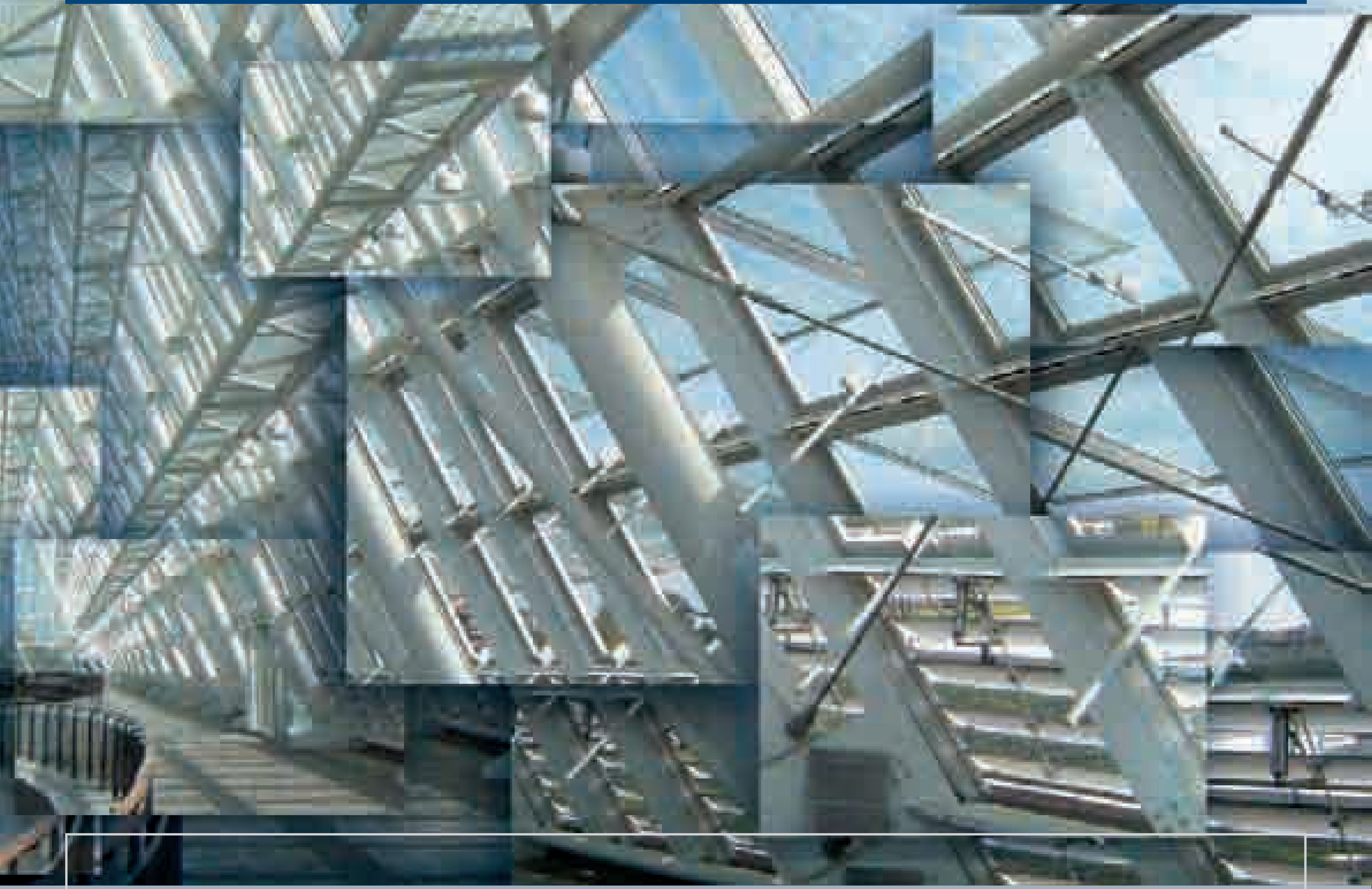

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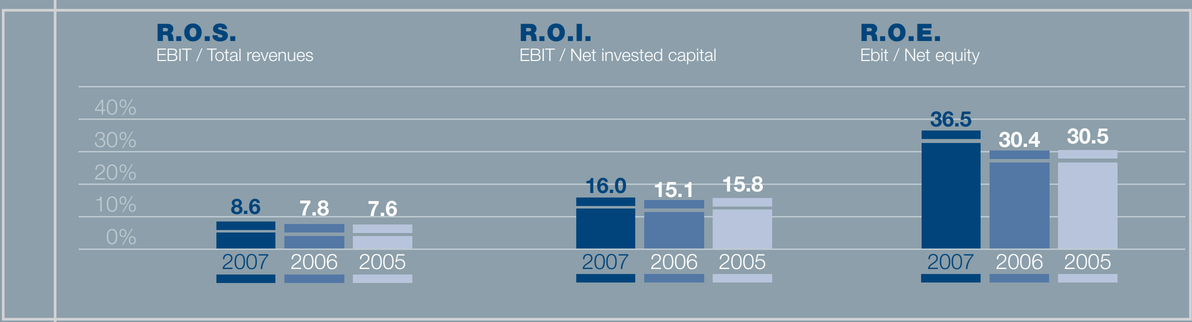
ASTALDI

Main ratios

(million of euro)

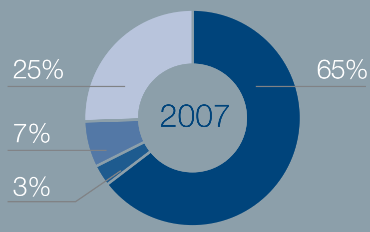
	2007	2006	2005
Main economic items			
Total revenues	**1,329**	1,081	1,021
EBIT	**114**	85	78
EBIT/margin (%)	**8.6%**	7.8%	7.6%
Net income	**38**	30	32
Net income/total revenues (%)	**2.8%**	2.8%	3.2%
Main balance-sheet items			
Fixed assets	**377**	330	213
Net invested capital	**711**	566	493
Net debt	**399**	284	237
Net equity	**312**	281	256



Human Resources

	31/12/07	31/12/06	Difference
Managers	**122**	120	+2
Executives	**62**	54	+8
Clerical workers	**2,265**	1,738	+527
Workers	**6,400**	4,709	+1,691
Total	**8,849**	6,621	+2,228

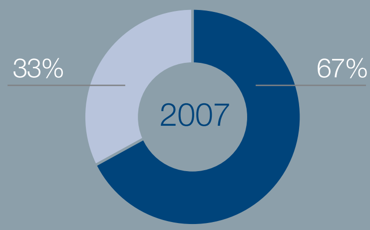
Order backlog by line of business



(million of euro)

	2007	2006	2005
Transport infrastructures	**5,386**	**4,355**	**3,375**
Hydraulic and hydroelectric works	**237**	**325**	**252**
Civil and industrial building	**574**	**630**	**409**
Concessions	**2,119**	**1,699**	**1,530**
Total order blacklog	**8,316**	**7,009**	**5,566**

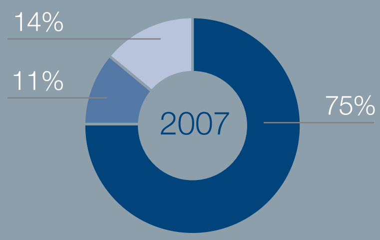
Order backlog by geographical area



(million of euro)

	2007	2006	2005
Italy	**5,539**	**4,881**	**4,749**
Abroad	**2,777**	**2,128**	**817**
Total order blacklog	**8,316**	**7,009**	**5,566**

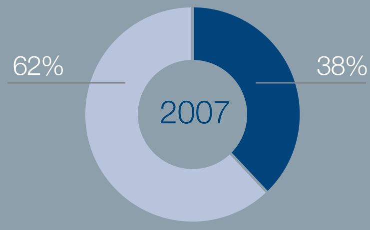
Revenues by line of business



(million of euro)

	2007	2006	2005
Transport infrastructures	**948**	**824**	**772**
Hydraulic and hydroelectric works	**145**	**100**	**79**
Civil and industrial building	**180**	**106**	**118**
Total	**1,273**	**1,030**	**969**

Revenues by geographical area



(million of euro)

	2007	2006	2005
Italy	**488**	**383**	**447**
Abroad	**785**	**647**	**522**
Total	**1,273**	**1,030**	**969**

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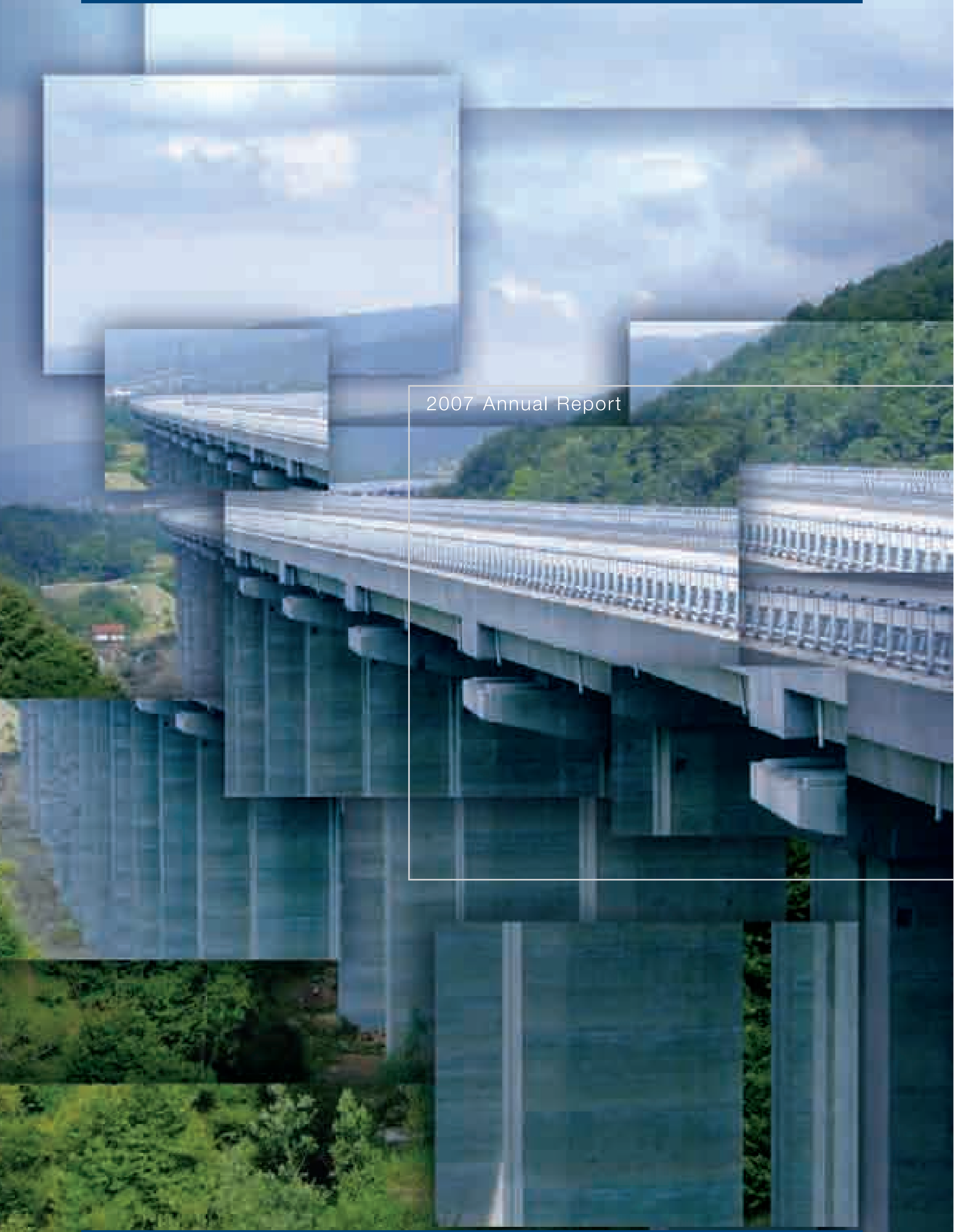
A dream, a mission: building for progress

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

ASTALDI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Letter to Shareholders

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

Dear Shareholders,

It is with great pride that I am able to inform you that 2007 was an especially positive year for Astaldi Group, with results that exceeded forecasts. The results achieved serve to confirm the validity and great flexibility of the business model adopted which has made it possible, among other things, to balance the domestic market's not totally on-course trend with a growth in foreign activities.

Allow me to highlight some important points: revenues saw a 24% increase compared to 2006, reaching the record figure of EUR 1,329 million, with net profit of EUR 38.1 million, up by 26.6% compared to 2006. New orders totaled EUR 2.6 billion, with an orders backlog of over EUR 8 billion. These results were achieved thanks to the excellent efforts made in recent years which have allowed the Group to grasp the best market opportunities in Italy and abroad, especially in countries where Astaldi has successfully operated for many years.

The event of the year for the company as regards Italy, was undoubtedly delivery of the new hospital in Mestre, a state-of-the-art work and first example in Italy of a project finance initiative in the healthcare construction sector. Activities related to the other major initiatives underway in the domestic market continue to go ahead, and said projects include Line C of the Rome underground (general contracting project), Line 5 of the Milan underground (project finance initiative) and the new hospital in Naples ("Ospedale del Mare") (concession).

In the middle term, the Group expects to receive a major positive boost from initiatives related to Expo 2015 to be hosted by the city of Milan.

As regards foreign activities, in 2007 Astaldi continued to pursue its policy aimed at consolidating its presence in those areas where traditionally is present and which offer additional major development opportunities. But the Group also successfully tried to insert itself into other competitive foreign situations. Proof of this can be seen in awarding of the contract to construct the underground in Istanbul and the opening of a new market with good development potential such as Bulgaria. As regards the future, the Group's strategic policies provide for further development of activities in important countries where the Group is firmly established such as Venezuela and Romania, as well as the quest for new market opportunities in Eastern Europe in addition to the rest of South America and the United Arab Emirates.

I would like to sincerely thank all the company's shareholders, board members, auditors, managers and employees for these results and for the certain future growth opportunities. I am convinced that with everybody's involvement, Astaldi Group can continue along this path, consolidating valid, excellent results.

The Chairman

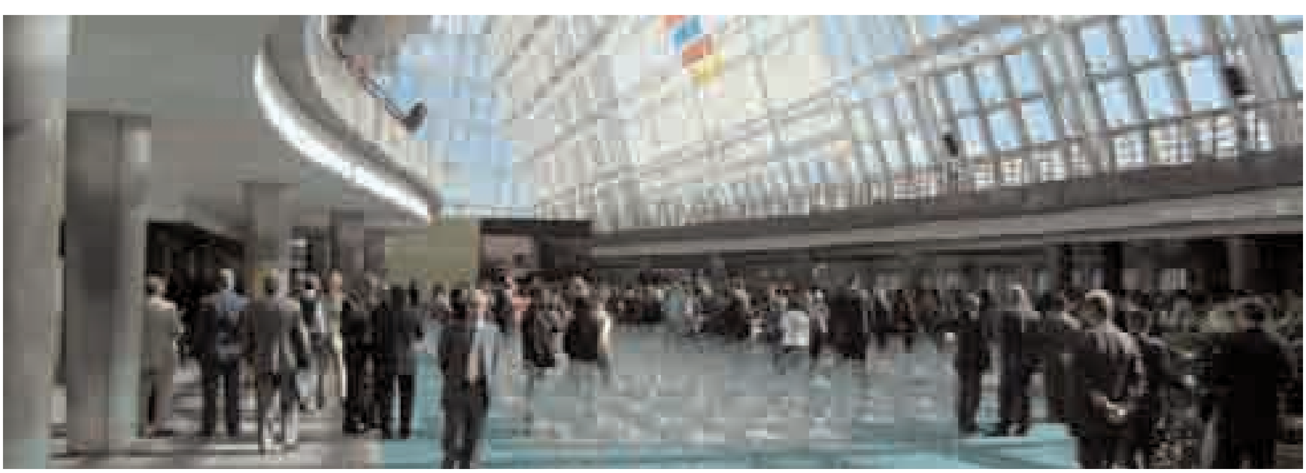
(Vittorio Di Paola)

Main events of 2007

2007 was a year filled with important events which offered the Group great visibility at a national and international level.

During the first quarter of last year, the last section of the Anatolian motorway in Turkey was opened to traffic and the base camp for the start-up of works to construct Line C of the Rome underground was inaugurated. Said quarter also saw awarding of the contract to modernize the "Lia Manoliu" Stadium in Bucharest, Romania.
Operating activities for the main sites related to construction of the new Line C of the Rome underground and Lot DG21 of the Jonica National Road (NR106) were started up in April.

In July, Astaldi was awarded a new railway contract in Algeria related to the design and construction of an important section of the new Saida-Moulay Slissen line. And the same month saw approval of the project



Opening of the new hospital in Mestre.

2007 made a significant contribution to achieving and outdoing the targets set down in the 2007-2011 Business Plan.

change related to Garibaldi Station and extension of the new Line 5 of the Milan underground to the western suburbs of the city.

Still in the summer of 2007, a new market was opened for the Group in Eastern Europe with the acquisition of new major orders in Bulgaria.

August also saw the final awarding of the project finance initiative to construct and subsequently manage four hospitals in Tuscany: an integrated system of hospital complexes to be built in Pistoia, Prato, Lucca and Massa. This contract goes to confirm Astaldi's leadership in the healthcare construction sector. Said leadership was further reinforced in September with the opening of the new hospital in Mestre – the first example in Italy of complex works constructed using the project finance formula. The new hospital represents the most innovative work performed to date in Italy in the healthcare sector, and Astaldi succeeded in winning the challenge said work posed, completing the project in just 4 years.

Operating activities for the new Line 5 of the Milan underground got underway in October with laying of the first stone. In November the Group signed the agreement for the Four Hospitals project in Tuscany, and the extremely positive year ended with testing in December of the first TBM to be used to build Line C of the Rome underground.

Putting into operation of the first TBM to be used to construct the new Line C of the Rome underground.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Group Profile

Astaldi Group

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

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

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

Astaldi currently boasts over 8,800 employees working at over 100 sites, which contribute to the development of 18 different countries, in the railway, road and airport infrastructures, energy production plants and civil and industrial construction sectors, as well as in the management of concessions related to transport infrastructures, car parks and hospitals.

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

Corporate Bodies

Board of Directors [1]

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

Internal Audit Committee

Chairman	Mario Lupo
Members	Luigi Guidobono Cavalchini Garofoli
	Franco Alfredo Grassini

Remuneration Committee

Chairman	Ernesto Monti
Members	Franco Alfredo Grassini
	Maurizio Poloni

Board of Auditors

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

Auditing Firm

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

General Managers

General Manager - International	Giuseppe Cafiero
General Manager - Domestic	Nicola Oliva
General Manager Administration and Finance	Citterio [2]
Deputy General Manager International	Rocco Nenna
Deputy General Manager International	Cesare Bernardini [3]
Deputy General Manager Domestic	Gianfranco Giannotti

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

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

[3] Cesare Bernardini, former Central Manager, was appointed Deputy General Manager - International by the Board of Directors of February 13, 2008.

Group activities: over 80 years of large-scale works

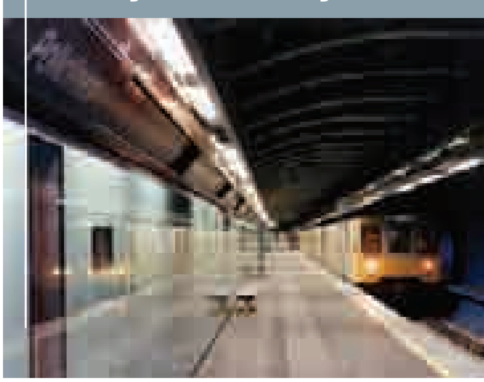
Let's make the world move

Railways, undergrounds, roads, motorways, airports and ports in Italy and abroad: transport infrastructures represent the Group's key sector, one where Astaldi has achieved high levels of technological expertise which place it among the global leaders in the infrastructures sector.

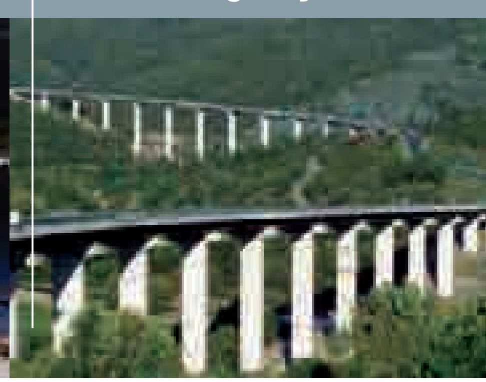
After having built undergrounds in Rome, Naples, Genoa, Milan, Copenhagen and Caracas, the Rome-Naples section of the High Speed railway, Rome's north-west rail link and the Anatolian Motorway in Turkey, the Group is currently involved in works such as Brescia's light underground, Bologna's underground High Speed railway station, the Turin rail junction, the Milan rail link and the main railway links in Venezuela.

The performance of many of said projects has entailed a number of complex solutions involving viaducts or underground routes. One such example is the general contracting project to construct Line C of the Rome underground. Said line will be driven and controlled at a distance by a driverless fully automated system, which serves to prove the Group's level of construction and managerial excellence, acknowledged worldwide. The most recent initiatives include the project finance contract to build Line 5 of the Milan

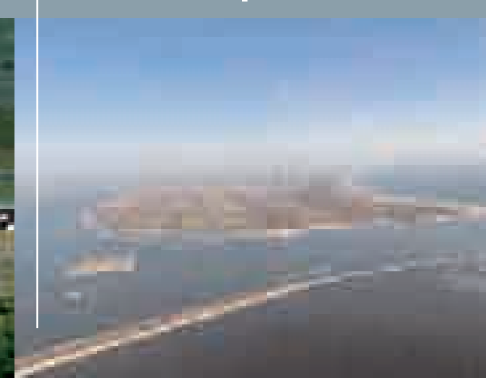
Railways and subways



Roads and highways



Ports and seaports



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

You need energy to build progress

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

Large-scale works go to make a country civil

Large-scale building works contribute to a country's structural and social development: the Group has developed extensive know-how in the civil and industrial construction sector, especially with regard to healthcare facilities. The recently awarded project finance contract to construct and subsequently manage four hospitals in Tuscany fits into this context.
The most important projects in the civil and industrial construction sector also include the new hospital in Mestre: a highly specialized facility occupying an area of 117,600 square meters delivered in 2007 which saw the Group involved in the final and executive design as well as the construction and supply of medical equipment. The new hospital, built using the project finance formula, was opened in advance with regard to contractual terms and conditions and will make available 680 hospital beds to a catchment area of 800,000 individuals.
Still with regard to healthcare construction, the new hospital in Naples ("Ospedale del Mare") also forms part of the 2007 orders backlog: a new, highly specialized hospital complex, awarded to Astaldi as a concession, which will make available 450 hospital beds when fully operational and occupy an overall area of 145,000 square meters.
Milan's new Expo Fair Center in Rho-Pero is also one of Astaldi's pride and joys. The Group performed the project in the capacity of general contractor, assembling 111,000 tons of steel and 200,000 square meters of glass in just 24 months, completing one of the most impressive projects from an engineering and architectural viewpoint.
The diversification strategy adopted in recent years has also allowed the Group to acquire an important, acknowledged position in the industrial plant engineering sector in Saudi Arabia and Qatar.

Hydraulic and hydroelectric power plant

Civil and industrial building

Concessions

Astaldi worldwide

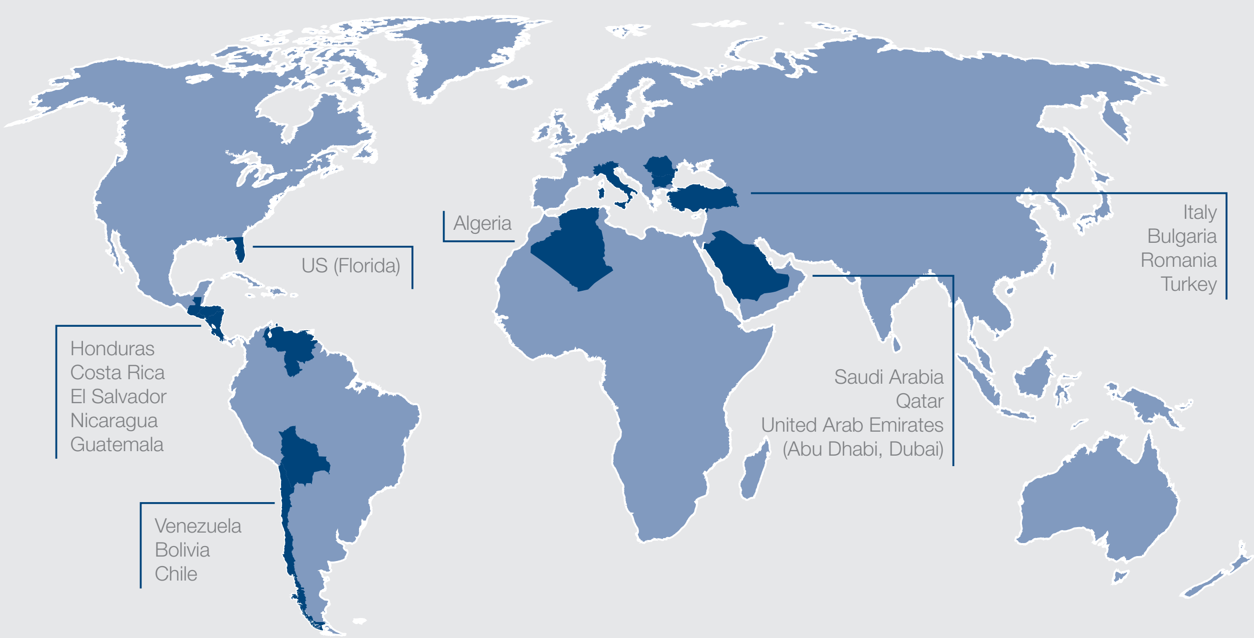
Let's build up Italy's good name worldwide.

The Group has always been a key player on the international scene and expansion of its sphere of activity is seen as a strategic challenge which has proved to be a winner. Astaldi is a well-known, much appreciated name in Europe and the rest of the world because the works performed, the scale of its projects and the undeniable development of the countries and situations it operates in speak for themselves.
Romania, Bulgaria and Turkey have become important clients as regards roads, railways, undergrounds and motorways. Algeria and Morocco are the African countries which see Astaldi mainly involved in the construction of dams and water systems, as well as motorways and railways. As regards America, Venezuela, Bolivia, a large part of Central America and the United States of America (Florida) have entrusted Astaldi with the design and construction of infrastructures, roads, railways and undergrounds. And lastly, the Middle East with Qatar, Saudi Arabia and the United Arab Emirates where Astaldi's involvement in major projects in the oil & gas sector helps export Italian know-how to the industrial plant engineering sector.
A branch has recently been opened in Abu Dhabi which will make it easier to monitor more closely the infrastructure development plan approved for this area that offers interesting growth opportunities.


Venezuela, Caracas-Tuy Medio Railway.


Qatar, GTL Plant in Ras Laffan.

Group's presence at an International level



Areas of interest: Perù, Panama, Polond, Hungary

Turkey, Anatolian Motorway.

Strategies, resources and responsibilities

The solidness of a major Group

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

In Italy, a real international showcase for the Group, awarding of Expo 2015 to the city of Milan will represent a great strategic opportunity. Astaldi is ready to act on the growth opportunities that will arise and remain focused on all the possible infrastructure developments that may come to the fore in Milan.

A large group of people is the best resource for growth

Optimization and retention of its staff and workers and improvement of professional areas of excellence in order to guarantee a future in keeping with the current

Italy, Naples Underground.

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

Safety and the environment – a matter of responsibility

Health and safety have always been two key issues for the Group. In 2007, following the increasing general focus placed on social and environmental problems, a project to further develop management of occupational health and safety and protection of the environment was formulated.

Reference to international standards – OHSAS 18001:1999 and ISO 14001 guarantees the effectiveness of the corporate management system adopted.

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

Italy, Pont Ventoux Hydroelectric Power Plant.

Denmark, Copenaghen Underground.

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Consolidated Annual Report

Calling of Shareholders' Meeting

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

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

Shareholders with voting rights may take part in the Meeting provided the authorized broker undertakes to transmit the certification required within 2 days prior to the date of first call of the Meeting.
In order to facilitate checking of the right to take part in the Meeting, the company asks shareholders to transmit documentation certifying said right by mail to INFOMATH S.r.l. – f.a.o. Elisa Zaninelli – Via S. G. Bosco 3, 24126 Bergamo, or by fax to 035-3840396, at least two days prior to the date of first call of the Meeting.
Documentation related to the items on the agenda shall be filed at the company's offices and Borsa Italiana S.p.A. within the terms provided for in current legislation. Shareholders are entitled to obtain a copy of said documentation at their own expense.
Experts, financial analysts and accredited journalists that plan to attend the Shareholders' Meeting must forward a request to Astaldi S.p.A. - f.a.o. External Relations and Investor Relations Office - by email to investor.relations@astaldi.com, or by fax to 06/41.76.67.33, at least two days prior to the date of first call of the Shareholders' Meeting.

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

Information on operations

The reference scenario

The slowdown in world growth, the worsening of credit conditions of families and businesses, the consolidation of the euro and rises in inflation resulting from increases in the price of raw materials also affected the Italian economy during 2007. Following 2006, which marked the end of a long period of stagnation for Italian industry, the upturn lost momentum during 2007.
Whit regards demand components, the growth in consumption of families is where the slowdown was most evident due to the drop in spending by families basically resulting from the rise in inflation, the increase in loan charges (payment of interest and repayment of the principal) and less use of the credit market, as well as a reduction in consumption by families, curbed by past real estate investments and uncertainty linked to pensions. On the other hand, investment in construction proved to be the most dynamic component of the internal demand thanks to tax incentives related to residential construction and allocations in favor of public investment.
As regards the financial markets, the second half of the year was marked by major tension linked to the loan market crisis which arose after the summer and which generated heavy losses and significant adjustments in the stock markets. Undoubtedly, the most penalized sector was the banking sector, also as a result of downgrades involving various operators that recorded losses that not even the recent reduction in US interest rates managed to check. However, the drop in share prices did not lead to negative annual performances of the US and European markets which recorded returns of between 3.5% and 5%.
Moreover, recourse to safer forms of investment was stepped up. However, the preference for government securities resulted in additional reductions on medium and long-term returns which further confirmed fears for the slowdown in the economic cycle and continuance of current inflation trends. The US and British bond markets, that are most heavily exposed to the real estate crisis, were the ones which recorded the best performances.

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

Astaldi Group's consolidated financial statements were drafted in accordance with international accounting standards (IAS - International Accounting Standards and IFRS - International Financial Reporting Standards), for which reference should be made to the notes to the consolidated accounting schedules.

The dynamics which determined the Group's economic, equity and financial performance during 2007 are mainly due to the considerable improvement in the quality and quantity of the orders backlog in recent years despite a domestic market characterized by slowdown in some important infrastructure projects. At the same time, the Group's accounts reflect the consequences of the major boost given to production activities in Italy and abroad during 2007 in order to start up the more recently acquired general contracting and project finance initiatives.

The following paragraphs contain the reclassified income statement and balance sheet and the Group's net financial position at December 31, 2007 together with a brief description of the main differences compared to the previous year. For a more detailed analysis of the individual balance sheet items, please refer to the notes to the consolidated account statements, and for the criteria used to calculate equity, financial and economic indicators, please refer to the section entitled "Alternative performance indicators" found under the heading "Other information".

Economic performance of the Group

Reclassified consolidated income statement

(in thousands of euros)	31/12/07	%	31/12/06	%
Revenues	1,273,373	95.8%	1,030,044	95.3%
Other oparating revenues	55,758	4.2%	50,819	4.7%
Total revenues	1,329,131	100.0%	1,080,863	100.0%
Cost of production	(948,890)	(71.4)%	(777,355)	(71.9)%
Added value	380,241	28.6%	303,508	28.1%
Personnel costs	(193,889)	(14.6)%	(165,301)	(15.3)%
Other operating costs	(30,883)	(2.3)%	(15,238)	(1.4)%
EBITDA	155,470	11.7%	122,970	11.4%
Amortisation and depreciation	(35,794)	(2.7)%	(29,127)	(2.7)%
Provisions	(2,582)	(0.2)%	(9,489)	(0.9)%
Write-downs	(3,535)	(0.3)%	(22)	(0.0)%
(Capitalization of internal construction costs)	550	0.0%	1,045	0.1%
EBIT	114,109	8.6%	85,376	7.9%
Net financial income and charges	(45,542)	(3.4)%	(31,848)	(2.9)%
Effects of valutation of shareholdings at equity	2,101	0.2%	5,470	0.5%
Pre-tax profit (loss)	70,667	5.3%	58,998	5.5%
Taxation	(32,251)	(2.4)%	(28,172)	(2.6)%
Profit (loss) for the year	38,416	2.9%	30,826	2.9%
Minority profit (loss)	(319)	(0.0)%	(735)	(0.1)%
Group net profit	38,097	2.9%	30,091	2.8%

The figures for 2007 show a Group earning profile which is up on previous years.
There was a considerable increase in production volumes as a direct result of consolidation of activities in the Group's traditional reference markets (Italy, Romania, Venezuela, Algeria, Turkey), and thanks to benefits from the start-up of recently acquired general contracting projects. But there was also an increase in the quality of works in progress and, hence, earnings were boosted by the prevalence of general contracting and concession contracts in the orders backlog.
Said phenomena put together made it possible to achieve better results over the whole year than those forecasted during business planning, thus confirming the Group's ability to achieve planned strategic targets.
The changes during the year in the main income statement items are detailed below.

Revenues

2007 **revenues** totalled EUR 1,273.4 million (EUR 1,030 million at December 31, 2006). The 23.6% increase recorded compared to the previous year is to be attributed to the combined effect of the increase in production as regards the domestic market, favored by the full start-up of production activities related to construction of two lots of the Jonica National Road (SS 106), and the contribution made by foreign activities, especially with regards to projects in America (railways) and Eastern Europe (railways and motorways). Lastly, it should be noted that the item in question includes the economic operating benefits obtained as a result of exchange of values in currencies other than the euro in Venezuela, employed by the client to settle contractual obligations.
Other operating revenues amounted to EUR 55.8 million for the whole year (EUR 50.8 million at December 31, 2006), up compared to the previous year as a result of the overall growth in activities, especially foreign activities.
Therefore, **total revenues** amounted to EUR 1,329.1 million at the end of the year (EUR 1,080.9 million at December 31, 2006), showing a significant 23% increase compared to the previous year.

Cost of production

There was an improvement in the cost structure which, while increasing in absolute terms due to the support offered to production activities, reduced its incidence on revenues.
The **cost of production** totaled EUR 948.89 million at the end of 2007 (EUR 777.4 million at December 31, 2006), up by 22% year-on-year as a result of the growth in production. The incidence of said costs on total revenues amounted to 71.4% (71.9% at the end of 2006) due to the benefit resulting from the greater economies of scale, that are typical of general contracting initiatives, and which is starting to feature more clearly in the Group's accounts.
Similar dynamics explain the differences in **personnel costs** amounting to EUR 193.9 million in 2007 (EUR 165.3 million at December 31, 2006). The incidence on total revenues dropped to 14.6% from 15.3% at the end of the previous year, thanks also to the increased use of subcontracting of activities which are typical of general contracting projects.
Other operating costs increased to EUR 30.9 million at the end of the year (EUR 15.2 million at December 31, 2006), also as a result of indirect taxes incurred (e.g. customs duties and concession taxes) as ancillary charges of production costs related to the supply of services and goods mainly in foreign markets.

EBITDA

EBITDA totaled EUR 155.5 million at the end of 2007 (EUR 123 million at December 31, 2006), with a year-on-year increase of 26.4%, more than proportional compared to the growth in production, thanks to the more efficient cost structure linked to general contracting projects. The EBITDA margin stood at 11.7% (11.4% at December 31, 2006).

EBIT

The Group's earning profile also saw an improvement as regards the net operating result as a result of renewal of the orders backlog and consequent preva-

lence of contracts with a high earning profile among the contracts in progress, especially foreign contracts. **EBIT**, which represents the main indicator in assessing the operating and earning capacity of the Group's reference sector, amounted to EUR 114.1 million over the whole year (EUR 85.4 million at December 31, 2006), showing a 33.6% increase, hence an even more marked increase than that of EBITDA.
The EBIT margin increased from 7.9% recorded at the end of the year to 8.6%, further confirming the positive trend of the Group's production activities, already seen during previous years, and the good overall margins of contracts, especially foreign contracts.
These figures, which include write-downs amounting to EUR 3.5 million mainly linked to prudent evaluation of the recoverable amount of some credit positions, represent an improvement with respect to the planned targets for 2007.

Net financial income and charges

Net financial charges amounted to EUR 45.5 million (EUR 31.8 million at December 31, 2006).
The difference in this income statement item, equal to a 43% increase year-on-year, is to be interpreted as the combined effect of various factors.
On the one hand , the increased cost linked to ordinary guarantees (bid bonds and performance bonds) for the Group's reference sector, furnished in relation to new major general contracting projects which the Group's commercial efforts are focused on at the present time. Therefore, the growth in the orders backlog entails an increase in undertakings in consideration of the increase in the average value of the Group's projects in Italy and abroad.
On the other hand, the increase in the value of production has brought with it heavier investments for the start-up of major contracts which entail greater average financial exposure for the Group and a greater overall cost of debt.
Lastly, it is to be noted that, even given a credit market characterized by major turbulence, no significant differences in the cost of debt were recorded over the year, confirming the positive response from the banking system and the validity of activities to hedge the rate risk undertaken in previous years.

Net profit

Net profit amounted to EUR 38.1 million at the end of 2007 (EUR 30.1 million at December 31, 2006), showing a 26.6% increase year-on-year, with a tax rate of 45.6% (47.8% at the end of 2006).

Equity and financial performance of the Group

Reclassified consolidated balance sheet

(in thousands of euros)	December 31, 2007	December 31, 2006
Intangible fixed assets	3,374	3,795
Tangible fixed assets	246,675	193,197
Shareholdings	96,877	96,492
Other net fixed assets	30,364	36,731
Total fixed assets (A)	377,290	330,215
Inventories	60,915	51,600
Contracts in progress	519,229	397,712
Trade receivables	36,844	29,850
Accounts reveivable	426,223	408,028
Other assets	160,091	117,870
Tax reveivables	88,592	73,275
Advances from customers	(237,466)	(209,324)
Subtotal	1,054,428	869,011
Trade payables	(88,474)	(90,906)
Due to suppliers	(383,834)	(313,349)
Other liabilities	(213,518)	(186,600)
Subtotal	(685,826)	(590,854)
Working capital (B)	368,603	278,156
Employee benefits	(10,932)	(12,470)
Provisions for non-current risks and charges	(24,333)	(30,035)
Totale provisions (C)	(35,265)	(42,506)
Net invested capital (D) = (A) + (B) + (C)	710,628	565,866
Cash and cash equivalents	295,538	237,623
Current financial reveivables	22,943	21,062
Non-current financial receivables	2,423	916
Securities	14,764	18,983
Current financial liabilities	(322,385)	(224,192)
Non-current financial liabilities	(411,826)	(339,199)
Net financial receivables/payables (E)	(398,543)	(284,806)
Group equity	(310,251)	(279,668)
Minority equity	(1,834)	(1,392)
Equity (G) = (D) - (E)	312,085	281,059

The differences in the Group's equity and financial structure, already envisaged during strategic planning, are the result of the investment policy to support operating growth and diversification, favoring areas and projects with a high technological content and project finance initiatives whose return on invested capital is on the up.

