To this respect, it should be reminded that, pursuant to the provisions of Italian Law No. 262/05 (the so-called "Legge Risparmio" – Law on Public Savings) and Italian Legislative Decree No. 303/06 (the so-called "Corrective Decree") connected therewith, after CONSOB will have enacted the relevant Regulations implementing said laws, the Company's By-Laws will be possibly amended and/or supplemented accordingly during the next few months, with particular reference to the appointment of the members of the Board of Auditors and to the total number of positions which may be held by the Company's auditors in other companies.

17.11. Shares held by directors, auditors and general managers

According to the provisions of Art. 79 of CONSOB Resolution No. 11971/1999, as subsequently amended, the below table shows the shares held by directors, auditors, general managers and manager having strategic responsibilities, as well as by their non-legally separated spouses and minor children, on a direct basis or by means of subsidiaries, trust companies or third party, as appearing from the Shareholders' Register, from the notices and information given by said directors, auditors and general managers.
Said table includes all individuals who, during 2006, held office even for parts of the year.

shares held by directors

	investment	number of shares owned at the end of 2005	number of shares purchased	number of shares sold	number of shares owned at the end of 2006
Ernesto Monti	–	–	–	–	–
Paolo Astaldi	Astaldi S.p.A.	25,000	–	20,000	5,000
Vittorio Di Paola	Astaldi S.p.A.	1,203,000	–	203,000	1,000,000
Giuseppe Cafiero	Astaldi S.p.A.	115,000	–	50,000	65,000
Stefano Cerri	Astaldi S.p.A.	105,000	–	70,000	35,000
Caterina Astaldi	–	–	–	–	–
Pietro Astaldi	–	–	–	–	–
Luigi Guidobono Cavalchini	–	–	–	–	–
Franco A. Grassini	–	–	–	–	–
Mario Lupo	–	–	–	–	–
Vittorio Mele	–	–	–	–	–
Nicola Oliva	Astaldi S.p.A.	800	–	–	800
Maurizio Poloni	–	–	–	–	–

shares owned by auditors

	investment	number of shares owned at the end of 2005	number of shares purchased	number of shares sold	number of shares owned at the end of 2006
Pierumberto Spanò	–	–	–	–	–
Pierpaolo Singer	–	–	–	–	–
Antonio Sisca	–	–	–	–	–
Eugenio Pinto (holding office until July 20, 2006	–	–	–	–	–

shares owned by managers with strategic responsibilities

	investment	number of shares owned at the end of 2005	number of shares purchased	number of shares sold	number of shares owned at the end of 2006
Paolo Citterio	Astaldi S.p.A.	52,500	–	20,000	32,500
Gianfranco Giannotti	–	–	–	–	–
Rocco Nenna	–	–	–	–	–

18. Programmatic document on data security

The Company informs that, in order to guarantee the appropriate treatment of personal data, and in particular of juridical data and those considered as “sensitive”, implementing the provisions of point 26 of the technical regulation as per Annex B to Legislative Decree No. 196/2003 concerning the Code on the protection of personal data, it has updated, during 2006, the Programmatic Document on Data Security, drawn up in 2005 under the provisions of point 19 of said decree.

19. Events occurred subsequently to year closing

It has to be underlined that in January 2007, production activities relating to one of the maxi-lots of “Jonica” National Road (NR 106) started, following to approval of the executive design by the Employer, A.N.A.S. S.p.A. The subject matter maxi-lot, identified as Lot 2, is the one having a higher contract value and provides for the construction of approximately 17 km of E90 – Squillace-Simeri Crichi section – and the extension of the so called “Strada Statale dei Due Mari (SS 280)” by approximately 5 km. The works relating to this lot will entail the construction of 11 tunnels, 15 viaducts, 7 road junctions at various levels from the ground.
Moreover, in January the Italian Government decide to revoke the old concessions relating to the High Speed Railway. In fact, the Italian Decree Law of January 25, 2007, also known as “decree on liberalizations”, provided for the revocation of three concessions granted on TAV S.p.A. for the construction of the same number of sections of the High Speed/High Capacity Railway System. That same decree provides that such revocation includes the three contracts already signed by TAV S.p.A. and, among them, also the one relating to the Verona-Padua section entrusted to Consorzio IRICAV DUE, in which Astaldi holds a 32.99% share. Therefore, at present, consistently with the principles of prudence always adopted by the Group when making its own evaluations, it has been deemed to cancel the contract for the construction of the Verona-Padua High Speed/High Capacity railway line, of a pro-quota value of EUR 867 million, from the orders backlog, though still definitely relying on the outcome of legal actions already started by Consorzio IRICAV DUE.
While, as far as foreign activities are concerned, a contract has been entered into in March 2007 with the Municipality of Bucharest for the rehabilitation and modernization of the “Lia Manoliu” National Stadium, for an amount of approximately EUR 120 million (Astaldi’ share: 40%). The works, involving the rehabilitation, modernization and improvement of the stadium capacity to 80,000 seats, will start during the second quarter of 2007 and are expected to be completed within 20 months.
Moreover, the works relating to one of the most important motorway infrastructure projects carried out by the Astaldi Group have been completed in January 2007. In fact, the first carriageway of the last 25-km section of the Istanbul-Ankara Motorway in Turkey, also known as Anatolian Motorway, was inaugurated and opened to traffic. The inauguration was celebrated by the Italian Prime Minister Romano Prodi and the Turkish Prime Minister Recep Tayyip Erdogan on the 23rd of January, 2007. The motorway, which is the result of a full collaboration between Italian and Turkish technicians and workers, extends through tunnels and viaducts for a total

of approximately 400 km, of which 110 km built directly by Astaldi, and represents an important section of the T.E.M. (Trans European Motorway) which, from Danzig, links Europe to the Middle East through the Balkans. The works, representing a real challenge in terms of design and construction because of the land orography, involved the construction of more than 5 km of three-lanes carriageway viaducts for each direction, 3 km of which relating to one sole viaduct of a maximum height of 50 meters, and a 3-km-long twin-bore three-lanes carriageway tunnel for each direction. The entire section will be finally taken over within 2007, also due to some additional works requested by the Employer.
Moreover, some additional initiatives are being studied and evaluated, in Italy and abroad, in particular in the execution of works, under project finance, in sector of transport infrastructure and healthcare. In January 2007, the Astaldi Group, as partner of a joint venture, submitted a bid in connection with the project finance construction and subsequent management of the Cispadana, a regional motorway of slightly less than 67 km which, from the town of Ferrara, will link the Brennero Motorway (A22) to A13 Bologne-Padua, then extending toward Parma. According to the tender procedure, the next phase will be the selection of the Sponsor, to be chosen among all those who will submit a bid and, then, followed by the public tender which is expected to start within the year.

20. Management forecast

The results achieved and the quality of new orders acquired during 2006 in Italy and abroad confirm the Group's capacity of translating the strategic lines implemented during the last few years into valid and effective commercial, operating and operational policies.
That Group's same ability to cope with contingent situations, such as limited expenditure budgets of traditional employers within the domestic market, by a prompt action of diversification of activities in foreign countries and in the project finance sector, fully in compliance with profitability targets fixed, showed the enormous potentialities in management's capacity of selecting interesting markets and initiatives when planning the corporate activities.
Despite an almost static domestic market, all the acquisition targets fixed for the year just ended have been fully achieved, thus not only strengthening growth estimations for the new few years, but also improving the Group's ability to reach prize-awarding profitability targets.
In fact, the importance and kind of contracts acquired during the year have deeply changed the typology of the orders backlog, thus remarkably reducing the percentage of risk in achieving profitability results fixed. Subject to some rare exceptions, traditional contracts have been replaced by medium-large-size contracts exceeding EUR 300 million, the Astaldi Group being fully responsible for the execution of the relevant works, because the same are mainly managed in a general contracting or concession/project finance framework.
Therefore, we confirm once again that the nature and manner of management of the orders backlog have substantially changed and, during the next years, the Group will be committing to more and more complex challenges, which will allow to consolidate its leadership in the general contracting and project finance sectors.

Also the rationalization of commercial efforts made in foreign countries and the relevant investments, aimed at focusing the commercial interest on those markets where the Group is traditionally operating and showing considerable development opportunities, is turning out to be rewarding in terms of profitability. In fact, diversifying the activities by focusing on those foreign countries offering better development opportunities and where the Group has been traditionally operating will represent, in the short term, also one more instrument to counterbalance the demanding design activities and relevant time of execution of contracts recently acquired in Italy which, because of their nature and construction complexity, involve design and start-up phases which are longer than traditional works.
Therefore, production activities of important contracts constituting the present orders backlog will be made progress at a standard rate, while further strengthening also the activities of commercial penetration in those foreign countries (Venezuela, Algeria, Turkey, Romania, Qatar and Saudi Arabia) showing better development opportunities by virtue of intense investment plans in the infrastructures sector.
Some additional development opportunities may originate in Algeria and Venezuela, representing Group's well-tested business sources, where local Governments intend to speed up the potentialities of public expenditure in consideration of their improved capacity of transforming the considerable increase in the prices of energy products (oil and gas) into investments. The same may be confirmed for Saudi Arabia and Qatar where, considering the Group's recent success in the area, some more opportunities are taking shape in the oil&gas sector, in light of the important investment plans recently started in both Countries. In fact, the Arabian Peninsula is turning out to be a valid starting point in order to evaluate a new business channel, since the positive feeedback from the market in this area is leading to consider the possibility and opportunity to develop new initiatives in the Arabia Emirates, particularly in the area of Abu Dhabi, where local Governments show higher potentialities of investment.
After all, a foreign policy aimed at strengthening the Group's activities in those area where Astaldi is well-known as a highly qualified company and where its presence is well rooted throughout the territory, in also an expression of the awareness that the knowledge of local reality often translates into the ability to exploit the available know-how in connection with the specific territory where operations are carried out, thus allowing to successfully manage also initiatives developed in contexts requiring a high specialization.
However, the development of activities in foreign countries remains unprejudiced and shall be always pursued in light of financial sustainability and control of the country-related risk, so as to guarantee appropriate and satisfying levels of profitability, also through the development of potentialities deriving from partnerships with international operators.
Still with the purpose of diversifying the country-related risk, the activities of commercial penetration in central America, with particular reference to Costa Rica, Mexico, Honduras and Nicaragua, showing good opportunities in the sector of transport infrastructures and water, will be continued without excluding the possibility of operating in new countries of this area in the event of further interesting possibilities of development. Therefore, further opportunities could take shape in Bolivia and Chile, in similar sectors.
Thus, new challenges and new initiatives in Italy and abroad, which will allow to

support the project of growth of the Astaldi Group, though the limitations to expenditure budgets of traditional employers within the domestic market and preserving profitable margins.
In such a context, ensuring the sustainability of the initiatives not only exclusively from the economic point of view, but also from the financial, equity and managerial point of view, is of a strategic importance.
The market tends to be characterized by an ever increasing presence of contracts of a considerable unit value and the laws and regulations in force require the general contractor to bear advance charges ranging from 10% to 20% of the investment value; therefore, the existence of a sound managerial, but also equity and financial structure, becomes an actual strategic asset to be exploited and strengthened by the spending of time. Even the more so, in a domestic context where Public Authorities' limited availability of funds could encourage the development of project finance initiatives.
Astaldi's equity soundness will represent, therefore, a lever to be used in order to strengthen the presence in the sector of concessions, characterized by good opportunities and by appropriate levels of revenue, indirectly guaranteeing an additional capacity of diversification already demonstrated at international level.
Therefore, the great importance the Group attributes to the processes of development and improvement of technical and managerial knowledge of resources exploited, as well as all those actions aimed at guaranteeing and further enhancing of the Group's equity and financial structure, have to be construed on the basis of the above.
Also the Group's debt repositioning toward the medium/long term, so as to continuously support the growth process, guarantees the full financial autonomy of contracts included in the orders backlog and a higher suitability of financing sources for meeting the specific requirements of single business units (construction, general contracting and concessions).

21. Conclusions

Shareholders, the consolidated financial statements show a net profit of EUR 30 million, net of amortization and depreciation, provisions and consolidation adjustments.

On behalf of the Board of Directors
(the Chairman)
Ernesto Monti

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

	notes	31/12/2006	31/12/2005
Operating Management			
Revenues	1	1,021,121	968,898
Other operating revenues	2	50,819	51,833
– of which, from related parties	*32*	*4,884*	*367*
Total revenues		*1,071,940*	*1,020,730*
Purchase costs	3	(240,108)	(194,565)
Service costs	4	(537,247)	(527,873)
– of which, from related parties	*32*	*(50,616)*	*(1,732)*
Cost of personnel	5	(165,301)	(146,552)
Amortisation, depreciation and write-downs	6	(29,149)	(32,552)
Other operating costs	7	(22,915)	(41,720)
– of which, from related parties	*32*	*(2,800)*	*(253)*
Total costs		*(994,720)*	*(943,261)*
(Capitalisation of internal construction costs)	8	1,045	457
Operating result		**78,265**	**77,926**
Equity investments and financial area			
Financial income	9	49,194	33,488
– of which, from related parties	*32*	*243*	*782*
Financial charges	10	(72,119)	(60,947)
– of which, to related parties	*32*	*(44)*	*(70)*
Effects of valuation of investments using the equity method	11	5,470	4,117
Total equity investments and financial area		*(17,455)*	*(23,341)*
Profit (loss) before income taxes on operating activities		60,810	54,585
Taxes	12	(29,984)	(22,734)
Profit (loss) on operating activities		30,826	31,851
Profit (loss) for the period		**30,826**	**31,851**
– Attributable to Group		30,091	32,479
– Attributable to minority interests		735	(628)
Profit per share:	*13*		
– Basic profit per share			
– Basic profit per share from current operations		*0,308*	*0,331*
– Diluted profit per share			
– Diluted profit per share from current operations		*0,308*	*0,331*

CONSOLIDATED BALANCE SHEET — ASSETS

(thousands of euro)

	notes	31/12/2006	31/12/2005
ASSETS			
Non-current assets			
Property, plant and equipment	14	192,999	129,095
Investment property	15	198	204
Intangible assets	16	3,795	4,977
Equity Investments	17	96,492	34,430
of which:			
Equity investments valued using the net equity method		93,513	31,511
Non-current financial assets	18	11,957	18,562
– of which, from related parties	*32*	*11,046*	*15,829*
Other non-current assets	19	13,443	15,763
Deferred tax assets	12	12,247	12,853
Total non-current assets		**331,131**	**215,884**
Current assets			
Inventories	20	51,600	44,702
Receivables from employers	21	397,712	314,383
Trade receivables	22	437,877	384,085
of which, from related parties	32	29,767	35,261
Current financial assets	18	40,046	14,665
Tax receivables	23	73,275	58,932
Other current assets	19	188,094	149,475
of which, from related parties	32	39,774	19,247
Cash and cash equivalents	24	237,623	175,418
Total current assets		**1,426,227**	**1,141,661**
Total assets		**1,757,358**	**1,357,545**
NET EQUITY			
Share capital		195,391	97,302
Reserves:			
– Legal reserve		10,767	9,383
– Extraordinary reserve		43,476	54,230
– Share premium reserve		–	67,836
– Profit (loss) carried forward		18,931	14,066
Other reserves (losses)		(18,987)	18,224
Total capital and reserves	25	**249,577**	**224,592**
Profit (loss) for the period		30,091	32,479
Group's total net equity		**279,668**	**257,072**
Reserves:		656	(151)
Profit (loss) for the period		735	(628)
Net equity attributable to minority interests		1,392	(780)
Total net equity		**281,059**	**256,292**

CONSOLIDATED BALANCE SHEET — LIABILITIES

(thousands of euro)

	notes	31/12/2006	31/12/2005
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	26	339,797	262,234
of which, to related parties	32	597	597
Other non-current liabilities	27	35,973	14,936
Employee severance indemnity and other personnel provisions	28	12,470	11,518
Deferred tax liabilities	12	185	175
Total non-current liabilities		**388,425**	**288,862**
Current liabilities			
Payables to employers	21	209,324	116,989
Trade payables	29	474,478	354,816
of which, to related parties	32	90,906	97,862
Current financial liabilities	26	224,192	212,756
Tax payables	30	26,137	17,712
Provision for current risks and charges	31	30,035	54,609
Other current assets	27	123,707	55,509
of which, to related parties	32	45,820	2,480
Total current liabilities		**1,087,873**	**812,391**
Total liabilities		**1,476,299**	**1,101,253**
Total net equity and liabilities		**1,757,358**	**1,357,545**

consolidated net equity movements

(thousands of euro)

	attributable to			
	share capital	share premium reserve	legal reserve	extraordinary reserve
balance at december 31, 2004 IAS/IFRS	**98,425**	**67,836**	**7,819**	**26,741**
adoption of IAS 32 and 39	(400)	–	–	(497)
balance at january 1, 2005 IAS/IFRS adjusted	**98,025**	**67,836**	**7,819**	**26,244**
net equity movements 2005				
cash flow hedge reserve	–	–		–
currency translation differences				–
treasury shares	(723)			(4,239)
net income/(charges) entered directly in equity	(723)	–	–	(4,239)
profit (loss) 2005				
dividends				
provision pursuant to article 27 of the by-laws				
other movements			1,564	32,226
balance at december 31, 2005 IAS/IFRS	**97,302**	**67,836**	**9,383**	**54,231**
balance at january 1, 2006 IAS/IFRS	**97,302**	**67,836**	**9,383**	**54,231**
2006 equity movements				
cash flow hedge reserve				
currency translation differences				
treasury shares	(336)			2,371
net income/(charges) entered directly inequity	(336)	–	–	2,371
profit(loss)2006				
dividends				
provision pursuant to article 27 of the by-laws				
free share capital increase	98,425	(67,836)		(30,589)
appropriation of 2005 profit		–	1,384	17,560
other movements				(97)
balance at december 31, 2006 IAS/IFRS	**195,391**	**–**	**10,767**	**43,476**

group's shareholders						
other reserves	total	retained earnings	profit for the period	total	minority interests	total net equity
6,897	**207,718**	**2,177**	**28,021**	**237,916**	**(2,985)**	**234,931**
(573)	(1,470)	–	–	(1,470)	–	(1,470)
6,324	**206,248**	**2,177**	**28,021**	**236,446**	**(2,985)**	**233,461**
(423)	(423)	–	–	(423)	–	(423)
(173)	(173)	–	–	(173)	–	(173)
502	(4,460)			(4,460)		(4,460)
(94)	(5,056)	–	–	(5,056)	–	(5,056)
	–		32,479	32,479	(628)	31,851
	–		(7,375)	(7,375)		(7,375)
	–		(235)	(235)		(235)
(24,454)	9,336	11,889	(20,412)	813	2,833	3,646
(18,224)	**210,528**	**14,066**	**32,478**	**257,072**	**(780)**	**256,292**
(18,224)	**210,528**	**14,066**	**32,478**	**257,072**	**(780)**	**256,292**
1,014	1,014			1,014		1,014
(2,514)	(2,514)			(2,514)	7	(2,507)
398	2,433			2,433		2,433
(1,102)	933	–	–	933	7	940
	–		30,091	30,091	735	30,826
	–		(8,324)	(8,324)		(8,324)
	–		(415)	(415)		(415)
	–			–		–
–	18,944	4,795	(23,739)	–	–	–
338	241	69		310	1,430	1,740
(18,988)	**230,647**	**18,930**	**30,091**	**279,668**	**1,392**	**281,060**

consolidated cash flow statement

(thousands of euro)	31.12.2006	31.12.2005
a–cash flow from operating activities		
result for the period attributable to both the group and minority shareholders	30,825	31,851
adjustments to reconcile net profit (loss) with cash flow generated (used) by operating activities		
deferred taxes	551	3,557
amortisation, depreciation and write-downs	29,149	38,214
provision for risks and charges	9,489	16,100
costs for employee severance indemnity and defined benefit plans	3,208	2,919
costs for employee incentive plans	1,945	1,840
losses on disposals of non-current assets	1,015	3,732
effects of valuation of investments using the net equity method	(5,470)	(4,117)
gains on disposals of non-current assets	(2,122)	(3,441)
subtotal	**37,765**	**58,804**
differences in operating assets and liabilities (working capital):		
trade receivables	(53,814)	88,607
payables to employers	(90,227)	(87,960)
trade payables	119,567	(26,384)
provision for risks and charges	(18,158)	(4,622)
receivables from employers	92,335	(6,008)
other operating assets	(60,787)	(47,206)
other operating liabilities	51,993	12,034
payments of employee severance indemnity and defined benefit plans	(2,256)	(2,523)
subtotal	**38,748**	**(74,062)**
cash flow from discontinued operations	–	–
	107,338	**16.593**
b–cashflowfrominvestmentactivities:		
purchase of investment property	6	–
net investments in intangible fixed assets	(712)	(3,118)
net investments in tangible fixed assets	(91,135)	(42,104)
sale (purchase) of other investments net of acquired cash, coverage of losses of non-consolidated companies and other differences in consolidation area	(13,688)	2,531
collections from the sale of tangible and intangible fixed assets and investment property	1,107	15,384
collections from the sale of equity investments and other assets		
differences in financing of equity investments	1,727	(2,354)
contributions received		2,019
net effect of change in consolidation area		**(1,053)**
cash flow from discontinued operations		**–**
	(102,695)	**(28.695)**
c–cashflowfromfinancingactivities:		
capital increase against payment		–
dividends paid + other movements	(6,057)	(7,375)
registration (repayment) of non-current payables net of commission	77,563	157,966
net change in current financial payables (including leasing)	11,437	7,764
loan repayment to astaldi finance		(129,989)
net change in financial assets	–	(16,987)
sale (purchase) of securities/bonds and company's shares	(25,381)	(9,099)
net effect of change in consolidation area		
cash flow from discontinued operations		**–**
	57,562	**2.280**
d–exchange rate differences on cash and cash equivalents		**(130)**
net increase (reduction) net of cash and cash equivalents	**62,205**	**(9,952)**
cash and cash equivalent at start of year	175,418	185,370
cash and cash equivalent at end of year	237,623	175,418

Comments to the cash flow statement are set forth in the specific paragraph in the Management Report

Notes to the IFRSs consolidated financial statements

Form and content

Astaldi Group's consolidated financial statements at December 31, 2006 have been drafted in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union and in compliance with laws and regulations in force and pursuant to CONSOB Regulations No. 15519 and 15520 of July 27, 2006, and in accordance with CONSOB Regulation No. 6064293 of July 28, 2006, issued in compliance with Art. 1 of Italian Legislative Decree No. 38 of February 28, 2005.

The consolidated financial statements comprise the financial statements of the Parent Company, Astaldi S.p.A., and of the Italian and foreign companies in which Astaldi holds the controlling interest, either directly or indirectly.

The financial statements approved by the Shareholders' Meeting or, if unavailable, the draft financial statements drafted by the Boards of Directors have been used to perform consolidation. The reference dates of the consolidated companies' financial statements coincide with that of the Parent Company's. The financial statements included in consolidation are drafted in accordance with the Parent Company's accounting standards, making adjustments where needed in order to update the valuation of specific items already calculated according to different standards.

The financial statements comprise the income statement, balance-sheet, net equity movements, cash flow statement and relevant notes.

The income statement of Astaldi Group uses a classification of the individual items based on their nature. Said classification is in keeping with the management report methods used inside the Group, and is therefore considered more representative compared to presentation of items according to use, providing more reliable and more relevant information for the sector of origin.

As far as the balance sheet is concerned, it has been chosen to enter items, separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provision contained in paragraph 51 et seq. of IAS 1.

The cash flow statement shows cash-flow for the year, broken down into operating activities, investment activities and financial activities, and is drafted on the basis of the indirect method.

The statement of net equity movements has been defined in compliance with IAS 1, according to the scheme already adopted in the previous year.

In some cases, when drawing up consolidated financial statements at December 31, 2006, classifications different from those used until December 31, 2005 have been adopted. This turned out necessary in order to better represent Group's typical corporate events in the financial statements. In order not to impair comparability with data of previous years, also some of the items of the financial statements relating to the year ended December 31, 2005 have been duly reclassified. In detail:

- The value of treasury shares was reclassified from "Other reserves" to "Extraordinary reserve";
- Advances from Employers deducted from contracts in progress were reclassi-

fied from "Contracts in progress" (now posted as "Receivables from Employers") to "Advances" (now named "Payables to Employers");
- Non-collected contributions were reclassified from "Other assets", including current and non-current assets, to "Financial assets", including current and non-current financial assets.

As regards segment disclosure, regulated by IAS 14, it must be noted that, taking into account the fact that the Group is active in various countries and various geographical areas, the primary reference model is the geographical one, while information regarding business areas is the secondary one.

The IFRSs used to draft the accounts statements subject to consolidation have been integrated with the interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) as at December 31, 2006, and approved by the European Union.

All the amounts shown are expressed in thousands of euros, unless otherwise indicated; consequently, the total amounts in some statements can slightly differ from the sum of the amounts comprising said totals due to rounding off. The figures in brackets relate to the previous year.

It is worthy noticing that, in December IFRIC has produced a new interpretation document, IFRIC 12, regarding assets, liabilities, revenues and costs of service concession. Such interpretation shall apply as from January 1, 2008; however, its earlier application is allowed.

Such interpretation, issued by IASB, at present has not been approved yet by the European Union.

The Group decided not to apply such interpretation in advance, also by virtue of the fact that application would not be permitted since the European Commission has not yet approved it.

Taking into account the contents of the financial statements for the year ended December 31, 2006, the freely transferable assets, the revenues and costs connected with the service concessions have been entered in compliance with the accounting practice in force. Instead, the information has been given in compliance with SIC 29 – Disclosure – Service Concession Arrangements.

Accounting standards adopted

The most important accounting standards and valuation criteria adopted to draw up the consolidated financial statements at December 31, 2006 are listed below.

Area of consolidation and consolidation standards

The Group's consolidated financial statements include the statements of the companies included in the area of consolidation (hereinafter "consolidated companies"), drafted in accordance with Astaldi Group's accounting standards (IFRSs). A list of the companies included in the area of consolidation and relative percentages held by the Group, either directly or indirectly, is attached to these notes.

Specifically, the companies where Astaldi has a controlling interest have been consolidated using the line-by-line method. Said controlling interest consists in holding the majority of shares with voting rights, either directly or indirectly, or the powers to determine the company's financial and managerial choices, obtaining the relative benefits, regardless of shareholder composition.

Investments in companies whose control is exercised jointly with third parties are consolidated using the equity method.
Subsidiaries are consolidated on a line-by-line basis starting from the date of acquisition, or from the date on which the Group acquired the controlling interest, and consolidation is discontinued starting from the date on which the controlling interest is transferred out of the Group.
Therefore, all intragroup operations and balances, including possible profits and losses attained among Group companies, are completely eliminated.
With regard to capitalised internal constructions on freely transferable assets, the margins inside the Group are not reversed, both because works are awarded by grantors in accordance with the procedures provided for by law, also based on market prices, and because the margins in terms of absolute amounts are insignificant. Moreover, said works, performed on behalf of third parties, will be freely transferred to the respective grantors upon expiry of the individual concessions.
Investments in companies over which a considerable influence is exercised, generally combined with a participating interest ranging from 20% to 50%, are valued in accordance with the equity method. In the event of application of the equity method, the value of the investment is aligned with equity, adjusted where necessary, to reflect application of IFRSs and includes goodwill (net of impairment) as identified at the moment of acquisition, as well as the effects of adjustments required by standards regarding the drafting of consolidated financial statements.
Therefore, the profits and losses attained among consolidated companies in accordance with the equity method and other consolidated Group companies are eliminated.
Any losses of value exceeding the entered book value are entered in the provision for risks on equity investments, solely to the extent to which the company holding the participating interest has undertaken legal or implicit obligations or made payments on behalf of the equity investments.
The area of consolidation at December 31, 2006 is attached below:

area of consolidation

1	Assistenza Sviluppo e Tecnologie Ausiliarie alle Costruzioni S.r.l. - (A.S.T.A.C.)	100.00%
2	Astaldi Algerie E.u.r.l.	100.00%
3	Astaldi Arabia Ltd.	100.00%
4	Astaldi Construction Corporation	100.00%
5	Astaldi International Inc.	100.00%
6	Astaldi International Limited	100.00%
7	Astaldi-Astaldi International J.V.	100.00%
8	Astaldi-Burundi Association Momentanée	100.00%
9	Astaldi-Sénégal Association en participation	100.00%
10	Cospe S.c.r.l.	100.00%
11	Diga di Arcichiaro S.c.r.l. in liquidation	100.00%
12	DIP.A. S.c.r.l. in liquidation	100.00%
13	Euroast S.r.l. in liquidation	100.00%
14	Groupement G.R.S.H.	100.00%
15	Linea A S.c.r.l. in liquidation	100.00%
16	Montedil-Astaldi S.p.A. (MONTAST) in liquidation	100.00%
17	Redo-Association Momentanée	100.00%
18	Sartori Sud S.r.l.	100.00%
19	Seac S.p.a.r.l. in liquidation	100.00%
20	Servizi Tecnici Internazionali - I.T.S. S.p.A.	100.00%
21	Todaro S.r.l. in liquidation	100.00%
22	AR.GI S.p.A.	99.99%
23	CO.MERI S.p.A.	99.99%
24	Consorzio Astaldi-C.M.B. Due in liquidation	99.99%
25	I.F.C. Due S.c.a.r.l. in liquidation	99.99%
26	Astaldi Finance S.A.	99.96%
27	Astaldi de Venezuela C.A.	99.80%
28	Romairport S.r.l.	99.26%
29	Sugt S.A. Calarasi	99.12%
30	Astur Construction and Trade A.S.	99.00%
31	Palese Park S.r.l.	99.00%
32	Silva S.r.l. in liquidation	99.00%
33	Toledo S.c.r.l.	90.39%
34	Susa Dora Quattro S.c.r.l.	90.00%
35	CO.NO.CO. S.c.r.l.	80.00%
36	Eco Po Quattro S.c.r.l. in liquidation	80.00%
37	Portovesme S.c.r.l.	80.00%
38	S. Filippo S.c.r.l. in liquidation	80.00%
39	Tri.Ace. S.c.a.r.l. in liquidation	80.00%
40	Bussentina S.c.r.l. in liquidation	78.80%
41	Mormanno S.c.r.l. in liquidation	74.99%
42	S.P.T. Società Passante Torino S.c.r.l.	74.00%
43	Consorzio Olbia Mare in liquidation	72.50%
44	CO.ME.NA. S.c.r.l.	70.43%
45	Messina Stadio S.c.r.l.	66.67%
46	Astaldi-Max Bogl-CCCF J.V. S.r.l.	66.00%
47	SCAR S.c.r.l.	61.40%
48	Consorcio Astaldi - C.B.I.	60.00%
49	Ospedale del Mare S.c.r.l.	60.00%
50	Quattro Venti S.c.r.l.	60.00%
51	Forum S.c.r.l.	59.99%
52	Partenopea Finanza di Progetto S.p.A.	59.99%
53	C.O.MES. S.c.r.l.	55.00%
54	Italstrade Somet JV Rometro S.r.l.	51.00%
55	Romstrade S.r.l.	51.00%
56	SC Italstrade - CCCF JV Romis S.r.l.	51.00%
57	Infraflegrea Progetto S.p.A.	51.00%

Not any important variation occurred in the area of consolidation during the period.

Conversion of items and translation of financial statements in foreign currency

Astaldi Group's financial statements have been drafted in euros, which is the Parent Company's functional currency.

The balances of each Group company included in the financial statements have been entered in the currency of the main economic environment the company works in (functional currency).

The items expressed in a currency different from the functional currency, either monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-established or determinable sums of money, etc.) or non-monetary (inventories, contracts in progress, advances to suppliers of goods and/or services, goodwill, intangible assets, etc.) are initially calculated at the exchange rate in force on the transaction date. The monetary items are subsequently converted into the functional currency at the exchange rate in force on the closing date of the financial statements and the resulting differences are entered in the income statement. The non-monetary items are kept at the conversion rate on the transaction date except in the case of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences related to non-monetary items are entered (income statement or net equity) in the same way as the differences in the value of said items.

The rules for converting financial statements expressed in foreign currency into functional currency are as follows:

- Assets and liabilities included in financial statements, even if for comparative purposes only, are converted at the exchange rate on the closing date of the financial year;
- Costs and revenues, income and charges, included in financial statements, even if for comparative purposes only, are converted at the average exchange rate for the period in question, or at the exchange rate on the transaction date should this differ significantly from the average rate;
- Equity items, excluding profit for the period, are converted at historic exchange rates;
- The "Translation reserve" includes both the exchange rate differences generated by the conversion of economic items at a rate different from the year end rate, and the differences generated by conversion of opening equity at an exchange rate different from year end rate.

Property, plant and equipment

Tangible assets are valued at purchase or production cost, net of accrued depreciation and impairment. The cost includes all expenses directly incurred for preparing assets for use, as well as any charges for dismantling and removals needed to restore the site to its original conditions.

Charges incurred for routine and/or cyclical maintenance and repairs are entered directly in the income statement in the financial year in which they are incurred. Costs related to enlarging, modernizing, or improving the facilities owned or used by third parties are capitalized exclusively to the extent they meet the requirements for being separately classified as an asset or part of an asset. Financial charges incurred for acquiring and/or building assets are not capitalized.

The value of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of use based on its useful life. Depreciation starts from the moment the asset becomes available for use. The useful life estimated by the Group for the various classes of assets is as follows:

estimated useful life of assets

	years
buildings	20-33
plant and machinery	5-10
equipment	3-5
other assets	5-8

Land, including that 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 elements forming the fixed asset, depreciation is performed separately for each of the elements composing the asset, in application of the component approach policy.
Profits and losses resulting from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant net book value.
Freely transferable assets are systematically depreciated in every financial year on the basis of their residual possibility of use, considered in relation to the duration of the concession, or the asset's useful life, if shorter. Any provision to cover the cost of restoring or replacing freely transferable assets is entered among the provision for risks and charges.
It should be noted that freely transferable assets refer to the following concessions:

concessions to which freely transferable assets refer

grantor	subject-matter of concession	type of asset	expiry of concession
Municipality of Turin	design, construction and management of a multi-storey car park	car park	08/08/2076
Municipality of Turin	design, construction and management of a multi-storey car park	car park	24/02/2078
Municipality of Bologne	design, construction and management of a multi-storey car park	car park	07/07/2058
ASL NA 1	design, construction of the hospital and the supply of electro-medical equipment and furniture, as well as technical-economic-functional operation of the hospital.	hospital	30/09/2034

To further explain the table above, it should be noted that the aforementioned concessions provide for obligations regarding extraordinary maintenance of buildings. Furthermore, it should be note that an additional concession exists for the design, construction and management of a car park in the Municipality of Verona, the expiry date of which is June 13, 2035. At the date of these financial statements, construction works have not started yet.
Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are entered in the fi-

nancial statements, at the effective date of the leasing, as Group assets at their current value or, if lower, at the current value of the minimum payments due for the leasing, including the sum to be paid for exercising the purchase option. The corresponding liabilities in the lessor's regard are entered among financial payables.
If there is no reasonable certainty that ownership of the asset shall be acquired at the end of the leasing, the financially leased assets are depreciated over a period equal to the duration of the leasing agreement, or the useful life of said asset, whichever is shorter.
Leases in which the lessor substantially maintains all the risks and benefits of ownership of the assets are classified as operating leases. The fees referring to operating leases are recorded in the income statement in the financial years of the duration of the leasing agreement.

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. Said items are recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring it into operation, net of accrued amortisation (with the exception of assets having an undefined useful life) and any impairment. Amortisation starts as of when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life. During the financial year in which when the intangible asset is entered for the first time, a rate is applied which takes into account its actual use.
Patent rights and rights to use intellectual property are entered at purchase cost, net of amortisation and impairment accrued over time.
Amortisation is performed as from the financial year in which the purchased right is available for use, and takes into account the corresponding useful life.
Concessions, licenses and similar rights are entered at cost, net of amortisation and impairment accrued over time.
Amortisation is performed as from the financial year in which ownership is acquired, in relation to their duration.
Goodwill entered among intangible assets is linked to business combination transactions and represents the positive difference between the cost incurred to acquire a business or line of business and the Group's stake in relation to the current value of the assets and liabilities forming the capital of said business or line of business. Purchased and identifiable potential assets and liabilities (including respective minority interests) are entered at their current value (fair value) at the purchase date. While the negative difference, if any, is entered in the income statement at the moment of purchase. Goodwill subsequent to initial entry is not subject to amortisation, but to depreciation due to impairment.
Annually, or more frequently if specific events or changed circumstances show a possible impairment, goodwill is subjected to checks to identify any impairment, in accordance with the provisions of IAS 36 ("Impairment of assets"). In this regard, it must be noted that no goodwill was recorded at December 31, 2006; consequently, no information is provided with regard to cash-generating units it is allocated to.

Business combinations

The Group values the purchased assets and liabilities at the fair value at the purchase date; this means that any minority interests in the acquired share must be re-expressed in proportion to the minority share of new fair values, net of said assets and liabilities.

It should be noted that no business combination took place during 2006.

Investment property

An investment property is entered as an asset when it represents a property owned with 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.

They are valued at purchase or production cost, increased by any ancillary costs, net of accrued amortisation and of any impairment.

The useful life of property included under said item 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 economic benefits are expected from its transfer.

Impairment of tangible and intangible assets

Assets having an undefined useful life are not subject to amortisation, but are subjected at least annually to an impairment test, which checks the recoverability of the value entered in the financial statements.

For assets subject to amortisation, the possible presence of indicators leading to the supposition of an impairment is valued: in the event of a positive response, the recoverable amount of the asset is estimated, with any surplus ascribed to the income statement.

Should the prerequisites for the previously performed depreciation cease to exist, the asset's book value is restored within the limits of the net book value: the restoration of value is also recorded in the income statement. However, in no case is the value of previously depreciated goodwill or intangible asset with an undefined useful life restored.

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

The recoverable amount of an asset or cash-generating unit is either the fair value, net of sale costs or its value in use, whichever is greater. To calculate the value in use of an asset or cash-generating unit, the current value of estimated future financial flows is calculated, gross of taxes, by applying a pre-tax discounting back rate reflecting the current market valuations of the *pro-rata temporis* value of the money and of the specific risks of the asset. An impairment is entered if the recoverable amount is less than the book value. When an impairment of assets other than goodwill ceases to exist or gets smaller, the book value of the asset or of the cash-generating unit is increased to the newly estimated recoverable amount, but may not exceed the value that would have been calculated, if no impairment had been recorded. Restoration of an impairment is immediately entered in the income statement.

It should be noted that during 2006, internal and external indications of impairments, as stated by IAS 36, showed no need of performing an impairment test on tangible and intangible assets. Furthermore, to this respect, it is worthy noticing that the Group, lacking a goodwill and having ascertained that the recoverable value of individual assets may be easily determined, has not identified any cash-generating unit.

Equity Investments

Investments in companies other than subsidiaries, associates, and joint ventures, for which the area of consolidation should be referred to (generally with a share of less than 20%) are classified, at the moment of purchase, among "equity investments" and valued at cost in the event calculation of fair value can not be relied upon. It should also be noted that investments in associates and joint ventures are valued according to the net equity method.

Inventories

Inventories are entered at the cost or the net realizable amount, whichever is less. The method selected to calculate this cost, as a Group principle, is the *weighted average cost.*

The cost includes all charges related to purchase and transformation and all other costs incurred to bring inventories to the site where used and in the conditions to be employed in the production process.

Long-term contracts

Contracts in progress are entered on the basis of the progress method (or percentage of completion), according to which costs, revenues and the margin are acknowledged on the strength of production progress. The criterion adopted by the Group is that of the percentage of completion, calculated by applying the "incurred cost" (cost to cost) method.

Valuation reflects the best estimate of contracts carried out at the reporting date. The assumptions at the base of the valuations are updated at regular intervals. Any economic effects are recorded in the financial year in which the updates are made.

In the event contract payment is finally settled, the relevant revenue including advances is ascribed to the income statement to the item "revenues from sales and services", with a consequent change in inventories.

Contract revenues include: payments agreed upon by contract, works variations, price revisions, and incentives, to the extent in which these are likely to be reliably valued. Specifically, valuation of the price revision, as understood by the regulations implementing the so-called "Legge Quadro" regarding public works as well as international regulations, was based on the positive results that could reasonably be obtained from disputes with clients, on the strength of contract clauses and specific technical and legal studies.

Contract costs include: all costs that refer directly to the project, the costs that may be attributed to project activity in general and may be allocated to said project, as well as any other costs that may be specifically charged to the Employer on the basis of contract clauses.

Contract costs also include: pre-operating costs, in other words the costs incurred during the initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organization and production start-up costs, construction-site installation costs), post-operating costs incurred after completion of the contract (removal of construction site, return of plant/equipment to base, etc.), as well as any costs for services to be performed after the completion of works (for example, regular maintenance, assistance and supervision during the first phase of service of individual works).

Should completion of a project be forecast to generate a loss, this shall be recognized in its entirety in the financial year in which it may be reasonably expected.

When the result of a long-term project cannot be reasonably estimated, the value of the contracts in progress is calculated on the basis of costs incurred, when it is reasonably expected that they will be recovered, without assessment of the margin.

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

Contracts in progress are set out net of any depreciation funds and/or final losses, as well as advances for the contract being carried out.

Said analysis is carried out on a contract-by-contract basis. Should the differential be positive (due to contracts in progress greater than the amount of advances), the imbalance is classified among assets under "Receivables from Employers"; on the other hand, should this differential be negative, the imbalance is classified among liabilities, under "Payables to Employers". Should the provision for final losses regarding each project exceed the contract value entered among assets, said excess is classified in the provision for risks and charges.

Accounts receivable and financial assets

The Group classifies financial assets in the following categories:

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

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

Originally, all financial assets are value at fair value, increased, in case of assets other than those valued at fair value, by offsetting additional charges to income statement.

The Group determines the classification of its own financial assets after initial calculation and, if appropriate and allowed, revises such classification upon closing of each financial year.

Accounts receivable and loans

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

Financial assets at fair value with offset to income statement

This category includes financial assets acquired for the purposes of short-term trading or financial assets so originally designated by management. The assets held for trading purposes are those assets purchased to be sold in the short term. Derivatives, including stripped derivatives, are classified as held-for-trade financial assets, unless designated as effective hedging instruments. Profits or losses on assets held for trading are entered in the income statement. When initially entered, financial assets may be classified as financial assets at fair value, with offset to income statement, if the following conditions are met: (i) the designation eliminates or meaningfully reduces the inconsistency of treatment which would originate by valuing the assets or entering profits and losses generated by such assets, according to a different method; or (ii) the assets make part of a group of managed financial assets and their return is valued on the basis of their fair value, according to a documented risk-management strategy.

The fair value of financial instruments is calculated by referring to the market value (bid price) as at the end date of the period in question. In the event of non-quoted instruments, the fair value is calculated through commonly used financial valuation techniques.

Financial assets held to maturity

Unlike derivatives, these assets have a pre-established maturity and are the assets which the Group intends and is able to maintain in its portfolio until maturity.

Said assets are valued at the amortised cost based on the actual interest rate method. Those whose contractual expiry date is within 12 months are classified under current assets. Any impairment calculated through the impairment test is entered in the income statement.

Financial assets available for sale

This category includes the financial assets, not represented by derivatives, designated specifically as falling under this category or not classified in any of three previous categories. They are valued at the fair value calculated with reference to the market prices as at the date of the financial statements, or by using financial valuation models and techniques, recording their fluctuations with an offset to a specific equity provision ("provision for financial assets available for sale"). This provision is booked in the income statement only at the time when the financial asset is actually transferred or, in the case of negative fluctuations, when it is clear that the impairment already recorded in equity cannot be recovered. Classification as current or non-current assets depends on the management's intentions and on the real negotiability of the security: assets whose realization is expected in the subsequent 12 months are recorded among current assets.

Impairment of financial assets

At any financial statements date, the Group verifies whether any financial assets or group of financial assets was impaired according to the following criteria.

Assets valued at the amortised cost

In case there is an actual indication that a financing or receivable entered at amortised cost was impaired, the amount of impairment is calculated as difference be-

tween the book value of the asset and estimated future cash-flows (excluding loss on amounts receivable not yet suffered) discounted by the initial actual rate of interest of the financial assets (that is, the actual interest rate calculated at the date of the initial calculation). The book value of the asset will be reduced by application of a provision. The amount of the loss will be entered to income statement.
Firstly, the Group verifies the existence of actual indications of impairment at individual level, for individually meaningful financial assets, and then on an individual or collective basis for financial assets which are not individually meaningful. Lacking any objective indication of impairment for a financial asset valued on an individual basis, whether meaningful or not, said asset is included in a group of financial assets having similar credit risk characteristics and such group is made undergo collective assessment of impairment. The assets valued at individual level which showed or are continuing to show an impairment will not be included in a collective assessment.
If, subsequently, the amount of impairment decreases and such reduction may objectively be put in relation with an event which occurred after recognition of the impairment, the value previously decreased may be restored. Possible restorations of value are entered in income statement, to the extent the asset book value does not exceed the amortised cost at the date of restoration.

Financial assets available for sale

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

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effective in neutralizing the risk of underlying assets or liabilities or Group undertakings, except when they are classed as assets held trading purposes and valued at fair value with offset to the income statement.
Specifically, the Group uses derivatives within the context of hedging strategies aimed at neutralizing the risk of fair value fluctuations of assets or liabilities entered in financial statements, or resulting from contractually defined undertakings (fair value hedge) or of fluctuations in expected cash-flows with regard to contractually defined or highly probable transactions (cash flow hedge). Such financial derivatives are initially entered at fair value at their date of stipulation; subsequently, such value is periodically adjusted. They are entered as assets when fair value is positive, and as liabilities when fair value is negative.
Possible profit or loss deriving from fluctuations in the fair value of derivatives which are not suitable for hedge accounting because, by way of example, they turn out to be ineffective, are directly entered in the income statement during the period.

The effectiveness of hedging operations is documented both from 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 fair value fluctuations of the hedging instrument with those of the hedged element or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.
It should be noted that the Group does not enters into derivative contracts for speculation purposes.
To hedge accounting purposes, hedge operations are classified as:

- Fair value hedge, if aimed at hedging fluctuations in the fair value of underlying assets or liabilities, or an irrevocable undertaking (apart from currency risks); or
- Cash flow hedge, if aimed at hedging fluctuations in cash-flows attributable to a specific risk associated with a recorded asset or liability with a highly probable planned operation or with a currency risk existing in an irrevocable undertaking.

Fair Value Hedge

The fluctuations in value of derivatives designated as fair value hedges and qualified as such are entered in the income statement, similarly to what is done with regard to fair value fluctuations of hedged assets or liabilities attributable to the risk neutralized by the hedging operation. The derivative is no longer entered as a fair value hedge in the following cases:

- the designation is revoked;
- the hedging no longer complies with hedge accounting requirements;
- the derivative expires or is sold, redeemed or exercised.

Cash Flow Hedge

The fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recorded, with regard to the "effective" part only, in a specific equity reserve ("cash flow hedge reserve"), which is then carried over to the income statement when the underlying object of hedging expresses itself from an economic viewpoint. The fair value fluctuation referable to the ineffective part is immediately entered in the period's income statement. If the derivative instrument is transferred or is no longer qualified as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered as highly probable, its portion of the "cash flow hedge" is immediately entered in the income statement.

Calculation of fair value

The fair value of instruments quoted on public markets is calculated with reference to the quotations (bid price) as at the reference date of the period in question. The fair value of non-quoted instruments is measured by means of financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting back the expected cash-flows, while the fair value of forwards on exchanges is calculated on the basis of market exchange rates as at the reference date and of the rate differentials among the currencies involved.

Derecognition

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

- the rights to receive cash-flow from the asset have expired;
- the Group preserves the right to receive cash-flow from the asset, but undertook the contract obligation to pay the same immediately and entirely to a third party;
- the Group has transferred the right to receive cash-flow from the asset and (a) has transferred substantially all the risks and rewards deriving from owning the financial asset, or (b) has neither transferred nor kept substantially all the risks and rewards deriving from the asset, but has transferred the control over the same;

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

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

Cash and cash equivalents

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

Net equity

Share capital

The share capital is the Parent Company's subscribed and paid up capital. Costs strictly related to share issue are classified as reducing the share capital when said costs are directly attributable to the capital transaction.

Treasury shares

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

Profit/(loss) carried forward

This includes the economic results of the current period and of the previous financial years for the part neither distributed nor allocated to reserves (in the case of profit) nor balanced (in the case of loss).

Other reserves

These are capital reserves with a specific assignment related to the Parent Company. They include, *inter alia*, the cash flow hedge reserve, including the fair value of hedge derivatives to the extent of the effective part, the translation reserve, the reserve originating from the initial adoption of International Accounting Standards, as well as the reserve for trading of treasury shares.

Financial liabilities

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

Trade payables and other payables

Trade payables, falling due within standard commercial terms, are not discounted back and are entered at cost (identified by their nominal value).

Income taxes

Current taxes

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

Deferred taxes

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

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

- with reference to taxable temporary differences connected with interests in subsidiaries, associates and joint ventures, reversal of temporary differences can be checked and is likely not to occur in the future.