Fixed assets

Total investments net of amortization and depreciations amounted to over EUR 90 million.
There was an increase in investments linked to project finance initiatives (especially the new hospital in Naples "Ospedale del Mare"), but there was also an increase in specialist technical investments in Italy and abroad to support more recently-acquired general contracting projects.
At a national level, note must be taken of completion of first-phase investments linked to general contracting initiatives to construct two lots of the Jonica National Road (SS 106) assigned to Astaldi. While investments linked to the new underground lines in Rome (Line C) and Milan (Line 5) are still to be completed. Site activities have already been started up for said projects. For all these initiatives, the recovery of the investments is guaranteed by the cash flow from the contracts themselves.

Working capital

Working capital totaled EUR 368.6 million at the end of 2007 (EUR 278.2 million at December 31, 2006), as a direct result of the major increase in revenues over the year which brought with it an increase in **contracts in progress** equal to EUR 519.2 million (EUR 397.7 million at the end of 2006), linked to the positive effect of the growth in production, especially abroad in Venezuela, Romania and Algeria.
It is also a good idea to remember that, in order to optimize the operating performance of contracts, a policy was adopted during the year to favor the supplier system with a view to further improving the suppliers' operating performance. Said policy, even if rewarding in terms of the return on invested capital of individual projects, necessarily penalized the year's financial performance.

Net invested capital

Net invested capital amounted to EUR 712.6 million at the end of the year (EUR 565.9 million at December 31, 2006) as a direct result of working capital dynamics combined with major pressure on investments.

Equity

Net equity totalled EUR 312.1 million at the end of 2007 (EUR 281.1 million at December 31, 2006), showing a difference over the year that can be mainly attributed to the profit for the year, the distributed dividend and changes in minor reserves.

Reconciliation between parent company's and consolidated equity and operating result

Prospetto di raccordo fra bilancio della capogruppo e bilancio consolidato

(in thousands of euros)	Equity 31.12.2007	Operating result 31.12.2007	Equity 31.12.2006	Operating result 31.12.2006
Equiti and operating result as shown in parent company's financial statements	284,608	27,799	264,252	27,701
Reserves	(1,178)		(6,433)	
Elimination of book value of consolidated shareholdings:				
- difference between book value and pro quota value of equity	9,238		24,894	
- pro quota results of investee companies	16,509	16,509	(12,009)	(12,009)
- consolidation difference			-	-
Elimination of effects of transactions between consolidated companies:				
- profit on intragroup transactions	(6,960)	(596)	(6,364)	(628)
- amortization on intragroup sales	5,705	295	5,410	383
- allocation for losses on consolidated companies	8,327	(1,590)	9,917	1,278
- hedging of losses of consolidate companies		9,469		18,788
- dividends from consolidated companies		(7,790)		(5,422)
- other adjustments	(5,999)	(5,999)		
Group and minoritu equity and operating result	310,250	38,097	279,667	30,091
Minority capital and reserves	1,834	319	1,392	735
Equity and operating result as shown in consolidated financial statements	312,084	38,416	281,059	30,826

Net financial position

Consolidated net financial position

(in thousands of euros)	December 31, 2007	December 31, 2006
A Cash and cash equivalents	295,538	237,623
B Securities held for trading	14,764	18,983
C Available funds (A+B)	310,303	256,607
D Financial receivables	25,365	21,978
E Current bank payables	(212,182)	(210,095)
F Current part of non-current indebtedness	(97,328)	(1,958)
G Other current financial payables	(12,874)	(12,139)
H Current financial indebtedness (E+F+G)	(322,385)	(224,192)
I Net current financial indebtedness (H+D+C)	13,284	54,393
J Non-current bank payables	(396,039)	(313,997)
K Other non-current payables	(15,787)	(25,202)
L Non-current financial indebtedness (K + J)	(411,826)	(339,199)
M Net financial indebtedness (L + I)	(398,543)	(284,806)
Treasury shares on hand	5,048	3,824
Net financial indebtedness including treasury shares	(393,495)	(280,982)

The **net financial position**, excluding treasury shares, totaled EUR 393.5 million (EUR 281 million at December 31, 2006). Therefore, there was an increase of EUR 113 million mainly attributable to the dynamics of projects in progress which, as mentioned previously, are experiencing production phases with high levels of invested capital, both in terms of pressure on investments and operating lever on suppliers.
Indeed, said increase is partly the result of activities to support contracts and partly the result of the major boost given by the Group to start up important projects acquired during 2006. Said boost means greater investments, the recovery of which is guaranteed by cash flow from construction activities as regards general contracting projects, and management activities as regards concessions.
During the last quarter of the year, the net financial flow was already positive for approximately EUR 45 million thanks to the greater operating cash flow reported. This also generated a partial increase in cash and cash equivalents during the last part of the year, in excess of normal levels, a phenomenon which was brought back into line at the start of 2008 through streamlining of the Group's cash position.
The debt structure is in keeping with the process of repositioning indebtedness in the long-term which, during the year, led to subscription of a 5-year standby facility, extendable to 7 years, which considerably improved the Group's financial profile and lent greater flexibility to the cash position. Moreover, there was a growth in financing of foreign contracts and areas following supply operations dedicated to the individual projects, repayment of which is guaranteed by the projects' financial flows.
The debt/equity ratio, which increased compared to the same period of 2006, stood at 1.26, slightly in

excess of 1, excluding the share of debt related to project finance activities which, by their very nature, are self-liquidating.

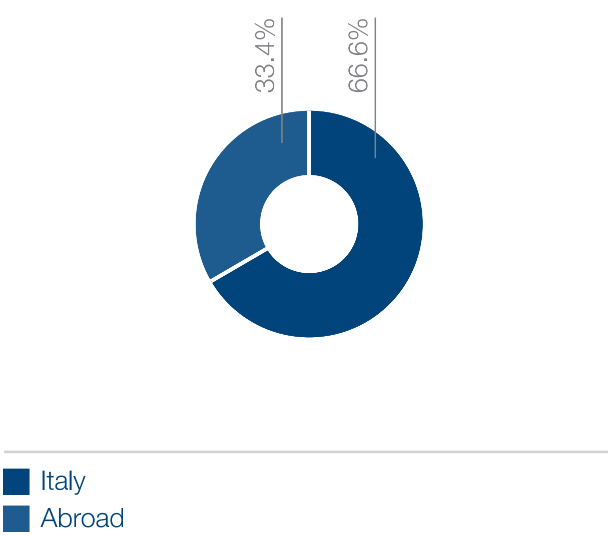
Investments

As regards investments made during the year, please refer to the detailed content of the previous paragraph as regards fixed assets, and the notes to the financial statements.

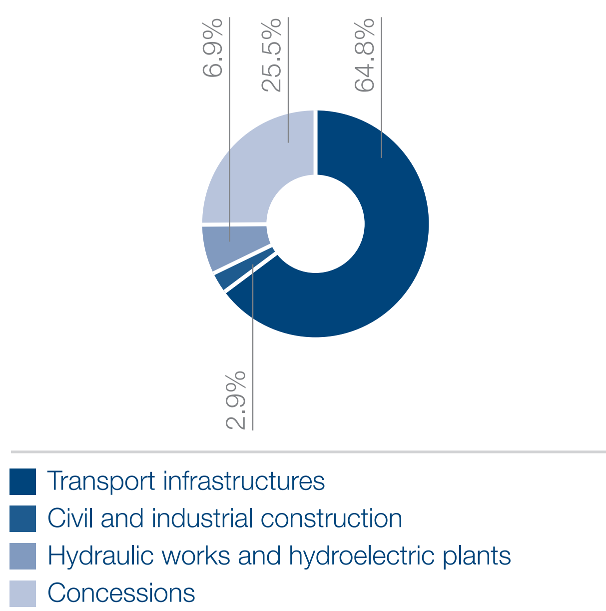
Orders backlog

The orders backlog amounted to EUR 8.3 billion at the end of 2007 (EUR 7 billion at December 31, 2006), improving on the targets set for 2008 during business planning and highlighting a growth in terms of quality as well as quantity in the values of contracts in progress, mainly managed to date in accordance with the general contracting formula.
Activities related to the construction sector accounted for EUR 6.2 billion of the total while concession initiatives accounted for EUR 2.1 billion.
New acquisitions during the year totaled EUR 2.6 billion and are mainly linked to initiatives in Italy and abroad in the transport infrastructures sector.
67% of the orders backlog at December 31, 2007 referred to domestic activities and the remaining 33% to activities developed abroad. The transport infrastructures sector showed itself to be the Group's key sector, accounting for 65% of the total backlog, followed by concessions (25%), civil and industrial construction (7%) and energy production plants and hydraulic works (3%).

Orders backlog by geographical area



Orders backlog by sector



New contracts acquired during 2007, as already mentioned, amounted to EUR 2.6 billion, of which EUR 1.2 billion for activities developed in Italy and the remaining EUR 1.4 billion for activities managed abroad.
The share related to the domestic market comprises the project related to the four hospitals in Tuscany as well as contractual increases recorded during the year in relation to major contracts in progress.
In particular, August saw positive conclusion for Astaldi of the procedure to award the project finance initiative related to construction and subsequent management of an integrated system of four hospitals in Tuscany. This was an important result which strengthens the Group's leadership in the project finance sector applied to construction of domestic healthcare facilities. The initiative, awarded to Astaldi in its capacity as leader of a joint venture, entails construction and subsequent management of four hospital complexes located in Luca, Massa, Pistoia and Prato, occupying a total surface area of over 200,000 square meters. The total investment amounts to EUR 336 million for construction activities (with public funding of 55%), and EUR 1.2 billion for management activities, in nominal terms (Astaldi has a stake of 35%). The project will make available over 1,700 new hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots. The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction and 19 years for management of plants and works as well as non-healthcare services. Said duration applies as from signing of the agreement which took place on November 19, 2007.
While as regards the most important contractual differences in the backlog, note is to be taken of an increase of EUR 47 million in the general contracting project to construct Lot "DG22" of the Jonica National Road (SS 106), as well as an additional EUR 35,3 million added to the backlog following approval in July of the Garibaldi Station project change forming part of the project finance initiative to construct Line 5 of the Milan underground.
Significant foreign acquisitions were also recorded, especially in Algeria and Eastern Europe (Romania and Bulgaria).
Specifically, in July, the Ministry of Transport of the Republic of Algeria awarded Astaldi the contract worth EUR 616.6 million to design and construct 120km of a new railway line connecting Saida and Moulay Slissen, including bridges and viaducts, 4 stations, 1 freight terminal, a maintenance depot and 3 transfer stations. Works are scheduled to commence in the first half of 2008 with a total duration of 46 months. Approval by the *Commission Nationale du Marché* is pending.
Still in July, offering proof of the incisiveness of the

Italy, New Hospital in Mestre.

commercial expansion policies adopted by the Group, including in areas adjacent to those where it is traditionally present, the Ministry of Transport of the Republic of Bulgaria awarded Astaldi the contract to design, construct and modernize 104km of the Plovdiv-Svilengrad railway line which forms part of the European transnational corridors no. 4 and no. 5 (TEN, Trans European Network). The contract, worth EUR 162.5 million, provides for the construction of approximately 90km of new single-track railway line and rehabilitation of approximately 15km of an existing line. Works are scheduled to commence in the first quarter of 2008 with a total duration of 39 months.

Important projects were also developed in Romania where the orders backlog for the area increased by a further EUR 146 million, mainly related to the transport infrastructures and civil construction sector.

Specifically, in July, Astaldi, as part of joint venture, was awarded the contract with the Municipality of Bucharest to design and construct the link road between Splaiul Indipendentel Clurel and the Bucharest-Pitesti motorway. The contract, worth EUR 143 million (in which Astaldi has a 26% stake), entails a total duration of works of 30 months. Delivery of the areas involved in the project is pending in order to be able to start up works.

Still in Romania, in March, Astaldi, as part of a joint venture, secured the contract to construct the new “Lia Manoliu” national stadium in Bucharest, worth a total EUR 120 million (in which Astaldi has a 40% stake). Design activities for this project were already started up during the second quarter of 2007 and the planned duration of works is 20 months.

Note must also be taken of the contract with the Municipality of Bucharest to design and construct the link road between Splaiul Unirii and the Bucharest-Constanta motorway worth EUR 57 million (of which EUR 19 million refers to Astaldi’ stake). Settlement of an appeal filed by a rival, for which a negative opinion has already been given in first instance, is pending prior to the start up of works.

Astaldi’s involvement in the project to modernize Cluj-Napoca international airport, located in the north-west of Romania is also of importance. Indeed, during the first quarter of the year Astaldi was awarded the contract to construct the passenger arrivals terminal, worth a total EUR 13 million, of which approximately EUR 12 million refers to Astaldi’ stake, with completion of works scheduled for Spring 2008. Subsequently, during the second quarter it was awarded the contract to construct the passenger departures terminal for this same airport worth a total EUR 32 million (in which Astaldi has a 70% stake). Said second contract entails the construction of a three-storey building occupying a total surface area of over 15,000 square meters.

Note should also be taken of the further opportunities realized in Turkey with a contract extension worth EUR 26 million related to the contract to construct the Anatolian Motorway, one of Astaldi’s most important works in the motorway transport infrastructures sector.

The share of the orders backlog related to the Arabian peninsula area also increased by EUR 55.5 million during the year. Let us recall that Astaldi Group is present in this area in Saudi Arabia and Qatar, in the industrial plant engineering sector applied to the petrochemical segment (oil&gas) where the Group has acquired an important, qualified role which allows it to work in partnership with leading international operators in the specific area of oil plant engineering. It is felt that this area may offer further development potential as a result of the recent opening of a new Astaldi branch in Abu Dhabi and the incorporation during the early part of 2008 of a company with registered offices in Dubai, with a view to ensuring, in both cases, greater, more direct control of the already developed areas and neighboring United Arab Emirates.

Specifically, as regards the contracts secured during the year, note must be taken of inclusion in the backlog of additional shares in the “Khurais Project” in Saudi Arabia and the “QATOFIN Mesaieed Snam Project” under construction in Qatar - two initiatives of international importance which ensure Astaldi Group’s skilled involvement.

The first project, worth EUR 35.3 million, refers to the performance of civil works related to a G.O.S.P.

(Gas&Oil Separation Plant) in the industrial city of Khurais in Saudi Arabia. The works, whose planned duration is 20 months, will be completed in the summer of 2008.
While the second project, worth EUR 20 million, involves the performance of mechanical works, in addition to civil works already acquired, related to a LLDPE (Linear Low Density Polyethylene) petrochemical plant in the Mesaieed industrial hub in the south of Qatar. Works are expected to be delivered by December 2008.
Both of the aforementioned projects were commissioned by Snamprogetti, one of the leading EPC contractors operating in the sector at an international level. It is felt that said condition may allow for new additional opportunities for expansion of the activities in question in the short-term, not only in countries where the Group already operates, but also in others offering interesting investment opportunities in this sector._
Last but not least, note is to be taken of the contractual increases recorded in Venezuela over the year where, in March, a further EUR 70 million was included in the backlog for design changes approved by the Client in relation to the Puerto Cabello-La Encrucijada railway contract underway.
The contribution of Central America (Honduras, Nicaragua, El Salvador) was also significant with new contracts worth a total EUR 38.5 million being recorded, mainly in relation to the transport infrastructures and water sector.

The table below shows the trend of the orders backlog during the year, with the individual areas of activity highlighted. In compliance with the policy regarding inclusion of new contracts in the orders backlog adopted by the Group, the figures shown do not include projects, the acquisition of which has still to be made official. Please refer to the section of this report dealing with subsequent events for more information in this regard.

Orders backlog by sector

(in thousands of euros)	At 01/01/20007	Increases	Decreases for production	At 31/12/2007
Transport infrastructures	4,355	1,980	(948)	5,387
Railways and undergrounds	*3,278*	*1,441*	*(591)*	*4,127*
Roads and motorways	*1,036*	*465*	*(332)*	*1,169*
Airports and ports	*41*	*73*	*(25)*	*89*
Hydraulic works and hydroelectric plants	325	57	(145)	237
Civil and industrial construction	630	124	(180)	574
Concessions	1,699	420	-	2,119
Total	7,009	2,581	(1,273)	8,316

While the following table shows the contribution of individual geographical areas to the figures already listed in the table above.

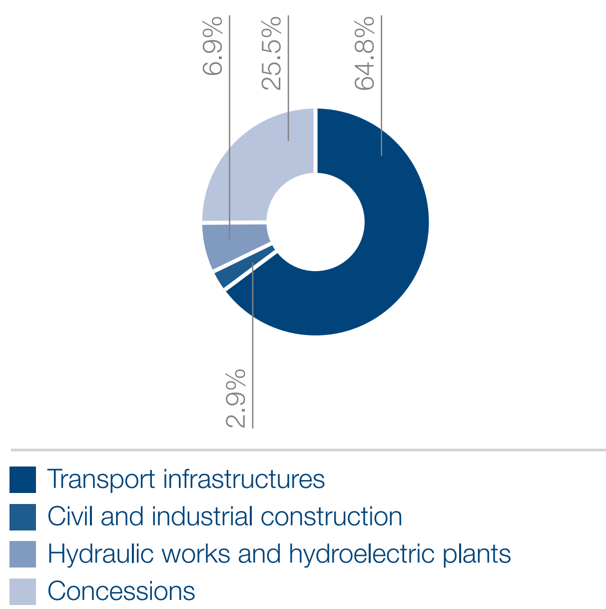
Orders backlog by geographical area

(in thousands of euros)	At 01/01/2007	Increases	Decreases for production	At 31/12/2007
Italy	4,881	1,146	(488)	5,539
Foreign	2,128	1,433	(785)	2,777
Total	7,009	2,580	(1,273)	8,316

The figures listed show an orders backlog at December 31, 2007 comprising domestic construction activities (43%), foreign construction activities (31%) and concession contracts accounting for the remaining 26%.
The key sector is the transport infrastructures sector which accounted for 64% of the total orders backlog, followed by concessions (26%), civil and industrial construction (7%) and energy production plants and hydraulic works (3%).

For more information regarding possible developments of the orders backlog and expected outcomes for the numerous business initiatives developed in Italy and abroad, please refer to the section of this report dealing with the forecast development of operations.

Orders backlog by sector



Performance by geographical area and sector

ITALY

Transport infrastructures: railways and undergrounds

The railway and underground transport infrastructures sector, of key importance for the Group's activities, is the sector where Astaldi has acquired the greatest expertise and where it has attained firmly established leadership, acknowledged in both Italy and abroad.
The sections of underground and railway lines worldwide that are the work of Astaldi are numerous (Rome-Naples High Speed Line, the undergrounds of Naples, Rome and Copenhagen, railways in Venezuela, Algeria and Romania, to mention just a few), but there are also many projects still in the process of being completed.
It is important to note that most of these projects are being or have been carried out in the presence of major technical difficulties such as large-scale viaducts or underground routes. This has allowed Astaldi to achieve levels of excellence acknowledged throughout the world, also and above all thanks to the use of highly qualified human resources, trained inside the company, and state-of-the-art techniques which it continues to invest in. It is sufficent to consider that the main underground projects Astaldi is involved in Italy entail the use of TBMs (Tunnel Boring Machine), also called mechanical moles, in other words genuine mobile sites used underground that bring with them all the equipment needed for digging, disposal of muck and internal lining of the tunnels excavated. Said equipment which works on a continuous cycle, covers an average of 8-12 meters per day and, when it has finished, the tunnel is basically complete, ready to be equipped with the systems and permanent way needed for the railway line. At the same time, TBMs guarantee the utmost safety of staff involved in construction activities and ongoing monitoring of works and the effects on the foundations of the houses affected by the route.
The main technical characteristics of the projects included in the railways and undergrounds sector in Italy, completed or in progress at December 31, 2007, are listed below.

Rome underground (Line C)
The project comprising several functional sections, is managed by the special purpose vehicle Metro C S.c.p.A., established by the joint venture in which Astaldi is the leader and mandatary agent with a 34.5% stake, which was awarded the general contracting project involving the final and executive

Italy, Rome Underground (Line C).

design, construction, works supervision and commissioning of Line C of the Rome underground together with supply of rolling stock.
Works are commissioned by Roma Metropolitane S.r.l., a company directly controlled by the Municipality of Rome which handles improvement and upgrading of the capital's underground network.
In brief, the project entails the construction of a new section of the underground, driven and controlled at a distance by a fully automated system (driverless system) covering a total section of over 25km, 18km of which is underground, with 31 stations, 4 junctions linking up with existing railway and underground lines as well as a depot workshop and central control and command unit for all activities and functions related to the operation, maintenance and administrative management of the system.
The fleet of trains will comprise 30 trains each formed of six carriages, with a capacity of 1,200 passengers. The maximum planned transportation capacity is 24,000 passengers per hour in each direction.
It is planned for the works to be performed in intermediate phases which will entail the construction and commissioning of separate, functionally independent sections. Activities started up in 2006 will lead in a first phase to putting into operation of the San Giovanni-Alessandrino section by 2011. Subsequently, the Venezia-Pantano section will be put into operation, followed by the Clodio-Pantano section.
Executive design activities for the first functional section continued during 2007, with reference to the Alessandrino-Bivio Torrenova and Bivio Torrenova-Pantano sections and depot workshop, as well as some changes which proved necessary for the San Giovanni-Malatesta and Malatesta-Alessandrino sections. Final design activities continued for the San Giovanni-Venezia and Venezia-Clodio sections and archaeological surveys and studies were performed on buildings of historical and monumental importance affected by the line prior to final design activities. As regards the San Giovanni-Malatesta and Malatesta-Alessandrino sections, site installation for all the works was performed along with shifting of interfering subservices in order to start building the special foundations of some stations.
At the present time, the total value of works amounts to approximately EUR 2.5 billion, of which a first phase equal to approximately EUR 1.5 billion is already fully operational in production and financial terms.
Approximately 4% of works had been completed at December 31, 2007.

Milan underground (Line 5)

The project, included among those of leading national interest pursuant to Italian Law No. 443/2001 ("Legge Obiettivo" - Strategic Infrastructure Act), is managed

Italy, Brescia Underground.

by the special purpose vehicle Metro 5 S.p.A., established by the joint venture in which Astaldi is leader and mandatary with a 23.3%, stake, which was awarded the project finance concession in February 2006 to construct Line 5 of the Milan underground.
The relative agreement, signed in June 2006 with the Municipality of Milan, entails the final and executive design, construction and subsequent management of a new underground section, driven and controlled at a distance by a fully automated system (driverless system). Said line will run underground along the following route: Garibaldi Station-Via Volturno-Piazzale Lagosta-Viale Zara-Viale Fulvio Testi-Via Bignami. Construction of civil works was awarded to a joint venture in which the sponsor, Astaldi, holds a 60% stake, and which set up the consortium company, Garbi S.c.r.l., for the unitary performance of said works.
The overall length of the line, initially equal to 5.6km, was increased to 6.1km following route changes made in the Garibaldi Station area at the specific request of the city's administration to take into account possible future extension of the new line in the direction of San Siro/Settimo Milanese. The addition to the 2006 agreement which includes said changes was signed in July 2007.
The project also entails 9 stations and an underground depot workshop with control unit.
The technological system adopted is already in use in the Copenhagen underground (constructed with the involvement of Astaldi) and was also chosen for the Brescia underground, currently under construction by Astaldi.
The maximum planned transportation capacity is 26,000 passengers per hour in each direction, with a fleet of 12 trains to perform the service.
Construction and commissioning of the new line is scheduled by 2012, with commissioning of a first functional section from Viale Zara to Via Bignami by March 2011.
As far as activities carried out in 2007 are concerned, it must be noted that preliminary and final design of the changes to Garibaldi Station was completed and executive design of the sites related to the Viale Zara-Via Bignami functional section was started. Moreover, construction activities were also started following completion of the first phase of environmental remediation and mine clearance, and the removal of interfering subservices.
The total value of the investment to perform works, including design activities, civil and technological works and the approved changes, amounted to EUR 484 million, of which EUR 190 million financed by Metro 5 S.p.A. and the remaining amount through public funding. Revenues from the 29 years of agreed management will total EUR 724 million. The amounts related to Astaldi' stake are equal to EUR 134 million

Italy, Naples Underground.

for construction works and EUR 165 million for management activities. The duration of works including the design phase is equal to 70 months and shall be followed by the management phase.
Approximately 5% of works had been completed at December 31, 2007.
For further information, please refer to the section of this report dealing with project in the section related to concessions and the section related to subsequent events.

New Bologna Centrale High-Speed Station
The contract involves construction of the high-speed Bologna Centrale Station which falls within Bologna's urban section of the Milan-Naples high-speed railway (Lot 11), as well as the works needed for its commissioning (Lot 50).
Italferr S.p.A., Ferrovie dello Stato's engineering company, is responsible for the design and works supervision for this project.
In brief, the project entails construction of an underground railway station for the high-speed line, built below platforms 12-17 of the present Bologna Centrale station. The new station will comprise various levels, with the bottom level dedicated to the railway line and the remaining levels to commercial areas and car parks.
The total value of the contract, including changes made, is equal to EUR 382 million as well as a possible premium in the event of the works being delivered ahead of schedule.
Works were started during 2004 and, now that the technical difficulties and unforeseen events which arose during the start-up phase have been resolved, delivery is scheduled for the end of 2016.
Archaeological investigations and soil drainage were completed during 2007 and work commenced on the deep foundations.
Over 15% of the works had been completed at December 31, 2007.

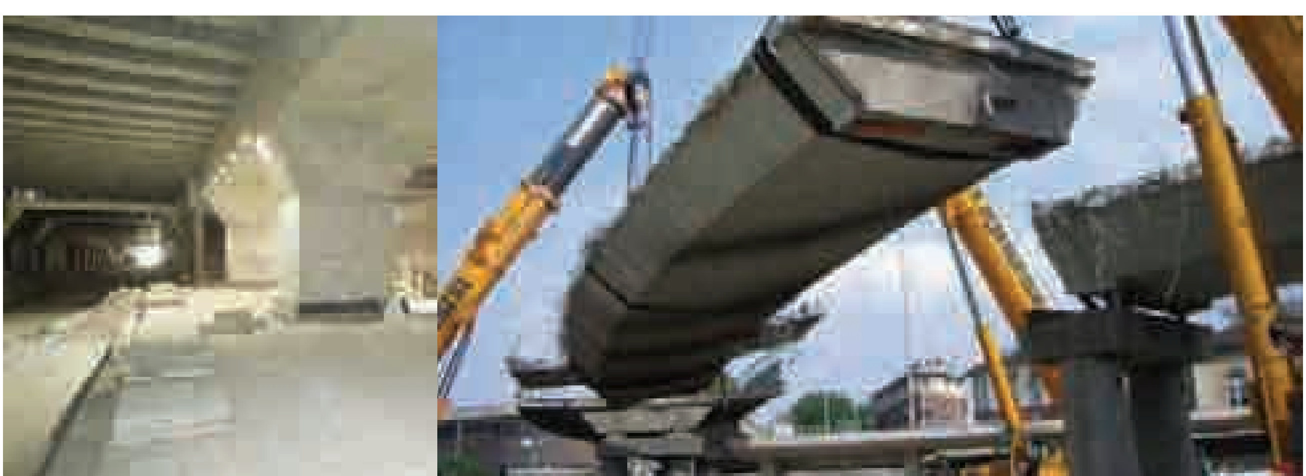
Turin railway junction
(C.so Vittorio Emanuele II - C.so Grosseto)
The project is being performed by S.P.T. - Società Passante Torino S.c.r.l. (in which Astaldi holds a 74% stake), established by the joint venture which, in May 2005, was awarded the contract for the executive design and performance of works to improve the Turin railway junction, aimed at completion and expansion of the railway line along the Corso Vittorio Emanuele II-Corso Grosseto section.
The works were commissioned by ITALFERR S.p.A., on behalf of RFI S.p.A., the company that manages the national railway infrastructure and is a 100% subsidiary of Gruppo Ferrovie dello Stato.
In brief, the works consist in quadruplication and laying under ground level of the urban section of the current Turin–Milan railway line, between Corso Vittorio

Italy, New Bologna Centrale High-Speed Station.

Emanuele II and Corso Grosseto, with a passage under River Dora Riparia. Construction of the Porta Susa and Re Baudolengo stations as well as the Dora stop is also planned.
Given that operation of the current Turin–Milan railway line has to be guaranteed while works are being performed, it is planned for the works, commenced in May 2006, to be carried out in two sequential phases which will entail the two west-side tracks of the underground line being put into operation first of all followed by completion of all works, scheduled by early 2012.
The main works performed during 2007 include completion of diversion of the interfering subservices along the complete section and upgrading of sewers, as well as works to support and reinforce the railway tunnel along the section from Valdocco to the River Dora Riparia.
The contractual value of the works comprising this project amounts to EUR 442 million.
Approximately 24% of works had been completed at December 31, 2007.

Brescia underground

The project is being carried out by the joint venture in which Astaldi holds a 50% stake and which, in 2003, was awarded the contract to directly perform the civil works and putting into operation of a new underground line in Brescia.
The works were commissioned by Brescia Mobilità S.p.A., the company directly controlled by the Municipality of Brescia and responsible for management of the city's transport system.
The contract, which provides for two-year management and seven-year ordinary and extraordinary maintenance of the works, will entail the construction of a light underground line, driven and controlled at a distance by a fully automated system (driverless system), which will cover 13.8km along the urban Prealpino-Santa Eufemia section.
The project will include approximately 2km of viaducts, 10km of tunnels, 2km of embankments and cuttings and 17 stations, 8 of which will be under ground level.
The technological system adopted is already in use in the Copenhagen underground (which, as already mentioned, was constructed with the involvement of Astaldi) and has been chosen for the new Line 5 of the Milan underground.
The maximum planned transportation capacity is 17,000 passengers per hour in each direction, with a maximum running fleet of 34 trains.
Works were started in 2003 and the complete works are scheduled to be in operation by 2012.
The executive design was completed during 2007 and works and excavation activities continued in all 17 stations and along the planned route.



Italy, Turin railway junction.

The overall value of the works, with regard to Astaldi' stake, is EUR 311 million.
35% of works had been completed at December 31, 2007.

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

This contract, secured by Astaldi during 2005, involves the executive design and performance of works to double the Parma-La Spezia railway line along the section running from Solignano to Osteriazza.
The works were commissioned by Italferr S.p.A., Gruppo Ferrovie dello Stato's engineering company.
Works consist in doubling of the railway line along a route of approximately 12km in length. An alternative route is planned for the first 5km and doubling of the line alongside the existing one for the following 7km.
The main works to be performed in the first section running from Solignano to Citerna consist in construction of a double-track tunnel measuring approximately 4km in length followed by a viaduct measuring 440m in length which crosses over the River Taro.
While for the second section, which comprises the remaining part of the line as far as Osteriazza, construction of a 75m viaduct to cross over the River Galgana and a 150m cut-and-cover tunnel running under the Parma-La Spezia motorway is planned.
Works were started in 2006 and, at the present moment, activities have been suspended pending the outcome of works to clear the area of explosive ordnance being directly carried out by RFI S.p.A.
The total value of the works comprising this project is EUR 184 million.
7.85% of works had been completed at December 31, 2007.

Genoa underground

The project, carried out by the consortium company Metrogenova S.c.r.l. in which Astaldi holds a 21.81% stake, is regulated by a framework contract, performed in subsequent lots, to construct the complete underground line which runs from Genova Principe railway station to Brignole railway station.
The lots covering the Principe-Caricamento-Grazie, Grazie-Sarzano and Sarzano-Piazza De Ferrari sections were completed and put into operation in 2006, while construction of the last lot referring to the Piazza De Ferrari-Brignole section is currently being completed.
Works on said last lot were started in 2006 and experienced some delays during the first phase as a result of archaeological finds in the excavation areas.
These problems were almost completely resolved as from the second half of 2007, and working activities were able to go ahead as scheduled.

Italy, Genoa Underground.

Specifically, excavation of the planned station at Piazza Corvetto is at an advanced phase and approximately 200m of the tunnel along the section from Brignole to Piazza Corvetto has already been dug.
Delivery of the works is planned for the end of 2010.
The overall value of the works is EUR 210 million.
Approximately 73% of works had been completed at December 31, 2007.

Naples Underground

In January 2006, the concessionaire M. N. Metropolitana di Napoli S.p.A., a company in which Astaldi is a majority shareholder with a 22.62% stake, acquired the concession from the Municipality of Naples for a further extension of Line 1 of the Naples underground running from the Centro Direzionale to Capodichino.
The final design of a preliminary functional section, worth EUR 581 million, has already been transmitted to the municipal authorities and relative approval is pending, against financing already secured to date for a total of approximately EUR 108 million.
Part of the construction works related to Lots 9 and 11 of the Piazza Dante-Centro Direzionale section are currently being performed. The company Toledo S.c.r.l., in which Astaldi holds a 90.394% stake, was set up in order to perform the works. Works related to this section total EUR 237 million, including the approved changes which entail construction of two underground stations – Università and Toledo – and a second exit for the Toledo station in Largo Montecalvario, including relative plants and finishes, as well as the permanent way of the complete section from Piazza Dante to Centro Direzionale. Activities continued along the whole section during 2007 and delivery of the works is scheduled for June 2013.
Approximately 39% of works on this section had been completed by December 31, 2007.
Astaldi is also involved in the construction of the Mergellina-Municipio section of Line 6 of the Naples underground, for which the share of works referred to Astaldi' stake equals EUR 44 million.
Works on this section shall be started during the second half of 2008, with delivery scheduled for 2013.

Milan rail link

The project, completed in 2007, entailed the performance of works to construct the subgrade, permanent way and relative traction facilities for the Porta Vittoria-Bivio Lambro (Lot 2.0) and Porta Vittoria-Milano Rogoredo (Lot 3.0) sections, covering a total of approximately 6km of new double-track railway line.
The works were commissioned by Italferr S.p.A., Gruppo Ferrovie dello Stato's engineering company.
Works related to Lot 2.0 were completed in 2004 and the works related to Lot 3.0 were also largely completed during 2007.

Italy, Naples Underground.

High-Speed/High-Capacity railway lines

Astaldi is one of the main groups working in the program to design and construct the High-Speed/High-Capacity railway system being created in Italy.
In 2005 Astaldi completed the first functional lot of the Rome-Naples section, allowing for commercial putting into operation of the main part of the complete section. Indeed, Astaldi holds a 27.91% stake in Consorzio IRICAV UNO and, as assignee of said consortium, performed the civil works for the section of railway line between 12th and 85th km and the 121st and 144th km. Works related to the second functional lot involving penetration of Naples and structural reinforcement of anti-noise barriers, are still to be completed. While as far as the sections in the north of Italy are concerned, the outcome of the problems which arose in relation to the contract to design and construct the Verona-Padua High-Speed/High-Capacity line is pending. Said problems arose following the decisions taken by the Italian government in Italian Law Decree No. 7 of January 31, 2007, converted with Italian Law No. 40 of April 2, 2007, which approved the withdrawal of the concessions for the sections of the High-Speed/High-capacity system still to be constructed. In this regard, it must be noted that in its ruling of July 12, 2007, the Regional Administrative Court of Lazio voiced founded doubts in relation to the said withdrawal. Therefore, the Regional Administrative Court referred the question of contrariness to the provisions contained in the aforementioned decree with the provisions contained in the EU Treaty to the European Community's Court of Justice.
Therefore, in the same order, the Regional Administrative Court ordered the suspension of the execution of said decree concerning the withdrawal of the High-Speed concessions and the relative general contractor agreements, and likewise suspended the TAV's request for return of the advance payment (granted to the general contractors) and CIPE's resolution which planned to start up performance of the works through third parties.

Veneto railways

The contract, carried out by Astaldi in its capacity as mandatary of a joint venture, entails the performance of works on three separate sections of the metropolitan railway system managed by Veneto's regional authorities which commissioned the works.
The works, developed in the region's central metropolitan area, entail the construction of new railway underpasses, the upgrading of existing railway stations and construction of the related road and railway network along the following sections: Padua-Castelfranco Veneto (Lot A), Mestre-Castelfranco Veneto (Lot B) and lastly Mestre-Treviso and Mestre-Mira Buse (Lot C).
During 2007, for all the three lots, preliminary activities prior to the final delivery of works were carried out, and it should be noted that, at the date of drafting of

Italy, Milan rail link.

this report, works have already been delivered for Lots A and B.
Completion activities were at a very advanced phase at December 31, 2007 and completion of works related to Lot C, the last of the three lots, is scheduled for July 2008.

Transport infrastructures: roads and motorways

Numerous important projects are being carried out by Astaldi in this sector in Italy. However, the best example of what Astaldi is able to do to date in this sector can be seen abroad, in Turkey with the Istanbul-Ankara Motorway, also known as the Anatolian Motorway. For details of this project, please refer to the section of this report dealing with an analysis of foreign activities.
While the important technical specifications and characteristics of the main projects completed or in progress in this sector in Italy at December 31, 2007 are detailed below.

Jonica National Road (Lot DG21, Catanzaro)

The contract, managed according to the general contracting formula and awarded to Astaldi in April 2005, entails the executive design and construction of a new road link with the characteristics of a main suburban road, along the Jonica National Road (SS 106) in Calabria, called Megalot 2 or “DG21”.
Works were commissioned by ANAS S.p.A., the company in charge of managing the Italian road and motorway network of national interest.
The works, started up in 2007 upon completion of the executive design phase, will entail construction of the E90 for the section of the Jonica National Road between the Squillace junction and the Simeri Crichi junction, as well as works to extend National Road SS 280 (known as the “Strada Statale dei due Mari”), from the San Sinato junction to the Germaneto junction.
The project, which entails the construction of a route measuring 22.4km in length, will involve the construction of 12 viaducts measuring a total of approximately 5.9km, 11 double-tube tunnels measuring 15.6km in length and 8 junctions.
The main works performed during 2007 include the completion of archaeological surveys and clearance of the areas concerned, the start-up of excavation of 4 of the 11 planned tunnels and the laying of foundations for 5 viaducts.
The delivery of the works is planned for January 2010.
The total amount of the contract following the approval of the executive design in November 2006 is EUR 498.4 million.
Over 6% of works had been completed at December 31, 2007.

Italy, Rome-Naples High-Speed/High-Capacity railway line.

Jonica National Road (Lot DG22, Siderno)

Lot DG22 represents the second of the two lots of the Jonica National Road (SS 106) managed according to the general contracting formula and awarded to Astaldi in April 2005.

Works were commissioned by ANAS S.p.A., the company in charge of managing the Italian road and motorway network of national interest.

The project entails the executive design and performance of works to upgrade the Jonica National Road (SS 106) for the section between Palizzi and Caulonia, including the Marina di Gioiosa Jonica junction.

The project which covers a route measuring approximately 16.9km in length involves the construction of 7 natural, double-tube tunnels measuring a total 10.4km in length, 11 viaducts measuring a total 6.6km, 8 cut-and-cover tunnels measuring a total 2.8km and 4 junctions.

During 2007, the executive design was completed and approved by A.N.A.S. S.p.A., preliminary activities preceding the start-up of works continued and archaeological surveys got underway.

The actual works are planned to commence in the first months of 2008.

The total amount of the contract following approval of the executive design is EUR 353.8 million.

Approximately 2% of works had been completed at December 31, 2007.

Activities involving the urban road network in the Municipality of Naples

Infraflegrea Progetto S.p.A. is the company in which Astaldi holds a 51% stake, set up in 2006 to perform the concession contract for various activities aimed at improving the urban road network in the area between Pozzuoli, Soccavo and Mostra d'Oltremare.

The administration that awarded said contract is Campania's regional authority and in short, the works entail construction of the Montesantangelo rail link for the section from Soccavo to Mostra d'Oltremare, with relative intermediate stations and interchange junctions (Application Document No. 15), as well as works to extend and upgrade the port of Pozzuoli (Application Document No. 12), construction of a multi-storey car park with related access road and upgrading of Parco della Cava Regia and the areas of the former Capuchin Convent (Application Document No. 13) and upgrading of Lungomare Sandro Pertini, and of the urban road network in Pozzuoli (Application Document No. 14).

All four application documents were started up during 2007.

On the whole, the value of the works comprising this project total EUR 171 million.

More than 13% of works had been completed at December 31, 2007.

Transport infrastructures: ports and airports

Ports and airports represent a sector where numerous projects have been developed in the past at a domestic level. The most important of these include construction of Gioia Tauro port.

Currently, as regards this sector, the Group is mainly working abroad, especially in Romania where it is carrying out interesting airport projects. For more information, please see the section of this report dealing with foreign projects in progress.

While the important technical specifications and characteristics of the main projects completed or in progress in this sector in Italy at December 31, 2007 are detailed below.

Activities related to the MOSE system (Venice Lagoon)

Astaldi is involved in the project to construct the MOSE system, designed to regulate tides in Venice's lagoon.

The project on the whole entails the construction of a system of mobile barriers installed on each of the port's three outlets (Lido, Malomocco and Chioggia), which are the points of access to the lagoon's sea.

Performance of works related to the MOSE system is regulated by a contract executed between the state, in the figure of the Magistrate of Venice and Consorzio Venezia Nuova, which was awarded the concession for the works to be performed.

Consorzio Venezia Nuova in turn awarded the works, split into functional sections, to the joint ventures set up by its members. And in this context, Astaldi operates in the capacity of leader and mandatary of the consortium company Mose-Treporti S.c.r.l., set up to perform works on the north side (Treporti) of the Lido's mouth.
The overall cost of activities related to the MOSE system is EUR 4,271 million.
The works awarded to Mose-Treporti S.c.r.l. total EUR 470 million (Astaldi has a 35% stake) of which EUR 152.6 million already financed have been included in the orders backlog.
27.55% of works had been completed at December 31, 2007, based on the overall value of the awarded works.

West breakwater of Porto Torres commercial port

The contract, performed directly by Astaldi, consists in construction of the west wharf of the commercial port of Porto Torres in Sassari province.
The works were commissioned by the Ministry of Infrastructures and Transport.
In brief, the project entails demolition of the existing wharf and reconstruction using recycled material as well as creation of a system of mooring quays for ferries.
Work on the area's flooring continued during 2007 and specialist plants and systems were installed (fire prevention, water and lighting), with the outcome of approval of an alternative survey by the client pending in order to complete said works.
The works are scheduled to be completed by August 2008.
The value of the contract is EUR 32.5 million.
Over 81% of works had been completed at December 31, 2007.

Realignment of southern wharves of Porto Torres commercial port

The project, completed during 2007, involved realignment of the existing wharves of Porto Torres commercial port through the construction of concrete cellular caissons to allow docking of cruise ships measuring more than 230 meters in length.
The contractual value of the works, including changes made while works were in progress, amounted to EUR 17.5 million.

Energy production plants and hydraulic works

Energy production plants and hydraulic works represent a sector where the Group has carried out a large number of projects, especially abroad.
However, there is no lack of examples in Italy of dams, water systems, water treatment plants and projects related to nuclear power stations and energy production plants, especially in northern and southern regions.
Undoubtedly, one of the important projects Astaldi has worked on is the Pont Ventoux hydroelectric plant in Val di Susa for which the section below should be referred to. Said section lists the important technical characteristics and specifications of the main projects completed or in progress in this sector in Italy at December 31, 2007.

Pont Ventoux Hydroelectric Plant

The contract, performed by the consortium company, Pont Ventoux S.c.r.l., established by the joint venture in which Astaldi holds a 56.25% stake, entailed the construction in Val di Susa, Piedmont, of an underground electric power plant of 158 MW of installed power with an annual production capacity of over 400 GWh.
Designed according to the most advanced specifications in terms of respect for the environment and energy saving, the new plant will allow for saving of 86,000 t.o.e. and the non-emission of 258,000 tons/per year of CO_2. The plant features a system which makes it possible to transfer water from the downstream tank to the upstream reservoir during low-cost power hours, thus maximizing electric power production during the moments of peak demand.
The contractual value of the works is EUR 354 million, of which EUR 195 million refers to Astaldi' stake.
Construction works were completed in 2006 and final delivery of the plant to the client took place in the early

part of 2008 following a lengthy start-up and temporary operation period.
Inspection and testing activities will be completed during 2008.

Dam on the River Melito

The contract, performed directly by Astaldi, entails construction of the Gimigliano Dam on the River Melito and an alternative route to national road SS 109 between the 57.4th km and 64.1st km.
The works were commissioned by Consorzio di Bonifica Alli-Punta di Copanello.
The dam is made of loose material with an embankment of a maximum height of approximately 100 meters and crest of approximately 1,500 meters and a reservoir of 100,000,000 cubic meters, the construction of which will entail building 2 parallel tunnels measuring a total of 2.5km and a tunnel measuring approximately 900 meters in length.
While as regards the alternative to national road SS 109, the construction of a new route measuring 3.9km is planned to replace the current route, with 5 tunnels measuring a total 680 meters and 8 viaducts measuring a total 910 meters.
Excavation of the 2 parallel tunnels was completed during 2007 and the lining of the third tunnel was also completed.
The overall amount of the works is EUR 176.8 million.
Approximately 27% of the works had been completed at December 31, 2007.
Technical consultancy was provided during 2007 to verify the actual geological conditions of the dam's foundations, with the findings differing from the situations envisaged in the initial design. Said consultancy ascertained the need to review the design of a large part of the works. Arbitration proceedings with the client are currently underway to resolve contractual issues resulting from the said findings.

Civil and industrial construction

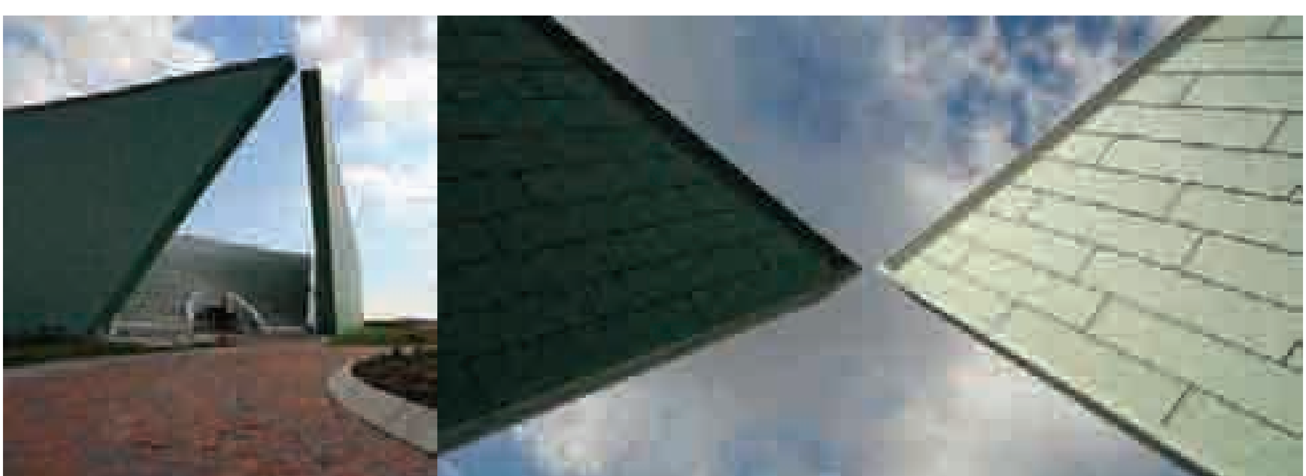
As regards civil and industrial construction, the Group has acquired vast know-how – especially in the field of construction of healthcare facilities – in relation to the civil part of activities included in this sector.
As regards industrial construction, the most important projects completed in recent years include the new Expo Fair Centre in Rho-Pero, Milan, a showpiece for Astaldi that completed this work in the capacity of general contractor in just 24 months. Appealing and impressive from an engineering and architectural viewpoint, the works were built using 111,000 tons of steel and 200,000 square meters of glass and occupy an area measuring 1,400,000 square meters. And the scale of these figures and the short period of time employed to construct the works, while still complying

Italy, Pont Ventoux Hydroelectric Plant.

with the highest levels of quality, offer an idea of what the Group is able to achieve through the partnerships it is able to develop with the most well-known names in international contemporary architecture.
The important technical specifications and characteristics of the main projects completed or in progress in this sector in Italy at December 31, 2007 are detailed below.

New Hospital in Mestre
The works, delivered in 2007, entailed the final and executive design, construction of and supply of furnishings and electromedical equipment for a new highly specialized hospital facility in Mestre.
The client is the special purpose vehicle Veneta Sanitaria Finanza di Progetto S.p.A. in which Astaldi is the main shareholder with a 31% stake, awardee of the concession contract to perform this project using the project finance formula.
The administration granting the concession is Venice's local health authority ULSS 12.
A consortium company, Comes S.c.r.l., in which Astaldi operates in the capacity of mandatary with a 55% stake, was set up to perform the civil works and supply electromedical equipment and furnishings.
Putting into operation of the new hospital facility, scheduled for the first part of 2008, will make available 680 new hospital beds.
The facility housing Veneto's Eye Bank, the first in Europe for the number of corneas collected and distributed, and the Centre for research on epithelial staminal cells, was also constructed within the hospital complex.
Civil and plant engineering works were completed during 2007 and the facility was inaugurated in September 2007, in compliance with contractual terms.
The overall value of the works was EUR 148.6 million.
For more information, please refer to the section dealing with concession projects.

Four Hospitals in Tuscany
The procedure to award the project finance contract to construct and subsequently manage an integrated system of four hospitals in Tuscany was concluded with a positive outcome for Astaldi in August 2007.
The project, awarded to Astaldi in its capacity as leader of a joint venture, entails the construction and subsequent management of four hospital complexes situated in Lucca, Massa, Pistoia and Prato, occupying a total surface area of over 200,000 square meters.
The total investment amounts to EUR 336 million for construction activities (with public funding of 55%) and EUR 1.2 billion in nominal terms for management activities (in which Astaldi has a 35% stake). On the whole, the project will make available over 1,700 new



Italy, New Hospital in Mestre.

hospital beds, 52 operating theatres, 134 dialysis units and 103 new cots.
The duration of the concession is 22 years and 9 months, of which 3 years and 9 months for design and construction and 19 years for management of plants and works as well as non-healthcare services. Said duration applies as from signing of the agreement which took place on November 19, 2007.
For further information on this project, please refer to the section dealing with concession and project finance initiatives.

New Hospital in Naples ("Ospedale del Mare")

The works entail the final and executive design, in accordance with the "turnkey" formula, and supply of furnishings and electromedical equipment for a new hospital complex called *Ospedale del Mare*, located in the eastern suburbs of Naples.
The client is the special purpose vehicle Partenopea Finanza di Progetto S.p.A. controlled by Astaldi, awardee of the concession contract to perform this project using the project finance formula in 2005.
The consortium company, OS.MAR. S.c.r.l., in which Astaldi has a 60% stake, was set up to perform the works.
The administration granting the concession is Naples' local health authority ASL Napoli 1.
The new facility will make available 450 new hospital beds, with 50 beds for low care patients and 18 operating theatres, occupying a total surface area of 145,800 square meters.
Structural works continued during 2007 and assessment by the authority granting the concession of some design changes related to the civil works to be performed as well as the plants and supply of electromedical equipment is pending.
Delivery of the works is scheduled for 2009.
The overall value of the project is EUR 188 million.
Over 22% of works had been completed at December 31, 2007.
For further information, please refer to the section dealing with concession projects.

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

The contract, performed by the consortium company S.CAR. S.c.r.l., in which Astaldi holds a 61.4% stake, entails construction of the new Academy for Italian Police Officers.
The works were commissioned by the Ministry of Infrastructures.
The works occupy a large area comprising four functional centres: the sports centre which entails construction of a football and athletics stadium, covered swimming pool, tennis courts and gym (Centre 1); a

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

centre dedicated to student housing with approximately 10 buildings to accommodate 1,500 students (Centre 2); a logistics centre with an auditorium, teaching rooms, canteen and kitchens, clubs, infirmary, command offices, cadre housing, shooting range and technological plates (Centre 3); a centre for cadre residences to be used to house academy workers and their families (Centre 4).
Elevated works for Centre 4 facilities and the foundations of Centre 2 buildings were largely completed during 2007. Partial performance of the works related to Centre 3 facilities was also completed.
Delivery of the works is scheduled for the end of 2009 (Centre 4) and the end of 2011 (the other 3 Centres).
The overall amount of the works is approximately EUR 261.3 million, of which EUR 160.4 million refers to Astaldi' stake.
Over 10% of works had been completed at December 31, 2007.

New Expo Fair Centre – Rho-Pero
As regards the new Expo Fair Centre located in Rho-Pero, also called the External Milan Centre, it must be noted that the works were inaugurated in 2005 and that the maintenance and operation activities currently in progress, as provided for in the contract, shall terminate in June 2010.

Assemini Site
The project, performed directly by Astaldi, consists in making safe the external area of the Assemini industrial site located in Cagliari province.
The works were awarded to Astaldi by Syndial S.p.A., an ENI Group company.
In brief, the works entail construction of a plastic diaphragm measuring 2km in length and 45m in average depth to mark out the area to be cleared and waterproof covering of all the marked out area measuring approximately 24 hectares.
The main activities related to construction of the diaphragm were completed during 2007.
Delivery of the works is scheduled for 2009.
The contractual value of the works amounts to EUR 39.7 million, including the contractual amendments made.
61.5% of works had been completed at December 31, 2007.

Concessions

Concessions represent a strategic sector for Astaldi Group, offering considerable development potential not only in Italy, but also abroad.
The main areas of interest are construction of healthcare facilities, where the Group has already acquired significant experience, transport infrastructures and

Italy, Academy for Italian Police Officers.

mobility and car parks.
26% of the consolidated orders backlog at December 31, 2007 referred to activities managed using the concession or project finance formula, worth a total EUR 2.1 billion.
The above figure refers to three projects in the healthcare facility construction sector (the new hospital in Mestre, new hospital in Naples ("Ospedale del Mare") and the 4 hospitals in Tuscany), a project in the underground transport infrastructures sector (Line 5 of the Milan underground), five projects in the car park sector (2 in Turin, 2 in Bologna and 1 in Verona) and a project in the water sector (in Honduras).
For each of these initiatives, Astaldi is able to offer its experience as a general contractor in order to perform the works, as well as its own financial resources to structure and support the initiative and to attract the capital needed to finance it, establishing partnerships between the public and private sectors in order to cover any lack of public funding needed to complete the planned infrastructure. Once the works have been constructed, the concession revenues will ensure recovery of the investment made. In this regard, it is important to note that the risk profile of the initiatives in question is always positively conditioned by the fact that repayment of the debt incurred is favored by the minimum cash flows guaranteed as per the contract.
As regards management activities, all the initiatives are developed together with specialist operators in the sector in question, of international standing, selected on the basis of a framework agreement, as is the case with car parks, or on a case-by-case basis in relation to specific needs.
At December 31, 2007, 2 car parks in Turin and 1 in Bologna had entered the management phase. Start-up of the management phase for the new hospital in Mestre is also planned for the first part of 2008. Said project is the first major project in the healthcare sector in Italy to be performed using the project finance formula. Management of the new hospital in Naples ("Ospedale del Mare"), currently under construction, shall become effective as from 2009, and this will be followed by the project to build Four Hospitals in Tuscany which is currently in the design phase.
The important technical characteristics and specifications of the main projects included in this sector are listed below.

New Hospital in Mestre

The project is managed by Veneta Sanitaria Finanza di Progetto S.p.A., the special purpose vehicle in which Astaldi has a 31% stake.
The administration granting the concession is Venice's local health authority ULSS 12.
The agreement entails the final and executive design, construction and relative management of the non-

Italy, New Expo Fair Centre in Rho-Pero.

healthcare and commercial services of a highly specialized hospital complex which will make available 680 new hospital beds in 350 rooms, 21 operating theatres, 25 dialysis units and 20 cots on a site measuring 117,600 square meters, for a potential 800,000 users. Supply of electromedical equipment and furnishings is also planned.
Construction of the facility housing Veneto's Eye Bank, the first in Europe for the number of corneas collected and distributed, and the Centre for research on epithelial staminal cells, was also planned within the hospital complex.
The concession has a duration of 28 years and 11 months, of which 23 years and 8 months refer to the management phase.
From a financial viewpoint, the structured operation provides for non-recourse financing of EUR 107 million, with 20/80 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 28 million.
The overall investment for works and the supply of furnishings and equipment including indirect charges amounts to EUR 236.4 million (excluding VAT and financial charges), against which public capital account funding by ULSS 12 of EUR 115 million (excluding VAT) is envisaged, to be paid on the basis of progress of works.
The investment, net of public funding, will be recovered over 23 years and 8 months through direct management of the new hospital's healthcare, non-healthcare and commercial services until September 4, 2031.
Estimated concession revenues for the special purpose vehicle for provision of the above services amount to approximately EUR 50 million per year (2007 figures), of which EUR 15.5 million refers to Astaldi' stake.
The start-up of management activities is planned for April 2008.
Indeed, in September 2007 the facility was presented to the city, in the presence of Vice President of the European Commission, Franco Frattini, and the Minister of Health, Livia Turco, following virtual completion of the works. At the time of drafting of this report, works to finish and complete the various areas to be used for radiology services, laboratories and similar are being completed as well as arrangement of the managed service areas (kitchen, bar, restaurant, commercial areas and similar) and installation of electromedical equipment and furnishings.
Lastly, it must be noted that during 2007, a series of additional changes were agreed with ULSS12 worth a total of EUR 14.1 million net of VAT, and the information-computerized administrative system was also started up which, pending final delivery of the works, will be located at "Umberto I" Hospital. Awarding of management of the test laboratory of the new hospital in Mestre as well as the laboratory located at Venice's "SS. Giovanni e Paolo" Hospital, which performed over 2 million tests during 2006, was also defined. The value of said contract extension will amount to approximately EUR 3 million per year.

Four Hospitals in Tuscany

The project is managed by the special purpose vehicle (SA.T. S.p.A. set up in February 2008) in which Astaldi holds a 35% stake.
The local health authorities granting the concessions are U.S.L. 1 Massa-Carrara, U.S.L. 2 Lucca, U.S.L. 3 Pistoia, U.S.L. 4 Prato.
The agreements signed in November 2007 are four in number, one for each of the local health authorities concerned, but are based on the principle of unitariness of the four projects and economic-financial plan for the projects.
The purpose of these agreements is the final and executive design, construction and management of the relative non-healthcare and commercial services, of four new highly-specialized hospital complexes which will make available over 1,700 new hospital beds, 52 operating theatres, 134 dialysis units and 106 new cots, within a surface area of over 2000,000 square meters.
The duration of the concession is 22 years and 9 months, of which 19 years for management.
The structured operation provides for non-recourse financing of EUR 143 million, with 18/82 financial leverage which entails a contribution of own resources

of approximately EUR 30 million.
The overall investment amounts to EUR 336 million (excluding VAT and financial charges), against which total public funding of EUR 185 million (excluding VAT) is envisaged, to be paid on the basis of progress of works, and a final sum upon testing.
Concession revenues for the special purpose vehicle against provision for a 19-year period of non-healthcare services included in the agreements and commercial services amount to EUR 48 million per year (2007 figures), of which EUR 16.8 million refers to Astaldi' stake.
The activities performed during 2007 were mainly of a commercial nature aimed at completion of the procedure which resulted in awarding of the concession.
Approval of the final design and completion of the conference of services is expected over the coming months to be followed by delivery of the areas in order to allow for site opening which is planned for September 2008.

New Hospital ("Ospedale del Mare") - Naples

The project is managed by Partenopea Finanza di Progetto S.p.A., the special purpose vehicle in which Astaldi holds a 59.99% stake.
The administration granting the concession is Naples' local health authority ASL Napoli 1.
The agreement signed entails the final and executive design, construction and management of related non-healthcare and commercial services of a new, highly specialized, hospital complex which, once up and running, will make available 450 new hospital beds within a total surface area of 145,800 square meters. The supply of electromedical equipment and furnishings is also planned.
The concession has a duration of 28 years and 7 months, of which 25 years refer to the management phase.
From a financial viewpoint, the structured operation provides for non-recourse financing of approximately EUR 78 million, with 20/80 financial leverage which entails a contribution of own resources (share capital + loan) of approximately EUR 20 million.
The overall investment amounts to EUR 188 million (excluding VAT and financial charges), against which total public funding of approximately EUR 108 million (excluding VAT) is envisaged, to be paid on the basis of progress of works.
Concession revenues for the special purpose vehicle against provision of non-healthcare services included in the agreement and commercial services amount to EUR 25 million, in real terms, of which EUR 15 million refers to Astaldi' stake.
The start-up of management activities is planned for 2009.
Design activities and the study of a change related to some functional improvements of the hospital's architectural layout, aimed at achieving optimized distribution of the healthcare areas and re-modulation of electromedical supplies, continued during 2007. Elevated structural works of all the buildings comprising the hospital complex were also completed.
A change referring to the additional works performed in order to implement the additions requested during the Conference of Services ("Conferenza dei Servizi"), worth approximately EUR 8.2 million, was defined on December 14, 2007.
Overall progress at December 31, 2007 amounted to approximately EUR 57 million, equal to 30% of the total investment to perform the works.

Milan underground (Line 5)

The project is managed by Metro 5 S.p.A., in which Astaldi holds a 23.3% stake.
The authority granting the concession is the Municipality of Milan.
The agreement, signed in June 2006, entails the final and executive design, construction and subsequent management of a new underground section, driven and controlled at a distance by a fully automated system, which will run underground along a 6.1km route (taking into account the route changes approved during 2007). The agreement includes supply of rolling stock.
The duration of the concession is 31 years and 9 months, of which 27 years refer to the management phase.
From a financial viewpoint, the structured operation provides for non-recourse financing of approximately

EUR 183 million, with 18/82 financial leverage and consequent contribution of own resources (share capital + loan) of approximately EUR 40 million.
The overall investment amounts to EUR 484 million (excluding VAT and financial charges), against which total public funding of approximately EUR 296.6 million (excluding VAT) is envisaged (of which EUR 62.6 million from the Municipality and the rest from the state).
Concession revenues for the special purpose vehicle amount to approximately EUR 26 million per year, in real terms, of which EUR 6 million refers to Astaldi' stake.
The start-up of management activities is planned as from March 2011.

Car parks under construction
Two car parks – 1 in Verona and 1 in Bologna – are currently under construction.
The specifications of the individual projects are listed below.

"Piazza della Cittadella" car park - Verona
The concession, awarded in 2005 and managed by the joint venture in which Astaldi is leader and mandatary, entails the construction of a new underground car park in Verona, in the vicinity of the Arena.
The authority granting the concession is the Municipality of Verona.
The agreement entails the design, construction and subsequent management of a new car park located in Piazza della Cittadella, organized on three underground levels and offering 750 parking spaces.
The duration of the concession is 30 years, of which 27 years and 6 months refer to the management phase.
From a financial viewpoint, the structured operation provides for financing equal to the whole amount of the planned investment approximately EUR 18 million (excluding financial charges and VAT).
The procedure to approve the executive design continued during 2007 and works by the relevant authorities to divert the interfering subservices were started. Completion of said works is expected by May 2008 and will allow for the start up of construction activities.

"Ex Manifattura Tabacchi" car park - Bologna
The concession, awarded in 2003 and managed by the joint venture in which Astaldi is leader and mandatary, entails the construction of a new car park in the former tobacco production area in Bologna.
The authority granting the concession is the Municipality of Bologna.
The agreement entails the design, construction and subsequent management of a new underground car park located in the area known as "Ex Manifattura Tabacchi", organized on three underground levels and offering 550 parking spaces.
The duration of the concession is 37 years and 8 months, of which 31 years and 11 months refer to the management phase.
From a financial viewpoint, the structured operation provides for corporate financing.
The overall investment amounts to EUR 14 million (excluding VAT and financial charges), against which public capital account funding by the Municipality of Bologna of approximately EUR 2 million (excluding VAT) is envisaged, to be paid during the management period.
Works, which were suspended in 2005 following archaeological finds, recommenced during 2007 and an addition to the current agreement was signed with the Municipality of Bologna which defines the new economic-financial conditions and new timeframe agreed on.
The start-up of management activities is planned for January 2009.
Approximately 35% of works had been completed at December 31, 2007.

Managed car parks
At December 31, 2007, three of the five concession projects in the mobility and car parks sector, which Astaldi can include among its orders backlog, were operational.
The individual projects are described in more detail below.

"Corso Stati Uniti" car park - Turin
The concession, awarded in 1999 to the joint venture in which Astaldi is leader and mandatary, entails the

design and construction, already completed, as well as the subsequent management of a new underground car park in Corso Stati Uniti in Turin.
The authority granting the concession is the Municipality of Turin.
The car park is organized on two underground levels and offers 500 parking spaces.
The duration of the concession is 80 years (as from February 1999), of which 77 years and 5 months refer to the management phase.
The works were completed in July 2001, and the car park became operational as from October 2001 following testing.
The project was financed in part by public funding of EUR 4.7 million, in part with a loan of approximately EUR 2 million, and in part by revenues from the sale of 46 parking spaces.
Astaldi's turnover in 2007 in relation to management of this car park amounted to EUR 130,000.

"Porta Palazzo" car park - Turin
The concession, awarded in 1996 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction, already completed, as well as the management of a new car park at Porta Palazzo in Turin.
The authority granting the concession is the Municipality of Turin.
The car park is organized on two underground levels and four levels above ground level and offers approximately 850 parking spaces.
The duration of the concession is 80 years (as from August 1996), of which 77 years and 8 months refer to the management phase.
The works were completed in December 1998, and the car park became operational as from January 1999 following testing.
The project was financed in part by public funding of approximately EUR 6,300 million, in part with a loan of approximately EUR 1.4 million, and in part by revenues from the sale of 90 parking spaces.
Astaldi's turnover in 2007 in relation to management of this car park amounted to approximately EUR 290,000.

"Piazza VIII Agosto" car park - Bologna
The concession, awarded in 1998 to the joint venture in which Astaldi is leader and mandatary, entails the design and construction, already completed, as well as the subsequent management of a new underground car park in Piazza VIII Agosto in Bologna.
The authority granting the concession is the Municipality of Bologna.
The car park is organized on three underground levels and offers approximately 979 parking spaces.
The duration of the concession is 60 years, of which 57 years and 10 months refer to the management phase.
The works were completed in October 2000, and the car park became operational as from March 2001 following testing.
The project was financed in part by public funding of EUR 9 million, in part with a loan of approximately EUR 9 million, and in part by revenues from the sale of 279 parking spaces.
Astaldi's turnover in 2007 in relation to management of this car park amounted to approximately EUR 1.6 million.

FOREIGN ACTIVITIES

Europe

Romania

The projects developed in this area are mainly linked to the road, rail and airport infrastructures sector.
At December 31, 2007, the orders backlog for this area totaled approximately EUR 400 million.
The main works in progress in this area include the Pitesti motorway bypass, which entails construction of approximately 14km of motorway and the Bascov underpass.
The works were commissioned by Romania's National Road and Motorway Authority.
The works were opened to traffic during 2007 along with advance delivery of the works related to the motorway bypass, while completion of the underpass is planned for September 2008.
The contractual value of the works, including extensions approved during works in progress, amounts to approximately EUR 100 million.
90% of works had been completed at December 31, 2007.
As regards the project to construct the Bucharest-Constanta railway, Astaldi is involved in the performance of works related to Section 2, lots 2, 3 and 4.
The works were commissioned by Romania's state railways.
The works consist in upgrading of the railway platform and total replacement of ballasts, sleepers and tracks. Lot 2 also involves rehabilitation of existing bridges and viaducts and construction of a new railway viaduct formed of seven spans measuring 33 meters each.
As regards this project, it must be noted that the preliminary design attached to the executed contract failed to implement the new anti-seismic regulations in force at a European level. During 2007, efforts were concentrated on bringing the project into line, especially as regards the part related to the Sarulesti viaduct. Delivery of the works could be subject to changes following amendments currently being made to the project. The total value of the contract amounts to approximately EUR 180 million.
Approximately 15% of works had been completed at December 31, 2007.
Note must also be taken of the project to construct two new passenger terminals (arrivals and departures) for the airport in Cluj Napoca, Romania's second city for the number of inhabitants.
The works were commissioned by the public airport company responsible for managing the airport. Delivery of the works is planned by May 2008.
The contractual value of these two projects amounts to approximately EUR 40 million.
30% of works had been completed by December 31, 2007.

Romania, Otopeni international airport in Bucharest.

The contract related to the Basarab Overpass project carried out by Astaldi as part of a joint venture, entails the design and construction of an urban viaduct in Bucharest with motorway features, measuring approximately 2km in length, on which tram lines also have to be installed.
The works also entail the construction of a cable stayed bridge with a span equal to approximately 250 meters in length and an arched steel bridge with a span measuring 120 meters in length.
The works were commissioned by the Municipality of Bucharest.
Delivery of the works is planned for the second part of 2009, but will probably be delayed due to the authority's difficulties in defining the occupation of the remaining areas concerned that are still not available.
The project's contractual value amounts to approximately EUR 120 million, of which 50% refers to Astaldi's stake.
While the contract related to the "Lia Manoliu" national stadium entails demolition of the existing national stadium and construction of a new, modern sports facility.
In 2007, the existing stadium was demolished and design activities continued.
The project's contractual value amounts to approximately EUR 140 million, of which 40% refers to Astaldi's stake.
Lastly, note must be taken of the fact that the project related to the construction of Lot 4 of the Bucharest-Constanta motorway measuring approximately 47km was completed during 2007.
The works were commissioned by Romania's National Road and Motorway Authority.
The contract's final value amounted to approximately EUR 90 million.
Note must also be made of the project related to Otopeni international airport in Bucharest. The framework contract executed in 1992 between Romairport, controlled by Astaldi, and the company responsible for managing Otopeni airport, now called Henri Coanda, saw performance of Phase 2 during 2007. Said works were suspended in October due to a lack of funding, and subsequently recommenced in February 2008 following the definition of integrative financing together with financing of Phase 3, which is currently in the designing stage.
The total value of the contract amounts to approximately EUR 320 million, of which approximately EUR 60 million refers to Phase 2A and approximately EUR 76 million to Phase 3.

Bulgaria

Bulgaria represents one of the areas of commercial expansion which Astaldi Group has been focusing on in recent years.
The design and construction of a new railway line along the Plodvid-Svilengrad section forming part of the Trans-European Corridor 4 is currently in progress.
The contract entails the design and performance of civil works as well as the permanent way and electrification of a new railway line measuring a total of 100km in length.
The works were commissioned by Bulgaria's state railways.
Delivery of the works is planned for December 2010.
Design activities were started in 2007 and works are scheduled to commence by the first half of 2008.

Turkey

Astaldi has been operating in Turkey for over 20 years where it has been involved in construction of most of the Anatolian Motorway, one of the best examples of what the Group is able to achieve in relation to motorways.
Indeed, the complete section of motorway measuring 110km, built by Astaldi, was virtually completed and delivered to the client in 2007. During the year of maintenance activities, in the presence of traffic, fine tuning of all the technological systems in the Bolu tunnel was commenced, while the last works involving regulation of the River Asarsuyu, which runs along the motorway route, still have to be completed. Upon final accounting of works, which will take all of 2008, definition of some economic items linked to the previous work phases will still have to be discussed.

America

Venezuela

Astaldi has been operating for over 20 years in this area where it has already successfully completed numerous initiatives, especially in the railway transport infrastructures sector, and where it has been recognized for many years as one of the main players in this sector, perfectly integrated into the local production fabric and a leading exporter of the Italian production model.
The success it has obtained is due not only to the technological solutions adopted, but also to the reliability it has shown with regard to performance timeframes and the quality of its works.
At the current moment, the Group is present in the area with a large number of projects in progress.
Important developments are expected, including in the short term, as a result of the intergovernmental agreements signed between the Italian and Venezuelan governments in December 2005.
As regards the projects in progress, they refer to four railway lines which, on the whole, aim to equip the central-southern part of the country with a transport system able to promote and support the economic development projects drawn up at a national level. Therefore, they are all priority works, of importance for the country's development. The projects in question are related to the Caracas-Tuy Medio, Puerto Cabello- La Encrucijada, San Juan de Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines. It must be noted that, as regards all these projects, Astaldi is present as the leader of an Italian joint venture involving Impregilo and Ghella, in which all three companies hold a 33.33% stake.
Last but not least, mention must be made of completion of the new underground line in the city of Los Teques, a project also known as Metro Los Teques.
It must be recalled that, in order to comply with the criterion adopted by Astaldi Group regarding the inclusion of orders in the backlog, reserved solely for contracts secured and financed in full, all these projects just as developments resulting from the aforementioned intergovernmental agreements, have still not been fully entered in the overall value of the Group's orders backlog insofar as they are included in *tranches*, on a pro quota and annual basis, against inclusion of the executed contracts in the state's budget.
More details regarding the individual projects in progress and the production activities performed during the year just ended are provided below.

Venezuela, Caracas-Tuy Medio Railway

Puerto Cabello-La Encrucijada Railway

The contract entails the construction of a railway line along the Puerto Cabello-La Encrucijada section, measuring approximately 108km in length.

Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles, in which Astaldi is the leader with a 33.33% stake, is responsible for construction of the line.

The total value of the contract amounts to EUR 3,000 billion (including “Option 10” signed in 2006, which entails the construction of stations and freight villages), of which one third refers to Astaldi’ stake.

Works started during 2002 are split into two lots, one situated in the mountains and one in the plains.

As regards the mountain lot, activities continued during 2007 with completion of excavation of all the tunnels included in the lot and continuation of the relative internal lining. Works to lay the foundations and construct the piers of the third viaduct were also completed and works for the fourth viaduct provided for in this lot were started up.

As regards the plain lot, earth movement works and activities to divert interfering subservices (electricity, water and gas) continued which allowed for completion of the foundations and piers of the second viaduct also envisaged for this lot.

38% of works included in the backlog to date had been completed at December 31, 2007.

Caracas-Tuy Medio Railway

The project related to construction of the Caracas-Tuy Medio railway line was completed with inauguration of the Caracas-Cua section on October 15, 2006 in the presence of the President of the Bolivian Republic.

Finishing activities only were carried out during 2007.

Los Teques underground

Consorcio Metro Los Teques, in which Astaldi holds a 30% stake, was set up to construct the Los Teques underground line.

The contract entailing construction of a light underground line measuring 9km in length, connecting Caracas with the city of Los Teques, had a total value of EUR 324 million.

All the main activities were completed culminating in the inauguration of the line in November 2006.

Finishing activities only were carried out during 2007.

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

These two contracts resulting from the Italo-Venezuelan intergovernmental agreements of 2005, were signed in June 2006 between IAFE and the Italian joint venture in which Astaldi is leader with a 33.33% stake.

The two projects entail construction of 452km of new railway lines, of which 15km of tunnels and 12km of bridges and viaducts, and include the design and installation of the permanent way, 13 stations, 3 freight villages and a maintenance workshop.

Specifically, the San Juan de Los Morros-San Fernando de Apure section runs along a route measuring approximately 252km, for a contractual value of EUR 1,218 million, a third of which refers to Astaldi’s stake.

During 2007, as regards the mountain lot, site installation and excavation of 2 tunnels were carried out as well as part of the earth movement works. While, as regards the plain lot, earth movement works were started and site installation completed.

12% of the works included in the backlog to date, had been completed at December 31, 2007.

The Chaguaramas-Cabruta section runs for 201km and has a contractual value of EUR 573 million, of which a third refers to Astaldi’ stake.

Site installation for this project was completed during the year, and earth movement activities commenced in three areas. Work on laying the viaduct foundations was also started.

30% of the works included in the backlog to date has been completed at December 31, 2007.

Bolivia

Works related to construction of the El Tinto–San José road were started in 2007 as well as those related to the contract to construct 15 bridges along the Roboré–El Carmine section.

Delays were recorded for the first project mentioned above due to some project changes currently being defined which have entailed review of the contractual construction period that is currently being discussed

with the client. According to the new timeframe, approximately 50km of road should be completed by December 2008. The remaining 30km, located in an area subject to flooding for much of the year, will only be completed as regards earth movement activities in order to allow vehicle transit and greater stability of the embankment. The road surface will be completed subsequently in the second half of 2009.
While as regards the bridges to be constructed along the Roboré–El Carmine section, delays have arisen due to the failure to deliver some areas which has meant an extension of the construction timeframe. The contract should, in any case, be completed by December 2008.
Additional projects in the road and water sector are currently under examination, and new developments are expected in this regard as from 2008.