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

The value of deferred tax assets to be entered in the financial statements is revised at each closing date of the financial statements and reduced to the extent in which sufficient future tax profits are no longer likely, in order to allow all or part of the amount receivable to be used. Deferred tax assets that are not entered are reviewed on an annual basis at the closing date of the financial statements, and are entered to the extent in which it is likely that the tax profit is sufficient to allow said 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 said assets are realised or said liabilities discharged, considering the rates in force and those already issued or substantially issued at the closing date of the financial statements.

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

Income taxes (deferred and current) directly relating to equity items are directly posted to net equity and not to income statement.

Employee benefits

Provision for employee severance indemnity

The provision for employee severance indemnity, mandatory for Italian companies pursuant to Law No. 297/1982, represents a defined-benefit plan, according to IFRSs, and is based on the working life of employees and on the remuneration earned by an employee over the course of a pre-determined term of service.

The value of employee severance indemnity is calculated by independent actuaries using the projected unit credit method. For first-time adoption of IFRSs, the Astaldi Group decided to enter all accrued actuarial profits and losses (at January 1, 2004), and in current financial years to use the "corridor method," to record actuarial profits and losses, which makes it possible to dilute the effect deriving from the change in certain evaluation parameters over a number of financial years. In compliance with said method, any share of net actuarial profits and losses that at the end of the prior period exceeds 10% of the current value of the obligation or 10% of the fair value of any assets used by the plan at the same date, divided by the remaining working life of the employees, whichever is higher, is entered in the income statement for each financial year.

Cash-settled share-based payments

The Parent Company pays additional benefits to top managers and consultants through cash-settled share-based payments. For these operations, in accordance with the provisions of IFRS 2, both the goods or services acquired and the liabilities undertaken are valued at the fair value of the liability. The fair value is re-calculated at the closing date of each financial statements until the liability is paid up, and on the settlement date, all fair value fluctuations are entered in the income statement.

Provision for risks and charges

The provisions for risks and charges are entered when, at the reference date, there is a current obligation (legal or implicit) resulting from a past event, should a disbursement of resources to fulfil the obligation is likely to be necessary, and a reliable estimate of the obligation can be made.
The amounts allocated are entered at the value representing the best estimate of the amount the company would pay to settle the obligation or to transfer it to third parties at the closing date of the period. If the effect of discounting back the money is significant, the amounts allocated are calculated by discounting back future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting back is performed, the increase in the amount allocated resulting from the spending of time is entered as a financial charge in the income statement.

Revenues other than contracts in progress

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

Contributions

Public contributions are recorded when there is reasonable certainty that they will be received and all the conditions relating thereto are fulfilled. When the contributions are related to cost items, they are recorded as revenues, but are systematically distributed over the years so that they are in proportion to the costs they should offset. Should the contribution be linked to an asset, the fair value is entered as a reduction of the asset. It is underlined that public grants usually refer to project finance operations.

Financial charges

Interest is recorded on accrual basis according to actual interest method, in other words by using the interest rate that makes all the incoming and outgoing flows (including premiums, discounts, commissions, etc.) constituting a given transaction financially equivalent. Financial charges are not capitalized among assets.

Exchange rate profit and loss

Profits and losses on exchange rates are entered among financial income and charges, depending on the kind of operation they refer to. To this respect, unlike the previous year, the Group reclassified exchange rate profit and loss relating to trade items within the operating area of income statement. The reasons for such reclassification are attributable to a better representation of economic items in the financial statements, separating operating items from financial items. In view of the above, the following table shows the amount of reclassification for each relating item, also for comparison purposes.

reclassifications and relating items

(thousands of euros)	31/12/2006	31/12/2005	difference
revenues	3,895	648	3,247
service costs	(1,557)	(51)	(1,505)
cost of personnel	(486)	424	(910)
other operating costs	(131)	(682)	551
net profit (loss) from trade entries	6,069	957	5,112

The entries of 2005 have not been reclassified because not significant

Dividends

Dividends are recorded when shareholders become entitled to receive the payment that normally corresponds to the dividend distribution approved by the Shareholders' Meeting.

The distribution of dividends to shareholders is entered as a liability in the financial statements in the period in which the distribution thereof is approved by the Shareholders' Meeting.

Costs

Costs are entered on an accrual basis and with a view to continuation of the corporate activity of the Group companies.

Profit per share

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

It should be noted that 2005 basic profit per share was calculated by using the Parent Company's profit for the period instead of the profit attributable to the Group and appearing from the financial statements at December 31, 2005. The values shown in the 2005 financial statements have been adjusted to correct such value. The effect of such adjustment is summarized as follows.

details

(euro)	as previously expressed	as adjusted	difference
basic profit per share	0.283	0.331	0.048

Use of estimates

Drafting of the financial statements and notes in compliance with IFRSs requires the Group to make estimates and assumptions affecting the values of assets and liabilities and the information regarding potential assets and liabilities. Such esti-

mates are based on the most recent information available to the top management at the time of drafting these financial statements, the reliability of which is, therefore, unprejudiced.
The estimates are used, *inter alia*, to record amounts allocated for credit risks, contracts in progress, amortisation, depreciation of assets, employee benefits, taxes, other amounts allocated, and provisions. The final results may differ from said estimates. The estimates and assumptions are periodically revised and the effects of each variation are reflected in the income statement in the period when the variation took place.

Information on employee severance indemnity (Finance Act 2007 and implementing decrees)
Effective January 1, 2007, the Finance Act and the relevant implementing decrees have significantly changed the provisions applicable to the employee severance indemnity, among which the employees' choice on the destination of their accruing employee severance indemnity. In particular, employees may select to apply future employee severance indemnity flows to specific pension funds, or they may select to have them kept by the company (in such latter case, the company will pay TFR contributions to a treasury account set up by INPS, the Italian Social Security Institution). At present, interpretation doubts concerning this recently enacted provision, possible differences of interpretation on IAS 19 classification of severance indemnity to be accrued and consequent changes in the actuarial calculations relating to severance indemnity accrued, as well as the impossibility of making estimates on employees' decisions on future severance indemnity (June 30, 2007 being the deadline for each employee's decision thereon) make any assumption of change in actuarial calculation of severance indemnity accrued at December 31, 2007 too early.

New accounting standards and interpretations adopted by the European Union but still not in force
The possible impact on the consolidated financial statements of the new standards and new interpretations in force subsequently to the 31st of December are outlined below:
- IFRS 7 ("Financial instruments: disclosures"): The standard issued in August 2005 will come into force from January 1, 2007. Said standard, adopted by the European Union, includes the section relating to disclosures contained in IAS 32 ("Financial instruments: disclosure and presentation"), even though amended and supplemented; consequently, the title of IAS 32 has been changed into "Financial instruments: Presentation". The Group feels that adoption of IFRS 7 will lead to the inclusion in the notes of a more detailed disclosure regarding financial instruments.
- IAS 1 ("Presentation of financial statements: Capital disclosures"): This standard, issued in August 2005, will come into force from January 1, 2007. Said amendments adopted by the European Union refer to the capital disclosures. The Group feels that said amendment will not affect the consolidated financial statements.

It should also be noted that, amendments to standards and the introduction of new interpretations adopted by the European Union have not affected the Group's financial position, and solely required additional disclosure, if necessary.

Comment on the main income statement and balance-sheet items

1. Revenues: EUR 1,021,121 (EUR 968,898)

Revenues from works globally amounted to EUR 1,021,121, thus showing an increase of approximately 5% in comparison with December 31, 2005. Such increase is mainly due to activities carried out abroad, in particular in those countries which are considered as strategic, such as Venezuela, Algeria and Romania.
The following is a breakdown of the item in question:

breakdown of revenues

(thousands of euros)	2006	2005	difference	%
revenues from sales and services	744,275	751,739	(7,464)	(1,0%)
changes in contracts in progress, semi-finished and finished goods and construction initiatives	857	1,731	(874)	(50,5%)
changes in contracts in progress	275,989	215,427	60,562	28,1%
total	**1,021,121**	**968,897**	**52,224**	**5,4%**

The following table shows revenues, net of the relevant cancellations, divided by geographical area, as well as by line of business, further details of which are provided in the directors' report for 2006, as well as to primary and secondary and secondary disclosure at foot of this note.

revenues by geographical area

(millions of euros)	2006	%	2005	%
italy	383	37.5%	447	46.1%
foreign countries, of which	638	62.5%	522	53.9%
europe	*239*	*23.4%*	*281*	*29.0%*
america	*271*	*26.5%*	*191*	*19.7%*
asia	*7*	*0.7%*	*11*	*1.2%*
africa	*121*	*11.9%*	*39*	*4.0%*
total	**1,021**	**100.0%**	**969**	**100.0%**

revenues by line of business

(millions of euros)	2006	%	2005	%
transport infrastructure	815	79.8%	772	79.7%
hydraulic works and power plants	100	9.8%	79	8.1%
civil and industrial construction	106	10.4%	118	12.2%
total	**1,021**	**100.0%**	**969**	**100.0%**

2. Other operating revenues: EUR 50,819 (EUR 51,833)

Other revenues, totalling EUR 50,819, comprised items not directly related to the Group's production activity, but nevertheless secondary to the core business and of a lasting nature.
The following is a breakdown of the item in question.

breakdown of other operating revenues			
(thousands of euros)	31/12/2006	31/12/2005	difference
revenue from sales of goods	7,545	7,243	302
services provided to third parties	13,774	15,479	(1,705)
sponsorship	2,955	4,717	(1,762)
rentals and leases receivable	2,925	4,193	(1,268)
net gains from transfer of tangible assets	2,122	3,441	(1,319)
gains from disposal of leased assets	21	–	21
other	21,477	16,760	4,717
total	**50,819**	**51,833**	**(1,014)**

The above total shows a global decrease, in comparison with the corresponding period of the previous financial year, by EUR 1,014. Such difference is substantially attributable to the following:

- as to increments, main items refer:
  - for the amount of EUR 302, to revenues from sales of goods;
  - for the amount of EUR 4,717, to application of the provision for contractual risks, for losses and charges already entered in the previous years, mainly in connection with projects in Italy and, only partially, in connection with projects abroad;
- as to decrements, main items refer:
  - for the amount of EUR 1,705, to minor services rendered to third parties mainly in Italy and by permanent organizations located in Romania, Honduras and Turkey;
  - for the amount of EUR 1,762, to minor services rendered by the Parent Company within the framework of joint initiatives under way in Venezuela and in Italy.

3. Costs for raw materials, subsidiary materials and consumables: EUR 240,108 (EUR 194,565)

This item, net of inventories, globally amounted to EUR 240,108, showing a net increase by EUR 45,543 in comparison with the previous year.
The breakdown of purchase costs is as follows:

breakdown of purchase costs			
(thousands of euros)	31/12/2006	31/12/2005	difference
purchase costs	240,678	195,140	45,538
change in inventories of raw materials, subsidiary materials, consumables and goods	(570)	(575)	5
total	**240,108**	**194,565**	**45,543**

The negative EUR 570 variation in inventories, valued on the basis of weighted average cost, refer to the balance of net inventories entered into the production cycle.
The increase in purchase costs of raw materials is to be directly related to the increase in activities carried out directly, especially in Venezuela, Romania, Algeria, Central America, and to start new projects in Italy.

Costs for purchase are shown in the table below according to geographical area.

costs for purchase by geographical area					
(thousands of euro)	2006	%	2005	%	difference
italy	71,214	29.6%	49,889	25.6%	21,326
europe	81,489	33.9%	94,088	48.2%	(12,599)
america	42,042	17.5%	44,089	22.6%	(2,047)
africa	45,572	18.9%	6,505	3.3%	39,067
asia	361	0.2%	570	0.3%	(209)
total	**240,678**	**100.0%**	**195,140**	**100.0%**	**45,538**

4. Service costs: EUR 537,247 (EUR 527,873)

Service costs amounted to EUR 537,247, increasing by EUR 9,374 compared to the previous year.

The breakdown of this item, net of the cost for leased assets which is shown in greater detail in the corresponding table, was as follows:

breakdown of service cost, net of cost of leased assets			
(thousands of euros)	31/12/2006	31/12/2005	difference
consortium costs	59,097	155,008	(95,912)
subcontracts and other services	356,105	258,950	97,155
technical, administrative and legal consulting	54,457	48,080	6,377
remuneration to directors and auditors	2,509	2,147	362
utilities	7,318	5,886	1,432
travels and travel indemnities	2,815	2,228	588
insurances	11,885	19,385	(7,500)
other	20,117	18,145	1,972
total	**514,302**	**509,828**	**4,474**

The most significant decrease, equal to EUR 95,912, referable to consortium costs, was the result of substantial completion of works relating to the New Expo Fair Center in Milan and to the Rome-Naples High Speed Railway executed by Consorzio IRICAV UNO.

The decrease in insurance costs corresponding to EUR 7,500 can be attributed to the lower costs incurred to cover risks resulting from natural events, referred to the Parent Company's permanent establishment in Turkey, as well as to decreased insurance costs incurred in connection with the two lots of the Jonica State Road (SS 106).

The considerable increase in costs for subcontracts equivalent to EUR 97,155 is attributable to increased production activities recorded, especially in Group's strategic areas such as Venezuela, Romania, Algeria, and to the prompt start of new projects in Italy.

Costs for subcontracts and other services are shown in the table below according to geographical area.

costs for subcontracts and other services by geographical area					
(thousands of euros)	2006	%	2005	%	difference
italy	143,585	40.3%	113,033	43.7%	30,552
europe	61,862	17.4%	55,266	21.3%	6,596
america	120,637	33.9%	64,879	25.1%	55,758
africa	25,474	7.2%	16,615	6.4%	8,860
asia	4,546	1.3%	9,156	3.5%	(4,610)
total	**356,105**	**100.0%**	**258,950**	**100.0%**	**97,155**

The costs of leased assets, relating to operating leasing contract, are equal to EUR 22,945 (EUR 18,045 at December 31, 2005) were as follows:

costs of leased assets			
(thousands of euros)	31/12/2006	31/12/2005	difference
rentals and other costs	18,986	15,065	3,921
rent and running expenses	3,545	2,739	806
maintenance costs for leased assets	414	241	173
total	**22,945**	**18,045**	**4,900**

The increase in costs for rentals is mainly attributable to the start of new projects abroad, in particular in Algeria and Romania.

5. Personnel Costs: EUR 165,301 (EUR 146,552)

Personnel costs, equal to EUR 165,301 were as follows:

personnel costs			
(thousands of euros)	31/12/2006	31/12/2005	change
wages and salaries	114,733	100,976	13,757
social security charges	26,952	25,988	964
other costs	18,460	14,829	3,631
other benefits subsequent to employment	3,211	2,919	292
cost of share-based payments	1,945	1,840	105
total	**165,301**	**146,552**	**18,749**

This item increased during the period by EUR 18,749 due to the significant increase in resources consequently to the start of new projects abroad, in particular in Algeria and Venezuela. It should also be noted that the increase in social security charges, which is not directly related to the item “Wages and salaries”, is attributable to various factors. Among those, the fact that to expatriates working in countries with which no agreement in matter of social security has been reached, the provisions of Italian Law No. 398/87 shall apply, according to which the payment of social security contributions is required to be made on the basis of the so-called “conventional” remuneration, thus obtaining a cost for social security charges lower than those which may be obtained for personnel working within the national territory.
The average number of employees during the reference period, according to category, was as follows:

average number of employees

	31/12/2006	31/12/2005
managers	120	111
executives	54	37
clerical workers	1,738	1,462
workers	4,709	4,328

Personnel Costs are shown in the table below according to geographical area.

personnel costs by geographical area

(thousands of euros)	2006	%	2005	%	change
italy	73,987	44.8%	69,376	47.3%	4,610
europe	31,995	19.4%	31,626	21.6%	369
america	42,151	25.5%	34,785	23.7%	7,366
africa	15,770	9.5%	9,671	6.6%	6,099
asia	1,397	0.8%	1,092	0.7%	305
total	**165,301**	**100.0%**	**146,552**	**100.0%**	**18,749**

6. Amortisation, depreciation and write-downs: EUR 29,149 (EUR 32,552)

The item "Amortisation, depreciation and write-downs" was as follows.

breakdown of amortisation, depreciation and write-downs

(thousands of euros)	31/12/2006	31/12/2005	change
intangible amortisation	1,894	3,313	(1,419)
tangible depreciation / depreciation of investment property	27,233	24,951	2,282
bad debts	22	4,287	(4,265)
total	**29,149**	**32,552**	**(3,403)**

The item in question refers to:
- For an amount of EUR 27,233 (EUR 24,951), to depreciation of corporate assets;
- for the amount of EUR 1,894, to intangible fixed assets;
- EUR 22 for value adjustments, by setting up a proper provision, regarding trade receivables, in order to represent their recoverable value.

7. Other operating costs: EUR 22,915 (EUR 41,720)

Other operating costs were as follows:

other operating costs

(thousands of euros)	31/12/2006	31/12/2005	difference
provision for risks and charges	9,489	16,100	(6,611)
other operating costs	13,426	25,620	(12,194)
total	**22,915**	**41,720**	**(18,805)**

The provision for risks and charges, totalling EUR 9,489, represented the setting aside of probable charges to be incurred in relation to activities in progress in Italy and abroad, for which a reliable estimate can be made within the more general policy of valuing contracts on the basis of the "whole life" result.
Other operating costs totalled EUR 13,426, showing a decrease of EUR 12,194 compared to the previous year, and were as follows:

other operating costs

(thousands of euros)	31/12/2006	31/12/2005	difference
contingent and non-existent liabilities for value adjustments	364	5,214	(4,850)
fiscal charges	4,064	3,894	170
other administrative costs	8,998	16,512	(7,514)
total	**13,425**	**25,620**	**(12,194)**

In compliance with the specific accounting standard adopted, contingent and non-existent liabilities for value adjustments included the differences on estimated costs in the previous year, and represented the covering of expenses, losses and charges against revenues and other proceeds that went to form income in other years.
Fiscal charges mainly referred to indirect taxes such as customs charges, stamp duties, local property taxes, government duties and registration taxes incurred in Italy and abroad.
Other administrative costs mainly referred to losses from the sale of capital goods, association contributions, other administrative expenses and losses on accounts receivable.
The decrease compared to the previous year, equal to EUR 7,514, was mainly due to charges entered by the Parent company's permanent organization in Turkey in 2005, which are likely not to recur, connected with the Employer's non-payment of accounts receivable for already completed works, in connection with which the Parent company already activated to start an arbitral procedure to protect its own rights.

8. Capitalisation of internal construction costs EUR 1,045 (EUR 457)

The increase in fixed assets for internal construction, referring to project finance initiatives, equalled EUR 1,045 and referred to the costs capitalised over the year in question by the subsidiary Partenopea Finanza di Progetto S.p.A. for the amount of EUR 934 as part of the Ospedale del Mare project in Naples. While EUR 111 are attributable to capitalisation by the Parent company in relation to the construction of utility pipelines in the municipality of Cologno Monzese.

9. Financial income EUR 49,194 (EUR 33,488)

Financial income totalled EUR 49,194 and also included revaluations totalling EUR 1,154 that are commented on together with write-downs for reasons of better comparability.
Financial income, equal to EUR 48,039, showed an increase of EUR 14,948 compared to the same period of 2005. A breakdown of the item, together with a comparison with the previous year, can be found below.

breakdown of financial income

(thousands of euros)	31/12/2006	31/12/2005	difference
income from subsidiaries	–	72	(72)
income from associates	–	432	(432)
income from financial transactions with credit institutes	2,524	2,331	193
commissions on guarantees	648	531	117
exchange rate profit	31,793	22,826	8,967
financial income from derivatives	1,388	602	786
other financial income	11,686	6,297	5,389
total	**48,039**	**33,091**	**14,948**

Income from transactions with credit institutes mainly referred to bank current account interest and interests on securities.

Profits recorded with regard to the fluctuation in exchange rates of the various currencies the Group operates in, equal to EUR 31,793, offset charges of the same nature totalling EUR 8,394 thus highlighting the effects of the currency control policy implemented by the Group. The significant difference in individual absolute values, compared to the same period of the previous year, is the consequence of the physiological trend in exchange rates.

As regards other financial income, it is useful to point out that the decrease noted when compared to the same period of 2005, can be attributed to the entry in the current year of interests receivable in relation to the arbitration award regarding construction of the Zagreb-Goriçan motorway in Croatia, that have already been allocated in the depreciation of financial assets.

As far as income from derivatives is concerned, it should be noted that in compliance with the provisions of IAS 39, the Group recorded income totalling EUR 1,388 during the year which referred, for an amount of EUR 95, to hedging transactions on the interest and exchange rate risks and, for EUR 1,292 to ineffective hedging operations.

10. Financial charges: EUR 72,119 (EUR 60,947)

Financial charges entered in the financial statements totalling EUR 72,119 also included write-downs for EUR 9,233 which are commented on together with revaluations, for better comparability purposes.

Financial charges amounted to EUR 62,886, increasing by EUR 7,998 compared to the previous year. A breakdown of this item is shown in the table below.

breakdown of financial charges

(thousands of euros)	31/12/2006	31/12/2005	difference
interests on debenture loan	–	1,031	(1,031)
commissions on guarantees	8,034	6,685	1,349
income from financial transactions with credit institutes	28,589	21,103	7,486
exchange rate loss	8,394	15,580	(7,186)
financial charges from derivatives	252	173	79
financial charges on leasing agreements	1,258	–	1,258
other financial charges	16,359	10,316	6,043
total	**62,886**	**54,888**	**7,998**

Specifically, charges from financial transactions with credit institutes mainly referred to interest payable on bank loans for the amount of EUR 22,640 and current account interest payable for the amount of EUR 4,605, while the remaining amount referred to accrued charges owed to said institutes.
Exchange rate losses totalling EUR 8,394 are to be directly related to profits of the same nature as detailed above.
Other financial charges include the costs of factoring operations carried out during the period in connection with which the assets assigned were cancelled from the financial statements, in compliance with IAS 39.
As regards charges on derivatives, it must be noted that in compliance with the provisions of IAS 39, the Group recorded over the year charges totalling EUR 48 referred to hedging transactions and EUR 204 to ineffective hedging transactions.
Write-downs and revaluations of financial assets are entered in the income statement among financial charges and income, respectively. They showed a negative balance of EUR 8,079 (EUR 5,662) as follows.

write-downs and revaluations of financial assets

(thousands of euros)	31/12/2006	31/12/2005	difference
revaluation of securities	1,154	397	757
write-downs of equity investments	(188)	(689)	501
write-downs of securities and bad debts	(9,045)	(5,369)	(3,675)
total	**(8,079)**	**(5,662)**	**(2,417)**

The negative difference of EUR 2,417 can be mainly attributed to the change in the amount entered for “write-down of securities and bad debts” from EUR 5,369 in 2005 to EUR 9,045 in 2006. Said item included the provision of EUR 8,485 to protect interest recognised to the Parent company following definition of the arbitration award regarding motorway construction in Croatia.
Revaluation of securities for EUR 1,154 referred to the valuation at fair value of securities entered in financial statements in compliance with IAS 39.

11. Effects of valuation of equity investments using the equity method: EUR 5,470 (EUR 4,117)

The effects of valuation of investments using the equity method showed a positive balance of EUR 5,470. The composition and comparison with the previous business year are shown in the table below.

effects of valuation of equity investments using the net equity method

(thousands of euros)	31/12/2006	31/12/2005	difference
write-up of equity investments			
Consorcio Metro Los Teques	4,789	4,083	706
Astaldi Ferrocemento J.V.	2,901	3	2,898
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	788	10	778
M.N. Metropolitana di Napoli S.p.A.	573	286	287
other of a lower amount	90	505	(415)
total write-ups	**9,141**	**4,887**	**4,254**
write-downs of equity investments			
Copenhagen Metro Construction Group J.V. (COMET)	(1,390)	(400)	(990)
Alosa Immobiliare S.p.A. in liquidation	(968)	(70)	(898)
Consorcio Contuy Medio	(363)	–	(363)
Metro 5 S.p.A.	(233)	–	(233)
Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A.	(223)	(16)	(207)
SO.GE.DEP. S.r.l. in liquidation	(178)	–	(178)
Monte Vesuvio S.c.a.r.l. in liquidation	(163)	–	(163)
other of a lower amount	(153)	(286)	133
total write-downs	**(3,671)**	**(772)**	**(2,899)**
total effects of valuation of equity investments using the net equity method	**5,470**	**4,115**	**1,355**

12. Income taxes: EUR 29,984 (EUR 22,734)

The total amount of the taxes for the period, referred to the Parent company and companies included in the area of consolidation, is equal to EUR 29,984.

The increased tax rate (49.31% compared to 41.65% in 2005) is mainly to be attributed to non-deductible charges, to the reduced level of tax-exempt revenues compared with 2005, and to current and deferred taxes of foreign companies.

Current taxes, equal to EUR 28,508, are valued on the basis of objective elements measured at the reference date. Fiscal charges for 2006 totalled EUR 29,984, of which EUR 1,476 resulting from calculation of deferred taxes.

The following table shows reconciliation with the income statement of current and deferred taxes at December 31, 2006 and at December 31, 2005.

reconciliation of current and deferred taxes for 2005 and 2006

(thousands of euros)	31/12/2006	31/12/2005	difference
current taxes (ires)	23,853	15,542	8,311
deferred taxes (ires)	1,352	2,988	(1,636)
current taxes (irap)	4,655	3,634	1,021
deferred taxes (irap)	124	569	(445)
total	**29,984**	**22,733**	**7,251**

The Group's *residual receivable for prepaid taxes* amounts to EUR 12,247.

The following is a summary of deferred taxes at December 31, 2006 compared to December 31, 2005.

summary of deferred taxes

(thousands of euros)

balance-sheet	2006 ires	2006 irap	2005 ires	2005 irap
a) deferred tax assets from:	**29,518**	**1,036**	**20,291**	**891**
– taxed provisions for risks	13,810	821	9,220	570
– provisions for risks according to ias	3,184	198	3,184	198
– taxed provisions for delay interests risks	7,282	–	4,340	–
– currency translation differences	1,145	–	1,852	–
– charges on share-based payments	–	–	627	–
– financial charges on export credit	–	–	–	–
– tax losses	3,944	–	–	–
– employee severance indemnity	(180)	–	–	–
– other	333	17	1,068	123
b) deferred tax liabilities from:	**(17,244)**	**(1,360)**	**(16,033)**	**(1,256)**
– financial leasing	(3,078)	(396)	(2,090)	(269)
– property entered at fair value in lieu of cost	(4,554)	(586)	(4,905)	(631)
– deducted provisions for contract risks	(4,675)	(377)	(4,675)	(356)
– delay interests receivable	(4,363)	–	(4,363)	–
– cash flow hedge reserve	(574)	–	–	–
c) net deferred tax assets/(liabilities) (a) – (b)	**12,274**	**(323)**	**4,258**	**(365)**
d) deferred taxes for the period entered in income statement	**3,051**	**(124)**	**(3,529)**	**(569)**

Taxes entered directly in net equity totalled EUR 695 and referred to the following:

- taxes on items entered directly in equity:
  - deferred taxes on net losses related to cash flow hedge transactions (EUR 499);
  - current taxes on gains from sale of treasury shares (EUR 196).

The reconciliation, exclusively to the purpose of IRES tax, between (current and deferred) taxes recorded and those expected as resulting by subjecting profit before income taxes to the tax rate (corresponding to 33% in 2006 and 2005) in force for financial years ended December 31, 2006 and 2005 , is as follows:

reconciliation, to the purpose of ires tax, between entered an expected taxes

(thousands of euros)	2006	%	2005	%
profit before income taxes	60,810		54,585	
expected income taxes	20,067	33,0%	18,013	33,0%
tax effects of permanent increases	5,830	9,6%	5,478	10,0%
tax effects of permanent reductions	(4,567)	(7,5)%	(4,459)	(8,2)%
taxes of previous years	605	1,0%	21	0,0%
net effect of current and deferred taxes of foreign companies	3,591	5,9%	–	0,0%
taxes entered directly in equity	(196)	(0,3)%	(247)	(0,5)%
current and deferred taxes (irap)	4,655	7,7%	3,928	7,2%
(current and deferred) taxes on income entered in financial statements	29,984	49,3%	22,734	41,6%

3. Profit per share

The basic profit per share was calculated at EUR 0.3082. A table summarising the calculation methods is shown below.

summary of profit-per-share calculation method	december 31, 2006	december 31, 2005
numerator		
profit/(loss) attributable to holders of parent company's common shares for current operations	30,091	32,479
profit/(loss) attributable to holders of parent company's common shares for discontinued operations	–	–
profit attributable to holders of parent company's common shares	30,091	32,479
denominator (in units)		
weighted average number of shares (all common shares)	98,424,900	98,424,900
weighted average number of treasury shares	(783,578)	(451,267)
weighted average of shares for calculating basic profit per share	97,641,322	97,973,633
basic profit/(loss) per share from current operations	0.3082	0.3315
basic profit/(loss) per share from discontinued operations	–	–
	0.3082	**0.3315**

In the absence of shares subject to option, diluted profit per share is the same as the basic earnings.

It should also be noted that the free share capital increase did not affect the number of outstanding shares in 2006.

Paid and proposed dividends: EUR 8,324

Dividends totalling EUR 8,324, (EUR 7,375 in 2005) were paid during 2006.

The dividend resolved by the Shareholders' Meeting of April 28, 2006, of EUR 0.085 per share, was paid with ex-dividend date May 8, 2006.

The number of shares benefiting from said dividend was 97,924,900 out of a total of 98,424,900 and net of treasury shares, equal to EUR 500,000.

The distribution of dividends on 2006 profit is explained in closer detail in the Management Report.

14. Property, plant and machinery: EUR 192,999 (EUR 129,095)

The accounting methods adopted, and the estimation of useful life of property, plant and machinery, are described in the section referring to accounting standards used.

The value of the property, plant and machinery amounted to EUR 192,999 at December 31, 2006.

The main changes occurred during the year refer to new investments made, in particular in Algeria, Romania and Venezuela, as well as to the normal asset renewal process.

The most important changes are shown in the table below.

changes occurred in property, plant and machinery

(thousands of euros)	lands and buildings	specific and general plants	excavators, loaders and vehicles	various equipment and machinery	fixed assets in progress and advances	total
value at dec. 31, 2005, net of depreciation[1]	**40,913**	**37,471**	**25,224**	**14,302**	**11,185**	**129,095**
increases from acquisitions	134	29,736	25,248	14,769	31,342	101,229
	41,047	**67,207**	**50,472**	**29,071**	**42,527**	**230,324**
depreciations	(910)	(8,658)	(12,143)	(5,516)		(27,227)
other disposals	(262)	(8,203)	(440)	(457)	(1)	(9,363)
reclassifications and transfers	–	(915)	611	38	478	212
currency translation differences	(333)	(227)	(331)	(8)	–	(899)
other movements	–	(79)	(55)	12	74	(48)
value at dec. 31, 2006, net of depreciation[2]	**39,542**	**49,125**	**38,114**	**23,140**	**43,078**	**192,999**
[1] of which						
– cost	42,946	73,564	67,101	34,187	11,185	228,983
provision for depreciation	(2,032)	(36,094)	(41,877)	(19,885)	–	(99,888)
net value	40,914	37,470	25,224	14,302	11,185	129,095
[2] *of which*						
– cost	42,382	81,366	85,934	45,179	43,077	297,939
– provision for depreciation	(2,840)	(32,241)	(47,820)	(22,039)	–	(104,940)
net value	**39,542**	**49,125**	**38,115**	**23,140**	**43,077**	**192,999**

The value of the property, plant and machinery included leased assets totalled EUR 63,166. To this respect, said amount includes leased buildings totalling EUR 20,080 the estimated useful life ranges from 20 to 33, and leased appurtenant land totalling EUR 9,628 not subject to depreciation, but only to possible impairment. A breakdown of the leased assets is shown in the table below:

leased assets

(thousands of euros)	lands and buildings	general and specific plants	excavators, loaders and vehicles	various equipment and machinery	total
value at dec. 31, 2006, net of depreciation	29,708	20,907	9,487	3,065	63,166
of which					
– cost	31,688	26,565	15,817	4,581	78,651
– provision for depreciation	(1,980)	(5,658)	(6,331)	(1,517)	(15,485)

This item includes fixed assets in progress equivalent to EUR 43,077, including costs for raw materials and cost of labour and freely transferable assets for an amount of EUR 2,466, the concession conditions of which are described in accounting standards disclosure.
Lastly, it must be noted that the gross book value of property, plant and machinery, completely depreciated and still in use amounted to EUR 40,236.

15. Investment property: EUR 198 (EUR 204)

Investment property, equalling EUR 198 were subject to a decrease due the normal depreciation process.

In connection with the indication concerning the measurement of fair value, it should be noted that since the indications were not fully reliable and due to the scarce significance of the investment in question, it is deemed advisable neither stating a precise measurement of the same, nor a range of values within which the measurement of fair value should be included.

investment property

(thousands of euros)

value at dec. 31, 2005, net of depreciation(1)	**204**
increments	
depreciation	(6)
value at dec. 31, 2006, net of depreciation[2]	**198**
[1] *of which*	
– cost	204
net value	204
[2] *of which*	
– cost	204
– provision for depreciation	(6)
net value	198

16. Intangible assets: EUR 3,795 (EUR 4,977)

Intangible assets mentioned below have an estimated final useful life ranging between 5 and 10 years and are systematically depreciated.

The balance of intangible assets is mainly represented by the value of contractual rights acquired with reference to contracts in progress in Italy and abroad. The item in question has undergone a EUR 1,182 decrease in comparison with December 31, 2005. Closer detail is shown in the below table.

intangible assets

(thousands of euros)	right to use intellectual property rights	concessions, licences, trademarks and rights	total
value at dec. 31, 2006, net of depreciation[1]	**1,123**	**3,854**	**4,977**
increments			
– from acquisitions	678	–	678
	1,801	*3,854*	*5,654*
depreciation	(594)	(1,301)	(1,894)
disposals	(10)	–	(10)
currency translation differences	(7)	52	45
value at dec. 31, 2006, net of depreciation[2]	**1,191**	**2,604**	**3,795**
[1] *of which*			
– cost	2,980	8,055	11,035
– provision for depreciation	(1,856)	(4,202)	(6,058)
net value	**1,123**	**3,854**	**4,977**
[2] *of which*			
– cost	3,645	8,035	11,680
– provision for depreciation	(2,454)	(5,431)	(7,885)
net value	**1,191**	**2,604**	**3,795**

It is further specified that this category includes neither intangible assets which have been wholly depreciated and are still in use, nor leased assets.

17. Equity Investments: EUR 96,492 (EUR 34,430)

Equity investments, equal to EUR 96,492, increased by EUR 62,062.
A breakdown of the item is shown below.

equity investments

(thousands of euros)	31/12/2006	31/12/2005	difference
equity investments valued using the net equity method	93,513	31,511	62,002
equity investments valued at cost	2,979	2,919	59
total	**96,492**	**34,430**	**62,062**

The value of equity investments valued by the net equity method, totalling EUR 93,513, (EUR 31,511 at December 31, 2005) referred to investments in associated companies and joint ventures.
Please see the table attached to these notes for a summary of the main financial statement figures of associated companies and joint ventures including total assets, liabilities, revenues and results for the period.
The table below shows the value of the most significant equity investments.

most significant equity investments

(thousands of euros)

company	value at 31/12/2006	value at 31/12/2005	difference
Metro C S.p.A.	51,755	–	51,755
S.E.I.S. S.p.A.	14,921	14,896	25
Veneta Sanitaria Finanza di Progetto – V.S.F.P. S.p.A.	6,758	6,986	(228)
Metro 5 S.p.A.	5,592	–	5,592
Consorcio Metro Los Teques	3,653	2,106	1,547
Transeuropska Autocesta d.o.o	3,197	3,178	19
M.N. Metropolitana di Napoli S.p.A.	2,282	1,709	573

The value of the non-current equity investments entered in financial statements at cost amounted to EUR 2,979, largely in line with the previous financial year (EUR 2,919), and amounted to EUR 7, net of the provision for depreciation.
These are mainly consortium companies for which calculation and entry at fair value was not significant, even through valuation techniques.

18. Financial assets

Non-current financial assets: EUR 11,957 (EUR 18,562)

Non-current financial assets totalling EUR 11,957 showed a EUR 6,605 decrease. This item referred to receivables from associate companies and other companies. Said receivables mainly referred to support of a financial nature, lent by the Parent company to support works in progress, chiefly abroad, as well as loans granted to companies in liquidation.
The balance includes the financial receivable totalling EUR 911 owed to the Parent

company by Emilia Romagna's regional authority (pursuant to the Tognoli law).
The decrease in comparison with the previous year attributable partly to the financial arrangement of the existing relationships with the equity investment COMET J.V., as well as to the change in the area of consolidation.
Moreover, it should be noted that the items relating to the previous year have been reclassified for a better presentation of data.
For a breakdown of the item in question, please refer to the table regarding related parties, attached to these notes.

Current financial assets EUR 40,046 (EUR 14,665)
Current financial assets totalling EUR 40,046 showed a EUR 25,381 net decrease. Current financial assets includes portfolio securities, derivatives and the short-term quota of financial receivables.
The valuation of current financial assets, at the exception of receivables, is made at fair value, which mostly represents the quotation of regulated markets. The economic effects of valuation at fair value were entered in the income statement under "revaluation of securities", included among financial income.
The balance of financial receivables totalling EUR 21,062 is made up of the financial receivable amounting to EUR 911 owed to the Parent company by Emilia Romagna regional authorities (pursuant to Tognoli law), and of the receivable amounting to EUR 20,151 owed to the subsidiary company Partenopea Finanza Progetto S.p.A. by A.S.L. NA1 by virtue of art. 19, § 2, of Law No. 109/94 (the so-called Merloni Law) accrued and outstanding.
The balance of securities portfolio, totalling EUR 13,828, net of a provision for depreciation of EUR 471, is substantially homogeneous in terms of value and composition compared to previous year portfolio.
As far as derivatives are concerned, totalling EUR 5,155; the point entitled *Financial risk management* subsequent to these notes should be referred to for their nature and composition.

19. Other assets

The balance of other non-current assets, equal to EUR 13,443 (EUR 15,763), showed a decrease of EUR 2,320 compared to December 31, 2005, while other current assets, equal to EUR 188,094 (EUR 149,472), showed an increase of EUR 38,619 compared to 2005.

other assets

(thousands of euros)	31/12/2006	31/12/2005	difference
other non-current assets			
financial receivables	5	25	(20)
tax receivables	2,698	7,851	(5,153)
other assets	10,740	7,887	2,853
total other non-current assets	**13,443**	**15,763**	**(2,320)**
other current assets			
receivables from associates	38,563	18,760	19,803
receivables from other companies	1,211	486	724
other assets	155,426	138,118	17,308
provision for bad debts	(7,106)	(7,889)	783
total other current assets	**188,094**	**149,475**	**38,619**

"Other non-current assets" include:

– tax receivables mainly referred to tax refunds requested to financial administrations for direct taxes (EUR 2,471) and indirect taxes (EUR 176); said item during 2006 showed a net decrease of EUR 5,143 almost entirely referred to the collection of the VAT receivable the reimbursement of which was requested during the previous year by the permanent organization in Turkey;
– other assets mainly referred to receivables for advances to suppliers and subcontractors (EUR 922), guarantee deposits (EUR 1,897), prepaid expenses for insurance (EUR 7,114) and other deferred liabilities for commissions on guarantees (EUR 592).

"Other current assets" include:

– Receivables from associated companies, equal to EUR 38,563, and other equity investments, equal to EUR 1,211. For a breakdown of the receivables in question, please refer to the table attached to these notes regarding related parties;
– other assets totalling EUR 155,426, mainly referred to receivables for advances to suppliers and subcontractors (EUR 131,610), other accounts receivable for the transfer of goods and services (services to subcontractors, transfer of equipment and goods) (EUR 6,419), social security receivables (EUR 851), loans to employees (EUR 1,018), accrued income and prepaid expenses (EUR 8,040) as well as other receivables (EUR 382). At December 31, 2005, the item included the amount of EUR 33,475 relating to the difference between the nominal value of receivables assigned to factoring companies before December 31, 2003 and the considerations collected; the residual amount of EUR 21,658 as at December 31, 2006 is classified as payables to employers.

20. Inventories: EUR 51,600 (EUR 44,702)

The breakdown of inventories was as follows.

inventories

(thousands of euros)	31/12/2006	31/12/2005	difference
raw materials, subsidiary materials and consumables	35,218	35,187	31
contracts in progress and semi-finished goods	4,263	3,405	857
finished products and goods	40	69	(29)
goods and materials in transit	12,079	6,042	6,038
total	**51,600**	**44,702**	**6,898**

The net increase compared to the previous year amounted to EUR 6,898. The most significant items constituting the total net variation can be attributed to:

- increase in products in progress and semi-finished products of EUR 857, referring to construction works of the car park Piazza della Cittadella in Verona;
- increase of EUR 6,038 in goods and materials in transit, mainly relating to the parent company's permanent establishments in Algeria and Costa Rica.

The breakdown of inventories by geographical area was as follows.

breakdown of inventories by geographical area					
(thousands of euros)	2006	%	2005	%	difference
italy	10,184	19.7%	7,983	17.9%	2,201
europe	13,322	25.8%	20,771	46.5%	(7,450)
america	12,241	23.7%	11,391	25.5%	849
africa	15,853	30.7%	4,557	10.2%	11,297
asia	–	0.0%	–	0.0%	–
total	**51,600**	**100.0%**	**44,702**	**100.0%**	**6,898**

21. Receivables from and Payables to Employers

Receivables from Employers, entered in accordance with the percentage of completion and net of actual or estimated losses at the reference date and of invoices issued according to work progress reports, showed a positive balance of EUR 397,712 and a negative balance of EUR 209,324 ("Payables to Employers"). A breakdown of this item is shown in the below table, by separating the amounts entered in assets from those entered in liabilities.

receivables from and payables to employers			
(thousands of euros)	31/12/2006	31/12/2005	difference
contracts in progress	1,005,908	797,013	208,896
depreciation fund for losses to completion	(15,872)	(5,503)	(10,369)
contracts in progress	990,036	791,509	198,527
advances from employers	(592,324)	(477,126)	(115,198)
receivables from employers	397,712	314,383	83,329
contracts in progress	36,454	35,524	930
advances from employers	(245,778)	(152,513)	(93,265)
payables to employers	(209,324)	(116,989)	(92,335)

The increase in contracts in progress in comparison with the previous year is mainly attributable to the start of new projects in Italy and abroad, in particular in Algeria, Romania and Venezuela.

For the sake of completeness, it is underlined that, in comparison with 2005, during the period being examined the amount of contract advances was entered in liabilities, in compliance with the accounting standards. Therefore, to such respect, the specific items relating to 2005 have been reclassified.

The value of retention money for contracts in progress totalled EUR 20,146, while contract advances (included in the item "Advances from Employers") amounted to EUR 201,290.

22. Trade receivables: EUR 437,877 (EUR 384,085)

Trade receivables were as follows.

breakdown of trade receivables			
(thousands of euros)	31/12/2006	31/12/2005	difference
accounts receivable from employers	448,148	381,584	66,565
accounts receivable from associated companies	29,370	33,847	(4,477)
accounts receivable from parent companies	6	36	(30)
accounts receivable from other equity investment	413	1,378	965
provisions for bad debts	(40,060)	(32,760)	(7,300)
total	**437,877**	**384,085**	**53,793**

The increase in absolute value of EUR 53,793, including the variation in the provision for bad debts and delay interests entered to directly reduce accounts receivable from employers, compared to the previous year, is represented by the following differences:

– Increase by EUR 66,565, of which: EUR 43,425 referred to accounts receivable from employers for activities in Algeria, Venezuela and Romania; EUR 13,009 consequently to the activity carried out by Italstrade; approximately EUR 10,131 for activities carried out in Italy;
– net decrease of EUR 5,472 referred to receivables from parent companies and subsidiary companies, associated companies and other Group's companies: for a more detailed analysis, please refer to the table of relations with related parties attached to these notes;
– net decrease of EUR 7,300 referred to the provision for bad debts.

The following table shows trade receivables according to geographical area, net of the relevant provision for bad debts.

trade receivables according to geographical area, net of the relevant provision for bad debts

(thousands of euros)	2006	%	2005	%	difference
italy	165,627	37.8%	157,172	40.9%	8,455
europe	127,115	29.0%	119,716	31.2%	7,399
america	57,476	13.1%	44,147	11.5%	13,329
africa	83,467	19.1%	59,762	15.6%	23,705
asia	4,192	1.0%	3,287	0.9%	904
total	**437,877**	**100.0%**	**384,085**	**100.0%**	**53,793**

Provisions for bad debts – trade receivables and other receivables

The provision for bad debts, deriving from a breakdown of receivables, and the provision for delay interest, were affected by following movements during the year.

movements in provision for bad debts and provision for delay interests

(thousands of euros)	31/12/2005	provisions	applications	absorption	currency translation differences	31/12/2006
accounts receivable from employers						
– provision for bad debts	(15,380)	(22)	1,118	125	413	(13,746)
– provisions for delay interests	(17,380)	(9,030)	96	–	–	(26,314)
other current assets:						
– provision for bad debts	(7,889)	–	–	–	783	(7,106)
total	**(40,649)**	**(9,052)**	**1,214**	**125**	**1,196**	**(47,166)**

23. Tax receivables: EUR 73,275 (EUR 58,932)

The value of tax receivables increased by EUR 14,343 over the year and mainly refers to:

receivables for direct taxes on income, totalling EUR 24,780, net of the provision for bad debts of EUR 198;receivables for indirect VAT taxes totalling EUR 48,496, referring to contracts in progress in Italy and abroad, which will be absorbed by progressive invoicing of works in progress.

24. Cash and cash equivalents

Cash and cash equivalents whose absolute value increased by EUR 62,205, comprised the following.

cash and cash equivalents

(thousands of euros)	31/12/2006	31/12/2005	difference
bank and post office deposits	236,972	174,965	62,007
cash on hand	651	453	198
total	**237,623**	**175,418**	**62,205**

Cash and cash equivalents consisted of bank deposits having no restriction of use totalling EUR 236,972 and cash on hand totalling EUR 652.

The items were affected by following variations:

- a decrease of EUR 62,007 in bank and post office deposits;
- an increase of EUR 198 in cash on hand;

The geographical breakdown of cash and cash equivalents was as follows.

breakdown of cash and cash equivalents by geographical area

(thousands of euros)	31/12/2006	31/12/2005	difference
Italy	161,490	135,365	26,125
United states	24,113	16,098	8,015
Romania	6,941	8,584	(1,643)
Venezuela	9,741	4,828	4,913
Algeria	21,466	3,209	18,257
other	13,872	7,334	6,538
total	**237,623**	**175,418**	**62,205**

25. Share capital and reserves: EUR 249,577 (EUR 224,592)

The share capital, subscribed and fully paid up, is represented by 98,424,900 common shares of a nominal value of EUR 2 each. In fact, to this respect, it should be noted that, during 2006, it was resolved to effect a free share capital increase by doubling the nominal value of the shares through the full application of the share premium reserve, as well as through a partial application of the extraordinary reserve by an amount of EUR 30,589. Treasury shares, whose nominal value was EUR 1,458 at the reference date hereof, were entered to directly reduce the share capital. The number of shares held and purchased on regulated markets, at the end of the year being examined, equalled 729,253, which, in comparison to 2005, decreased by 332,311 shares, as a consequence of buy-back operations globally carried out in 2006. Moreover, it should be noted that all shares are free from encumbrances and there is not any ongoing share capital increase subject to preemptive rights.

At December 31, 2006, according to the Shareholders' ledger, supplemented with the notices received pursuant to Article 120 of Legislative Decree No. 58/1998 and other available information, the direct shareholders holding more than 2% of the company's share capital fully paid up and represented by shares with voting rights, were as shown in the following table.

direct shareholders holding more than 2% of the share capital	number of shares	shareholding %
Fin.Ast S.r.l.	38,605,109	39.223%
Finetupar International S.A.	12,327,967	12.525%
Pictet Asset Management Limited	2,228,738	2.264%
total	**53,161,814**	**54.013%**

Other reserves totalling EUR 54,187 were as follows:

- "Legal reserve": EUR 10,767;
- "Extraordinary reserve": EUR 43,476;
- "Profits carried forward": EUR 18,931
- "Other reserves": EUR (18,987).

The movements in share capital and reserves are detailed in the "Net equity movements" table.

Nature, purpose and composition of reserves

Legal reserve

The legal reserve amounted to EUR 10,767 (EUR 9,383 in 2005) and was set up in accordance with the provisions of Article 2430 of the Italian Civil Code.

Extraordinary reserve

The extraordinary reserve amounted to EUR 43,476 (EUR 54,230 in 2005) and was credited or charged in accordance with resolutions passed by the Shareholders' Meeting.

The net decrease of EUR (10,754) occurred during the period, derives from the application of the reserve by an amount of EUR 30,589 to the free share capital increase, as well as from the allocation of 2005 profit by an amount of EUR 17,560, from the positive variation in treasury shares by the amount of EUR 2,371, as well as other negative variations of a residual value of EUR 96.

It is underlined, pursuant to Article 2357-ter of the Italian Civil Code, that the value of the non-available reserve amounting to EUR 3,824, is constituted of the amount of EUR 1,458 entered as direct reduction of share capital, and EUR 2,366 as a reduction of extraordinary reserve.

Profit (loss) carried forward

This item totalled EUR 18,931 and included the economic effects deriving from the application of IFRSs, from consolidation of equity investments, and from application of the net equity method to value associated companies and joint ventures, as well as the profits still available to shareholders of the Group's single companies.

Other reserves

This item showed a negative value of EUR 18,987. It represents an item intended to adjust net equity and included the following:

1. the effects globally determined during first-time adoption of the international accounting standards (01/01/2004 – 01/01/2005 for IAS 32/39) amounting to a negative value of EUR 2,119;

2. the effects resulting from conversion of the financial statements of foreign permanent establishments abroad as well as other equity investments, which showed a negative value of EUR 23,565 at the date of transition to IFRSs;
3. exchange rate differences resulting from the translation of the financial statements of foreign subsidiaries, which showed a negative value of EUR 5,517;
4. consolidation reserve of EUR 9,238;
5. other reserves of a residual value, totalling EUR 857, the variation in which is mainly attributable to cash-flow hedge reserve.

26. Financial liabilities

The balance of non-current financial liabilities showed a EUR 77,563 increase compared to December 31, 2005 (EUR 262,234), while the variation in current liabilities showed a decrease of EUR 11,436 (EUR 212,756). Items are detailed as follows.

financial liabilities

(thousands of euros)	31/12/2006	31/12/2005	difference
non-current financial liabilities			
amounts owed to banks	310,532	240,179	70,353
non-current quota of loans	3,465	5,191	(1,726)
financial payables leasing	25,202	16,266	8,936
financial payables to associated companies	597	597	–
total	**339,797**	**262,234**	**77,563**
current financial liabilities			
amounts owed to banks	210,095	203,248	6,847
current quota of loans	1,050	1,024	25
amounts owed to other lenders	908	3,614	(2,706)
financial payables leasing	12,139	4,870	7,268
total	**224,192**	**212,756**	**11,436**

The main characteristics, including covenants, of loan agreements in force are as follows.

1. EUR 100,000 loan agreement between the parent company Astaldi S.p.A. (borrower) and Banca Popolare di Milano S.p.A. (leader of a pool of lending banks) with the following characteristics:
   - disbursement date: April 22, 2005;
   - *duration:* 48 months from disbursement date;
   - *Repayment:* 13 fixed capital payments, equal to 1/14 of the loan, for the first 12 instalments. The first instalment is paid on the due date of the 12th month following the disbursement date, corresponding to the quarterly due dates of the interest periods. The last instalment will be paid 48 months subsequent to the disbursement date, i.e. on the same date of the loan expiry date and will be equal to 2/14 of the loan.
   - *Interest rate:* the applicable rate will be equal to the three-month EURIBOR rate, variable in relation to the reference quarter, calculated on an annual basis of 360 days, plus a 1.25% spread;
   - *Actual interest rate:* the actual interest rate applicable is 5.5444%;

- *Interest period:* the interest period will have a deferred three-month duration as from the disbursement date.

The covenants relating to the above loan are the following:

- ratio between net financial indebtedness and Group's net equity less than or equal to 1.3;
- Ratio between operating income and net financial charges greater than or equal to 1.5
- ratio between net financial indebtedness and EBITDA less than or equal to 3.5;
- net equity greater than or equal to EUR 180,000.

It should be noted that non-compliance with the above covenants results in revocation of the loan.

2. On April 20, 2006, the Group entered into a EUR 200,000 long-term multi-tranche loan, arranged and subscribed by MCC – Capitalia Group and The Royal Bank of Scotland. The loan, which is not secured by any real guarantee, but solely provides compliance with financial statements parameters (the so-called financial covenants), may be repaid in a lump sum upon due date after 5 years from subscription, and provides a double option of annual extension (thus, with an assumption of a global duration of 7 years after subscription). The interest payable is equal to EURIBOR increased by a spread that, for the first year, is of 1.25%, and is adjusted on an yearly basis within the range 0.75-1,50%, based on the parameter NFP/EBITDA. The relevant actual interest rate, as at December 31, 2006, is 5.2516%; At the time of drafting these notes, loan disbursements totalled EUR 165,000, of which EUR 80,000 were allocated to the early repayment of a loan subscribed in 2004 for an original amount of EUR 100,000, granted by MCC S.p.A. (as agent) and San Paolo IMI and Efibanca (as lenders), EUR 21,428 were allocated to the early repayment of a loan for an original amount of EUR 60,000, granted by Unicredit Banca d'Impresa (as agent of a pool of lending banks) and the remaining part was used to meet Group's general needs, particularly in connection with the equity of special purposes vehicles.

   On July 18, 2006, consequently to the satisfying syndication of said loan on the bank market, the amount of the same was increased to EUR 325,000, while preserving terms and conditions unchanged.

   The covenants relating to the above-mentioned loan are the following:

   - ratio between net financial position and Group's net equity less than or equal to 1.3 at year end, and less than or equal to 1.5 at half-year end;
   - ratio between net financial position and EBITDA less than or equal to 3.0 at year end, and less than or equal to 3.25 at half-year end (by applying EBITDA calculated on an annual basis);

It should be noted that non-compliance with the above covenants results in revocation of the loan.

Finally, it is worthy noticing that, on November 30, 2006, the Company entered into a facility agreement for a global amount of EUR 175,000, arranged by MCC – Capitalia Group and The Royal Bank of Scotland, in the capacity as mandated lead arrangers of a pool of banks (within which MCC – Capitalia Group acts as agent bank), for the issue of guarantees of a total duration of seven years to support the Group's business initiatives in Italy.

Loans

The following are the main debts included in the balance, secured by various kinds of guarantees, specifying the type of each loan:

- *MUTUO CARISBO* EUR 4,034

secured by a mortgage of EUR 18,076 on the building for the Piazza VIII Agosto car park in Bologne;

- *MUTUO CARIPRPC* EUR 95

secured by a mortgage of EUR 2,789 on the building of the Porta Palazzo car park in Turin.

In accordance with the company's practise, suitable interest rate swaps have been entered into for interest rate risk hedging purposes, as described in the relevant section of these notes.

Amounts owed to other lenders

Amounts due to other lenders totalled EUR 908 and referred to loans taken out by the US subsidiary, Astaldi Construction Corporation, for investments in tangible fixed assets to be used in the standard production process.

27. Other liabilities

Other non-current liabilities, equal to EUR 35,973, showed an EUR 21,037 increase compared to December 31, 2005 (EUR 14,936), while other current liabilities amounted to EUR 123,707 showing an EUR 68,198 increase compared to 2005 (EUR 55,509).

Items are detailed as follows.

other liabilities

(thousands of euros)	31/12/2006	31/12/2005	difference
other non-current liabilities			
amounts owed to personnel	–	1,899	(1,899)
other liabilities	35,973	13,037	22,936
total other non-current liabilities	**35,973**	**14,936**	**21,037**
other current liabilities			
accounts payable to associated companies	45,521	2,434	43,086
accounts payable to other companies	302	46	256
amounts owed to personnel	17,269	18,367	(1,098)
other liabilities	60,615	34,661	25,954
total other current liabilities	**123,707**	**55,509**	**68,198**

Please see the table attached to these notes for a breakdown of current relations with Group companies.

As regards the item "amounts owed to personnel" which, during the previous year, included the stock option plan, it is underlined that the Board of Directors of Astaldi, during its meeting held on November 13, 2006, also on the basis of the evaluations made by the Remuneration Committee, resolved to discontinue the stock option plan for the year 2006, thus entrusting the Remuneration Committee to make any closer analysis and evaluation, to be submitted to the Board during a future meeting, in order to define, during 2007, a different premium plan taking into consideration the contributions given by the various professional areas in achieving the corporate targets.

Accounts payable to associated companies and other companies

Please see the table attached to these notes for a breakdown of current relations with Group companies.

28. Employee severance indemnity and other personnel provisions: EUR 12,470 (EUR 11,517)

The employee benefits item comprised Employee Severance Indemnity set aside in compliance with applicable laws and regulations in force.

The variations during the year were as follows.

variations in provision for employee severance indemnity

(thousands of euros)	value at 31/12/2005	increments for the period	decrements for the period	value at 31/12/2006
provision for employee severance indemnity	11,517	3,211	(2,258)	12,470

The decrement of EUR (2,258) is attributable to benefits paid to employees (advances and discharges).

defined benefit plans

(thousands of euros)	31/12/2006	31/12/2005
current value of obligations	13,519	12,992
unrecognized actuarial loss/profit	(1,049)	(1,475)
liability entered in financial statements	12,470	11,517

	actuarial value of obligations	unrecognized actuarial loss/profit	net liability of defined benefit plans
initial balance	**12,992**	**(1,475)**	**11,517**
costs for services rendered	2,589		2,589
costs for interests	478		478
benefits paid	(2,114)		(2,114)
actuarial losses/profits	(426)	426	–
final balance	**13,519**	**(1,049)**	**12,470**

The overall cost of the increase during the year is shown in the table below.

defined benefit plans

(thousands of euros)	31/12/2006	31/12/2005
social security cost for current employment	2,733	2,502
net interest payable (receivable)	478	417
net actuarial losses (profits)	–	–
social security cost for past employment	–	–
reductions and discharges	–	–
total	**3,211**	**2,919**

Moreover, it is underlined that all actuarial profits and losses are not recognized because falling outside the corridor.

The assumptions used for the purpose of calculating the liability towards employees with regard to Employee Severance Indemnity were the following:

- annual discounting back rate: 4,25%;
- annual salary increase rate (including inflation): 4.50% for managers, 3% for executives, clerical workers and workers;
- annual inflation rate: 2%;
- frequency of advance payments of employee severance indemnity: 3%;
- annual rate of turnover: 9% for all companies.

It must also be noted that the total amount of defined contribution plans for the current year totalled EUR 577.

29. Trade payables: EUR 474,478 (EUR 354,816)

Trade payables, entered as other liabilities, totalled EUR 474,478, and globally increased by EUR 119,663.

trade payables

(thousands of euros)	31/12/2006	31/12/2005	difference
payables to suppliers	383,572	257,115	126,457
accounts payable to associated companies	87,415	91,260	(3,846)
accounts payable to other equity investments	3,491	6,440	(2,949)
total	**474,478**	**354,816**	**119,663**

The main debt items refer to:

- payables to suppliers, amounting to EUR 383,572: this item underwent a net increase of EUR 126,457 compared to December 31, 2005;
- accounts payable to associated companies, amounting to EUR 87,415: this item showed a decrease of EUR 3,846. For a breakdown of the item being examined, please refer to the table regarding related parties, attached to these notes. This value is largely attributable to trade relations resulting from reversal of costs by consortium companies performing some major works;
- accounts payable to other equity investments, amounting to EUR 3,491: this item showed a decrease of EUR 2,949. For a breakdown of the item being examined, please refer to the table regarding related parties, attached to these notes.

30. Tax payables: EUR 26,137 (EUR 17,712)

Tax payables increased by EUR 8,425 compared to the balance at December 31, 2005.

The balance refers to:

- EUR 5,567 for indirect tax payables (VAT);
- EUR 3,823 for VAT with deferred payability;
- EUR 13,776 for direct taxes;
- EUR 2,972 for accounts payable to tax authorities for withholding taxes on employees' income.

31. Provision for risks and charges: EUR 30,035 (EUR 54,609)

At December 31, 2006, the provisions for risks and charges amounted to EUR 30,036 and the relative movements during the year were as follows.

movements in the provision for risks and charges

(thousands of euros)	losses on contracts to completion	risks on equity investment	taxes	pursuant to art. 27 of by-laws	other	total
balance at december 31, 2005	**27,826**	**18,240**	**474**	**362**	**7,707**	**54,609**
– of which current	*27,826*	*18,240*	*474*	*362*	*7,707*	*54,609*
– of which non-current	–	–	–	–	–	–
provisions	9,489	1,278	–	–	–	10,767
applications	(6,691)	–	–	(612)	–	(7,303)
absorption	–	(14,240)	(474)	–	(3,140)	(17,854)
allocated to works in progress	(8,536)	–	–	–	–	(8,536)
allocated for reclassification	(3,402)	–	–	–	–	(3,402)
allocation of 2005 profit	–	–	–	415	–	415
other	–	1,339	–	–	–	1,339
balance at december 31, 2006	**18,686**	**6,617**	**–**	**165**	**4,567**	**30,035**
– of which current	*18,686*	*6,617*	–	*165*	*4,567*	*30,035*
– of which non-current	–	–	–	–	–	–

Provision for losses/charges on contracts to completion

The provision, totalling EUR 18,686, included sums set aside to cover expected charges mainly referring to contracts in Italy for which total costs are expected to exceed total revenues. The decrease was entered in relation to the results accrued during the reference period for Italian (EUR 5,691) and foreign (EUR 1,000) projects whose economic effects were allocated in previous financial years.

Provision for risks on equity investments

The provision being examined, amounting to EUR 6,617 (EUR 18,420 in 2005) referred to depreciation of equity investments, exceeding the book value, considering the obligations taken on by the owner of the participating interest.

Provision pursuant to Article 27 of the By-laws

The provision, set up to for the purposes of donations, increased by EUR 415 over the year following allocation of a portion of the 2005 profits, as resolved by the Shareholders' Meeting on April 28, 2006, and decreased by EUR 612 in connection with a donation as per minutes of Board of Directors' meeting of May 12, 2006.

For the sake of completeness of information given with reference to provisions for risks and charges, the provisions globally entered in the financial statements are summarized herebelow, with indications concerning their nature and specific allocation.

provisions entered in financial statements

(thousands of euros)	adjusted asset	31/12/2006	31/12/2005	note
provisions for direct reduction of assets				
provision for write-down of equity investments	equity investments	7	5	17
depreciation fund for losses to completion	receivables from employers	15,872	5,503	21
provision for bad debts	trade receivables	13,746	15,380	22
provision for delay interests	trade receivables	26,314	17,380	22
provision for depreciation of other assets	other non-current assets	7,106	7,889	19
provision for write-downs of securities	current financial assets	471	1,249	18
provision for delay interests payable to tax authority	tax receivables	198	198	23
provisions for liabilities				
provision for risks and charges		30,035	54,609	31
of which:				
a) other provisions for short-term risks		4,567	7,707	31
b) provision for risks on equity investments		6,617	18,240	31
c) provision for losses/charges on contracts to completion		18,686	27,826	31
d) other provisions for risks and charges		165	836	31
total provisions as at 31/12/2006		**93,748**	**102,213**	

32. Relations with related parties

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of July 28, 2006, the following table shows the totals of existing transactions and balances resulting from financial and commercial relations, carried out with related companies. To this respect, it should be noted that the relevant transactions were carried out at arm's length.

Commitments and Contingencies

Personal guarantees

The global value of guarantees given totalled EUR 1,887,856 and referred to the following:

1. guarantees for opening credit facilities, to be used to ensure proper cash flow in relation to individual projects, issued in favour of associated companies and other non-consolidated companies, set up for this purpose pursuant to current tax laws for a total of EUR 38,238;
2. guarantees for works, issued in the Group's interest by banks and insurance companies, on behalf of subsidiaries, associated companies and other equity investments in favour of employers, for the total amount of EUR 1,740,016;
3. other guarantees, issued for various purposes, for a total of EUR 109,601.

Guarantees given by third parties in our favour

These refer to guarantees totalling EUR 53,547 issued by banks and insurance companies, in the interest of Italian and foreign suppliers and subcontractors in relation to contractual obligations undertaken by the latter vis-à-vis the Group.

Commitments relating to financial leasing agreements

During the year the Group signed financial leasing agreements totalling EUR

27,127 of an average duration of 30/60 months. The agreements exclusively concerned tangible assets regarding the tax categories of plant and machinery; said agreements include a redemption option clause. The following table shows the amount of future financial leasing instalments and the current value of said instalments.

amount and current value of future financial leasing instalments

(thousands of euros)	31/12/2006 instalments	31/12/2006 current value of instalments	31/12/2005 instalments	31/12/2005 current value of instalments
within 1 year	13,585	12,139	6,040	4,870
beyond 1 year and within 5 years	27,285	25,065	18,123	16,267
beyond 5 years	140	137		–
total leasing instalments	**41,010**		**24,163**	
financial charges	3,669		3,026	
current value of leasing instalments	37,341	37,341	21,137	21,137

Managers with strategic responsibilities

The following table shows the fees due to directors, auditors and general managers for the fulfilment of their duties.

fees paid to directors, auditors and general managers

(thousands of euros)

surname and name	office	term of office	emoluments	non-monetary benefits	bonuses and other incentives	other fees	
Monti Ernesto **	Chairman	31/12/2006	26,000 (1) (a)			210,000 (1)	(a)
						750 (4)	(a)
Astaldi Paolo **	Deputy Chairman	31/12/2006	26,000 (1) (a)			200,000 (1)	(a)
						750 (4)	(a)
						264,179 (2)	(a)
						20,490 (7)	(e)
						25,000 (8)	(a)
Di Paola Vittorio **	Deputy Executive Chairman	31/12/2006	26,000 (1) (a)			800,000 (1)	(a)
Astaldi Pietro	Director	31/12/2006	26,000 (1) (a)			210,079 (2)	(a)
						17,430 (7)	(b)
						38,500 (8)	(a)
Astaldi Caterina	Director	31/12/2006	26,000 (1) (a)			79,698 (2)	(a)
						5,717 (7)	(b)
						25,000 (8)	(a)
Cerri Stefano **	Chief Executive Officer and General Manager	31/12/2006	26,000 (1) (a)		263,620 (3)(c)	303,121 (2)	(a)
						74,000 (1)	(a)
						40,060 (7)	(b)
Cafiero Giuseppe **	Chief Executive Officer and General Manager	31/12/2006	26,000 (1) (a)		263,620 (3)(c)	350,096 (2)	(a)
						74,000 (1)	(a)
						50,500 (8)	(a)
						44,589 (7)	(b)
Grassini Franco	Director	31/12/2006	26,000 (1) (a)			1,000 (5)	(a)
Guidobono Cavalchini Luigi	Director	31/12/2006	26,000 (1) (a)			200,000 (2)	(a)
						1,000 (5)	(a)
Lupo Mario	Director	31/12/2006	26,000 (1) (a)			1,000 (5)	(a)
Mele Vittorio	Director	31/12/2006	26,000 (1) (a)			750 (4)	(a)
Oliva Nicola **	Director and General Manager	31/12/2006	26,000 (1) (a)		263,620 (3)(c)	300,054 (2)	(a)
						40,443 (7)	(b)
Poloni Maurizio	Director	31/12/2006	26,000 (1) (a)			1,000 (5)	(a)
Spanò Pierumberto	Chairman of the Board of Auditors	30/4/09	59,083 (1) (a)				
Pinto Eugenio	Auditor	20/7/06	46,789 (1) (a)				
Singer Pierpaolo	Auditor	30/4/09	35,360 (1) (a)				
Sisca Antonio	Auditor	30/4/09	15,888 (1) (a)				
Mariani Francesco	Chairman of the Board of Auditors	27/12/06	12,757 (9) (a)				
Rocco Francesco	Auditor	27/12/06	10,793 (9) (a)				
Tabellini Marco	Auditor	27/12/06	8,574 (9) (a)				

(1) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code;
(2) Salaries;
(3) Free allotment of synthetic options
(4) Fees received as member of Remuneration Committee
(5) Fees received as member of Internal Auditing Committee
(6) Fees received as member of Supervisory Body
(7) Benefits subsequent to employment (employee severance indemnity)
(8) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in other companies
(9) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in former Italstrade
(a) Short-term benefits
(b) Benefits subsequent to employment
(e) Share-based payments
*** Fee for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in former Italstrade*

The table below shows the fees paid to managers having a strategic responsibility, including deputy general managers, operations managers.

fees to managers having strategic responsibility

(thousands of euros)	emoluments for office **	non-monetary benefits	bonuses and other incentives	remuneration
managers having strategic responsibilities	46,000	–	777,679	2,536,280

*** Fee for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in former Italstrade*

Exchange rates used to convert financial statements presented in foreign currency

cambi applicati per la conversione dei bilanci in valuta estera

countries	currency		31/12/2006	average 2006	31/12/2005	average 2005
Albania	Lek	ALL	123.7560	123.0930	122.5710	124.0250
Algeria	Algerian Dinar	DZD	94.2064	91.4361	86.5655	90.7031
Angola	Readjustado kwarza	AOA	106.0240	100.9550	95.9308	108.4410
Saudi Arabia	Saudi Ryial	SAR	4.9552	4.7089	4.4465	4.6642
Bolivia	Bolivian	BOB	10.5636	10.0416	9.4984	10.0320
Burundi	Burundian Franc	BIF	1,357.6500	1,277.2700	1,181.840	1,321.120
Carribean	Carribean Dollar	XCD	3.5675	3.3901	3.2012	3.3589
Central Africa Republica (C.F.A.)	CFA Franc	XOF	655.9570	655.9520	655.9500	655.9520
Chile	Chilean Peso	CLP	696.7100	666.3280	609.5490	697.0020
Colombia	Colombian Peso	COP	2,989.5700	2,965.8600	2,701.810	2,890.740
Democratic Republic of Congo	Congolese Franc	CDF	712.7890	582.5170	523.2540	585.9210
Costa Rica	Costa Rican Colon	CRC	683.5190	642.5640	587.1650	592.7080
Croatia	Kuna	HRK	7.3564	7.3247	7.3882	7.3989
Denmark	Danish Crown	DKK	7.4549	7.4591	7.4541	7.4519
Dominican Republic	Dominican Peso	DOP	43.7441	41.5597	39.2094	36.8300
El Salvador	Salvadorean Colon	SVC	11.5612	10.9865	10.3741	10.8858
Japan	Japanese Yen	JPY	154.8250	146.0150	140.5770	136.8490
Djibouti	Djiboutian Franc	DJF	234.8190	223.1460	210.7080	221.0910
Guatemala	Quetzal	GTQ	10.0680	9.5509	9.0337	9.5436
Guinea	Guinean Franc	GNF	7,795.5500	6,364.3300	5,094.610	4,413.090
Honduras	Lempira	HNL	24.9656	23.7245	22.4019	23.4543
Indonesia	Indonesian Rupia	IDR	12,003.2000	11,512.4000	11,675.40	12,071.20
Kenya	Kenyan Shilling	KES	92.0032	90.5651	86.6720	93.9842
Libya	Libyan Dinar	LYD	1.6918	1.6488	1.6007	1.6340
Malawi	Kwacha	MWK	182.9810	170.6040	146.8490	145.8110
Morocco	Moroccan Dirham	MAD	11.1503	11.0371	10.9228	11.0143
Mozambique	Metical	MZM	33,301.1000	31,355.5000	29,029.90	28,395.90
Nicaragua	Cordoba oro	NIO	23.7302	22.0664	20.2856	20.5105
Norway	Norwegian Crown	NOK	8.1575	8.0472	7.9737	8.0092
Pakistan	Pakistani Rupee	PKR	80.4869	75.7151	70.9362	74.1464
Qatar	Qatari Ryial	QAR	4.8103	4.5708	4.3164	4.5283
United Kingdom	British Pound	GBP	0.6729	0.6817	0.6792	0.6838
Romania	New Leu	RON	3.4137	3.5258	3.6589	3.5806
Rwanda	Rwandese Franc	RWF	726.4160	692.2820	655.5320	690.9880
Singapore	Singapore Dollar	SGD	2.0354	1.9942	1.9855	2.0702
United States	US Dollar	USD	1.3213	1.2556	1.1856	1.2441
South Africa	Rand	ZAR	9.3092	8.5312	7.5439	7.9183
Switzerland	Swiss Franc	CHF	1.5969	1.5729	1.5479	1.5483
Taiwan	Taiwan Dollar	TWD	42.9342	40.8414	39.4933	39.9816
Tanzania	Tanzanian Shilling	TZS	1,682.6500	1,573.7300	1,385.080	1,400.750
Thailand	Baht	THB	47.2245	47.5936	48.7312	50.0625
Tunisia	Tunisian Dinar	TND	1.7148	1.6691	1.6110	1.6113
Turkey	Turkish Lira	TRY	1.8920	1.8090	1.6038	1.6771
European Monetary Unit	Euro	EUR	1.0000	1.0000	1.0000	1.0000
Venezuela	Bolivar	VEB	2,837.1800	2,696.1500	2,545.860	2,620.660
Zambia	Kwacha	ZMK	5,418.7300	4,522.4400	4,026.490	5,508.780

(Source: Ufficio Italiano Cambi – the Italian foreign exchange office)

Financial risk management

The Astaldi Group avails itself of financial instruments such as bilateral loans, pooling loans, mortgages and financial leasing agreements for the purpose of gathering the financial resources needed to support and develop its business activities.

Moreover, taking into account the various areas it operates in, the Group performs transactions in foreign currency thereby exposing itself to possible additional financial risks.

In order to preserve its corporate value, the Group has drawn up guidelines used to control its exposure to market risks and management of said risks through derivatives, entrusting the definition of strategies to be adopted and monitoring of hedged positions to a Financial Risks Committee set up for this purpose.

The main market risks the Group is exposed to are *"interest rate risk", "cash flow risk", "credit risk"* (or counterparty risk) and *"exchange rate risk"*.

The risks hedged by derivative contracts are the interest rate risk and exchange risk. Current derivative transactions are represented by Interest Rate Swaps (IRS), Collar or Cylinder, and Forward, performed for the purpose of managing the interest rate and exchange rate risk generated by the Group's operations and its sources of financing.

Interest rate risk

The Group's exposure to the market risk for interest rate fluctuations regards mainly short and medium/long-term variable-rate financing sources. The Group's philosophy, set down in a specific management policy, is to define an optimal mix of fixed rate and variable-rate debt in order to reduce financial costs and their volatility. To this end, it operates through simple ("plain vanilla") derivative instruments that involve transforming the variable rate into a fixed rate (IRS), or keep the rate's fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk-exposure level (Cap).

The following table shows the book value, according to expiry date, of the Group's financial instruments exposed to interest rate risk:

financial instruments exposed to interest rate risk

(thousands of euros)

	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	over 5 years	total
bank loans	1,050	1,089	1,115	1,136	71	54	4,515
financial leasing	12,139	9,612	5,980	8,927	546	137	37,341
bank credit facilities	211,003	52,286	45,368	23,939	188,939	–	521,535
total	**224,192**	**62,987**	**52,463**	**34,002**	**189,556**	**191**	**563,391**

Financial instruments not included in the table above are not interest-bearing and, therefore, are not subject to interest rate fluctuations.

At December 31, 2006, the notional value of derivative hedge instruments being used totalled approximately EUR 319,587, equal to approximately 57% of the aforementioned variable-rate debt.

The following tables describe the aforementioned transactions, split between effective and ineffective cash flow hedge transactions.

cash flow hedge derivatives (effective)

(thousands of euros)	notional value	fair value 31.12.06
interest rate swap expiring in april 2009 on pool loan originally totalling eur 100,000.	58,928	875
hedge transactions expiring in april 2013 on syndicated loan originally totalling eur 325,000.	155,000	633
irs transaction expiring in december 2008 on factoring of the original amount of eur 25,000.	10,000	126
fixed-rate swap expiring in december 2010 on mortgage loan originally totalling eur 10,000 approx.	3,563	105
total cash flow hedge derivatives (effective)	**227,491**	**1,739**

The aforementioned cash flow hedging was considered highly effective and led to a non-realised profit of EUR 1,165 being entered in net equity, together with the correlated effect for deferred taxes of EUR (574). The breakdown of cash flow hedging entered directly in the income statement at December 31, 2006 is shown below:

cash flow hedge derivatives (ineffective)

(thousands of euros)	notional value	fair value 31/12/2006
IRS transactions on an average share of short-term indebtedness (equal to EUR 50,000 approx.)	65,000	730
Hedge transactions expiring in April 2013 on syndicated loan originally totalling EUR 325,000.	10,000	82
IRS transaction expiring in November 2010 on financial leasing agreement originally totalling EUR 18,100 approx.	10,530	54
Hedging transactions on loans guaranteed by receivables from employers for works performed (self-liquidating) of an original total amount of EUR 22,000 approx.	6,516	27
Ineffective cash flow hedge		4
total cash flow hedge derivatives (ineffective)	**92,046**	**897**

With regard to said transactions, it should be noted that, even if for hedging purposes and performed using simple derivatives, the variations in value of the relating fair value were not entered in equity, mainly because of the nature of the underlying financing (short-term financing and financial leasing).

Exchange rate risk

With regard to the exchange rate risk, Astaldi Group performs cash flow hedges for specific foreign projects, with the purpose of neutralising or mitigating the effect of exchange rate fluctuation on the value of the relevant costs or revenues in foreign currency.

At December 31, 2006 the portfolio of existing derivates on exchange rates comprised solely forward transactions performed on the basis of Turkish Branch's expected revenues, all of which may be designated as cash flow hedges. The total of said transactions amounted to USD 45,000 and the relevant valuation at fair value (compared to the exchange rate fixing of 29.12.06, equal to 1.3170) was globally positive by approximately EUR 2,470.

The breakdown is shown below.

type of instrument	forward exchange rate	derivative expiry date	notional value	fair value 31/12/2006
forward sale	1.2254	31/01/2007	$ 5.000	€ 273
forward sale	1.2254	31/01/2007	$ 5.000	€ 273
forward sale	1.2242	24/01/2007	$ 5.000	€ 274
forward sale	1.2242	24/01/2007	$ 5.000	€ 274
forward sale	1.2270	31/01/2007	$ 5.000	€ 271
forward sale	1.2270	31/01/2007	$ 5.000	€ 271
forward sale	1.2196	31/01/2007	$ 15.000	€ 834
total cash flow hedge derivatives			**$ 45.000**	**€ 2.470**

As at December 31, 2006, consequently to the Employer's certification of the works executed by the Branch during the last months of the year, the value of the same was entered in trade receivables at year-end exchange rate.
Due to this entry in the balance-sheet, in compliance with IAS 39, the fair value of exchange rate hedging relating to such works was fully reversed from the equity reserve (the so-called cash-flow hedge reserve) and entered in the income statements to increase revenues from works, in order to neutralize, to the extent of the hedged quota, the exchange rate effect on the value of said receivables.

Fair value

It should be noted that, the fair value relating to financial instruments which are not designated as financial assets/liabilities with offset to income statement and as assets available for sale corresponds to book value as at the date hereof.

Net financial position

According to CONSOB communication no. DEM/6064293 of July 28, 2006, and pursuant to CESR recommendation of February 10, 2005, the net financial indebtedness as at December 31, 2006 is as follows.

net financial indebtedness

(thousands of euros)	note	dec. 31, 2006
a cash and cash equivalents	24	237,623
b shares held for trading	18	18,983
c cash at bank and on hand (a)+(b)		256,607
d financial receivables	18	21,978
e current liabilities to banks	26	(210,095)
f current share of non-current indebtedness	26	(1,958)
g other current financial liabilities	26	(12,139)
h current financial indebtedness (e)+(f)+(g)		(224,192)
i net current financial indebtedness (h)+(c)+(d)		54,393
j non-current liabilities to banks	26	(313,997)
k other non-current liabilities	26	(25,202)
l non-current financial indebtedness (j)+(k)		(339,199)
m net financial indebtedness (i)+(l)		(284,806)

The Parent company holds treasury shares amounting to EUR 3,824 included in the net financial position and set forth in the management/directors' report for an amount of EUR (280,982).
It should be noted that the financial indebtedness does not include the financial receivables from related parties.
Additional details are set forth in the specific paragraph in the Management Report.

Sector disclosure

The following table shows figures related to revenues, results and information regarding some assets and liabilities linked to the Group's business sectors, for the years ending on December 31, 2006 and December 31, 2005.

Primary disclosure

Information as per IAS 14, regarding the geographical areas in which the Group is operating in relation to activities and employers, is set forth below.

primary disclosure

(thousands of euros)	italy 31/12/2006	europe 31/12/2006	america 31/12/2006	africa 31/12/2006	asia 31/12/2006	other 31/12/2006	adjustments and cancellations 31/12/2006	consolidated total 31/12/2006
revenues								
revenues	476,994	249,501	270,760	121,130	6,574		(103,838)	1,021,121
results								
ebit	39,976	31,472	15,483	13,623	(991)	(33,228)	11,930	78,265
unallocated costs								
profit/loss prior to taxation and financial income/charges								78,265
net financial charges								(22,925)
quotas of profit/(loss) in associated companies' result	(1,335)	(596)	4,426	(3)	2,978			5,470
profit/(loss) prior to taxation and minority interests								60,810
income taxes								29,984
net profit for the year								30,091
assets and liabilities								
sector assets	1,096,835	315,757	339,358	225,205	10,760		(611,244)	1,376,671
of which investments in associated companies						*192,304*	*(95,536)*	*96,768*
unallocated assets								380,963
total assets								**1,757,634**
sector liabilities	(780,828)	(316,913)	(271,431)	(226,969)	(11,315)		579,510	(1,027,945)
unallocated liabilities								(448,630)
total liabilities								**(1,476,575)**
other sector information								
tangible fixed assets	126,408	17,043	26,689	22,276	1,194		(610)	192,999
intangible fixed assets	3,524	256	15					3,795
depreciation of tangible fixed assets	10,644	4,703	8,397	3,603	263		(383)	27,227
provisions	8,907	582						9,489

primary disclosure

(thousands of euros)	italy 31/12/2005	europe 31/12/2005	america 31/12/2005	africa 31/12/2005	asia 31/12/2005	other 31/12/2005	adjustments and cancellations 31/12/2005	consolidated total 31/12/2005
revenues								
revenues	494,468	294,509	205,204	44,313	10,975		(80,572)	968,898
results								
ebit	51,338	49,593	20,078	(5,044)	(454)	(38,143)	558	77,926
unallocated costs								
profit/loss prior to taxation and financial income/charges								77,926
net financial charges								(27,459)
quotas of profit/(loss) in associated companies' result	492	(343)	4,066	(2)	(96)			4,117
profit/(loss) prior to taxation and minority interests								54,585
income taxes								22,734
net profit for the year								32,479
assets and liabilities								
sector assets	937,727	299,209	229,082	113,952	6,728		(570,464)	1,016,234
of which investments in associated companies						151,070	(116,640)	34,430
unallocated assets								341,311
total assets								**1,357,545**
sector liabilities	**(616,886)**	**(277,704)**	**(185,921)**	**(133,169)**	**(6,402)**		**518,649**	**(701,433)**
unallocated liabilities								(399,820)
total liabilities								**(1,101,253)**
other sector information								
tangible fixed assets	81,653	15,585	25,106	6,881	235		(366)	129,095
intangible fixed assets	3,527	1,138	309	3				4,977
depreciation of tangible fixed assets	9,052	4,536	7,839	3,706	76		(258)	24,951
provisions	6,300	5,800	1,600	2,400				16,100

Secondary disclosure

Information regarding the business sectors which the Group operates in is summarised in the table below.

secondary disclosure

(thousands of euros)

2006	dams and hydraulic works	civil and industrial construction	transport infrastructure	concessions	other (*)	total	cancellations	total
revenues	99,942	136,641	888,376	–	–		(103,838)	1,021,121
sector assets	176,608	241,458	1,569,849	–	–		(611,244)	1,376,671
of which investments in associated companies					*192,304*		*(95,536)*	*96,768*
unallocated assets								380,963
total assets								**1,757,634**
investments:								
tangible fixed assets	22,807	3,070	128,824	38,908	–		(610)	192,999
intangible fixed assets	3,489	–	306	–	–		–	3,795

2005	dams and hydraulic works	civil and industrial construction	transport infrastructure	concessions	other (*)	total	cancellations	total
revenues	115,606	123,249	810,614	–	–		(80,571)	968,898
sector assets	174,785	186,341	1,225,572	–	–		(570,464)	1,016,234
of which investments in associated companies					*151,070*		*(116,640)*	*34,430*
unallocated assets								341,310
total assets								**1,357,544**
investments:								
tangible fixed assets	10,234	10,902	71,729	–	36,596		(366)	129,095
intangible fixed assets	4,972	5	–	–	–		–	4,977

(*) The sector entitled “Other” includes all assets, such as the cost of the offices in Rome, corporate *financial* charges, etc., which are not directly attributable to production units.

Non-recurring significant events and operations

The economic, equity and financial position of the Astaldi Group was not affected, during 2006, by any non-recurring significant operation, as defined in CONSOB communication no. DEM/6064293.

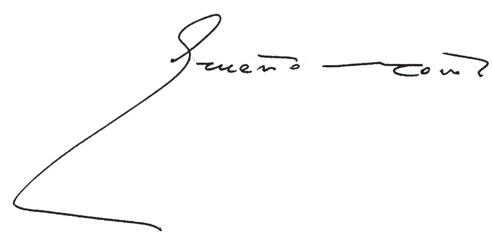
Positions or transactions deriving from atypical and/or unusual operations

The Astaldi Group did not carry out, during 2006, any atypical and unusual operation as defined in CONSOB communication no. DEM/6064293.

Subsequent events

Publication of the financial statements was authorised by the parent company's Board of Directors on March 26, 2007.
The Board of Directors reserves the right to make formal amendments and supplements within the filing date, pursuant to Article 2429 of the Italian Civil Code.
Please refer to the Management Report for information regarding events subsequent to the reference date of the financial statements.
These financial statements are true and correct.

on behalf of The Board of Directors
The Chairman
Prof. Ernesto Monti



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Attachments to the consolidated financial statements

associated companies and joint ventures valued at equity

(thousands of euros)	book value of investment at december 31, 2006	share pertaining to result of investee company at december 31, 2006	net equity at december 31, 2006
Adduttore Ponte Barca S.c.r.l. in liquidation	11	–	14
Almo S.c.r.l. in liquidation	16	–	46
Alosa Immobiliare S.p.A. in liquidation	–	(968)	(22,982)
Astaldi-Ferrocemento J.V.	2,724	2,901	5,447
Avola S.c.r.l. in liquidation	–	(7)	(73)
Blufi 1 S.c.r.l. in liquidation	–	–	(71)
C.F.M. S.c.r.l. in liquidation	21	–	41
Carnia S.c.r.l. in liquidation	–	(1)	(79)
Colli Albani S.c.r.l. in liquidation	1	(1)	2
Consorcio Contuy Medio	–	(363)	(1,218)
Consorcio Metro Los Teques	3,653	4,789	12,176
Consorzio A.F.T.	15	–	46
Consorzio A.F.T. Kramis	–	–	(721)
Consorzio Bonifica Lunghezza - C.B.L. in liquidation	5	–	10
Consorzio Brundisium in liquidation	3	(1)	2
Consorzio C.I.R.C. in liquidation	12	–	52
Consorzio Co.Fe.Sar.	15	–	52
Consorzio Consarno	5	–	21
Consorzio Consavia S.c.n.c. in liquidation	5	–	20
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	–	–	–
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	52	–	207
Consorzio Ferrofir in liquidation	357	–	535
Consorzio Gi.It. in liquidation	1	–	3
Consorzio Iricav Due	170	–	516
Consorzio Iricav Uno	145	–	444
Consorzio Ital.Co.Cer.	15	–	52
Consorzio Italvenezia	19	–	77
Consorzio L.A.R. in liquidation	61	–	207
Consorzio Metrofer	9	–	26
Consorzio Novocen	405	(8)	993
Consorzio Ponte Stretto di Messina in liquidation	52	–	72
Consorzio Qalat	4	–	6
Consorzio Recchi S.p.A.- Astaldi S.p.A.	–	–	(11)
Copenaghen Metro Costruction Group JV (Comet)	–	(1,390)	(106,141)
Diga di Blufi S.c.r.l.	23	–	30
DP 2M S.c.r.l. in liquidation	5	(1)	7
Ecosarno S.c.r.l.	17	–	51
Fosso Canna S.c.r.l. in liquidation	–	(9)	(29)
GEI – Grupo Empresas Italianas	1	–	4
Groupement Cir S.p.A. in liquidation	45	–	136
Groupement Eurolep	8	–	–
Groupement Italgisas	–	–	(2,668)
Infraflegrea S.c.r.l.	23	–	30
Isclero S.c.r.l. in liquidation	–	(5)	(223)
Italsagi Sp. Zo. O.	1	(3)	–

total liabilities at december 31, 2006	total assets at december 31, 2006	value of production at december 31, 2006	total cost at december 31, 2006	profit/(loss) for the period
836	850	8	8	–
60	106	–	–	–
24,908	1,926	610	2,545	(1,935)
2,205	7,652	6,000	199	5,801
146	73	–	14	(14)
128	57	–	–	–
835	876	227	227	–
158	79	–	3	(3)
–	2	–	1	(1)
1,220	2	–	1,284	(1,284)
21,941	34,117	78,728	62,765	15,963
5,901	5,947	–	–	–
19,239	18,518	–	–	–
2	12	3	3	–
1	3	–	4	(4)
3,002	3,054	90	90	–
1,147	1,199	26	26	–
7,678	7,699	8,303	8,303	–
–	20	–	–	–
–	–	–	–	–
6,107	6,314	808	808	–
–	535	–	–	–
444	447	3	3	–
80,822	81,338	10,056	10,056	–
3,261,973	3,262,417	–	–	–
2,568	2,620	1,020	1,020	–
197	274	21	21	–
8,643	8,850	–	–	–
747	773	–	–	–
(978)	15	1,298	1,317	(19)
4,834	4,906	22	22	–
4,474	4,480	–	–	–
1,443	1,432	–	–	–
106,953	812	–	–	(9,265)
10,486	10,516	3	3	–
–	7	–	1	(1)
4,124	4,175	2,529	2,529	–
29	–	–	29	(29)
27,471	27,475	28,908	28,908	–
56	192	–	–	–
–	–	–	–	–
3,051	383	–	9	(9)
2,632	2,662	2,247	2,247	–
446	223	–	15	(15)
–	–	–	–	–

societa collegate e joint venture valutate ad equity

(migliaia di euro)	book value of investment at december 31, 2006	share pertaining to result of investee company at december 31, 2006	net equity at december 31, 2006
M.N. Metropolitana di Napoli S.p.A.	2,282	573	10,090
Marsico Nuovo S.c.r.l. in liquidation	–	(1)	(17)
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	813	788	2,464
Metro 5 S.p.A.	5,592	(233)	5,249
METRO C S.p.A.	51,755	5	37,514
Metrogenova S.c.r.l.	6	–	26
Metroveneta S.c.r.l. in liquidation	13	–	26
Monte Vesuvio S.c.r.l. in liquidation	–	(163)	(296)
Mose-Treporti S.c.r.l.	–	–	–
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	20	–	(40)
Nova Metro S.c.r.l. in liquidation	8	–	41
Pegaso S.c.r.l.	114	–	260
Piana di Licata S.c.r.l. in liquidation	–	–	(251)
Pont Ventoux S.c.r.l.	–	–	–
Principe Amedeo S.c.r.l. in liquidation	–	(1)	(19)
Priolo Siracusa S.c.r.l. in liquidation	15	–	78
Raggruppamento Astaldi-Vianini in liquidation	–	(34)	(51)
S. Leonardo S.c.r.l. in liquidation	–	(4)	(44)
S.A.A.L.P. S.n.c. in liquidation	15	–	52
S.A.C.E.S. S.r.l. in liquidation	–	(70)	(2,602)
S.E.I.S. S.p.A.	14,921	2	30,873
Sa.Di.Pe. S.c.r.l. in liquidation	10	(6)	(20)
Santangelo S.c.r.l. in liquidation	8	–	19
SO.GE.DEP. S.r.l. in liquidation	–	(176)	(753)
Tangenziale Seconda S.c.r.l. in liquidation	18	(2)	41
Transeuropska Autocesta d.o.o.	3,197	5	6,525
Truncu Reale S.c.r.l.	11	–	31
V.A.S.CO. Imprese Riunite	–	–	(90)
Valle Caudina S.c.r.l. in liquidation	27	–	52
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	6,758	(223)	21,799
Vesuviana Strade S.c.r.l.	14	–	46
Viadotti di Courmayeur S.c.r.l. in liquidation	7	–	10
Yellow River Contractors	10	78	2,645
total	**93,513**	**5,471**	**767**

total liabilities at december 31, 2006	total assets at december 31, 2006	value of production at december 31, 2006	total cost at december 31, 2006	profit/(loss) for the period
131,596	141,686	–	–	2,534
155	138	–	2	(2)
–	2,464	2,387	–	2,387
975	6,224	–	1,000	(1,000)
51,313	88,827	11,016	11,002	14
5,591	5,617	6,430	6,430	–
240	266	164	164	–
582	286	1	326	(325)
–	–	–	–	–
11,455	11,415	21,187	21,187	–
48,598	48,639	45	45	–
23,402	23,662	5,677	5,677	–
501	250	–	1	(1)
–	–	–	–	–
38	19	–	1	(1)
1,363	1,441	81	81	–
102	51	–	68	(68)
88	44	–	8	(8)
1,782	1,834	–	–	–
5,204	2,602	–	190	(190)
19,970	50,843	2,015	2,011	4
40	20	–	12	(12)
–	19	–	1,000	(1,000)
1,817	1,064	–	769	(769)
68	109	1	328	(327)
129,515	136,040	193	182	11
229	260	2	2	–
521	431	–	1	(1)
964	1,016	64	64	–
71,400	93,199	45	765	(720)
1,586	1,632	1,128	1,128	–
759	769	3	3	–
414	3,059	558	–	558
4,126,197	**4,126,964**	**191,907**	**174,907**	**10,269**