Central America
As regards Central America, in 2007 the Group carried out activities mainly in Honduras, El Salvador, Costa Rica and Nicaragua, while in Guatemala and Panama, it is only taking part in various calls for tenders.
The construction of large infrastructures in these countries is traditionally generated by the public sector. In the short term, the Group will take part in calls for tenders financed by the Inter-American Development Bank (BID), the Central American Bank for Economic Integration (BCIE) and the World Bank (BIRF) and, some important infrastructure projects in Nicaragua could be financed through Venezuelan government funds, including the Rio Blanco-Siuna road.
Honduras, Nicaragua and El Salvador have been considered eligible for the US's Millennium Fund and each country will benefit from financing calculated at 200 to 300 million dollars, which will be used in part to improve the road network.
Due to market opportunities, tradition and capacity, Astaldi has dedicated itself mainly to road construction in this area which is, however, a sector where it is becoming increasingly difficult to operate given the growing competitiveness of local businesses, involved above all in non high-value projects. Therefore, in 2007, Astaldi worked to obtain a major result as regards diversification of activities.
The road sector represented approximately 40% of the area's total production. The works performed included the Carretera Taulabé La Barca (in Honduras) and the Carretera Chinandega Corinto (in Nicaragua).
The hydraulic works sector accounted for 30% of production, mainly referred to construction of the Managua trunk sewer, which proved to be the area's project with the best margin in 2007.
As regards hydroelectricity (20% of total production), the electricity demand which, unfortunately, these countries are unable to deal with, seems to be on the rise. The Group is present in Costa Rica with a hydroelectric project linked to the Pirris Dam, whose contractual value is approximately USD 112 million.
As regards the civil construction sector, in 2007, works continued on the Ilopango Hospital Project in El Salvador which contributed to this sector accounting for the remaining 10% of production.
Lastly, it must be noted that commercial development activities are continuing which see the involvement of Astaldi in various calls for tenders, one of which led to it being awarded the San Miguel Hospital project at the start of 2008.

United States (Florida)
All Astaldi Group's activities inside the United States are developed by Astaldi Construction Corp., a company subject to US law and 100% owned, both directly and indirectly, by Astaldi S.p.A.
Therefore, please refer to the section of this report dedicated to this company for more information regarding activities carried out.

Africa

As regards the African continent, Astaldi is present solely in the Maghreb and mainly in Algeria.
A detailed analysis of the activities carried out can be found below.

Algeria

2007 represented an extremely intensive period for Algeria, both from an operating and commercial view point, accompanied by a process of streamlining human and industrial resources.

Therefore, the Group's interest in this area was confirmed, also in light of the major program of state investments in progress, mainly in the transport infrastructures sector.

Careful commercial monitoring is continuing, and at the same production activities are increasing which, for the coming years, will allow the area to make a significant contribution to the Group's activities.

Some details regarding the individual projects developed in this area are listed below.

Mecheria-Redjem Demouche railway

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

The railway line will run for approximately 140km, connecting the two cities of Mecheria and Redjem Demouche, located in the south-west of Algeria.

Production activities in 2007 comprised the supply of laying equipment, civil works and earth movement works.

The value of the contract as regards Astaldi' stake is approximately EUR 123 million.

28% of works had been completed at December 31, 2007.

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

The project entails construction of the Ouedd Fodda-Khemis Miliana section of the motorway link along the coastal section between Tunisia and Morocco, also known as the East-West motorway.

Activities performed during 2007 comprised the construction of foundation piles, plinths, piers, dosserets, decks and slabs of works such as viaducts, overpasses and underpasses.

During the year, a significant addition to the contract worth EUR 50 million was also approved, which assigned a further 5 viaducts to Astaldi as well as additions to works already assigned. Said addition to the contract brought Astaldi' stake to EUR 94 million.

86% of works had been completed at December 31, 2007.

Jijel tunnel

The project entails construction of the Jijel road tunnel measuring 620 meters in length.

Excavation, consolidation and waterproofing works of the tunnel were completed during 2007.

An amendment worth approximately EUR 1 million was also approved in relation to reconstruction of the

Venezuela, Kramis Dam

tunnel's west entrance which brought Astaldi' stake of the contract to EUR 14 million.
A further amendment is currently being approved in order to bring the tunnel's technological systems into line with European standards.
95% of works had been completed at December 31, 2007.

Kerrada dam

The project entails construction of an earth dam and related intake and tailrace works.
The activities performed during the year mainly involved the laying of steel pipes, earth movement works related to the dam and diversion, drainage and consolidation works.
A major contractual amendment worth approximately EUR 21 million is currently under approval which, together with the contract's current value of EUR 61 million, will bring Astaldi' stake to approximately EUR 82 million.
49% of works had been completed at December 31, 2007.

Akbou – Bejaia water system

The project entails construction of the external water system linking the cities of Akbou and Bejaia in the area to the east of Algiers.
The activities performed during the year involved part of the supply of BPAT pipes produced in a local factory set up by Astaldi, civil works related to the water treatment plant and laying of a section of steel pipes.
Astaldi' stake of the basic contract amounts to EUR 59 million, but two amendments worth a total of EUR 51 million are currently being approved (due to significant amendments to the work's original purpose), which will bring Astaldi's total stake to EUR 110 million.
54% of works had been completed at December 31, 2007.

Hamma water system

The project entails construction of 4 lots of a water system inside the city of Algiers, starting with a desalination unit.
The activities performed during the year involved laying of the aforementioned pipes and construction of an arrival tank for one of these lots.
The value of the current contract is EUR 57 million, but an amendment worth EUR 18 million is currently being approved which will bring the total contract value to EUR 75 million.
52% of works had been completed at December 31, 2007.

Kramis dam

As regards the Kramis dam, it must be noted that the work was delivered in January 2005 and the maintenance activities provided for in the contract are currently being performed.

Morocco

All the projects in this area have been virtually completed with the exception of the Rocade Mediterranéenne road, delivery of which is scheduled for 2008.

Asia

By way of introduction, it must be noted that activities in Qatar and Saudi Arabia continued during 2007 and, at the same time, a branch office was opened in Abu Dhabi in order to guarantee greater control of these areas which offer significant commercial opportunities.

Qatar

Astaldi is present in the two industrial areas of Ras Laffan and Mesaieed, located respectively to the north and to the south of the capital Doha.
As regards activities in the Ras Laffan area, after having successfully completed the G.T.L. (*Gas-To-Liquid*) plant, resources in 2007 were concentrated on performing and largely completing the civil works of a part of the L.N.G. (*Liquefied Natural Gas*) plant, on behalf of Fluor. As regards the future, there are good possibilities of securing new works in this area.
In the Mesaieed area where Astaldi is performing works related to expansion of an L.L.D.P.E. (*Linear Low Density Polyethylene*) plant, activities continued and, despite difficulties linked to the availability of resources and engineering-related problems (the responsibility lies with Snamprogetti), civil works were virtually completed with the sole exception of ventilation and air conditioning systems. During the second part of the year, assembly of the metal frames supporting the plant's pipes was started, completion of which is planned by December 2008.

Saudi Arabia

Astaldi's activities remaining focused on the GOSP (*Gas&Oil Separation Plant*) in Khurais for all of 2007. Astaldi is involved in said project with regard to performance of a part of the civil works, on behalf of Aramco, as a subcontract of the EPC contractor, Snamprogetti.
All the prefabricated parts were completed during the year as well as the nine main buildings, and works on the nine secondary buildings, located outside the main plant area, were also started.
The works are expected to be largely completed by July 2008.
Studies and negotiations are underway for the acquisition of other works in the oil&gas sector with Snamprogetti and directly with Aramco, in relation to projects going ahead in the Persian Gulf area.

United Arab Emirates

A branch office in Abu Dhabi was opened during the year following a resolution passed by Astaldi's Board of Directors. The operation required lengthy preparations as regards the choice of sponsor and formulation of documentation required by the complicated local bureaucracy. Astaldi's intention, as regards the emirate of Abu Dhabi, whose development plan up to 2030 offers significant opportunities for international groups, is to start by establishing a direct partnership with the local authorities responsible for infrastructure development and with developers at the first stage of project development.
This ambitious program, if brought ahead, will allow Astaldi to promote direct knowledge of the country's problems prior to construction activities, without having to face excessive costs during the start-up phase and limiting future risks.
In Autumn 2007, negotiations with a important local group were entered into, aimed at establishing a mixed company to develop works in Dubai and in the smaller emirates. The negotiations, which lasted all winter, reached a point which makes it possible to forecast a real start-up of activities in 2008.

The main Group companies

Astaldi Construction Corp.

Astaldi Group's activities in this area are carried out by Astaldi Construction Corporation, a company operating under US law and 100% owned, both directly and indirectly, by Astaldi S.p.A.
The reference geographical area can be identified with the south of Florida, both the east coast (Miami, Fort Lauderdale, West Palm Beach, Stuart and Port St. Lucie), and the west coast (Naples, Tampa).
The type of works currently performed can be split into two main categories: road works performed on behalf of the Florida Department of Transportation and local administrations, and works related to water purification and treatment plants performed on behalf of the South Florida Water Management District and municipalities and counties.
The remaining orders backlog amounts to USD 47.1 million.
As regards the company's performance, 2007 recorded a turnover slightly in excess of USD 50 million. The year's economic performance was conditioned by the occurrence of some irregularities related to works performed in the past for contracts in progress. In some cases, extended performance timeframes are envisaged, also as a result of the need to review some phases which had a knock-on effect on figures, also due to clients' requests for refunds. Negotiations with clients were successfully started up during the first two months of 2008, aimed at reducing the impact of these events and hence, it is expected that said phenomenon will not have any economic effects on the 2008 financial statements.
All the projects secured prior to 2006 were in any case completed during 2007 with the exception of I-95 (road works for FDOT) and Tropical Farms (water treatment plant), which will be delivered by the first half of 2008. Therefore, works secured subsequently to 2006 are still to be completed, which, form an earnings profile, recorded a highly positive performance.
Procedures to handle contractual litigation were started up and are now grounded, also from a legal aspect, for all completed works. Specifically, note must be taken of formalization of claims for the Pasco (pumping station) and Bonita Springs (road works for FDOT) contracts for which claims to acknowledge the greater costs incurred were submitted.
In 2007, management of litigation generated some good results such as the out-of-court settlement for the PGA Boulevard contract with a positive result compared to the previous estimates, as well as the settlement of various minor suits.
The two road contracts secured in 2006 – Immokalee and Santa Barbara – generated satisfactory, better

US (Florida), I-95 Highway (West Palm Beach).

US (Florida), PGA Boulevard.

results than expected, both in terms of economic performance and compliance with contractual timeframes. The excellent level of operating management combined with the support of information systems for contractual management and cost control, made it possible to achieve said results and represent a cornerstone for the management of future activities.
Lastly, ACC developed procurement activities on the US market in favor of various group areas during 2007. Procurement of machinery and material for approximately USD 6 million was defined and finalized during the year, with gradual extension of said activities to logistic support of contracts in Central America (consultancy and evaluation of machinery, spare part management and market research for procurement of material). Said activity allowed for extensive monitoring of the potential of the local market. Organized relations were established with the leading concessionaires of key US manufacturers and the development of activities could lead to formalization of ACC's role as a local concessionaire by some leading national manufacturers, with obvious benefits at a Group level.
Complete reorganization of the company has now been completed with termination of streamlining of site facilities, significant professional growth and complete retention of project managers and the introduction of some key figures for procurement & purchasing and human resource management.
It was decided to limit additional contract acquisitions in order not to distract resources from the efforts being made to complete works in progress. Specifically, 2007 saw major downsizing as regards involvement in calls for tenders, with some important exceptions aimed at consolidating partnerships with designers and subcontractors or at confirming ACC's presence in some specific sectors of the market.
The negative trend of the US economy and consequent increase in caution as regards the employment of funds by administrations will most likely generate a smaller number of opportunities for securing works in 2008, in favor of more frequent requests for prefinancing formulas. Astaldi Construction Corporation has, in any case, identified the main targets as regards acquisitions for the near future which also concern interesting development opportunities in the national market's growing interest in PPP projects, a sector where the Group can boast significant experience.

Astaldi Arabia Ltd.

The company's purpose is the performance of projects in the Middle East and specifically in Saudi Arabia and Qatar, and hence the company's activities have been described in detail above in the section dealing with these areas.

Italstrade IS S.r.l.

In December Astaldi S.p.A. transferred a branch of business of the company to the 100% owned Italstrade IS S.r.l., thus performing a transaction between companies subject to common control and hence outside the area of application of IFRS 3.
In this regard, it must be said that within the broader context of the business and organizational policies promoted by the company, some activities with the purposes listed below were separated in order to complete and integrate the merger by incorporation of Italstrade S.p.A., performed in 2006, and in order to achieve systematic, structural reorganization of subsidiary companies through the transaction involving transfer of a branch of business:
1) the winding-up phases of the industrial process related to shareholdings held in ad-hoc companies;
2) activities related to foreign branches that have completed their production phases (especially the branches set up in Morocco and Albania).
The aims of this transaction can be linked to the opportunity of making strategic choices with the main purpose of streamlining – as regards size, quality and operating phases – the organizational and corporate structure of Astaldi Group by grouping the aforementioned bodies in the process of being wound up under a sole centre responsible for management.
The reasons for this choice lie in the belief that separation of the relative corporate bodies by playing on entrusting specific management responsibilities to bodies with their own operating and managerial independ-

ence will make it possible to achieve more satisfactory results in terms of efficiency and value for money.

Human resources and organization

During 2007, the Group's efforts were focused on optimizing and retaining workers, but also in improving the professional areas in which the presence of highly qualified staff is indispensable in order to guarantee sustainability of the Group's growth processes marked out for the coming years during business planning.
On the basis of this awareness, in keeping with the need to cater for the growing requirement of qualified staff as envisaged in the business plan, the human resources management policy pursued during 2007 comprised three main lines of action, i.e.:

- continuation of the strategic and ethical commitment, which has always been a hallmark of Astaldi Group, with regard to safeguarding the wealth of skills and know-how it possesses, promoting correct, fair management of internal mobility and expansion along internal lines through career routes planned in relation to individual potential, aptitude and performance;
- increase in staff with qualified, tested professional profiles, originating from the foreign market, in order to satisfy, in the next future, the increasing need for staff which can no longer be satisfied by available internal staff members. Indeed, it is important to highlight that the need to increase numbers along external lines is solely due to the real need to increase staff numbers, in line with the development requirements set forth in the business plan. Said goal was pursued in 2007 by increasing recruitment activities, differentiating and multiplying search channels (press, computer, direct search) and by creating an area within the institutional website dedicated to job opportunities, which makes it possible to manage the increasing number of spontaneous applications more successfully. The result of said efforts can be quantified in the increase of over 11% in staff numbers compared to the previous year;
- inclusion of high-potential new graduates in order to satisfy the need for qualified professional profiles to be inserted into key project management roles, with specific reference to the technical-performance and control-management project sectors. The young new graduates, mainly in technical-engineering and economic-financial subjects, are included in technical-specialist training courses (project management techniques, project engineering, project control, contract law, economic-financial management instruments and similar) designed on the basis of Group requirements and individual areas of expertise. Theory is followed by on-the-job flanking of senior, experienced profiles in order to facilitate the transfer and sharing of corporate know-how, promote the generational turnover and train the Group's future managers in the medium term. During 2007, young people whose joining of the Astaldi Group represented their first professional experience totaled 38.5% of new employees.

Safety, environment and quality

During 2007, in view of the increasing attention paid to the social and environmental problems which the Group interacts with while performing its activities, the project to further integrate and make clear, within the corporate management system, issues related to the management of occupational health and safety and the environment was completed.
ISO 9001:2000 regarding corporate quality systems, OHSAS 18001:1999 regarding occupational health and safety management systems and ISO 14001:2004 regarding environmental management systems were adopted as reference standards when redefining the organizational model issued in January 2007.
Said methodological approach on a voluntary basis was then implemented and made operational with regard to projects recently acquired and started up in

Italy and abroad. The process of implementing and developing such approach in relation to all other projects in progressis currently underway.
The aim is to have completed said transfer of methodology to all Astaldi projects by the end of 2008/first half of 2009.
At the same time, in order to check the model's correct approach and relative state of development, DNV, the certifying body, was asked to perform a specific assessment of the model's HSE (Health, Safety and Environmental) components which was started in October 2007 and completed in January 2008.
The HSE assessment concerned a foreign project – the Pirris dam in Costa Rica – and a project developed in Italy – the Turin rail link – both of which are considered representative of the level of application of the adopted model, as well as activities carried out at the company's offices in Via Bona.
The operating instrument used by DNV was the International Contractor Safety Rating System – ICSRS – which DNV holds the relative copyright of.
The ICSRS is an instrument based on an assessment method containing the requisites related to management activities and best practices typical of HSE management systems, specifically designed to cater for the needs of contracting firms and able to offer management support with regard to decisions concerning HSE risk management.
The reports formulated by DNV in February 2008 highlighted some opportunities to improve the model which, excluding these, nevertheless complied with the requirements of OHSAS 18001 and ISO 14001.
Studies are currently underway to identify the most suitable organizational and methodological solutions in order to make the necessary amendments to the model and implement the highlighted improvements.
Lastly, it must be noted that, independently of the aforementioned HSE assessment activities, DNV also successfully performed periodic auditing activities during 2007 for the purpose of maintaining the ISO 9001:2000 certification issued.

Privacy and data protection

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

Corporate Governance Report

Introduction

The corporate governance model adopted by Astaldi S.p.A. proved once again to be in line with the principles contained in the *Code of Self-Discipline for Listed Companies,* – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and integrated – with the relevant recommendations formulated by CONSOB, and more generally speaking with best practices at an international level.
In compliance with the instructions issued by Borsa Italiana S.p.A., Astaldi's corporate governance model is described below, in light of the principles contained in the Code in question, updated with main events subsequent to the close of 2007
It must be noted that, as will be detailed in the report in question, updating of the corporate governance related to enforcement of the new *Code of Self-Discipline for Listed Companies* of March 2006 was completed, and that the Company's By-laws were subsequently updated in compliance with the provisions contained in the savings protection law (Italian Law No. 262/2005), as integrated by Italian Legislative Decree No. 303/2006, with specific reference to composition of the Board of Directors and election procedures, appointment of the "Executive appointed to draft corporate accounts" and composition of the Board of Auditors and relative election procedures.

Company shareholders

Astaldi' share capital amounts to EUR 196,849,800 split into 98,424,900 ordinary shares of a nominal value of EUR 2 each.
Astaldi' shareholder structure is made up of approximately 7,000 holders of ordinary shares.
According to the information contained in the Shareholders' Register, integrated with statements received pursuant to Article 120 of Italian Legislative Decree No. 58 of February 24, 1998, and other information at our disposal, the direct shareholders who, at March 17, 2008 are listed as owning more than 2% of the fully paid up share capital represented by shares with voting rights, are as follows:

Main Shareholders

Declarant	Direct shareholder	No of shares	%
FIN.AST S.r.l.	FIN.AST. S.r.l.	38,752,595	39.3%
	Finetupar International S.A.	12,327,967	12.5%
		51,080,562	51.8%
Pictet Asset Management Limited	Pictet Asset Management Limited	5,063,242	5.1%
		5,063,242	5.1%
Odin Forvaltning AS	Odin Forvaltning AS	4,836,240	4.9%
		4,836,240	4.9%
Ratio Asset Management	Ratio Asset Management	2,092,438	2.1%
		2,092,438	2.1%
	Total	63,072,482	63.9%

Astaldi is not subject to "management and coordination" by some of its shareholders insofar as the company's Board of Directors takes all opportune decisions related to management of the company's activities, in full and complete independence.
It must be noted that the Shareholders' Meeting of May 2, 2007 approved a treasury share buy-back plan, pursuant to article 2357 et seq. of the Italian Civil Code and article 132 of Italian Legislative Decree No. 58 of February 24, 1998, for a 12-month period (and hence expiring on May 2, 2008), which provides for the possibility of:

- purchasing ordinary treasury shares within a revolving maximum of 9,842,940 shares of a nominal value of EUR 2 each, at a unitary price of no less than EUR 2 and no more than the average value during the last 10 days of trading prior to the day of purchase, increased by 10%, with the further restriction that the amount of shares must not exceed EUR 24,600,000.00 at any given moment (without prejudice to the limits of profit that can be distributed and available reserves, pursuant to article 2357, paragraph 1 of the Italian Civil Code);
- selling shares purchased at a unitary price of no less than the average value during the last 10 days of trading prior to the date of sale, reduced by 10%.

The plan in question also provides for the Board of Directors to be authorized to dispose of treasury shares through exchange and/or awarding transactions provided that the value of shares in relation to said transactions is not lower than the average book value of treasury shares held. Treasury shares can also be used for stock grant and/or stock option plans, departing from, in this case, the aforementioned criterion for calculating the sale price which, in any case, may not be lower than the so-called "normal value" provided for in tax legislation.
The Board of Directors is also authorized to perform share loan transactions – in which Astaldi S.p.A. acts as lender – in relation to treasury shares.
To execute the aforementioned resolution, during 2007, the company acquired 386,981 treasury shares as from the date of the aforementioned resolution passed by the Shareholders' Meeting of May 2, 2007, and held 900,000 treasury shares at December 31, 2007.

Board of Directors (Articles 1 - 3 of the Code)

Composition and term of office

According to the provisions set forth in Astaldi's By-laws, the Board of Directors may comprise any number of members from 9 to 15, appointed for a period of no more than three years, that may be re-elected upon expiry of their term of office.
The Board of Directors of Astaldi, appointed on May 2, 2007 and whose term of office expires upon approval of the financial statements for the year ending December 31, 2009, currently comprises thirteen members.
Listed below are the names of each director with their relative characteristics checked by the Board of Directors upon appointment of the directors in office (May 2, 2007), with the Board of Auditors' positive opinion:

Members of the Board of Directors

Name and Surname	Office	Characteristics
Ernesto Monti	Honorary Chairman	Non-executive Independent pursuant to T.U.F.
Vittorio Di Paola	Chairman	Executive
Paolo Astaldi	Deputy Chairman	Executive
Giuseppe Cafiero	Chief Executive Officer	Executive
Stefano Cerri	Chief Executive Officer	Executive
Caterina Astaldi	Director	Non-executive/Non-independent
Pietro Astaldi	Director	Executive
Luigi Guidobono Cavalchini	Director	Non-executive/ Non-independent
Franco A. Grassini	Director	Non-executive Independent pursuant to T.U.F. and code of self-discipline
Mario Lupo	Director	Non-executive/Independent
Nicola Oliva	Director	Executive
Maurizio Poloni	Director	Non-executive Independent pursuant to T.U.F. and code of self-discipline
Gian Luigi Tosato	Director	Non-executive Independent pursuant to T.U.F. and code of self-discipline

In accordance with the provisions set forth in Article 1.C.2 of the current Code of Self-Discipline, the offices of director or auditor held by each director in other companies listed on regulated markets, including foreign markets, in financial, banking or insurance companies or other large size companies, are listed below:

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

Name and Surname	Other activities performed pursuant to Article 1.3 of the Code of Self-Discipline
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Company Director of Unicredit-Banca di Roma S.p.A., EnerTad S.p.A. and Eutelia S.p.A. and Europoligrafico S.p.A.
Vittorio Di Paola	—
Paolo Astaldi	Chief Executive Officer of Fin.Ast. S.r.l.; Company Director of ATMOS Wind S.p.A.
Giuseppe Cafiero	—
Stefano Cerri	—
Caterina Astaldi	Company Director of Fin.Ast. S.r.l.
Pietro Astaldi	Company Director of Fin.Ast. S.r.l. and Finetupar International S.A.
Luigi Guidobono Cavalchini	Chairman of the Board of Directors of Unicredit Private Banking S.p.A.
Franco A. Grassini	Chairman of the Board of Directors of Marche Capital S.p.A.
Mario Lupo	—
Nicola Oliva	—
Maurizio Poloni	—
Gian Luigi Tosato	Honorary Chairman of Ericsson Telecomunicazioni S.p.A. and Company Director of MEMC Electronic Materials S.p.A.

In this regard, it must be noted that the Board of Directors, during the meeting of November 13, 2006, identified the general criteria adopted by the Company in relation to the maximum number of offices of director or auditor that the Company Directors may hold in other companies listed on regulated markets (including foreign markets), in financial, banking or insurance companies or other large size companies, as provided for in Article 1.3 of the Code of Self-Discipline.
Specifically, the Board of Directors resolved as follows:

- the maximum number of offices for non-executive and independent directors shall be 6;
- the maximum number of offices for executive directors shall be 4.

For the purpose of calculating the above number, the offices of director or auditor performed by Astaldi S.p.A. directors within Group companies shall not be taken into account.

Role of the Board of Directors

The Board of Directors plays a key role within the company's organization. It is responsible for the company's strategic and organizational policies, as well as for ensuring that necessary checks are in place to monitor the performance of the Company and the Group.
In this context, on the basis of the provisions set forth in article 1.C.1 of the Code of Self-Discipline, the Board of Directors:
a) examines and approves the strategic, financial and business plans of the Company and of the Group as well as the Company's corporate governance system and the Group structure;
b) assesses the suitability of the general accounting, administrative and organizational structure of the Company and its subsidiaries of strategic importance, formulated by the CEOs, with specific reference to the internal auditing system and management of conflicts of interest;
c) determines, having reviewed the proposals put forward by the specifically appointed committee and having heard the Board of Auditors, the remuneration of the CEOs and of other directors with specific duties;
d) assesses the general trend of operations;
e) assigns and revokes powers granted to CEOs, defining restrictions and means of exercise; it also establishes the frequency, in any case not greater than three-monthly, with which the appointed bodies must report to the board on activities performed in exercise of the powers granted them;
f) examines and approves preliminarily the transactions of the issuer and its subsidiaries when said transactions are of strategic, economic, equity or financial importance for the issuer, with specific reference to transactions with related parties.
In this regard, it must be noted that the Board of Directors has established general criteria for identifying "transactions with related parties" of strategic, economic, equity or financial importance, as specified further on. While as regards this type of transaction performed with parties other than "related parties", the Board has not established any general criteria, reserving the right to review the transactions on a case-by-case basis.
In accordance with provisions set forth in the By-laws, 7 meetings of the Board of Directors were held during 2007, with a limited number of absences by Company Directors and Auditors, all of which were justified.
In compliance with stock exchange regulations in this regard, the Board of Directors approved and subsequently transmitted to Borsa Italiana S.p.A., in relation to 2008, a calendar of the dates of the next BoD meetings to approve draft financial statements, the half-yearly report and quarterly reports, as listed below:

Calendar of forthcoming Board of Directors meetings

Date	Meeting	Purpose
February 13, 2008	Board of Directors	Approval of quarterly report (Q4 2007)
March 27, 2008	Board of Directors	Approval of draft financial statements (FY 2007)
April 15, 2008	Board of Directors	Approval of business plan
April 23, 2008	Shareholders' Meeting	Approval of financial statements (FY 2007)
May 14, 2008	Board of Directors	Approval of quarterly report (Q1 2008)
August 6, 2008	Board of Directors	Approval of half-yearly report (January-June 2008)
November 12, 2008	Board of Directors	Approval of quarterly report (Q3 2008)

The activities of the Board are coordinated by the Chairman. He calls the board meetings and provides guidance as to how these should be run, making sure that Directors are given with sufficient notice – except in cases of necessity or urgency – all the documentation and information needed for the board to express itself in an informed manner on the issues being examined.
It must be noted that the powers assigned to the CEOs, in the Board of Directors resolution of May 2, 2007, provide for Stefano Cerri to deal mainly with development of activities and pursuit of the Group's growth targets, and for Giuseppe Cafiero to deal mainly with business activities.
It must be recalled that the during the meeting of July 31, 2007, the Board of Directors appointed Paolo Citterio, General Manager – Administration and Finance, as the Executive appointed to draft corporate accounts.
Lastly, it must be noted that since the conditions as per the Code of Self-Discipline (art. 2.C.3) do not exist, the figure of lead independent director is not provided for.
Indeed, the Chairman of the Board of Directors does not have powers which assign him responsibility for the Company's management, nor does he control the Company.

Appointment of directors (Art. 6 of the Code)

The Board currently in office did not consider it necessary to set up a Committee for the appointment of directors given that, to date, there are no difficulties in arranging the candidatures to fill company offices.
In this regard, it must be noted that, pursuant to the provisions contained in Italian Law No. 262/2005 (the so-called "Savings Law") and Italian Legislative Decree No. 303/2006 (the so-called "Corrective Decree"), the system of list voting in relation to appointment of the Board of Directors has been introduced into the By-laws.
Specifically, the By-laws provide for shareholders who, alone or together with other shareholders involved in filing the list, hold total shares representing at least 2.5% of the share capital (i.e. the smallest amount provided for in applicable law provisions or regulations), with voting rights for the Ordinary Shareholders' Meeting, to be entitled to file lists.
Still in accordance with the By-laws, the lists, subscribed by the parties filing them and containing the indications provided for by law, must be filed at the company's offices, to be consulted by whoever requests to do so, at least 15 days prior to the date set for the shareholders' meeting in first call. The lists

are made available to the public, adopting the procedures provided for in applicable legislation.
Company directors are elected as follows:

- a number of Directors equal to the total number of Board members established by the Shareholders' Meeting minus one are taken from the list which obtained the greatest number of votes, in the order in which they appear on the list.
  In the event of no list obtaining a greater number of votes than the others, the Shareholders' Meeting must be reconvened for a new vote to be held pursuant to this article;
- one Director, in the person of the candidate indicated with the first number on the list is taken from the list obtaining the second greatest number of votes and not linked, on the basis of criteria provided for in current regulations regarding the election of minority auditors, to the shareholders that filed or voted the list obtaining the greatest number of votes. In the event of several minority lists obtaining the same number of votes, the eldest candidate among those listed in first position on the lists obtaining an equal number of votes shall be elected.

For the purpose of electing directors, the lists which fail to achieve a percentage of votes equal to at least half of those required for the purpose of filing lists shall not be taken into account.
In the event of a single list being filed or no lists being filed, the Shareholders' Meeting shall resolve adopting the majorities provided for by law, without observing the aforementioned procedure.

Remuneration of directors (Art. 7 of the Code)

The company appointed a Remuneration Committee and possible stock option plans and share allocation, set up by the Board of Directors of February 5, 2002, which, in compliance with art. 7.C.3 of the Code of Self-Discipline, is responsible for:

- putting forward proposals to the Board regarding remuneration of the CEOs and individuals performing special duties, as well as, upon the indication of the CEOs, determination of criteria for the remuneration of top-ranking company managers, monitoring application of the decisions adopted by the Board;
- putting forward proposals regarding any incentive plans reserved for directors, employees and consultants;
- putting forward proposals and ensure that any information disclosed to shareholders and the market guarantees the necessary transparency of the mechanisms used to determine the remuneration of company executives, in compliance with current regulations governing corporate information and, in any case, according to the best practice of financial markets;
- expressing opinions on the issues submitted from time to time by the Board of Directors regarding remuneration and all other inherent or related matters.

The Remuneration Committee currently comprises three non-executive directors, the majority of whom are independent, as per the table below:

Remuneration Committee

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

The Committee met twice during 2007, minutes of which were duly recorded, during which it performed consulting functions, specifically with regard to:

- defining the emolument, pursuant to Art. 2389, paragraph 3 of the Italian Civil Code, to be paid to the Chairman, Deputy Chairman and CEOs;
- defining the Company's Incentive Plan for the 2007-2009 three-year period, as described below.

In order to perform its duties as described above, the Committee had access to all necessary information through the various relevant corporate departments, with the assistance of the Head of the Legal and Corporate Affairs Department.
The Shareholders' Meeting of June 27, 2007 approved the guidelines of the company's "Incentive Plan" for the 2007-2009 three-year period, as previously defined during the Board of Directors' Meeting

of May 14, 2007, upon the proposal of the Remuneration Committee Meeting of May 11, 2007. Subsequently, the Board of Directors' Meeting of September 27, 2007 approved the relative regulations to implement the Plan.
Specifically, the Plan in question is based on a stock granting system which provides for the assignment of Astaldi S.p.A. shares to three top managers, executive company directors, recipients of operating powers, to be distributed over three years following checking by the Board of Directors of attainment of the targets set by the Board.

Internal auditing system (Art. 8 of the Code)

The company's internal audit system provides for the presence of an Internal Auditing Committee.
Said committee, set up by the Board of Directors on February 5, 2002, makes proposals and offers consulting services to the Board of Directors with regard to monitoring the general trend of the company's operations.
In compliance with the provisions contained in Articles 8.C.1 and 8.C.3 of the Code of Self-Discipline, the Internal Auditing Committee is responsible for:
a) assisting the Board of Directors in defining the guidelines for the internal auditing system and corporate risk management system;
b) assisting the Board of Directors in identifying an executive director appointed to supervise functionality of the internal auditing system;
c) assisting the Board of Directors in assessing the suitability, efficiency and actual functioning of the internal auditing system;
d) assessing, together with the executive appointed to draft corporate accounts and auditors, the correct use of accounting standards and their homogeneity for the purposes of drafting the consolidated financial statements;
e) at the request of the appointed executive director, expressing opinions of specific aspects related to identification of the main corporate risks as well as planning, creation and management of the internal auditing system;
f) assessing the work plan prepared by individuals in charge of internal auditing as well as the regular reports drafted by them;
g) assessing proposals put forward by auditing firms to obtain assignment of the relevant auditing job, as well as the work plan drawn up for the audit and the findings detailed in the report and letter of recommendations;
h) supervising the efficiency of the auditing process;
i) reporting to the board, at least on a six month basis, on the occasion of approval of the financial statements and half-yearly report, on the activities carried out and the suitability of the internal auditing system;
l) fulfilling other tasks it may be assigned by the Board of Directors.

The Committee meetings are attended by the Chairman of the Board of Auditors or an auditor appointed by him; individuals that are not members of the Committee may attend meetings at the Committee's invitation. The Internal Auditing Officer serves as Secretary of the Committee, drafts minutes of the meetings and assists the Committee in performing its duties.
The Committee currently in office, appointed by the Board of Directors on May 2, 2007, is as follows:

Internal Auditing Committee

Mario Lupo (Chairman)	executive/independent
Luigi Guidobono Cavalchini	non-executive/non-independent
Franco A. Grassini	executive/independent

The committee held four meetings in 2007 during which it performed auditing activities and tackled various issues including the following which were of most interest:
- it examined and approved the work schedule of the Internal Auditing Officer and was constantly informed by the latter of internal auditing activities planned and implemented during the year;
- it took note of the findings of audits performed, adopting the same operating methods as for the previous year (monitoring of the main business processes involved in performance of a contract), fin-

ding the company's internal auditing system to be suitable, perfectly functional and efficient;
- it voiced a favorable opinion on the proposal formulated by the auditing firm to obtain extension of its assignment for the 2008-2010 three-year period;
- it performed, on the basis of the results of the consolidated financial statements at December 31, 2006, checking of correct application of the principles for identifying subsidiaries of "strategic importance", pursuant to and for the effects and purposes of the provisions contained in art. 165, paragraph 1, Italian Legislative Decree No. 58/1998 and art. 151 of CONSOB Regulations No. 11971 of September 14, 1999 as subsequently amended, ascertaining compliance with the limits provided for by law;
- it analyzed company activities performed in order to comply with Italian Law No. 262/2005;
- it performed – in the presence and with the involvement of the Executive appointed to draft corporate accounts and the independent auditing firm – checking of the correct use of accounting standards and their homogeneity for the purpose of drafting consolidated financial statements, and expressed its positive opinion on the work schedule formulated for auditing of the 2007 financial statements;
- it was kept constantly up-to-date on company activities performed pursuant to Italian Legislative Decree No. 231/2001, and more specifically on updating of the Organization, Management and Control model following legislative changes introduced as well as changes in the Company's organizational structure.

During the meetings of September 27, 2007 and March 27, 2008, it reported to the Board of Directors on activities respectively performed during the first and second halves of 2007.

In light of the provisions contained in art. 8.C.1 of the Code of Self-Discipline, during the meeting of November 13, 2006, the Company's Board of Directors appointed CEO Stefano Cerri as the "*executive director appointed to supervise functionality of the internal auditing system*" who performs the duties as per art. 8.C.5 of the Code in question.

The company also has an Internal Auditing Service, managed by the Internal Auditing Officer who from an hierarchical viewpoint reports to the Company's Board of Directors, and from a functional viewpoint to the CEO appointed to supervise the company's internal auditing system.

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

Internal auditing activities are performed through the Integrated Internal Auditing System – in the sense of streamlining, integration and coordination of checks and audits performed by various company departments that carry out assurance activities – on the basis of an annual program which is approved by the Internal Auditing Committee and top management. The findings of said audits are reported to the Internal Auditing Committee and Board of Auditors as well as the top management on a regular basis.

With reference to further actions taken to back up the governance system, it must be recalled that on March 18, 2003, the Board of Directors adopted the company's Code of Ethics which establishes general principles and regulates, through rules of conduct, the activities of employees and consultants of the company and all the Group companies, also with regard to relations with shareholders, the public administration, suppliers, contractors and sub-contractors.

Specifically, said Code of Ethics establishes:
- the general principles and reference values which Astaldi and the group companies must comply with when carrying out their activities;
- the rules of conduct which the representatives, managers and divisions of the Company must comply with in relations with a series of commercial, entrepreneurial and financial parties;
- the main ways in which the Code itself must be implemented within the corporate structure.

Moreover, on July 2, 2003, the Board of Directors, in relation to activities set forth in Italian Legislative Decree No. 231/2001, approved adoption of the

Organization, Management and Control model pursuant to Italian Legislative Decree No. 231/01 which, by identifying the areas and corporate activities most at risk with regard to the various criminal offences provided for by said decree, is designed to protect the Company in the event of the crimes set forth in Italian Legislative Decree No. 231/2001 being committed by Company directors, employees and consultants.
Specifically, the model defines:

- ethical principles in relation to conduct that may integrate the types of offences provided for by said decree;
- 'sensitive' corporate activities, i.e. those where, by their very nature, the offences set forth in Italian Legislative Decree No. 231/01 are more likely to be committed and hence must be analyzed and monitored;
- ways to manage the financial resources allocated to the prevention of offences;
- rules for identification of the Supervisory Body and assignment of specific functions to monitor correct functioning of the model;
- the flow of information to be provided to the Supervisory Body;
- information, education, awareness and distribution activities across all the Company's ranks related to the rules of conduct and the procedures set up;
- responsibilities for approval, integration, amendment and implementation of the model, in addition to checking of the functioning of said model and of corporate behavior with relevant regular updates.