(thousands of euros)

	other non-current financial assets	trade receivables	other current assets	non-current financial liabilities
associated companies				
Adduttore Ponte Barca S.c.r.l. in liquidation	5	–	–	–
Adedicla Costruzioni S.r.l. in liquidation	–	–	–	–
Almo S.c.a.r.l. in liquidation	–	10	–	–
Alosa Immobiliare S.p.A. in liquidation	1,145	22	2	–
Astaldi Bayindir J.V.	–	155	5,466	–
Astaldi Ferrocemento J.V.	321	716	141	–
Astaldi-FCC JV Basarab	300	177	5	–
Astaldi-Maroc S.A.	–	–	–	–
Avola S.c.r.l. in liquidation	–	543	125	–
Blufi 1 S.c.r.l. in liquidation	–	–	48	–
C.F.M. S.c.a.r.l. in liquidation	–	154	31	–
Carnia S.c.r.l. in liquidation	–	146	–	–
Cogital S.c.r.l. in liquidation	–	–	–	–
Colli Albani S.c.r.l. in liquidation	–	43	777	–
Columbus de Costrucciones de Honduras S.A. de C.V.	–	–	–	–
Consorcio Contuy Medio	–	–	992	–
Consorcio DEI	–	9	–	–
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	–	327	735	–
Consorzio A.F.T. (Algeria Branch-Office)	–	2	755	–
Consorzio A.F.T. Kramis (Algeria Branch-Office)	–	576	3,610	–
Consorzio Astaldi Federici Todini	–	109	–	–
Consorzio Astaldi-ICE	–	416	1	–
Consorzio Bonifica Lunghezza - C.B.L. in liquidation	–	–	–	–
Consorzio Brundisium	–	–	–	–
Consorzio C.I.R.C. in liquidation	–	10	1	–
CONSORZIO C.O.N.C.I.L. in liquidation	–	–	1	–
Consorzio Co.Fe.Sar.	–	277	4	–
Consorzio Consarno	227	54	–	–
Consorzio Consavia S.c.n.c. in liquidation	–	58	–	–
Consorzio Dipenta S.p.A. - Ugo Vitolo liquidazione	–	–	–	–
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	697	118	–	–
Consorzio Ferrofir in liquidation	–	75	14	–
Consorzio Gi.It. in liquidation	–	–	–	–
Consorzio Iricav Due	–	25	–	–
Consorzio Iricav Uno	–	712	6,761	–
Consorzio Ital.Co.Cer.	–	–	39	–
Consorzio Italvenezia	–	–	–	–
Consorzio L.A.R. in liquidation	1,779	181	–	–
Consorzio Novocen	–	–	–	–
Consorzio Ponte Stretto di Messina	–	1,610	1	–
Consorzio Qalat	–	5	–	–
Consorzio Recchi S.p.A. - Astaldi S.p.A.	–	69	–	–
Consorzio Rocca d'Evandro	–	–	–	–
Consorzio Tre Fontane Nord in liquidation	–	–	–	–
Costruzione Invaso Vetto S.c.r.l. in liquidation	–	–	–	–
Diga di Blufi S.c.r.l.	–	4,372	2,405	–
DP 2M S.c.r.l. in liquidation	20	–	1	–

trade payables	other current liabilities	other operating revenues	service costs	other operating costs	interest and other financial income	interest and other financial charges
(258)	–	–	2	–	–	–
–	–	–	–	–	–	–
(16)	–	–	3	–	–	–
(11)	–	(6)	–	–	–	–
(119)	–	(–)	–	–	–	–
(3)	–	–	–	–	–	–
–	–	(110)	–	–	(21)	–
–	(3)	–	–	–	–	–
(162)	–	(12)	–	–	–	–
–	–	–	–	–	–	–
(347)	–	(1)	112	–	(5)	–
(13)	–	(6)	–	–	–	–
–	–	–	–	–	–	–
(343)	(5)	–	–	–	–	–
(1)	–	–	–	–	–	–
(1,000)	–	–	–	–	–	–
(4)	–	–	–	–	–	–
(313)	–	–	187	–	–	–
(48)	(665)	–	–	–	–	–
(163)	(212)	(1)	–	–	(62)	–
(1)	–	(12)	–	–	–	–
–	–	–	–	–	–	–
(3)	–	–	3	–	–	–
(2)	–	–	–	–	–	–
(699)	–	–	23	–	–	–
–	–	–	–	–	–	–
(243)	–	–	(116)	–	–	–
(231)	–	–	75	–	(18)	–
(–)	–	–	–	–	–	–
(2)	–	–	–	–	–	–
(294)	–	(229)	501	–	–	–
(5,853)	–	(1)	549	–	–	–
(217)	–	–	2	–	–	–
(4,531)	–	(62)	455	–	–	–
(17,453)	–	(149)	11,101	–	–	–
(160)	–	–	27	–	–	–
(92)	–	–	5	–	–	–
(2,313)	–	–	475	–	–	–
(–)	–	–	–	–	–	–
(1,494)	–	(138)	–	–	–	–
(1,144)	–	–	–	–	–	–
–	(185)	–	–	–	–	–
(–)	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(3,934)	–	(243)	132	–	(3)	–
–	–	–	–	–	–	–

non-consolidated companies

(thousands of euros)	other non-current financial assets	trade receivables	other current assets	non-current financial liabilities
Ecosarno S.c.r.l.	118	–	–	–
Feraspi S.c.p.A.	–	–	–	–
Fosso Canna S.c.r.l. in liquidation	204	216	6	–
GEI - Grupo Empresas Italianas	–	267	6,992	–
Groupement Cir S.p.A.	–	–	17	–
Groupement Eurolep	–	–	–	–
Groupement Italgisas	–	87	870	–
Infraflegrea S.c.r.l.	–	453	6	–
Isclero S.c.r.l. in liquidation	1,518	115	91	–
Italsagi sp zo.o	–	14	368	–
Italstrade CCCF J.V. Bucuresti S.r.l.	–	–	3	–
M.N. Metropolitana di Napoli S.p.A.	–	16	12	–
Marsico Nuovo S.c.r.l. in liquidation	30	–	–	–
Max Bogl-Astaldi-CCCF Asocierea J.V.	–	148	270	–
ME.SA. S.c.a.r.l. in liquidation	–	–	–	–
Messina Stadio S.c.r.l.	–	–	–	–
Metro 5 S.p.A.	–	621	–	–
METRO C S.p.A.	–	921	2	–
Metro Romolo S.c.r.l.	–	–	–	–
Metroveneta S.c.r.l.	–	3	–	–
Monte Vesuvio S.c.a.r.l. in liquidation	–	447	2	–
Mose-Treporti S.c.r.l.	–	182	9	–
N.P.F - Nuovo Polo Fieristico S.c.r.l.	–	192	733	–
Nova Metro S.c.r.l. in liquidation	–	–	–	–
Pegaso S.c.r.l.	–	459	3,509	–
Piana di Licata S.c.r.l. in liquidation	–	179	297	–
Piceno S.c.r.l. in liquidation	–	–	–	–
Pont Ventoux S.c.r.l.	–	11,207	225	–
Principe Amedeo S.c.a.r.l. in liquidation	1	336	113	–
Priolo Siracusa S.c.r.l.	–	–	–	–
Raggruppamento Astaldi-Vianini in liquidation	–	–	80	–
Roma Informatica S.c.r.l.	–	–	–	–
S. Leonardo S.c.r.l. in liquidation	–	90	2,540	–
S.A.A.L.P. S.n.c. in liquidation	172	82	205	–
S.A.C.E.S. S.r.l. in liquidation	–	–	–	(597)
S.E.I.S. S.p.A.	125	–	–	–
Sa.Di.Pe. S.c.r.l. in liquidation	–	–	15	–
Santangelo S.c.r.l. in liquidation	156	41	–	–
SO.GE.DEP. S.r.l. in liquidation	271	46	239	–
Tangenziale Seconda S.c.a.r.l. in liquidation	–	117	4	–
Transeuropska Autocesta d.o.o	–	12	–	–
Truncu Reale S.c.r.l.	–	163	11	–
V.A.S.CO. Imprese Riunite	–	269	–	–
Valle Caudina S.c.r.l.	–	737	7	–
Veneta Sanitaria Finanza di Progetto - V.S.F.P. S.p.A.	1,184	90	–	–
Vesuviana Strade S.c.a.r.l.	–	34	308	–
Viadotti di Courmayeur S.c.r.l. in liquidation	–	548	20	–
total associated companies	**8,272**	**29,064**	**38,870**	**(597)**

trade payables	other current liabilities	other operating revenues	service costs	other operating costs	interest and other financial income	interest and other financial charges
(1,945)	–	–	236	–	–	–
–	–	–	–	–	–	–
(83)	–	(14)	13	–	(14)	–
(6,169)	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(28)	–	–	–	–	–
(12)	–	–	–	–	–	–
(1,199)	–	(54)	1,145	–	–	–
(1,558)	–	(5)	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(–)	–	(3)	–	–	–	5
–	–	–	–	–	–	–
(321)	–	(227)	–	–	(11)	–
–	–	–	(1)	–	–	–
–	–	–	–	–	–	–
–	(4,369)	(236)	–	–	–	40
–	(38,817)	(1,289)	–	–	–	–
–	–	–	–	–	–	–
(81)	–	(1)	81	–	–	–
–	–	–	–	–	(–)	–
(6,096)	–	(252)	12,617	–	–	–
(1,013)	–	(174)	6,427	–	–	–
(14)	–	–	3	–	–	–
(1,724)	–	(144)	7,195	–	(1)	–
(139)	–	–	–	–	–	–
–	–	–	–	–	–	–
(23,310)	–	(1,169)	5,650	–	(31)	–
(232)	–	–	–	–	–	–
(16)	–	–	16	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(808)	–	–	–	–	–	–
–	–	–	–	–	–	–
–	(1,100)	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(31)	(–)	–	–	–	(–)	–
(268)	(22)	–	–	–	(9)	–
(13)	–	–	2	–	(1)	–
–	–	–	–	–	–	–
(4)	–	–	2	–	(2)	–
(1)	–	–	–	–	–	–
(639)	–	–	76	–	50	–
(63)	(114)	(80)	–	–	(109)	–
(105)	–	(112)	349	–	(6)	–
(103)	–	–	3	–	–	–
(87,415)	**(45,521)**	**(4,732)**	**47,351**	**–**	**(244)**	**46**

non-consolidated companies

(thousands of euros)	other non-current financial assets	trade receivables	other current assets	non-current financial liabilities
other investee companies				
A.M.P. S.c.r.l. in liquidation	–	–	–	–
Aguas de San Pedro S.A. de C.V.	–	10	–	–
C.F.C. S.c.a.r.l.	–	–	–	–
Consorcio Metro Los Teques	–	37	662	–
Consorzio Asse Sangro in liquidation	–	(17)	–	–
Consorzio Centro Uno	–	52	–	–
Consorzio Ferroviario Vesuviano	–	–	–	–
Consorzio Groupement L.E.S.I.-Dipenta	–	(–)	–	–
Consorzio Tagliamento	–	–	26	–
Consorzio TEAM	–	–	24	–
Consorzio TRA.DE.CI.V.	–	18	–	–
Copenhagen Metro Construction Group J.V. (COMET)	–	–	–	–
Fusaro S.c.r.l.	–	12	–	–
G.G.O. S.c.r.l. in liquidation	–	1	–	–
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	–	1	–	–
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	–	–	–	–
Irimuse S.c.a.r.l.	–	–	–	–
Metrogenova S.c.a.r.l.	–	390	185	–
Napoli Porto S.c.r.l. in liquidation	2	100	–	–
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	–	–	–	–
Pantano S.c.r.l.	72	–	–	–
Plus S.r.l.	2,427	–	–	–
Roma Lido S.c.r.l.	274	–	–	–
Salini-Italstrade JV S.c.a.r.l. in liquidation	–	2	–	–
Societè Seas - Astaldi S.c.a.r.l.	–	–	2	–
Yellow River Contractor J.V.	–	92	–	–
total other investee companies	**2,774**	**697**	**899**	**–**
other group companies				
C.E.A.-COMPAGNIA EUROPEA APPAL	–	–	–	–
Consorsio F.A.T.- Federici-Astaldi-Todini	–	–	1	–
Consorzio F.A.T. (Romania Branch-Office)	–	–	5	–
total other group companies	**–**	**–**	**6**	**–**
parent company				
FIN. AST. S.r.l.	–	6	–	–
total parent company	**–**	**6**	**–**	**–**
grand total	**11,046**	**29,767**	**39,774**	**(597)**
incidence of operations (in percent)	**1**	**–**	**–**	**–**

trade payables	other current liabilities	other operating revenues	service costs	other operating costs	interest and other financial income	interest and other financial charges
(1)	–	–	–	–	–	–
–	–	–	–	–	–	–
(21)	(33)	–	–	–	–	–
(2)	(–)	(47)	–	–	–	–
(7)	–	–	–	–	–	–
(–)	–	–	–	–	–	–
(–)	–	–	–	–	–	–
–	–	–	–	–	–	–
(7)	–	–	3	–	1	–
(11)	–	–	11	–	–	11
(416)	–	(15)	1,198	–	–	–
(–)	–	–	–	2,800	–	(13)
(63)	–	–	–	–	–	–
(1)	–	–	–	–	–	–
–	–	–	–	–	–	–
(240)	–	–	61	–	–	–
(1)	–	–	1	–	–	–
(208)	(265)	(81)	1,401	–	–	–
–	–	–	–	–	–	–
(1)	–	–	–	–	–	–
(1,673)	–	–	587	–	–	–
–	–	–	–	–	–	–
(775)	–	–	1	–	–	–
–	–	–	–	–	–	–
–	(2)	–	–	–	–	–
(1)	–	–	–	–	–	–
(3,431)	**(300)**	**(143)**	**3,265**	**2,800**	**1**	**(2)**
(61)	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
(61)	**–**	**–**	**–**	**–**	**–**	**–**
–	–	(10)	–	–	–	–
–	**–**	**(10)**	**–**	**–**	**–**	**–**
(90,906)	**(45,820)**	**(4,884)**	**50,616**	**2,800**	**(243)**	**44**
–	**–**	**–**	**–**	**–**	**–**	**–**

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INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998
(TRANSLATION FROM THE ORIGINAL ITALIAN TEXT)

To the Shareholders of
Astaldi S.p.A.

1. We have audited the consolidated financial statements of Astaldi S.p.A. and subsidiaries (the Astaldi Group) as of and for the year ended December 31, 2006, comprising the consolidated balance sheet, the consolidated statement of operations, changes in shareholder's equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 12, 2006.

3. In our opinion, the consolidated financial statements present clearly and give a true and fair view of the financial position, the result of operations, the changes in shareholder's equity and the cash flows of the Astaldi Group as of December 31, 2006 and for the year then ended in accordance with IFRS as adopted by the European Union and the standards issued in accordance with art. 9 of Italian Legislative Decree n° 38/2005.

Reconta Ernst & Young S.p.A.
Signed by: Roberto Tabarrini, Partner

Rome, Italy
April 13, 2007

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

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parent company's financial statements

Management report on the financial statements

Preface

The financial statements of Astaldi S.p.A. were drawn up in accordance with the International Accounting Standards (IASs) and the International Financial Reporting Standards (IFRSs), as referred to in the notes to the consolidated financial statements.

This Management Report on the financial statements is an abstract of the one filed. Therefore, further details are set forth in the Management Report to the consolidated financial statements, containing essentially the same information as the Company's financial statements.

The company's economic, equity and financial trend

The economic, equity and financial trend of Astaldi S.p.A. during 2006 reveals a year in which the expected considerable raise in domestic activities, in particular in the initiatives linked to the "*Legge Obiettivo*" (Italian Law No. 443/2001) materialized only in the last part of the year; such phenomenon was balanced by an increase in foreign activities, deriving from the development policy implemented during the last two years in the areas traditionally considered as strategic (Venezuela, Algeria, Romania and Turkey).

The following table shows the key figures relating to the Company's activity in 2006, in comparison with similar values recorded during the previous year.

Astaldi S.p.A. key figures

(million of euros)	2006	2005
total revenues	896	840
ebitda	111	110
ebit	84	83
profit before income taxes	50	48
net profit	28	28
self-financing (profit + depreciation and amortization + provisions)	59	61
fixed assets	358	296
net invested capital	569	512
net financial indebtedness	304	267
net equity	264	244

During 2006, the effectiveness of the strategies pursed until nowadays has become evident: in fact, the business model adopted ensured an appropriate flexibility in the implementation of the Group's strategic guidelines.

Notwithstanding the presence of negative contingent events such as, by way of example, the slowdowns in the procedure for the approval of some domestic projects, the year 2006 allowed to confirm a growth trend which, during 2007, shall become stronger as a direct consequence of the regular execution of recently acquired contracts.

In fact, a proper balance of domestic and foreign activities allowed to achieve the results shown in corporate industrial plan documents which, in relation to 2006, foresaw a growth concentrated in the second half of the year.

After all, not only does the Company's ability to promptly adjust the contribution to the production activities of the single geographic areas express the exploitation of a traditional asset – that is, a well-rooted presence abroad – but it also indicates a well-organized ability to diversify the activities and the risks connected therewith. In fact, the possibility of relying on foreign activities means not only taking the opportunity of counter-balancing the possible slowdown of the Italian market, but it also represents a way of supporting the higher incidence, within the domestic order backlog, of general contracting and project financing initiatives which, because of their nature and by virtue of the high complexity characterizing the same, entail a longer and more elaborated arrangement activity, both from the design and the operational point of view. As a matter of the fact, foreign activities have an average life cycle which is shorter than domestic ones and, therefore, the corresponding quota of orders backlog being managed is characterized by a quicker turnover of the orders forming it.
These considerations and the strategic choices deriving therefrom, together with the focus on contracts of a high value and requiring important technological-managerial contents, are the basis of the important successful business results achieved in 2006, in Italy by the acquisition of remarkable general contracting and project financing initiatives, and abroad, by entering into interesting contracts in Venezuela, Algeria, Romania and Central America.
Therefore, the guidelines set forth in the industrial plan with reference to business policies and international positioning pursued have been actually put into practice. Even the more so that the new contracts acquired throughout the year, of a global value of EUR 3.3 billion, confirm the assumed Group's development by internal means as set forth in 2006-2010 Business Plan. One of the targets fixed in the Plan is, in fact, the improvement of the orders backlog not only from the quantity point of view but, and above all, from the quality point of view, this being the condition to achieve important and ever growing economic-equity-financial targets.
Therefore, the economic-financial results obtained in the subject-matter year are nothing less than a confirmation of the ability to achieve such targets, even the more so that the same have been brought about in a market situation in which only an attentive balance between the domestic and the international sector could and can ensure satisfying economic margins and levels of financial and equity soundness. The rationalization of the Group's presence abroad implemented during the last few years has to be construed also in terms of strategy.
The 2006 income statement itself is evidence of the above statements and of the economic and financial growth targets laid as basis of the industrial plan and budget assumptions; in particular, the 6% increase in the revenues for the period in a general context of slowdown of the domestic construction sector consequently to the political elections held in April, underlines both the quality and the flexibility of the corporate operating model, the two backbones on which the Group's growth and financial-equity soundness are based.
More in detail, total revenues for the period amounted to EUR 896 million, growing by 7% in comparison with the previous year. The revenues obtained, approximately equivalent to EUR 846 million have confirmed, for the year just ended and for 2007, the trend of a higher incidence of works being executed abroad, in the 12 Countries where the Company is presently operating. In fact, the domestic sector

contributes to the revenues for the period by 40%, while the activities carried out abroad, mainly in the road and railway sectors, by 60%.

The excellent results obtained in Venezuela are thus confirmed; in this Country have been substantially completed the works for the Caracas-Tuy Medio railway, and the works for the construction of the Puerto Cabello-La Encrucijada railway and of the underground of Los Teques are being carried out fully in compliance with expectations. As far this latter project is concerned, it is worthy mentioning its inauguration in November 2006, as explained in closer detail in the orders backlog paragraph. Anyway, Venezuela is destined to remain one of the most important areas for the Company's production activities, also because the effects of the local Government's ability to transform the increased cash flow from the high price of oil (of which the Country is one of the world production leaders) into infrastructure investments, are becoming evident. Such conditions led, during the year, to enter into some additional important contracts for works in the railway sector having economic effects already starting from the second half of 2006.

In Algeria, where Astaldi may be now considered as one of the sector leaders, the business effort led to the acquisition of additional important orders, both in the sector of transport infrastructure, and in the sector of dams and hydraulic works; the standard-rate production of such works and of the works acquired in 2005 contributed to meaningfully increase the importance of such Country for the obtainment of the Group's total revenues during the year just ended.

The contribution deriving from activities carried out in Central America is as much as interesting; Astaldi has been operating in this area for many years now, with a business policy which allowed to acquire, in 2006, new important contracts, thus consolidating the Company's position in those Countries (El Salvador, Honduras, Nicaragua, Costa Rica) where it traditionally represents one of reference operators in the construction sector.

As regards the contribution of individual lines of business to revenues, transport infrastructure contributed by 83%, hydraulic and energy-related works by 9%, and civil and industrial building by the remaining 78%.

Transport infrastructure confirms to be the dragging sector for the Company's activities, providing for the highest contribution in terms of value of production and margins obtained. We remind that this sector includes works such as railways and undergrounds, roads and motorways, airports and harbours, and that the most important contracts in progress in Italy in this sector are the new lines of the undergrounds of Rome, Milan, Brescia and Naples, the railway junction in Turin, the High Speed railway station in Bologne, the two lots of the "Jonica" National Road (NR 106). As far as concerns foreign activities, a considerable contribution has been provided by the works in Venezuela (railways and undergrounds) and in Turkey (motorways), where Astaldi is engaged in the management of the most important infrastructure projects presently being carried out.

In the field of civil and industrial building, the activities for the construction of the new Hospital in Mestre, for which the progress of civil works reached approximately 80%, and of the new Hospital in Naples are steadily going on.

Going back to the analysis of the income statement, it is worthy underlining an increased incidence of the cost of personnel (12.8% compared to 11.1% of 2005), connected with the different composition of costs mainly attributable to an increased incidence of various phases of direct working activities, especially in

those countries like Algeria where specific working activities are hardly entrusted to third parties.
Such phenomenon, partially counterbalanced, in terms of profitability, by a better performance of the foreign sector as a whole, determines an EBITDA of EUR 120 million, thus showing a stable annual trend, also as a consequence of the delays in the procedures of approval of the designs relating to the two lots of the "Jonica" National Road, which made the start-up of the relevant works be postponed by some months. The EBITDA margins scored 13.4% (14.4% in 2005). We remind that the EBITDA is calculated by deducing the amount of costs of Company's operation, that is to say the cost of production, the cost of labour and other operating costs, from total revenues.
The EBIT (operating result) increased to EUR 84 million and takes advantage of a lower incidence of amortizations provisions for contingencies which, in the previous year, were adversely affected by allocations for costs at completion and deriving also from the revision of "whole life cycle" budgets. The EBIT margin decreased to 9.4%, in comparison with 9.9% in 2005.
Profit before income taxes increased to EUR 50 million (+3.2% on an annual basis), while net profit exceeded EUR 28 million, showing a net margin of 3.1%.
As far as concerns equity and financial dynamics, 2006 consolidated financial statements show the effects of the investment policy planned for the five year period and brought forward in the 2006-2010 Business Plan.
In particular, the speeding up on the general contracting and projects financing sectors led, during the period, to start the operation phase of the initiatives relating to the Line C of the underground of Rome and to Line 5 of the underground of Milan; for both projects, the Company subscribed the capital of both "special purpose vehicles" – each established to accomplish the respective initiative – for a global amount of approximately EUR 58 million, by the payment of a first instalment equivalent to 25%.
As to foreign activities, the works relating to the new contracts acquired in Algeria have been started during 2006. In this area, where the Group has been traditionally operating in the sector of hydraulic engineering, the years 2005 and 2006 represented a turning point because, also as a consequence of the final winding up of the activities in the remaining part of Africa, business activities focused on the development of the important investment opportunities in the sector of infrastructure that local Government may take advantage of thanks to the rise in the price of energy products, which the Country is very rich in. In order to fully take advantage of the business opportunities which may derive from it, during the period a company organized under the laws of Algeria was established, which is an Astaldi's wholly-owned subsidiary, and, at the same time, a programme of investment in specific plants and machinery started.
The investments preliminary to the start of general contracting and project financing initiatives acquired in Italy, as well as the activities aimed at providing technical means and equipments consequently to the management of the start-up phase of contracts in Algeria, Venezuela and Italy, induced a definite increase, with respect to the previous year, in fixed assets which total EUR 358 million, in comparison with EUR 296 million of 2005. Moreover, we remind that, the equity investments and fixed tangible assets forming the fixed assets, include also the investments in the project financing sector, that is to say the investment costs linked to

the New Hospital in Naples – equal to EUR 35 million as of December 31, 2006 – and to the car park sector, the equity for the New Hospital in Mestre, the payment of the first instalment of the share capital of the special purpose vehicle established in connection with the Line 5 of the underground of Milan. Because of their nature, the repayment of the capital invested in these initiatives is secured by the cash flows to be generated by the initiatives themselves.

The outstanding working capital totalled EUR 232 million, definitely decreasing in comparison with the amount of EUR 260 million of December 31, 2005, under the influence of the positive invoicing-and-payment cycle recorded during the period. The item other liabilities shows an increase (up to EUR 198 million), mainly due to the posting of the shares not yet paid on the capital of the special purpose vehicles established for the new underground lines of Rome and Milan; such amounts will be paid during the next fiscal years, in accordance with the respective economic-financial plans.

The net equity, exceeding EUR 264 million, shows a change during the period attributable to the profit for the period, to the change in the provisions on exchange and interest rate hedging operations, to the payment of dividends for an amount of EUR 8.3 million as resolved by the Shareholders' Meeting held on April 28, 2006, and to the change in treasury shares.

Instead, as far as concerns the net financial position, the following table shows the relevant elements whose description and composition are in compliance with the model proposed by CONSOB Communication No. DEM/6064293 of July 28, 2006. It is further underlined that such communication was supplemented with the item "net financial position" which includes the "net financial indebtedness" determined according to said communication and the balance of treasury shares held.

net financial position

(thousands of euros)		referenceto the notes to the financial statements	december 31, 2006	december 31, 2005
a	cash	24	199,059	134,995
b	shares held for trading	18	18,670	14,378
c	**cash at bank and on hand (a)+(b)**		**217,729**	**149,373**
d	**financial receivables**	**18**	**1,822**	**36,208**
e	current liabilities to banks	26	(89,354)	(167,222)
f	current share of non-current indebtedness	26	(105,120)	(22,137)
g	other current financial liabilities	26	(9,602)	(4,071)
h	**current financial indebtedness (e)+(f)+(g)**		**(204,076)**	**(193,431)**
i	**net current financial indebtedness (c)+(d)+(h)**		**15,474**	**(7,849)**
j	non-current liabilities to banks	26	(299,723)	(244,731)
k	other non-current liabilities	26	(19,100)	(14,729)
l	**non-current financial indebtedness (j)+(k)**		**(318,823)**	**(259,460)**
m	**net financial indebtedness (i)+(l)**		**(303,349)**	**(267,308)**
	treasury shares	25	3,824	5,860
	total net financial position		**(299,525)**	**(261,449)**

Net financial indebtedness as at December 31, 2006, including treasury shares, amounted to EUR 300 million, in comparison with the amount exceeding EUR 261 million as at December 31, 2005. Such value, registered despite the considerable investment plan commented above, is a consequence, as already stated in the 2006-2010 Business Plan, of the Company's endeavours to start important contracts acquired recently which, precisely, turns into investments concentrated in the current period, the repayment of which is ensured by the cash-flows deriving from the construction activities, for general contracting initiatives, and from the operation phase, for concession and project financing initiatives.

Reclassified financial statements (income statement, balance-sheet and cash flow statement), showing values in thousands of euro, are set forth herebelow.

reclassified income statement

thousands of euros)	reference to the notes to the financial statements	december 31, 2006	%	december 31, 2005	%
revenues	1	846,332	94.5%	790,510	94.1%
other operating revenues	2	49,325	5.5%	49,847	5.9%
total revenues		**895,657**	**100.0%**	**840,357**	**100.0%**
production costs	3-4	(648,772)	(72.4%)	(602,080)	(71.6%)
added value		**246,885**	**27.6%**	**238,277**	**28.4%**
cost of personnel	5	(114,714)	(12.8%)	(93,232)	(11.1%)
other operating costs	7	(11,816)	(1.3%)	(24,405)	(2.9%)
ebita		**120,355**	**13.4%**	**120,640**	**14.4%**
amortization	6	(21,639)	(2.4%)	(19,878)	(2.4%)
provisions	7	(9,489)	(1.1%)	(13,700)	(1.6%)
depreciations	6	(5,022)	(0.6%)	(4,287)	(0.5%)
(capitalisation of internal construction costs)	8	111	0.0%	161	0.0%
ebit		**84,316**	**9.4%**	**82,936**	**9.9%**
net financial income and charges	9-10	(34,627)	(3.9%)	(34,768)	(4.1%)
effects of valuation of investments using the net equity method	11		0.0%		0.0%
profit (loss) before income taxes		**49,689**	**5.5%**	**48,168**	**5.7%**
taxes	12	(21,989)	(2.5%)	(20,484)	(2.4%)
profit (loss) before income taxes on operating activities		**27,700**	**3.1%**	**27,684**	**3.3%**
profit (loss) connected with discontinued operations (discontinued operations)	–	–	–	–	
profit (loss) for the period		**27,700**	**3.1%**	**27,684**	**3.3%**

reclassified balance-sheet

(thousands of euros)

	referenceto the notes to the financial statements	december 31, 2006	december 31, 2005
intangible fixed assets	16	3,758	4,964
tangible fixed assets	14-15	124,037	93,650
equity investments	17	179,175	133,525
other net fixed assets	12-18-19	51,466	63,790
total fixed assets (a)		**358,436**	**295,929**
inventories	20	46,580	36,682
contracts in progress	21	377,240	277,727
trade receivables	22	412,580	351,883
other assets	19	196,360	113,602
tax receivables	23	53,666	42,157
advances from employers	21	(222,515)	(107,555)
subtotal		**863,911**	**714,496**
payables to suppliers	29	(434,503)	(309,756)
other liabilities	12-27-30	(197,783)	(144,992)
subtotal		**(632,286)**	**(454,748)**
working capital (b)		**231,625**	**259,748**
employees benefits	28	(10,785)	(9,685)
provision for current risks and charges	31	(10,765)	(34,413)
total provisions (c)		**(21,550)**	**(44,098)**
net invested capital (d) = (a) + (b) + (c)		**568,511**	**511,579**
cash and cash equivalents	24	199,059	134,996
current financial receivables			33,475
non-current financial receivables			2,733
securities	18	19,581	14,378
current financial liabilities	26	(204,076)	(193,431)
non-current financial liabilities	26	(318,823)	(259,460)
net financial payables / receivables (e)		**(304,259)**	**(267,309)**
net equity (g) = (d) - (e)		**264,252**	**244,270**

cash flow statement

(thousands of euros)	2006	2005
a – cash flow from operating activities		
profit for the period	27,701	27,683
adjustments to reconcile net profit (loss)		
with cash flow generated (used) by operating activities		
deferred taxes	(2,926)	4.099
amortisation, depreciation and write-downs	42,715	38.872
provision for risks and charges	9,489	16.571
costs for employee severance indemnity and defined benefit plans	2,437	2.197
costs for employee incentive plans	1,945	1.840
losses on disposals of non-current assets	324	3,147
gains on disposals of non-current assets	(1,763)	(2.585)
subtotal	**52.222**	**64.140**
differences in operating assets and liabilities (working capital)		
trade receivables	(65,719)	74.860
inventories and contracts in progress	(152,435)	(80.657)
trade payables	124,746	(47.605)
provision for risks and charges	(12,520)	(11.274)
advances from employers	137,367	(6.149)
other operating assets	(62,517)	(41.583)
other operating liabilities	14,819	80.328
payments of employee severance indemnity and defined benefit plans	(1,338)	(2.022)
subtotal	**(17,596)**	**(34.101)**
cash flow from discontinued operations	–	–
	62.326	**57,722**
b – cash flow from investment activities:		
purchase in investment property	–	–
investments in intangible fixed assets	(651)	(3.103)
investments in tangible fixed assets	(56,391)	(23.303)
sale (Purchase) of other equity investments net of acquired cash	(18,318)	(87.525)
collections from the sale of tangible and intangible fixed assets and investment property	7,661	7.870
collections from the sale of equity investments and other assets	–	–
differences in financing of equity investments	19,708	2,978
contributions received		
cash flow from discontinued operations	–	–
	(47.991)	(103,083)
c – cash flow from financing activities:		
capital increase against payment	–	–
dividends paid + other movements	(7,719)	(7.375)
registration (repayment) of non-current payables net of commission	52,003	160.495
net change in current financial payables	10,646	(137.392)
net change in financial assets	–	1.872
sale (purchase) of securities/bonds	(5,203)	9.210
cash flow from discontinued operations	–	–
	49.727	**26,811**
d – exchange rate differences on cash and cash equivalents	**–**	**(161)**
net increase (reduction) net of cash and cash equivalents	**64.063**	**(18,710)**
cash and cash equivalent at start of year	134.996	153,706
cash and cash equivalent at end of year	199.059	134,996

Investments

An analysis of the above cash flow statement clearly shows the remarkable and extensive investment plan, implemented during 2006, as planned with the 2006-2010 Business Plan.

Investments made during the period globally amounted to EUR 77 million.

Such value reflects the Company's considerable endeavours aimed at guaranteeing the start of the important contracts recently acquired in Italy, Algeria and Venezuela.

In fact, such investments represent preparatory activities to start the important initiatives acquired during the last two years and are aimed at procuring technical means and equipments which may appropriately support the strong push expected for production activities, the effects of which will become evident already starting from 2007; therefore, making such investments represents a fundamental condition to support the implementation of the growth programme planned for the next five years.

Also the investments made in training and updating the training of human resources are becoming more and more important and may be considered as fundamental in order to guarantee the consolidation of leadership.

The below table shows net investments made during the period.

investments (million of euros)	2006
tangible fixed assets	56
intangible fixed assets	1
equity investments	18
study of new initiatives	2
total net investments	**77**

When analyzing in closer detail the nature of such investments and of the activities they are aimed at, it is clear that considerable investments have been concentrated during the period and that those made in connection with general contracting and project finance initiatives are of a self-repayment kind, since the repayment of the same is guaranteed by the cash flow deriving from the construction works of general contracting activities, and by the cash flow deriving from the operation phase of project finance and concession initiatives.

Such portion of investments may be qualified as of a limited-recourse type for the quota relating to general contracting activities and identified as of a non-recourse type for concession and project financing initiatives.

The investments aimed at supporting general contracting initiatives include the payment of a first instalment, equivalent to 25%, of the share capital of the special purpose vehicle established for the construction of the Line C of the underground of Rome, the operations of which started during the period. Also the investments aimed at procuring the appropriate means and equipments to support the start-up phase of some important initiatives in Italy, to be carried out according to such model, contribute to said investments by an amount of EUR 32 million. Instead, as regards the investments made during the year to support project finance initiatives, they include the costs of investments in the project for the con-

struction and operation of the New Hospital in Naples (the so-called “Ospedale del Mare”) – which, as at December 31, 2006, amounted to EUR 35 million -, the investments relating to the car park sector, the equity for the New Hospital in Mestre and the payment of a first instalment, equivalent to 25%, of the share capital of the special purpose vehicle established for the construction of the Line 5 of the underground of Milan.
Additional investments refer to the procurement of technical means and equipments which are not attributable to any f the above categories and aimed at supporting the expected increase in production activities in Venezuela, Algeria and Italy.

Conclusions

Shareholders, the consolidated financial statements show a net profit of EUR 28 million, net of amortization and depreciation, provisions and consolidation adjustments.

on behalf of The Board of Directors
The Chairman
(Ernesto Monti)

Parent company's financial statements

INCOME STATEMENT

(values in euros)

	notes	31/12/2006	31/12/2005
Operating management			
Revenues	1	846,331,668	790,509,834
– of which, from related parties	*31*	*1,890,674*	*4,066,796*
Other operating revenues	2	49,325,033	49,846,573
– of which, from related parties	*31*	*12,829,857*	*12,203,836*
Total revenues		*895,656,701*	*840,356,407*
Purchase costs	3	161,827,966	113,729,958
– of which, from related parties	31	9,344,117	3,516,311
Service costs	4	486,943,680	488,350,211
– of which, from related parties	*31*	*143,061,682*	*81,113,857*
Cost of personnel	5	114,714,108	93,231,688
– of which, from related parties	*31*	*385,754*	*(161,413)*
Depreciation & Amortization	6	26,660,969	24,165,349
of which, from related parties	*31*	*5,000,000*	*182*
Other operating costs	7	21,305,142	38,105,352
– of which, from related parties	*31*	*3,026,762*	*1,872,384*
Total costs		*811,451,864*	*757,582,558*
(Capitalisation of internal construction costs)	8	111,233	160,974
Operating result		**84,316,070**	**82,934,823**
Equity investments and financial area			
Financial income	9	49,466,318	33,735,926
– of which, from related parties	*31*	*673,015*	*2,505,136*
Financial charges	10	(84,092,829)	(68,504,165)
– of which, from related parties	*31*	*(290,992)*	*(937,744)*
Total equity investments and financial area		*(34,626,511)*	*(34,768,239)*
Profit (loss) before income taxes on operating activities		49,689,559	48,166,584
Taxes	11	21,988,954	20,483,519
Profit (loss) on operating activities		27,700,605	27,683,065
Profit (loss) connected with discontinued operations		–	–
Profit (loss) for the period		**27,700,605**	**27,683,065**
Profit per share:	*12*		
– Basic profit per share		*–*	*–*
– Basic profit per share from current operations		*0.285*	*0.283*
– Diluted profit per share		*–*	*–*
– Diluted basic profit per share from current operations		*0.285*	*0.283*

BALANCE-SHEET — ASSETS

(values in euros)

	notes	31/12/2006	31/12/2005
ASSETS			
Non-current assets			
Property, plant and machinery	13	123,839,643	93,446,267
Investment property	14	197,835	203,954
Intangible assets	15	3,758,035	4,964,381
Equity Investments	16	179,174,958	133,524,842
Non-current financial assets	17	28,590,978	51,032,089
– of which, from related parties	*31*	*27,679,948*	*48,298,999*
Other non-current assets	18	10,923,907	11,599,904
Deferred tax assets	11	11,951,359	3,891,425
Total non-current assets		**358,436,715**	**298,662,862**
Current assets			
Inventories	19	46,579,842	36,682,391
Receivables from employers	20	377,239,597	277,726,806
– of which, from related parties	*31*	*5,934,592*	*4,043,918*
Trade receivables	21	412,579,689	351,882,976
– of which, from related parties	*31*	*70,186,987*	*66,676,765*
Tax receivables	22	53,666,440	42,157,031
Current financial assets	17	19,581,101	14,378,178
Other current assets	18	196,359,812	147,076,678
of which, from related parties	*31*	*77,365,865*	*52,984,033*
Cash and cash equivalents	23	199,058,510	134,995,648
Total current assets		**1,305,064,991**	**1,004,899,708**
Total assets		**1,663,501,706**	**1,303,562,570**
NET EQUITY			
Share capital		195,391,294	97,301,944
Reserves		–	–
– Legal reserve		10,766,682	9,382,529
– Extraordinary reserve		40,245,702	50,903,496
– Share premium reserve		–	67,836,096
Profit (loss) carried forward		(4,830,125)	(4,830,125)
– Other reserves		(5,022,128)	(4,006,589)
Total capital and reserves	24	**236,551,425**	**216,587,351**
Profit (loss) for the period		27,700,605	27,683,065
Total net equity		**264,252,030**	**244,270,416**

BALANCE-SHEET — LIABILITIES

(values in euros)

	notes	31/12/2006	31/12/2005
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	25	321,430,899	269,427,478
– of which, from related parties	*31*	*2,607,501*	*9,967,831*
Other non-current liabilities	26	140,796	1,907,399
Employee severance indemnity and other personnel provisions	27	10,784,675	9,684,971
Total non-current liabilities		**332,356,370**	**281,019,848**
Current liabilities			
Payables to employers	20	201,898,172	107,555,049
Trade payables	29	434,502,543	309,756,486
– of which, to related parties	*31*	*171,168,409*	*137,950,127*
Current financial liabilities	26	204,076,375	193,430,510
Tax payables	30	17,993,915	12,889,931
Provision for current risks and charges	28	31,381,752	34,413,112
Other current assets	26	177,040,549	120,227,218
of which, from related parties	*31*	*109,937,266*	*78,439,008*
Total current liabilities		**1,066,893,306**	**778,272,306**
Total liabilities		**1,399,249,676**	**1,059,292,154**
Total net equity and liabilities		**1,663,501,706**	**1,303,562,570**

Net equity movements

net equity movements as at December 31, 2005

(values in euros)

	share capital	share premium reserve
balance at december 31, 2004 ias/ifrs	**98,424,900**	**67,836,096**
adoption of ias 32 and 39	(400,000)	
balance at january 1, 2005 ias/ifrs adjusted	**98,024,900**	**67,836,096**
2005 equity movements		
cash flow hedge reserve		
treasury shares	(722,956)	
net income/(charges) entered directly in equity	(722,956)	–
profit (loss) 2005		
dividends		
provision pursuant to article 27 of the by-laws		
other movements		
balance at december 31, 2005 ias/ifrs	**97,301,944**	**67,836,096**

net equity movements as at December 31, 2006

(values in euros)

	share capital	share premium reserve
balance at january 1, 2006 ias/ifrs	**97,301,944**	**67,836,096**
2006 net equity movements		
cash flow hedge reserve		
treasury shares	(335,550)	
net income/(charges) entered directly in equity	(335,550)	–
profit (loss) 2006		
dividends		
provision pursuant to Article 27 of the By-laws		
free share capital increase	98,424,900	(67,836,096)
merger by incorporation of Italstrade		
other movements		
balance at December 31, 2006 ias/ifrs	**195,391,294**	**–**

legal reserve	extraordinary reserve	other reserves	total	retained earnings	profit for the period	total
7,818,668	**23,866,384**	**7,649,457**	**205,595,505**	**(8,283)**	**26,441,787**	**232,029,009**
	(497,558)	(2,073,657)	(2,971,215)			(2,971,215)
7,818,668	**23,368,826**	**5,575,800**	**202,624,290**	**(8,283)**	**26,441,787**	**229,057,794**
		(423,000)	(423,000)			(423,000)
	(4,239,178)	502,393	(4,459,741)			(4,459,741)
–	(4,239,178)	79,393	(4,882,741)	–	–	(4,882,741)
			–		27,683,065	27,683,065
			–		(7,353,000)	(7,353,000)
			–		(234,702)	(234,702)
1,563,861	31,773,848	(9,661,782)	23,675,927	(4,821,842)	(18,854,085)	–
9,382,529	**50,903,496**	**(4,006,589)**	**221,417,476**	**(4,830,125)**	**27,683,065**	**244,270,416**

legal reserve	extraordinary reserve	other reserves	total	retained earnings	profit for the period	total
9,382,529	**50,903,496**	**(4,006,589)**	**221,417,476**	**(4,830,125)**	**27,683,065**	**244,270,416**
		1,013,968	1,013,968			1,013,968
	2,370,960	398,085	2,433,495			2,433,495
–	2,370,960,00	1,412,053	3,447,463	–	–	3,447,463
			–		27,700,605	27,700,605
			–		(8,323,617)	(8,323,617)
			–		(415,246)	(415,246)
	(30,588,804)		–	–	–	–
		(2,427,593)	(2,427,593)	–	–	(2,427,593)
1,384,153	17,560,049		18,944,203	–	(18,944,203)	–
10,766,682	**40,245,701**	**(5,022,129)**	**241,381,549**	**(4,830,125)**	**27,700,605**	**264,252,029**

cash flow statement

(values in euros)

	2006	2005
a – cash flow from operating activities	**2006**	**2005**
profit for the period	27,700,605	27,683,065
adjustments to reconcile net profit (loss)		
with cash flow generated (used) by operating activities:		
deferred taxes	(2,926,316)	4.098.671
amortisation, depreciation and write-downs	42,715,409	38.872.349
provision for risks and charges	9,488,991	16.571.000
costs for employee severance indemnity and defined benefit plans	2,437,373	2.197.031
costs for employee incentive plans	1,944,710	1.839.599
losses on disposals of non-current assets	323,985	3.147.030
gains on disposals of non-current assets	(1,762,645)	(2.585.391)
subtotal	**52,221,507**	**64.140.289**
differences in operating assets and liabilities (working capital):		
trade receivables	(65,718,694)	74.860.024
inventories and receivables from employers	(152,434,503)	(80.656.821)
trade payables	124,746,057	(47.604.950)
provision for risks and charges	(12,520,351)	(11.273.562)
payables to employers	137,367,384	(6.149.008)
other operating assets	(62,517,074)	(41.582.610)
other operating liabilities	14,819,228	80.327.544
payments of employee severance indemnity		
and defined benefit plans	(1,337,669)	(2.021.659)
subtotal	**(17,595,623)**	**(34.101.042)**
cash flow from discontinued operations	–	–
	62,326,490	**57.722.312**
b – cash flow from investment activities:		
investments in intangible fixed assets	(651,190)	(3.103.000)
investments in tangible fixed assets	(56,390,557)	(23.303.000)
sale (purchase) of other equity investments net of acquired cash	(18,317,782)	(87.525.000)
collections from the sale of tangible and intangible fixed assets		
and investment property	7,660,508	7,870,000
differences in financing of equity investments	19,708,021	2.978.357
cash flow from discontinued operations	**–**	**–**
	(47,991,000)	**(103.082.643)**
c – cash flow from financing activities:		
dividends paid + other movements	(7,718,991)	(7.375.000)
registration (repayment) of non-current payables net of commission	52,003,421	160.495.361
net change in current financial payables (including leasing)	10,645,865	(137.391.514)
net change in financial assets	–	1.871.921
sale (purchase) of securities/bonds	(5,202,923)	9.210.210
cash flow from discontinued operations	**–**	**–**
	49,727,372	**26.810.978**
d – exchange rate differences on cash and cash equivalents	**–**	**(161,000)**
net increase (reduction) net of cash and cash equivalents	**64,062,862**	**(18,710,353)**
cash and cash equivalent at start of year	134,995,648	153,706,001
cash and cash equivalent at end of year	199,058,510	134,995,648

Comments to the cash flow statement are set forth in the specific paragraph in the Management Report.

Notes to the IFRSs consolidated financial statements

Form and content

With regard to the accounting standards adopted to draft the financial statements, it must be noted that, pursuant to Article 4 of Legislative Decree No. 38 of February 28, 2005 regulating application of the options provided for in Article 5 of European Community Regulation No. 1606/2002 concerning International Accounting Standards, Astaldi S.p.A. exercised the right to voluntarily use the IFRSs adopted by the European Union to draft its financial statements starting from the year ending December 31, 2005, thus forerunning the obligation to use international accounting standards. In fact, since Astaldi S.p.A. is quoted on the Italian regulated market, it has the obligation, under art. 4, subsection 1, of Legislative Decree n. 38 of February 28, 2005, to use, effective from the financial year ended or ongoing on December 31, 2006, to draw up its financial statements, the IFRSs adopted by the European Union.
The financial statements of Astaldi S.p.A. at December 31, 2006 have been drafted in accordance with the International Financial Reporting Standards adopted by the European Union and in compliance with laws and regulation in force and pursuant to CONSOB Communications No. 15519 and 15520 of July 27, 2006, and in accordance with CONSOB Communication No. 6064293 of July 28, 2006, issued in compliance with Art. 1 of Legislative Decree No. 38 of February 28, 2005.
The financial statements comprise the income statement, balance sheet, equity movements and cash flow statement, expressed in euros. The relevant supplementary and explanatory notes are also expressed in thousands of euros, unless otherwise set forth. As a result, the total amounts in some tables may slightly differ from the sum of the individual items forming said totals due to amounts set aside.
The income statement is presented using a classification of individual items based on their nature. Said classification complies with management report methods used inside the Company, and is therefore considered more representative compared to presentation of items according to use, providing more reliable and more relevant information for the sector of origin.
As far as the balance sheet is concerned, it has been chosen to enter items, separating assets and liabilities into current and non-current assets and liabilities, in accordance with the provision contained in paragraph 51 and following of IAS 1.
The cash flow statement shows cash flow for the year, broken down into operating activities, investment activities and financial activities, and is drafted on the basis of the indirect method.
The statement of net equity movements has been defined in compliance with IAS 1.
In some cases, when drawing up Company's financial statements at December 31, 2006, classifications different from those used until December 31, 2005 have been adopted. This turned out to be necessary in order to better represent Company's typical corporate events in the financial statements. In order not to impair comparability with data of previous years, also some of the items of the financial statements relating to the year ended December 31 2005 have been duly reclassified. In particular:

- The value of treasury shares was reclassified from “Other reserves” to “Extraordinary reserve”;
- Advances from Employers deducted from long-term contracts were reclassified from “Long-term contracts” (now posted as “Amounts owed by Employers”) to “Advances” (now named “Amounts owed to Employers”);
- Non-collected contributions were reclassified from “Other assets”, including current and non-current assets, to “Financial assets”, including current and non-current financial assets.

As regards the sector disclosure, regulated by IAS 14, it must be noted that, taking into account the fact that the company operates in various countries and various geographical areas, the primary reference model is the geographical one while information regarding business areas is secondary.

The IFRSs used have been supplemented with the interpretations by IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) at December 31, 2006 and approved by the European Union.

All amounts are expressed in thousands of euros unless otherwise indicated. Consequently, the total amounts in some statements can slightly differ from the sum of the amounts comprising said totals due to rounding off. The values in brackets relate to the previous year.

The Company decided not to apply such interpretation in advance, also by virtue of the fact that application would not be permitted since the European Commission has not yet approved it. Taking into account the contents of the financial statements for the year ended December 31, 2006, the freely transferable assets, the revenues and costs connected with service concessions have been entered in compliance with the accounting practice in force. Instead, the information has been given in compliance with SIC 29 – Disclosure – Service Concession Arrangements.

Accounting standards adopted

The most important accounting standards and valuation criteria adopted to draw up the financial statements at December 31, 2006 are listed below.

Conversion of items in foreign currency

Astaldi S.p.A.’s financial statements have been drafted in euro which is its functional and presentation currency.

The balances of all foreign operations included in the financial statements have been entered in the currency of the main economic environment the company works in (functional currency).

The items expressed in a currency different from the functional currency, either monetary (cash and cash equivalents, assets and liabilities payable or receivable with pre-established or determinable sums of money, etc.) or non-monetary (inventories, works in progress, advances to suppliers of goods and/or services, goodwill, intangible assets etc.) are initially recognised at the exchange rate in force on the transaction date. The monetary items are subsequently converted into the functional currency at the exchange rate on the closing date of the financial statements and the resulting differences are entered in the income statement.

Non-monetary items are kept at the conversion rate on the transaction date except in the case of an ongoing unfavourable trend in the reference exchange rate. The exchange rate differences related to non-monetary items are entered (income statement or equity) in the same way as the differences in the value of said items.

Property, plant and machinery

Tangible assets are valued at purchase or production cost, net of accrued depreciation and impairment. The cost includes all expenses directly incurred for preparing assets for use, as well as any charges for dismantling and removals needed to restore the site to its original conditions.

Charges incurred for routine and/or cyclical maintenance and repairs are entered directly in the income statement in the financial year in which they are incurred. Costs related to enlarging, modernizing, or improving the facilities owned or used by third parties are capitalized exclusively within the limits in which they meet the requirements for being separately classified as an asset or part of an asset. Financial charges incurred for acquiring and/or building assets are not capitalized.

The value of an asset is adjusted by systematic depreciation, calculated in relation to the residual possibility of use based on its useful life. Depreciation starts from the moment the asset becomes available for use. The estimated useful life for the various categories of assets is as follows.

estimated useful life of assets

	years
buildings	20-33
plant and machinery	5-10
equipment	3-5
other assets	5-8

Land, including that 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 elements composing the fixed asset, depreciation is performed separately for each of the elements composing the asset, in application of the component approach policy.

Profits and losses resulting from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relative net book value.

Freely transferable assets are systematically depreciated in every financial year on the basis of their residual possibility of use, considered in relation to the duration of the concession or the asset's useful life if shorter. Any provision to cover the cost of restoring or replacing freely transferable assets is entered among the provision for risks and charges. It should be noted that freely transferable assets refer to the following concessions.

concessions to which freely transferable assets refer

grantor	purpose of concession	type of asset	expiry of concession
municipality of turin	design, construction and management of a multi-storey car park	car parks	08/08/2076
municipality of turin	design, construction and management of a multi-storey car park	car parks	24/02/2078
municipality of bologne	design, construction and management of a multi-storey car park	car parks	07/07/2058

To further explain the table included above, it should be noted that the aforementioned concessions provide for obligations regarding extraordinary maintenance of the buildings. Furthermore, it should be note that an additional concession exists for the design, construction and operation of a car park in the Municipality of Verona, the expiry date of which is June 13, 2035. At the date of these financial statements, construction works have not started yet.

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and rewards of ownership, are entered as assets at their current value or, if lower, at the current value of the minimum payments due for the leasing, including the sum to be paid for exercising the purchase option. The corresponding liabilities in the lessor's regard are entered among financial payables.

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

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

Intangible assets

Intangible assets are non-monetary items having no physical consistency, and clearly identifiable and suited to generating future economic benefits for the company. Said items are recorded in the financial statements at purchase and/or production cost, including expenses that may be directly attributed during the preparation phase to bring it into operation, net of accrued amortisation (with the exception of assets with an undefined useful life) and any impairment. Amortisation starts as of when the asset is available for use, and is divided systematically in relation to the residual possibility of its use, which is based on its useful life. During the financial year in which when the intangible asset is entered for the first time, a rate is applied which takes into account its actual use.

Patent rights and rights to use intellectual property are entered at purchase cost, net of amortisation and impairment accrued over time.

Amortisation is performed as from the financial year in which the purchased right is available for use, and takes into account the corresponding useful life.

Concessions, licenses and similar rights are entered at cost, net of amortisation and impairment accrued over time.

Amortisation is performed as from the financial year in which ownership is acquired, in relation to their duration.

Goodwill entered among intangible assets is linked to business combination transactions and represents the positive difference between the cost incurred for the

acquisition and the current value of the acquired assets and liabilities. While the negative difference, if any, is entered in the income statement at the moment of purchase. Goodwill subsequent to initial entry is not subject to amortisation, but to depreciation due to impairment.
Annually, or more frequently if specific events or changed circumstances show a possible impairment, goodwill is subjected to checks to identify any impairment, in accordance with the provisions of IAS 36 (Impairment of assets).
In this regard, it must be noted that no goodwill was recorded at December 31, 2006; consequently no information is provided with regard to the cash-generating units it is allocated to.

Business combinations

Purchased assets and liabilities are valued by Astaldi S.p.A. at their fair value at the purchase date, in accordance with IFRS 3.
It should be noted that no business combination took place during 2006.

Merger by incorporation of Italstrade S.p.A.

It is worthy noticing that, on December 27, 2006, with retroactive effect from July 1, 2006, Italstrade S.p.A. was merged by incorporation into Astaldi S.p.A.
The operation does not fall within the scope of application of IFRS 3, because it dealt with the merger of a wholly-owned subsidiary. To this respect, according to the regulations on the selection of accounting standards provided for by IAS 8 with reference to the subject-matter operation, the following accounting decision was made: the write-off difference between the cost of the equity investment and the corresponding portion of the merged company's equity was allocated, for those same values, up to the amount corresponding to the net book value of the merged company's assets as appearing from the consolidated financial statements at that same date, while the difference which was non-allocable because in excess of the values appearing from the consolidated financial statements, was entered as merger loss with offset to surviving company's net equity reserves.
The proforma financial statements of Astaldi S.p.A. relating to financial years 2005 and 2006, which include the financial statements of Italstrade S.p.A., thus simulating the effects of the merger as if it were effective from January 1, 2006, are summarized herebelow for comparative purposes only.

proforma financial statements

(thousands of euros)

	proforma Astaldi		official Astaldi	
	31/12/2005	31/12/2006	31/12/2005	31/12/2006
income statement				
revenues	861,303	910,198	840,356	895,657
costs	777,837	824,782	757,422	811,341
operating result	83,466	85,416	82,934	84,316
financial income	40,889	49,902	33,736	49,466
financial charges	(76,376)	(84,536)	(68,504)	(84,092)
taxes	(21,062)	(23,029)	(20,483)	(21,989)
profit	26,917	27,753	27,683	27,701
balance-sheet				
non-current assets	270,848	358,437	298,663	358,437
current assets	1,050,637	1,305,065	1,004,900	1,305,065
total assets	**1,321,485**	**1,663,502**	**1,303,563**	**1,663,502**
non-current liabilities	281,233	332,357	281,020	332,357
current liabilities	800,403	1,066,893	778,273	1,066,893
total liabilities	**1,081,636**	**1,399,250**	**1,059,293**	**1,399,250**
net equity	**239,849**	**264,252**	**244,270**	**264,252**

Investment property

An investment property is entered as an asset when it represents a property owned with 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.

They are valued at purchase or production cost, increased by any ancillary costs, net of accrued amortisation and of any impairment.

The useful life of property included under said item 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 economic benefits are expected from its transfer.

Impairment of tangible and intangible assets

Assets having an undefined useful life are not subject to amortisation, but are subjected at least annually to an impairment test, which checks the recoverability of the value entered in the financial statements.

For assets subject to amortisation, the possible presence of indicators leading to assume an impairment is valued: in the event of a positive response, the recoverable amount of the asset is estimated, with any surplus entered in the income statement.

Should the prerequisites for the previously performed depreciation no longer exist, the asset's book value is restored within the limits of the net book value, and the restoration is entered in income statement. However, in no case is the value of previously depreciated goodwill or intangible asset with an undefined useful life restored.

When the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which it belongs is estimated.

The recoverable amount of an asset or cash-generating unit is either the fair value, net of sale costs or its value in use, whichever is greater. To calculate the val-

ue in use of an asset or cash generating unit, the current value of estimated future financial flows is calculated, gross of taxes, by applying a pre-tax discounting back rate reflecting the current market valuations of the pro-rata temporis value of the money and of the specific risks of the asset. An impairment is entered if the recoverable amount is less than the book value. When an impairment of assets other than goodwill ceases to exist or gets smaller, the book value of the asset or of the cash-generating unit is increased to the newly estimated recoverable amount, but may not exceed the value that would have been calculated if no impairment had been recorded. Restoration of an impairment is immediately entered in the income statement.
It should be noted that during 2006, internal and external indications of impairments, as stated by IAS 36, showed no need of performing an impairment test on tangible and intangible assets. Furthermore, to this respect, it is worthy noticing that since the Company determines the recoverable value of each single asset, it has not identified any cash-generating unit.

Equity Investments

Investments in subsidiaries, associated companies and joint ventures are classified among “equity investments” and valued at cost, in accordance with IAS 27.
Equity investments in companies other than subsidiaries, associated companies, and joint ventures (generally with a share of less than 20%) are classified, at the moment of purchase, among “equity investments” and valued at fair value or at cost, in compliance with IAS 39. In particular, they are valued at cost if not quoted or if their fair value is unreliable and can not be calculated, adjusted for impairments in accordance with IAS 39.

Inventories

Inventories are entered at the cost or the net realizable amount, whichever is less. The method selected to calculate costs, as a principle, is the *weighted average cost.*
The cost includes all charges related to purchase and transformation and all other costs incurred to bring inventories to the site where used and in the conditions to be employed in the production process.

Long-term contracts

Contracts in progress are entered on the basis of the progress method (or percentage of completion), according to which costs, revenues and the margin are acknowledged on the strength of production progress. The criterion adopted is that of the percentage of completion, calculated by applying the “incurred cost” (cost to cost) criterion.
Valuation reflects the best estimate of contracts carried out at the reporting date. The assumptions at the base of the valuations are updated at regular intervals. Any economic effects are recorded in the financial year in which the updates are made. In the event contract payment is finally settled, the relevant revenue including advances is ascribed to the income statement to the item “revenues from sales and services”, with a consequent change in inventories.
Contract revenues include: payments agreed upon by contract, works variations, price revisions, and incentives, to the extent in which these are likely to be reliably

valued. Specifically, valuation of the price revision, as construed by the Regulation implementing the so-called “Legge Quadro” regarding public works as well as international regulations, was based on the positive results that could be reasonably obtained from disputes with clients, on the strength of contract clauses and specific technical and legal studies.
Contract costs include: all costs that refer directly to the project, the costs that may be attributed to project activity in general and can be allocated to said project, as well as any other costs that may be specifically charged to the client on the basis of contract clauses.
Contract costs also include: pre-operating costs, in other words the costs incurred during the initial phase of the contract prior to the start of construction activity (tender preparation costs, design costs, organization and production start-up costs, construction-site installation costs), post-operating costs incurred after completion of the contract (site clearance, return of plant/equipment to base, etc.), as well as any costs for services to be performed after the completion of works (for example, regular maintenance, assistance and supervision during the first phase of operation of individual works).
Should completion of a project be forecast to generate a loss, this shall be recognized in its entirety in the financial year in which it may be reasonably expected.
When the result of a long-term project cannot be reasonably estimated, the value of the contracts in progress are calculated on the basis of costs incurred, when it is reasonably expected that they will be recovered, without assessment of the margin.
When favourable or unfavourable events attributable to existing situations at the financial statements reference date occur after said date, the amounts entered in the financial statements are adjusted to reflect the consequent economic, financial and equity effects.
Contracts in progress are set out net of the any depreciation funds and/or final losses, as well as advances for the contract being carried out.
Said analysis is carried out on a contract-by-contract basis: should the differential be positive (due to contracts in progress greater than the amount of advances), the imbalance is classified among assets under “Receivables from Employers”; on the other hand, should this differential be negative, the imbalance is classified among liabilities, under “Payables to Employers”.
Should the provision for final losses regarding each project exceed the contract value entered among assets, said excess is classified in the provision for risks and charges.

Accounts receivable and financial assets

Financial assets are classified in the following categories:

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

Classification depends on the reasons for which the asset was acquired, the nature thereof, and the valuation made by management as at the purchase date.
Originally, all financial assets are valued at fair value, increased, in case of assets other than those valued at fair value, by offsetting additional charges to income statement.

Astaldi S.p.A. determines the classification of its own financial assets after initial calculation and, if appropriate and allowed, revises such classification upon closing each financial year.

Financial assets at fair value with offset to income statement

This category includes financial assets acquired for the purposes of short-term trading or financial assets so originally designated by the management. The assets held for trading purposes are those assets purchased to be sold in the short term. Derivatives, including stripped derivatives, are classified as held-for-trade financial assets, unless designated as effective hedging instruments. Profits or losses on assets held for trading are entered in the income statement. When initially entered, financial assets may be classified as financial assets at fair value, with offset to income statement, if the following conditions are met: (i) the designation eliminates or meaningfully reduces the inconsistency of treatments which would originate by valuing the assets or entering profits and losses generated by such assets, according to a different criterion; or (ii) the assets make part of a group of managed financial assets and their return is valued on the basis of their fair value, according to a documented risk-management strategy.
The fair value of financial instruments is calculated by referring to the market value (bid price) as at the end date of the period in question. In the event of non-quoted instruments, the fair value is calculated with commonly used financial valuation techniques.

Accounts receivable and loans

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

Financial assets held to maturity

Unlike derivatives, these assets have a pre-established maturity and are the assets that Astaldi S.p.A. intends and is able to maintain in its portfolio until maturity.
Said assets are valued at the amortised cost based on the actual interest rate method. Those whose contractual term is expected within the 12 months thereafter are classified under current assets. Any impairment calculated through the impairment test is entered in the income statement.

Financial assets available for sale

This category includes the financial assets, not represented by derivatives, designated specifically as falling under this category or not classified in any of the three previous categories. They are valued at the fair value calculated with reference to the market prices as at the date of the financial statements, or by using financial valuation models and techniques, recording their fluctuations with an offset to a specific equity provision (“provision for financial assets available for sale”). This provision is booked in the income statement only at the time when the financial asset is actually transferred or, in the case of negative fluctuations, when it is clear that the impairment already recorded in equity cannot be recovered. Classification as current or non-current assets depends on the management's intentions and on the real negotiability of the security: assets whose realization is expected in the subsequent 12 months are recorded among current assets.

Impairment of financial assets

At any financial statements date, Astaldi S.p.A. verifies whether any financial assets or group of financial assets was impaired according to the following criteria.

Assets valued at the amortised cost

In case there is an actual indication that a financing or receivable entered at amortised cost was impaired, the amount of impairment is calculated as difference between the book value of the asset and the current value of estimated future cash flows (excluding loss on amounts receivable not yet suffered) discounted by the initial actual rate of interest of the financial assets (that is, the actual interest rate calculated at the date of the initial recognition). The book value of the asset will be reduced by application of a provision. The amount of the loss will be entered to income statement.
Firstly, Astaldi S.p.A. verifies the existence of actual indications of impairment at individual level, for individually meaningful financial assets, and then on an individual or collective basis for financial assets which are not individually meaningful. Lacking any objective indication of impairment for a financial asset valued on an individual basis, whether meaningful or not, said asset is included in a group of financial asset having similar credit risk characteristics and such group is made undergo collective impairment test. The assets valued at individual level which showed or are continuing to show an impairment will be not included in a collective test.
If, subsequently, the amount of impairment decreases and such reduction may objectively be put in relation with an event which occurred after recognition of the impairment, the value previously decreased may be restored. Possible restorations of value are entered in income statement, to the extent the asset book value does not exceed the amortised cost at the date of restoration.

Financial assets available for sale

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

Derivatives

Derivatives are usually considered as instruments suitable for hedging and effec-

tive in neutralizing the risk of underlying assets or liabilities or company undertakings, except when they are classed as assets held for trading purposes and valued at fair value with offset to the income statement.
Specifically, the Company uses derivatives within the context of hedging strategies aimed at neutralizing the risk of fair value fluctuations of assets or liabilities entered in financial statements, or resulting from contractually defined undertakings (fair value hedge) or of fluctuations in expected cash flows with regard to contractually defined or highly probable transactions (cash flow hedge). Such financial derivatives are initially entered at fair value at their date of stipulation; subsequently, such value is periodically adjusted. They are entered as assets when fair value is positive, and as liabilities when fair value is negative.
Possible profit or loss deriving from fluctuations in the fair value of derivatives which are not suitable for hedge accounting because, by way of example, they turn out to be ineffective, are directly entered in the income statement during the period.
The effectiveness of hedging operations is documented both from 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 fair value fluctuations of the hedging instrument with those of the hedged element or, in the case of more complex instruments, through statistical analyses based on risk fluctuation.
It should be noted that the Company does not stipulate derivative contracts for speculative purposes.
To hedge accounting purposes, hedge operations are classified as:
- fair value hedge, if aimed at hedging fluctuations in the fair value of underlying assets or liabilities, or an irrevocable undertaking (apart from currency risks); or
- cash-flow hedge, if aimed at hedging fluctuations in cash flows attributable to a specific risk associated with a recorded asset or liability with a highly probable planned operation or with a currency risk existing in an irrevocable undertaking.

Fair Value Hedge

The fluctuations in value of derivatives designated as fair value hedges and qualified as such are entered in the income statement, similarly to what is done with regard to fair value fluctuations of hedged assets or liabilities attributable to the risk neutralized by the hedging operation. The derivative is no longer entered as a fair value hedge in the following cases:
- the designation is revoked;
- the hedging no longer complies with hedge accounting requirements;
- the derivative expires or is sold, redeemed or exercised.

Cash Flow Hedge

The fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recorded, with regard to the “effective” part only, in a specific equity reserve (“cash flow hedge reserve”), which is then carried over to the income statement when the underlying object of hedging expresses itself from an economic viewpoint. The fair value fluctuation referable to the ineffective part is immediately entered in the period’s income statement. If the derivative instrument is transferred or is no longer qualified as an effective hedge against the risk for which the operation had been made, or the occurrence of the underlying operation is no longer considered as highly probable, its portion of the "cash flow hedge" is immediately entered in the income statement.

Calculation of fair value

The fair value of instruments quoted on public markets is calculated with reference to the quotations (bid price) as at the reference date of the period in question. The fair value of non-quoted instruments is measured with reference to financial valuation techniques: specifically, the fair value of interest rate swaps is measured by discounting back the expected cash flows, while the fair value of forwards on exchanges is calculated on the basis of market exchange rates as at the reference date, and the rate differentials among the currencies involved.

Derecognition

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

- the rights to receive cash flow from the asset have expired;
- Astaldi S.p.A. preserves the right to receive cash flow from the asset, but undertook the contract obligation to pay the same immediately and entirely to a third party;
- Astaldi S.p.A. has transferred the right to receive cash flow from the asset and (a) has transferred substantially all the risks and rewards deriving from owning the financial asset, or (b) has neither transferred nor kept substantially all the risks and rewards deriving from the asset, but has transferred the control over the same.

In the cases in which the Company has transferred the rights to receive cash flow from an asset and has neither transferred nor kept substantially all the risk and rewards or has not loss the control on the same, the asset is entered in the Company's financial statements to the extent of its residual involvement in the asset itself. The residual involvement which, by way of example, is represented by a guarantee on the transferred asset, is valued at the initial book value of the asset or the maximum value of the consideration the 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 in which an existing financial liabilities is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability undergo substantial change, such replacement or change is considered as an accounting derecognition of the original liability and as recognition of a new liability, and possible differences between accounting values are entered in the income statement.

Cash and cash equivalents

These include money and deposits with banks or other credit institutions, available for current transactions, postal current accounts, and other equivalent securities, as well as investments with terms expiring within three months of the purchase date. Cash and cash equivalents are entered at fair value.

Net Equity

Share capital

The share capital refers to the subscribed, paid up capital. Costs strictly related to share issue are classified as reducing the share capital when said costs are directly attributable to the capital transaction.

Treasury shares

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

Profit/(loss) carried forward

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

Other reserves

These are specifically assigned capital reserves. They include, *inter alia*, the cash-flow hedge reserve, including the fair value of hedge derivatives to the extent of the effective part, the translation reserve, the reserve originating from the initial adoption of International Accounting Standards, as well as the reserve for trading of treasury shares.

Financial liabilities

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

Trade payables and other payables

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

Income taxes

Current taxes

Current taxes for the year and for the previous years are entered at the value expected to be paid to the tax authorities. The tax rates and the body of tax laws used to calculate the amount are those issued or substantially issued at the closing date of the financial statements 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 value of assets and liabilities entered in the financial statements and the taxable value. Deferred tax liabilities are entered against all temporary taxable differences, unless:

- deferred tax liabilities result from initial valuation of goodwill or an asset or liability in a transaction that is not a corporate business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the financial statements, or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences connected with interests in subsidiaries, associates and joint ventures, reversal of temporary differences can 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 tax losses carried forward, to the extent in which sufficient future tax profits that can make the use of deductible temporary differences and tax losses carried forward applicable is likely, except when the deferred tax asset linked to the temporary deductible differences results from initial valuation of an asset or liability in a transaction that is not a corporate business combination and that, at the moment of the transaction, does not affect the profit for the year, calculated for the financial statements, or the profit or loss calculated for tax purposes.

The value of deferred tax assets to be entered in the financial statements is revised at each closing date of the financial statements 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 entered are revised on an annual basis at the closing date of the financial statements, and are entered to the extent in which it is likely that the tax profit is sufficient to allow said 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 said assets are realised or said liabilities discharged, considering the rates in force and those already issued or substantially issued at the closing date of the financial statements.

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

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

Employee benefits

Provision for employee severance indemnity

The provision for employee severance indemnity, mandatory for Italian companies pursuant to Law No. 297/1982, represents a defined-benefit plan, according to IFRSs, and is based, among other things, on the working life of employees and on

the remuneration earned by an employee over the course of a pre-established term of service.
The value of employee severance indemnity is calculated by independent actuaries using the projected unit credit method. For first-time adoption of IFRSs, all accrued actuarial profits and losses (at January 1, 2004), were entered while for subsequent years it was chosen to use to the "corridor method" to record actuarial profits and losses. Said method makes it possible to dilute the effect deriving from the change in certain evaluation parameters over a number of financial years. In compliance with said method, any share of net actuarial profits and losses that at the end of the prior period exceeds 10% of the current value of the obligation or 10% of the fair value of any assets used by the plan at the same date, divided by the remaining working life of the employees, whichever is higher, is entered in the income statement for each financial year.
Cash-settled share-based payments
The top management and consultants of Astaldi S.p.A. received additional benefits in the form of cash-settled share-based payments. For these operations, in accordance with the provisions of IFRS 2, both the goods or services acquired and the liabilities undertaken are valued at the fair value of the liability. The fair value is recalculated for the closing date of each financial statements until the liability is paid up, and on the settlement date, all fair value fluctuations are entered in the income statement.

Provision for risks and charges
The provisions for risks and charges are entered when, at the reference date, there is a current obligation (legal or implicit) resulting from a past event, should a disbursement of resources to satisfy the obligation be likely, and a reliable estimate of the obligation can be made.
The amounts allocated are entered at the value representing the best estimate of the amount the company would pay to settle the obligation or to transfer it to third parties at the closing date of the period. When discounting back is performed, the increase in the amount allocated resulting from the passage of time is entered as a financial charge in the income statement.

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

Contributions
Public contributions are recorded when there is reasonable certainty that they will be received and all the conditions relating thereto are satisfied. When the contributions are related to cost items, they are recorded as revenues, but are system-

atically distributed over the years so that they are in proportion to the costs they should offset. Should the contribution be linked to an asset, the fair value is entered as a reduction of the asset. It is underlined that public grants usually refer to project finance operations.

Financial charges

Interest is recorded on accrual basis according to actual interest method, in other words by using the interest rate that makes all the incoming and outgoing flows (including premiums, discounts, commissions, etc.) constituting a given transaction financially equivalent. Financial charges are not capitalized among assets.

Exchange rate profit and loss

Profits and losses on exchange rates are entered among financial income and charges, depending on the kind of operation they refer to. To this respect, unlike the previous year, Astaldi S.p.A. reclassified exchange rate profit and loss relating to trade items within the operating area of income statement. The reasons for such reclassification are attributable to a better representation of economic items in the financial statements, separating operating from financial items. In view of the above, the following table shows the amount of reclassification for each relating item, also for comparison purposes.

(values in euros)	31/12/2006	31/12/2005	difference
revenues	3,894,915	647,562	3,247,353
service costs	(1,556,682)	(51,278)	(1,505,404)
cost of personnel	(485,993)	423,781	(909,774)
other operating costs	(130,899)	(681,777)	550,878
net profit (loss) from trade entries	6,068,489	956,836	5,111,653

The entries of 2005, due to irrelevance of amounts, have not been reclassified.

Dividends

Dividends are recorded when the right arises for shareholders to receive the payment that normally corresponds to the dividend distribution approved by the Shareholders' Meeting.

The distribution of dividends to shareholders is entered as a liability in the financial statements in the period in which the distribution thereof is approved by the Shareholders' Meeting.

Costs

Costs are entered on an accrual basis and with a view to continuation of the corporate activity of Astaldi's companies.

Profit per share

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

Use of estimates

Drafting of the financial statements and notes in compliance with IFRSs requires the Company to make estimates and assumptions affecting the values of assets and liabilities and the information regarding potential assets and liabilities. Such estimates are based on the most recent information available to the top management at the time of drafting these financial statements, the reliability of which is, therefore, unprejudiced.

The estimates are used, *inter alia*, to record amounts allocated for credit risks, contracts in progress, amortisation, depreciation of assets, employee benefits, taxes, other amounts allocated, and provisions. The final results may differ from said estimates. The estimates and assumptions are periodically revised and the effects of each variation are reflected in the income statement in the period when the variation took place.

Information on employee severance indemnity (Finance Act 2007 and implementing decrees)

Effective January 1, 2007, the Finance Act and the relevant implementing decrees have significantly changed the provisions applicable to the employee severance indemnity, among which the employees' choice on the destination of their accruing employee severance indemnity. In particular, employees may select to apply future employee severance indemnity flows to specific pension funds, or they may select to have them kept by the company (in such latter case, the company will pay TFR contributions to a treasury account set up by INPS, the Italian Social Security Institution). At present, interpretations doubts concerning this recently enacted provision, possible differences of interpretation according to IAS 19 of severance indemnity to be accrued and possible changes in the actuarial calculations relating to severance indemnity accrued, as well as the impossibility of making estimates on employees' decisions on future severance indemnity (June 30, 2007 being the deadline for each employee's decision thereon) make any assumption of change in actuarial calculation of severance indemnity accrued at December 31, 2006 too early.

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

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

- IFRS 7 ("Financial instruments: disclosure"): this standard issued in August 2005 will come into force from January 1, 2007. Said standard, adopted by the European Union, includes the section relating to disclosures contained in IAS 32 ("Financial instruments: disclosure and presentation"), even though amended and supplemented; consequently, the title of IAS 32 has been changed into "Financial instruments: Presentation". Astaldi S.p.A. feels that adoption of IFRS 7 will lead to the inclusion in the notes of a more detailed disclosure regarding financial instruments;
- IAS 1 ("Presentation of financial statements: Capital disclosures"): this standard, issued in August 2005, will come into force from January 1, 2007. Said amendments adopted by the European Union refer to the capital disclosures. The company feels that said amendment will not affect the financial statements.

It should also be noted that, amendments to standards and the introduction of new interpretations adopted by the European Union have not affected the Company's financial position, and solely required additional disclosure, if necessary.

Comment on the main income statement and balance-sheet itemse

1. Revenues: EUR 846,332 (EUR 790,510)

Revenues from works globally amounted to Euro 846,332, thus showing an increase of approximately 7% in comparison with December 31, 2005. Such increase is mainly due to activities carried out abroad, in particular in those Countries which are considered as strategic, such as Venezuela, Algeria and Romania.
The following is a breakdown of the item in question:

breakdown of revenues

(thousands of euros)	31/12/2006	31/12/2005	difference	diff %
revenues from sales and services	574,906	570,024	4,882	0.9%
changes in contracts in progress, semi-finished and finished goods and construction initiatives	857	1,731	(874)	(50.5%)
changes in contracts in progress	270,569	218,755	51,814	23.7%
total	**846,332**	**790,510**	**55,822**	**7.1%**

2. Other operating revenues: EUR 49,325 (EUR 49,847)

Other revenues, totalling EUR 49,325, comprised items not directly related to the company's production activity, but nevertheless secondary to the core business and of a lasting nature.
The following is a breakdown of the item in question.

breakdown of other operating revenues

(thousands of euros)	31/12/2006	31/12/2005	difference
revenues from sales of goods	6,811	5,717	1,094
services rendered	12,417	18,186	(5,768)
sponsoring	5,056	6,306	(1,250)
rentals and leases receivable	6,886	6,572	315
net gains from transfer of tangible assets	1,607	2,647	(1,041)
other	16,547	10,420	6,128
total	**49,325**	**49,847**	**(522)**

The aggregate in question showed an overall decrease of EUR 522 compared to the previous year.
As to increments, main items refer:

- revenues from sale of goods, amounting to EUR 1,094;
- application of the provision for contract risks for an amount of EUR 6,128, for losses and charges already allocated during previous years, mainly in connection with projects in Italy and, only partially, in connection with projects abroad.

As to decrements, main items were:

- EUR 5,768, for minor services rendered to third parties mainly in Italy and by permanent establishments in Romania, Honduras and Turkey;
- EUR 1,250, for minor services rendered in the capacity as leader within the framework of joint initiatives under way in Venezuela and Italy.

3. Raw materials, subsidiary materials and consumables: EUR 161,828 (EUR 113,730)

The costs for the purchase of raw materials, subsidiary materials and consumables, net of warehouse inventories, amounted to EUR 161,828, showing a net decrease of EUR 48,098 compared to the previous period.
Purchase costs were as follows.

breakdown of purchase costs

(thousands of euros)	31/12/2006	31/12/2005	difference
purchase costs	164,701	113,490	51,211
change in raw materials, subsidiary materials and consumables and goods	(2,873)	240	(3,113)
total	**161,828**	**113,730**	**48,098**

The EUR (2,873) variation in inventories referred to the balance of net inventories entered into the production cycle.
The increase in the use of raw materials is to be directly related to the start of some foreign projects.
Costs for purchase are shown in the table below according to geographical area.

costs for purchase by geographical area

(thousands of euros)	2006	%	2005	%	difference
Italy	41,948	25.5%	35,283	31.1%	6,664
Europe	46,872	28.5%	54,774	48.3%	(7,902)
America	28,483	17.3%	19,910	17.5%	8,573
Africa	47,399	28.8%	3,523	3.1%	43,876
Asia	–	0.0%	–	0.0%	–
total	**164,701**	**100.0%**	**113,490**	**100.0%**	**51,211**

4. Service costs: EUR 486,944 (EUR 488,350)

Service costs amounted to EUR 486,944, decreasing by EUR 1,407 compared to the previous year.
The breakdown of service costs, net of the cost for leased assets, was as follows.

breakdown of service costs

(thousands of euros)	31/12/2006	31/12/2005	difference
consortium costs	140,835	204,200	(63,364)
subcontracts and other services	255,434	195,845	59,589
technical, administrative and legal consulting	48,452	42,549	5,904
remuneration to directors and auditors	2,033	1,754	279
utilities	4,602	3,692	910
travels and travel indemnities	2,265	1,811	454
insurances	9,043	16,415	(7,372)
other	8,259	12,705	(4,446)
total	**470,925**	**478,971**	**(8,046)**

The most significant variations referred to:

- a decrease, equal to EUR 63,364, referable to consortium costs, was the result of substantial completion of works relating to the New Expo Fair Center in Milan and to the Rome-Naples High Speed Railway executed by Consorzio IRICAV UNO;
- increase of EUR 59,589 in subcontracts and other services, chiefly attributable to activities carried out by permanent establishments in Venezuela, Romania and Turkey, and by the prompt start of some new projects in Italy;
- increase of EUR 5,904 in technical, administrative and legal consulting costs;
- the decrease in insurance costs corresponding to Euro 7,372 may be attributed to the lower costs incurred to cover risks resulting from natural events, referred to the Parent company's permanent establishment in Turkey, as well as to decreased insurance costs incurred in connection with the two lots of the Jonica State Road (SS 106).

The costs for leased assets, equal to EUR 16,019 (EUR 9,380 at December 31, 2005) were as follows:

breakdown of costs for leased assets

(thousands of euros)	31/12/2006	31/12/2005	difference
rentals and other costs	13,146	7,242	5,904
rent and running expenses	2,685	2,007	678
maintenance costs for leased assets	188	130	57
total	**16,019**	**9,380**	**6,639**

The increase in costs for rentals is mainly attributable to the start of new projects abroad, in particular in Algeria and Romania.

Costs for subcontracts and other services are shown in the table below according to geographical area.

costs for subcontracts and other services by geographical area

(thousands of euros)	2006	%	2005	%	difference
Italy	79,256	31.0%	76,368	39.0%	2,888
Europe	52,663	20.6%	54,575	27.9%	(1,912)
America	103,688	40.6%	60,526	30.9%	43,163
Africa	19,827	7.8%	4,377	2.2%	15,450
Asia	–	0.0%	–	0.0%	–
total	**255,434**	**100.0%**	**195,845**	**100.0%**	**59,589**

5. Cost of personnel: EUR 114,714 (EUR 93,232)

Personnel costs, equal to EUR 114,714 were as follows:

breakdown of personnel costs			
(thousands of euros)	31/12/2006	31/12/2005	difference
wages and salaries	75,027	59,448	15,579
social security charges	19,891	18,019	1,871
other costs	15,414	11,728	3,685
other benefits subsequent to employment	2,438	2,197	241
cost of share-based payments	1,945	1,840	105
total	**114,714**	**93,232**	**21,482**

This item increased during the period by Euro 21,482 due to the significant increase in resources consequently to the start of new projects abroad, in particular in Algeria and Venezuela. It should also be noted that the increase in social security charges, which is not directly related to the item "Wages and salaries", is attributable to various factors. Among those, the fact that to the expatriates working in Countries with which no agreement in matter of social security has been reached, the provisions of Italian Law No. 398/87 shall apply, according to which the payment of social security contributions is required to be made on the basis of the so-called "conventional" remuneration, thus obtaining a cost for social security charges lower than those which may be obtained for personnel working within the national territory.

The average number of employees during the reference period, according to category, was as follows:

average number of employees		
	31/12/2006	31/12/2005
managers	93	90
executives	46	33
clerical workers	1,235	983
workers	3,199	2.426

Costs of personnel are shown in the table below according to geographical area.

breakdown of costs of personnel by geographical area					
(thousands of euros)	2006	%	2005	%	difference
Italy	57,329	50.0%	53,140	57.0%	4,189
Europe	20,127	17.5%	18,904	20.3%	1,223
America	22,454	19.6%	16,140	17.3%	6,313
Africa	14,804	12.9%	5,047	5.4%	9,757
Asia	–	0.0%	–	0.0%	–
total	**114,714**	**100.0%**	**93,232**	**100.0%**	**21,482**

6. Amortisation, depreciation and write-downs: EUR 26,661 (EUR 24,165)

The item "Amortisation, depreciation and write-downs" was as follows.

amortisation, depreciation and write-downs			
(thousands of euros)	31/12/2006	31/12/2005	difference
intangible amortisation	1,858	3,304	(1,446)
tangible depreciation / depreciation of investment property	19,781	16,574	3,207
bad debts	5,022	4,287	735
total	**26,661**	**24,165**	**2,496**

The item in question refers to:

- EUR 19,781 for depreciation of corporate assets, and EUR 1,858 for amortisation of intangible assets;
- EUR 5,022 for value adjustments regarding receivables entered among current assets in order to represent the estimated realizable amount.

7. Other operating costs: EUR 21,305 (EUR 38,105)

Other operating costs were as follows:

other operating costs			
(thousands of euros)	31/12/2006	31/12/2005	difference
provision for risks and charges	9,489	16,100	(6,611)
other operating costs	11,816	22,005	(10,189)
total	**21,305**	**38,105**	**(16,800)**

The provision for risks and charges, totalling Euro 9,489, represented the setting aside of probable charges to be incurred in relation to activities in progress in Italy and abroad, for which a reliable estimate can be made within the more general policy of valuing contracts on the basis of the “whole life” result.

Other operating costs totalled Euro 11,816, showing a decrease of EUR 10,189 compared to the previous year, and were as follows.

other operating costs			
(thousands of euros)	31/12/2006	31/12/2005	difference
contingent and non-existent liabilities for value adjustments	53	4,805	(4,753)
fiscal charges	3,046	2,508	539
other administrative costs	8,717	14,692	(5,975)
total	**11,816**	**22,005**	**(10,189)**

In compliance with the specific accounting standard adopted, contingent and non-existent liabilities for value adjustments included the differences on estimated costs in the previous year, and represented the covering of expenses, losses and charges against revenues and other proceeds that went to form income in other years.

Fiscal charges mainly referred to indirect taxes such as customs charges, stamp duties, local property taxes, government duties and registration taxes incurred in Italy and abroad.

Other administrative costs mainly referred to losses from the sale of capital goods, association contributions, other administrative expenses and losses on accounts receivable.

The decrease compared to the previous year, equal to Euro 5,975, was mainly due to charges entered by the Parent company's permanent organization in Turkey in 2005, which are likely not to recur, connected with the connected with the Employer's non-payment of accounts receivable for already completed works, in connection with which the Parent company already activated to start an arbitral procedure to protect its own rights.

8. Capitalisation of internal construction costs: EUR 111 (EUR 161)

The increase in fixed assets for internal construction equalled EUR 111 (EUR 161 at December 31, 2005) and referred to the costs capitalised over the year in relation to the project finance initiative in relation to the construction of utility pipelines in the municipality of Cologno Monzese.

9. Financial income EUR 49,466 (EUR 33,736)

Financial income totalled EUR 49,466 and also included revaluations totalling EUR 1,154 that are commented on together with write-downs for reasons of better comparability.

Financial income, equal to EUR 48,312, showed an increase compared to the same period of 2005.

A breakdown of the item, together with a comparison with the previous year, is shown below.

breakdown of financial income

(thousands of euros)	31/12/2006	31/12/2005	difference
income from subsidiaries	910	88	823
income from associates	4,858	4,519	339
income from financial transactions with credit institutes	1,913	1,774	139
commissions on guarantees	1,053	1,040	13
exchange rate profit	27,443	19,773	7,670
financial income from derivatives	1,388	602	786
other financial income	10,747	5,568	5,179
total	**48,312**	**33,364**	**14,948**

Income from subsidiaries totalling EUR 910 referred to interest for the amount of EUR 105, and to the distribution of dividend of the indirect subsidiary Astaldi Burundi for the amount of EUR 805.

Income from associated companies totalling EUR 4,858 referred to distribution of dividends from the following companies:

- Metro Los Teques EUR 4,628;
- S.A.A.L.P. S.p.A.: EUR 230.

Income from transactions with credit institutes mainly referred to bank current account interest and interests on securities.

Profits recorded with regard to the fluctuation in exchange rates of the various currencies the company operates in, equal to EUR 27,443, offset charges of the same nature totalling EUR 6,449 thus highlighting the effects of the currency control policy implemented by the company. The significant difference in individual absolute values, compared to the same period of the previous year, is the consequence of the physiological trend in exchange rates.
As regards other financial income, it is useful to point out that the decrease noted when compared to the same period of 2005, can be attributed to the entry in the current year of interest receivable in relation to the arbitration award regarding construction of the Zagreb-Goriçan motorway in Croatia, that have already been allocated in the depreciation of financial assets.
As far as income from derivatives is concerned, it should be noted that in compliance with the provisions of IAS 39, the Company recorded income totalling Euro 1,388 during the year which referred, for an amount of Euro 95, to hedging transactions on the interest and exchange rate risks and, for Euro 1,292 to ineffective hedging operations.

10. Oneri Finanziari: Euro (84.093) (Euro 68.504)

La voce "Oneri finanziari" pari ad Euro (84.093) è comprensiva delle svalutazioni delle attività finanziarie per Euro (26.257) per il commento della quale si rimanda allo specifico paragrafo.
Gli interessi e gli altri oneri finanziari dell'esercizio, pari ad Euro (57.836), hanno subito un incremento di Euro 8.995 rispetto allo stesso periodo dello scorso esercizio.
La loro composizione è dettagliata nella tabella che segue.

breakdown of financial charges

(thousands of euros)	31/12/2006	31/12/2005	difference
commissions on guarantees	7,723	6,343	1,380
Income from financial transactions with credit institutes	27,267	20,304	6,964
exchange rate loss	6,449	12,343	(5,894)
financial charges from derivatives	252	173	79
financial charges on leasing agreements	1,149	–	1,149
other financial charges	14,996	9,679	5,317
total	**57,836**	**48,841**	**8,995**

Specifically, charges from financial transactions with credit institutes mainly referred to interest payable on bank loans for an amount of Euro 21,611 and current account interest payable for an amount of Euro 4,502, while the remaining amount referred to accrued charges owed to the same credit institutes.
Other financial charges include the costs of factoring operations carried out during the period in connection with which the assets assigned were cancelled from the financial statements, in compliance with IAS 39.
As regards charges on derivatives, it must be noted that in compliance with the provisions of IAS 39, the Company recorded over the year charges totalling Euro 48 referred to hedging transactions and Euro 204 to ineffective hedging transactions.
Exchange rate losses totalling EUR 6,449 are to be directly related to profits of the same nature as detailed above.

Write-downs and revaluations of financial assets showed a negative balance of EUR 25,102 (EUR 19,291) as follows.

write-downs and revaluations of financial assets			
(thousands of euros)	31/12/2006	31/12/2005	difference
revaluation of securities	1,154	372	782
write-downs of equity investments	(17,340)	(15,079)	(2,262)
write-downs of securities and receivables	(8,916)	(4,584)	(4,332)
total	**(25,102)**	**(19,291)**	**(5,811)**

The item in question comprised EUR 16,001 for write-down of equity investments (of which EUR 15,801 referred to the write-down of the participating interest in the US subsidiary, Astaldi Construction Corporation), EUR 53 for losses resulting from squared equity investments, of which EUR 1,286 via allocation to the provision for investment risks, constituted as follows:

- EUR 1,278 from associated companies (EUR 144 in 2005);
- EUR 8 from other equity investments (EUR 25 in 2005).

Write-down of securities and bad debts referred almost entirely to sums allocated to the provision for delay interest over the year in the permanent establishment in Croatia.

Revaluation of securities for Euro 1,154 referred to the valuation at fair value of securities entered in financial statements in compliance with IAS 39.

11. Income taxes: EUR 21,989 (EUR 20,484)

The total amount of the taxes for the period, referred to the company and its permanent establishments abroad equalled EUR 21,989. The slightly increased tax rate, including the effects of IRAP (tax on income of production activities) (44.25% compared to 42.53% in 2005) is essentially attributable to the posting of non-deductible charges connected with the management of equity investments.

Current taxes, equal to EUR 24,915, were valued on the basis of objective elements measured at the reference date and represented the total taxes which can be broken down into IRES (company tax) for an amount of EUR 20,515 and IRAP for an amount of EUR 4,400.

Fiscal charges for 2006 totalled EUR 21,989, of which EUR (2,927) resulting from calculation of deferred taxes as follows.

(thousands of euros)			
income statement	31/12/2006	31/12/2005	difference
current taxes (IRES)	20,515	13,385	7,130
deferred taxes (IRES)	(3,051)	3,529	(6,580)
current taxes (IRAP)	4,400	3,000	1,400
deferred taxes (IRAP)	124	569	(445)
total	**21,989**	**20,483**	**1,506**

<u>Residual credit for prepaid taxes</u> of the company amounted to EUR 11,951 (EUR 3,891 in 2005) to be recovered in subsequent financial years, of which EUR 3,944 deriving from the merger of Italstrade S.p.A..
The following is a summary of prepaid taxes at December 31, 2006.

summary of prepaid taxes at December 31, 2006

(thousands of euros) balance-sheet	2006 ires	2006 irap	2005 ires	2005 irap
a) deferred tax assets from:	**29,518**	**1,036**	**20,291**	**891**
– taxed provisions for risks	13,810	821	9,220	570
– provisions for risks according to ias	3,184	198	3,184	198
– taxed provisions for delay interests risks	7,282	–	4,340	–
– currency translation differences	1,145	–	1,852	–
– charges on share-based payments	–	–	627	–
– tax losses	3,944	–	–	–
– employee severance indemnity	(180)	–	–	–
– other	333	17	1,068	123
b) deferred tax liabilities from:	**(17,244)**	**(1,360)**	**(16,033)**	**(1,256)**
– financial leasing	(3,078)	(396)	(2,090)	(269)
– property entered at fair value in lieu of cost	(4,554)	(586)	(4,905)	(631)
– deducted provisions for contract risks	(4,675)	(377)	(4,675)	(356)
– delay interests receivable	(4,363)	–	(4,363)	–
– cash flow hedge reserve	(574)	–	–	–
c) net deferred tax assets/(liabilities) (a) – (b)	**12,274**	**(323)**	**4,258**	**(365)**
d) deferred taxes for the period entered in income statement	**3,051**	**(124)**	**(3,529)**	**(569)**

Taxes entered directly in net equity totalled Euro 695 and referred to the following:

- taxes on items entered directly in equity:
  - deferred taxes on net losses related to cash flow hedge transactions totalling EUR 499;
  - current taxes on gains from sale of treasury shares amounting to EUR 196.

The reconciliation, exclusively to the purpose of IRES tax, between (current and deferred) taxes recorded and those expected as resulting by subjecting pre-tax profit to the tax rate (corresponding to 33% in 2006 and 2005) in force for financial years ended December 31, 2006 and 2005 , is as follows.

reconciliation, to the purpose of IRES tax, between entered and expected taxes

(thousands of euros)	2006	%	2005	%
profit before income taxes	49,690		48,167	
expected income taxes	16,399	33.0%	15,894	33.0%
tax effects of permanent increases	5,830	11.7%	5,478	11.4%
tax effects of permanent reductions	(4,567)	(9.2%)	(4,459)	(9.3%)
taxes entered directly in equity	(196)	(0.4%)	(247)	(0.5%)
current and deferred taxes (IRAP)	4,524	9.1%	3,817	7.9%
current and deferred taxes on income entered in financial statements	21,989	44.3%	20,483	42.5%

12. Profit per share

The basic profit per share was calculated at Euro 0.2837. A table summarising the calculation methods is shown below.

summary of profit-per-share calculation method		
(thousands of euros)	Dec. 31, -2006	Dec. 31, -2005
numerator		
current operations profit/(loss) attributable to holders of parent company's common shares	27,701	27,683
discontinued operations profit/(loss) attributable to holders of parent company's common shares	–	–
profit attributable to holders of parent company's common shares	27,701	27,683
denominator (in units)		
weighted average number of shares (all common shares)	98,424,900	98,424,900
weighted average number of treasury shares	(783,578)	(451,267)
weighted average of shares for calculating basic profit per share	97,641,322	97,973,633
– basic profit/(loss) per share from current operations	0.2837	0.2826
– basic profit/(loss) per share from discontinued operations	–	–
	0,2837	**0,2826**

In the absence of shares subject to option, diluted profit per share is the same as the basic earnings.

It should also be noted that the free share capital increase did not affect the number of outstanding shares in 2006.

It should also be noted that though disclosure of profit per share is not mandatory, because already set forth in the consolidated financial statements, it is deemed advisable to indicate the same also herein for the purpose of a better presentation of the Company's financial statements themselves.

Paid and proposed dividends: EUR 8,324

Dividends totalling EUR 8,324, (EUR 7,375 in 2005) were paid during 2006.

The dividend resolved by the Shareholders' Meeting of April 28, 2006, of Euro 0.085 per share, was paid with ex-dividend date May 8, 2006.

The number of shares benefiting from said dividend was 97,924,900 out of a total of 98,424,900 and net of treasury shares, equal to Euro 500,000.

The distribution of dividends on 2006 profit is explained in closer detail in the Management Report.

13. Property, plant and machinery EUR 123,840 (EUR 93,446)

The value of the property, plant and machinery amounted to Euro 123,840 at December 31, 2006. The main changes occurred during the year refer to new investments made, in particular in Romania, Algeria and Venezuela, as well as to the normal asset renewal process.

The most important changes are shown in the table below.

changes occurred in property, plant and machinery

(thousands of euros)

	lands and buildings	general and specific plants	excavators loaders	various equipment and machinery	fixed assets in progress and advances	total
value at dec. 31, 2005,						
net of depreciation(1)	**36,767**	**27,248**	**16,018**	**11,875**	**1,538**	**93,446**
increments						
– from acquisitions	89	19,606	21,326	10,917	1,898	53,835
	36,856	**46,855**	**37,344**	**22,791**	**3,436**	**147,282**
depreciation	(820)	(6,204)	(8,413)	(4,338)		(19,775)
other didposals	–	(6,966)	6	(108)	(1)	(7,069)
reclassifications and transfers	–	(89)	376	91	478	857
currency translation differences	–	–	–	–	–	–
mergers	271	1,611	424	165	74	2,545
value at dec. 31, 2006,						
net of depreciation(2)	**36,307**	**35,207**	**29,737**	**18,602**	**3,986**	**123,840**
(1) *of which*						
– cost	38,467	59,451	45,594	26,211	1,538	171,262
– provision for depreciation	(1,700)	(32,202)	(29,577)	(14,337)		(77,816)
net value	36,767	27,248	16,018	11,875	1,538	93,446
(2) *of which*						
– cost	38,841	64,278	64,728	35,590	3,986	207,423
– provision for depreciation	(2,533)	(29,072)	(34,991)	(16,987)		(83,583)
net value	**36,307**	**35,207**	**29,737**	**18,602**	**3,986**	**123,840**

The value of property, plant and machinery included leased assets totalling EUR 53,039; for the sake of clarity, it should be noted that said amount included the effect of valuation of buildings for EUR 14,169 for which the company adopted the revalued costs to replace the original historical costs for first-time adoption of IFRSs (January 1, 2004).

A breakdown of the leased assets is shown in the table below:

leased assets

(thousands of euros)

	lands and buildings	general and specific plants	excavators loaders and vehicles	various equipment and machinery	total
value at dec. 31, 2006,					
net of depreciation	**29,708**	**12,820**	**7,447**	**3,065**	**53,039**
of which					
– cost	31,688	17,668	13,050	4,581	66,987
– provision for depreciation	(1,980)	(4,848)	(5,603)	(1,517)	(13,948)

Lastly, it must be noted that the gross book value of property, plant and machinery, completely depreciated and still in use amounted to Euro 36,468.

14. Investment property EUR 198 (EUR 204)

Investment property, equalling Euro 198 were subject to a decrease due the normal depreciation process.