It must be noted in this regard that the Company's Code of Ethics and the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/01 are constantly updated in order to comply with current legislation and the changes in the corporate organizational structure.
A Supervisory Body has also been set up for the purpose of preventing the risks/crimes provided for by Italian Legislative Decree No. 231/2001, whose members possess the requisites of autonomy, independence and professionalism required by the aforementioned decree. Said members are as follows: Mr. Maurizio Poloni, non-executive/independent member of the Board of Directors and Mr. Marco Annoni, Mr. Giorgio Luceri, Ms. Nicoletta Mincato and Prof. Vittorio Mele – the latter with the role of Chair of the Supervisory Body – as external experts.
The body has a set of regulations and is classed as a top staff unit that reports directly to the CEO appointed to supervise functionality of the internal auditing system, on the results of activities, any criticalities brought to light and any corrective action taken and improvements made, which if of particular importance, may also be brought to the attention of the Board of Directors.
The body avails itself of the services of the Internal Auditing Officer in order to perform its activities and ensure its resolutions are implemented by the corporate divisions concerned.
The Supervisory Body's activities, aimed at monitoring the functioning of and compliance with the Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, continued during 2007. The body met on twelve occasions to carry out the activities summarized below:

- review of the Ethic code, Organization, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 in order to comply with legislative changes (with specific reference to the introduction of art. 25-*septies* regarding crimes against individuals committed with breach of occupational health and safety regulations, and art. 25-*octies* regarding fencing, laundering and use of money, assets or benefits of illegal origin), as well as changes in the corporate organizational structure and the new management and administrative-accounting procedures;
- checking of actual application of the Model by corporate divisions through specific audits on a sample of selected Italian and foreign contracts and on contracts executed by the Company, or through examination of important findings pursuant to Italian Legislative Decree No. 231/2001 which came to light during audits performed on the Internal Auditing System in 2006;
- crosschecking of the findings of checks carried out, identification of corrective action to be taken to

resolve criticalities brought to light and subsequent checking of implementation of said action (follow-up activities);
- staff training with regard to Italian Legislative Decree No. 231/2001, carried out directly by the Supervisory Body or delegated to Italian and foreign outlying divisions, in compliance with the Guidelines established by the Supervisory Body;
- performance, through the Internal Auditing Officer, of preliminary investigations as per art. 13 of the Code of Ethics in relation to suspected breaches of the Organization, Management and Control Model;
- attendance by members of the Supervisory Body of conferences looking more closely at specific issues related to Italian Legislative Decree No. 231/2001;
- monitoring of activities carried out by Group companies to comply with the content of Italian Legislative Decree No. 231/01.

Transactions with related parties and interests of Directors (Art. 9 of the 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 operating activities and more recent interpretative approaches in this regard.
It must be noted that when updating said resolution, it was taken into account that the Group's structure, also in view of the specific nature of Italian legislation regarding public works, is characterized by a high number of investee companies (mainly temporary such as special purpose vehicles and consortium companies), consortia and joint ventures, all set up with other sector companies in order to perform specific contracts in Italy and abroad (so-called ad hoc companies) that, therefore, constitute mere working and organization tools for corporate activities.
Therefore, with regard to relations with said companies and consortia, a procedure has been maintained that takes into account said specific characteristics, especially in relation to everyday, routine transactions such as:
- financial assistance (granting of loans, balancing of costs, furnishment of guarantees, etc.);
- operating 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 with a duration limited to the construction and management of the works.

Therefore, in light of the above, during the aforementioned session, the board resolved as follows:
a) with reference to transactions with related parties other than subsidiary or associated companies:
   - that said transactions are exclusive responsibility of the Board of Directors;
   - that said transactions are detailed in the management report;
b) with reference to transactions with non-ad-hoc subsidiary and associated companies:
   - that said transactions are the exclusive responsibility of the Board of Directors should the individual transaction exceed EUR 30 million;
   - that 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 transactions completed with the same counter party whose value exceeds a total of EUR 50 million on a half-yearly basis;
   - that all transactions with non-ad-hoc subsidiary and associated companies, regardless of their value, are detailed in the management report;
c) with reference to transactions with ad-hoc subsidiary and associated companies:
   - that 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 refers to transactions not directly aimed at constructing and managing works or of a non-temporary nature – between Astaldi S.p.A. and the ad-hoc companies whose value exceeds the

sum of EUR 10 million per individual 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 and atypical), are detailed in the management report.

Lastly, in an analysis of the most important corporate transactions, including those with related parties, the Company generally complies with the provisions of the Code of Self-Discipline, also as regards the dismissal of any Director holding a personal interest in said transactions (without prejudice to the faculty to make different decisions on a case-by-case basis) and the use of independent advisers in the case of especially significant transactions.

Handling of confidential information (Art. 4 of the 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 shares of the company (so-called 'price sensitive information'), makes use within the company of the "Continuous Information" procedure.
In short, the above procedure identifies within the company the timeframes and methods for transmitting and disclosing said information and the involvement of the divisions concerned from time to time, providing for the resources most in contact with the aforementioned information to act as a link between their area of responsibility and the company's top management, so as to allow suitable assessment of such facts or events.
The involvement of a specially set up Assessment Committee (comprising the Legal and Corporate Affairs Division, Investor Relations Division and the management concerned) is also envisaged as a subsequent step, in order to provide suitable assistance in correct interpretation of sector regulations after detailed analysis of the event, and to formulate and disseminate all communications in question.
It must be noted that a Code of conduct with regard to insider dealing which provides for so-called "important persons" (Directors, Auditors and managers with strategic responsibility as identified by the Board of Directors) to report to the Legal and Corporate Affairs Division ("party appointed to implement the Code") any transactions involving Astaldi shares performed by them – including through a third party – and by people closely connected to them, whose total value is equal or more than EUR 5,000 per year.
Notification, always in accordance with said procedure, must be performed promptly and, in any case, within three stock market working days subsequent to that of performance of the transactions or, in the event of accumulation of the value of transactions, upon termination of the transaction which results in the aforementioned limit being reached or exceeded.
The "party appointed to implement the Code" shall undertake to disclose the aforementioned transactions to the market, using the procedures and timeframes provided for in reference legislation.
The Code also establishes so-called 'close periods', in other words, periods of time close to events of particular significance, during which the "important persons" may not carry out any transactions on company shares.
Specifically, said periods have been identified as follows:
- the 30 days preceding disclosure to the public of the consolidated financial statements, draft financial statements and half-yearly report;
- the 15 days preceding disclosure to the public of the quarterly report;
- the 15 days preceding issue of the first price sensitive statement related to transactions such as: takeover bids made by the company or on its financial instruments; mergers, spin-offs or acquisitions which Astaldi is part of; any other extraordinary transactions likely to significantly affect the price of the company's financial instruments.

Relations with Shareholders and Shareholders' Meetings (Art. 11 of the Code)

The Company, also in light of its admission to listing on the STAR segment of the Telematic Stock Market, already appointed Alessandra Onorati, who is head of the relative corporate division, to deal with investor relations (so-called Investor Relator) back in 2002.
Moreover, in order to promote dialogue with shareholders and the with the market, the Company makes available on its website all information of an accounting nature (financial statements, half-yearly and quarterly reports) and of general interest for shareholders (such as press releases, the company's Code of Ethics, the Organization and Control Model pursuant to Italian Legislative Decree No. 231/2001, Directors' Reports on the items on the agenda of shareholders' meetings, etc.).
With reference to shareholders' participation in shareholders' meetings, it must be noted that art. 11 of the Bylaws specifically states that *"shareholders with voting rights are entitled to take part in the Shareholders' Meeting provided that, during the two days prior to the date of first call of the Shareholders' Meeting, the broker responsible for accounts undertakes to send notification proving ownership of the relative shares."*
According to the provisions contained in art. 13 of the By-Laws – according to which *"the functioning of the Shareholders' Meeting, both ordinary and extraordinary, is governed by a set of regulations approved by the Ordinary Shareholders' Meeting and valid for all subsequent ones, until amended or replaced"* – the Ordinary Shareholders' Meeting of March 11, 2002 approved the "Shareholders' Meeting Regulations" which sets clear and univocal rules for orderly and functional running of Shareholders' Meetings, without being, at the same time, prejudicial to shareholders rights to express their own opinion and to formulate requests for greater detail and explanations regarding the items put on the agenda for discussion.
The Board of Directors currently in office has decided not to present to the Shareholders' Meeting any proposals for the reduction of the thresholds provided for by law, in order to take action to exercise the prerogatives set to protect minority interests.

Auditors (Art. 10 of the Code)

The Board of Auditors, pursuant to art. 149 of Italian Legislative Decree No. 58/1998 is responsible for supervising:

- compliance with the law and articles of association;
- observance of the principles of correct management;
- suitability of the Company's organizational structure for aspects related to the internal auditing system and administrative-accounting system;
- the procedures for implementing the rules of corporate governance provided for in codes of conduct drafted by market management companies or trade associations which the Company, via public information, states that it abides by;
- the reliability of the financial statements to correctly represent operations;
- the suitability of instructions given by the Company to subsidiaries pursuant to art. 114, paragraph 2 of the aforementioned decree.

The Board of Auditors comprises three statutory auditors and three substitute auditors.
The Board of Auditors currently in office is as follows:

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

(*) Auditors appointed via lists filed by the minority.

The Bylaws, provide for the "list vote" mechanism in order to guarantee the presence of representatives of minority shareholders on the Board of Auditors.
In accordance with what is specifically provided for in the Bylaws, the lists, accompanied by information on the personal and professional background of the can-

didates, must be filed at the company's offices at least 15 days prior to the date set for the Shareholders' Meeting in first call. The lists must include:

- information related to the identity of the shareholders filing the list, with listing of the total percentage of shares hold and certification issued by an authorized broker proving ownership of said shares;
- a description of the personal and professional characteristics of the parties put forward as well as statements in which the individual candidates accept their candidature and certify, under their own responsibility, the non-existence of reasons for ineligibility or incompatibility and the existence of the requisites for the respective offices envisaged by the law and bylaws, as well as list the offices of director and auditor held in other companies;
- a statement by shareholders other than those holding, including jointly, a controlling or majority interest certifying the non-existence of relations with the latter pursuant to Italian legislation in this regard.

Each Shareholder may file or contribute to filing of a single list and each candidate may be registered on a single list only, upon penalty of ineligibility.

Individuals serving as Statutory Auditors on the boards of more than 4 companies with shares listed on Italian or other EU regulated markets as well as companies issuing financial instruments distributed among the public in a significant manner, pursuant to reference legislation, are ineligible for election as Auditors.

Only shareholders who on their own or together with other shareholders, hold shares with voting rights representing at least 1% of shares with voting rights at Ordinary Shareholders' Meetings (i.e. the lowest percentage provided for in applicable legislation or regulations) are entitled to file lists.

Still in accordance with Bylaws, in the event in which only one list has been filed or lists have been filed by shareholders between whom, on the basis of the above, there are relations, at the date of expiry of the aforementioned period for filing lists, additional lists may be filed up to ten (10) days prior to the date set for the Shareholder's Meeting in first call, and in this case the shareholding required in order to file lists shall be halved.

Lists which are filed without complying with the above shall be considered as not filed.

The members of the Board of Auditors are elected as follows. Two statutory auditors and two substitute auditors are taken from the list which obtained the greatest number of votes by shareholders, in the order in which they appear in the corresponding sections of the list. The remaining statutory and substitute auditors are taken from the list which obtained the second greatest number of votes among the list presented and voted by shareholders that are not related to majority shareholders, pursuant to current regulations, in the order in which they appear in the corresponding sections of the list. In the event of several minority lists obtaining the same number of votes, the oldest candidates among those appearing in first position in the corresponding sections of the lists which obtained an equal number of votes, shall be appointed statutory auditor and substitute auditor.

In the event of only one list being filed, all the statutory and substitute auditors to be elected are taken from this in the order in which they appear on the list. In this case, the position of Chairman of the Board of Auditors is taken on by the candidate in first position on the list.

In the event of a statutory auditor stepping down from office for any reason whatsoever, the first of the substitute auditors elected from the list shall take over the position, subject to checking of the requisites as listed above.

In the event of a statutory auditor taken from the list which obtained the second greatest number of votes stepping down from office for any reason whatsoever, should it not prove possible, for any reason whatsoever, for the substitute auditor elected from the same list to take over the position, the next candidate taken from the same list shall take over the position – subject to checking of the requisites as listed above – or, if there is no other candidate, the first candidate of the list which came second among the minority lists with regard to the number of votes shall take over the position.

Should it not prove possible for any reason whatsoev-

er to replace auditors as per the aforementioned criteria, a shareholders' meeting shall be called.
In the event of no lists being filed, the Shareholders' Meeting shall appoint the Board of Auditors and Chairman, resolving by relative majority vote. In this case, should an auditor step down from office in advance, the substitute auditors in age order shall take over the office until the next Shareholders' Meeting and, should the Chairman step down from office, the oldest auditor shall take over this position until the next Shareholders' Meeting.
The Board of Auditors met eight times during 2007. At least one member of the Board of Auditors attended meetings of the Internal Auditing Committee.
Lastly, listed below are the other offices held by the Astaldi's Auditors, limited to the positions of director or auditor in other companies listed on Italian regulated markets:

Other offices held by auditors

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

Subsequent events

Important and significant commercial successes were recorded after the close of the FY in question, not only with regard to the contractual values of the new projects detailed below, but also insofar as they confirmed the Group's leadership at an international level in two key sectors such as undergrounds and airport transport infrastructures.
In early January it was disclosed that Astaldi Group, in its capacity as leader of a joint venture, was top of the list in the international call for tenders regarding the general contracting project for a new underground line in Istanbul, Turkey, worth a total of EUR 751 million (Astaldi has a 42% stake). The contract entails construction of a new double-track underground line running underground for approximately 20km, with 16 stations, from Kadıköy to Kartal, and also includes, in addition to civil works, the supply of electromechanical and signaling plants and systems. Works are scheduled to commence as from the second half of 2008 once the last activities preliminary to signing of the contract have been completed. The duration of works is 3 years. The new Kadıköy-Kartal underground line is the most important project managed in recent years by the Municipality of Istanbul and for Astaldi, it would represent full acknowledgement of what it has already achieved in Turkey and of the Group's leadership at an international level in the underground transport infrastructures sector.
Still in January, Astaldi Group was awarded phase 3 of the project to expand and upgrade Otopeni International Airport in Bucharest, Romania, with a contractual value of EUR 76 million. Astaldi has already performed the upgrading works provided for in the first two phases of the project. The contract for this new phase entails the construction of civil works and plants aimed at extending the passenger arrivals and

departures terminals, renovating the presidential building, reorganizing passenger flows and building a new ground-level car park for motor vehicles. Works will commence as from the first part of 2008, with a planned duration of 36 months.
In February, Astaldi Group signed a contract worth USD 93 million for the design and performance of civil works related to an aluminum production plant in the Mesaieed industrial area in Qatar. The contract, awarded to Astaldi by one of the sector's leading engineering firms at an international level, includes the design and construction of storage silos with a diameter of 40 meters and a total volume of over 300,000 cubic meters. The works, which will take only 7 months, are scheduled to commence in March 2008.

Forecast development of operations

The results achieved during the year offer confirmation, in advance, of the growth targets outlined during business planning. 2007, a turning point as regards Astaldi Group's growth, makes it possible to reap the rewards of the major commercial and production efforts made in recent years and the company's commitment in economic and financial terms to starting up recently-acquired important contracts.
In the domestic sector, over the coming years, Astaldi will be involved in performing the current orders backlog, which is significant both with regard to quality and quantity, with positive effects on the levels of earnings achieved. Additional opportunities may also arise in the transport infrastructures sector (especially for projects linked to TEN - Trans-European Network - corridors) as well as in the concessions sector, at a local and regional level.
Additional progressive growth in the Group's reference sectors is expected for the domestic sector, guaranteed by expansion of the current construction orders backlog amounting to approximately EUR 4 billion, to be developed over the next five years.
A positive contribution is expected from the concessions sector which, over the new year, will see an increase in the total revenues generated. Indeed, the new hospital in Mestre, the first major project finance initiative in the healthcare sector performed in Italy, will enter the management phase during the first part of 2008.
Management of the new hospital in Naples "Ospedale del Mare", currently under construction, will also get underway during the next two years, followed by the management phase of the project regarding the four hospitals in Tuscany, recently acquired and currently in the design phase. Additional contributions may be made in the coming years by projects in Italy and abroad currently being studied or finalized, mainly related to the transport infrastructures, energy production plants, civil construction, healthcare construction and car parks sectors. The outcome of tendering procedures is pending for some of these initiatives.
Commercial developments are also expected abroad, in Venezuela in relation to the transport infrastructures and healthcare construction sectors, but also in neighboring areas where the Group already operates (Honduras, Nicaragua, Costa Rica, El Salvador, Bolivia) or to be developed (Panama, Chile, Peru, Brazil, Guatemala).
Specifically, it must be noted that at the end of December 2007, the Italian and Venezuelan governments signed a new letter of intent for the performance of a railway infrastructures development plan which will entail construction of the Caracas-Puerto Cabello section. The intergovernmental agreement, signed by IAFE (Venezuela's state railways) and the Italian embassy, specifically concerns construction of 70km of new railway line to link Cua and Puerto Cabello. The letter of intent is the premise for awarding of the relative contract, whose total value is estimated in excess of USD 1 billion, to the consortium in which Astaldi together with two other Italian companies hold an equal stake, which is already responsible for constructing two sections of the same line.
The strategic role of Eastern Europe will also be confirmed, for which further consolidation of operations in Romania is expected together with the development of new projects in the nearby Bulgaria where interest-

ing, important investments are expected in the infrastructures sector following cohesion funding allocated by the European Union.
The Group's interest in Algeria remains where important infrastructure investments are expected as a result of the local government's improved ability to transform financial resources obtained from sales of the country's natural gas resources into expense items.
Development activities in the Arabian Peninsula will also continue, especially in Saudi Arabia and Qatar where the Group plans to consolidate the experience acquired over the years with leading EPC contractors operating at an international level in the industrial plant engineering sector (oil & gas), which it feels may also lead to additional opportunities in neighboring areas (United Arab Emirates). The recent opening of a new office in Abu Dhabi and the commitment to set up a new company in Dubai are to be interpreted within this vision given that they will make it possible to ensure greater, more direct control of the area.
While developing all these initiatives, the Group's maintains a firm commitment to ensuring careful control of the equity and financial structure at a consolidated level and, at the same time, to promoting improvement of the human capital it is currently able to boast.

Other information

Relations with related parties

Transactions performed by Astaldi with related parties mainly concern the exchange of goods, supply of services and the supply and employment of financial resources with its subsidiaries, associates and other investee companies as well as optimization of the Group's cash management.
Said relations form part of the company's ordinary operations and are regulated at market conditions, i.e. at the conditions which would be applied between two independent parties.
All the transactions performed were in the Group's interest.
Please refer to details contained in the notes to the financial statements for quantification of the total amount of commercial, financial and other relations with related parties as well as a description of the type of most important transactions.

Treasury shares

It must be noted that, in relation to the Astaldi share buy-back plan implemented during the year, 435,406 shares were gradually acquired during 2007 while 264,659 shares were sold. Treasury shares on hand at December 31, 2007 amounted to 900,000.

Parent company shares held by subsidiaries

No parent company shares are held by subsidiaries.

“Non-GAAP” alternative performance indicators

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

- **EBIT**: is equal to the result pre-tax and prior to financial income and charges, without any adjustments. Income and changes resulting from the management of non-consolidated shareholdings and securities are also excluded from EBIT together with the results of any transfers of consolidated shareholdings, included under the heading of “financial income and charges” in balance sheet statements, or under the heading of “effects of valuation of shareholdings using the equity method” for the results of shareholdings valued using the equity method;
- **EBITDA**: is obtained by eliminating the following elements from EBIT, as described above:
  - amortization and depreciation of intangible and tangible assets
  - write-downs and provisions
  - capitalization of internal construction costs.
- **Debt/equity ratio**: such indicator is equal to the ratio between the net financial position as a numerator and the net equity as a denominator net of treasury shares.

Conclusions

Dear shareholders, the consolidated financial statements show a net profit of EUR 38 million, not including amortization, depreciation, provisions and consolidation adjustments.

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

Consolidated financial statements

Consolidated Income statement

(thousands of euros)	Notes	31/12/07	31/12/06
Operating Management			
Revenues	1	1,273,373	1,030,044
Other Operating Revenues	2	55,758	50,819
of which, from related parties	*33*	*8,923*	*4,884*
Total revenues		1,329,131	1,080,863
Purchase costs	3	(284,499)	(240,108)
Service costs	4	(664,391)	(537,247)
of which, from related parties	*33*	*80,965*	*50,616*
Cost of personnel	5	(193,889)	(165,301)
Amortisation, depreciation and write-downs	6	(39,330)	(29,149)
Other operating costs	7	(33,465)	(24,727)
Total costs		(1,215,573)	(996,532)
(Capitalisation of internal construction costs)	8	550	1,045
Operating Result		114,108	85,376
Financial income	9	31,716	40,271
of which, from related parties	*33*	*641*	*243*
Financial charges	10	(77,258)	(72,119)
of which, to related parties	*33*	*88*	*44*
Effects of valuation of equity investments using the net equity method	11	2,101	5,470
Total equity investments and financial area		(43,441)	(26,378)
Profit (loss) before income taxes on operating activities		70,667	58,998
Taxes	12	(32,251)	(28,172)
Profit (loss) of operating activities		38,416	30,826
Profit (loss) for the period		38,416	30,826
Profit attributable to the Group		38,097	30,091
Profit attributable to third parties		319	735
Basic profit per share	*13*	*0.389*	*0.308*
Diluted profit per share		*0.389*	*0.308*

Consolidated Balance sheet

Assets

(thousands of euros)	Notes	31/12/07	31/12/06
ASSETS			
Non-current assets			
Property, plant and machinery	14	246,483	192,999
Investment property	15	192	198
Intangible assets	16	3,374	3,795
Equity Investments	17	96,877	96,492
of which:			
Equity investments valued using the net equity method		94,851	93,513
Non-current financial assets	18	10,329	11,957
of which, from related parties	*33*	*7,911*	*11,046*
Other non-current assets	19	15,380	13,443
Deferred tax assets	12	7,078	12,247
Total non-current assets		379,713	331,131
Current assets			
Inventories	20	60,915	51,600
Receivables from customers	21	519,229	397,712
Trade receivables	22	463,067	437,877
of which, from related parties	*33*	*36,859*	*29,767*
Current financial assets	18	37,463	40,046
Tax receivables	23	88,592	73,275
Other current assets	19	252,168	188,094
of which, from related parties	*33*	*23,549*	*39,774*
Cash and cash equivalents	24	295,538	237,623
Total Current Assets		1,716,973	1,426,227
Total Assets		2,096,685	1,757,358

Consolidated Balance sheet

Net Equity and Liabilities

(thousands of euros)	Notes	31/12/07	31/12/06
NET EQUITY			
Share capital		195,050	195,391
Reserves:			
Legal reserve		12,152	10,767
Extraordinary reserve		61,857	43,476
Profit (loss) carried forward		19,583	18,931
Other reserves		(16,488)	(18,987)
Share capital and reserves	25	272,153	249,577
Profit (loss) for the period		38,097	30,091
Group's Total Net Equity		310,250	279,668
Reserves		1,515	656
Profit (loss) for the period		319	735
Minority interests		1,834	1,392
Total net equity		312,084	281,059
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	26	413,524	339,797
of which, to related parties	*33*	*1,698*	*597*
Other non-current liabilities	27	57,964	35,973
Employees benefits	28	10,932	12,470
Deferred tax liabilities	12	182	185
Total non-current liabilities		482,602	388,425
Current liabilities			
Payables to customers	21	237,466	209,324
Trade payables	29	564,141	474,478
of which, to related parties	*33*	*88,474*	*90,906*
Current financial liabilities	26	322,385	224,192
Tax payables	30	42,232	26,137
Provision for current risks and charges	31	24,333	30,035
Other current liabilities	27	111,442	123,707
of which, to related parties	*33*	*46,506*	*45,820*
Total Current Liabilities		1,301,999	1,087,874
Total liabilities		1,784,601	1,476,299
Total net equity and liabilities		2,096,685	1,757,358

Statement of changes in consolidated net equity

Net equity movements as at December 31, 2006

(thousands of euros)

	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve
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 in equity	(336)	-	-	2,370,96
Profit (loss) 2006				
Dividends				
Provision pursuant to Article 27 of the By-laws				
Free share capital increase	98,425	(67,836)		(30,589)
Allocation of 2005 profit			1,384	17,560
Other movements				(97)
	195,391	0	10,767	43,476

Net equity movements as at December 31, 2007

(thousands of euros)

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

Other reserves	Total	Retained earnings	Profit for the period	Total	Minority interests	Total Net Equity
(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

Other reserves	Total	Retained earnings	Profit for the period	Total	Minority interests	Total Net Equity
(18,989)	230,645	18,931	30,091	279,667	1,392	281,060
952	*952*			*952*		*952*
(2,747)	*(2,747)*			*(2,747)*	*2*	*(2,745)*
207	*(1,017)*			*(1,017)*		*(1,017)*
(1,588)	(2,812)	-	-	(2,812)	2	(2,810)
	-		38,097	38,097		38,097
	-		(8,323)	(8,323)		(8,323)
	-		(415)	(415)		(415)
	-			-		-
	20,648	653	(21,301)	-		-
2,938	2,938		(52)	2,886	439	3,325
1,151	1,151			1,151		1,151
(16,488)	252,570	19,584	38,097	310,251	1,833	312,084

Consolidated cash flow statement

(thousands of euros)	31/12/07	31/12/06
A - Cash flow from operating activities		
Result for the period attributable to both the Group and minority shareholders	38,416	30,825
Adjustments to reconcile net profit (loss) with cash flow generated (used) by operating activities		
Deferred taxes	3,348	551
Amortisation, depreciation and write-downs	39,329	29,149
Provision for risks and charges	2,116	9,489
Costs for employee severance indemnity and defined benefit plans	1,561	3,208
Costs for employee incentive plans	2,767	1,945
Losses on disposals of non-current assets	622	1,015
Effects of valuation of investments using the equity method	(2,101)	(5,470)
Gains on disposals of non-current assets	(4,816)	(2,122)
Subtotal	42,826	37,765
Differences in operating assets and liabilities (working capital):		
Trade receivables	(25,190)	(53,814)
Inventories and receivables from customers	(130,832)	(90,227)
Trade payables	89,663	119,662
Provision for risks and charges	(7,818)	(18,435)
Advances from customers	28,142	92,335
Other operating assets	(81,622)	(60,787)
Other operating liabilities	19,703	51,993
Payments of employee severance indemnity and defined benefit plans	(3,099)	(2,256)
Subtotal	(111,053)	38,471
Total	(29,811)	107,061
B - Cash flow from investment activities:		
Purchase of investment property	6	6
Net investments in intangible fixed assets	(444)	(712)
Net investments in tangible fixed assets	(91,950)	(91,135)
Sale (Purchase) of other investments net of acquired cash, coverage of losses of non-consolidated companies and other differences in consolidation area	1,716	(13,411)
Collections from the sale of tangible and intangible fixed assets and investment property	4,194	1,107
Differences in financing of equity investments	4,046	1,727
Total	(82,432)	(102,418)
C - Cash flow from financing activities:		
Dividends paid + other movements	(7,391)	(6,057)
Opening (repayment) of non-current payables net of commission	73,727	77,563
Net change in current financial payables (including leasing)	98,193	11,437
Sale (purchase) of securities/bonds and company's shares	5,629	(25,381)
Total	170,158	57,562
Net increase (decrease) of cash and cash equivalents	57,915	62,205
Cash and cash equivalent at start of year	237,623	175,418
Cash and cash equivalent at end of year	295,538	237,623

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Notes to the consolidated financial statements

Overview

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 sponsor of project finance initiatives in Italy.
The Group operates through its parent company, Astaldi S.p.A, a joint-stock company having its registered office in Rome, Via Giulio Vincenzo Bona, 65 and listed on the STAR segment of Milan Stock Exchange since June 2002.

Form and content

Astaldi Group's consolidated financial statements at December 31, 2007 have been drafted in accordance with the International Financial Reporting Standards adopted by the European Union and pursuant to Consob regulations in matter of international accounting standards. The above standards have been supplemented with the interpretations by IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee) at December 31, 2007 and approved by the European Union.
The consolidated financial statements comprise the income statement, balance-sheet, 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. Moreover, it should be noted that in order to better represent Group's typical corporate events in the financial statements, single income statement items relating to exchange rate profit and loss and taxes, previously entered in the financial area and in the tax area, respectively, have been reclassified.
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 of 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.
As regards the sector disclosure, regulated by IAS 14, it must be noted that, taking into account the fact that the Group operates in various Countries located in different geographical Areas, the primary reference model is the geographical one while information regarding business areas in which the Group is active is secondary. To this respect, please refer to note 34 explaining such models.

Accounting standards and valuation criteria

The consolidated financial statements have been drawn up on the basis of the historical cost principle. Derivatives and financial assets are valued at fair value through income statement. To this respect, since no fair value hedge operation has been carried out, there is no financial instrument the cost of which has undergone adjustment, in connection with fair value fluctuations attributable to the hedged risk.
All amounts are expressed in thousands of euros unless otherwise indicated. Consequently, the total amounts in some statements can differ slightly from the sum of the amounts comprising said totals due to rounding-up.

Changes in accounting standards adopted

The accounting standards adopted in these Financial Statements are consistent with those adopted for the financial statements of the previous period, apart from those approved by the European Union as coming into force from fiscal year 2007. This refers in particular to IFRS 7 and to the amendment of IAS 1 which requires a statement on sources and applications of funds; while, as far as IFRIC 8, IFRIC 9 and IFRIC 10 are concerned, even though they came into force from fiscal year 2007, it should be noted that they do not affect, in terms of disclosure, these consolidated Financial Statements.
In connection with IFRS 7, it is underlined that such standard requires disclosures allowing financial statements readers to assess the meaningfulness of financial instruments included within Group's derivatives, as well as the nature of risks associated with such financial instruments. New disclosure is set forth here and here in the Financial Statements; however, in order to facilitate financial statements readers' comprehension, disclosure relating to derivatives and the disclosure on risk management are set forth in note 32. Nonetheless, comparative information in connection with IFRS 7 has been revised, if so deemed necessary.
The amendment to IAS 1 requires a statement allowing financial statements readers to assess targets, policies and procedures in connection with sources and applications of funds. Such statement is set forth in note 25.

Summary of accounting standards adopted

The most important accounting standards and valuation criteria adopted to prepare the consolidated financial statements at December 31, 2007 are listed below.

Area of consolidation and consolidation standards

Group's 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, and have been drawn up to all intents and purposes of consolidation in accordance with the IFRS accounting standards adopted by the Astaldi Group. A list of the companies included in the area of consolidation and relative percentages held by the Group, either directly or indirectly, jointly with other meaningful information, is attached to these notes. However, a list of the companies included in the area of consolidation as at December 31, 2007 is set forth herebelow, remarking that no change has occurred with respect to the previous year.

Consolidation area

1	Astaldi Algerie E.U.r.l.	100.00%
2	Astaldi Arabia Limited	100.00%
3	Astaldi Construction Corporation	100.00%
4	Astaldi International Inc.	100.00%
5	Astaldi International Limited	100.00%
6	Astaldi-Astaldi International J.V.	100.00%
7	Astaldi-Burundi Association Momentanée	100.00%
8	Astaldi-Sénégal Association en participation	100.00%
9	Cospe S.C.r.l.	100.00%
10	Diga di Arcichiaro S.C.r.l. in liquidation	100.00%
11	DIP.A. S.C.r.l. in liquidation	100.00%
12	Euroast S.r.l. in liquidation	100.00%
13	Groupement G.R.S.H.	100.00%
14	Linea A S.C.r.l. in liquidation	100.00%
15	Montedil-Astaldi S.p.A. (MONTAST) in liquidation	100.00%
16	Redo-Association Momentanée	100.00%
17	Sartori Sud S.r.l.	100.00%
18	Seac S.p.a.r.l. in liquidation	100.00%
19	Italstrade IS S.r.l.	100.00%
20	Todaro S.r.l. in liquidation	100.00%
21	Astaldi Bulgaria LTD	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	ASTALROM S.A.	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.N.O.C.O. 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	Bussentina S.C.r.l. in liquidation	78.80%
40	Mormanno S.C.r.l. in liquidation	74.99%
41	S.P.T. Società Passante Torino S.C.r.l.	74.00%
42	Consorzio Olbia Mare in liquidation	72.50%
43	CO.ME.NA. S.C.r.l.	70.43%
44	Astaldi - Uti - Romairport JV	70.00%
45	Messina Stadio S.C.r.l.	66.67%
46	Astaldi-Max Bogl-CCCF J.V. S.r.l.	66.00%
47	SCAR Scrl	61.40%
48	Garbi Linea 5 S.C.r.l.	60.00%
49	Consorcio Astaldi - C.B.I.	60.00%
50	Ospedale del Mare S.C.r.l.	60.00%
51	Quattro Venti S.C.r.l.	60.00%
52	Forum S.C.r.l.	59.99%
53	Partenopea Finanza di Progetto S.p.A.	59.99%
54	C.O.MES. S.C.r.l.	55.00%
55	Italstrade Somet J.V. Rometro S.r.l.	51.00%
56	Romstrade S.r.l.	51.00%
57	SC Italstrade - CCCF JV Romis S.r.l.	51.00%
58	Infraflegrea Progetto S.p.A.	51.00%

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

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 unrealised profits and losses attained among Group companies, are completely eliminated. To this respect it should be noted that, as far as concerns 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, based on market prices, and because the margins in terms of absolute amounts are insignificant. Moreover, such works, performed on behalf of third parties, will be freely transferred to the respective grantors upon expiry of the individual concessions. Investments in companies over which a considerable influence is exercised, generally combined with a participating interest ranging from 20% and 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. In particular, any profit and loss from transactions between the Group and the associated company is eliminated proportionally to the participating interest held in the associated company.
As far as concerns participating interests in associated companies and companies under joint control, possible losses of value exceeding the book value are entered in the provision for risks on investments, solely to the extent to which the subsidiary has undertaken legal or implicit obligations or made payments on behalf of the companies.

Conversion of items and translation of financial statements in foreign currency

Astaldi Group's financial statements have been drafted in euros which is the Parent company's presentation and 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 different currency 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 at the transaction date. The monetary items are subsequently converted into the functional currency at the exchange rate at 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 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 are converted at the exchange rate at the closing date of the financial year;
- costs and revenues, income and charges, included in financial statements, are converted at the average exchange rate for the period in question, or at the exchange rate at the transaction date should this differ significantly from the average rate;
- the equity items, excluding profit for the period, are converted at historic exchange rates;
- the "translation reserve" includes both the exchan-

ge rate differences generated by the conversion of economic items at a different rate from the year end rate, and the differences generated by conversion of opening equity at a different exchange rate than the year end rate.

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 recorded directly through 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 useful life estimated by the Group for the various classes of assets was as follows:

	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 components forming the fixed asset, depreciation is performed separately for each of the components forming the asset, in application of the component approach policy.
Profits and losses resulting from the sale of assets or groups of assets are calculated by comparing the fair value, net of sales costs, with the relevant net book value.
Pending approval of IFRIC 12, freely transferable assets, in which assets under concession are classified, are systematically depreciated in every financial year, following construction, on the basis of their residual possibility of use, considered in relation to the duration of the concession or the asset's useful life if shorter. Any provision to cover the cost of restoring or replacing freely transferable assets is entered among the provision for risks and charges.
It should be noted that freely transferable assets refer to the following concessions:

Owner	Purpose of concession	Type of asset	Expiry of concession
Municipality of Turin	Design, construction and operation of a multi-storey car park	Car parks	08/08/2076
Municipality of Turin	Design, construction and operation 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
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 above table, it should be noted that the aforementioned concessions provide for obligations regarding extraordinary maintenance of the buildings. Furthermore, it should be note that two additional concession exist for the design, construction and operation of a car park in the Municipality of Verona and Bologne, respectively, for which only construction works have been started.

Leasing on property, plant and machinery

Tangible assets owned through financial leasing agreements, which basically transfer all the risks and benefits of ownership to the Group, are entered in the financial statements, at the effective date of the leasing, as Group assets at their current value or, if lower, at the current value of the minimum payments due for the leasing agreement, including the sum to be paid for exercising the purchase option. The corresponding liabilities vis-à-vis the lessor are 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 recorded 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, if connected with business combination transactions, is entered among intangible assets and represents the positive difference between the cost incurred to acquire a business or line of business and the acquired 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 point to the possibility that it has been subject to impairment, goodwill is subjected to checks to identify any impairment, in accordance with the provisions of IAS 36 (Impairment of assets). To this respect, it should be noted that no goodwill was entered as at December 31, 2007.

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 2007. However, it is underlined that in December last year the Group carried out transfers of business among companies included within the area of consolidation. In particular, Astaldi S.p.A. transferred a business to its wholly owned subsidiary Italstrade IS S.r.l. thus carrying out a transaction among companies controlled by the same entity and, therefore, out of the field of application of IFRS 3. Since it was a mere operation of business reorganization, the transfer was carried out under substantial continuity in accounting values.

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, augmented 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, said amount being either the fair value net of sale costs or its value in use, whichever is higher, with any surplus entered in 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.
It should be noted that during 2007, 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 impairment.

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 "investments" and valued at cost in the event calculation of fair value can not be relied upon.

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 works progress (or percentage of completion), according to which costs, revenues and the margin are acknowledged on the strength of production progress. The percentage of completion is 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.

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. Costs include also pre-operating costs, that is to say 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, insurance, 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).
Finally, it is worthy noticing that contact costs include financial charges deriving from financing specifically referred to works carried out under Project Finance and General Contractor schemes. In fact, since the tender notice phase, explicit conditions of payment are defined on the basis of specific law and regulation provisions, embodied in the respective contracts, which require the Group to obtain financing for the investment.
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 the any depreciation funds and/or final losses, as well as advances for the contract being carried out.
To this respect, it should be specified that amounts invoices in connection with individual interim works reports (Advances) are entered to directly reduce the gross contract value, if the latter is higher, and any surplus is entered in the liabilities. On the other hand, invoiced advances are considered as financial events and are not relevant to the purpose of recognition of revenues. Therefore, since advances represent mere financial events, they are always entered in liabilities

because received not as consideration for executed works. However, such advances are progressively decreased, usually by virtue of contract covenants, by balancing amounts invoices for project works.
As far as concerns the provision for final losses regarding each project, it is underlined that should such provision exceed the contract value entered among assets, said excess is classified in the item Payables to Customers.
Said analysis are 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 customers”; on the other hand, should this differential be negative, the imbalance is classified among liabilities, under “Payables to Customers”.

Accounts receivable and Financial assets

The Group classifies financial assets in the following categories:

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

Classification depends on the reasons for which the asset was acquired, the nature thereof, and the valuation made by management as at the purchase date. Originally, all financial assets are valued at fair value, increased, by additional charges, in case of assets other than those classified at fair value, through 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. To this respect, it is worthy underlining that during 2007, similarly to the previous year, the categories adopted are accounts receivable and loans and the category of assets classified according to fair value with offset of additional charges to income statement; the latter includes derivatives and some securities of a minor amount.

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 recorded in the income statement. When initially recorded, 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.