In connection with the indication concerning the measurement of fair value, it should be noted that since the indications were not fully reliable and due to the scarce significance of the investment in question, it is deemed advisable neither stating a precise measurement of the same, nor a range of values within which the measurement of fair value should be included.

investment property

(millions of euros)	
value at dec. 31, 2005, net of depreciations (1)	**204**
increments	
depreciation	(6)
value at dec. 31, 2006, net of depreciation(2)	**198**
[1] *of which*	
– cost	204
net value	**204**
[2] *of which*	
– cost	204
– provision for depreciation	(6)
net value	**198**

15. Intangible assets: EUR 3,758 (EUR 4,964)

The balance of intangible assets is mainly represented by the value of contractual rights acquired with reference to contracts in progress in Italy and abroad. The item in question has undergone a Euro 1,206 decrease in comparison with December 31, 2005. Closer detail is shown in the below table.

intangible assets

(thousands of euros)	right to use intellectual property rights	concessions, licences, trademarks and rights	total
value at dec. 31, 2005, net of depreciation[1]	**1,111**	**3,854**	**4,964**
increments			
from acquisitions	614	–	614
	1,724	**3,854**	**5,578**
depreciation	(557)	(1,301)	(1,858)
disposals	(10)	–	(10)
currency translation differences	(4)	51	47
value at dec. 31, 2006, net of depreciation[2]	**1,154**	**2,604**	**3,758**
[1] *of which*			
– cost	2,951	8,055	11,006
– provision for depreciation	(1,840)	(4,202)	(6,042)
net value	**1,111**	**3,854**	**4,964**
[2] *of which*			
– cost	3,554	8,035	11,589
– provision for depreciation	(2,400)	(5,431)	(7,831)
net value	**1,154**	**2,604**	**3,758**

It is further specified that this category includes neither intangible assets which have been wholly depreciated and are still in use, nor leased assets.

16. Equity investments: EUR 179,175 (EUR 133,525)

Equity investments, equal to Euro 179,175, increased by Euro 45,650.
A breakdown of the item is shown below.

equity investments

(thousands of euros)	31/12/2006	31/12/2005	difference
equity investments valued at cost	179,175	133,525	45,650
total	**179,175**	**133,525**	**45,650**

The most significant variations referred to:
- subscription of share capital of special purpose vehicle for the construction of Line C of the underground of Rome equal to EUR 51,750;
- subscription of share capital of special purpose vehicle for the construction and operation of the new Line 5 of the underground of Milan equal to EUR 5,825;
- subscription of share capital of Infraflegrea Progetto S.p.A. equal to EUR 204;
- increase in the overall value of the share held in Astaldi Construction Corporation equal to EUR (6,806);
- acquisition of a participating interest in Servizi Tecnici Internazionali - I.T.S. S.p.A. amounting to EUR 420;
- acquisition of a participating interest in Sartori Sud S.r.l. amounting to EUR 400;
- the effects deriving from the merger by incorporation of Italstrade S.p.A., which caused a global decrease corresponding to EUR (20,159).

For further details, please refer to the table attached to these notes.

17. Financial assets

Non-current financial assets: EUR 28,591 (EUR 51,032)

The item in question refers exclusively to receivables from subsidiaries, associates and other equity investments; the item showed a net decrease of EUR 22,441 compared to last year. The decrease is attributable to the effects deriving from the merger by incorporation of Italstrade S.p.A..
It should be noted that said receivables mainly referred to assistance of a financial nature to support, in particular, works in progress.
The balance includes the financial receivable totalling Euro 911 owed to the Parent company by Emilia Romagna's regional authority (pursuant to the Tognoli law).
Moreover, it should be noted that the items relating to the previous year have been reclassified for a better presentation of data.
For a breakdown of the item in question, please refer to the table regarding related parties, attached to these notes.

Current financial assets: EUR 19,581 (EUR 14,378)

Current financial assets includes portfolio securities amounting to EUR 13,515, derivatives amounting to EUR 5,155 and the short-term quota of financial receiv-

ables for the amount of EUR 911. In connection with this item, it should be noted that the item “other assets” as appearing from last year financial statements was reclassified.
The valuation of current financial assets, at the exception of receivables, is made at fair value, which mostly represents the quotation of regulated markets. The economic effects of valuation at fair value were entered in the income statement under “revaluation of securities”, included among financial income.
The balance of securities portfolio, totalling Euro 13,515, net of a provision for depreciation of Euro 471, is substantially homogeneous in terms of value and composition to previous year portfolio. The increase entered during the period, amounting to EUR 415, is attributable to the fair value as at the financial statements reference date. As far as derivatives are concerned, totalling Euro 5,155, the point entitled Financial risk management subsequent to these notes should be referred to for their nature and composition.

18. Other assets

The balance of other non-current assets, equal to Euro 10,924 (Euro 11,600), showed a decrease of Euro 676 compared to December 31, 2005, while other current assets, equal to Euro 196,360 (Euro 147,077), showed an increase of Euro 49,283 compared to 2005.
Items are detailed as follows.

other assets

(thousands of euros)

other non-current assets	31/12/2006	31/12/2005	difference
tax receivables	2,648	6,782	(4,134)
other assets	8,276	4,818	3,458
total other non-current assets	**10,924**	**11,600**	**(676)**
other current assets			
receivables from subsidiaries	36,669	34,983	1,686
receivables from associates	39,792	17,515	22,277
receivables from other companies	904	486	418
other assets	118,994	94,093	24,901
total other current assets	**196,360**	**147,077**	**49,283**

“Other non-current assets” include:

– tax receivables mainly referred to tax refunds requested to financial administrations for direct taxes amounting to EUR 2,471 and indirect taxes amounting to EUR 176; said item during 2006 showed a net decrease of Euro 4,134 almost entirely referred to the collection of the VAT receivable the reimbursement of which was requested during the previous year by the permanent organization in Turkey for an amount of EUR 4,201;
– other assets mainly referred to receivables for advances to suppliers and subcontractors, totalling EUR 921, guarantee deposits amounting to EUR 1,632, prepaid expenses for insurance amounting to EUR 5,059 and other deferred liabilities for commissions on guarantees totalling EUR 592.

"Other current assets" include:

– receivables from subsidiaries, associates and other equity investments, totalling EUR 77,366. For a breakdown of the receivables in question, please refer to the table attached to these notes regarding relations with related parties;
– other assets totalling EUR 118,994, mainly referred to receivables for advances to suppliers and subcontractors amounting to EUR 67,659, other accounts receivable for the transfer of goods and services (services to subcontractor, transfer of equipment and goods) amounting to EUR 34,190, social security receivables amounting to EUR 474, receivables from personnel EUR 770, accrued income and deferred liabilities amounting to EUR 3,990 and receivables for advances to members of the arbitration boards set up in relation to specific disputes with employers, and other various receivables globally amounting to EUR 11,918. As at december 31, 2005, this item included EUR 33,475 relevant to the difference between the nominal value of factored receivables prior to December 31, 2003 and the amounts collected; the residual balance, amounting to EUR 21,658 as at december 31, 2006 was entered in payables to employers.

19. Inventories: EUR 46,580 (EUR 36,682)

The net increase compared to the previous year amounted to EUR 9,897. The breakdown of inventories was as follows.

breakdown of revenues

(thousands of euros)	31/12/2006	31/12/2005	difference
raw materials, subsidiary materials and consumables	30,515	27,423	3,092
contracts in progress and semi-finished goods	4,263	3,405	857
finished products and goods	40	69	(29)
goods and materials in transit	11,762	5,785	5,977
total	**46,580**	**36,682**	**9,897**

Inventories of raw materials, subsidiary materials and consumables referred to Italian sites amounted to EUR 4,050, and to and foreign permanent establishments totalled EUR 26,465; particularly, Turkey, Venezuela, Romania and Honduras.

Products in progress expressed the value of inventories related to the construction of *Piazza Cittadella* car park under way in Verona.

The decrease in goods and materials in transit mainly referred to the permanent establishments in Algeria and Costa Rica.

The breakdown of inventories by geographical area was as follows.

breakdown of inventories by geographical area

(thousands of euros)	2006	%	2005	%	difference
Italy	8,353	17.9%	6,643	18.1%	1,710
Europe	10,409	22.3%	16,256	44.3%	(5,847)
America	11,965	25.7%	9,759	26.6%	2,206
Africa	15,853	34.0%	4,025	11.0%	11,828
Asia	–	0.0%	–	0.0%	–
total	**46,580**	**100.0%**	**36,682**	**100.0%**	**9,897**

20. Receivables from and Payables to Employers

Receivables from Employers, entered in accordance with the percentage of completion and net of actual or estimated losses at the reference date and of invoices issued according to work progress reports, showed a positive balance of EUR 377,240 and a negative balance of EUR 201,898 ("Payables to Employers"). A breakdown of this item is shown in the below table, by separating the amounts entered in assets from those entered in liabilities.

receivables from and payables to employers

(thousands of euros)	31/12/2006	31/12/2005	difference
contracts in progress	979,989	732,641	247,348
depreciation fund for losses to completion	(15,872)	(5,503)	(10,369)
contracts in progress	964,117	727,137	236,979
advances from employers	(586,877)	(449,411)	(137,466)
receivables from employers	377,240	277,727	99,513
contracts in progress	36,454	35,524	930
advances from employers	(238,352)	(143,079)	(95,273)
payables to employers	**(201,898)**	**(107,555)**	**(94,343)**

The increase in contracts in progress in comparison with the previous year is mainly attributable to the start of new projects in Italy and abroad, in particular in Algeria, Romania and Venezuela.

For the sake of completeness, it is underlined that, in comparison with 2005, in the period being examined the amount of contract advances was entered in liabilities, in compliance with the accounting standards. Therefore, to such respect, the specific items relating to 2005 have been reclassified.

The value of retention money for contracts in progress totalled EUR 13,051, while contract advances (included in the item "Advances from Employers") amounted to EUR 195,891.

21. Trade receivables: EUR 412,580

Trade receivables were as follows

breakdown of trade receivables

(thousands of euros)	31/12/2006	31/12/2005	difference
accounts receivable from employers	384,239	312,391	71,848
receivables from subsidiaries	38,703	31,994	6,709
receivables from associates	30,809	33,360	(2,551)
receivables from parent companies	6	36	(30)
Accounts receivable from other equity investments	669	1,287	(618)
provisions for bad debts	(41,846)	(27,185)	(14,661)
total	**412,580**	**351,883**	**60,697**

The increase in absolute value of EUR 60,697, including the variation in the provision for bad debts and delay interests entered to directly reduce accounts receivable from employers, compared to the previous year, is represented by the following differences:

- increase of EUR 71,848, of which EUR 43,425 referred to accounts receivable from employers for activities in Algeria, Venezuela and Romania, EUR 13,009 consequently to the merger of Italstrade; approximately EUR 12,000 for activities carried out in Italy;
- net increase of EUR 3,510 referred to receivables from parent companies, subsidiaries, associates and other companies. For a deeper analysis, please refer to the table of transactions with related parties attached to the following comment;
- net increase of EUR 14,661 referred to the provision for bad debts.

The following table shows trade receivables according to geographical area, net of the relevant provision for bad debts.

breakdown of trade receivables by geographical area

(thousands of euros)	2006	%	2005	%	difference
Italy	174,023	42.2%	164,430	46.7%	9,593
Europe	116,452	28.2%	110,794	31.5%	5,658
America	46,691	11.3%	32,016	9.1%	14,675
Africa	75,413	18.3%	44,642	12.7%	30,771
Asia	–	0,0%	–	0,0%	–
total	**412,580**	**100.0%**	**351,883**	**100.0%**	**60,697**

Provisions for bad debts – trade receivables and other receivables

The provision for bad debts, deriving from a breakdown of receivables, and the provision for delay interest, were affected by following movements during the year.

movements in provision for bad debts and provision for delay interests

(thousands of euros)	31/12/2005	provisions	applications	merger by incorporation of Italstrade	other	31/12/2006
accounts receivable from employers:						
– provision for bad debts	(10,583)	(5,022)	–	(319)	399	(15,525)
– provisions for delay interests	(16,594)	(8,916)	96	(912)	14	(26,312)
other current assets						
– provision for bad debts	(8)					(8)
total	**(27,185)**	**(13,938)**	**96**	**(1,231)**	**413**	**(41,846)**

22. Tax receivables: EUR 53,666 (EUR 42,157)

The value of tax receivables increased by EUR 11,509 over the year and mainly refers to:

- receivables for direct income taxes totalling EUR 22,713, net of the provision for bad debts of EUR 198; the amount comprises:
  a. IRES (corporate tax) credit formed upon calculation of 2005 taxes (EUR 16,726);
  b. receivable for taxes paid in foreign countries, to the extent of their recoverability in compliance with the provisions of art. 165 of T.U.I.R. (Italian consolidated law on income taxes), and international agreements on double taxation;
  c. receivable for taxes in connection with which reimbursement was applied for, amounting to EUR 1,571.

- receivables for indirect VAT taxes totalling EUR 30,953, referring to contracts in progress in Italy equal to EUR 5,738 and abroad amounting to EUR 25,215.

23. Cash and cash equivalents EUR 199,059 (EUR 134,996)

Cash and cash equivalents whose absolute value increased by EUR 64,063, comprised the following.

cash and cash equivalents

(thousands of euros)	31/12/2006	31/12/2005	difference
bank and post office	198,579	134,736	63,843
cash on hand	479	259	220
total	**199,059**	**134,996**	**64,063**

The geographical breakdown of cash and cash equivalents was as follows.

breakdown of cash and cash equivalents by geographical area

(thousands of euros)	31/12/2006	31/12/2005	difference
Italy	134,314	104,135	30,179
United States	21,513	15,700	5,813
Romania	3,712	3,067	645
Venezuela	7,885	4,342	3,543
Algeria	20,422	2,718	17,704
other	11,213	5,034	6,179
total	**199,059**	**134,996**	**64,063**

24. Share capital and reserves: EUR 236,551 (EUR 216,587)

The share capital, subscribed and fully paid up, is represented by 98,424,900 common shares of a nominal value of EUR 2 each. In fact, to this respect, it should be noted that, on November 9, 2006, the Shareholders' Meeting resolved to effect a free share capital increase by increasing the nominal value of each of the shares from EUR 1 to EUR 2, by allocating to capital the whole share premium reserve amounting to EUR 67,836, as well as part of the extraordinary reserve by an amount of EUR 30,589. Treasury shares, whose nominal value was EUR 1,458 at the reference date hereof, were entered to directly reduce the share capital. The number of shares held and purchased on regulated markets, at the end of the year being examined, equalled 729,253, which, in comparison to 2005, decreased by 332,311 shares, as a consequence of buy-back operations globally carried out in 2006. Moreover, it should be noted that all shares are free from encumbrances and there is not any ongoing share capital increase subject to pre-emptive rights.

At December 31, 2006, according to the Shareholders' ledger, supplemented with the notices received pursuant to Article 120 of Legislative Decree No. 58/1998 and other available information, the direct shareholders holding more than 2% of the company's share capital fully paid up and represented by shares with voting rights, were as shown in the following table.

direct shareholders holding more than 2% of the share capital	number of shares	shareholding %
Fin.Ast. S.r.l.	38,605,109	39.223%
Finetupar International S.A.	12,327,967	12.525%
Pictet Asset Management Limited	2,228,738	2.264%
total	**53,161,814**	**54.013%**

"Other reserves" totalling EUR 41,160 were as follows:

1. "Legal reserve": EUR 10,767
2. "Extraordinary reserve": EUR 40,246
3. "Profits carried forward": EUR (4,830)
4. "Other reserves": EUR (5,022)

The movements in share capital and reserves are detailed in the "Net equity movements" table.

Nature, purpose and composition of reserves

Legal reserve

The legal reserve amounted to EUR 10,767 (EUR 9,383 in 2005) and was set up in accordance with the provisions of Article 2430 of the Italian Civil Code.

Extraordinary reserve

The extraordinary reserve amounted to EUR 40,246 (EUR 50,903 in 2005) and was credited or charged in accordance with resolutions passed by the Shareholders' Meeting.

The net decrease of EUR (10,657) occurred during the period, derives from the application of the reserve by an amount of EUR 30,589 to the free share capital increase, as well as from the allocation of 2005 profit by an amount of EUR 17,560, from the positive variation in treasury shares by the amount of EUR 2,371.

It is underlined, pursuant to Article 2357-ter of the Italian Civil Code, that the value of the non-available reserve amounting to EUR 3,824, is constituted of the amount of EUR 1,458 entered as direct reduction of share capital, and EUR 2,366 as a reduction of extraordinary reserve.

Profit (loss) carried forward

These totalled EUR (4,830) and summarized the effects deriving from the application of IFRSs to 2005 income statement.

Other reserves

This item showed a negative value of EUR 5,022. It represents an item intended to adjust net equity and included the following:

1. the increase in equity, net of the related tax effect entered in a specific reserve, due to entry, at the date of transition to IFRSs, of tangible assets (land and buildings) at fair value instead of cost for an amount of EUR 9,581, which remained unchanged during the period;
2. the balance of the differences in value of assets and liabilities, at the date of transition to IFRSs, (01/01/2004 – 01/01/2005 for the effects of IASs 32 and

39), other than those listed in point 1 showing a value of EUR (17,130), in 2005 EUR (18,632).
The increase entered referred to the effects deriving from the merger by incorporation of Italstrade S.p.A., which caused the write off of the reserve set up during transition to IFRSs for non-current financial liabilities;
3. the effects resulting from conversion of the financial statements of foreign permanent establishments which, at the date of transition to IFRSs totalled EUR (10,712), remained unchanged during the period;
4. reserve for merger profit (loss) totalling EUR 11,000, in 2005 EUR 14,930.
During the period, this item showed a net decrease of EUR 3,930 entirely referred to the write-off loss deriving from the merger by incorporation of Italstrade S.p.A. and from the consequent write off of the latter's equity investment against the book value;
5. other reserves for a residual value of EUR 1,340, in 2005 EUR 326.
The EUR 1,014 increase entered during the period exclusively referred to "Cash-flow hedge reserve".

For the sake of completion of the notes to the items constituting the net equity, it is specified as follows.

availability of the items constituting the net equity

	amount	possibility of application	available quota
capitale sociale	195.391		
share capital	195,391		
reserves:			
– legal reserve	10,767	b	
– extraordinary reserve	40,246	a,b,c	40,246
– reserve for merger loss (profit)	11,000	a,b,c	11,000
– reserve for special risks	798	a,b,c	798
– cash flow hedge reserve	1,165		
– reserve (loss) for change in accounting standard	(18,886)		
– profit entered directly in net equity *	900	a,b,c	900
– profit (loss) carried forward	(4,830)		
total	**236,551**		

Key:
A: for share capital increase
B: for coverage of losses;
C: for distribution to the shareholders.
** net profit from trading of treasury shares*

25. Financial liabilities

The balance of non-current financial liabilities showed a EUR 52,003 increase compared to December 31, 2005 (balance of EUR 269,427), while the variation in current liabilities showed an increase of EUR 10,645 (balance of EUR 193,431 at December 31, 2005). Items are detailed as follows.

breakdown of financial liabilities

(thousands of euros)	31/12/2006	31/12/2005	difference
non-current financial liabilities			
amounts owed to banks	296,584	240,154	56,430
non-current quota of loans	3,140	4,577	(1,437)
financial payables leasing	19,100	14,729	4,371
financial payables to subdsidiary companies	2,010	9,370	(7,360)
financial payables to associated companies	597	597	–
total	**321,431**	**269,427**	**52,003**
current financial liabilities			
amounts owed to banks	193,485	188,546	4,939
current quota of loans	989	954	36
financial payables leasing	9,602	3,932	5,670
total	**204,076**	**193,431**	**10,645**

The main characteristics, including covenants, of financing agreements in force are as follows:

1. EUR 100,000 loan agreement between Astaldi S.p.A. (borrower) and Banca Popolare di Milano S.p.A. (leader of a pool of lending banks) with the following characteristics:
   - *disbursement date*: April 22, 2005;
   - *duration*: 48 months from disbursement date;
   - *repayment*: 13 fixed capital payments, equal to 1/14 of the loan, for the first 12 instalments. Moreover, the first instalment is paid on the due date of the 12th month following the disbursement date, corresponding to the quarterly due dates of the interest periods. The last instalment will be paid 48 months subsequent to the disbursement date, i.e. on the same date of the loan expiry date and will be equal to 2/14 of the loan;
   - *Interest rate*: the applicable rate will be equal to the three-month EURIBOR rate, variable in relation to the reference quarter, calculated on an annual basis of 360 days, plus a 1.25% spread;
   - *actual interest rate:* the actual interest rate applicable is 5.5444%;
   - *Interest period*: the interest period will have a deferred three-month duration as from the disbursement date.

   The covenants relating to the above loan are the following:
   - ratio between net financial indebtedness and Group's net equity less than or equal to 1.3;
   - ratio between operating income and net financial charges greater than or equal to 1.5
   - ratio between net financial indebtedness and EBITDA less than or equal to 3.5;
   - net equity greater than or equal to EUR 180,000.

   It should be noted that non-compliance with the above covenants results in revocation of the loan.
2. On April 20, 2006, the Company entered into a EUR 200,000 long-term multi-tranche loan, arranged and subscribed by MCC – Capitalia Group and The Royal Bank of Scotland. The loan, which is not secured by any real guarantee, but solely provides compliance with financial statements parameters (the so-called

financial covenants), may be repaid in a lump sum upon due date after 5 years from subscription, and provides a double option of annual extension (thus, with an assumption of a global duration of 7 years after subscription). The interest payable is equal to EURIBOR increased by a spread that, for the first year, is of 1.25%, and is adjusted on an yearly basis within the range 0.75-1,50%, based on the parameter NFP/EBITDA. The relevant actual interest rate, as at December 31, 2006, is 5.2516%. At the time of drafting these notes, loan disbursements totalled EUR 165,000, of which EUR 80,000 were allocated to the early repayment of a loan subscribed in 2004 for an original amount of EUR 100,000, granted by MCC S.p.A. (as agent) and San Paolo IMI and Efibanca (as lenders), EUR 21,428 were allocated to the early repayment of a loan for an original amount of EUR 60,000, granted by Unicredit Banca d'Impresa (as agent of a pool of lending banks) and, the remaining part, was used to meet Group's general needs, particularly in connection with the equity of special purposes vehicles.

On July 18, 2006, consequently to the satisfying syndication of said loan on the bank market, the amount of the same was increased to EUR 325,000, while preserving terms and conditions unchanged.

The covenants relating to the above-mentioned loan are the following:

- ratio between net financial position and Group's net equity less than or equal to 1.3 at year end, and less than or equal to 1.5 at half-year end;
- ratio between net financial position and EBITDA less than or equal to 3.0 at year end, and less than or equal to 3.25 at half-year end (by applying EBITDA calculated on an annual basis).

It should be noted that non-compliance with the above covenants results in revocation of the loan.

Finally, it is worthy noticing that, on November 30, 2006, the Company entered into a facility agreement for a global amount of EUR 175,000, arranged by MCC – Capitalia Group and The Royal Bank of Scotland, in the capacity as mandated lead arranger of a pool of banks (within which MCC – Capitalia Group acts as agent bank), for the issue of guarantees of a total duration of seven years to support the Group's business initiatives in Italy.

Loans

The following are the main debts included in the balance, secured by various kind of guarantees, specifying the type for each loan:

■ *MUTUO CARISBO:* Euro: 4.034

secured by a mortgage of EUR 18,076 on the building for the Piazza VIII Agosto car park in Bologne.

■ *MUTUO CARIPARMA:* EUR 95

secured by a mortgage of EUR 2,789 on the building of the Porta Palazzo car park in Turin.

In accordance with the company's practise, suitable interest rate swaps were performed to hedge the interest rate risk.

26. Other liabilities

Other non-current liabilities, equal to EUR 141, showed an EUR 1,767 decrease compared to December 31, 2005 (EUR 1,907), while other current liabilities amounted to EUR 177,041 showing an EUR 56,814 increase on 2005 (EUR 120,227).

Items are detailed as follows.

breakdown of other liabilities

(thousands of euros)	31/12/2006	31/12/2005	difference
other non-current liabilities			
amounts owed to personnel	–	1,899	(1,899)
other liabilities	141	9	132
total other non-current liabilities	**141**	**1,907**	**(1,767)**
other current liabilities			
payables to subsidiaries	64,091	75,787	(11,696)
payables to associated companies	45,546	2,606	42,940
payables to other companies	300	46	254
amounts owed to personnel	14,560	13,927	633
other liabilities	52,543	27,861	24,682
total other current liabilities	**177,041**	**120,227**	**56,813**

Please refer to the table attached to these notes for a breakdown of the company's current business relations.

As regards the item "amounts owed to personnel" which, during the previous year, included the stock option plan, it is underlined that the Board of Directors of Astaldi, during its meeting held on November 13, 2006, on the basis of the evaluations made by the Remuneration Committee, resolved to discontinue the stock option plan for the year 2006, thus entrusting the Remuneration Committee to make any closer analysis and evaluation, to be submitted to the Board during a future meeting, in order to define, during 2007, a different premium plan taking into consideration the contributions given by the various professional areas in achieving the corporate targets.

27. Employee severance indemnity and other personnel provisions: EUR 10,785 (EUR 9,685)

The "Employee benefits" item comprised "Employee severance indemnity".

The variations during the year were as follows.

variations in provision for employee severance indemnity

(thousands of euros)	value at 31/12/2005	increments for the period	increments from merger	decrements for the period	value at 31/12/2006
provision for employee severance indemnity	**9,685**	**2,448**	**227**	**(1,575)**	**10,785**

The decrement of EUR (1,575) is attributable to benefits paid to employees (advances and discharges).

defined benefit plans

(thousands of euros)	31/12/2006	31/12/2005
current value of obligations	11,178	10,099
unrecognized actuarial loss/profit	(393)	(414)
liability entered in financial statements	**10,785**	**9,685**

(thousands of euros)	actuarial value of obligation	unreported actuarial loss/profit	net liability of defined benefit plans
initial balance	**10,099**	**(414)**	**9,685**
costs for services rendered	2,003		2,003
costs for interests	445		445
benefits paid	(1,575)		(1,575)
actuarial losses/profits	(21)	21	–
other movements	227		227
final balance	**11,178**	**(393)**	**10,785**

Employee benefits comprised the Provision for Employee Severance Indemnity (Defined benefit plans), whose net cost is shown below.

defined benefit plans

(thousands of euros)	31/12/2006	31/12/2005
social security cost for current employment	2,003	1,789
net interest payable (receivable)	445	408
net actuarial losses (profits)	–	–
social security cost for past employment	–	–
reductions and discharges	–	–
total	**2,448**	**2,197**

Moreover, it is underlined that all actuarial profits and losses are not recognized because falling outside the corridor.
The assumptions used for the purpose of calculating the liability towards employees with regard to Employee Severance Indemnity were the following:

- annual discounting back rate: 4.25%;
- annual salary-increase rate (including inflation): 4.50% for managers, 3% for executives, clerical workers and workers;
- annual inflation rate: 2%;
- frequency of advance payments of employee severance indemnity: 3%;
- annual rate of turnover: 9% .

It must also be noted that the total amount of defined contribution plans for the current year totalled EUR 498.

28. Provision for risks and charges: EUR 31,382

At December 31, 2006, the provision for risks and charges amounted to EUR 31,382 and the relative movements during the year were as follows.

movements in the provision for risks and charges

(thousands of euros)	losses on contracts to completion	risks on equity investment	taxes	pursuant to art. 27 of by-laws	other	total
balance at December 31, 2005	**29,386**	**1,791**	**474**	**362**	**2,400**	**34,413**
– of which current	*29,386*	*1,791*	*474*	*362*	*2,400*	*34,413*
– of which non-current	*–*	*–*	*–*	*–*	*–*	*–*
provisions	9,489	1,286	–	–	–	10,775
applications	(6,691)	–	–	(612)	–	(7,303)
absorption	–	(2,798)	(474)	–	–	(3,272)
allocated to works in progress	(14,610)		–	–	–	(14,610)
charged from works in progress	3,042	–	–	–	–	3,042
allocation of 2005 profit	–	–	–	415	–	415
merger by incorporation of Italstrade	1	7,921	–	–	–	7,922
balance at December 31, 2006	**20,617**	**8,200**	**–**	**165**	**2,400**	**31,382**
– of which current	*20,617*	*8,200*	*–*	*165*	*2,400*	*31,382*
– of which non-current		*–*	*–*	*–*	*–*	*–*

Provision for losses/charges on contracts to completion

The provisions totalling EUR 20,617 included sums set aside to cover expected charges referring to contracts for which total costs are expected to exceed total revenues. The recorded decrease was entered in relation to the results accrued during the reference period for Italian and foreign projects whose economic effects were allocated in previous financial years.

Provision for risks on equity investments

The provision being examined, amounting to EUR 8,201 (EUR 1,791 in 2005) referred to depreciation of equity investments, exceeding the book value, considering the obligations taken on by the owner of the participating interest on the behalf of equity investments.

Provision pursuant to Article 27 of the By-laws

The provision, set up to for the purposes of donations, increased by EUR 415 over the year following allocation of a portion of the 2005 profits, as resolved by the Shareholders' Meeting on April 28, 2006, and decreased by EUR 612 in connection with donations made as per minutes of Board of Directors' meeting of May 12, 2006.

For the sake of completeness of information given with reference to provisions for risks and charges, the provisions globally entered in the financial statements are summarized herebelow, with indications concerning their nature and specific allocation.

provisions entered in financial statements

(thousands of euros)	adjusted asset	31/12/2006	31/12/2005	note
provisions for direct reduction of assets				
provision for write-down of equity investments	equity investments	30,669	14,598	16
depreciation fund for losses to completion	accounts receivable from employers	15,872	5,503	20
– provision for bad debts	trade receivables	15,533	10,591	21
– provisions for delay interests	trade receivables	26,314	16,595	21
– provision for write-downs of securities	current financial assets	471	1,249	17
– provisions for delay interests payable to tax authorities	tax receivables	198	198	22
– provision for depreciation of other assets	other non-current assets	8	8	18
provisions for liabilities				
– provision for risks and charges		31,383	36,104	28
of which:				
a) - other provisions for short-term risks		2,400	2,400	28
b) - provision for risks on equity investments		8,201	1,791	28
c) - provision for losses/charges on contracts to completion		20,617	29,386	28
d) - provision for risks and charges		165	2,527	28
total provisions as at 31/12/2006		**120,446**	**84,845**	

29. Trade payables: EUR 434,503

Trade payables totalling EUR 434,503 (EUR 309,756 at December 31, 2005) globally increased by EUR 124,746.

trade payables

(thousands of euros)	31/12/2006	31/12/2005	difference
payables to suppliers	263,334	171,806	91,528
payables to subsidiaries	77,543	40,479	37,065
payables to associates	90,230	91,133	(903)
accounts payable to other equity investments	3,395	6,338	(2,943)
total	**434,503**	**309,756**	**124,746**

The main debt items refer to:

- amounts payable to suppliers, which underwent a net increase of EUR 91,528 compared to December 31, 2005, linked to the trend of working capital;
- amounts due to subsidiary companies which increased by EUR 37,065, largely due to commercial relations resulting from reversal of costs by consortium companies performing some major works in partnerships;
- amounts payable to associated companies which decreased by EUR 903, largely due to commercial relations resulting from reversal of costs by consortium companies performing some major works in partnerships;
- amounts payable to other equity investments which decreased by EUR 2,943;
- please refer to the table attached to these notes for a breakdown of amounts payable to subsidiaries, associates and other equity investments.

30. Tax payables: EUR 17,994 (EUR 12,890)

Tax payables increased by EUR 5,104 compared to the balance at December 31, 2005. The balance refers to:

- EUR 5,026 for indirect tax payables (VAT);
- EUR 1,999 for VAT with deferred payability;
- EUR 8,601 for direct taxes;
- EUR 2,367 for accounts payable to tax authorities for withholding taxes on employees' income.

Commitments and Contingencies

Personal guarantees

The global value of guarantees given totalled EUR 1,947,662 and referred to the following:

– guarantees for opening credit facilities, to be used to ensure proper cash flow in relation to individual projects, issued in favour of subsidiaries, associates and other equity investments, set up for this purpose pursuant to current tax laws for a total of EUR 113,616;

– guarantees for works, issued in the Company's interest by Banks and Insurance companies, in favour of Employers and in the interest of subsidiaries, associates and other equity investments, for the total amount of EUR 1,740,016;

– other guarantees, issued for various purposes, for a total of EUR 94,029.

Guarantees given by third parties in our favour

These refer to guarantees totalling EUR 53,547 issued by banks and insurance companies, in the interest of Italian and foreign suppliers and subcontractors in relation to contractual obligations undertaken by the latter vis-à-vis the Company.

Commitments relating to financial leasing agreements

During the year Astaldi S.p.A. signed financial leasing agreements totalling EUR 27,127 of an average duration of 30/60 months. The agreements exclusively concerned tangible assets regarding the tax category of plant and machinery; said agreements include a clause regarding the redemption option. The following table shows the amount of future financial leasing instalments and the current value of said instalments.

amount and current value of future financial leasing instalments

(thousands of euros)	31/12/2006 instalments	31/12/2006 current value of instalments	31/12/2005 instalments	31/12/2005 current value of instalments
within 1 year	10,729	9,602	5,024	4,071
beyond 1 year and within 5 years	20,809	19,100	17,063	14,590
beyond 5 years		–		–
total leasing instalments	**31,538**		**22,087**	
financial charges	2,836		3,426	
current value of leasing instalments	28,702	28,702	18,661	18,661

Relations with related parties

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of July 28, 2006, the following table shows the totals of existing transactions and balances resulting from financial and commercial relations, carried out with related companies. To this respect, it should be noted that the relevant transactions were carried out at arm's length.

Fees to management and control bodies, general managers and managers having strategic responsibilities

The following table shows the fees due to directors, auditors and general managers for the fulfilment of their duties.

fees paid to directors, auditors and general managers

(thousands of euros)

individual	office		fees					
surname and name	office	term of office	emoluments for office		non-monetary benefits	*bonuses* and other incentives	other fees	
Monti Ernesto	Chairman	31/12/2006	26,000	1 (a)			210,000 (1)	(a)
							750 (4)	(a)
Astaldi Paolo	Deputy Chairman	31/12/2006	26,000	1 (a)			200,000 (1)	(a)
							750 (4)	(a)
							264,179 (2)	(a)
							20,490 (7)	(e)
							25,000 (8)	(a)
Di Paola Vittorio	Deputy Executive Chairman	31/12/2006	26,000	1 (a)			800,000 (1)	(a)
Astaldi Pietro	Director	31/12/2006	26,000	1 (a)			210,079 (2)	(a)
							17,430 (7)	(b)
							38,500 (8)	(a)
Astaldi Caterina	Director	31/12/2006	26,000	1 (a)			79,698 (2)	(a)
							5,717 (7)	(b)
							25,000 (8)	(a)
Cerri Stefano	Chief Executive Officer and General Manager	31/12/2006	26,000	1 (a)		263,620(3)(c)	303,121 (2)	(a)
							74,000 (1)	(a)
							40,060 (7)	(b)
Cafiero Giuseppe	Chief Executive Officer and General Manager	31/12/2006	26,000	1 (a)		263,620(3)(c)	350,096 (2)	(a)
							74,000 (1)	(a)
							50,500 (8)	(a)
							44,589 (7)	(b)
Grassini Franco	Director	31/12/2006	26,000	1 (a)			1,000 (5)	(a)
Guidobono Cavalchini Luigi	Director	31/12/2006	26,000	1 (a)			200,000 (2)	(a)
							1,000 (5)	(a)
Lupo Mario	Director	31/12/2006	26,000	1 (a)			1,000 (5)	(a)
Mele Vittorio	Director	31/12/2006	26,000	1 (a)			750 (4)	(a)
Oliva Nicola	Director and General Manager	31/12/2006	26,000	1 (a)		263,620(3)(c)	300,054 (2)	(a)
							40,443 (7)	(b)
Poloni Maurizio	Director	31/12/2006	26,000	1 (a)			1,000 (5)	(a)
Spanò Pierumberto	Chairman of the Board of Auditors	30/4/09	59,083	1 (a)				
Pinto Eugenio	Auditor	20/7/06	46,789	1 (a)				
Singer Pierpaolo	Auditor	30/4/09	35,360	1 (a)				
Antonio Sisca	Sindaco	30/4/09	15,888	1 (a)				
Francesco Mariano	Chairman of the Board of Auditors	27/12/06	12,757	9 (a)				
Francesco Rocco	Auditor	27/12/06	10,793	9 (a)				
Marco Tabellini	Auditor	27/12/06	8,574	9 (a)				

(1) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code;
(2) Salaries;
(3) Free allotment of synthetic options
(4) Fees received as member of Remuneration Committee
(5) Fees received as member of Internal Auditing Committee;
(6) Fees received as member of Supervisory Body
(7) Benefits subsequent to employment (employee severance indemnity)
(8) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in other subsidiaries
(9) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in former Italstrade
(a) Short-term benefits
(b) Benefits subsequent to employment
(e) Share-based payments

The table below shows the fees paid to managers having a strategic responsibility, including deputy general managers and operations managers.

fees paid to managers having strategic responsibility

(thousands of euros)

	emoluments for office **	non-monetary benefits	*bonuses* and other incentives	remuneration
managers having strategic responsibilities	46,000	–	777,679	2,536,280

exchange rates used to convert financial statements presented in foreign currency

countries	currency		31/12/2006	average 2006	31/12/2005	average 2005
Albania	Lek	ALL	123.7560	123.0930	122.5710	124.0250
Algeria	Algerian Dinar	DZD	94.2064	91.4361	86.5655	90.7031
Angola	Readjustado kwarza	AOA	106.0240	100.9550	95.9308	108.4410
Saudi Arabia	Saudi Ryial	SAR	4.9552	4.7089	4.4465	4.6642
Bolivia	Bolivian	BOB	10.5636	10.0416	9.4984	10.0320
Burundi	Burundian Franc	BIF	1,357.6500	1,277.2700	1,181.840	1,321.120
Carribean	Carribean Dollar	XCD	3.5675	3.3901	3.2012	3.3589
Central Africa Republica (C.F.A.)	CFA Franc	XOF	655.9570	655.9520	655.9500	655.9520
Chile	Chilean Peso	CLP	696.7100	666.3280	609.5490	697.0020
Colombia	Colombian Peso	COP	2,989.5700	2,965.8600	2,701.810	2,890.740
Democratic Republic of Congo	Congolese Franc	CDF	712.7890	582.5170	523.2540	585.9210
Costa Rica	Costa Rican Colon	CRC	683.5190	642.5640	587.1650	592.7080
Croatia	Kuna	HRK	7.3564	7.3247	7.3882	7.3989
Denmark	Danish Crown	DKK	7.4549	7.4591	7.4541	7.4519
Dominican Republic	Dominican Peso	DOP	43.7441	41.5597	39.2094	36.8300
El Salvador	Salvadorean Colon	SVC	11.5612	10.9865	10.3741	10.8858
Japan	Japanese Yen	JPY	154.8250	146.0150	140.5770	136.8490
Jibouti	Djiboutian Franc	DJF	234.8190	223.1460	210.7080	221.0910
Guatemala	Quetzal	GTQ	10.0680	9.5509	9.0337	9.5436
Guinea	Guinean Franc	GNF	7,795.5500	6,364.3300	5,094.610	4,413.090
Honduras	Lempira	HNL	24.9656	23.7245	22.4019	23.4543
Indonesia	Indonesian Rupia	IDR	12,003.2000	11,512.4000	11,675.40	12,071.20
Kenya	Kenyan Shilling	KES	92.0032	90.5651	86.6720	93.9842
Libya	Libyan Dinar	LYD	1.6918	1.6488	1.6007	1.6340
Malawi	Kwacha	MWK	182.9810	170.6040	146.8490	145.8110
Morocco	Moroccan Dirham	MAD	11.1503	11.0371	10.9228	11.0143
Mozambique	Metical	MZM	33,301.1000	31,355.5000	29,029.90	28,395.90
Nicaragua	Cordoba oro	NIO	23.7302	22.0664	20.2856	20.5105
Norway	Norwegian Crown	NOK	8.1575	8.0472	7.9737	8.0092
Pakistan	Pakistani Rupee	PKR	80.4869	75.7151	70.9362	74.1464
Qatar	Qatari Ryial	QAR	4.8103	4.5708	4.3164	4.5283
United Kingdom	British Pound	GBP	0.6729	0.6817	0.6792	0.6838
Romania	New Leu	RON	3.4137	3.5258	3.6589	3.5806
Rwanda	Rwandese Franc	RWF	726.4160	692.2820	655.5320	690.9880
Singapore	Singapore Dollar	SGD	2.0354	1.9942	1.9855	2.0702
United States	US Dollar	USD	1.3213	1.2556	1.1856	1.2441
South Africa	Rand	ZAR	9.3092	8.5312	7.5439	7.9183
Switzerland	Swiss Franc	CHF	1.5969	1.5729	1.5479	1.5483
Taiwan	Taiwan Dollar	TWD	42.9342	40.8414	39.4933	39.9816
Tanzania	Tanzanian Shilling	TZS	1,682.6500	1,573.7300	1,385.080	1,400.750
Thailand	Baht	THB	47.2245	47.5936	48.7312	50.0625
Tunisia	Tunisian Dinar	TND	1.7148	1.6691	1.6110	1.6113
Turkey	Turkish Lira	TRY	1.8920	1.8090	1.6038	1.6771
European Monetary Unit	Euro	EUR	1.0000	1.0000	1.0000	1.0000
Venezuela	Bolivar	VEB	2,837.1800	2,696.1500	2,545.860	2,620.660
Zambia	Kwacha	ZMK	5,418.7300	4,522.4400	4,026.490	5,508.780

1° Quantity of foreign currency per EUR 1.

(Source: Ufficio Italiano Cambi – the Italian foreign exchange office)

Financial risk management

Astaldi S.p.A. avails itself of financial instruments such as bilateral loans, pooling loans, mortgages and financial leasing agreements for the purpose of gathering the financial resources needed to support and develop its business activities.

Moreover, taking into account the various areas it operates in, the Company performs transactions in foreign currency thereby exposing itself to possible additional financial risks.

In order to maintain corporate value, the Company has drawn up guidelines used to control its exposure to market risks and management of said risks through derivatives, assigning the definition of strategies to be adopted and monitoring of hedged positions to a Financial Risks Committee set up for this purpose.

The main market risks the Company is exposed to are *"interest rate risk", "cash flow risk", "credit risk"* (or counterparty risk) and *"exchange rate risk"*.

The risks hedged by derivative contracts are the interest rate risk and exchange risk.

Current derivative transactions are represented by Interest Rate Swaps (IRS), Collar or Cylinder, and Forward, performed for the purpose of managing the interest rate and exchange rate risk generated by the Company's operations and its sources of financing.

Interest rate risk

The company's exposure to the market risk for interest rate fluctuations regards mainly short- and medium/long-term variable rate sources of financing. The Company's philosophy, set down in a specific management policy, is to define an optimal mix of fixed rate and variable rate debt in order to reduce financial costs and their volatility. To this end, it operates through simple ("plain vanilla") derivative instruments that involve transforming the variable rate into a fixed rate (IRS), or keep the rate's fluctuation within a predefined range (Collar), and in any event guaranteeing a maximum risk-exposure level (Cap).

The following table shows the book value, according to expiry, of the company's financial instruments exposed to interest rate risk.

risk linked to financial flows

(thousands of euros)

	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	over 5 years	total
bank loans	989	1,027	1,046	1,068	–	–	4,130
financial leasing	9,602	7,492	4,374	7,173	61	–	28,702
bank credit facilities	193,485	48,923	41,861	20,432	185,432	–	490,134
total	**204,076**	**57,445**	**47,281**	**28,673**	**185,493**	**–**	**522,966**

Financial instruments not included in the table above are not interest-bearing and therefore are not subject to interest rate fluctuations.

At December 31, 2006, the notional value of derivative hedge instruments being used totalled approximately EUR 319,587, equal to approximately 57% of the aforementioned variable-rate debt.

The following tables describe the aforementioned transactions, split between effective and ineffective cash flow hedge transactions.

cash flow hedge derivatives (effective)

(thousands of euros)	notional value	fair value 31/12/2006
interest rate swap expiring in april 2009 on pool loan originally totalling eur 100,000	58,928	875
hedge transactions expiring in april 2013 on syndicated loan originally totalling eur 325,000	155,000	633
irs transaction expiring in december 2008 on factoring of the original amount of eur 25,000	10,000	126
fixed-rate swap expiring in december 2010 on mortgage loan originally totalling eur 10,000 approx.	3,563	105
total cash flow hedge derivatives (effective)	**227,491**	**1,739**

The aforementioned cash flow hedging was considered highly effective and led to a non-realised profit of EUR 1,165 being entered in net equity, together with the correlated effect for deferred taxes of EUR (574). The breakdown of cash flow hedging entered directly in the income statement at December 31, 2006 is shown below.

cash flow hedge derivatives (ineffective)

(thousands of euros)	notional value	fair value 31/12/2006
irs transactions on an average share of short-term indebtedness (equal to eur 50,000 approx.)	65,000	730
hedge transactions expiring in april 2013 on syndicated loan originally totalling eur 325,000	10,000	82
irs transaction expiring in november 2010 on financial leasing agreement originally totalling eur 18,100 approx.	10,530	54
hedging transactions on loans secured by receivables from employers for works performed (self-liquidating) of a total eur 22,000 approx.	6,516	27
ineffective cash flow hedge		4
total cash flow hedge derivatives (ineffective)	**92,046**	**897**

With regard to said transactions, it should be noted that, even if for hedging purposes and performed using simple derivatives, the variations in value of the relating fair value were not entered in equity, mainly because of the nature of the underlying financing (short-term financing and financial leasing).

Exchange rate risk

With regard to the exchange rate risk, Astaldi S.p.A. performs cash flow hedges for specific foreign projects, with the purpose of neutralising or mitigating the effect of exchange rate oscillation on the value of relative costs or revenues in foreign currency.

At December 31, 2006 the portfolio of existing derivates on exchange rates comprised solely forward transactions performed on the basis of Turkish Branch's expected revenues, all of which may be designated as cash flow hedges. The total of said transactions amounted to USD 45,000 and the relevant valuation at fair value (compared to the exchange rate fixing of 29.12.06, equal to 1.3170) was globally positive by approximately EUR 2,470.

The breakdown is shown below.

portfolio of derivatives

type of instrument	forward exchange rate	derivative expiry date	notional value	fair value 31/12/2006
forward sale	1,2254	31/01/2007	$ 5,000	€ 273
forward sale	1,2254	31/01/2007	$ 5,000	€ 273
forward sale	1,2242	24/01/2007	$ 5,000	€ 274
forward sale	1,2242	24/01/2007	$ 5,000	€ 274
forward sale	1,2270	31/01/2007	$ 5,000	€ 271
forward sale	1,2270	31/01/2007	$ 5,000	€ 271
forward sale	1,2196	31/01/2007	$ 15,000	€ 834
total cash flow hedge derivatives			**$ 45,000**	**€ 2,470**

As at December 31, 2006, consequently to the Employer's certification of the works executed by the Branch during the last months of the year, the value of the same was entered in trade receivables at year-end exchange rate.
Due to this entry in the balance-sheet, in compliance with IAS 39, the fair value of exchange rate hedging relating to such works was fully reversed from the equity reserve (the so-called cash-flow hedge reserve) and entered in the income statements to increase revenues from works, in order to neutralize, for the hedged quota, the exchange rate effect on the value of said receivables.

Fair value

It should be noted that, the fair value relating to financial instruments which are not designated as financial assets/liabilities with offset to income statement and as assets available for sale corresponds to book value as at the date hereof.

Net financial position

According to CONSOB communication no. DEM/6064293 of July 28, 2006, and pursuant to CESR recommendation of February 10, 2005, the net financial indebtedness as at December 31, 2006 is as follows.

net financial indebtedness

(thousands of euros)	note	31/12/2006
A Cash and cash equivalents	23	199,059
B Shares held for trading	17	18,670
C Cash at bank and on hand (A)+(B)		**217,729**
D Current financial receivables	**17**	**1,822**
E Current liabilities to banks	25	(89,354)
F Current share of non-current indebtedness	25	(105,120)
G Other current financial liabilities	25	(9,602)
H Current financial indebtedness (E)+(F)+(G)		**(204,076)**
I Net current financial indebtedness (H)+(D)+(C)		**15,474**
J Non-current liabilities to banks	25	(299,723)
K other non-current liabilities	25	(19,100)
L non-current financial indebtedness (K)+(J)		**(318,823)**
M Net financial indebtedness (L)+(I)		**(303,349)**

The Parent company holds treasury shares amounting to EUR 3,824 included in the net financial position set forth in the Management Report. Therefore, total net financial position amounts to EUR 299,525.

It should be noted that the financial indebtedness does not include the financial receivables from related parties.
Additional details are set forth in the specific paragraph in the Management Report.

Sector disclosure

The following table shows figures related to revenues, results and information regarding some assets and liabilities linked to the company's business sectors, for the years ending on December 31, 2006 and December 31, 2005.

Primary disclosure

Information as per IAS 14, regarding the geographical areas the Company operates in, is listed below.

primary disclosure

(thousands of euros)	italy 31/12/2006	europe 31/12/2006	america 31/12/2006	africa 31/12/2006	asia 31/12/2006	other	adjustments and cancellations	total
revenues								
revenues	341,027	168,058	226,874	110,372			–	846,332
results								
ebit	37,179	24,442	37,033	12,978		(33,228)	5,913	84,316
unallocated costs								
profit/loss prior to taxation and financial income/charges								84,316
net financial charges								(34,627)
profit/(loss) prior to taxation and minority interests								49,690
income taxes								21,989
net profit for the year								27,701
assets and liabilities								
sector activities	979,715	226,247	303,279	211,950			(313,106)	1,408,084
of which investments in associated companies						*190,208*	*(11,033)*	*179,175*
unallocated assets								255,418
total assets								**1,663,502**
sector liabilities	(489,891)	(240,102)	(242,017)	(206,413)			302,073	(876,350)
unallocated liabilities								(522,900)
total liabilities								**(1,399,250)**
other sector information								
tangible fixed assets	73,477	8,774	20,155	21,435				123,840
intangible fixed assets	3,489	254	15					3,758
depreciation of tangible fixed assets	8,549	2,937	4,997	3,293			–	19,775
amortization of intangible fixed assets								
impariment (reinstatement) entered in income statement								
write-down on investment property								
provisions	8,907	582						9,489

primary disclosure

(thousands of euros)

	italy 31/12/2005	europe 31/12/2005	america 31/12/2005	africa 31/12/2005	asia 31/12/2005	other	adjustments and cancellations	total
revenues								
revenues	408,680	211,395	140,122	30,313				790,510
results								
ebit	51,887	41,342	25,481	2,393		(38,143)	(25)	82,935
unallocated costs								
profit/loss prior to taxation and financial income/charges								82,935
net financial charges								(34,768)
profit/(loss) prior to taxation and minority interests								48,167
income taxes								20,484
net profit for the year								27,683
assets and liabilities								
sector activities	745,539	192,631	156,528	79,481			(241,481)	932,698
of which investments in associated companies						*144,314*	*(10,790)*	*133,525*
unallocated assets								330,408
total assets								**1,263,106**
sector liabilities	**(454,240)**	**(185,632)**	**(126,798)**	**(83,038)**			**230,692**	**(619,017)**
unallocated liabilities								(399,819)
total liabilities								**(1,018,836)**
other sector information								
tangible fixed assets	65,599	7,675	14,847	5,326				93,446
intangible fixed assets	3,519	1,133	309	3				4,964
depreciation of tangible fixed assets	7,547	2,899	4,285	1,844				16,574
amortization of intangible fixed assets								
impariment (reinstatement) entered in income statement								
write-down on investment property								
provisions	6,300	5,800	1,600	2,400				16,100

Secondary disclosure

Information regarding the business sectors which the Company operates in is summarised in the table below.

informativa secondaria

(thousands of euros)

2006	dams and hydraulic works	civil and industrial construction	transport infra-structure	other (*)	total	cancel-lations	total
revenues	80,881	65,167	700,284	–	846,332	–	846,332
sector assets	164,488	132,530	1,424,171	–	1,721,190	(313,106)	1,408,084
of which investments in associated companies				*190,208*		*(11,033)*	*179,175*
unallocated assets							255,418
total assets							**1,663,502**
investments:							
tangible fixed assets	11,835	9,536	102,469	–	123,840	–	123,840
intangible fixed assets	359	289	3,109	–	3,758	–	3,758

2005	dams and hydraulic works	civil and industrial construction	transport infra-structure	other (*)	total	cancel-lations	total
revenues	58,388	91,951	640,171	–	790,510	–	790,510
sector assets	86,726	136,579	950,874	–	1,174,179	(241,481)	932,698
of which investments in associated companies				*144,314*		*(10,790)*	*133,524*
unallocated assets							330,408
total assets							**1,263,106**
investments:							
tangible fixed assets	4,186	6,593	45,900	–	56,679	–	56,679
intangible fixed assets	367	577	4,020	–	4,964	–	4,964

(*) The sector entitled "Other" includes all assets, such as the cost of the offices in Rome, corporate financial charges, etc., which are not directly attributable to production units.

Non-recurring significant events and operations

The economic, equity and financial position of Astaldi S.p.A. was not affected, during 2006, by any non-recurring significant operation, as defined in CONSOB communication no. DEM/6064293.

Positions or transactions deriving from atypical and/or unusual operations

Astaldi S.p.A. did not carry out, during 2006, any atypical and unusual operation as defined in CONSOB communication no. DEM/6064293.

Subsequent events

Publication of the financial statements was authorised by the Company's Board of Directors on March 26, 2007.

The Board of Directors reserves the right to make formal amendments and supplements within the filing date, pursuant to Article 2429 of the Italian Civil Code.

Please refer to the Management Report for information regarding events subsequent to the reference date of the financial statements.

These financial statements are true and correct.

on behalf of The Board of Directors
The Chairman
(Ernesto Monti)

relations with related parties

(thousands of euros)

	other non-current financial assets	amounts owed by employers	trade receivables	other current assets	non-current financial liabilities	trade payables
subsidiary companies						
A.S.T.A.C. S.r.l. in liquidation			137			
Amsar Burundi S.p.a.r.l.						
AR.GI. S.p.A.		2,275	1,661	14		
Astaldi Algerie EU r.l	336		107	752		(1,234)
Astaldi Arabia Limited Succursale Qatar	3,170		383	668		
Astaldi Arabia Ltd.			4	1		
Astaldi Burundi Association Momentanée				805	(108)	
Astaldi Construction Corporation			219	1,557		
Astaldi de Venezuela C.A.	1,138		3	3,593		(416)
Astaldi Finance S.A.					(76)	
Astaldi International Inc.						
Astaldi International Ltd.			30	13,468		(17,377)
Astaldi Malawi Astaldi International J.V.						
Astaldi Senegal Association en Partecipation				1,309		
Astaldi Thailand Co. Ltd.						
Astaldi-Astaldi Internernational J.V. Mozambique	1,626		7	5		
Astaldi-Max-Bogl-CCCF JV S.r.l.			3,390			(74)
Astur Construction and Trade A.S.			2	244		(1,304)
Bussentina S.c.r.l. in liquidation	279		214	360		(686)
C.O.MES. S.c.r.l.			769	42		(5,688)
CO.MERI. S.p.A.		3,660	2,378	2		
CO.NO.CO. S.c.r.l.			1,195	27		(446)
Consorzio A.R.Z.-ASTALDI.-R.I.C. Zaire in liquidation						
Consorzio Astaldi - C.B.I.			611	3,976		
Consorzio Astaldi-C.M.B. in liquidation						
Consorzio Astaldi-C.M.B. Due in liquidation				2,191		(7)
Consorzio Olbia Mare in liquidation	3			148		
Cospe S.c.r.l.			196	54		
Costruzione Metropolitana Napoli-CO.ME.NA S.c.a.r.l.			38	354		(1)
Diga di Arcichiaro S.c.r.l. in liquidation			236	63		(179)
DIP.A. S.c.r.l. in liquidation				110		(82)
Eco Po Quattro S.c.r.l. in liquidation			985	40		(49)
Euroast S.r.l. in liquidation	369		76	138		(1)
Forum S.c.r.l.			1,017	43		(773)
I.F.C. Due S.c.r.l. in liquidation	41		1,712			(97)
I.F.C. S.c.r.l. in liquidation						
Infraflegrea Progetto S.p.A.						
Italstrade CCCF JV Romis S.r.l.			1,455	17		(300)
Linea A S.c.r.l. in liquidation			15			(294)
Mar Grande S.c.r.l. in liquidation						
Montedil-Astaldi S.p.A. (MONTAST) in liquidation	30			138		
Mormanno S.c.r.l. in liquidation	10		2			(2)
Ospedale del Mare S.c.r.l.			804	3		(5,853)
Palese Park S.r.l.			37	1		
Partenopea Finanza Progetto S.p.A.			931	2		(151)
Portovesme S.c.r.l.			1,068	23		(267)
Quattro Venti S.c.r.l.			3,000	343		(5,591)
Redo Association Momentanée						
Romairport S.r.l.			2,768	692	(1,826)	(890)
Romstrade S.r.l.			4,732	45		(20)

other current liabilities	revenues	other income	purchase costs	service costs	personnel costs	depreciations	other operating costs	net financial income and charges
(26,247)	(1,166)							(39)
		(49)						(10)
		(66)						102
		(4)						
(805)								
(32)		(26)			(2)			101
(1,228)		(3)		1,737			4	
(388)								
(1,590)		(34)		1,701	347			(22)
(11)								
(12)		(3,182)		1			192	(42)
				4,228				(1)
				178				(6)
		(543)		18,320				(28)
(26,247)	(725)							(79)
				142				(3)
					1			
				4				
(257)				124				
		(60)		49				
								(4)
		(6)		114				
		(6)						(60)
(205)								
(999)		(114)	31	98				(8)
		(12)		19				
		(455)		10,674				(153)
(709)								
(2,839)		(489)						151
		(30)	5	51				(2)
		(556)		7,992	10			(30)
(569)								
(1,759)		(1,166)		108				8
(2)			3					

relations with related parties

(thousands of euros)

	other non-current financial assets	amounts owed by employers	trade receivables	other current assets	non-current financial liabilities	trade payables
S. Filippo S.c.r.l. in liquidation			1,271	5		(89)
S.P.T Società Passante Torino S.c.r.l.			819	1		(18,555)
Sartori Sud S.r.l.			59			(6,490)
Scuola Carabinieri S.c.r.l.	344		299			(1,439)
Seac S.p.a.r.l. in liquidation	4,615		1,082	3,369		(22)
Servizi Tecnici Internazionali - I.T.S. S.p.A.			12	15		(470)
Silva S.r.l. in liquidation	21		12	16		
SUGCT S.A. Calarasi			480	1,227		(713)
Susa Dora Quattro S.c.r.l.			3,794	801		(2,803)
TE.CRO. S.c.r.l. in liquidation						
Todaro S.r.l. in liquidation				1		(3)
Toledo S.c.r.l.			137			(4,705)
Tri.Ace. S.c.a.r.l. in liquidation			556	5		(477)
total subsidiaries	**11,982**	**5,935**	**38,703**	**36,668**	**(2,010)**	**(77,548)**
associated companies						
Adduttore Ponte Barca S.c.r.l. in liquidation	5					(258)
Adedicla Costruzioni S.r.l. in liquidation						
Almo S.c.a.r.l. in liquidation			10			(16)
Alosa Immobiliare S.p.A. in liquidation	1,145		22	2		(11)
Astaldi - FCC JV Basarab	300		177	5		
Astaldi Bayindir J.V.			155	5,466		(119)
Astaldi Ferrocemento J.V.	321		716	141		(3)
Astaldi-Maroc S.A.						
Avola S.c.r.l. in liquidation			543	125		(162)
Blufi 1 S.c.r.l. in liquidation				48		
C.F.M. S.c.a.r.l. in liquidation			154	31		(347)
Carnia S.c.r.l. in liquidation			146			(13)
Cogital S.c.r.l. in liquidation						
Colli Albani S.c.r.l. in liquidation			43	777		(343)
Columbus de Construcciones de Honduras S.A. de C.V.						(1)
Consorzio Bonifica Lunghezza - C.B.L.in liquidation						(3)
Cons. Grupo Contuy-Proyectos y Obras de Ferrocarriles			327	735		(313)
Consorcio Contuy Medio				992		(1,000)
Consorzio A.F.T. Kramis (Algeria Branch-Office)			576	3,610		(163)
Consorzio A.F.T. (Algeria Branch-Office)			2	755		(48)
Consorzio Astaldi Federici Todini			109			(1)
Consorzio Astaldi-ICE			416	1		
Consorzio Brundisium						(2)
Consorzio C.E.A.A.V.	697		118			(294)
Consorzio C.I.R.C. in liquidation			10	1		(699)
CONSORZIO C.O.N.C.I.L.L. in liquidation				1		
Consorzio Co.Fe.Sar.			277	4		(243)
Consorzio Consarno	227		54			(231)
Consorzio Consavia S.c.n.c. in liquidation			58			
Consorzio Dipenta S.p.A. Ugo Vitolo in liquidation						(2)
Consorzio Ferrofir in liquidation			35	14		(5,848)
Consorzio Gi.It. in liquidation						(217)
Consorzio Iricav Due			25			(4,531)
Consorzio Iricav Uno			712	6,806		(17,957)
Consorzio Ital.Co.Cer.				39		(160)

other current liabilities	revenues	other income	purchase costs	service costs	personnel costs	depreciations	other operating costs	net financial income and charges
		(674)		20,744				
		(16)	8,738	1				(43)
		(263)		1,439				(1)
						5,000		
(50)		(52)		413				
		(225)	583	894	9		30	
		(181)		6,812				(32)
(142)		(169)		16,795				
				4				
(64,091)	**(1,891)**	**(8,381)**	**9,360**	**92,642**	**365**	**5,000**	**226**	**(201)**
				2				
				3				
		(6)						
		(110)						(21)
(3)								
		(12)						
		(1)		112				(5)
		(6)						
(5)								
				3				
				187				
(212)		(1)						(62)
(665)								
		(12)						
		(9)		297				
				23				
				(113)				
				75				(18)
		(1)		549				
				2				
		(62)		455				
		(149)		11,101				
				27				

relations with related parties

(thousands of euros)

	other non-current financial assets	amounts owed by employers	trade receivables	other current assets	non-current financial liabilities	trade payables
Consorzio Italvenezia						(92)
Consorzio L.A.R. in liquidation	1,779		181			(2,313)
Consorzio Novocen						
Consorzio Ponte sullo Stretto di Messina			1,610	1		(1,494)
Consorzio Qalat			5			(1,144)
Consorzio Recchi S.p.A.- Astaldi S.p.A.			69			
Consorzio Rocca d'Evandro						
Consorzio Tre Fontane Nord in liquidation						
Costruzione Invaso Vetto S.c.r.l. in liquidation						
Diga di Blufi S.c.r.l.			4,372	2,405		(3,934)
DP 2M S.c.r.l. in liquidation	20			1		
Ecosarno S.c.r.l.	118					(1,945)
Feraspi S.c.p.A.						
Fosso Canna S.c.r.l. in liquidation	204		216	6		(83)
GEI - Grupo Empresas Italianas			267	6,911		(6,169)
Groupement Cir S.p.A.				17		
Groupement Eurolep						
Groupement Italgisas			87	870		(12)
Infraflegrea S.c.r.l.			453	6		(1,199)
Isclero S.c.r.l. in liquidation	1,518		115	91		(1,558)
Italsagi sp zo.o			14	368		
Italstrade CCCF J.V. Bucuresti S.r.l.				3		
M.N. Metropolitana di Napoli S.p.A.			12	12		
Marsico Nuovo S.c.r.l. in liquidation	30					
Max Bogl-Astaldi-CCCF Asocierea J.V.			133			
ME.SA. S.c.a.r.l. in liquidation						
Messina Stadio S.c.r.l.	2,508		1,582	1,229		(2,827)
Metro 5 S.p.A.			621			
METRO C S.p.A.			921	2		
Metro Romolo S.c.r.l.						
Metroveneta S.c.r.l.			1			(73)
Monte Vesuvio S.c.a.r.l.in liquidation			447	2		
Mose - Treporti S.c.r.l.			182	9		(6,096)
N.P.F - Nuovo Polo Fieristico S.c.r.l.			125	733		(983)
Nova Metro S.c.r.l. in liquidation						(14)
Pegaso S.c.r.l.			459	3,509		(1,668)
Piana di Licata S.c.r.l. in liquidation			179	297		(139)
Piceno S.c.r.l. in liquidation						
Pont Ventoux S.c.r.l.			11,508	225		(23,238)
Principe Amedeo S.c.a.r.l. in liquidation	1		336	113		(232)
Priolo Siracusa S.c.r.l.						(16)
Raggruppamento Astaldi-Vianini in liquidation				80		
Roma Informatica S.c.r.l. -						
S. Leonardo S.c.r.l. in liquidation			90	2,540		(808)
S.A.A.L.P. S.n.c. in liquidation	172		82	205		
S.A.C.E.S. S.r.l. in liquidation					(597)	
S.E.I.S. S.p.A.	125					
Sa.Di.Pe. S.c.r.l. in liquidation -				15		
Santangelo S.c.r.l. in liquidation -	156		41			(31)
SO.GE.DEP. S.r.l. in liquidation	271		46	239		(268)
Tangenziale Seconda S.c.a.r.l. in liquidation			117	4		(13)

other current liabilities	revenues	other income	purchase costs	service costs	personnel costs	depreciations	other operating costs	net financial income and charges
				5				
				475				
		(138)						
(185)								
		(243)		132				(3)
				236				
		(14)		13				(14)
(28)								
		(54)		1,145				
		(5)						
								5
		(190)						(11)
(25)		(1)		70				(3)
(4,369)		(236)						40
(38,817)		(1,289)						
		(1)		81				
		(252)		12,617				
		(116)		6,423				
				3				
		(144)	(20)	7,175	22			(1)
		(1,169)	4	5,650				(31)
				16				
(1,100)								
(22)								(9)
				2				(1)

relations with related parties

(thousands of euros)

	other non-current financial assets	amounts owed by employers	trade receivables	other current assets	non-current financial liabilities	trade payables
Transeuropska Autocesta d.o.o			12			
Truncu Reale S.c.r.l.			163	11		(4)
V.A.S.CO. Imprese Riunite			269			(1)
Valle Caudina S.c.r.l.			737	7		(639)
Veneta Sanitaria Finanza di Progetto S.p.A.	1,184		90			(63)
Vesuviana Strade S.c.a.r.l.			34	308		(86)
Viadotti di Courmayeur S.c.r.l. in liquidation			548	20		(103)
total associated companies	**10,781**		**30,809**	**39,792**	**(597)**	**(90,230)**
other investee companies / other equity investments						
A.M.P. S.c.r.l. in liquidation						(1)
Aguas de San Pedro S.A. de C.V.			10			
C.E.A.-COMPAGNIA EUROPEA APPAL						(1)
C.F.C. S.c.a.r.l.						(21)
Consorcio Metro Los Teques			8	662		(2)
Consorsio F.A.T.- Federici-Astaldi-Todini				1		
Consorzio Asse Sangro in liquidation			(17)			(7)
Consorzio Centro Uno			52			
Consorzio F.A.T. (Romania Branch-Office)				5		
Consorzio Ferroviario Vesuviano						
Consorzio Groupement L.E.S.I.-Dipenta						
Consorzio Tagliamento				26		(7)
Consorzio TEAM				24		(11)
Consorzio TRA.DE.CI.V.			18			(416)
Copenhagen Metro Construction Group J.V. (COMET)	2,145					
Fusaro S.c.r.l.			12			(63)
G.G.O. S.c.r.l. in liquidation			1			(1)
Imprese Riunite GE Seconda S.c.r.l. in liquidation			1			
Imprese Riunite Genova Seconda S.c.r.l. in liquidation						(240)
Irimuse S.c.a.r.l.						(2)
Metrogenova S.c.a.r.l.			390	185		(172)
Napoli Porto S.c.r.l. in liquidation	2		100			
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.						(2)
Pantano S.c.r.l.	72					(1,673)
Plus S.r.l.	2,427					
Roma Lido S.c.r.l.	274					(775)
Salini-Italstrade JV S.c.a.r.l. in liquidation			2			
Societè Seas - Astaldi Sarl				2		
Yellow River Contractor J.V.			92			(1)
total other investee companies / total other equity investments	**4,920**		**669**	**905**		**(3,395)**
FIN. AST. S.r.l.			6			
total parent company			**6**			
grand total	**27,683**	**5,935**	**70,187**	**77,365**	**(2,607)**	**(171,173)**

other current liabilities	revenues	other income	purchase costs	service costs	personnel costs	depreciations	other operating costs	net financial income and charges
				2				(2)
				56				50
(114)		(20)						(109)
		(112)		330				(6)
				3				
(45,545)		**(4,353)**	**(16)**	**47,157**	**22**			**(201)**
(33)								
				3				1
				11				11
		(15)		1,198				
							2,800	8
				61				
				1				
(265)		(81)		1,401				
				587				
				1				
(2)								
(300)		**(96)**		**3,263**			**2,800**	**20**
		(10)						
(109,936)	**(1,891)**	**(12,830)**	**9,344**	**143,062**	**387**	**5,000**	**3,026**	**(382)**

(thousands of euros)

		a) share capital	b) net equity
1 - subsidiary companies			
AR.GI S.p.A.	Via G.V. Bona, 65 - Rome - Italy	35,000,000.00	8,750,843.00
Assistenza Sviluppo e Tecnologie Ausiliarie alle Costruzioni (A.S.T.AC.) S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	46,800.00	(37,068.00)
Astaldi Algerie - E.u.r.l.	25 Citè Mohamed Hadj Ahmed Hydra wilaya d'Alger - Algiers- Algeria	564,090.24	572,204.00
Astaldi Arabia Ltd.	P.O. Box 58139 - Riyadh - Saudi Arabia	995,817.57	299,164.00
Astaldi Construction Corporation	8220 State Road 85 Davie - Florida - U.S.A.	23,706,777.00	12,911,045.00
Astaldi de Venezuela C.A.	C.C. C.T. 1ra Etapa Piso 6 Of. 620 - Caracas - Venezuela	1,297,205.29	152,925.00
Astaldi Finance S.A.	Boulevard du Prince Henri 19-21 - Luxembourg	250,000.00	163,465.00
Astaldi International Ltd.	34-36 Gray's Inn Road - London - United Kingdom	2,945,508.10	5,624,638.00
Astaldi-Max Bogl-CCCF JV S.r.l.	Str.Carol Davilla n°70 - Bucharest - Romania	10,257.00	2,144,769.00
Astur Construction and Trade A.S.	Aydinpinar Cad. Kucukmehmetler Koyu - Ankara - Turkey	528,333.50	2,471,262.00
Bussentina S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	25,500.00	(272,541.00)
C.O.MES. S.C.r.l.	Via G.V. Bona, 65 - Rome - Italy	20,000.00	20,440.00
CO.ME.NA. S.c.r.l. in liquidation	Via Cappella Vecchia, 8 - Naples - Italy	20,658.28	20,658.28
CO.MERI S.p.A.	Via G.V. Bona, 65 - Rome - Italy	35,000,000.00	8,781,845.00
CO.NO.CO. S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	25,500.00	19,496.00
Consorcio Astaldi - C.B.I.	Av. Iturralde 1308 Esquina San Salvador - La Paz - Bolivia	–	(6,387,573.00)
Consorzio Astaldi-C.M.B. Due in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,329.14	1,252.00
Consorzio Olbia Mare in liquidation	Via G.V. Bona, 65 - Rome - Italy	15,493.71	(731,435.00)
Cospe S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	10,200.00	10,329.00
Diga di Arcichiaro S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	35,700.00	(81,324.00)
DIP.A. S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(100,019.00)
Eco Po Quattro S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	25,500.00	25,823.00
Euroast S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	15,300.00	(40,070.00)
Forum S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	51,000.00	51,646.00
Groupement de Raccordement de la Station d'El Hamma (G.R.S.H.)	25 Rue Mohamed Hadj Ahmed Hydra - Algiers- Algeria	–	–
I.F.C. Due S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy	45,900.00	(366,086.00)
Infraflegrea Progetto S.p.A.	Via privata D. Giustino, 3/A - Naples - Italy	400,000.00	94,534.00
Italstrade CCCF JV Romis S.r.l.	Piata Pache Protopopescu, 9 - Bucharest - Romania	139,550.03	1,906,287.00
Italstrade Somet JV Rometro S.r.l.	Str. Cap. Av. A. Serbanescu, 49 Sector 1 - Bucharest - Romania	680.58	39,448.00
Linea A S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	25,500.00	25,822.84
Messina Stadio S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	45,900.00	46,481.00
Montedil-Astaldi S.p.A. (MONTAST) in liquidation	Via G.V. Bona, 65 - Rome - Italy	408,000.00	1,208,432.00
Mormanno S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	15,700.00
Ospedale del Mare S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	50,000.00	50,000.00
Palese Park S.r.l.	Via G.V. Bona, 65 - Rome - Italy	1,020,000.00	960,871.00
Partenopea Finanza di Progetto S.p.A.	Via Galileo Ferraris 113-B - Naples - Italy	9,300,000.00	4,606,936.00
Portovesme S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	25,500.00	25,823.00
Quattro Venti S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	51,000.00	51,646.00
Redo-Association Momentanée	Av. De la Justice, 1257 - Kinshasa - Democratic Republic of Congo	–	673,797.00
Romairport S.r.l.	Via G.V. Bona, 65 - Rome - Italy	500,000.00	2,544,521.00
Romstrade S.r.l.	Piata Pache Protopopescu, 9 - Bucharest - Romania	258,425.98	(3,483,844.00)
S. Filippo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(5,790.00)
S.P.T. - Società Passante Torino S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	50,000.00	50,000.00
S.U.G.C.T. S.A. Calarasi	Varianta Nord, 1 - Calarasi - Romania	984,576.49	1,662,294.00
Sartori Sud S.r.l.	Via Bettolo, 17 - Brindisi - Italy	160,000.00	689,265.00
Scuola Carabinieri S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	50,000.00	50,000.00
Servizi Tecnici Internazionali - I.T.S. S.p.A.	Via G.V. Bona, 65 - Rome - Italy	232,200.00	483,882.00
Silva S.r.l. in liquidation	Via Monte Santo, 1 - Rome - Italy	15,300.00	(35,547.00)
Susa Dora Quattro S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	51,000.00	51,646.00
Todaro S.r.l. in liquidation	Via Giovanni Pacini, 12 - Palermo - Italy	233,580.00	113,770.00
Toledo S.c.r.l.	Via Morghen, 36 - Naples - Italy	50,000.00	50,000.00
Tri.Ace S.c.a.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	45,900.00	46,481.00
total 1) - subsidiary companies			
2 - jointly controlled companies			
Alosa Immobiliare S.p.A. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,320,000.00	(41,520,980.00)
Astaldi Bayindir J.V.	Ilkadim Sokak, 19 Gaziomanpasa- Ankara - Turkey	–	–
Astaldi-FCC Joint Venture (J.V. Basarab Overpass)	Str. Carol Davila, 70 Sector 5 - Bucharest - Romania	–	–
Astaldi-Ferrocemento J.V.	10-Ha Khayaban-E-Shujat - Karachi - Pakistan	41,118.00	(354,133.00)

c) quota of non-paid-up capital	d) operating result	e) % held	f) book value	g) share of equity	h) distrib-uted profits	i) balanced losses	l) allocation to provision for investment risks	m) net equity as per art.2426 sub 1° n°4
26,250,000.00	(6,597.00)	99,990%	34,996,500.00	34,997,342.92	–	–	–	(842.92)
–	(12,679.00)	100,000%	–	(37,068.00)	–	–	24,389.00	12,679.00
–	44,894.00	100,000%	564,090.24	572,204.00	–	–	–	(8,113.76)
–	(206,512.00)	60,000%	892,389.49	179,498.40	–	–	–	712,891.09
–	(27,437,968.00)	94.910%	12,253,673.36	11,619,940.50	–	–	–	633,732.86
–	(164,233.00)	99,804%	1,297,205.29	152,625.27	–	–	–	1,144,580.02
–	(20,461.00)	99,960%	249,900.00	163,399.61	–	–	–	86,500.39
–	37,343.00	100,000%	3,280,527.05	5,624,638.00	–	–	–	(2,344,110.95)
–	3,687,730.00	66,000%	6,600.00	1,415,547.54	–	–	–	(1,408,947.54)
–	495,749.00	99,000%	563,992.99	2,446,549.38	–	–	–	(1,882,556.39)
–	(98,319.00)	78,800%	–	(214,762.31)	–	–	137,287.72	77,474.59
–	–	55,000%	11,000.00	11,242.00	–	–	–	(242.00)
–	–	70,432%	14,549.62	14,550.04	–	–	–	(0.42)
26,250,000.00	19,033.00	99,990%	34,996,500.00	35,028,341.82	–	–	–	(31,841.82)
–	–	80,000%	11,620.28	15,596.80	–	–	–	(3,976.52)
–	–	60,000%	–	(3,832,543.80)	–	–	–	3,832,543.80
–	(1,956.00)	99,995%	3,207.84	1,251.94	–	–	–	1,955.90
–	(860.00)	72,500%	–	(530,290.38)	–	–	529,666.88	623.49
–	–	100,000%	5,681.03	10,329.00	–	–	–	(4,647.97)
–	(10,738.00)	100,000%	–	(81,324.00)	–	–	70,586.00	10,738.00
–	(66,150.00)	100,000%	–	(100,019.00)	–	–	33,870.00	66,149.00
–	–	80,000%	20,658.28	20,658.40	–	–	–	(0.12)
–	(4,934.00)	100,000%	–	(40,070.00)	–	–	35,136.00	4,934.00
–	–	59,990%	30,982.25	30,982.44	–	–	–	(0.19)
–	–	72,000%	–	–	–	–	–	–
–	197,716.00	99,990%	–	(366,049.39)	–	–	168,660.18	197,389.21
(300,000.00)	(5,470.00)	51,000%	204,000.00	(104,787.66)	–	–	–	308,787.66
–	(1,048,939.00)	51,000%	1,020,692.58	972,206.37	–	–	–	48,486.21
–	19,216.00	51,000%	16,356.72	20,118.48	–	–	–	(3,761.76)
–	–	100,000%	25,822.84	25,822.84	–	–	–	–
–	–	66,660%	30,793.71	30,984.23	–	–	–	(190.52)
–	(37,684.00)	100,000%	765,306.79	1,208,432.00	–	–	–	(443,125.21)
–	12,249.00	74,990%	2,587.25	11,773.43	–	–	–	(9,186.18)
–	–	60,000%	30,000.00	30,000.00	–	–	–	–
–	13,417.00	99,000%	1,022,584.66	951,262.29	–	–	–	71,322.37
4,650,000.00	(41,448.00)	59,990%	5,579,070.00	5,553,235.91	–	–	–	25,834.09
–	–	80,000%	20,658.28	20,658.40	–	–	–	(0.12)
–	–	60,000%	30,987.41	30,987.60	–	–	–	(0.19)
–	511.00	75,000%	29,487.06	505,347.75	–	–	–	(475,860.69)
–	1,878,806.00	99,260%	1,366,794.32	2,525,691.54	–	–	–	(1,158,897.22)
–	240,649.00	51,000%	–	(1,776,760.44)	–	–	3,817,539.74	(2,040,779.30)
–	(6,307.00)	80,000%	413.71	(4,632.00)	–	–	–	5,045.71
–	–	74,000%	37,000.00	37,000.00	–	–	–	–
–	465,912.00	99,118%	2,200,000.00	1,647,632.57	–	–	–	552,367.43
–	231,047.00	100,000%	400,000.00	689,265.00	–	–	–	(289,265.00)
–	–	61,400%	30,700.00	30,700.00	–	–	–	–
–	48,803.00	100,000%	420,000.00	483,882.00	–	–	–	(63,882.00)
–	(1,471.00)	99,000%	–	(35,191.53)	–	–	33,735.25	1,456.28
–	–	90,000%	46,481.12	46,481.40	–	–	–	(0.28)
–	18,706.00	100,000%	95,064.00	113,770.00	–	–	–	(18,706.00)
–	–	90,394%	45,197.00	45,197.00	–	–	–	–
–	–	80,000%	37,184.90	37,184.80	–	–	–	0.10
			102,656,260.07	**100,198,833.16**	**–**	**–**	**4,850,870.77**	**(2,393,443.87)**

–	(139,631.00)	50,000%	–	(20,760,490.00)	–	20,474,546.82	228,338.00	57,605.18
–	–	50,000%	–	–	–	–	–	–
–	–	50,000%	–	–	–	–	–	–
–	6,179.00	50,000%	20,314.32	(177,066.50)	–	–	–	197,380.82

(thousands of euros)

		a) share capital	b) net equity
Avola S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(122,985.00)
C.F.M. S.c.r.l. in liquidation	Via privata D. Giustino , 3/A - Naples - Italy	41,316.55	41,316.55
Carnia S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	45,900.00	(169,418.00)
Colli Albani S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	25,500.00	2,723.00
Consorzio A.F.T. Kramis	Via G.V. Bona, 65 - Rome - Italy	100,000.00	110,156.00
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	Via Chiatamone, 57 - Naples - Italy	2,582.28	–
Consorzio Ferrofir in liquidation	Via F.Tovaglieri, 17- Rome - Italy	30,987.41	534,800.45
Consorzio Gi.It. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy	2,582.28	2,582.28
Consorzio Recchi S.p.A.- Astaldi S.p.A.	Via Salaria, 1039 - Rome - Italy	51,645.69	51,646.00
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers- Algeria	–	–
G.T.J Etude et Réalisation d'un Tunnel	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers- Algeria	–	–
Groupement ASTEH	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers- Algeria	–	–
Groupement GR-RDM	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers- Algeria	–	–
Infraflegrea S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	46,600.00	46,600.00
Isclero S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	12,000.00	(208,535.00)
Metroveneta S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy	25,500.00	25,823.00
Monte Vesuvio S.c.r.l. in liquidation	Viale Italy, 1 - Sesto S. Giovanni (MI) - Italy	45,900.00	(279,937.00)
Piana di Licata S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy	10,200.00	(249,618.00)
Pont Ventoux S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	51,000.00	51,645.69
Principe Amedeo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(164,056.00)
Raggruppamento Astaldi-Vianini in liquidation	S.P. per Fisciano Km.1 - Fisciano (SA) - Italy	25,822.84	16,921.00
S. Leonardo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(36,096.00)
Sa.Di.Pe. S.c.r.l. in liquidation	Via della Dataria, 22 - Rome - Italy	40,800.00	31,896.00
Transeuropska Autocesta d.o.o	Maksimirska 120/III 10000 - Zagreb - Croatia	–	6,486,600.00
Valle Caudina S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	50,000.00	51,645.69
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	Piazzetta Monsignor Olivotti, 9 - Mestre - VE	20,500,000.00	20,445,169.00
Viadotti di Courmayeur S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	10,329.14
total 2) - jointly controlled companies			

3 - associated companies

		a) share capital	b) net equity
Adduttore Ponte Barca S.c.r.l. in liquidation	Via di Pietralata, 140 - Rome - Italy	45,900.00	46,481.12
Almo S.c.r.l. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy	46,481.12	46,480.00
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia	–	(2,782.00)
Blufi 1 S.c.rl. in liquidation	Zona Industriale - Agrigento - Italy	25,822.84	(70,913.00)
Consorcio Astaldi-ICE	Av. Libertador Bolivar, 1842 - Cochabamba - Bolivia	–	–
Consorcio Contuy Medio	Avida Andres Bello, Ed. Atlantic Piso 7, Of. 1-7 - Venezuela	–	2,464.00
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	CCC T. 1ra Etapa Piso 6 Of. 620 Chuao - Caracas - Venezuela	–	498,464.14
Consorcio Metro Los Teques	Caracas - Venezuela	–	7,021,648.00
Consorzio A.F.T.	Via G.V. Bona, 65 - Rome - Italy	46,481.12	46,481.12
Consorzio Bonifica Lunghezza - C.B.L. in liquidation	Via Calderon de la Barca, 87 - Rome - Italy	10,000.00	10,000.00
Consorzio Brundisium in liquidation	Via Caboto n°1 - Corsico - Milan - Italy	12,000.00	7,508.00
Consorzio C.I.R.C. in liquidation	Via G.V. Bona, 65 - Rome - Italy	51,000.00	51,646.00
Consorzio Co.Fe.Sar.	Via Salaria, 1033 - Rome - Italy	51,645.69	51,646.00
Consorzio Consarno	Via Napoli, 329 - Castellammare di Stabia (NA) - Italy	20,658.28	20,658.28
Consorzio Consavia S.c.n.c. in liquidation	Via F. Tovaglieri, 17 - Rome - Italy	20,658.28	20,153.00
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	Via G.V. Bona, 65 - Rome - Italy	206,583.00	206,584.00
Consorzio Iricav Due	Via F. Tovaglieri, 413 - Rome - Italy	510,000.00	516,456.90
Consorzio Iricav Uno	Via F. Tovaglieri, 17 - Rome - Italy	520,000.00	520,000.00
Consorzio Ital.Co.Cer.	Via Giovanni da Procida, 36 - Rome - Italy	51,600.00	51,645.00
Consorzio Italvenezia	Via Salaria, 1039 - Rome - Italy	77,450.00	77,468.00
Consorzio L.A.R. in liquidation	Via Palestro, 30 - Rome - Italy	206,582.76	206,582.76
Consorzio Metrofer	Via Salaria , 1033 - Rome - Italy	25,822.84	25,823.00
Consorzio Novocen	Via Orazio, 143 - Naples - Italy	51,640.00	993,381.00
Consorzio Ponte Stretto di Messina in liquidation	Via G.V.Bona, 65 - Rome - Italy	100,000.00	100,000.00
Consorzio Qalat	Corso Carlo Marx, 19 - Misterbianco (CT) - Italy	10,327.00	10,329.14
Diga di Blufi S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	45,900.00	46,481.00
DP 2M S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	10,200.00	(30,803.00)
Ecosarno S.c.r.l.	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy	50,490.00	51,129.00
Fosso Canna S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	25,500.00	357.00
Groupement Cir S.p.A. in liquidation	Via Agrigento, 5 - Rome - Italy	156,000.00	135,999.00

c) quota of non-paid-up capital	d) operating result	e) % held	f) book value	g) share of equity	h) distrib-uted profits	i) balanced losses	l) allocation to provision for investment risks	m) net equity as per art.2426 sub 1° n°4
–	(25,220.00)	50,000%	–	(61,492.50)	–	–	29,810.43	31,682.07
–	–	50,000%	20,658.28	20,658.28	–	–	–	–
–	(32,602.00)	33,000%	–	(55,907.94)	–	–	25,035.74	30,872.20
–	(1,246.00)	60,000%	1,633.80	1,633.80	–	–	–	–
–	–	49,995%	49,995.00	55,072.49	–	–	–	(5,077.49)
–	–	50,000%	–	–	–	–	–	–
–	–	66,666%	20,658.28	356,530.07	–	–	–	(335,871.79)
–	–	50,000%	1,291.14	1,291.14	–	–	–	–
–		50,000%	25,822.84	25,823.00	–	–	–	(0.16)
–	–	68,680%	–	–	–	–	–	–
–	–	60,000%	–	–	–	–	–	–
–	–	51,000%	–	–	–	–	–	–
–	–	51,000%	–	–	–	–	–	–
–	–	50,000%	23,300.00	23,300.00	–	–	–	–
–	(5,569.00)	31,170%	–	(65,000.36)	–	–	65,000.36	–
–	–	50,000%	12,911.42	12,911.50	–	–	–	(0.08)
–	(326,419.00)	50,000%	–	(139,968.50)	–	–	139,968.50	–
–	(887.00)	43,750%	–	(109,207.88)	–	–	109,207.88	(0.01)
–	–	56,250%	23,240.56	29,050.70	–	–	–	(5,810.14)
–	(6,984.00)	50,000%	–	(82,028.00)	–	–	8,721.43	73,306.57
–	(1,922.00)	50,000%	8,460.50	8,460.50	–	–	–	–
–	(6,873.00)	51,000%	–	(18,408.96)	–	–	18,408.96	–
–	(4,813.00)	49,950%	15,932.05	15,932.05	–	–	–	–
–	93,391.00	49,000%	3,157,743.80	3,178,434.00	–	–	–	(20,690.20)
–	–	52,240%	20,234.78	26,979.71	–	–	–	(6,744.93)
–	(10,135.00)	31,000%	6,355,000.00	6,338,002.39	–	–	–	16,997.61
–	–	66,670%	3,718.49	6,886.44	–	–	–	(3,167.95)
			9,760,915.26	**(11,368,604.57)**	**–**	**20,474,546.82**	**624,491.30**	**30,481.70**

–	–	24,330%	11,308.86	11,308.86	–	–	–	–
–	–	35,000%	16,268.39	16,268.00	–	–	–	0.39
–	–	40,000%	–	(1,112.80)	–	–	–	1,112.80
–	–	32,000%	–	(22,692.16)	–	–	22,692.16	–
–	–	50,000%	–	–	–	–	–	–
–	–	28,300%	109,617.98	697.31	–	–	–	108,920.67
–	–	32,330%	–	161,153.46	–	–	–	(161,153.46)
–	13,611,403.00	30,000%	2.00	2,106,494.40	–	–	–	(2,106,492.40)
–	–	33,330%	15,493.71	15,492.16	–	–	–	1.55
–	–	49,000%	4,900.00	4,900.00	–	–	–	–
–	(4,492.00)	33,333%	2,502.64	2,502.64	–	–	–	–
–	–	25,000%	12,911.42	12,911.50	–	–	–	(0.08)
–	–	30,000%	15,493.71	15,493.80	–	–	–	(0.09)
–	–	25,000%	5,164.57	5,164.57	–	–	–	–
–	–	25,000%	5,164.57	5,038.25	–	–	–	126.32
–	–	25,000%	51,645.69	51,646.00	–	–	–	(0.31)
–	–	32,990%	170,379.13	170,379.13	–	–	–	–
–	–	27,910%	145,132.00	145,132.00	–	–	–	–
–	–	30,000%	15,493.71	15,493.50	–	–	–	0.21
–	–	25,000%	19,367.13	19,367.00	–	–	–	0.13
–	–	41,660%	51,645.69	86,062.38	–	–	–	(34,416.69)
–	–	33,320%	8,607.62	8,604.22	–	–	–	3.40
–	(19,272.00)	40,760%	19,475.59	404,902.10	–	–	–	(385,426.51)
–	–	24,740%	24,740.00	24,740.00	–	–	–	–
–	–	40,000%	4,131.66	4,131.66	–	–	–	–
–	–	50,000%	23,240.56	23,240.50	–	–	–	0.06
–	(965.00)	72,000%	2,738.84	(22,178.16)	–	–	–	24,917.00
–	–	33,334%	17,043.08	17,043.34	–	–	–	(0.26)
–	(9,526.00)	32,000%	114.24	114.24	–	–	–	–
–	–	33,333%	45,328.47	45,332.55	–	–	–	(4.08)

(thousands of euros)

		a) share capital	b) net equity
Groupement Eurolep	Shifflandestrasse, 35 - Aaran 5000 - Switzerland	62,127.39	56,334.78
Groupement Italgisas	Angle Boulevard de la Resistance et Rue de Puissesaux - Casablanca - Morocco	–	(2,714,614.00)
Italsagi Sp. Zo. O.	Ul. Powstancow - Katowice - Poland	3,615.20	(27,372.21)
M.N. Metropolitana di Napoli S.p.A.	Via Galileo Ferraris, 101 - Naples - Italy	3,655,397.00	10,089,830.00
Marsico Nuovo S.c.r.l. in liquidation	Viale Italia 1 - Sesto San Giovanni (MI) - Italy	10,200.00	(16,022.00)
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	Blv. Eroi Sanitar, 49 - Bucharest - Romania	10,000.00	71,426.00
Metro 5 S.p.A.	Via Manzoni, 37- Milan - Italy	25,000,000.00	25,000,000.00
METRO C S.p.A.	Via G.V. Bona, 65 - Rome - Italy	150,000,000.00	150,000,000.00
Metrogenova S.c.r.l.	Via IV Novembre snc - Spianata Acquasola - 16121 Genoa - Italy	25,500.00	25,823.00
Mose-Treporti S.c.r.l.	Via C.Battisti, 2 - Venice - Mestre - Italy	10,000.00	10,001.00
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	40,000.00	40,000.00
Nova Metro S.c.r.l. in liquidation	Via Montello, 10 - Rome - Italy	40,800.00	41,316.55
Pegaso S.c.r.l.	Via F. Tovaglieri, 17 - Rome - Italy	260,000.00	260,000.00
Priolo Siracusa S.c.r.l. in liquidation	Piazza Velasca, 4 - Milan - Italy	11,000.00	77,648.24
S.A.A.L.P. S.n.c. in liquidation	Viale Italia, 1 - Sesto San Giovanni Giovanni (MI) - Italy	51,646.00	817,787.00
S.A.C.E.S. S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	26,000.00	(2,411,985.00)
S.E.I.S. S.p.A.	Via Baiamonti, 10 - Rome - Italy	3,877,500.00	4,320,983.00
Santangelo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	51,000.00	19,983.00
SO.GE.DEP. S.r.l. in liquidation	Via dell'Astronomia, 9 - Rome - Italy	20,400.00	(749,486.00)
Tangenziale Seconda S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	45,900.00	46,481.00
Truncu Reale S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	30,600.00	30,987.00
V.A.S.CO. Imprese Riunite	Via Montello, 10 - Rome - Italy	51,645.69	(88,473.00)
Vesuviana Strade S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	45,900.00	46,481.12
total 3) - associated companies			
4 - other investee companies			
A.M.P. S.c.r.l. in liquidation	Viale Caduti di tutte le guerre, 7 - Bari - Italy	25,822.00	25,240.00
Aguas de San Pedro S.A. de C.V.	Barrio Las Palmas entre 20 y 27 calle, 3a avenida - San Pedro Sula - Honduras	3,997,441.64	4,152,182.76
Astaldi-Sarantopulos J.V.	Athens - Greece	–	–
C.F.C. S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	45,900.00	46,481.12
Co.Sa.Vi.D. S.c.r.l.	Carini - Contrada Foresta Z.I. - Palermo - Italy	25,500.00	22,351.00
Consorzio Asse Sangro in liquidation	Via della Fonte di Fauno, 2/A bis - Rome - Italy	464,811.21	464,811.21
Consorzio Centro Uno	C.so Vittorio Emanuele, 130 - Naples - Italy	154,937.07	(191,250.00)
Consorzio Ferroviario Vesuviano	Via Argine, 425 - Naples - Italy	154,937.07	154,937.07
Consorzio Groupement Lesi-Dipenta	Via Indonesia, 100 - Rome - Italy	258,228.00	258,228.45
Consorzio Tagliamento	Via G.V. Bona, 101/C - Rome - Italy	154,937.07	154,937.07
Consorzio Team	Viale Sarca, 336 - Milan - Italy	45,900.00	46,481.12
Consorzio TRA.DE.CI.V.	Via Galileo Ferraris, 101 - Naples - Italy	155,535.00	155,535.00
Costruttori Romani Riuniti Grandi Opere S.p.A.	Via P. Stanislao Mancini, 2 - Rome - Italy	5,164,568.00	3,422,810.00
Fondazione Accademia Nazionale di S. Cecilia	Via Vittoria, 6 - Rome - Italy	–	–
Fondazione Filarmonica Arturo Toscanini	Strada della Repubblica, 57 - Parma - Italy	–	–
Fusaro S.C.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	10,200.00	10,329.00
G.G.O. S.c.r.l. in liquidation	Zona Industriale - Agrigento - Italy	25,500.00	1,267.00
I.SV.E.UR. Istituto per lo Sviluppo Edilizio ed Urbanistico S.p.A.	Via Lungotevere dè Cenci, 9 - Rome - Italy	2,500,000.00	4,938,134.00
IGI - Istituto Grandi Infrastrutture	Via Ovidio, 32 - Rome - Italy	–	–
Imprese Riunite Genova S.c.r.l. in liquidation	Brigata Liguria, 1/18 - Genoa - Italy	25,500.00	25,822.84
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	Via Serra, 2/9 - Genoa - Italy	25,000.00	(1,319,946.00)
Irimuse S.c.r.l. in liquidation	Via Salaria, 1039 - Rome - Italy	619,745.00	619,748.00
Italstrade CCCF JV Bucuresti S.r.l.	Gheorghe Manu, 20 Sector 1 - Bucharest - Romania	71.90	–
M.N.6 S.C.r.l.	Via G.Ferraris, 101 - Naples - Italy	51,000.00	51,000.00
Napoli Porto S.c.r.l. in liquidation	Via Campana, 268 - Naples - Italy	10,328.00	10,329.14
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	Riviera di Chiaia, 72 - Naples - Italy	10,329.14	10,329.14
Pantano S.c.r.l.	Via Montello, 10 - Rome - Italy	40,800.00	41,316.55
Pavimental S.p.A.	Piazza Ferdinando De Lucia, 15 - Rome - Italy	4,669,132.00	11,209,230.00
Plus S.r.l.	Via della Dataria, 22 - Rome - Italy	765,000.00	2,659,423.00
Roma Lido S.c.r.l.	Via Parigi, 11 - Rome - Italy	10,200.00	10,329.14
Skiarea Valchiavenna S.p.A.	Via del Crotto, 52 - Campodolcino - Italy	8,118,182.00	11,391,154.00
Sociedad Concesionaria BAS S.A.	Santiago - Chile	12,699,044.46	12,699,044.46
Societe SEAS - ASTALDI SARL (SE.AS SARL)	B.P. 1426 - Pointe Noire - Republic of Congo	15,244.91	–
Yellow River Contractors	P.O. Box 073 - Luoyang - People's Republic of China	–	2,944,314.73
total 4) - other investee companies			
grand total			

c) quota of non-paid-up capital	d) operating result	e) % held	f) book value	g) share of equity	h) distrib-uted profits	i) balanced losses	l) allocation to provision for investment risks	m) net equity as per art.2426 sub 1° n°4
–	–	22,000%	8,087.51	12,393.65	–	–	–	(4,306.14)
–	–	40,000%	–	(1,085,845.60)	–	–	963,192.12	122,653.48
–	–	34,000%	–	(9,306.55)	–	–	407,718.79	(398,412.24)
–	2,534,298.00	22,620%	3,298,708.14	2,282,319.55	–	–	–	1,016,388.59
–	(680.00)	25,000%	–	(4,005.50)	–	–	4,005.50	–
–	30,625.00	33,000%	3,398.91	23,570.58	–	–	–	(20,171.67)
–	–	23,300%	5,825,000.00	5,825,000.00	–	–	–	–
–	–	34,500%	51,750,000.00	51,750,000.00	–	–	–	–
–	–	21,810%	5,055.48	5,632.00	–	–	–	(576.52)
–	–	35,000%	3,500.00	3,500.35	–	–	–	(0.35)
–	–	50,000%	20,000.00	20,000.00	–	–	–	–
–	–	24,100%	8,263.31	9,957.29	–	–	–	(1,693.98)
–	–	43,750%	113,750.00	113,750.00	–	–	–	–
–	–	20,000%	2,065.83	15,529.65	–	–	–	(13,463.82)
–	–	30,000%	15,493.71	245,336.10	–	–	–	(229,842.39)
–	(2,894,271.00)	37,000%	–	(892,434.45)	–	–	892,434.45	–
–	29,506.00	48,330%	1,872,156.26	2,088,331.08	–	–	–	(216,174.82)
–	(1,194.00)	45,000%	8,992.35	8,992.35	–	–	–	–
–	(764,955.00)	27,850%	–	(208,731.85)	–	–	164,986.11	43,745.74
–	–	42,730%	16,268.35	19,861.33	–	–	–	(3,592.98)
–	–	34,000%	10,535.72	10,535.58	–	–	–	0.14
–	–	29,000%	14,977.25	(25,657.17)	–	–	–	40,634.42
–	–	30,000%	13,944.34	13,944.34	–	–	–	–
			63,788,108.42	**63,550,303.18**	**–**	**–**	**2,455,029.13**	**(2,217,223.89)**
–	(844.00)	0,010%	2.52	2.52	–	–	–	–
–	–	15,000%	1,419,957.65	622,827.41	–	–	–	797,130.24
–	–	14,000%	–	–	–	–	–	–
–	–	0,010%	4.65	4.65	–	–	–	–
–	–	0,010%	2.58	2.24	–	–	–	0.34
–	–	4,762%	22,133.87	22,134.31	–	–	–	(0.44)
–	(346,187.00)	2,000%	3,098.74	(3,825.00)	–	–	–	6,923.74
–	–	0,004%	6.20	6.20	–	–	–	–
–	–	0,010%	41.32	25.82	–	–	–	15.50
–	–	15,000%	23,240.56	23,240.56	–	–	–	–
–	–	11,111%	5,164.57	5,164.52	–	–	–	0.05
–	–	17,727%	27,571.13	27,571.69	–	–	–	(0.56)
–	–	1,000%	33,220.06	34,228.10	–	–	–	(1,008.04)
–	–	0,001%	5,164.57	–	–	–	–	5,164.57
–	–	0,001%	5,000.00	–	–	–	–	5,000.00
–	–	0,010%	1.03	1.03	–	–	–	–
–	(2,411.00)	10,000%	126.70	126.70	–	–	–	–
–	–	0,919%	7,333.69	45,381.45	–	–	–	(38,047.76)
–	–	0,001%	51,645.69	–	–	–	–	51,645.69
–	–	16,100%	4,157.48	4,157.48	–	–	–	–
–	(49,633.00)	16,100%	–	(212,511.31)	–	–	212,511.31	–
–	–	0,100%	619.75	619.75	–	–	–	–
–	–	1,000%	29.24	–	–	–	–	29.24
–	–	1,000%	510.00	510.00	–	–	–	–
–	–	15,000%	1,549.37	1,549.37	–	–	–	–
–	–	0,010%	1.03	1.03	–	–	–	–
–	–	10,000%	4,131.66	4,131.66	–	–	–	–
–	247,424.00	1,303%	62,007.09	146,056.27	–	–	–	(84,049.18)
–	(101,309.00)	11,840%	897,507.41	314,875.68	–	–	–	582,631.73
–	–	19,115%	1,974.41	1,974.42	–	–	–	(0.01)
–	3,071,629.00	0,227%	17,838.66	25,857.92	–	–	–	(8,019.26)
–	–	0,100%	12,827.32	12,699.04	–	–	–	128.28
–	–	10,000%	1,524.50	–	–	–	–	1,524.50
–	–	14,000%	361,280.50	412,204.06	–	–	–	(50,923.56)
			2,969,673.95	**1,489,017.57**	**–**	**–**	**212,511.31**	**1,268,145.07**
			179,174,957.70	**153,869,549.34**	**–**	**20,474,546.82**	**8,142,902.51**	**(3,312,040.99)**