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 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 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, specifically designated as falling within this category or not classified in any of three previous categories. They are valued at the fair value, 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 were 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 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.
In particular, with reference to trade receivables, a depreciation due to impairment is made when it is objectively well-grounded that, substantially based on the counterparty's nature, there is no possibility of collecting such receivables according to the original conditions. 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 adjusted. Possible adjustment of value are recorded throug the income statement, to the extent the asset book value does not exceed the amortised cost at the date of adjustment.

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 effective in neutralizing the risk of underlying assets or liabilities or Group undertakings, except when they are classed as assets held for the purpose of negotiation 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 cash flows expected with regard to contractually defined or highly probable transactions (cash flow hedge). In particular, fair value fluctuations of derivatives designated as cash flow hedges and qualified as such are recorded, to the extent of the "effective" part only, in a specific equity reserve ("cash flow hedge reserve"), which is then teversed 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 recorded for 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 highly probable, its portion of the "cash flow hedge" is immediately entered in the income statement. Financial derivatives are initially entered at fair value at their effective date; 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 are entered directly in the income statement during the period.
The effectiveness of hedging operations is documented both at the start of the transaction and periodically (at least at every date of publication of financial statements or interim reports), and is measured by comparing the 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 stipulate derivative contracts for speculative purposes. However, not all derivative transactions carried out for risk hedging purposes are entered according to hedge accounting

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 concerned.

Derecognition

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

- the rights to receive cash flow from the asset have expired;
- the right to receive cash flow from the asset is retained, but according to contract obligations the same has to be paid immediately and entirely to a third party;
- the Group has transferred the right to receive cash flow from the asset and (a) has substantially transferred all the risks and 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 on 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 liabilities is replaced by another liability from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, such replacement or change is considered as accounting for the derecognition of the original liability and as the recognition of a new liability, and possible differences between accounting values are consequently entered in the income statement.

Cash and cash equivalents

These include money, deposits or other amounts 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 not distributed or allocated to reserves (in the case of profit) or 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 and the reserve originating from the initial adoption of International Accounting Standards.

Financial liabilities

Financial liabilities are initially recorded for in the financial statements at their fair value, net of transaction costs, and are subsequently valued at their amortized cost.
Any difference between the sum received (net of transaction costs) and the nominal value of the payable is recorded then 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 more than 12 months subsequent to 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, 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 tax laws used to calculate the amount are those substantially issued at the closing date of the financial statements in the individual countries where the Group operates.

Deferred taxes

Deferred taxes are calculated by adopting the so-called liability method, applied to the temporary taxable or deductible differences between the value of assets and liabilities entered in the financial statements and the taxable value.
Deferred tax liabilities are entered against all temporary taxable differences, with the following exceptions:
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 temporary taxable differences connected to interests in subsidiaries, associates and joint ventures, rotation of the 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 for tax losses carried forward, to the extent in which sufficient future tax profits that can make its use applicable is likely, except when the deferred tax asset 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 reviewed 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 substantially issued at the closing date of the financial statements. To this respect, according to the document jointly drawn up by Consob-Bankitalia-Isvap of February 21, 2008, the Group measured deferred taxes in view of the new tax rates provided for by 2008 Finance Act.

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

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

Employee benefits

Provision for employee severance indemnity

As already specified in 2006 Half-Yearly Report, the Employee Severance Indemnity was changed, effective from January 1, 2007, from "defined-benefit plan" into "defined-contribution plan". To all the intents and purposes of IAS, only the Employee Severance Indemnity accrued as at December 31, 2006 is kept as a defined-benefit plan. Employee Severance Indemnity quotas accruing as from January 1, 2007 are therefore entered similarly to different contributions, both in case the option for supplementary social security is exercised, and in case are destined to the INPS's Treasury Account. Moreover, such changes entail, pursuant to IAS 19, the recalculation of Employee Severance Indemnity accrued as at December 31, 2006: such recalculation (curtailment, as defined by paragraph 109 of IAS 19) is essentially based on the exclusion of future remuneration and possible increase assumptions from actuarial calculations.

Cash-settled share-based payments

The Parent Company set up an stock grant plan linked to the achievement of given economic-financial targets by the recipients of the same. In particular, the Plan consists in attributing Astaldi Stock to the Recipients, on a free basis, or in the payment – still of a free basis – to the same Recipients, of the value corresponding to such Stock. The Plan attribution cycle refers to the three-year period 2007-2009; in fact, upon the date of approval of the financial statements relating to said periods, after ascertaining that targets have been achieved by the Recipients, the latter may exercise the right of collecting the grant, that is the payment in cash or in shares.

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

Provision for risks and charges

The provisions for risks and charges are entered when, at 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. If the effect of discounting the money is significant, the amounts allocated are calculated by discounting the future expected financial flows at a pre-tax discount rate that reflects the current market valuation. When discounting is performed, the increase in the amount allocated resulting from the spending 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 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 suspended among liabilities should the asset it is linked to not be in operation or be under construction.

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.) that make up a given transaction financially equivalent. Financial charges are not capitalized among assets.

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 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.

Use of estimates

The preparation 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.
Estimates are used 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. Estimates and assumptions are periodically reviewed and the effects of each variation are reflected in the income statement in the period when the variation took place.

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 8 Operating Segments: this standard requires disclosure about the operating segments and defines, to this respect, the requirements for the determination of primary sectors (business) and secondary sectors (geographical).
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. This interpretation requires the entity to enters in its accounts the agreements by which employees are granted rights to the entity's equity, such as share-settled plans even though the entity purchases such equity from a third party, or in the event the necessary equity is provided by the shareholders.

Future changes in accounting policies

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

IFRIC 12 Service Concession Arrangements

Such interpretation, the effective date of which is January 1, 2008 has not been approved yet by the European Union. The new interpretation provides that, in the event of concessions, a financial or intangible assets connected with the existence or inexistence of the concessionaire's unconditional right to receive payment from the concession granting entity. In fact, the concessionaire will have to enter an intangible asset in the event it is entitled to cause the infrastructure users pay the services rendered; while it will enter an amount receivable in the event concession arrangements provide for a concessionaire's unconditional right to receive an amount from the concession granting entity. Pending approval of the subject-matter interpretation, about which, however, the Group is assessing any possible impact, and for the purposes of continuity with financial statements as at December 31, 2006, construction assets connected with the concession and the costs and revenues connected with the services under concession have been entered according to the accounting practice in force. Instead, the information has been given in compliance with SIC 29 – Disclosure – Service Concession Arrangements.

IAS 23 Borrowing costs

An amended text of IAS 23 Borrowing costs was issued in March 2007, and will apply to fiscal years beginning on or after January 2009. This standard was amended in order to require capitalization of financial charges whenever such costs relate to a qualifying activity. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional provisions of such standard, and without detriment to the assertions made in connection with the accounting standards applied to "long-term contracts", the Astaldi Group will adopt this new accounting standard starting from January 1, 2009.

Notes to the consolidated financial statements

1. Revenues: EUR 1,273,373 (EUR 1,030,044)

Revenues from works scored Euro 1,273,373 million thus growing by 24% in comparison with December 31, 2006. Such increase, confirming the expected growth trend, is attributable to production activities carried out in Italy and abroad to start-up general contracting and project finance initiatives recently acquired. In particular, the increase in production volumes is the direct consequence of the intensification of activities in traditional markets of reference (Italy, Venezuela, Algeria, Romania, Turkey), as well as in the Middle East (Saudi Arabia and Qatar). Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Revenues from sales and services	541,007	753,198	(212,191)
Changes in contracts in progress, semi-finished and finished goods and construction initiatives	2,365	857	1,508
Changes in contracts in progress	730,000	275,989	454,011
Total	1,273,373	1,030,044	243,329

It is worthy specifying that the item "Revenues from sales and services" include the amounts for works executed and taken over by the respective customers, while the item "Changes in contracts in progress" represents the value of works executed during the period, but not yet completed.
The item Revenues, according to a geographical breakdown, is as set forth below:

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Domestic	488,761	38.4%	383,159	37.2%	105,602
Europe	187,792	14.7%	238,775	23.2%	(50,983)
America	376,682	29.6%	280,406	27.2%	96,277
Africa	169,998	13.4%	121,130	11.8%	48,868
Asia	50,139	3.9%	6,574	0.6%	43,565
Total	1,273,373	100.0%	1,030,044	100.0%	243,329

For more detailed information on this item, please refer to note 34 of sector disclosure according to IAS 14.
Finally, it should be specified that this item includes the economic benefits of works executed in Venezuela, by translation of currency values, originated in currencies other than Euro, used by the Employer to settle contract commitments. For comparative purposes only, the values corresponding to transactions of that same nature carried out in 2006 have been reclassified.

2. Other revenues: EUR 55,758 (EUR 50,819)

Other revenues, totalling EUR 55,758, comprised income statement items not directly related to the Group's production activity, but nevertheless secondary to the core business and of a lasting nature. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Revenue from sales of goods	5,499	7,545	(2,045)
Services provided to third parties	22,777	13,774	9,003
Services and activities to manage joint initiatives	2,642	2,955	(313)
Rentals and lease receivable	4,473	2,925	1,548
Net gains from disposal of tangible assets	4,816	2,122	2,694
Gains from disposal of leased assets	2	21	(19)
Other	15,548	21,477	(5,929)
Total	55,758	50,819	4,939

The elements constituting such item have increased as follows:

- EUR 9,003, for minor services rendered to third parties mainly in Italy and abroad, in particular in Romania and Venezuela;
- EUR 1,548 for rentals and leases above all in Eastern Europe (Romania), in order to more effectively take advantage of the production capacity of plants in connection with the specific utilization according to scheduled needs.
- EUR 2,694 for revenues from disposal of tangible assets consequently to completion of works by a consortium organized under the laws of Bolivia.

As far as concerns decrements, minor revenues from the sales of goods in the domestic market amount to EUR 2,045, and revenues from marginal activities amount to EUR 5,929.

3. Purchase costs: EUR 284,499 (EUR 240,108)

The costs for the purchase of raw materials, subsidiary materials and consumables, net of change in warehouse inventories, amounted to EUR 284,499, showing a net increase of EUR 44,392 compared to the previous period. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Purchase costs	292,585	240,678	51,907
Change in raw materials, subsidiary materials and consumables and goods	(8,085)	(570)	(7,515)
Total	284,499	240,108	44,392

The increase recognized is essentially linked to the start-up of important projects in Algeria, Venezuela, Romania, Saudi Arabia and Qatar, as well as to the acceleration of some works in Italy, such as the Railway Junction in Turin and the construction of the Scuola Carabinieri in Florence.
The geographical breakdown of purchase costs is as follows:

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Domestic	97,814	33.4%	71,125	29.6%	26,689
Europe	74,124	25.3%	81,578	33.9%	(7,454)
America	54,457	18.6%	42,042	17.5%	12,415
Africa	57,505	19.7%	45,572	18.9%	11,933
Asia	8,684	3.0%	361	0.2%	8,323
Total	292,585	100.0%	240,678	100.0%	51,907

4. Service costs: EUR 664,391 (EUR 537,247)

Service costs totally amounted to EUR 664,391, generally increasing by EUR 127,144 compared to the previous year. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Consortium costs	80,965	50,616	30,349
Subcontracts and other services	434,297	356,105	78,193
Technical, administrative and legal consulting	58,994	54,457	4,537
Remuneration to directors and auditors	3,606	2,509	1,097
Utilities	8,821	7,318	1,503
Travels and travel indemnities	4,436	2,815	1,620
Insurance	12,871	11,885	986
Rentals and other costs	30,632	18,986	11,647
Rent and running expenses	5,252	3,545	1,706
Maintenance costs for leased assets	531	414	117
Other	23,986	28,598	(4,612)
Total	664,391	537,247	127,144

The increase in such item is mainly attributable to the increase in consortium costs deriving, in particular, from construction works executed jointly with other partners, such as the Stadium in Bucharest and Basarab, in the area of Romania, and the underground of Rome, the works of which are being executed through the consortium company "Metro C".
Costs for subcontracts and other services increased in 2007 in comparison with the previous year, such increase having occurred in the following geographical areas:

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Domestic	202,169	46.6%	143,585	40.3%	58,584
Europe	43,653	10.1%	61,862	17.4%	(18,208)
America	132,246	30.5%	120,637	33.9%	11,609
Africa	28,302	6.5%	25,474	7.2%	2,827
Asia	27,927	6.4%	4,546	1.3%	23,381
Total	434,297	100.0%	356,105	100.0%	78,193

The above table shows significant increases in the domestic area and, particularly, in Asia where various works were started during the previous year. On the other hand, the absolute value decrease which affected Europe is attributable to Turkey, where the works relating to the Anatolian motorway have been substantially completed.
The increase in costs for rentals in mainly due to acceleration of production activities in Romania, Algeria, Bolivia and Qatar; to this respect, it should be specified that are mainly characterized by contracts of a short-term duration.

5. Cost of personnel: EUR 193,889 (EUR 165,301)

Personnel costs, equal to EUR 193,889 , increased in comparison with the previous year by EUR 28,588. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Wages and salaries	129,647	114,733	14,914
Social security charges	31,512	26,952	4,560
Other costs	27,957	18,460	9,497
Other benefits subsequent to employment	2,005	3,211	(1,206)
Cost of share-based payments	2,767	1,945	823
Total	193,889	165,301	28,588

The increase in this item, equivalent to approximately 15% in comparison with 2006, mainly derives from the increase in wages and salaries in the areas of South America and North Africa, as well as in the domestic area. Undoubtedly, it is worthy specifying that the increase in such costs in absolute terms was not accompanied by any increased percentage incidence of the same on total revenues. In fact, the percentage incidence in 2007 was approximately equivalent to 14.6%, slightly decreasing in comparison with 2006, witnessing an improved management of human resources.
The component “Other costs” increased, also in consideration of the effects of the new laws on Employee Severance Indemnity which, to all intents and purposes of IAS 19, represented now a defined-contribution plan. In fact, “Other costs” include also the costs relating to such plan, which approximately amount to EUR 2,420. For a closer detail on Employee Severance Indemnity movements, please refer to note 28.
As far as concerns the cost of share-based payments, it should be noted that the amount of 2007 refers to the effects of two mixed plans, that is to say constituted of both stock grant and cash which, from an accounting point of view, are recorded in a specific equity provision and as a financial liability, respectively. More in detail:

(thousands of euros)	Stock grant value	Financial liability value	Total
Mixed plans			
1st Plan	904	1,410	2,314
2nd Plan	246	207	453
Total	1,150	1,617	2,767

In connection with the characteristics of the first plan, it should be noted that the same is solely connected with the period of accrual, that is the three-year period 2007-2010, thus its value was determined by taking into account the single elements constituting the plan, that it a cash-based benefit and a share-based benefit.
As far as concerns the second plan, it main characteristics are given below; however, reference should be made to the "Corporate Governance" section of the Director's Report for any additional information to this respect:

- attribution of Astaldi stock to the recipients, on a free basis, or the payment – still of a free basis – to the same recipients, of the value corresponding to such stock;
- the Stock Grant refers to the three-year period 2007-2009;
- for each year of validity of the Plan, each recipient will be entitled to receive, at his own discretion, on an alternative basis, upon achievement of economic-financial targets provided for by the regulation:
  a. a gross amount equivalent to the counter-value of 40,000 shares, valued at average closing price of Astaldi S.p.A.'s common shares negotiated on the stock market during the last quarterly period prior to the date of attribution; or
  b. 50,000 shares, or
  c. a gross amount equivalent to the counter-value of 20,000 shares, valued at average closing price of Astaldi S.p.A.'s common shares negotiated on the stock market during the last quarterly period prior to the date of attribution, in addition to 25,000 shares;
- The achievement of said targets is ascertained by the Board of Directors upon approval of draft financial statements. Within 30 days after target achievement is ascertained, each recipient will give the Company notice of his decision on the mode of attribution.

The value of the elements constituting the plan was determined by taking into account the c) assumption which, representing an intermediate situation with respect to the others, seems to be more reasonably likely. The elements taken into account for the determination of value are the following:

- Dividend rate: 1.25%
- Volatility: 35%
- Probability that targets are achieved: 95%

While specifying that the binomial model was used for the share-based part, the depreciation of the plan elements resulted in the following:

(thousands of euros)	Stock grant value	Financial liability value	Total
2007			
1st Tranche	154	130	284
2nd Tranche	58	49	107
3rd Tranche	34	28	62
Total	246	207	453

The cost of personnel by geographical area and the categories of personnel are as follows:

Composition of personnel	31/12/07	31/12/06	Difference
Managers	122	120	2
Executives	62	54	8
White collars	2,265	1,738	527
Workers	6,400	4,709	1,691
Total	8,849	6,621	2,228

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Italy	82,743	42.7%	73,987	44.8%	8,757
Europe	34,406	17.7%	31,995	19.4%	2,411
America	48,316	24.9%	42,151	25.5%	6,165
Africa	24,417	12.6%	15,770	9.5%	8,647
Asia	4,006	2.1%	1,397	0.8%	2,609
Total	193,889	100.0%	165,301	100.0%	28,588

6. Amortisation, depreciation and write-downs: EUR 39,330 (EUR 29,149)

Amortisation, depreciation and write-downs, corresponding to EUR 39,330 increased, in absolute value, with respect to previous year, by EUR 10,180, above all by virtue of the increase in production activities. While the percentage incidence on total revenues remained unchanged, approximately equalling 2.5%. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Intangible depreciation	865	1,894	(1,029)
Tangible depreciation	34,929	27,233	7,696
Bad debts	3,535	22	3,513
Total	39,330	29,149	10,180

The increase in depreciation of tangible fixed assets is attributable to increased investments in works in progress both in the domestic area and in Venezuela, Algeria and Qatar. Such item includes a residual value of depreciation of investment property; for more detailed information, see notes 14 and 15.
The amount of bad debts represents the best estimate of the recoverable value considering the counterparty's nature.

7. Other operating costs: EUR 33,465 (EUR 24,727)

Other operating costs amounted to EUR 33,465, generally increasing by EUR 8,738 compared to the previous year. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Provision for risks and charges	2,582	9,489	(6,907)
Other operating costs	30,883	15,238	15,645
Total	33,465	24,727	8,738

The decrease in the provision for risks and charges is directly connected with the valuation of contracts on a "whole life result" basis made in the previous year. Other operating costs, generally increasing compared to the previous year, are as follows:

(thousands of euros)	31/12/07	31/12/06	Difference
Charges for value adjustments	3,340	364	2,975
Fiscal charges	14,909	5,875	9,033
Other administrative costs	12,635	8,998	3,637
Total	30,883	15,238	15,645

The increase in other operating costs amounting to EUR 15,645 is attributable:

a) for the amount of EUR 2,975, to differences in estimates in comparison with the previous year;

b) for the amount of EUR 9,033 to direct taxes (i.e.: customs duties, concession, administrative fees, etc.) and taxes calculated on individual economic items, but not directly connected with income. To this respect, reclassifications have been made also for comparative purposes;

c) for the amount of EUR 3,637, to miscellaneous administrative expenses connected with the management of works.

8. Capitalisation of internal construction costs: EUR 550 (EUR 1,045)

Capitalization of internal construction costs refers to project finance activities relating to the subsidiary Partenopea Finanza di Progetto (capitalized costs 2007:529, 2006:934) for the construction of the Hospital ("Ospedale del Mare") in Naples, and to the Parent company (capitalized costs 2007:21, 2006:111) for the construction of utility pipelines in the Municipality of Cologno Monzese.

9. Financial income: EUR 31,716 (EUR 40,271)

Financial income decreased in comparison with 2006 by EUR 8,555 mainly due to a decrease in exchange rate profit, although exceeding exchange rate loss, as well as because of decreased residual income included in this item.
The table below shows a breakdown of such item:

(thousands of euros)	31/12/07	31/12/06	Difference
Gains from disposal of other equity investments	1,045	-	1,045
Income from financial transactions with credit institutes	4,017	2,524	1,494
Commissions on guarantees	716	648	68
Exchange rate profit	17,691	22,870	(5,179)
Financial income from derivatives	2,186	1,388	798
Other financial income	5,589	11,686	(6,098)
Revaluation of securities	471	1,154	(684)
Total	31,716	40,271	(8,555)

The decrease in financial income is as follows:

- the decrease in exchange rate profit, amounting to EUR 5,179, is the consequence of the physiological trend in exchange rates; however, that exchange rate profit of year 2007 balanced exchange rate loss, thanks to the currency control policy implemented by the Group with reference to the specific characteristics of the markets in which the same is operating.
- Other financial income is attributable 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
- The decrease in securities is attributable to valuation at fair value of securities classified as assets at fair value with offset in income statement, however of a very low amount.

As to increases, it should be noted that: EUR 1,045 refer to gains from the disposal of other equity investments which are not important from a strategic point of view; EUR 1,494 refer to bank current account interest credited; EUR 798 to the valuation of financial instruments manly relating to derivatives held for hedging purposes, but not recognized according to hedge accounting. For further details on derivatives, please refer to note 32.

10. Financial charges: EUR 77,258 (EUR 72,119)

In comparison with 2006, this item increased by EUR 5,139 consequently to the increase in financial charges connected with the increase in the volume of production. Such situation occurred in an increase of the total invested capital increase, thus giving rise to an increase in the Group's average financial exposure. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Commissions on guarantees	10,770	8,034	2,737
Loss from financial transactions with credit institutes	39,663	28,589	11,074
Exchange rate loss	5,633	8,394	(2,761)
Financial charges from derivatives	1,149	252	897
Financial charges on leasing agreements	1,335	1,258	77
Other financial charges	13,963	16,359	(2,396)
Total	72,513	62,886	9,628
Write-downs of equity investments	99	188	(89)
Write-downs of securities and bad debts	4,646	9,045	(4,399)
Total	4,745	9,233	(4,488)
Total financial charges	77,258	72,119	5,139

The increase in financial charges is as follows:

- The increase in commissions for guarantees, attributable to Bid Bonds and Performance Bonds normally required by the sector of activity, is mainly attributable to works started in the North Africa area. In fact, considering the increased average value of initiatives falling within the Group's interest, in Italy and abroad, commitments for guarantees of an operative nature have also increased.
- The increased charges for interest payable are directly attributable to the financial support of works in progress, mainly in Venezuela, Romania and Algeria, as well as to increased financing of fixed assets. In particular: EUR 30,339 refer to charges on medium/long-term loans, EUR 8,119 to interest payable on short-term loans, EUR 1,205 to bank commissions and expenses.
- Charges on derivatives refer, as in the case of income of that same kind, mainly to hedging instruments, but not recognized according to hedge accounting to the purpose of effectiveness. For closer details on derivatives, please refer to note 32.
- Financial charges on leasing agreement partially increased in comparison with the previous year by virtue of a different scheme adopted to finance investments in tangible fixed assets.

The item Other financial charges include, among others, the charges of factoring operations, while carried out during the period in connection with which the assets assigned were cancelled from the financial statements, in compliance with IAS 39; as to the write-downs of securities and bad debts, it should be noted that such item derives from the allocation of arrears interest accrued by Croatia Branch-office in connection with the arbitral award for the construction of the Zagreb-Gorican motorway.

11. Effects of valuation of equity investments using the equity method: EUR 2,101 (EUR 5,470)

The effects of valuation of equity investments using the equity method (affiliates and entities under joint control) showed a positive balance of Euro 2,101, detailed as follows:

(thousands of euros)	31/12/07	31/12/06	Difference
Revaluation of equity investments:			
Consorcio Metro Los Teques	3,134	4,789	(1,655)
Metro 5	226		226
Veneta Sanitaria Finanza di Progetto – V.S.F.P. S.p.A.	204		204
Astaldi Ferrocement J.V.		2,901	(2,901)
Max Bogl-Astaldi-CCCF Asocierea J.V. S.r.l.		788	(788)
M.N. Metropolitana di Napoli S.p.A.		573	(573)
Other of a lower amount	25	90	(65)
Total revaluation	3,589	9,141	(5,552)
Write-downs of equity investments			
Copenhagen Metro Construction Group J.V. (COMET)	(772)	(1390)	618
Metro C S.c.p.A.	(171)		(171)
Alosa Immobiliare S.p.A.. in liquidation	(124)	(968)	844
M.N. Metropolitana di Napoli S.p.A.	(112)		(112)
Santangelo S.c.r.l. in liquidation	(100)		(100)
Consorcio Contuy Medio		(363)	363
Metro 5		(233)	233
Veneta Sanitaria Finanza di Progetto – V.S.F.P. S.p.A.		(223)	223
SOGEDEP in liquidation		(178)	178
Monte Vesuvio S.c.a.r.l. in liquidation		(163)	163
Other of a lower amount	(209)	(153)	(56)
Total write-downs	(1,488)	(3,671)	2,183
Total effects of valuation of equity investments using the net equity method	2,101	5,470	3,369

It is worthy noticing that the decrease occurred in comparison with the previous year did not substantially affect the equity investments considered as significant and strategic by the Group, as set forth below:

Company (thousands of euros)	Value at 31/12/07	Value at 31/12/06	Difference
Metro C S.p.A.	51,588	51,755	(167)
S.E.I.S. S.p.A.	14,899	14,921	(22)
Veneta Sanitaria Finanza di Progetto – V.S.F.P. S.p.A.	7,589	6,758	831
Metro 5 S.p.A.	5,818	5,592	226
Consorcio Metro Los Teques	6,260	3,653	2,607
Transeuropska Autocesta d.o.o	3,226	3,197	29
M.N. Metropolitana di Napoli S.p.A.	2,170	2,282	(112)
Total	91,550	88,158	3,392

For the sake of clarity of the above table, it is specified that such values include also the difference relating to balance-sheet items, such as the translation reserve and other reserves.
As far as concerns more detailed information on equity investments valued according to the equity method, please refer to the relevant attachment.

12. Taxes: EUR 32,251 (EUR 28,172)

The total amount of the taxes for the period equalled EUR 32,251. The tax rate for the period, taking into account IRAP, stands at 45.6%, decreasing in comparison with 2006 (47.8%) by approximately 5%. Such decrease is substantially attributable to the effects of current and deferred taxes of foreign companies.
Such item is constituted of the following:

Income statement (thousands of euros)	31/12/07	31/12/06	Difference
- Current taxes (IRES)	23,189	22,041	1,148
- Current taxes (IRES)	3,329	1,352	1,977
- Current taxes (IRAP)	5,714	4,655	1,059
- Deferred taxes (IRAP)	19	124	(105)
Total	32,251	28,172	4,079

Net deferred taxes gives rise, in 2007, a receivable for prepaid taxes amounting to EUR 7,078, which decreased in comparison with the previous year by approximately EUR 5,169, mainly due to the adjustment in new tax rates effective from year 2008 (IRES from 33% to 27.5% and IRAP from 4.25% to 3.90%).
The table below shows a breakdown of net deferred taxes:

Balance sheet (migliaia di euro)	2007 Ires	2007 Irap	2006 Ires	2006 Irap
a) Deferred tax assets from:	23,561	730	29,814	1,038
- taxed provisions for risks	12,383	730	16,994	1,021
- provisions for risks according to IAS	0	0		
- taxed provisions for delay interests risks	7,162	0	7,282	0
- currency translation differences	2,481	0	1,145	0
- tax losses	1,289	0	4,232	0
- employee severance indemnity	-25	0	(180)	0
- other	272	1	341	17
b) Deferred tax liabilities from:	(16,065)	(1,149)	(17,244)	(1,361)
- financial lease	(4,337)	(615)	(3,078)	(396)
- property entered at fair value in lieu of cost	(3,763)	(534)	(4,554)	(586)
- deducted provisions for contract risks	0	0	(4,675)	(378)
- delay interests receivable	(7,162)	0	(4,363)	0
- other + cash flow hedge reserve	(803)	0	(574)	0
c) Net deferred tax assets (liabilities) a) – b)	7,496	(418)	12,570	(323)
d) deferred taxes for the period entered in income statement	3,329	19	(1,352)	(124)

The reconciliation, exclusively to the purpose of IRES tax, between (current and deferred) taxes recorded and expected taxes as resulting by subjecting profit before income taxes to the tax rate (corresponding to 33% in 2007 and 2006) in force for financial years ended December 31, 2007 and 2006, is as follows:

(thousands of euros)	2007	%	2006	%
Profit before income taxes	70,667		58,998	
Expected income taxes	23,320	33.0%	19,469	33.0%
Net tax effects of permanent difference increases (decreases)	1,363	1.9%	48	0.1%
Taxes of previous years	27	0.0%	605	1.0%
Net effect of current and deferred taxes of foreign companies	1,929	2.7%	3,591	6.1%
Taxes entered directly in equity	(102)	(0.1%)	(196)	(0.3%)
Current and deferred taxes (IRAP)	5,713	8.1%	4,655	7.9%
Current and deferred taxes on income entered in financial statements	32,250	45.6%	28,172	47.8%

13. Profit per share: EUR 0.389 (EUR 0.308)

Basic profit per share was determined as follows:

(thousands of euros)	December 31, 2007	December 31, 2006
Numerator		
Profit attributable to holders of parent company's common shares	38,097	30,091
Denominator (in units)		
Weighted average number of shares (all common shares)	98,424,900	98,424,900
Weighted average number of treasury shares	(647,061)	(783,578)
Weighted average of shares for calculating basic profit per share	97,777,839	97,641,322
Basic profit (loss) per share	0.3896	0.3082

To this respect, it should be noted that the existence of mixed stock-grant plans for managers having strategic responsibilities determines a non particularly significant dilution effect. In fact, considering the effect of potential shares (403,000) of the plans described above, the diluted profit amounts to 0.388.

14. Property, plant and machinery: EUR 246,483 (EUR 192,999)

Tangible fixed assets decreased, in comparison with the previous year, by EUR 102.594, consequently to the acquisition of specialist technical plant and machinery, as detailed in the table below, in order to support increased production volumes which characterized, above all, Venezuela, Algeria and Romania, as well general contracting and project finance initiatives started in Italy.

(thousands of euros)	Lands and buildings	General and specific plants	Excavators, loaders and vehicles	Various equipment and machinery	Fixed assets in progress and advances	Total
Value at Dec. 31, 2006, net of depreciation [1]	39,542	49,125	38,115	23,140	43,077	192,999
Increments						
- from acquisitions	2,432	27,725	27,228	21,218	23,992	102,594
	41,974	76,850	65,342	44,358	67,069	295,594
Amortization	(916)	(10,691)	(14,811)	(8,504)		(34,923)
Other disposals	(11)	(8,604)	(2,172)	(1,144)	(1,710)	(13,642)
Currency translation differences	(249)	(104)	(267)	(9)		(629)
Other movements	52	(24)	11	(27)	70	83
Value at Dec. 31, 2006, net of depreciation [2]	40,849	57,427	48,103	34,674	65,429	246,483
[1] of which						
- Cost	42,382	81,366	85,935	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
[2] of which						
- Cost	44,914	89,780	97,317	62,547	65,429	359,988
- Provision for depreciation	(4,065)	(32,353)	(49,214)	(27,873)		(113,505)
Net value	40,849	57,427	48,103	34,674	65,429	246,483

The value of the property, plant and machinery includes leased assets totalling Euro 55,227, as set forth below:

(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	29,046	13,703	9,276	3,202	55,227
of which					
- Cost	31,688	18,002	13,094	4,321	67,105
- Provision for depreciation	(2,642)	(4,299)	(3,818)	(1,119)	(11,878)

15. Investment property: EUR 192 (EUR 198)

Investment property, were subject to a decrease due the normal depreciation process as shown in the table below:

Value at Dec. 31, 2006, net of depreciation [1]	198
Amortization	(6)
Value at Dec. 31, 2007, net of depreciation [2]	192
[1] of which	
- Cost	204
- Provision for depreciation	(6)
Net value	198
[2] of which	
- Cost	204
- Provision for depreciation	(12)
Net value	192

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.

16. Intangible assets: EUR 3,374 (EUR 3,795)

Intangible assets, were subject to a decrease in comparison with the previous year due the normal depreciation process as shown in the table below: More in detail, it is underlined that the main element of intangible assets is represented by the value of contractual rights acquired with reference to contracts in progress in Italy and abroad. The table below shows the movements of the item being analyzed; to this respect it should be noted that this items does not include leased assets.

(thousands of euros)	Right to use intellectual property rights	Concessions, licences, trademarks and rights	Other Intangible fixed assets	Total
Value at Dec. 31, 2006, net of depreciation [1]	1,191	234	2,370	3,795
Additions				
- from acquisitions	368			368
	1,559	234	2,370	4,163
Amortization	(614)	(158)	(93)	(865)
Other movements	71	4		75
Value at Dec. 31, 2007, net of depreciation [2]	1,016	80	2,277	3,373
[1] of which				
- Cost	3,645	5,629	2,406	11,680
- Provision for depreciation	(2,454)	(5,395)	(36)	(7,885)
Net value	1,191	234	2,370	3,795
[2] of which				
- Cost	2,690	5112	2432	10,234
- Provision for depreciation	(1,674)	(5032)	(155)	(6,861)
Net value	1,016	80	2,277	3,374

17. Equity Investments: EUR 96,877 (EUR 96,492)

Equity investments, equal to Euro 96,877, decreased by Euro 385.
A breakdown of the item is shown below:

(thousands of euros)	31/12/07	31/12/06	Difference
Equity investments valued using the net equity method	94,851	93,513	1,338
Equity Investments valued at cost	2,026	2,979	(953)
Total	96,877	96,492	385

Equity investments valued using the net equity method and amounting to EUR 94,851 (2006: EUR 93,513) refers to investments in the equity of associated companies and joint ventures. Please refer to the table attached hereto for a summary of the main financial statements figures relating to such equity investments including total assets, liabilities, revenues and results for the period.
The value of the non-current equity investments entered in financial statements at cost amounted to EUR 2,026 and were represented net of provision for depreciation fund, amounting to EUR 8. These are mainly consortium companies for which the calculation and recording at fair value was not significant, even through valuation techniques.

18. Financial assets

Non-current financial assets: EUR 10,329 (EUR 11,957)

This item refers to receivables from associated companies and entities under joint control mainly referred to support of a financial nature, lent by the Parent company to works in progress, also abroad, as well as loans granted to companies in liquidation.
As far as concerns more detailed information on transactions with related parties, please refer to the relevant attachment.

Current financial assets: EUR 37,463 (EUR 40,046)

The item in question mainly refers to:
- to securities portfolio approximately amounting to EUR 8,263 the economic effects of which were set forth in the previous notes to which reference is made;
- to hedge derivatives approximately amounting to EUR 6,466 about which more detailed information ins given in note 32;
- to financial receivables amounting to EUR 22,698. This latter item is mainly constituted of the financial receivable amounting to Euro 911 owed to the Parent company by Emilia Romagna regional authorities (pursuant to Tognoli law), and of the receivable amounting to Euro 18,742 owed to the subsidiary company Partenopea Finanza Progetto S.p.A. by A.S.L. NA1 to the account of grant for the concession by virtue of art. 19, § 2, of Law No. 109/94 (the so-called Merloni Law) accrued and outstanding.

The decrease in such item is also mainly attributable to the disposal of portfolio securities and to the collection of financial receivables.

19. Other Assets

Other non-current assets: EUR 15,380 (EUR 13,443)

The item in question underwent a EUR 1,937 increase in comparison with the previous financial year and is detailed as follows:

(thousands of euros)	31/12/07	31/12/06	Difference
Tax receivables	3,622	2,698	924
Other assets	11,758	10,745	1,013
Total other non-current assets	15,380	13,443	1,937

To such respect, it should be noted that:

- tax receivables mainly referred to tax refunds applied for to Tax Authorities, in particular EUR 1,679for direct taxes and EUR 1,914 for indirect taxes;
- The most significant variations referred to: to receivables for advances to suppliers and sub-contractors, totalling EUR 922, guarantee deposits amounting to EUR 1,089, prepaid expenses for insurance amounting to EUR 7,502 and other deferred liabilities for commissions on guarantees totalling EUR 532; and to other prepayments and deferrals amounting to EUR 1,689.

Other current assets: EUR 252,168 (EUR 188,094)

Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Accounts receivable from associated companies	22,130	38,563	(16,433)
Accounts receivable from other equity investment	1,418	1,211	207
Other assets	228,619	148,320	80,299
Grand Total	252,168	188,094	64,074

“Other current assets” include:

- receivables from associated companies, equal to Euro 22,130, and other equity investments, equal to Euro 1,418. As far as concerns more detailed information on transactions with related parties, please refer to the relevant attachment.
- other assets totalling EUR 228,619 were as follows: Receivables for advances to subcontractors approximately amounting to EUR 91,833; prepaid expenses including those for insurance approximately amounting to EUR 32,527; other accounts receivable from third parties for transfer of goods and services approximately amounting to EUR 53,911, and to the difference between the nominal value of receivables factored before December 31, 2003 and the amounts collected.

Moreover, it should be noted that the estimated realizable value of accounts receivable from third parties was adjusted as set forth in the following table:

(thousands of euros)	31/12/2006	provisions	Exchange rate differences	31/12/2007
Provision for bad debts	(7,106)	(3,977)	659	(10,424)

20. Inventories: EUR 60,915 (EUR 51,600)

Inventories increased, in comparison with the previous year, by EUR 9,315 mainly in connection with increased production of South America area (Venezuela, Bolivia, Costa Rica). Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Raw materials, subsidiary materials and consumables	43,196	35,218	7,978
Contracts in progress and semi-finished goods	6,628	4,263	2,365
Finished products and goods	885	40	845
Goods and materials in transit	10,206	12,079	(1,873)
Total	60,915	51,600	9,315

The increase in products in progress is mainly connected with the construction of car parks in the municipalities of Verona and Bologna.
More in detail, the following table shows a geographical breakdown of the item being examined:

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Italy	12,536	20.6%	10,184	19.7%	2,352
Europe	16,579	27.2%	13,322	25.8%	3,257
America	22,692	37.3%	11,990	23.2%	10,702
Africa	9,108	15.0%	16,104	31.2%	(6,996)
Total	60,915	100.0%	51,600	100.0%	9,315

It should be noted that the decrease which affected the Africa area is attributable to an operating phase in which assets previously stocked within the framework of start-up projects have been used.

21. Receivables from customers: EUR 519,229 (EUR 397,712) Payables to customers: EUR 237,466 (EUR 209,324)

Such items are constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Current Assets			
contracts in progress	1,668,456	1,005,908	662,548
depreciation fund for losses to completion	(8,290)	(15,872)	7,582
Total contracts in progress	1,660,166	990,036	670,130
advances from customers	(1,140,937-9	(592,324)	(548,613)
Total receivables from customers	519,229	397,712	121,517
Current Liabilities			
contracts in progress	36,179	36,454	(275)
advances from customers	(273,645)	(245,778)	(27,867)
Total payables to customers	(237,466)	(209,324)	(28,142)

It must also be noted that the amount of contract advances, included in “Advances from customers”, equals EUR 194,856.
The increase entered in works in progress is mainly attributable to increased activities in the areas of South America and North Africa.