(thousands of euros)

1 - subsidiary companies

		currency	par value of share capital
AR.GI S.p.A.	Via G.V. Bona, 65 - Rome - Italy	EUR	35,000,000.00
Assistenza Sviluppo e Tecnologie Ausiliarie alle Costruzioni (A.S.T.AC.) S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	46,800.00
Astaldi Algerie - E.u.r.l.	25 Citè Mohamed Hadj Ahmed Hydra wilaya d'Alger - Algiers - Algeria	DZD	50,000,000.00
Astaldi Arabia Ltd.	P.O. Box 58139 - Riyadh - Saudi Arabia	SAR	5,000,000.00
Astaldi Construction Corporation	8220 State Road 85 Davie - Florida - U.S.A.	USD	27,400,000.00
Astaldi de Venezuela C.A.	C.C. C.T. 1ra Etapa Piso 6 Of. 620 - Caracas - Venezuela	VEB	110,300,000.00
Astaldi Finance S.A.	Boulevard du Prince Henri 19-21 - Luxembourg	EUR	250,000.00
Astaldi International Inc.	Bank of Liberia Building P.O. Box 660 - Monrovia - Liberia	USD	3,000,000.00
Astaldi International Ltd.	34-36 Gray's Inn Road - London - United Kingdom	GBP	2,000,000.00
Astaldi-Astaldi International J.V.	R. Armando Tivane, 466 - Matola Maputo - Mozambique	USD	10,000.00
Astaldi-Burundi Association Momentanée	Avenue de l'O.U.A. B.P. 325 - Bujumbura - Burundi	USD	50,000.00
Astaldi-Max Bogl-CCCF JV S.r.l.	Str.Carol Davilla n°70 - Bucharest - Romania	EUR	10,000.00
Astaldi-Sénégal Association en participation	Avenue Roume Dakar, 16 4ème G. S. - Dakar - Senegal	XOF	50,000,000.00
Astur Construction and Trade A.S.	Aydinpinar Cad. Kucukmehmetler Koyu - Ankara - Turkey	TRL	23,790,610,000.00
Bussentina S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
C.O.MES. S.C.r.l.	Via G.V.Bona, 65 - Rome - Italy	EUR	20,000.00
CO.ME.NA. S.c.r.l. in liquidation	Via Cappella Vecchia, 8 - Naples - Italy	EUR	20,658.00
CO.MERI S.p.A.	Via G.V. Bona, 65 - Rome - Italy	EUR	35,000,000.00
CO.NO.CO. S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Consorcio Astaldi - C.B.I.	Av. Iturralde 1308 Esquina San Salvador - La Paz - Bolivia	USD	100,000.00
Consorzio Astaldi-C.M.B. Due in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,329.00
Consorzio Olbia Mare in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	15,494.00
Cospe S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Diga di Arcichiaro S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	35,700.00
DIP.A. S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Eco Po Quattro S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Euroast S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	15,300.00
Fiorbis S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy	EUR	46,481.00
Forum S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
Groupement de Raccordement de la Station d'El Hamma (G.R.S.H.)	25 Rue Mohamed Hadj Ahmed Hydra - Algiers - Algeria	–	–
I.F.C. Due S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy	EUR	45,900.00
Infraflegrea Progetto S.p.A.	Via privata D. Giustino, 3/A - Naples - Italy	EUR	400,000.00
Italstrade CCCF JV Romis S.r.l.	Piata Pache Protopopescu, 9 - Bucharest - Romania	LEI	5,400,000,000.00
Italstrade S.p.A.	Via Agrigento, 5 - Rome - Italy	EUR	25,563,340.00
Italstrade Somet JV Rometro S.r.l.	Str. Cap. Av. A. Serbanescu, 49 Sector 1 - Bucharest - Romania	LEI	22,000,000.00
Legnami Pasotti Italia I.C. S.r.l. in liquidation	Via Agrigento, 5 - Rome - Italy	EUR	51,000.00
Linea A S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Messina Stadio S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
Montedil-Astaldi S.p.A. (MONTAST) in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	408,000.00
Mormanno S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Ospedale del Mare S.C.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	50,000.00
Palese Park S.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	1,020,000.00
Partenopea Finanza di Progetto S.p.A.	Via Galileo Ferraris 113-B - Naples - Italy	EUR	9,300,000.00
Portovesme S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Quattro Venti S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
Redo-Association Momentanée	Av. De la Justice, 1257 - Kinshasa - Democratic Republic of Congo	ZRZ	50,000.00
Romairport S.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	500,000.00
Romstrade S.r.l.	Piata Pache Protopopescu, 9 - Bucharest - Romania	LEI	10,000,000,000.00
S. Filippo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
S.P.T. - Società Passante Torino S.C.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	50,000.00
S.U.G.C.T. S.A. Calarasi	Varianta Nord, 1 - Calarasi - Romania	LEI	13,618,975,000.00
Sartori Sud S.r.l.	Via Bettolo, 17 - Brindisi - Italy	EUR	160,000.00
Scuola Carabinieri S.C.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	50,000.00
Seac S.p.a.r.l. in liquidation	Avenue des Fleurs - Kinshasa/Gombe - Democratic Republic of Congo	ZRZ	200,000,000.00
Servizi Tecnici Internazionali - I.T.S. S.p.A.	Via G.V. Bona, 65 - Rome - Italy	EUR	232,200.00

total no. shares	no. shares held	book value at 31.12.2005	total increase	total decrease	book value at 31.12.2006	% direct	% indirect	% total
350,000.00	–	34,996,500.00	–	–	34,996,500.00	99,990%	0,000%	99,990%
–	–	–	–	–	–	100,000%	0,000%	100,000%
–	–	564,090.24	–	–	564,090.24	100,000%	0,000%	100,000%
5,000.00	3,000.00	892,389.49	–	–	892,389.49	60,000%	40,000%	100,000%
2,000.00	1,800.00	5,447,442.60	22,606,875.76	(15,800,645.00)	12,253,673.36	94.910%	5.090%	100,000%
110,300.00	110,083.00	1,297,205.29	–	–	1,297,205.29	99,804%	0,000%	99,804%
–	–	249,900.00	–	–	249,900.00	99,960%	0,000%	99,960%
300,000.00	276,000.00	–	–	–	–	0,000%	100,000%	100,000%
2,000,000.00	2,000,000.00	3,280,527.05	–	–	3,280,527.05	100,000%	0,000%	100,000%
–	–	–	–	–	–	0,000%	100,000%	100,000%
–	–	–	–	–	–	0,000%	100,000%	100,000%
–	–	6,600.00	–	–	6,600.00	66,000%	0,000%	66,000%
–	–	–	–	–	–	0,000%	100,000%	100,000%
2,379,061.00	2,355,270.00	563,992.99	–	–	563,992.99	99,000%	0,000%	99,000%
–	–	–	–	–	–	78,800%	0,000%	78,800%
–	–	11,000.00	–	–	11,000.00	55,000%	0,000%	55,000%
–	–	14,549.62	–	–	14,549.62	70,432%	0,000%	70,432%
350,000.00	–	34,996,500.00	–	–	34,996,500.00	99,990%	0,000%	99,990%
–	–	11,620.28	–	–	11,620.28	80,000%	0,000%	80,000%
–	–	–	–	–	–	60,000%	0,000%	60,000%
–	–	3,207.84	–	–	3,207.84	99,995%	0,000%	99,995%
–	–	–	–	–	–	72,500%	0,000%	72,500%
–	–	5,681.03	–	–	5,681.03	100,000%	0,000%	100,000%
–	–	–	–	–	–	100,000%	0,000%	100,000%
–	–	–	–	–	–	100,000%	0,000%	100,000%
–	–	20,658.28	–	–	20,658.28	80,000%	0,000%	80,000%
–	–	–	–	–	–	100,000%	0,000%	100,000%
–	–	18,844.66	–	(18,844.66)	–	99,980%	0,000%	99,980%
–	–	30,982.25	–	–	30,982.25	59,990%	0,000%	59,990%
–	–	–	–	–	–	72,000%	28,000%	100,000%
–	–	–	–	–	–	99,990%	0,000%	99,990%
40,000.00	20,400.00	–	204,000.00	–	204,000.00	51,000%	0,000%	51,000%
–	–	–	1,020,692.58	–	1,020,692.58	51,000%	0,000%	51,000%
5,112,668.00	5,112,668.00	24,954,786.81	–	(24,954,786.81)	–	100,000%	0,000%	100,000%
–	–	–	16,356.72	–	16,356.72	51,000%	0,000%	51,000%
–	–	–	40,800.00	(40,800.00)	–	80,000%	0,000%	80,000%
–	–	25,822.84	–	–	25,822.84	100,000%	0,000%	100,000%
–	–	15,493.71	15,300.00	–	30,793.71	66,660%	0,000%	66,660%
800,000.00	360,000.00	650,735.69	114,571.10	–	765,306.79	100,000%	0,000%	100,000%
–	–	2,587.25	–	–	2,587.25	74,990%	0,000%	74,990%
–	–	30,000.00	–	–	30,000.00	60,000%	0,000%	60,000%
–	–	1,022,584.66	–	–	1,022,584.66	99,000%	0,000%	99,000%
9,300,000.00	–	5,579,070.00	–	–	5,579,070.00	59,990%	0,000%	59,990%
–	–	20,658.28	–	–	20,658.28	80,000%	0,000%	80,000%
–	–	30,987.41	–	–	30,987.41	60,000%	0,000%	60,000%
–	–	29,487.06	–	–	29,487.06	75,000%	25,000%	100,000%
–	–	–	1,366,794.32	–	1,366,794.32	99,260%	0,000%	99,260%
–	–	–	17,460.26	(17,460.26)	–	51,000%	0,000%	51,000%
–	–	413.71	–	–	413.71	80,000%	0,000%	80,000%
–	–	37,000.00	–	–	37,000.00	74,000%	0,000%	74,000%
–	–	–	2,200,000.00	–	2,200,000.00	99,118%	0,000%	99,118%
–	–	–	400,000.00	–	400,000.00	100,000%	0,000%	100,000%
–	–	–	30,700.00	–	30,700.00	61,400%	0,000%	61,400%
180,565.00	–	–	–	–	–	0,000%	100,000%	100,000%
45,000.00	–	–	420,000.00	–	420,000.00	100,000%	0,000%	100,000%

(thousands of euros)

		currency	par value of share capital
Silva S.r.l. in liquidation	Via Monte Santo, 1 - Rome - Italy	EUR	15,300.00
Susa Dora Quattro S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
Todaro S.r.l. in liquidation	Via Giovanni Pacini, 12 - Palermo - Italy	EUR	233,580.00
Toledo S.c.r.l.	Via Morghen, 36 - Naples - Italy	EUR	50,000.00
Tri.Ace S.c.a.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
Viadotto Fadalto S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy	EUR	51,129.00
total 1) - subsidiary companies			
2 - jointly controlled companies			
Alosa Immobiliare S.p.A. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,320,000.00
Astaldi Bayindir J.V.	Ilkadim Sokak, 19 Gaziomanpasa- Ankara - Turkey	–	–
Astaldi-FCC Joint Venture (J.V. Basarab Overpass)	Str. Carol Davila, 70 Sector 5 - Bucharest - Romania	–	–
Astaldi-Ferrocemento J.V.	10-Ha Khayaban-E-Shujat - Karachi - Pakistan	USD	50,000.00
Avola S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
C.F.M. S.c.r.l. in liquidation	Via privata D. Giustino , 3/A - Naples - Italy	EUR	41,317.00
Carnia S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
Cogital S.c.r.l. in liquidation	Viale Italia, 1 - Milan - Italy	EUR	60,044.00
Colli Albani S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Consorzio A.F.T. Kramis	Via G.V. Bona, 65 - Rome - Italy	EUR	100,000.00
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	Via Chiatamone, 57 - Naples - Italy	EUR	2,582.00
Consorzio Ferrofir in liquidation	Via F.Tovaglieri, 17- Rome - Italy	EUR	30,987.00
Consorzio Gi.It. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy	EUR	2,582.00
Consorzio Recchi S.p.A.- Astaldi S.p.A.	Via Salaria, 1039 - Rome - Italy	EUR	51,646.00
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers - Algeria	–	–
G.T.J Etude et Réalisation d'un Tunnel	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers - Algeria	–	–
Groupement ASTEH	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers - Algeria	–	–
Groupement GR-RDM	25, Rue Mohamed El Hadj Ahmed, Hydra - Algiers - Algeria	–	–
Infraflegrea S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	EUR	46,600.00
Isclero S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	12,000.00
Metroveneta S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
Monte Vesuvio S.c.r.l. in liquidation	Viale Italy, 1 - Sesto S. Giovanni (MI) - Italy	EUR	45,900.00
Piana di Licata S.c.r.l. in liquidation	Via G. V. Bona, 65 - Rome - Italy	EUR	10,200.00
Pont Ventoux S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
Principe Amedeo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Raggruppamento Astaldi-Vianini in liquidation	S.P. per Fisciano Km. 1 - Fisciano (SA) - Italy	EUR	25,823.00
S. Leonardo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Sa.Di.Pe. S.c.r.l. in liquidation	Via della Dataria, 22 - Rome - Italy	EUR	40,800.00
Transeuropska Autocesta d.o.o	Maksimirska 120/III 10000 - Zagreb - Croatia	HRK	49,019,600.00
Valle Caudina S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	50,000.00
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	Piazzetta Monsignor Olivotti, 9 - Mestre - VE	EUR	20,500,000.00
Viadotti di Courmayeur S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
total 2) - jointly controlled companies			
3 - associated companies			
Adduttore Ponte Barca S.c.r.l. in liquidation	Via di Pietralata, 140 - Rome - Italy	EUR	45,900.00
Almo S.c.r.l. in liquidation	Via privata D. Giustino, 3/A - Naples - Italy	EUR	46,481.00
Association en participation SEP Astaldi-Somatra-Bredero	Tunisia	TND	–
Blufi 1 S.c.rl. in liquidation	Zona Industriale - Agrigento - Italy	EUR	25,823.00
Consorcio Astaldi-ICE	Av. Libertador Bolivar, 1842 - Cochabamba - Bolivia	–	–
Consorcio Contuy Medio	Avida Andres Bello, Ed. Atlantic Piso 7, Of. 1-7 - Venezuela	USD	40,000.00
Consorcio DEI	Via San Nazaro, 19 - Genoa - Italy	EUR	26,000.00
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	CCC T. 1ra Etapa Piso 6 Of. 620 Chuao - Caracas - Venezuela	VEB	–
Consorcio Metro Los Teques	Caracas - Venezuela	VEB	–
Consorzio A.F.T.	Via G.V. Bona, 65 - Rome - Italy	EUR	46,481.00
Consorzio Bonifica Lunghezza - C.B.L. in liquidation	Via Calderon de la Barca, 87 - Rome - Italy	EUR	10,000.00
Consorzio Brundisium in liquidation	Via Caboto, 1 - Corsico - Milan - Italy	EUR	12,000.00

total no. shares	no. shares held	book value at 31.12.2005	total increase	total decrease	book value at 31.12.2006	% direct	% indirect	% total
–	–	–	–	–	–	99,000%	0,000%	99,000%
–	–	46,481.12	–	–	46,481.12	90,000%	0,000%	90,000%
–	–	–	236,537.26	(141,473.26)	95,064.00	100,000%	0,000%	100,000%
–	–	45,197.00	–	–	45,197.00	90,394%	0,000%	90,394%
–	–	37,184.90	–	–	37,184.90	80,000%	0,000%	80,000%
–	–	21,211.10	–	(21,211.10)	–	80,000%	0,000%	80,000%
		114,961,393.16	**28,690,088.00**	**(40,995,221.09)**	**102,656,260.07**			
2,000,000.00	1,000,000.00	–	–	–	–	50,000%	0,000%	50,000%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	20,314.32	–	–	20,314.32	50,000%	0,000%	50,000%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	20,658.28	–	–	20,658.28	50,000%	0,000%	50,000%
–	–	–	–	–	–	33,000%	0,000%	33,000%
–	–	33,989.00	–	(33,989.00)	–	50,000%	0,000%	50,000%
–	–	1,633.80	–	–	1,633.80	60,000%	0,000%	60,000%
–	–	49,995.00	–	–	49,995.00	49,995%	0,000%	49,995%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	20,658.28	–	–	20,658.28	66,666%	0,000%	66,666%
–	–	1,291.14	–	–	1,291.14	50,000%	0,000%	50,000%
–	–	25,822.84	–	–	25,822.84	50,000%	0,000%	50,000%
–	–	–	–	–	–	68,680%	0,000%	68,680%
–	–	–	–	–	–	60,000%	0,000%	60,000%
–	–	–	–	–	–	51,000%	0,000%	51,000%
–	–	–	–	–	–	51,000%	0,000%	51,000%
–	–	23,300.00	–	–	23,300.00	50,000%	0,000%	50,000%
–	–	–	–	–	–	31,170%	0,000%	31,170%
–		12,911.42	–	–	12,911.42	50,000%	0,000%	50,000%
–	–	23,240.56	–	(23,240.56)	–	50,000%	0,000%	50,000%
–	–	–	–	–	–	43,750%	0,000%	43,750%
–	–	23,240.56	–	–	23,240.56	56,250%	0,000%	56,250%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	8,460.50	–	–	8,460.50	50,000%	0,000%	50,000%
–	–	–	–	–	–	51,000%	0,000%	51,000%
–	–	15,932.55	–	(0.50)	15,932.05	49,950%	0,000%	49,950%
–	–	3,157,743.80	–	–	3,157,743.80	49,000%	0,000%	49,000%
–	–	20,234.78	–	–	20,234.78	52,240%	0,000%	52,240%
205,000.00	63,550.00	6,355,000.00	–	–	6,355,000.00	31,000%	0,000%	31,000%
–	–	3,718.49	–	–	3,718.49	66,670%	0,000%	66,670%
		9,818,145.32	**0.00**	**(57,230.06)**	**9,760,915.26**			
–	–	11,308.86	–	–	11,308.86	24,330%	0,000%	24,330%
–	–	16,268.39	–	–	16,268.39	35,000%	0,000%	35,000%
–	–	–	–	–	–	40,000%	0,000%	40,000%
–	–	4,188.52	–	(4,188.52)	–	32,000%	0,000%	32,000%
–	–	–	–	–	–	50,000%	0,000%	50,000%
–	–	109,617.98	–	–	109,617.98	28,300%	0,000%	28,300%
–	–	–	–	–	–	0,000%	35,000%	35,000%
–	–	–	–	–	–	32,330%	0,000%	32,330%
–	–	2.00	–	–	2.00	30,000%	0,000%	30,000%
–	–	15,493.71	–	–	15,493.71	33,330%	0,000%	33,330%
		4,900.00	–	–	4,900.00	49,000%	0,000%	49,000%
–	–	4,000.00	–	(1,497.36)	2,502.64	33,333%	0,000%	33,333%

(thousands of euros)

		currency	par value of share capital
Consorzio C.I.R.C. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
Consorzio Co.Fe.Sar.	Via Salaria, 1033 - Rome - Italy	EUR	51,646.00
Consorzio Consarno	Via Napoli, 329 - Castellammare di Stabia (NA) - Italy	EUR	20,658.00
Consorzio Consavia S.c.n.c. in liquidation	Via F. Tovaglieri, 17 - Rome - Italy	EUR	20,658.00
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	Via G.V. Bona, 65 - Rome - Italy	EUR	206,583.00
Consorzio I.R.S.A.	Via Argine, 425 - Naples - Italy	EUR	–
Consorzio Iricav Due	Via F. Tovaglieri, 413 - Rome - Italy	EUR	510,000.00
Consorzio Iricav Uno	Via F. Tovaglieri, 17 - Rome - Italy	EUR	520,000.00
Consorzio Ital.Co.Cer.	Via Giovanni da Procida, 36 - Rome - Italy	EUR	51,600.00
Consorzio Italvenezia	Via Salaria, 1039 - Rome - Italy	EUR	77,450.00
Consorzio L.A.R. in liquidation	Via Palestro, 30 - Rome - Italy	EUR	206,583.00
Consorzio Metrofer	Via Salaria, 1033 - Rome - Italy	EUR	25,823.00
Consorzio Novocen	Via Orazio, 143 - Naples - Italy	EUR	51,640.00
Consorzio Ponte Stretto di Messina in liquidation	Via G.V.Bona, 65 - Rome - Italy	EUR	100,000.00
Consorzio Qalat	Corso Carlo Marx, 19 - Misterbianco (CT) - Italy	EUR	10,327.00
Diga di Blufi S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
DP 2M S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	10,200.00
Ecosarno S.c.r.l.	Viale Italia, 1 - Sesto S. Giovanni (MI) - Italy	EUR	50,490.00
Fosso Canna S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	25,500.00
GEI - Grupo Empresas Italianas	C.C.C. Tamanaco 1ra Etapa, Piso 6, Oficina 620, Chuao - Caracas - Venezuela	–	–
Groupement Cir S.p.A. in liquidation	Via Agrigento, 5 - Rome - Italy	EUR	156,000.00
Groupement Eurolep	Shifflandestrasse, 35 - Aaran 5000 - Switzerland	CHF	100,000.00
Groupement Italgisas	Angle Boulevard de la Resistance et Rue de Puissesaux - Casablanca - Morocco	MAD	207,014,000.00
Holding Eléctrica Centroamericana S.p.A. - (Heca S.p.A.) in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	100,000.00
Italsagi Sp. Zo. O.	Ul. Powstancow - Katowice - Poland	PLN	100,000,000.00
M.N. Metropolitana di Napoli S.p.A.	Via Galileo Ferraris, 101 - Naples - Italy	EUR	3,655,397.00
Marsico Nuovo S.c.r.l. in liquidation	Viale Italy, 1 - Sesto San Giovanni (MI) - Italy	EUR	10,200.00
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	Blv.Eroi Sanitar,49 - Bucharest - Romania	EUR	10,000.00
ME.SA. S.c.r.l. in liquidation	Via della Cooperazione, 30 - Bologne - Italy	EUR	40,800.00
Metro 5 S.p.A.	Via Manzoni, 37- Milan - Italy	EUR	25,000,000.00
METRO C S.p.A.	Via G.V. Bona, 65 - Rome - Italy	EUR	150,000,000.00
Metrogenova S.c.r.l.	Via IV Novembre snc - Spianata Acquasola - 16121 Genoa - Italy	EUR	25,500.00
Mose-Treporti S.c.r.l.	Via C.Battisti, 2 - Venice - Mestre - Italy	EUR	10,000.00
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	40,000.00
Nova Metro S.c.r.l. in liquidation	Via Montello, 10 - Rome - Italy	EUR	40,800.00
Pegaso S.c.r.l.	Via F. Tovaglieri, 17 - Rome - Italy	EUR	260,000.00
Priolo Siracusa S.c.r.l. in liquidation	Piazza Velasca, 4 - Milan - Italy	EUR	11,000.00
S.A.A.L.P. S.n.c. in liquidation	Viale Italia, 1 - Sesto San Giovanni Giovanni (MI) - Italy	EUR	51,646.00
S.A.C.E.S. S.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	26,000.00
S.E.I.S. S.p.A.	Via Baiamonti, 10 - Rome - Italy	EUR	3,877,500.00
Santangelo S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	51,000.00
SO.GE.DEP. S.r.l. in liquidation	Via dell'Astronomia, 9 - Rome - Italy	EUR	20,400.00
Tangenziale Seconda S.c.r.l. in liquidation	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
Truncu Reale S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	30,600.00
V.A.S.CO. Imprese Riunite	Via Montello, 10 - Rome - Italy	EUR	51,646.00
Val Pola S.c.r.l. in liquidation	Viale Sarca, 336 - Milan - Italy	EUR	46,481.00
Vesuviana Strade S.c.r.l.	Via G.V. Bona, 65 - Rome - Italy	EUR	45,900.00
total 3) - associated companies			
4 - other investee companies			
A.M.P. S.c.r.l. in liquidation	Viale Caduti di tutte le guerre, 7 - Bari - Italy	EUR	25,822.00
Aguas de San Pedro S.A. de C.V.	Barrio Las Palmas entre 20 y 27 calle, 3a avenida - San Pedro Sula - Honduras	HNL	100,000,000.00
Astaldi-Sarantopulos J.V.	Athens - Greece	–	–
C.F.C. S.c.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	EUR	45,900.00
Co.Sa.Vi.D. S.c.r.l.	Carini - Contrada Foresta Z.I. - Palermo - Italy	EUR	25,500.00
Consorzio Asse Sangro in liquidation	Via della Fonte di Fauno, 2/A bis - Rome - Italy	EUR	464,811.00
Consorzio Centro Uno	C.so Vittorio Emanuele, 130 - Naples - Italy	EUR	154,937.00

total no. shares	no. shares held	book value at 31.12.2005	total increase	total decrease	book value at 31.12.2006	% direct	% indirect	% total
–	–	12,911.42	–	–	12,911.42	25,000%	0,000%	25,000%
–	–	15,493.71	–	–	15,493.71	30,000%	0,000%	30,000%
–	–	5,164.57	–	–	5,164.57	25,000%	0,000%	25,000%
–	–	5,164.57	–	–	5,164.57	25,000%	0,000%	25,000%
–	–	–	51,645.69	–	51,645.69	25,000%	0,000%	25,000%
–	–	–	–	–	–	0,000%	50,000%	50,000%
–	–	170,379.13	–	–	170,379.13	32,990%	0,000%	32,990%
–	–	145,132.00	–	–	145,132.00	27,910%	0,000%	27,910%
–	–	15,493.71	–	–	15,493.71	30,000%	0,000%	30,000%
–	–	19,367.13	–	–	19,367.13	25,000%	0,000%	25,000%
–	–	51,645.69	–	–	51,645.69	41,660%	0,000%	41,660%
–	–	8,607.62	–	–	8,607.62	33,320%	0,000%	33,320%
–	–	19,475.59	–	–	19,475.59	40,760%	0,000%	40,760%
–	–	24,740.00	–	–	24,740.00	24,740%	0,000%	24,740%
–	–	4,131.66	–	–	4,131.66	40,000%	0,000%	40,000%
–	–	23,240.56	–	–	23,240.56	50,000%	0,000%	50,000%
–	–	2,735.24	–	3.60	2,738.84	72,000%	0,000%	72,000%
–	–	17,043.08	–	–	17,043.08	33,334%	0,000%	33,334%
–	–	3,162.56	–	(3,048.32)	114.24	32,000%	0,000%	32,000%
–	–	–	–	–	–	33,335%	0,000%	33,335%
–	–	–	45,328.47	–	45,328.47	33,333%	0,000%	33,333%
–	–	8,087.51	–	–	8,087.51	22,000%	0,000%	22,000%
–	–	–	185,924.48	(185,924.48)	–	40,000%	0,000%	40,000%
100,000.00	50,000.00	–	–	–	–	50,000%	0,000%	50,000%
–	–	–	1,229.17	(1,229.17)	–	34,000%	0,000%	34,000%
7,310,794.00	1,653,725.00	3,298,708.14	–	–	3,298,708.14	22,620%	0,000%	22,620%
–	–	–	–	–	–	25,000%	0,000%	25,000%
–	–	3,398.91	–	–	3,398.91	33,000%	0,000%	33,000%
–	–	10,329.14	–	(10,329.14)	–	25,000%	0,000%	25,000%
250,000.00	58,250.00	–	5,825,000.00	–	5,825,000.00	23,300%	0,000%	23,300%
1,500,000.00	517,500.00	–	51,750,000.00	–	51,750,000.00	34,500%	0,000%	34,500%
–	–	5,055.48	–	–	5,055.48	21,810%	0,000%	21,810%
–	–	3,500.00	–	–	3,500.00	35,000%	0,000%	35,000%
–	–	20,000.00	–	–	20,000.00	50,000%	0,000%	50,000%
–	–	8,263.31	–	–	8,263.31	24,100%	0,000%	24,100%
–	–	113,750.00	–	–	113,750.00	43,750%	0,000%	43,750%
–	–	2,065.83	–	–	2,065.83	20,000%	0,000%	20,000%
–	–	15,493.71	–	–	15,493.71	30,000%	0,000%	30,000%
–	–	9,554.45	–	(9,554.45)	–	37,000%	0,000%	37,000%
750,000.00	362,475.00	1,872,156.26	–	–	1,872,156.26	48,330%	0,000%	48,330%
–	–	2,242.35	–	6,750.00	8,992.35	45,000%	0,000%	45,000%
–	–	3,533.12	–	(3,533.12)	–	27,850%	0,000%	27,850%
–	–	16,268.35	–	–	16,268.35	42,730%	0,000%	42,730%
–	–	10,535.72	–	–	10,535.72	34,000%	0,000%	34,000%
–	–	14,977.25	–	–	14,977.25	29,000%	0,000%	29,000%
–	–	14,152.93	–	(14,152.93)	–	35,000%	0,000%	35,000%
–	–	13,944.34	–	–	13,944.34	30,000%	0,000%	30,000%
		6,155,684.50	**57,859,127.81**	**(226,703.89)**	**63,788,108.42**			

–	–	1.47	–	1.05	2.52	0,010%	0,000%	0,010%
–	14,700,000.00	1,419,957.65	–	–	1,419,957.65	15,000%	0,000%	15,000%
–	–	–	–	–	–	14,000%	0,000%	14,000%
–	–	4.65	–	–	4.65	0,010%	0,000%	0,010%
–	–	2.58	–	–	2.58	0,010%	0,000%	0,010%
–	–	22,133.87	–	–	22,133.87	4,762%	0,000%	4,762%
–	–	3,098.74	–	–	3,098.74	2,000%	0,000%	2,000%

list of astaldi group companies with movements

(thousands of euros)

		currency	par value of share capital
Consorzio Ferroviario Vesuviano	Via Argine, 425 - Naples - Italy	EUR	154,937.00
Consorzio Groupement Lesi-Dipenta	Via Indonesia, 100 - Rome - Italy	EUR	258,228.00
Consorzio Tagliamento	Via G.V. Bona, 101/C - Rome - Italy	EUR	154,937.00
Consorzio Team	Viale Sarca, 336 - Milan - Italy	EUR	45,900.00
Consorzio TRA.DE.CI.V.	Via Galileo Ferraris, 101 - Naples - Italy	EUR	154,937.00
Copenhagen Metro Construction Group J.V. (COMET)	Refshaleoen, 147 P.O. Box 1920 - Copenhagen - Denmark	DKK	–
Costruttori Romani Riuniti Grandi Opere S.p.A.	Via P. Stanislao Mancini, 2 - Rome - Italy	EUR	5,164,568.00
Fondazione Accademia Nazionale di S. Cecilia	Via Vittoria, 6 - Rome - Italy	EUR	–
Fondazione Filarmonica Arturo Toscanini	Strada della Repubblica, 57 - Parma - Italy	EUR	–
Fusaro S.C.r.l.	Via privata D. Giustino, 3/A - Naples - Italy	EUR	10,200.00
G.G.O. S.c.r.l. in liquidation	Zona Industriale - Agrigento - Italy	EUR	25,500.00
I.SV.E.UR. Istituto per lo Sviluppo Edilizio ed Urbanistico S.p.A.	Via Lungotevere dè Cenci, 9 - Rome - Italy	EUR	2,500,000.00
IGI - Istituto Grandi Infrastrutture	Via Ovidio, 32 - Rome - Italy	EUR	–
Imprese Riunite Genova S.c.r.l. in liquidation	Brigata Liguria, 1/18 - Genoa - Italy	EUR	25,500.00
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	Via Serra, 2/9 - Genoa - Italy	EUR	25,000.00
Irimuse S.c.r.l. in liquidation	Via Salaria, 1039 - Rome - Italy	EUR	619,745.00
Italstrade CCCF JV Bucuresti S.r.l.	Gheorghe Manu, 20 Sector 1 - Bucharest - Romania	LEI	2,000,000.00
M.N.6 S.C.r.l.	Via G.Ferraris, 101 - Naples - Italy	EUR	51,000.00
Napoli Porto S.c.r.l. in liquidation	Via Campana, 268 - Naples - Italy	EUR	10,328.00
NO.VI.F.IN. Nova Via Festinat Industrias S.c.r.l.	Riviera di Chiaia, 72 - Naples - Italy	EUR	10,329.00
Pantano S.c.r.l.	Via Montello, 10 - Rome - Italy	EUR	40,800.00
Pavimental S.p.A.	Piazza Ferdinando De Lucia, 15 - Rome - Italy	EUR	4,669,132.00
Plus S.r.l.	Via della Dataria, 22 - Rome - Italy	EUR	765,000.00
Roma Lido S.c.r.l.	Via Parigi, 11 - Rome - Italy	EUR	10,200.00
Skiarea Valchiavenna S.p.A.	Via del Crotto, 52 - Campodolcino - Italy	EUR	8,118,182.00
Sociedad Concesionaria BAS S.A.	Santiago del Cile - Chile	PC	8,876,340,000.00
Societe SEAS - ASTALDI SARL (SE.AS SARL)	B.P. 1426 - Pointe Noire - Republic of Congo	XAF	10,000,000.00
Yellow River Contractors	P.O. Box 073 - Luoyang - People's Republic of China	USD	999,336.00
total 4) - other investee companies			
grand total			

total no. shares	no. shares held	book value at 31.12.2005	total increase	total decrease	book value at 31.12.2006	% direct	% indirect	% total
–	–	6.20	–	–	6.20	0,004%	0,000%	0,004%
–	–	41.32	–	–	41.32	0,010%	0,000%	0,010%
–	–	23,240.56	–	–	23,240.56	15,000%	0,000%	15,000%
–	–	5,164.57	–	–	5,164.57	11,111%	0,000%	11,111%
–	–	27,571.13	–	–	27,571.13	17,727%	0,000%	17,727%
–	–	–	–	–	–	0,000%	15,000%	15,000%
400.00	2.00	33,220.06	–	–	33,220.06	1,000%	0,000%	1,000%
–	–	5,164.57	–	–	5,164.57	0,001%	0,000%	0,001%
–	–	5,000.00	–	–	5,000.00	0,001%	0,000%	0,001%
–		1.03	–	–	1.03	0,010%	0,000%	0,010%
–	–	2,582.28	–	(2,455.58)	126.70	10,000%	0,000%	10,000%
2,500.00	5.00	7,333.69	–	–	7,333.69	0,919%	0,000%	0,919%
–	–	51,645.69	–	–	51,645.69	0,001%	0,000%	0,001%
	–	4,157.48	–	–	4,157.48	16,100%	0,000%	16,100%
–	–	–	–	–	–	16,100%	0,000%	16,100%
–	–	619.75	–	–	619.75	0,100%	0,000%	0,100%
–	–	–	29.24	–	29.24	1,000%	0,000%	1,000%
–	–	510.00	–	–	510.00	1,000%	0,000%	1,000%
–	–	1,549.37	–	–	1,549.37	15,000%	0,000%	15,000%
–	–	1.03	–	–	1.03	0,010%	0,000%	0,010%
–	–	4,131.66	–	–	4,131.66	10,000%	0,000%	10,000%
35,916,399.00	468,029.00	62,007.09	–	–	62,007.09	1,303%	0,000%	1,303%
–	–	877,832.28	31,467.50	(11,792.37)	897,507.41	11,840%	0,000%	11,840%
–	–	1,974.41	–	–	1,974.41	19,115%	0,000%	19,115%
3,146,582.00	7,143.00	17,838.66	–	–	17,838.66	0,227%	0,000%	0,227%
990.00	169.00	12,827.32	–	–	12,827.32	0,100%	0,000%	0,100%
100.00	10.00	–	1,524.50	–	1,524.50	10,000%	0,000%	10,000%
–	–	–	361,280.50	–	361,280.50	14,000%	0,000%	14,000%
		2,589,619.11	**394,301.74**	**(14,246.90)**	**2,969,673.95**			
		133,524,842.09	**86,943,517.55**	**(41,293,401.94)**	**179,174,957.70**			

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INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998
(TRANSLATION FROM THE ORIGINAL ITALIAN TEXT)

To the Shareholders of
Astaldi S.p.A.

1. We have audited the financial statements of Astaldi S.p.A. as of and for the year ended December 31, 2006, comprising the balance sheet, the statement of operations, changes in shareholder's equity and cash flows and the related explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards and procedures recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards and procedures, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For our opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated April 12, 2006.

3. In our opinion, the financial statements present clearly and give a true and fair view of the financial position, the result of operations, the changes in shareholder's equity and the cash flows of Astaldi S.p.A. as of December 31, 2006 and for the year then ended in accordance with IFRS as adopted by the European Union and the standards issued in accordance with art. 9 of Italian Legislative Decree n° 38/2005.

Reconta Ernst & Young S.p.A.
Signed by: Roberto Tabarrini, Partner

Rome, Italy
April 13, 2007

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

Reconta Ernst & Young S.p.A.
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Capitale Sociale € 1.259.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

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other information

Board of Auditors' Report to Shareholders' Meeting

(pursuant to Article 153, Legislative Decree of February 24, 1998)

Dear Shareholders,

during the financial year 2006, we carried out the supervisory activities provided for by the law.

Taking into account the activities carried out and the CONSOB recommendations, we report as follows:

1. We verified - by means of direct observation and meetings with department managers and with the audit company - compliance with the principles of correct management, as well as with the law and corporate by-laws;
2. We attended board meetings and obtained information from the Board of Directors, at least on a quarterly basis, regarding activities carried out and the main economic, financial and equity operations of the Company and its main subsidiaries; we can reasonably assure you that the actions resolved upon and implemented comply with the law and the corporate by-laws and do not appear to be imprudent, risky, in potential conflict of interest or in contrast with Shareholders' resolutions, or likely to adversely affect the corporate assets;
3. We acquired knowledge and verified - to the extent of our responsibility - the suitability of the company's organizational structure, as well compliance with the principles of correct management and the appropriateness of instructions given by the company to its subsidiaries in accordance with Article 114, Sub-section 2 of Legislative Decree No. 58/98; this was accomplished by gathering of information from managers fulfilling organizational functions and by holding meetings with the independent auditors in order to mutually exchange data and information, and we have no specific remark to this respect;
4. We have taken note that the Independent Auditor issued its own report on April 13, 2007 which does not contain any remarks or information reference notes;
5. We checked that there were neither proceedings records filed under Article 2408 of Italian Civil Code, nor claims of any kind by third parties;
6. We appraised and evaluated the suitability of the administrative-accounting system and its reliability in correctly representing management matters; this was done by gathering information from managers of their respective departments, as well as by examining corporate documents and by analyzing the results of the work carried out by the auditing company;
7. We supervised the effectiveness and efficiency of the internal audit system: internal auditing is carried out by a specific unit who – also by coordinating and integrating audit activities and checks carried out by the various corporate departments playing an assurance role – verified compliance with current laws and regulations, Group's guidelines and corporate procedures, as well as observance of delegations of powers and correct behaviours, further proposing corrective actions or solutions aimed at improving the procedural and audit system;
8. We took part in the activities carried out by the Internal Audit Committee during the year, as reported in the Annual Report under Corporate Governance, at your disposal;
9. We held meetings with the representatives of the audit company, in compliance with Article 150, Sub-section 2 of Legislative Decree No. 58/98, and found no significant data or information worthy being mentioned;

10. We obtained information on activities implemented in accordance with Legislative Decree No. 231/2001 regarding the administrative responsibilities of bodies with regards to offences against the Public Administration;
11. The Company complies with the Self-Governance Code for listed companies, established by Borsa Italiana S.p.A.: the internal organizational structure complies with the Code provisions;
12. The Auditing Company Reconta Ernst & Young S.p.A., in addition to the tasks of auditing the parent company's financial statements, the consolidated financial statements and partially auditing the half-yearly report, has been entrusted with the following task:
    - Audit of accounting records drawn up for IFRS adjustment of 2006 financial statements of the subsidiary Astaldi Construction Corporation drawn up according to US GAAP standards, for a global amount of Euro 10,000.00;
13. During 2006, Ernst & Young Financial Business Advisor S.p.A., an entity having permanent relationships with the independent auditor, was entrusted with the following task:
    - Reconciliation of consolidation processes, projects' economic control and financial planning consequently to the adoption of the new application "Tagetik Easy Finance Web", for a global amount of Euro 62,000.00;
14. As regards transactions with related parties and intragroup operations, the information provided by the Directors in their report is suitable for describing the activities carried out in 2006; these activities were performed in compliance with the general resolution adopted by the Board of Directors and were carried out in the interests of your Company.

    No atypical or unusual operations with respect to normal management, or conflicts of interest regarding Directors, have been found;
15. We checked the fair application of verification criteria and procedures adopted by the Board of Directors in order to assess the independence of its own members; we carried out a supervisory activity on the auditing company's independence and checked compliance with the requirements of independence of the members of the Board of Auditors of listed companies as provided for by the laws and regulations in force, also with reference to the criteria contained in the "Self-Governance Code for listed companies".

The aforementioned supervisory activities for 2006 were carried out throughout five Board of Auditors' Meetings and by attending nine (9) meetings of the Board of Directors and four (4) meetings of the Internal Audit Committee.

While carrying out the supervisory activity, and according to information obtained from the independent auditor, neither omissions and/or reprehensible facts and/or irregularities were found — nor, in any case, important facts worthy being reported to control bodies or being mentioned in this report.

Taking into account the above, the Board of Auditors, to the extent of its own competence, has found no grounds for opposing the approval of both the financial statements as at December 31, 2006, and the proposals of resolution made by the Board of Directors and, in particular, in accordance with Article 153, Sub-section 2 of Legislative Decree No. 58/98, proposes to you to approve the same as drafted by the Board of Directors.

Rome, April 13, 2007.

THE BOARD OF AUDITORS
(Signed by Dr. Pierumberto Spanò)
(Signed by Pierpaolo Singer)
(Signed by Antonio Sisca)

Shareholders' Meeting Resolutions

The Shareholders' Meeting, held at second calling on May 2, 2007, resolved, in particular:

- to approve the financial statements as at December 31, 2006 and the Board of Directors' Report drawn up pursuant to section 2428 of the Italian Civil Code, jointly with the proposal of allocation of profit as worked out by the Board itself;

- to appoint the Company's Board of Directors for the three-year period 2007 – 2009, which shall hold office until approval of the Company's financial statements as at December 31, 2009, formed of Caterina Astaldi, Paolo Astaldi, Pietro Astaldi, Giuseppe Cafiero, Luigi Guidobono Cavalchini Garofoli, Stefano Cerri, Vittorio Di Paola, Franco Alfredo Grassini, Mario Lupo, Ernesto Monti, Nicola Oliva, Maurizio Poloni, Gian Luigi Tosato;

- to appoint Prof. Ernesto Monti as Company's Honorary Chairman, pursuant to and to all intents and purposes of art. 22 *bis* of the Company's By-Laws;

- to extend the appointment of the auditing company Reconta Ernst & Young S.p.A. for the period 2008-2009-2010, as per art. 8, sub 7, of Italian Legislative Decree No. 303/2006, under the terms and conditions presently in force, as approved by the Shareholders' Meeting held on April 29, 2005;

- to extend, by an additional period of 12 months, the plan of purchase and sale of Company's shares to be implemented as proposed by the Board of Directors itself.

Moreover, the subsequent meeting of the Board of Directors held on May 2, 2007 resolved, among other things, to appoint Vittorio Di Paola as Chairman, and to confirm Paolo Astaldi as Deputy Chairman, as well as Giuseppe Cafiero and Stefano Cerri as Chief Executive Officers. During that same meeting, the Board of Directors confirmed Nicola Oliva as General Manager, and Paolo Citterio (formerly, Deputy General Manager for Administration and Finance) was appointed as General Manager for Administration and Finance.

ASTALDI

Fully Paid Up Share Capital € 196,849,800.00
Listed in the Registry of Companies of Rome
Tax Number 00398970582
Registered with Chamber of Commerce under n. 152353
VAT n. 00880281001

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Albania
Rruga Ymer Kurti
Pall. 2, SHK 3 N. 2/3
Tirana - Albania

Algeria
Lottissement 19/20
Aïssat - Idir Chêraga
Algiers - Algeria

Bolivia
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Km 6 ½ 7° Anillo
Santa Cruz - Bolivia

Congo
28, Avenue MOE Vangoula
Pointe Noire - B.P. 1426
Pointe Noire - Congo

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Bello Horizonte Escazu de Distribuidora Santa Bárbara
200 mts. sur, 200 mts. este
Urbanización la Suiza 150 mts. noroeste
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