22. Trade receivables: EUR 463,067 (EUR 437,877)

Trade receivables increased, in comparison with the previous year, approximately by EUR 25,190 mainly in connection with an acceleration in the execution of the works. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Accounts receivable from employers	474,026	448,148	25,878
Accounts receivable from associated companies	36,187	29,370	6,817
Accounts receivable from parent companies	18	6	12
Accounts receivable from other equity investments	654	413	241
Provisions for bad debts	(47,818)	(40,060)	(7,758)
Total	463,067	437,877	25,190

The increase in absolute value of EUR 25,190, 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 25,878 referred to accounts receivable for works executed in Algeria, Romania, Venezuela and activities carried out in Italy;
- net increase of EUR 7,070 referred to receivables from associated companies and other companies; for a dee-

per analysis, please refer to the table of transactions with related parties attached hereto;
- net decrease of EUR 7,758 referred to the provision for bad debts.

The provision for bad debts decreased in comparison with the previous year as follows:

(thousands of euros)	31/12/2006	provisions	Applications	Asborption	Exchange rate differences	31/12/2007
- accounts receivable from customers						
provision for bad debts	(13,746)	(11,538)	7,761		(15)	(17,538)
provision for delay interests	(26,314)	(4,646)	651	29		(30,280)
Total	(40,060)	(16,184)	8,412	29	(15)	(47,818)

The table below shows a geographical breakdown of receivables:

(thousands of euros)	31/12/07	%	31/12/06	%	Difference
Italy	129,494	28.0%	160,995	36.8%	(31,501)
Europe	68,957	14.9%	127,394	29.1%	(58,437)
America	172,744	37.3%	57,476	13.1%	115,268
Africa	82,876	17.9%	87,820	20.1%	(4,944)
Asia	8,996	1.9%	4,192	1.0%	4,804
Total	463,068	100.0%	437,877	100.0%	25,190

As to the above table, it is worthy specifying that the increase in receivables relating to America has to be put in relation with the activities carried out in Venezuela, where the works relating to railway lines Puerto CabePuerto Cabello – La Encrucijada, San Juan de Los Morros – S. Fernando De Apure and Chaguramas - Cabrutallo are being executed, such latter initiatives having been acquired only recently.

23. Tax receivables: EUR 88,592 (EUR 73,275)

Tax receivables, net of a provision for delay interests, amount to EUR 198, thus increasing in comparison with the previous year by approximately EUR 15,317 and are mainly constituted as follows:

- **EUR 57,198 relating to receivables for indirect taxes (VAT)**, of which approximately EUR 17,469 in Italy and, particularly, to consortium initiatives the works of which are being executed under facilitated tax rates and which apply for tax refunds according to laws in force, while the remaining part being attributable to foreign branch offices and entities organized under the laws of foreign countries, in particular in America, for an amount of EUR 25,901 balanced, if possible, by the payment of direct taxes, according to local laws; and, additionally, EUR 8,721 attributable to activities carried out in Europe and, finally, EUR 5,827 to be ascribed to entities operating in the North Africa area;
- **EUR 30,674 relating to direct taxes**, entered in accordance with and to all intents and purposes of the laws and regulations of the Countries where the Group has been operating.

24. Cash and cash equivalents: EUR 295,538 (EUR 237,623)

Cash and cash equivalents increased in comparison with 2006 by EUR 57,915 and are detailed as follows:

(thousands of euros)	31/12/07	31/12/06	Difference
Bank and post office deposits	294,776	236,972	57,805
Cash on hand	762	652	111
Total	295,538	237,623	57,915

The table below shows a geographical breakdown of such item:

(thousands of euros)	31/12/07	31/12/06	Difference
Italy	200,409	161,490	38,919
United States	6,740	24,113	(17,373)
Romania	26,475	6,941	19,534
Venezuela	11,049	9,741	1,308
Algeria	27,027	21,466	5,561
Other	23,838	13,872	9,966
Total	295,538	237,623	57,915

25. Net equity: EUR 312,084 (EUR 281,059)

The share capital, subscribed and fully paid up, is represented by 98,424,900 common shares of a nominal value of EUR 2 each. Treasury shares held at the end of financial year were 900,000, and their nominal value, equal to EUR 1,458 was entered to directly reduce the share capital. The number of said shares, in comparison with 2006, decreased by 170,747 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.
As at December 31, 2007, according to the Shareholders' Register and other information required according to the law (as per art. 120 of D.Lgs. 58/98), the shareholders of Astaldi S.p.A. holding a quota exceeding 2%, were as shown in the following table:

Direct Shareholder (migliaia di euro)	Number of shares	Shareholding %
Fin.Ast. S.r.l.	38,708,451	39.328%
Finetupar International S.A.	12,327,967	12.525%
Total Fin.Ast. S.r.l.	51,036,418	51.9%
Pictet Asset Management Limited	5,063,242	5.1%
Odin Forvaltning AS	4,836,240	4.9%
BG Sgr S.p.A.	2,218,892	2.3%
Total	63,154,792	64.2%
Market	35,270,108	35.8%
Grand Total	98,424,900	100.000%

Net equity reserves and their respective value relating to financial year 2006 quoted next, are as follows:
- Legal reserve: 12,152 ; 10,767
- Extraordinary reserve: 61.857; 43.476
- Retained earnings and accrued losses: 19.583; 18.931
- Other reserves: (16.488); (18.987)

The legal reserve increased in connection with the provisions of Article 2430 of the Italian Civil Code.
The extraordinary reserve increased in comparison with the previous year by EUR 18,381 consequently to buy back operations amounting to EUR (882) increased by the amount of EUR 19,263 as remainder of 2006 allocated profit (EUR 30,091) in connection with the following movements:
- Legal reserve: Euro 1,385
- Dividends: EUR 8,323. To such respect, it is worthy specifying that the dividend resolved by the Shareholders' Meeting of May 2, 2007, of EUR 0.085 per share (EUR 0.085 in 2006), was paid with ex-dividend date May 7 and 10, 2007
- Provision pursuant to Article 27 of the By-laws Euro 415
- Profits carried forward: Euro 653

Retained earnings amount to EUR 19,583 and included the economic effects deriving 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 represent an item intended to adjust net equity by the amount of EUR 16,488 and detailed the following:

- the effects determined upon first-time adoption of the International Accounting Standards amounting to a negative value of EUR 2,121;
- the effects resulting from conversion of the financial statements of foreign permanent establishments as well as other equity investments, which showed a negative value of EUR 23,531 at the date of transition to IFRSs;
- exchange rate differences resulting from the translation of the financial statements of foreign subsidiaries, which showed a negative value of EUR 8,298;
- consolidation reserve of EUR 9,231;
- other reserves totalling EUR 8,231, the variation in which is mainly attributable to cash-flow hedge reserve and stock option reserve.

The Group's main target, as far as concerns sources and applications of funds, is obtaining an appropriate level of own funds in relation to debts, in order to preserve equity consistency and, if so allowed by economic conditions, an effective debt/equity ratio to the purposes of an appropriate management of financial leverage. Further details on sources and applications are set forth in the Directors' Report.

26. Financial liabilities

Financial liabilities globally increased, in comparison with 2006, a shown in detail below, consequently to increased bank financing to support higher investments. The above, consequently to more intense operating activities due to the start-up of new initiatives, both at domestic and international level, particularly in Venezuela, Algeria and Romania.

Non-current financial liabilities EUR 413,524 (EUR 339,797)

Non-current financial liabilities increased by EUR 73,727 and are detailed as follows:

(thousands of euros)	31/12/07	31/12/06	Difference
Amounts owed to banks (*)	393,710	310,532	83,178
Non-current quota of loans (*)	2,329	3,465	(1,136)
Financial payables leasing (*)	15,787	25,202	(9,415)
Financial payables to associated companies	1,698	597	1,100
Total	413,524	339,797	73,727

(*) Included in Net Financial Position for an amount of EUR 411,826

Current financial liabilities: EUR 322,385 (EUR 224,192)

Current financial liabilities increased by Euro 98,193 mainly as a consequence of current quota of loans. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Amounts owed to banks	311,163	211,004	100,159
Current quota of loans	1,047	1,050	(2)
Financial payables leasing	10,175	12,139	(1,964)
Total	322,385	224,192	98,193

Amounts owed to banks include, in addition to the current quota of medium/long-term loans amounting to EUR 122,939, also short-term financing amounting to EUR 175,621 and hedge derivatives amounting to EUR 2,700. To this respect, please refer to note 32.

Financial payables leasing: EUR 25,962 (EUR 37,341)

Financial payables for financial leasing agreement, of an average duration of 30-60 months, decreased in comparison with the previous year by EUR 11,379. Such item is constituted of the following:

(migliaia di euro)	31/12/07 Instalments	31/12/07 Present value	31/12/06 Instalments	31/12/06 Present value
Within 1 year	11,214	10,175	13,585	12,139
Beyond 1 year	16,988	15,787	27,285	25,065
Beyond 5 years	-		140	137
Total leasing instalments	28,202		41,010	
Financial charges	2,240		3,669	
Current value	25,962	25,962	37,341	37,341

Covenants and negative pledges on financing incurred by the Group, and the net financial position in accordance with Consob Communication No. 6064293 of July 28, 2006, are as follows.

Covenants and Negative pledges

Taking into account, on the one side, the high volatility which characterized the financial markets and, on the other, the opportunity of harmonizing the obligations provided by the various existing loans, during 2007 the Astaldi Group simplified and harmonized the financial covenants of the various corporate loans; such activity did not affect project financing facilities because of their non-recourse nature and specific characteristics.
New levels of financial covenants after harmonization are as follows:

- Ratio between net financial position and Group's net equity: less than or equal to 1.60x at year end and 1.75 at half-year end;
- Ratio between Net financial position and Ebitda: less than or equal to 3.50x at year end and 3.75 at half-year end;

The definitions of parameters which are considered to the purpose of calculation of the above levels of covenant are in agreement with the IAS adopted by the group. For a more detailed description, please refer to "alternative performance indicators" section of Directors' Report.
Failure to comply with such parameters results in automatic revocation of facilities and accelerated repayment, unless possible agreements are entered into with lenders.
The loans to which the above covenants apply are the following:

- "Multi-Tranche Facility", for the amount of € 325 mln, entered into on July 18, 2006, of a duration of 5 years with 2 renewal options of one year each (the first one having been already exercised), arranged by Mediocredito Centrale (Gruppo Unicredito) and the Royal Bank of Scotland, subscribed by a pool of leading Italian banks;
- Reserve allocation loan, originally amounting to € 100 mln, entered into on April 14, 2005 and having a duration of 4 years, arranged and subscribed by a pool of leading banks, with Banca Popolare di Milano acting as Lead Arranger: expiry April 2009;
- Guarantee Credit Line (for bonds and guarantees) for an amount of € 175 mln, entered into on November 30, 2006 and having a duration of 7 years, arranged by Mediocredito Centrale (Gruppo Unicredito) and the Royal

Bank of Scotland and subscribed by a pool of leading banks: expiry November 2013
- Bilateral committed revolving credit facility, for an amount of € 30 mln, entered into with BayernLB Italia on October 5, 2007, having a duration of 3 years with two renewal options of one year each: Current expiry October 2010;
- Bilateral committed revolving credit facility, for an amount of € 25 mln, entered into with Natixis Italia on May 14, 2007, having a duration of 18 months less one day: expiry November 2008;
- Bilateral committed revolving credit facility, for an amount of € 20 mln, entered into with Bank of Tokyo – Mitsubishi Italia on October 26, 2006, having a duration of 18 months less one day: expiry April 2008;

Such levels of financial covenants were extended to two stand-by credit facilities arranged in favour of the subsidiaries Co.meri SpA and Ar.gi. Spa, special purpose vehicles set up for the execution of the works of the *"Strada Statale Jonica"* according to general contracting scheme. Such facilities, secured by the Parent company, amount to EUR 40,000 (Co.me.ri SpA) and to EUR 20,000 (Argi).

Moreover, the Group entered into a committed loan of an amount of USD 60 mln, to cover misalignment between costs and revenues of Venezuela Branch-Office, of a duration of 18 months less one day, entered into on January 11, 2007 with BNL (and with counterguarantee issued by SACE on 70% of the amount), expiring in July 2008.

The covenants relating to the above loan are the following:
- Ratio between net financial position and Group's net equity: less than or equal to 1.50x;
- Ratio between Net financial position and Ebitda: less than or equal to 3.25x.

In the event such credit line were extended, the relevant covenants will be aligned to Group's new standards.

In connection with negative pledge clauses, it is worthy mentioning that the Group, upon negotiation of loans, manages to align such commitments to those defined in the main corporate loan (the multi-tranche amounting to € 325 mln arranged by Mediocredito Centrale and the Royal Bank of Scotland).

Such agreement provides that the Group may not establish any real guarantee (mortgages, pledges, etc.) on its own assets, subject to some specific cases.

In particular, such commitment does not apply:
- to guarantees already existing upon entering into a new loan,
- to guarantees given within the framework of single projects to be executed under a project finance or general contracting scheme,
- and, in any event different from the above, for amounts not exceeding € 3 mln as a whole.

Net financial position (thousands of euros)		31/12/07	31/12/06
A	Cash	295,538	237,623
B	Shares held for trading	14,764	18,983
C	Cash at bank and on hand (A)+(B)	310,303	256,607
D	Financial receivables	25,365	21,978
E	Current liabilities to banks	(212,182)	(210,095)
F	Current share of non-current indebtedness	(97,328)	(1,958)
G	Other current financial liabilities	(12,874)	(12,139)
H	Current financial indebtedness (E+F+G)	(322,385)	(224,192)
I	Net current financial indebtedness (H+D+C)	13,284	54,393
J	Non-current liabilities to banks	(396,039)	(313,997)
K	Other non-current liabilities	(15,787)	(25,202)
L	Non-current financial indebtedness (K+J)	(411,826)	(339,199)
M	Net financial indebtedness (L+I)	(398,543)	(284,806)

Moreover, it is worthy specifying that the Parent company holds treasury shares amounting to EUR 5,048 included in the net financial position set forth in the Directors' report for an amount of EUR (393,495), to which reference should be made for more detailed information.

27. Other liabilities

Other non-current liabilities: EUR 57,964 (EUR 35,973)

Other non-current liabilities, totalling Euro 57,964 showed a EUR 21,991 increase in comparison with the previous year. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Tax payables	116	1	114
Other liabilities	57,848	35,972	21,876
Total other non-current liabilities	57,964	35,973	21,991

Other current liabilities: EUR 111,442 (EUR 123,707)

Other current liabilities totalled EUR 111,442 and showed a EUR 12,265 decrease.

(thousands of euros)	31/12/07	31/12/06	Difference
Accounts payable to associated companies	46,483	45,521	962
Payables to other companies	23	302	(279)
Due to personnel	20,098	17,269	2,829
Other liabilities	44,839	60,615	(15,776)
Total other current liabilities	111,442	123,707	(12,265)

For further details on relationships with related parties, please refer to the relevant attachment; however, it should be noted that the increase in amounts owed to personnel has to be put in relation with the increase in labour force occurred in 2007 according to management's strategic plans.

28. Employees benefits: EUR 10,932 (EUR 12,470)

Such item refers to employee severance indemnity and is detailed as follows:

(thousands of euros)	Value at 31/12/2006	Increments for the period	Decrements for the period	Value at 31/12/2007
Provision for employee severance indemnity	12,470	1,978	(3,516)	10,932

The liability entered in financial statements is constituted of the following:

(thousands of euros)	31/12/2007	31/12/2006
Current value of Obligations	11,318	13,519
Unreported actuarial (loss)/profit	(386)	(1,049)
Liability entered in the financial statements	10,932	12,470

(thousands of euros)	Actuarial value of obligation	Unrecognized actuarial actuarial	Net liability of defined-benefit plans
Initial balance	13,519	(1,049)	12,470
Costs for services rendered	1,650		1,650
Costs for interests	511		511
Benefits paid	(3,516)		(3,516)
Actuarial (losses)/profits	(246)	663	417
Other movements	(600)		(600)
Final balance	11,318	(386)	10,932

The cost of liability is constituted of the following:

(thousands of euros)	31/12/2007	31/12/2006
Social security cost for current employment	1,650	2,733
Net interest payable (receivable)	511	478
Net actuarial losses/profits	417	-
Social security cost for past employment	-	-
Reductions and discharges	(600)	-
Total	1,978	3,211

Employee Severance Indemnity decrements are attributable to the defined-contribution plan. To further explain such values, the main assumptions used are as follows:

- Annual discounting rate: 4.65%
- Annual inflation rate: 2%
- Annual rate of Employee Severance Indemnity increase: 3%
- Annual salary-increase rate (including inflation) for Companies having less than 50 employees:
  - Managers: 4.5%
  - Clerical workers / Executives: 3%
  - Workers: 3%

29. Trade payables: EUR 564,141 (EUR 474,478)

Trade payables, connected with more intense activities in Venezuela, Algeria, Romania and Italy, increased in comparison with the previous year by EUR 89,662. Such item is constituted of the following:

(thousands of euros)	31/12/07	31/12/06	Difference
Payables to suppliers	475,666	383,572	92,094
Accounts payable to associated companies	86,376	87,415	(1,039)
Accounts payable to other equity investments	2,098	3,491	(1,393)
Total	564,141	474,478	89,662

The main debt items refer to:

- Payables to suppliers, amounting to EUR 475,666, showing a EUR 92,094 net increase.
- amounts due to associated companies totalling EUR 86,376; the item showed a decrease of EUR 1,039; please see the table attached to these notes for a breakdown of payables. 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 totalling Euro 2,098 showed a Euro 1,393 decrease.

30. Tax payables: EUR 42,232 (EUR 26,137)

Tax payables increased by EUR 16,095 and are constituted as follows:
EUR 12,067: for indirect tax payables (VAT);
EUR 26,924: for direct tax payables;
EUR 3,241: for Treasury payables for taxes withheld on employee income.

31. Provisions for risks: EUR 24,333 (EUR 30,035)

Provisions for risks and charges decreased by EUR 5,702 and are detailed as follows:

(thousands of euros)	Provisions for contract obligations	Risks on equity investments	Taxes	Provision pursuant to Article 27 of the By-laws	Altro Other	Total
Balance at December 31, 2006	18,686	6,617	1	165	4,567	30,036
Provisions	801	561	0	0	0	1,362
Utilizations	(3,427)	(312)	0	(223)	0	(3,962)
Allocated to advances	(3,516)	0	0	0	0	(3,516)
Reclassification	4,567	0	0	0	(4,567)	0
Allocation of 2006 profit	0	0	0	416	0	416
Balance at December 31, 2007	17,111	6,865	1	357	0	24,334

- Provisions for contract obligations mainly include the prudent provision for charges relating to works already executed but for which the final phase of the respective contracts has not been defined yet, as well as for activities connected with works in progress;
- The provision for risks on equity investments reflect the depreciation of equity investments, attributable to the Group, exceeding the book value of said equity investments;
- This provision, set up in accordance with art. 27 of the By-laws, was used for donation purposes and increased by allocation of profits as resolved by proper resolutions.

It should be noted that, in comparison with 2006, the provisions included in "Other" are reclassified according to nature.
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.

(thousands of euros)	Adjusted asset	31/12/2007	31/12/2006	note
A) Provisions for direct reduction of assets		66,738	63,714	
- Provision for write-down of equity investments	Equity investments	8	7	17
- Depreciation fund for losses to completion	Receivables from Customers	8,290	15,872	21
- Provision for bad debts	Trade receivables	17,538	13,746	22
- Provisions for delay interests	Trade receivables	30,280	26,314	22
- Provision for other bad debts	Other non-current assets	10,424	7,106	19
- Provision for write-downs of securities	Current financial assets	0	471	18
- Provision for delay interests payable to tax authority	Tax receivables	198	198	23
B) Provisions for liabilities				
- Provision for risks and charges, of which		24,334	30,035	31
a) Other provisions for short-term risks		1	4,567	31
b) for risks on equity investments		6,865	6,617	31
c) for contract obligations		17,111	18,686	31
d) Other provisions for risks and charges		357	165	31
Total provisions as at 31/12/2006		91,071	93,749	

32. Information on the management of risks, on financial instruments and on guarantees

Financial risk management

The Astaldi Group operates in an international context in which transactions are carried out in various currencies; moreover, in order to support and develop its own industrial activities, it avails itself of external sources of financing in Euro and foreign currencies.
Therefore, the Group's economic result is subject to market risk deriving from the fluctuation of exchange rates and of interest rates.
In order to maintain corporate value, the Group has drawn up guidelines used to control its exposure to market

risks and entrusted to a Financial Risks Committee the definition of strategies to be adopted for the management of the same through derivatives and monitoring of hedged positions.
Within the framework of such policies, the use of derivatives is reserved to the management of exposure to fluctuations of exchange rates and interest rates connected with cash flows and assets and liabilities, excluding any derivatives for speculative purposes.
Current derivative transactions, therefore, are mainly represented by IRS (Interest Rate Swap) and Collars on interest rates and Forwards and Cylinders on exchange rates.
The main market risks the Group is exposed to are *"interest rate risk", "exchange rate risk", "cash flow risk" and "credit risk"*.

Interest rate risk

The Group avails itself of external medium/long-term variable rate sources of financing. Fluctuations in market interest rates affect the cost and return of various forms of financing, application and factoring, thus affecting Group's net financial charges. The Group's philosophy, set down in a specific Interest Rate Risk Management Policy, is to define an optimal mix of fixed rate and variable-rate debt in order to reduce financial costs and their volatility; to this end, it operates through simple ("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): these are zero-cost instruments.
The following table shows the trend in Group's financial liabilities exposed to interest rate risk as at December 31, 2007:

Risk linked to financial flows (thousands of euros)	Applications	2008	2009	2010	2011	2012	Beyond
Short term financing	(255,465)	255,465					
M/L-term financing	(452,914)	52,781	110,586	44,357	3,689	237,664	3,837
Leasing (variable interest rate)	(10,264)	1,675	1,660	6,840	89		
Total	(718.643)	309.921	112.246	51.197	3.778	237.664	3.837

Note: Data relating to variable interest rate financial liabilities set forth in the above table correspond to the relevant nominal value, net of reclassification relating to the valuation of amortised cost of financing and the fair value of derivatives on interest rates.

As at December 31, 2007, the nominal value of existing hedge derivatives approximately amounted to EUR 544,661.
The following tables show the details of the above transactions, all based on financial flow hedging, split between cash flow hedging and transactions which the Group decided not to recognize according to hedge accounting, considering its burdensome and difficult application to the characteristics of hedged elements.

Cash flow hedge

Instrument (thousands of euros)	Hedged element	Hedged notional value	2007 Fair Value	2006 Fair Value
IRS				
	Medium/Long-term debts	110,000	2,448	1,362
	Bank loan	2,593	74	17
	Short-term debts	97,000	1,796	127
	Financial assets	175,536	(288)	0
Total		385,129	4,030	1,505
OPTIONS				
	Medium/Long-term debts	12,500	116	105
	Short-term debts	40,000	806	82
Total		52,500	923	187
Total		437,629	4,953	1,693

As it is clear from the above table, during 2007 interest rate risk hedging transaction have been carried out in connection with trade receivables finally factored (Financial assets). In particular, such hedging transactions concerned accounts receivable of special purpose vehicles Co.meri and Ar.Gi from the employer (ANAS) for the execution of the works of "Strada Statale Jonica", to be factored, and 20% of which will be paid upon completion of the works, according to the typical general contracting scheme.
With reference to total transactions carried out, perspective and retrospective analysis of effectiveness led to the amount being entered in net equity, thus making the reserve finally amount to EUR 4,693, together with the correlated effect for deferred taxes of EUR (1,291).
With reference to such transactions, the following table shows the details of 2007 movements in Cash Flow Hedge Reserve included in Net Equity:

Cash flow hedge reserve – interest rate risk (thousands of euros)	31/12/07	31/12/06
Initial Reserve	1,594	868
Amount of Cash flow hedge reserve during the year	4,090	282
Amount of Cash flow hedge reserve entered in Income Statement	991	(444)
- financial cost adjustment	991	(444)
Final reserve	4,693	1,594
Ineffectiveness	161	99

In connection with such hedging, the following table shows the payout profile of the flow of interest payable, net of spread contractually agreed upon, as estimated by the Group in connection with financial liabilities hedged in cash flow hedge, and considering, to such respect, the trend of forward interest rates as at December 31, 2006 and at December 31, 2007:

Period of recognition in income statement (thousands of euros) Interest rate risk	Hedged element Dec-31-07 Recognition	Hedged element Dec-31-06 Recognition
Flows up to 3 months	3,775	1,417
Flows from 3 to 6 months	4,951	3,063
Flows from 6 to 9 months	2,813	1,419
Flows from 9 to 12 months	4,364	3,080
Flows from 1 to 2 years	11,782	8,222
Flows from 2 to 5 years	28,133	27,120
Flows over 5 years	3,127	1,950
Total	58,945	46,271

While the following table describes hedging transactions to which hedge accounting was not applied: the effects of such hedging were directly recognized in the income statement as at December 31, 2007:

No hedge Accounting:

Instrument (thousands of euros)	Hedged element	Hedged notional value	2007 Fair Value	2006 Fair Value
IRS	Leasing	9,350	114	54
	Fixed short-term debts	90,819	825	880
IRS Total		100,169	939	933
OPTIONS	Fixed short-term debts	6,863	(111)	
OPTIONS Total		6,863	(111)	
Total		107,032	828	933

Sensitivity analysis

Potential effects of an increase or decrease in interest rates on the Group's Income Statement in connection with Group's interest payable falling due during next financial year.
The analysis was carried out starting from curves of market rates as at December 31, 2007 and as at December 31, 2006, considering a parallel rate shock by 1% upwards (shock up) and downwards (shock down).

Interest rate risk

Interest rate risk	Income statement				Net Equity			
Exposure and sensitivity analysis	Shock up		Shock down		Shock up		Shock down	
(thousands of euros)	Dec-31-07	Dec-31-06	Dec-31-07	Dec-31-06	Dec-31-07	Dec-31-06	Dec-31-07	Dec-31-06
No-cash-flow-hedge variable rate financial liabilities								
- cash flow	(7,343)	(5,796)	7,343	5,796				
Cash flow hedge								
- cash flow	4,418	3,056	(4,049)	(2,850)				
Total	(2,925)	(2,740)	3,294	2,946	0		0	
- fair value	1,293	1,337	(2,145)	(1,282)	11,065	8,751	(10,856)	(9,268)

With reference to December 31, 2007, the analysis confirms that, considering a 1% increase in interest rates, as a consequence of hedging through derivatives, in 2008 financial charges would increase by only 0.4% in comparison with the present situation. The fair value hedge analysis shows that a similar increase in interest rates as at December 31, 2007 would determine an increase in financial charges to be recognized in Income Statement by EUR 1,293 and in Net Equity by EUR 11,065.
As it is clear from the table, symmetrically, a decrease in interest rates by that same amount, would produce very similar results, obviously opposite in sign: Such result is substantially due to the prevailing presence of IRS (Interest Rate Swap) in the Group's present portfolio, which factually shield the income statement from interest rate fluctuations to the extent of the hedged part.

Exchange rate risk

With regard to the exchange rate risk, Astaldi Group performs cash flow hedges for specific foreign contracts, with the purpose of neutralising or softening the effect of exchange rate oscillation on the value of relative costs or revenues in currency.
The Group's policy is aimed at hedging, typically through simple derivative instruments, forwards or cylinders, a varying percentage depending on the single cases of exposure to exchange rate risk consequently to business transactions to be carried out within 12 months (or later, in the event it is deemed advisable in connection with the business characteristics).
In those cases in which, in connection with specific foreign currencies especially those of Emerging Countries,

financial markets do not allow to mitigate the exchange risk through derivatives, the Group evaluates the possibility of protecting the unbalance between trade receivables and payables in local currency through a debt in the same currency (the so-called “natural hedge”).
As at December 31, 2007, of derivatives on exchange rates included forward purchase transaction in US Dollars versus Euro performed against expected disbursement of the Branch in Bolivia and forward purchase transactions of Romanian Lei (RON) versus Euro against expected payments of the Branch in Romania.
All hedge transactions were performed according to hedge accounting rules.

Company (thousands of euros)	Instrument	Hedged element (countervalue Euro)	2007 Fair Value	Net Equity	Income statement
Bolivia branch	Forward	7,275	(532)	(385)	(147)
Bolivia branch Total		7.275	(532)	(385)	(147)
Romania branch	Forward	9,000	(837)	(715)	(122)
	Options	9,000	(785)	(673)	(112)
Romania branch Total		18,000	(1,622)	(1,388)	(234)
Grand total		25,275	(2,154)	(1,773)	(381)

The hedge effectiveness test performed on the above hedging resulted in a positive outcome and made it necessary to recognise a EUR 1,773 non-realised loss in net equity, net of the effect of deferred taxes amounting to EUR 488; while, as far as concerns expected future financial flows, in relation to which the branch-offices already received invoices payable as at December 31, 2007, the fair value of relevant hedge derivatives, amounting to EUR (381), was entered in the income statement to adjust operating costs.
The following table shows the details of 2007 movements in Cash Flow Hedge Reserve included in 2007 Net Equity as an effect of exchange rate hedging:

Cash flow hedge reserve – exchange rate risk (thousands of euros)	Dec-31-07	Dec-31-06
Initial Reserve	0	(642)
Amount of Cash flow hedge reserve during the year	1,005	2,929
Amount of Cash flow hedge reserve entered in Income Statement	2,778	3,571
- adjustment of operating revenues	1,964	4,506
- adjustment of operating costs	814	(935)
Final reserve	(1,773)	0
Ineffectiveness	0	0

While the following table shows the 2008 expected trend of the recognition of hedged costs in income statement and relevant recognition in the balance-sheet.

Period of recognition of flows and relevant recognition in balance-sheet (thousands of euros)	Hedged element 31-Dec-2007	
	Recognition in Income Statement	Recognition in Balance-sheet
Flows up to 3 months	7,726	7,794
Flows from 3 to 6 months	6,216	7,108
Flows from 6 to 9 months	4,843	5,736
Flows from 9 to 12 months	1,500	4,637
Flows over 1 year	0	0
Total	20,285	25,275

Such table shows, in connection with hedged items, the presumable trend in the receipt of invoices payable during 2008 (recognition in income statement) and the expected recognition in the balance-sheet of the relevant payments, obtained taking into account the average delay payment conditions of single branch offices: the expiry of hedging through derivatives was positioned in correspondence of the expected recognition of payment in the balance-sheet, so as to inactivate the effect that exchange rate fluctuations have on disbursements.

Liquidity risk

The liquidity risk to which the Group is exposed may derive, substantially, from potential delay in collecting amounts owed by customers, mainly public authorities, and from the difficulties in obtaining financing to support operating activities when necessary.
Cash flows, the need for financing and the liquidity held by Group's companies are monitored and generally managed in a centralized manner, in order to guarantee an effective and efficient management of financial resources.
In order to reduce re-financing costs to any possible extent, and to guarantee the granting of financing, the Group applied for and obtained committed short-term (18 months less one day) and medium-term (3 years, renewable for 2 additional years) credit lines.
The liquidity risk may occur in connection with the potential difficulty, linked to contingent market situations, in obtaining, at arm's length, the financial resources necessary to Group's activities.
The two main factors affecting the Group's liquidity are, on the one side, the resources produced or absorbed by operating activities and investments; on the other, the characteristics of maturity and renewal of debts, or of liquidity of financing applications, and market terms and conditions.
The Group adopted a series of policies and processes aimed at making the most of the management of sources of financing, reducing the liquidity risk:

- orientation toward a centralized management of collection and payment flows (cash management systems), in the event it is deemed advantageous from an economic point of view in compliance with the various civil, currency and tax laws of the countries where the Group has been operating and consistently with the rules governing the management of the financial flows of individual projects;
- keeping the available liquidity at an appropriate level;
- existence of an investment portfolio, amounting to EUR 8,263, having a corresponding liquid market and, therefore, available for trading in order to cope with needs for liquidity;

- diversification of instruments for raising financial resources and continuous and active attention to financial markets;
- obtainment of appropriate credit lines (committed and uncommitted);

Credit risk

Group's customers are mainly public authorities and government bodies which, because of their nature, are solvent. Therefore, the credit risk, represented by the Group's exposure to potential loss deriving from employer's failure to comply with their own obligations may be considered as highly unlikely, also in consideration of the insurance coverage deriving from specific insurance policies taken out with specific insurance institutions.
Moreover, it should be noted that, in some countries, the period necessary to collect payment may extend beyond usual terms. As at December 31, 2007, trade receivables amounted to EUR 463,067, of which 22% overdue, and 9.6% overdue beyond 12 months. However, the analysis of exposure to credit risk on the basis of overdue receivables is scarcely significant, because receivables have to be valued jointly with the other items of working capital and, in particular, with payables to subcontractor and suppliers, which are typical of this sector, and the due dates of which, within the management of operating leverage, are generally aligned to payments from customers.

Guarantees

Personal guarantees

The global value of guarantees given totalled EUR 1,555,552 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 29,811;
- guarantees for works, issued in the Group's interest by Banks and Insurance companies, in favour of Customers and in the interest of subsidiaries, associated companies and other equity investments, for the total amount of EUR 1,423,675;
- other guarantees, issued for various purposes, for a total of EUR 34,904.

Guarantees given by third parties in our favour

These refer to guarantees totalling EUR 98,385 issued by banks and insurance companies, in the interest of Italian and foreign suppliers and subcontractors in relation to contractual obligations undertaken by the latter vis-à-vis the Company.

33. Information note on transactions with related parties and Fees due to Directors, Auditors and General Managers

In accordance with IAS 24 as well as CONSOB communication no. 6064293 of July 28, 2006, annex 1 this note shows the totals of existing transactions and balances resulting from financial and commercial relations with related companies. To this respect, it should be noted that the relevant transactions were carried out at arm's length. Moreover, it is specified that relations with consortia and consortium companies (the so-called special purpose vehicles), taking into account the specific sector the Group operates in, are to be correlated with receivables owed by third parties – entered among Trade Receivables (note 22) – not summarised in the table relevant to transaction with related parties.
The Information note on Fees due to Directors, Auditors and General Managers is set forth herebelow.

Compensi corrisposti ad Amministratori, Sindaci, Direttori Generali e Vice Direttori Generali (amounts in thousands of euros)

Individual	Description of office		Fees				
Surname and name	Office held	Term of office	Emoluments	Non-monetary benefits	Bonuses and other incentives	Ot her fees	
Monti Ernesto **	Honorary Chairman	31/12/2009	30,000 (1) (a)			223,333	(1) (a)
						600	(4) (a)
Astaldi Paolo **	Deputy Chairman	31/12/2009	30,000 (1) (a)			266,666	(1) (a)
						333,423	(2) (a)
						26,208	(7) (e)
Di Paola Vittorio **	Chairman	31/12/2009	30,000 (1) (a)	904,993 (3) (c)	800,000	(1)	(a)
					1.409.855	(10)	
						600,000	(7) (b)
Astaldi Pietro	Director	31/12/2009	30,000 (1) (a)			211,408	(2) (a)
						18,462	(7) (b)
Astaldi Caterina	Director	31/12/2009	30,000 (1) (a)			81,770	(2) (a)
						6,020	(7) (b)
Cerri Stefano **	Chief Executive Officer and General Manager	31/12/2009	30,000 (1) (a)	82,161 (3) (c)		375,665	(2) (a)
						21,179	(7) (b)
Cafiero Giuseppe **	Chief Executive Officer and General Manager	31/12/2009	30,000 (1) (a)	82,161 (3) (c)		265,646	(2) (a)
						165,120	(1) (a)
						14,303	(7) (b)
Grassini Franco	Director	31/12/2009	30,000 (1) (a)			850	(5) (a)
						600	(4) (a)
Guidobono Cavalchini Luigi	Director	31/12/2009	30,000 (1) (a)			200,000	(2) (a)
						850	(5) (a)
Lupo Mario	Director	31/12/2009	30,000 (1) (a)			550	(5) (a)
Tosato Gianluigi	Director	31/12/2009	30,000 (1) (a)				
Oliva Nicola **	Director and General Manager	31/12/2009	30,000 (1) (a)	82,161 (3) (c)		258,070	(2) (a)
						12,019	(7) (b)
						72,711	(1) (a)
Poloni Maurizio	Director	31/12/2009	30,000 (1) (a)			18,000	(6)
						250	(5) (a)
						600	(4) (a)
Spanò Pierumberto	Chairman of the Board of Auditors	30/4/09	53,040 - 1 (a)				
Singer Pierpaolo	Auditor	30/4/09	35,360 - 1 (a)				
Antonio Sisca	Auditor	30/4/09	15,888 - 1 (a)				

(1) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code;
(2) Salaries
(3) Free allotment of shares
(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
(9) Fees for offices held pursuant to Article 2389, subsection 3 of the Italian Civil Code, in former Italstrade
(10) Extraordinary fees resolved by shareholders' meeting of June 27, 2007.

(a) short-term benefits
(b) benefits subsequent to employment
(c) share-based payments

As to managers having strategic responsibilities, including General Managers, Deputy General Managers, Chief Executive Officers and Operations Managers, it is worthy noticing that the fees paid to the same globally amount to EUR 2,380,827.

34. Disclosure by geographical areas and sectors of activity

2006 primary disclosure

(thousands of euros)	Italy	Europe	America	Africa	Asia	Other	Adjustments and cancellations	Consolidated total
Revenues								
Revenues	476,994	249,501	279,683	121,130	6,574		(103,838)	1,030,044
Results								
Operating Result	39,976	31,472	24,406	11,811	(991)	(33,228)	11,930	85,376
Unallocated costs								
Profit/loss before taxation and financial income/charges								85,376
Net financial charges	-	-	-	-	-	-	-	(31,848)
Quotas of profit/loss in associated companies' result	-	-	-	-	-	-	5,470	5,470
Profit/(loss) before taxation and minority interests								58,998
Income taxes								(28,172)
Net profit for the period								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	(1,027,946)
Unallocated liabilities								(448,630)
Total liabilities								(1,476,576)
Other sector information								
Tangible fixed assets	126,408	17,043	26,689	22,276	1,194		(611)	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

2007 primary disclosure

(thousands of euros)	Italy	Europe	America	Africa	Asia	Other	Adjustments and cancellations	Consolidated total
Revenues								
Revenues	650,374	197,103	357,483	169,998	50,139	352	(152,077)	1,273,373
Results								
Operating Result	28,345	(5,900)	114,465	18,313	697	(19,441)	(22,372)	114,109
Unallocated costs								
Profit/loss before taxation and financial income/charges								114,109
Net financial charges	-	-	-	-	-	-	-	(45,542)
Quotas of profit/loss in associated companies' result	-	-	-	-	-	-	2,101	2,101
Profit/(loss) before taxation and minority interests								70,667
Income taxes								(32,251)
Net profit for the period								38,097
Assets and Liabilities								
Sector assets	603,889	351,006	589,144	270,730	45,467	671,646	(857,962)	1,673,920
of which, investments in associated companies						*219,008*	*(122,131)*	*96,877*
Unallocated assets								422,765
Total Assets								2,096,685
Sector liabilities	(508,663)	(263,171)	(467,828)	(208,037)	(36,105)	(400,966)	681,291	(1,203,478)
Unallocated liabilities								(581,122)
Total liabilities								(1,784,600)
Other sector information								
Tangible fixed assets	107,823	17,704	47,163	27,740	10,400	36,546	(893)	246,483
Intangible fixed assets	2,526	125	10	-	-	713	-	3,374
Depreciation of tangible fixed assets	11,205	5,452	9,989	6,132	1,623	817	(295)	34,923
Provisions	2,116	-	-	-	-	-	-	2,582

2006 secondary disclosure

(thousands of euros)	Dams and Hydraulic Works	Civil and industrial construction	Transport infrastructure	Concessions	Head Office, Other *	Cancellations	Total
Revenues	99,942	136,641	897,299			(103,838)	1,030,044
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	306		3,489				3,795

2007 secondary disclosure

(thousands of euros)	Dams and Hydraulic Works	Civil and industrial construction	Transport infrastructure	Concessions	Head Office, Other *	Cancellations	Total
Revenues	144,262	247,376	1,033,533	-	279	(152,077)	1,273,373
Sector assets	273,065	195,691	1,475,238	83,836	504,053	(857,962)	1,673,920
of which, investments in associated companies					219,008	(122,131)	96,877
Unallocated assets							-
total assets							-
Tangible fixed assets	246,483						
intangible fixed assets	204	-	3,170	-	-	-	3,374

35. Other information

Non-Recurring Significant Events And Operations

The economic, equity and financial position of the Astaldi Group was not affected, during 2007, by any non-recurring significant operation, as set forth in CONSOB communication no. DEM/6064293.

Positions or Transactions Deriving from Atypical and/or Unusual Operations

The Astaldi Group did not carry out, during 2007, 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 27, 2008.
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.
For more detailed information on subsequent events, please refer to the Directors' report.

Fees payable to the Auditing company Ernst&Young and its network under art. 149-duodecies of Regulation on Issuers

Type	Fees
Auditing services (*)	544
Other services (**)	129
Total fees	674

(*) of which to Parent company Astaldi S.p.A. for EUR 460.
(**) of which to Parent company Astaldi for EUR 112.

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

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Attachments to the consolidated financial statements

Currency conversion table

Countries	Currency		December-07	Average 2007	December-06	Average2006
Albania	Lek	ALL	120,9590	123,6310	123,756000	123,093000
Algeria	Algerian Dinar	DZD	97,6409	95,3088	94,206400	91,436100
Angola	Readjustado kwarza	AOA	109,2940	105,0200	106,024000	100,955000
Saudi Arabia	Saudi Ryial	SAR	5,4599	5,1353	4,955210	4,708880
Bolivia	Bolivian	BOB	11,1137	10,7478	10,563600	10,041600
Bulgaria	New Bulgarian Lev	BGN	1,9558	1,9558	1,955800	1,955800
Burundi	Burundian Franc	BIF	1.652,3100	1.483,3800	1.357,650000	1.277,270000
Carribean	Carribean Dollar	XCD	3,9340	3,7003	3,567450	3,390120
Central Africa Republica C.F.A.	CFA Franc	XOF	655,9570	655,9570	655,957000	655,952000
Chile	Chilean Peso	CLP	727,0980	714,9480	696,710000	666,328000
Colombia	Colombian Peso	COP	2.936,4000	2.841,5000	2.989,570000	2.965,860000
Democratic Republic of Congo	Congolese Franc	CDF	806,0380	760,6620	712,789000	582,517000
Costa Rica	Costa Rican Colon	CRC	725,7690	708,7770	683,519000	642,564000
Croatia	Kuna	HRK	7,3178	7,3376	7,356440	7,324680
Denmark	Danish Crown	DKK	7,4599	7,4507	7,454940	7,459100
El Salvador	Salvadorean Colon	SVC	12,7491	11,9917	11,561200	10,986500
United Arab Emirates	Arab Emirates Dirham	AED	5,3512	5,0328	4,852820	4,611730
Japan	Japanese Yen	JPY	163,5530	161,2530	154,825000	146,015000
Djibouti	Djiboutian Franc	DJF	258,9460	243,5630	234,819000	223,146000
Guatemala	Quetzal	GTQ	11,1202	10,5197	10,068000	9,550910
Guinea	Guinean Franc	GNF	6.055,0900	5.970,3100	7.795,550000	6.364,330000
Honduras	Lempira	HNL	27,6362	25,9466	24,965600	23,724500
Libya	Libyan Dinar	LYD	1,7789	1,7289	1,691840	1,648750
Malawi	Kwacha	MWK	204,0860	191,6640	182,981000	170,604000
Morocco	Moroccan Dirham	MAD	11,3467	11,2203	11,150300	11,037100
Mozambique	New Metical	MZN	35,0611	35,0346	33.301,100000	31.355,500000
Nicaragua	Cordoba oro	NIO	27,4843	25,2953	23,730200	22,066400
Norway	Norwegian Crown	NOK	8,0117	8,0165	8,157470	8,047190
Pakistan	Pakistani Rupee	PKR	89,1597	83,2468	80,486900	75,715100
Panama	Balboa	PAB	1,4570	1,3705	1,321280	1,255600
Qatar	Qatari Ryial	QAR	5,3027	4,9879	4,810330	4,570780
United Kingdom	British Pound	GBP	0,7206	0,6843	0,672861	0,681730
Dominican Republic	Dominican Peso	DOP	48,8266	45,2820	43,744100	41,559700
Romania	New Leu	RON	3,5351	3,3353	3,413700	3,525840
Rwanda	Rwandese Franc	RWF	793,7390	749,5820	726,416000	692,282000
Singapore	Singapore Dollar	SGD	2,1108	2,0636	2,035430	1,994150
United States	US Dollar	USD	1,4570	1,3705	1,321280	1,255600
South Africa	Rand	ZAR	9,9626	9,6596	9,309210	8,531180
Switzerland	Swiss Franc	CHF	1,6592	1,6427	1,596930	1,572880
Taiwan	Taiwan Dollar	TWD	47,2268	45,0098	42,934200	40,841400
Tanzania	Tanzanian Shilling	TZS	1.682,6000	1.700,0800	1.682,650000	1.573,730000
Tunisia	Tunisian Dinar	TND	1,7885	1,7515	1,714760	1,669070
Turkey	Turkish Lira	TRY	1,7195	1,7865	1,892020	1,808980
European Monetary Unit	Euro	EUR	1,0000	1,0000	1,000000	1,000000
Venezuela	Bolivar	VEB	3.128,7000	2.942,8300	2.837,180000	2.696,150000
Zambia	Kwacha	ZMK	5.588,6600	5.476,0600	5.418,730000	4.522,440000

Source: Ufficio Italiano Cambi (Italian Foreign Exchange Office)

Related parties

(thousands of euros)	Other non-current financial assets	Trade receivables	Other current assets
Adduttore Ponte Barca S.c.r.l. in liquidation	5	0	25
Almo S.c.r.l. in liquidation	0	10	0
Alosa Immobiliare S.p.A. in liquidation	1,145	30	2
Astaldi - Maroc S.A.	0	0	0
Astaldi Bayindir J.V.	0	155	6,967
Astaldi Ferrocemento J.V. - SUKKUR Bridge - Pakistan	0	103	29
Astaldi-FCC Joint Venture (J.V. Basarab Overpass)	300	1,295	0
Avola S.c.r.l. in liquidation	84	685	41
Blufi 1 S.c.rl. in liquidation	0	0	48
C.E.A. - Compagnia Europea Appalti S.p.A. - Udine	0	0	0
C.F.C. S.c.r.l.	0	0	0
C.F.M. S.c.r.l. in liquidation	0	172	31
Colli Albani S.c.r.l. in liquidation	0	815	5
Columbus de Construcciones de Honduras S.A. de C.V.	0	0	0
Cons.A.F.T.Kramis Succ.Algeria	0	785	2,918
Cons.Ponte Stretto Di Messina in liquidation	658	12	1
Consorcio Astaldi-ICE	0	416	1
Consorcio Contuy Medio	0	0	909
Consorcio Grupo Contuy - Proyectos y Obras de Ferrocarriles	0	342	668
Consorcio Metro Los Teques	0	2,958	221
Consorzio A.F.T. in liquidation	279	109	21
Consorzio A.F.T. Kramis	0	0	7
Consorzio Asse Sangro in liquidation	0	(17)	0
Consorzio Astaldi - Fedederici - Todini Branch-office Algeria	0	2	793
Consorzio Brundisium in liquidation	0	0	0
Consorzio C.I.R.C. in liquidation	0	12	1
Consorzio C.O.N.C.I.L.	0	0	1
Consorzio Carnia S.c.r.l.	0	146	0
Consorzio Centro Uno	0	52	0
Consorzio Co.Fe.Sar. in liquidation	0	282	0
Consorzio Consarno	227	84	0
Consorzio Consavia S.c.n.c.	0	22	0
Consorzio Contur Branch-office Turkey	0	5	0
Consorzio DEI (con ITS)	0	0	0
Consorzio Dipenta S.p.A. - Ugo Vitolo in liquidation	0	0	0
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	697	0	0
Consorzio F.A.T.- Federici - Astaldi - Todini	0	1	0
Consorzio Ferrofir in liquidation	0	40	0

Non-current financial liabilities	Trade payables	Other current liabilities	Other operating revenues	Service costs	Financial income	Net financial charges
0	(279)	0	0	30	0	0
0	(16)	0	0	0	0	0
0	(11)	0	(6)	0	0	0
0	0	(3)	0	0	0	0
0	(1,005)	0	0	0	0	0
0	0	0	0	0	0	1
0	0	0	(729)	8,390	(37)	0
0	(162)	0	(19)	0	(96)	0
0	0	0	0	0	0	0
0	(1)	0	0	0	0	0
0	(21)	(33)	0	0	0	0
0	(351)	0	(11)	4	(5)	0
0	(343)	(5)	0	0	0	0
0	(1)	0	0	0	0	0
0	(164)	(136)	0	0	(1)	0
0	(36)	0	(145)	118	0	0
0	0	0	0	0	0	0
0	(834)	0	0	0	0	0
0	(398)	0	(157)	0	0	0
0	0	0	0	0	0	0
0	(1)	0	0	0	0	0
0	0	0	0	0	0	0
0	(7)	0	0	0	0	0
0	(19)	(664)	0	0	0	0
0	(2)	0	0	0	0	0
0	(699)	0	0	(2)	0	0
0	0	0	0	0	0	0
0	(13)	0	0	0	0	0
0	0	0	0	0	0	0
0	(236)	0	(1)	2	0	0
0	(264)	0	0	30	(34)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	(2)	0	0	0	0	0
0	(120)	0	(201)	27	0	0
0	0	0	0	0	0	0
0	(974)	0	(1)	324	0	0

(thousands of euros)	Other non-current financial assets	Trade receivables	Other current assets
Consorzio Gi.It. in liquidation	0	0	0
Consorzio Iricav Due	0	87	0
Consorzio Iricav Uno	0	609	109
Consorzio Ital.Co.Cer.	0	0	18
Consorzio Italvenezia	0	0	0
Consorzio L.A.R. in liquidation	1,779	181	0
Consorzio Novocen	2	0	18
Consorzio Qalat	0	5	0
Consorzio Recchi S.p.A.- Astaldi S.p.A.	0	0	0
Consorzio Tagliamento	0	0	0
Consorzio Team	0	0	24
Consorzio TRA.DE.CI.V.	0	36	268
Diga di Blufi S.C.r.l.	0	6,200	637
DP 2M S.c.r.l.	0	0	0
Ecosarno S.c.r.l.	128	0	0
FIN. AST. S.r.l. (Parent company)	0	18	3
Fosso Canna S.c.r.l. in liquidation	205	232	6
FSC S.c.r.l.	0	0	0
Fusaro S.c.r.l.	0	12	0
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	0	0	0
GEI - Grupo Empresas Italianas	0	63	4,193
Groupement Cir S.p.A.	0	0	0
Groupement Eurolep	0	0	0
Groupement GR-RDM	0	0	1
Groupement Italgisas	838	97	13
Imprese Riunite Genova S.c.r.l. in liquidation	0	0	0
Imprese Riunite Genova Seconda S.c.r.l. in liquidation	0	1	0
Infraflegrea S.c.r.l. in liquidation	0	524	8
Irimuse S.c.r.l. in liquidation	0	0	0
Irminio S.c.r.l.	0	0	0
Isclero S.c.r.l. in liquidation	0	0	113
Italsagi Sp. Zo. O.	340	14	28
M.N. Metropolitana di Napoli S.p.A.	0	31	0
Marsico Nuovo S.c.r.l. in liquidation	30	0	0
Max Boegl - Astaldi J.V.	0	15	0
Max Bogl-Astaldi-CCCF Asocierea JV s.r.l.	0	284	0
Metro 5 S.p.A.	0	86	0
METRO C S.p.A.	0	933	2
Metrogenova S.c.r.l.	0	351	207
Metroveneta S.c.r.l. in liquidation	0	0	0
Monte Vesuvio S.c.r.l. in liquidation	250	447	0
Mose -Treporti S.C.r.l.	0	310	0
N.P.F.- Nuovo Polo Fieristico S.c.r.l.	0	78	2,230

Non-current financial liabilities	Trade payables	Other current liabilities	Other operating revenues	Service costs	Financial income	Net financial charges
0	(218)	0	0	1	0	0
0	(4.939)	0	(62)	374	0	0
0	(1,732)	0	(253)	9,909	0	0
0	(172)	0	0	53	0	1
0	(112)	0	0	11	0	0
0	(2,578)	0	0	187	0	0
0	0	0	0	0	0	0
0	(413)	0	0	0	0	0
0	0	0	(141)	0	0	0
0	0	0	0	8	0	0
0	(18)	0	(4)	31	0	0
0	(248)	0	(15)	778	0	0
0	(5,456)	0	(9)	1,522	(3)	0
0	0	0	0	0	0	2
0	(550)	0	0	303	0	0
0	0	0	(10)	0	0	0
0	(83)	0	0	0	(16)	0
0	2	0	0	0	0	0
0	(63)	0	0	0	0	0
0	0	(1,680)	0	0	0	0
0	(3,491)	(655)	0	904	0	0
0	0	0	0	0	0	6
0	0	(27)	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	(239)	0	0	10	0	0
0	0	0	0	0	0	0
0	(876)	0	(4)	(63)	0	0
0	(1)	0	0	0	0	0
0	(1)	0	0	0	0	0
0	(150)	0	(19)	0	0	0
0	0	0	0	0	0	0
0	(1)	0	(3)	0	0	3
0	0	0	0	0	0	0
0	0	0	(2,776)	0	(15)	0
0	0	0	(181)	3	(46)	0
0	0	(4,369)	(581)	0	0	0
0	(23,713)	(38,813)	(1,491)	32,217	0	0
0	(861)	(121)	(123)	2,014	0	0
0	(53)	0	0	0	0	0
0	(60)	0	0	0	0	0
0	(7,355)	0	(267)	13,321	0	0
0	(986)	0	(131)	1,589	0	0

(thousands of euros)	Other non-current financial assets	Trade receivables	Other current assets
Napoli Porto S.C.r.l. - Naples -	0	0	0
Nova Metro S.c.r.l. in liquidation	0	0	0
Pantano S.c.r.l.	72	0	300
Pavimental S.p.A.	0	0	0
Pegaso S.C.r.l.	0	81	1,089
Piana di Licata S.c.r.l. in liquidation	295	179	2
Plus S.r.l.	0	0	0
Pont Ventoux S.C.r.l.	0	11,586	1,027
Principe Amedeo S.c.r.l. in liquidation	0	339	114
Priolo Siracusa S.c.r.l. in liquidation	0	3	0
Raggruppamento Astaldi-Vianini in liquidation	0	54	26
Roma Lido S.c.r.l.	0	142	0
S. Leonardo S.c.r.l. in liquidation	0	2,628	2
S.A.A.L.P. S.n.c.	0	0	0
S.A.C.E.S. S.r.l. - in liquidation	0	0	0
S.E.I.S. S.p.A.	125	0	0
Sa.Di.Pe. S.c.r.l.	0	0	0
Salini - Italstrade J.V.	0	2	0
Santangelo S.c.r.l. in liquidation	156	41	0
SO.GE.DEP. S.r.l. in liquidation	0	0	0
Societe SEAS - ASTALDI SARL (SE.AS SARL)	0	0	371
Tangenziale Seconda S.c.r.l. in liquidation	0	118	4
Transeuropska Autocesta d.o.o	0	12	0
Truncu Reale S.c.r.l.	0	164	9
V.A.S.CO. Imprese Riunite	0	267	0
Valle Caudina S.c.r.l. in liquidation	0	746	6
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	0	567	0
Vesuviana Strade S.c.r.l.	297	159	14
Viadotti di Courmayeur S.c.r.l. in liquidation	0	549	20
Yellow River Contractors	0	92	0
Grand total	7,911	36,859	23,549
Percentage incidence of operations	100%	8.0%	9.2%

Non-current financial liabilities	Trade payables	Other current liabilities	Other operating revenues	Service costs	Financial income	Net financial charges
0	0	0	0	11	0	0
0	(20)	0	0	6	0	0
0	(598)	0	(201)	0	0	0
0	0	0	0	0	0	0
0	(557)	0	(232)	4,951	0	0
0	(139)	0	0	0	0	0
0	0	0	0	0	0	19
0	(23,922)	0	(123)	3.561	(47)	0
0	(237)	0	(3)	0	0	0
0	(17)	0	(3)	1	0	0
0	0	0	0	0	0	0
0	(510)	0	(142)	0	0	0
0	(808)	0	0	0	0	0
0	0	0	0	0	(108)	0
(1,698)	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	10
0	0	0	0	0	0	0
0	(31)	0	0	0	0	0
0	0	0	(6)	0	0	45
0	(7)	(2)	(98)	3	0	0
0	(16)	0	0	2	(1)	0
0	0	0	0	0	0	0
0	(4)	0	0	1	(2)	0
0	(1)	0	0	0	0	0
0	(646)	0	0	-34	34	0
0	(204)	0	(679)	110	(248)	0
0	(317)	0	(96)	255	(15)	0
0	(108)	0	(1)	5	0	0
0	(1)	0	0	0	0	0
(1,698)	(88,474)	(46,506)	(8,923)	80.965	(641)	88
0.4%	15.7%	41.7%	16.0%	12.2%	2.0%	0.1%

Information on associated companies and entities under joint control

(euros)	Equity investment book value	Effects of equity investments on valuation using equity method
Adduttore Ponte Barca S.c.r.l. in liquidation	11.309	-
Almo S.c.r.l. in liquidation	16.267	-
Alosa Immobiliare S.p.A. in liquidation	0	123.996
Astaldi-FCC Joint Venture (J.V. Basarab Overpass)	-	-
Astaldi-Max Bogl- Euroconstruct-Arcadis JV	-	-
Avola S.c.r.l. in liquidation	0	12.034
Blufi 1 S.c.rl. in liquidation	0	-
C.F.M. S.c.r.l. in liquidation	20.658	-
Carnia S.c.r.l. in liquidation	0	(9.999)
Colli Albani S.c.r.l. in liquidation	0	2.678
COMET (Copenhagen Metro Construction Group) J.V.	1	772.222
Consorcio Contuy Medio	0	-
Consorcio Metro Los Teques	6.260.306	(3.134.000)
Consorzio A.F.T. in liquidation	15.492	-
Consorzio A.F.T. Kramis	0	-
Consorzio Brundisium in liquidation	2.503	-
Consorzio C.I.R.C. in liquidation	12.911	-
Consorzio Co.Fe.Sar. in liquidation	15.494	-
Consorzio Consarno	5.165	-
Consorzio Consavia S.c.n.c. in liquidation	4.588	451
Consorzio Europeo Armamento Alta Velocità - C.E.A.A.V.	51.646	-
Consorzio Ferrofir in liquidation	356.529	-
Consorzio Gi.It. in liquidation	1.291	-
Consorzio Iricav Due	169.914	-
Consorzio Iricav Uno	145.132	-
Consorzio Ital.Co.Cer.	15.494	-
Consorzio Italvenezia	19.367	-
Consorzio L.A.R. in liquidation	60.756	-
Consorzio Metrofer in liquidation	8.605	-
Consorzio Novocen	407.480	(2.578)
Consorzio Ponte Stretto di Messina in liquidation	51.970	-
Consorzio Qalat	4.132	-
Diga di Blufi S.c.r.l.	23.241	-
Ecosarno S.c.r.l.	17.043	-
Fosso Canna S.c.r.l. in liquidation	0	6.803
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	-	-
Groupement Italgisas	150.100	54.908

Total net equity	Total balance-sheet liabilities	Total balance-sheet assets	Total value of production	Total cost of production	Profit / loss for the period
(13.944)	(13.944)	13.944	0	0	0
(46.480)	(46.480)	46.480	0	0	0
23.230.086	(1.665.618)	1.665.618	(2.247)	118.409	247.991
0	(6.596.427)	6.596.427	(16.800.397)	15.955.730	0
0	0	0	0	0	0
97.534	0	0	0	24.067	24.067
70.913	0	0	0	0	0
(41.317)	(41.317)	41.317	0	0	0
49.027	0	0	(30.301)	0	(30.301)
2.829	0	0	0	4.463	4.463
829.630.719	(9.400.738)	9.400.738	0	32.771.951	38.357.063
(6.273.921)	(6.273.921)	6.273.921	0	0	0
(65.288.713.509)	(220.250.669.622)	220.250.669.622	(202.863.516.307)	172.120.753.335	(30.742.762.972)
(46.481)	(5.946.916)	5.946.916	0	0	0
720.822	(18.517.942)	18.517.942	0	0	0
(1.508)	(2.690)	2.690	0	0	0
(51.646)	(51.646)	51.646	0	0	0
(51.646)	(1.198.934)	1.198.934	0	0	0
(20.658)	(7.699.325)	7.699.325	0	0	0
(18.854)	(18.854)	18.854	0	1.804	1.804
(206.583)	(6.314.065)	6.314.065	0	0	0
(534.800)	(534.800)	534.800	0	0	0
(2.582)	(2.582)	2.582	0	0	0
(516.457)	(81.337.712)	81.337.712	0	0	0
(444.153)	(3.262.416.506)	3.262.416.506	0	0	0
(51.645)	(51.645)	51.645	0	0	0
(77.467)	(273.870)	273.870	0	0	0
(206.583)	(206.583)	206.583	0	0	0
(25.823)	(25.823)	25.823	0	0	0
(999.704)	(39.953.304)	39.953.304	(650.272)	643.948	(6.324)
(72.050)	(4.905.555)	4.905.555	0	0	0
(6.197)	(6.197)	6.197	0	0	0
(30.213)	(30.213)	30.213	0	0	0
(51.129)	(4.174.681)	4.174.681	0	0	0
50.270	0	0	0	21.259	21.259
0	0	0	0	0	0
31.288.170	(4.266.102)	4.266.102	0	1.540.200	1.540.200

(euros)	Equity investment book value	Effects of equity investments on valuation using equity method
G.T.J Etude et Rèalisation d'un Tunnel	-	-
GEI - Grupo Empresas Italianas	615.640	-
Groupement ASTEH	-	-
Groupement GR-RDM	-	-
Infraflegrea S.c.r.l. in liquidation	23.300	1
Isclero S.c.r.l. in liquidation	0	7.113
JV Bogl - Astaldi - Euroconstruct - Tecnologica - Proiect Bucuresti	-	-
M.N. Metropolitana di Napoli S.p.A.	2.169.941	112.378
Marsico Nuovo S.c.r.l. in liquidation	0	6.396
Max Boegl - Astaldi J.V.	-	-
Max Bogl-Astaldi-CCCF Asocierea JV S.r.l.	813.077	-
Metro 5 S.p.A.	5.818.071	(226.257)
METRO C S.c.p.a.	51.588.413	171.148
Metrogenova S.c.r.l.	5.634	(1)
Metroveneta S.c.r.l. in liquidation	12.911	-
Monte Vesuvio S.c.r.l. in liquidation	0	18.830
Mose-Treporti S.c.r.l.	0	-
N.P.F. - Nuovo Polo Fieristico S.c.r.l.	20.000	-
Nova Metro S.c.r.l. in liquidation	8.263	-
Pegaso S.c.r.l.	113.750	-
Piana di Licata S.c.r.l. in liquidation	0	2.741
Pont Ventoux S.c.r.l.	0	-
Principe Amedeo S.c.r.l. in liquidation	0	3.848
Priolo Siracusa S.c.r.l. in liquidation	15.530	-
Raggruppamento Astaldi-Vianini in liquidation	0	1.975
S. Leonardo S.c.r.l. in liquidation	0	5.955
S.A.C.E.S. S.r.l. in liquidation	0	59.749
S.E.I.S. S.p.A.	14.898.823	22.240
Santangelo S.c.r.l. in liquidation	0	100.282
Societe SEAS - ASTALDI SARL (SE.AS SARL)	-	-
Tangenziale Seconda S.c.r.l. in liquidation	18.127	-
Transeuropska Autocesta d.o.o	3.226.198	(11.820)
Truncu Reale S.c.r.l.	10.536	-
V.A.S.CO. Imprese Riunite	0	2.054
Valle Caudina S.c.r.l. in liquidation	26.980	-
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	7.589.186	(204.309)
Vesuviana Strade S.c.r.l.	13.944	-
Viadotti di Courmayeur S.c.r.l. in liquidation	6.886	-
Yellow River Contractors	9.322	-
Total	94.851.926	(2.101.162)

Total net equity	Total balance-sheet liabilities	Total balance-sheet assets	Total value of production	Total cost of production	Profit / loss for the period
0	0	0	0	0	0
(6.000.000.000)	(6.000.000.000)	6.000.000.000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(29.751)	(2.183.368)	2.183.368	(333.114)	76.276	0
246.560	0	0	0	0	22.821
0	0	0	0	0	0
(9.593.022)	(1.206.905.848)	1.206.905.848	0	0	496.808
42.650	0	0	0	25.583	25.583
0	0	0	0	0	0
(2.463.866)	(2.463.866)	2.463.866	0	0	0
(6.167.683)	(6.167.683)	6.167.683	(1.049.693)	235.503	(971.060)
(42.855.749)	(47.774.152)	47.774.152	0	496.082	496.082
(25.823)	(8.662.486)	8.662.486	(9.511.902)	6.839.387	0
(25.823)	(25.823)	25.823	0	0	0
343.626	0	0	0	37.660	37.660
0	0	0	0	0	0
(40.000)	(10.807.504)	10.807.504	(13.940.868)	12.325.824	0
(41.317)	(41.317)	41.317	0	0	0
(260.000)	(23.662.443)	23.662.443	0	0	0
256.771	0	0	0	6.265	6.265
(51.646)	(39.805.928)	39.805.928	(6.344.755)	4.208.461	0
26.632	0	0	0	7.696	7.696
(77.649)	(77.649)	77.649	0	0	0
54.386	0	0	0	0	3.950
55.348	0	0	0	11.677	11.677
2.763.409	0	0	0	0	161.484
(30.827.277)	(30.827.277)	30.827.277	0	46.016	46.016
204.124	0	0	0	0	222.848
0	0	0	0	0	0
(45.398)	(45.398)	45.398	0	0	0
(48.181.000)	(1.001.019.000)	1.001.019.000	(177.000)	0	(177.000)
(30.987)	(30.987)	30.987	0	0	0
96.976	0	0	0	0	7.084
(51.646)	(51.646)	51.646	0	0	0
(24.481.244)	(24.481.244)	24.481.244	(659.061)	0	(659.061)
(46.481)	(1.704.206)	1.704.206	(968.603)	842.130	0
(10.329)	(10.329)	10.329	0	0	0
(3.494.189)	(4.142.386)	4.142.386	0	0	0
(70.578.075.376)	(232.123.534.551)	232.123.534.551	(202.913.984.521)	172.196.993.727	(30.702.863.897)

Management's Certification

Certification pursuant to Article 81-ter of the regulation issued by the Italian market regulatory body (CONSOB) No. 11971 of May 14, 1999 and subsequent integrations and updating

1. The undersigned Stefano Cerri and Paolo Citterio, in their quality as Chief Executive Officer and Manager responsible for the preparation of financial reports of Astaldi, respectively, pursuant to Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58/1998, certify that internal controls over financial reporting in place for the preparation of 2007 consolidated financial statements and during the period covered by the report, were:
   • adequate to the company structure, and
   • effectively applied during the process.

2. Internal controls over financial reporting in place for the preparation of the 2007 consolidated accounts have been defined and the evaluation of their effectiveness has been assessed based on principles and methodologies adopted by Astaldi in accordance with the Internal Control-Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.

3. The undersigned officers certify that this 2007 consolidated Annual Report:
   a) corresponds to the company's evidence and accounting books and entries, and
   b) was prepared in accordance with criteria issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002. Also, pursuant to Article 9 of Legislative Decree No. 38/2005 and based on their knowledge, the information contained in this report fairly presents, in allmaterial respects, the financial condition, results of operations and cash flows of the Group companies as of, and for, the period presented in this report.

Rome, March 27, 2008

/s/ Stefano Cerri
Chief Executive Officer

/s/ Paolo Citterio
Chief Financial Officer

Auditors' Report

Reconta Ernst & Young S.p.A.
Via G.D. Romagnosi, 18/A
00196 Roma

Tel. (+39) 06 324751
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INDEPENDENT AUDITORS' REPORT
pursuant to Article 156 of Legislative Decree No. 58 of February 24, 1998
(Translation from the original Italian text)

To the Shareholders of
Astaldi S.p.A.

1. We have audited the consolidated financial statements of Astaldi S.p.A. (and its subsidiaries) (the "Astaldi Group") as of and for the year ended December 31, 2007, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. These consolidated financial statements are the responsibility of the Astaldi S.p.A.'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 consolidated 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 the 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 13, 2007.

3. In our opinion, the consolidated financial statements of Astaldi S.p.A at December 31, 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the measures issued to implement art. 9 of the Italian Legislative Decree n° 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and the cash flows of the Astaldi Group for the year then ended.

Rome, Italy
April 7, 2008

Reconta Ernst & Young S.p.A.
Signed by: Roberto Tabarrini, Partner

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

2007 Consolidated Annual Report

Other information

Other information

Board of Auditors' Report to the Shareholders' Meeting (pursuant to Article 153 of the Legislative Decree of February 24, 1998)

Dear Shareholders,

We performed the supervisory activities as provided for by law during 2007.

In light of the activities performed and taking into account the instructions given by CONSOB, we have the following to report:

1. we checked, through direct observation and meetings with department heads and the auditing company, compliance with the principles of correct management and with the law and company bylaws;
2. we attended Board of Directors meetings and obtained information from the company's directors on a minimum quarterly basis regarding the activities performed and the most significant economic, financial and equity transactions carried out by the company and its most important subsidiaries, and we can reasonably guarantee that the actions resolved upon and carried out complied with the law and company bylaws and were not ill-advised, risky, in potential conflict of interest or in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the company's equity;
3. we examined and checked, with regard to our sphere of responsibility, the suitability of the company's organization structure, compliance with the principles of correct management and the suitability of orders given by the company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/98, by obtaining information from department heads and meetings with the auditing company in order to exchange relevant information and data, and we have nothing to report in this regard;
4. we assessed and checked the suitability of the internal auditing system and administrative-accounting system as well as the reliability of the latter to correct represent operations, by obtaining information from department heads, examining corporate documents, analyzing the work carried out by the auditing company and taking part in Internal Audit Committee meetings and holding joint meetings with said Committee if required in relation to the issues dealt with. Internal auditing is performed by a dedicated unit which, also by coordinating and integrating checks and controls performed by the various company departments with an assurance role, performed checks on compliance with current legislation, the Group's guidelines and corporate procedures, compliance with proxies and the correctness of conduct, and proposed corrective actions or solutions to improve the procedural and auditing system. The activities performed allow us to class as suitable the internal auditing system and administrative-accounting system, and to note compliance with law provisions regarding the formulation and drafting of

annual financial statements and management reports;

5. we attended 4 meetings of the Internal Audit Committee during the year, whose activity is reported in the Annual Corporate Governance Report which is available for consultation;
6. on today's date, the Independent Auditing Company issued reports pursuant to Article 156 of Legislative Decree No. 58/98 for the annual financial statements and the Group's consolidated financial statements at December 31, 2007, drafted in compliance with the International Financial Reporting Standards - IFRSs - adopted by the European Union. Said reports state that both the annual financial statements and the consolidated financial statements of Astaldi S.p.A. have been "drafted in a clear manner and offer a true and correct representation of the financial and equity situation, the economic result, the changes in equity and cash flows for the year ending December 31, 2007";
7. the assignment awarded to the auditing company Reconta Ernst & Young, appointed by the Shareholders' Meeting of April 29, 2005 to audit the annual and consolidated financial statements for 2005, 2006 and 2007 as well as the half-yearly reports for said years, pursuant to Article 159 of Legislative Decree No. 58 of 1998, and to perform checks throughout the year on the regular keeping of company accounts, was extended by the Shareholders' Meeting of May 2, 2007 to cover the years 2008 to 2010;
8. we noted that there were no charges as per Article 2408 of the Italian Civil Code, nor were there any petitions of any kind by third parties;
9. on July 31, 2007 we voiced a favorable opinion pursuant to Article 23-bis of the company bylaws and Article 154-bis, paragraph 1 of Italian Legislative Decree No. 58/98 regarding the proposal formulated by the Chairman of the Board of Directors to appoint Astaldi's General Manager - Administration, Finance and Control, Paolo Citterio as Executive appointed to draft corporate accounts;
10. we held meetings with representatives of the Auditing Company pursuant to Article 150, paragraph 2 of Italian Legislative Decree No. 58/98 and no data or information emerged which needs to be mentioned;
11. we obtained information on the activities performed pursuant to Legislative Decree No. 231/2001 regarding the administrative liability of bodies for crimes against the public administration. The Supervisory Body reported to the Board of Directors on activities performed during 2007;
12. the company complies with the Code of Self-Discipline for listed companies, formulated at the initiative of Borsa Italiana S.p.A.; the internal structure complies with the Code's recommendations;
13. subject to consultation with the Board of Auditors, the company Reconta Ernst & Young Financial-Business Advisors S.p.A. was appointed to provide assistance for compliance with Italian Savings Law No. 262/2005 for a total of 260 man-days and a total sum of EUR 240,000.00;
14. with reference to transactions with related parties and intragroup operations, the information reported by company directors in the management report is suitable to describe the activities performed during 2007; activities performed in compliance with the framework resolution adopted by the Board of Directors and performed in the interests of your company. In this regard, there were no atypical or unusual transactions compared to normal operations, nor were there any conflicts of interest involving company directors;
15. we checked the correct application of checking criteria and procedures adopted by the Board of Directors to assess the independence of its members, the independence of the auditing company and independence requisites provided for by law for the members of the Board of Auditors of listed companies, including with reference to the criteria contained in the "Code of Self-Discipline for Listed Companies";
16. in compliance with provisions contained in International Accounting Standard - IAS 24 regarding identification of the notion of related parties, we would like to point out that the notes to the statutory and consolidated financial statements list the

amounts of the transactions and balances resulting from financial and commercial relations with related parties, as well as the fees due to company Directors, Auditors and General Managers.

The aforementioned auditing activities for 2007 were performed during 8 meetings of the Board and by attending the 7 meetings of the Board of Directors and the 4 meetings of the Internal Audit Committee.

During the auditing activities performed and on the basis of information obtained from the auditing company, no omissions and/or reprehensible facts and/or irregularities or important events such as to require reporting to controlling bodies or mention in this report came to light.

Taking into account the above, the Board of Auditors, with regard to its sphere of responsibility, has no reason to oppose approval of the financial statements at December 31, 2007 or the proposed resolutions drawn up by the Board of Directors.

Rome - April 7, 2008.

THE BOARD OF AUDITORS
/s/ Pierumberto Spanò
/s/ Pierpaolo Singer
/s/ Antonio Sisca

Resolutions passed by the Shareholders' Meeting

The Shareholders' Meeting, which met at first call on April 23, 2008, resolved as follows:

- to approve the financial statements at December 31, 2007 and the Board of Directors' Management Report drafted as per Article 2428 of the Italian Civil Code together with the proposed allocation of profits as formulated by the Board of Directors;
- to renew for a further 12 month-period the Company's buy-back share plan, to be performed in accordance with the procedures put forward by the Board of Directors.

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Fully Paid Up Share Capital € 196,849,800.00
Listed in the Registry of Companies of Rome
Tax Number 00398970582
Registered with Chamber of Commerce under n. 152353
VAT n. 00880281001

Registered Office and Head quarters
Via Giulio Vincenzo Bona, 65 - 00156 Rome - Italy

Milan Office
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ALGERIA
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Aïssat - IDIR CH RAGA - Algeri

BOLIVIA
Av. La Guardia
Km 6 ½ 7° Anillo
Santa Cruz

BULGARIA
Via Tsanko Tserkoski, 67 V – et. 4
1421 - Sofia

CHILE
c/o Constructora Fegrande
Av. Las Parcelas 7950
Peñalolen
Santiago

CONGO
28, Avenue MOE Vangoula
Pointe Noire - B.P. 1426
Pointe Noire

COSTA RICA
Bello Horizonte Escazu de Distribuidora Santa
Bárbara 200 mts. sur, 200 mts. este,
Urbanización la Suiza 150 mts. noroeste
condominio Ingrid No. 6
Casa Blanca a Mano Derecha
San José

CROATIA
Petrinjska, 7/III
Zagabria

DENMARK
Refshaeøen
P.O. Box 1920
Copenhagen

EL SALVADOR
91, Avenida Norte n. 440
Entre 3° Y 7° Calle Poniente #440
Colonia Escalón

GUATEMALA
6a Calle 5-47, zona 9
Ciudad de Guatemala
Guatemala, C.A.

GUINEA BISSAU
Zona Industrial de Bra,
Caixa Postal 419
Bissau

GUINEA KONAKRY
Route du Niger
B.P. 2149 Conakry
Rep. de Guinée

HONDURAS
Plantel El Carrizal, Blvd Fuerzas Armadas
Salida Carretera del Norte- Ap. Postal 3199
Tegucigalpa

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Reparto Villa Fontana,
Pista Jean Paul Genie No. 38,
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República de Panamá

PERU

c/o Cesar Diaz Velasquez
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06520 Söğütözü
Ankara

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Chuao 1064
Caracas